



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

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HUMAN RESOURCES  
DIVISION

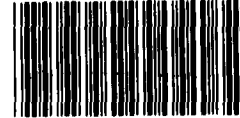
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B-165430

NOVEMBER 8, 1979

RELEASED

The Honorable Charles E. Grassley  
House of Representatives



110826

Dear Mr. Grassley:

Subject: [The Distribution of Senior Community Service Employment Program Positions]  
(HRD-80-13)

Your February 3, 1978, letter requested that we examine, as part of an ongoing survey, (the procedures used to select project sites for the Senior Community Service Employment Program (SCSEP). You were concerned that SCSEP projects and positions, especially in Iowa, were not being distributed evenly throughout the State.

Our survey was made primarily at the Department of Labor; the Administration on Aging in the Department of Health, Education, and Welfare; and the offices of the five national grantees under contract with Labor to administer the program, whose headquarters are in Washington, D.C. At these locations we also obtained information on the program's operation in Iowa.

Enclosure I details the results of our survey applicable to your request. The law and regulations state that funds should be apportioned equitably among areas in each State. The criteria used by the national grantees in apportioning funds (in essence distributing positions) are based on administrative economy and visible program impact. Although these criteria have merit, considering the limited amount of available funds, they do not result in the most equitable distribution of positions.

(205910)

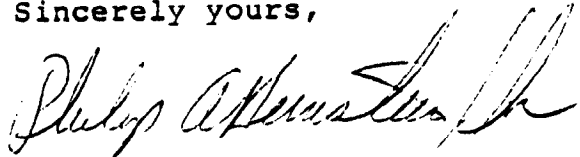
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Recent revisions to the enabling legislation and new procedures established by Labor could improve the distribution of SCSEP positions within the States.

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As arranged with your office, we obtained comments on this report from Labor; the Department of Health, Education, and Welfare; and the national grantees active in Iowa. Their comments, which are included as enclosures II through VI, were in general agreement with our conclusions and we considered them in preparing this report. Also, as arranged with your office, we are sending copies of this letter to the Subcommittee on Retirement Income and Employment, House Select Committee on Aging; the Department of Labor; the Department of Health, Education, and Welfare; and the eight national grantees funded in program year 1979. Copies will also be made available to other interested parties upon request.

Sincerely yours,



Gregory J. Ahart  
Director

Enclosures - 6

DISTRIBUTION OF SENIOR COMMUNITY  
SERVICE EMPLOYMENT PROGRAM POSITIONS

BACKGROUND AND SCOPE

(The Senior Community Service Employment Program (SCSEP) was established to offer part-time employment opportunities for unemployed low-income persons age 55 or older who have poor employment prospects.) SCSEP participants work in a wide variety of community service activities and facilities, including day care centers, schools, hospitals, senior centers, and beautification, conservation, and restoration projects. 0330

SCSEP was authorized by title IX of the Older Americans Act, as amended by the Older Americans Community Service Employment Act (42 U.S.C. 3001, 3056). (The Department of Labor administers SCSEP through its Office of National Programs, Employment and Training Administration. Local involvement in decisions concerning the establishment of SCSEP projects is obtained through State and area agencies on aging. These agencies, established under title III of the Older Americans Comprehensive Services Amendments of 1973 (42 U.S.C. 3021, 3025), are basically responsible for developing plans for providing services to the elderly.)

Most SCSEP funds for program years 1977 and 1978 were awarded to the following five national grantees: 1/

- Green Thumb, Inc.--an arm of the National Farmers Union.
- National Council of Senior Citizens.
- National Council on the Aging.
- National Retired Teachers Association--  
American Association of Retired Persons.
- U.S. Forest Service.

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1/An SCSEP program year is July 1 to June 30. In program year 1979, Labor awarded grants to three additional organizations to operate projects under SCSEP. This report addresses the five national grantees being funded as of program year 1978.

The distribution of SCSEP funds was set out in section 906(a)(1) of the Older Americans Act of 1965, as amended, by the Older Americans Amendments of 1975. This provision required (the Secretary of Labor to reserve) such sums as may be necessary for national grants or contracts to maintain the level of activities <sup>carried</sup> carried on under such grants or contracts at least at the level supported in the fiscal year ended June 30, 1975. <sup>1/</sup> The act also gave preference to funding national organizations of proven ability under SCSEP. The appropriation act to fund SCSEP 1978 program year activities reserved about 83 percent of SCSEP funds for continuing SCSEP activities funded under existing grants or contracts.

Funds were also appropriated for the 1978 SCSEP program year by the Economic Stimulus Appropriations, 1977. Under this act, about 75 percent of the funds made available to SCSEP were to continue SCSEP activities funded under existing grants or contracts. (As a result of these two <sup>appropriation</sup> acts, about 80 percent of the funds for 1978 SCSEP activities were given to organizations already funded. Most existing activities were carried out by the five national grantees; consequently, they received most of the funds for program year 1978.

The remainder of the 1978 funds (about 20 percent) were not earmarked for any specific group by the legislative acts. Labor made these funds available to all State governments to carry out SCSEP programs in addition to any SCSEP activity established in their State by any of the national grantees.)

The following table shows the amount allotted each national grantee and the States for program year 1978.

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<sup>1/</sup>This provision is generally referred to as the hold harmless funding level for national grantees. The Comprehensive Older Americans Act Amendments of 1978 updated the base year for the hold harmless funding level to fiscal year 1978. In applying the hold harmless provision, Labor considers the number of positions funded rather than the actual funds expended. This interpretation permits Labor to maintain the same number of positions even when the costs to maintain the positions increases.

<u>Grantee</u>	<u>Amount</u>
	(millions)
Green Thumb, Inc.	\$ 49.3
National Council of Senior Citizens	27.2
National Retired Teachers Association--American Association of Retired Persons	20.0
National Council on the Aging	13.2
U.S. Forest Service	10.2
State governments	<u>30.1</u>
Total	<u>\$150.0</u>

In awarding funds to maintain the existing level of activities, the Secretary of Labor, to the extent feasible, is to assure an equitable distribution of activities among the States. Also, in awarding funds not required to maintain the existing level of activity, the Secretary is to provide funds to States in proportion to the number of persons age 55 or over in each State with minimum amounts established for the States and other jurisdictions.

SCSEP capacity to serve target population

Funds available for SCSEP activities in program year 1978 were to support 37,400 jobs. Labor received \$211.7 million for SCSEP for program year 1979. Labor estimated that these funds would support about 47,500 jobs. Bureau of the Census statistics for calendar year 1977 show that over 5 million individuals met SCSEP eligibility requirements.

Although not all eligible individuals desire or are capable of participating in SCSEP, our analysis showed that the 1979 funding level will allow less than 1 percent of those eligible to be served.

SCSEP is not the only employment and training program that can serve older workers. For example, older workers can receive employment and training services under various titles of the Comprehensive Employment and Training Act of 1973, as amended (29 U.S.C. 801). However, organizations involved in the provision of services to the elderly have indicated a need to improve the delivery of services to the elderly through the Comprehensive Employment and Training Act programs. The

U.S. Civil Rights Commission also noted in a December 1977 report on age discrimination in programs or activities receiving Federal financial assistance that, "Age categorical programs such as those authorized under the Older Americans Act are used to justify limiting the participation of older people in other service programs."

#### Scope of survey

Our survey was made primarily at the Department of Labor; the Administration on Aging in the Department of Health, Education, and Welfare; the offices of the five national grantees funded in program year 1978 whose headquarters are in Washington, D.C.; and SCSEP projects in Harrisburg, Carlisle, and Lancaster, Pennsylvania. We examined pertinent legislation, Labor regulations, grant agreements, and reports submitted by the grantees. We reviewed trip reports, correspondence, memorandums, and budget and expense reports maintained at the headquarters offices of the national grantees. While at Labor and the offices of the national grantees, we also obtained information on the operation of SCSEP in Iowa.

#### DISTRIBUTION OF POSITIONS BY THE NATIONAL GRANTEEES

The Older Americans Act, as amended, and program regulations require that:

"The amount [of funds] apportioned for projects within each State \* \* \* shall be apportioned among areas within each such State in an equitable manner, taking into consideration (1) the proportion which eligible individuals in each such area bears to the total number of such individuals, respectively, in that State, and (2) the relative distribution of such individuals residing in rural and urban areas within the State."

Discussions with Labor officials and national grantees indicated that SCSEP funds, which determine the number of positions, are not necessarily distributed within the States in accordance with the criteria stated above. Labor has not determined which areas within a State should be served and the level of funding (and consequently the number of positions) that each designated area should receive. The distribution of positions within a State is basically left up to the national grantees serving the State.

Criteria used by national grantees

According to three of the five national grantees (National Council of Senior Citizens, National Council on the Aging, and National Retired Teachers Association--American Association of Retired Persons), the criteria used for distributing SCSEP positions within the States include serving areas with (1) high unemployment, (2) no existing SCSEP positions, and (3) high concentrations of elderly poor. According to national grantee officials, these factors are designed to enhance program visibility and administrative economy. Green Thumb, Inc., and the U.S. Forest Service serve primarily rural areas.

Regarding whether the national grantees could feasibly distribute positions throughout a State in accordance with the statutory criteria, an official for one grantee testified before the Subcommittee on Aging of the Senate Committee on Human Resources on February 8, 1978, that, "To spread resources thinly results in no visible impact--except on administrative costs."

The administrative tasks to operate a project can be significant because, in addition to employment benefits, Labor regulations state that all program participants are to receive related supportive services, such as yearly physical examinations, assistance with personal and job-related problems through counseling and referral to human service agencies, and consumer-related information in such areas as social security benefits, income tax requirements, nutrition, and personal health. To provide participants these supportive services, a project can be

- restricted to a small geographical area with either one project administrator or several staff members, if available, providing services to participants or
- spread over a large geographical area with responsibility for providing services delegated to other staff members, if available, or requiring the project administrator to do extensive traveling to provide services.

Procedures for distributing positions

With Labor's participation, the five national grantees meet to mutually allocate the positions authorized for each State while ensuring that no grantee exceeds its established

funding level. This procedure allows more than one national grantee to serve a State, as shown in the following table for the program year ended June 30, 1978.

<u>States served by:</u>	Number of States ( <u>note a</u> )
All five national grantees	7
Four national grantees	12
Three national grantees	16
Two national grantees	11
One national grantee	3
States not served by national grantees	<u>7</u>
Total	<u>56</u>

a/Includes the 50 States, Puerto Rico, the District of Columbia, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific.

After the grantees determine what States they will serve, they must determine the areas within a State where positions will be located. This may result in establishing new projects or increasing the number of positions at established projects. When determining how the positions within a State will be distributed, each national grantee should consult that State's agency on aging and the appropriate area agencies on aging. This consultation is to gain local views on where positions are most needed, an overview on the employment situation and type of skills possessed by local eligible individuals, and the number and percentage of eligible individuals in the locality.

These procedures give the State and area agencies on aging an advisory role in establishing SCSEP projects in their jurisdictions. National grantee officials told us that the degree of coordination with these organizations varies from agency to agency.

The grantees then submit to Labor their plans identifying the States and areas within a State where projects are to be located and the number of positions to be established for each project. These plans, once approved by Labor, are the basis for the grantees' actions during the program year.



Operation Mainstream and equitable distribution

According to Labor reports, projects under SCSEP include those conducted by the national grantees in fiscal year 1975 under the National Older Workers Program-Operation Mainstream 1/ with funding from title III of the Comprehensive Employment and Training Act. Labor merged the Mainstream projects into SCSEP in the beginning of fiscal year 1976; however, special legislative arrangements were needed to do this. Although legislation requires that SCSEP positions be distributed equitably within the States, Mainstream positions were distributed unevenly.

To prevent terminations or cutbacks in local Mainstream projects as a result of the changeover in the funding base, the Congress included a provision in a fiscal year 1976 continuing resolution which provided that no State would receive less than the amount received in fiscal year 1975 under title III of the Comprehensive Employment and Training Act. Therefore, the 12,400 SCSEP positions in existence as of June 30, 1975, did not reflect the original title IX equitable distribution criteria. However, positions established after June 30, 1975, should be distributed equitably as required by the legislation.

We found indications that new positions have not always been distributed as equitably as possible, taking into consideration the statutory criteria. In Pennsylvania, we identified three counties that received more than their proportionate share of SCSEP positions during program year 1978. For example, one county had 2.3 percent of the State's elderly poor 2/ which justified an allotment of about

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1/The Operation Mainstream program, established in the Office of Economic Opportunity in 1965, was directed to the needs of those chronically unemployed poor who had poor employment prospects and were unable, because of age or other factors, to secure appropriate employment. One component of the program, operated by Green Thumb, Inc., limited participation to persons 55 and older; SCSEP is a direct descendent of this Mainstream project.

2/Available data on Pennsylvania defined the elderly poor as persons age 60 and older with incomes at or below the Office of Management and Budget poverty level.

37 positions by the national grantees. However, the county was allotted 50 positions, all of which were assigned after June 30, 1975. Application of the equitable distribution criteria for two other counties justified about 14 and 29 positions, respectively, in 1978. However, the counties received 30 and 151 positions, respectively, from the national grantees during 1978, with each receiving new positions since 1975.

#### ADMINISTRATION OF SCSEP IN IOWA

During program year 1977, SCSEP was administered by two national grantees in Iowa. In program year 1978, SCSEP funds were made available to an additional national grantee and to the Iowa Commission on the Aging to administer the State-sponsored program. The following table identifies the organizations that administered SCSEP in Iowa during program years 1977 and 1978, their authorized positions, and the funds allocated for administration of SCSEP projects in the State.

<u>Organizations and project location</u>	<u>Program year</u>			
	<u>1977</u>		<u>1978</u>	
	<u>Posi- tions</u>	<u>Federal funds</u>	<u>Posi- tions</u>	<u>Federal funds</u>
Green Thumb, Inc. (note a)	49	\$182,000	132	\$530,000
National Retired Teachers Association-- American Association of Retired Persons		336,000		687,000
Des Moines	45		60	
Ottumwa	45		60	
Dubuque	-		52	
National Council of Senior Citizens		-		209,000
Davenport	-		52	
Iowa Commission on the Aging (note b)	-	-	93	388,000
Iowa totals	<u>139</u>	<u>\$518,000</u>	<u>449</u>	<u>\$1,814,000</u>

a/Green Thumb, Inc., primarily administers SCSEP in rural communities throughout the State. Therefore, the various communities served have not been listed.

b/The State-sponsored SCSEP is administered through Iowa's 13 area agencies on aging and funds for 1978 were for a 15-month period from July 1977 through September 1978.

Iowa is divided into 99 counties and over 155,000 of its citizens are estimated to meet SCSEP eligibility requirements.

National grantees serving Iowa

The organizational structure used by each grantee affects the size of projects and the geographical area served. Green Thumb, Inc., is the largest SCSEP national grantee and primarily serves rural areas. Green Thumb's system of using enrollees to supervise other enrollees has allowed it to serve a larger geographical area than other national grantees serving Iowa.

For economy reasons, the National Retired Teachers Association, which generally serves urban areas, prefers to establish projects in communities that (1) have sufficient host agencies to support 60 positions, (2) are not served by another national grantee, and (3) have high unemployment.

The National Council of Senior Citizens' philosophy is to establish new projects in areas of high unemployment to achieve visible program impact. The Council does not establish multicounty projects. In correspondence with the Secretary of Labor, the National Council's deputy director stated that, "Stretching fifteen slots to cover five counties does not enable a local sponsor to have any impact on needed services."

The criteria used by two of the three national grantees for distributing positions in Iowa are based primarily on administrative economy and visible program impact. Using these criteria has led to some controversy, as evidenced by the Iowa Commission on the Aging's position that available positions should be equitably distributed to all 99 counties in the State. An official of the national grantee that served the most areas in the State told us that the Iowa Commission has criticized his organization's efforts to establish projects in selected areas. According to the national project director for another grantee, Iowa was the only State in which the grantee did not establish projects according to the State's wishes. Statewide distribution of positions would not have conformed with the grantee's criteria for establishing projects. Also, the third grantee did not serve all counties in the State.

Iowa has not been unique in its concerns regarding how positions are distributed within the State. Discussions with Labor officials and our review of comments from State and area agencies on aging on grantees' preapplication plans indicated

that some agencies have resented not being consulted until after the national grantees have determined the allocation of positions within their State. National grantees have modified plans in some States as a result of comments from the agencies on aging. However, these modifications generally have not been as major as those proposed by the Iowa Commission.

#### State-sponsored SCSEP in Iowa

Iowa's Commission administers the State's SCSEP. Labor allotted \$388,000 to the Commission for 93 positions for program year 1978. According to Labor's grant agreement with the Commission, \$192,000 was to be distributed on a formula basis to Iowa's 13 area agencies on aging. The formula provided at least two positions to each area agency and the State agency on aging, with the remainder distributed according to the percentage of elderly poor in each area. The other \$196,000 was awarded to area agencies on aging based on proposals that requested additional funds for SCSEP.

#### RECENT CHANGES AFFECTING SCSEP

Recent amendments to the Older Americans Act and Labor-initiated actions could affect the equitable distribution of SCSEP positions within the States. The following sections summarize these changes.

#### Comprehensive Older Americans Act Amendments of 1978 (42 U.S.C. 3001)

The Older Americans Act was amended in October 1978, and title IX of the act was redesignated as title V. Section 502 requires national grantees to formally submit a description of any project to be conducted within a State to the State agency on aging 30 days before the starting date of the project. This requirement is more specific than the act's previous provision, which required the Secretary of Labor to consult with State agencies on aging through the Commissioner, Administration on Aging.

The new section 502 of the act also provides that:

"The Secretary shall review on his own initiative or at the request of any public or private nonprofit agency or organization, or an agency of the State government, the distribution of

programs under this title within the State including the distribution between urban and rural areas within the State."

This new provision should afford State and local or private entities an opportunity to formally contest what they perceive to be an inequitable distribution of SCSEP positions within a State. While the legislation does not address the impact of findings pursuant to this provision on the act's hold harmless requirements, such review should at least establish priorities for future distribution of SCSEP positions within a State.

The new section 506 of the act updates the base year for the hold harmless funding level to fiscal year 1978 and requires the Secretary to reserve not more than 45 percent of any amount appropriated which exceeds the fiscal year 1978 appropriation level for national grants or contracts with public agencies and public or private nonprofit organizations. This provision could result in most of the funds above the 1978 funding level being allotted to State organizations. With these additional funds, the States could be in a better position to equitably distribute SCSEP positions within their boundaries. The impact of this provision, however, will depend upon to what extent subsequent appropriations exceed the 1978 funding level.

#### Labor initiatives

Labor has also received complaints about the intra-State distribution of SCSEP positions, especially since the introduction of an advisory role for State and area agencies on aging. As a result of these complaints and the program's expansion during the past 2 years, Labor has encouraged, rather than mandated, national and State SCSEP grantees within each State to work cooperatively to achieve an equitable distribution of positions. To achieve this objective, Labor suggested in February 1979 that:

- All grantees within each State discuss and agree upon a rationale for distributing SCSEP funds before the grant application process. The rationale should consider the number of eligible persons within each area compared to the total number of eligible persons in the State.
- Grantees should prepare a chart indicating how the application of the rationale would distribute funds or positions.

- Another chart should indicate where current enrollees or dollars are located. The two charts should be compared to identify any areas where an inequitable distribution exists.
- If necessary, a plan should be prepared to eliminate distribution inequities. The plan should be structured to achieve equity within 3 program years and prevent displacement of any permanent participants.
- Copies of the charts and later plans should be given to each grantee and Labor.
- Grantees should adhere to the plan in preparing their preapplications and applications.

A Labor official told us that the Department will implement more definitive directives if this voluntary effort is not successful.

#### CONCLUSIONS

Although we recognize that other Federal programs can also serve older workers, the availability of such programs has no bearing on the equitable distribution of SCSEP resources. Resources under SCSEP are not sufficient to realistically achieve an equitable distribution of positions throughout a State. In program year 1979, funds were available to support about 47,500 SCSEP positions; however, over 5 million individuals met SCSEP eligibility requirements.

A similar situation exists in Iowa, where over 155,000 individuals are estimated to meet SCSEP eligibility requirements. During program years 1977 and 1978, the total number of SCSEP positions funded in Iowa amounted to 139 and 449, respectively. In addition, the Iowa Commission on the Aging wanted the program to serve all 99 counties in the State.

The national grantees' criteria for distributing SCSEP positions is designed, in part, to enhance administrative economy. Although the grantees' distribution of SCSEP positions has left many geographical areas unserved by the program, their efforts to enhance administrative economy have merit when considered in relation to limited program resources and the significance of the program's administrative requirements.

An advisory role for State and area agencies on aging, as established by the Older Americans Comprehensive Services Amendments of 1973, created the potential for controversy regarding the criteria used in distributing SCSEP positions. By nature each area agency on aging desires services for its clientele, and the State agency on aging would like to have services available throughout the State.

Recent revisions to the enabling legislation and Labor's suggested steps could improve the distribution of SCSEP positions within the States. However, unless State and local agencies on aging can work cooperatively with national program grantees, the potential for controversy regarding the equitable distribution of SCSEP positions within the States could still exist.

#### AGENCY COMMENTS AND OUR EVALUATION

We obtained comments on this report from Labor, the Department of Health, Education, and Welfare, and the National grantees active in Iowa--Green Thumb, Inc., National Retired Teachers Association--American Association of Retired Persons, and National Council of Senior Citizens. Their comments were in general agreement with our conclusions and are included as enclosures II through VI.

Labor pointed out that the State-administered SCSEP activities as well as grantee activities are subject to the equitable distribution criteria. Labor also noted in its comments that, "A chart was prepared by the SCSEP grantees in Iowa, indicating where current job slots are located and where these slots would be located if all counties were equitably served by the SCSEP. It was agreed among the sponsors operating in Iowa that they would work towards a more equitable distribution of SCSEP slots over the next 3 years. Efforts are being made to accomplish this goal through attrition and placement into unsubsidized employment, rather than by displacing individuals currently participating in the SCSEP."

Green Thumb, Inc., pointed out that without a sizable increase in positions, equitable distribution could be achieved only by reducing positions in existing projects to establish positions for new projects.

U. S. Department of Labor

Inspector General  
Washington, D.C. 20210



AUG 16 1979

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

Dear Mr. Ahart:

This is in reply to your letter to the Secretary of Labor requesting comments on the draft GAO report entitled, "Distribution of Senior Community Service Employment Program Positions." The Department's response is enclosed.

The Department appreciates the opportunity to comment on this report.

Sincerely,

*Marjorie Pine Knowles*  
MARJORIE PINE KNOWLES  
Inspector General

Enclosure



The U. S. Department of Labor's Response to the General Accounting Office Draft Report entitled --

"Distribution of Senior Community Service Employment Program Positions"

Since GAO performed its review of the distribution of Senior Community Service Employment Program (SCSEP) positions, there have been a number of developments which have brought about a more equitable substate distribution.

On February 14, 1979, DOL issued a bulletin to all SCSEP sponsors directing them to work cooperatively toward an equitable substate distribution of program resources and suggesting specific steps that should be taken by SCSEP sponsors in order to achieve this objective. The steps recommended by DOL are outlined in the GAO report. In response to this directive, there was a meeting of national sponsors and the State Unit on Aging in Iowa on March 9, 1979, in order to discuss the steps that would be taken in the State to achieve a more equitable allocation of SCSEP resources within the next 3 years. A chart was prepared by the SCSEP grantees in Iowa, indicating where current job slots are located and where these slots would be located if all counties were equitably served by the SCSEP. It was agreed among the sponsors operating in Iowa that they would work towards a more equitable distribution of SCSEP slots over the next 3 years. Efforts are being made to accomplish this goal through attrition and placement into unsubsidized employment, rather than by displacing individuals currently participating in the SCSEP.

Most of the other States have taken steps similar to those taken in Iowa in order to work towards a more equitable substate allocation of SCSEP resources and job slots. DOL is encouraging the sponsors to do this gradually through attrition in order to prevent the layoff of current program participants.

The Federal regulations governing the SCSEP state that no more than 15 percent of Federal funds may be spent on administrative costs; therefore, the conclusion that SCSEP resources are not sufficient to permit an equitable distribution of positions throughout a State while ensuring administrative economy is a valid one. However, as SCSEP appropriations increase, it becomes more feasible to equitably serve all areas within a State. It should be stressed that the goal in each State is the equitable distribution of all SCSEP positions regardless of whether these positions are administered by national or State grantees.

As stated in the beginning of the report, the purpose of the SCSEP is to offer part-time employment opportunities to unemployed, low-income persons age 55 or older. The fact that program participants are frequently involved in providing social services is a secondary benefit of the SCSEP. The DOL staff responsible for reviewing and funding SCSEP grant applications works closely with all grantees to try to ensure that SCSEP slots are distributed within a State in a manner that takes into consideration the number of eligible individuals residing within each area in that State and not on the basis of any area's need or desire to increase social services.

DOL is optimistic that recent revisions in the authorizing legislation, the directive recommending that SCSEP sponsors work cooperatively to fairly serve all areas within each State, and increases in the SCSEP appropriations which provide additional positions will result in a more equitable substate distribution of SCSEP resources without displacing current program participants. Indications are that the SCSEP sponsors have already begun working toward this goal.



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

AUG 29 1979

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

Dear Mr. Ahart:

We appreciate the opportunity to comment on the draft of a proposed report entitled, "Distribution of Senior Community Service Employment Program Positions, HRD-79-(205910)."

The report deals specifically with the procedures used by recipients of grants in selecting sites for job projects and in distributing job slots under the Senior Community Service Employment Program. We have reviewed the report, with particular emphasis on the extent to which State and Area Agencies on Aging are consulted and/or involved in the selection process, the coordinative relationship of the Senior Community Service Employment Program and the other Older Americans Act programs administered by the Administration on Aging, and the impact of the procedures on the older low-income population.

With respect to the distribution of positions, the major findings of the draft report deal with the criteria established by the national grantees for the distribution of positions and the procedures used by the Department of Labor and the grantees for allocating the authorized positions for each State.

As we understand the Program and the information contained in the draft report, funds are allocated so that each State receives an equitable share of the total appropriation based on the number of eligible individuals without regard to the sponsoring organizations. The distribution of positions within a State, however, is basically made at the discretion of the national grantees. Thus, criteria established by the national grantees, which are the primary recipients of funds under the Program, are based on administrative economy and visible program impact, as opposed to the apportionment formula prescribed in the Older Americans act as amended.

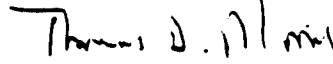
The Department of Health, Education, and Welfare believes that the criteria established by the grantees are invalid. In addition, as pointed out by the report, we have questions as to the feasibility of distributing positions equitably throughout the State in light of the limited available resources. Various reports from the aging network as well as testimony provided during Hearings on extensions of the Older Americans Act seem to indicate, however, that improvements can be made in criteria developed by the individual national grantees. Some of the problems cited are inefficient distribution of positions, difficulties in placing enrollees in positions because of too many grantees serving the same geographical area, and in many instances, disregard for recommendations and suggestions of State and Area Agencies on Aging.

In view of these problems, the Department of Labor should strictly enforce the new Sections 501-508 of the Older Americans Act Amendments of 1978 as a means of ensuring a more equitable distribution of positions and more efficient services for older persons. Recognizing that the current funding level will not permit the placement of positions in every area of a State including all of the areas covered by designated Area Agencies on Aging, it is imperative that State Agencies on Aging be provided the opportunity to have input into the distribution procedures prior to the grant application process. The suggested approach made by the Department of Labor for achieving as equitable a distribution as possible should be made mandatory and included as part of the grant application package that is to be submitted to State Agencies on Aging 30 days prior to the starting date of the project. This process will better ensure that State Agencies are involved in the allocation of positions within their respective States before national grantees make their final determinations.

The Department fully understands that the nature of this Program makes it difficult to administer and that the available funds must be used carefully to obtain maximum impact. Robert Benedict, Commissioner of the Administration on Aging, is willing to work with the Department of Labor, however, to develop procedures for selecting sites and for distributing funds and positions in as equitable a manner as possible, consistent with the available resources.

Again thank you for the opportunity to comment on this draft report. If we may be of further assistance, please let us know.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Thomas D. Morris". The signature is written in a cursive style with a prominent initial "T".

Thomas D. Morris  
Inspector General



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LOCAL STATE AND NATIONAL AGENCIES AND ORGANIZATIONS

## GREEN THUMB, INC.

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WASHINGTON, D.C. 20005  
(202) 789-5400

Subject Code: 4300

**AUG 10 1979**

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

Dear Mr. Ahart:

We have carefully studied the draft of the proposed report to Congressman Grassley related to equitable distribution of Senior Community Service Employment Program (SCSEP) positions and generally support both the rationale and conclusions of the report.

It is not fair, we think, to emphasize that under Operation Mainstream the areas of operation were dictated by the Department of Labor and since Green Thumb has expanded the program from this original base, in many states it would mean a discontinuance of existing services to achieve equitable distribution given that there are no appreciable increases in SCSEP positions in the near future. It is always difficult to withdraw services from a community once they have been established but this is the only way equity could be achieved at the present time without an increase in positions.

During the past three to four months, there have been meetings of all SCSEP sponsors in every state where we operate. The specific purpose of these meetings was to develop a plan to achieve equitable distribution within each state. For the most part these meetings have been successful in developing a recommended number of SCSEP positions for every county or planning region of a state, however, as soon as word gets out to local communities that they will have to lose some positions, so that their less fortunate neighboring communities can have the positions they deserve; an immediate hue and cry arises that reaches all the way to the Executive Branch and Congress. The end result is that everyone involved decides not to move swiftly to increase positions in an underserved area at the expense of an area that has based their community services on the presumption that a certain level of activity has been available through SCSEP.

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Although the real efforts to achieve equitable distribution have only been going on for about four months now, under Department of Labor, it is already apparent that the only way we can ever fully carry out the intent of Congress in this regard is to have a large enough increase in total positions to allow all underserved counties or areas to be brought up to equitable levels without greatly reducing the activity in current areas of operation.

There are two other factors that affect the SCSEP sponsors, both national and state, willingness to fully implement the equitable distribution suggestions of DOL. These factors are the conflicting demands of the Title V law and regulations that on the one hand require the program in effect to be in geographical areas that contain large proportions of senior low-income people and on the other hand requires that the federal funds be matched by 10% of non-federal funds and to make it even more difficult requires that 15% of enrollees be placed into unsubsidized employment. Communities with high percentages of seniors and low per capita income have very small local tax bases and consequently, very few non-federal resources to contribute to the project. These communities also have very little industrial activity and very poor economic climates. With these factors built into the program requirements, it is very easy to see why administrators of the programs tend to concentrate their program activities in areas where jobs and non-federal resources are available.

Green Thumb has always attempted to place program enrollees in rural areas where there is the greatest need for employment opportunities for older people and greatest need for services, as I think our record will substantiate, however, in doing so we have admittedly had difficulties in meeting the requirement for non-federal matching share and we have never been able, in many rural places, to reach the desired goal for unsubsidized placements.

If the pressure to fulfill the requirement for placements and non-federal matching share continues along with the requirements for equitable distribution, there will rapidly come a time when competition among sponsors to work in areas of higher economic development will severely militate against any real voluntary cooperation to achieve equitability.

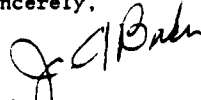
In conclusion, we believe that the only way the real purpose of the SCSEP program of insuring that every low-income senior in the United States has an opportunity for useful employment can be achieved is by amending the Title V Act to allow for the following:

1. An increase in positions to at least twice the number currently available.

2. Entirely eliminate the requirement for non-federal matching share at least from areas of low-income or high chronic unemployment and under-employment and of natural or economic catastrophic crisis or emergency.
3. Eliminate the requirement to place enrollees into unsubsidized employment positions or at least reduce it to an overall goal of 5%. This would tend to make the program a true public service employment program.

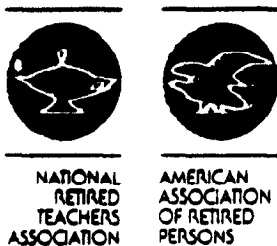
We hope this will be of some help to you in preparing your final report. If there is any other information we can provide, do not hesitate to call on us.

Sincerely,



J.A. Baker  
Executive Vice-President





SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM  
 Mr. G. Peter Vogt, Jr., Administrative Officer  
 1909 K Street, N.W.  
 Washington, DC 20049  
 (202) 872-4813

August 6, 1979

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

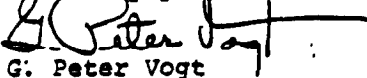
Dear Mr. Ahart:

We have reviewed the Draft Report, "Distribution of Senior Community Service Employment Positions", which you very kindly furnished this office under your letter of July 11, 1979.

The material in the draft report is considered to be well presented; however, it is recommended that mention be made of the A-95 Clearinghouse procedure, sponsored by the Office of Management and Budget; and the coordinating system between the National Sponsors and State programs as required by Older Workers Bulletin 79-1, issued by the Employment and Training Administration, U.S. Department of Labor. Both of these DOL procedures play an important part in achieving equitable enrollee slot allocations, which are agreeable to both state and national programs.

Thank you for giving us the opportunity to comment on the draft report.

Sincerely yours,

  
 G. Peter Vogt  
 Administrative Officer

GPV:lj

cc: R.F. Yzaquirre, Asst. Natl. Proj. Dir., Field Opns.  
 R.Ludin, ETA, Dept. of Labor

Frank M. Hughes  
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 President AARP

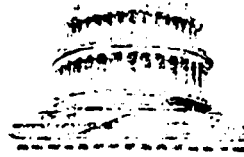
Cyril F. Brickfield  
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AUG 20 1979

NATIONAL COUNCIL  
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# SENIOR AIDES



SENIOR AIDES PROGRAM  
DEPUTY DIRECTOR  
LOUIS H. RAVIN

*A Program Sponsored by the National Council of  
Senior Citizens for the U. S. Department of Labor*

August 8, 1979

Gregory J. Ahart, Director  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Ahart:

I regret that I have been unable to reduce to writing until now the comments invited in your letter of July 11. However, I have talked earlier by telephone with two members of your staff. Overall, I think this is an excellent report and I find myself in substantial agreement with the conclusions in Enclosure, on page 12. However, the proposed letter to Congressman Grassley for your signature is significantly at variance with the conclusions. In your letter, you propose to say that requirements with respect to an equitable distribution within states, were not being met by the national grantees in accordance with the law, that the national grantees were apportioning funds on a different basis, e.g. administrative economy and visible program impact.

One of your conclusions states:

"The national grantees' rationale for the distribution of SCSEP positions has merit when considered in relation to limited program resources."

[GAO comment: Our comments in the letter to Congressman Charles E. Grassley summarize the information developed in enclosure I. This summary addresses the requirements of the law and the criteria used by the national grantees which have merit considering the limited amount of funds available. Therefore, we do not believe that the letter to Congressman Grassley is at variance with the conclusions in enclosure I.]

GAO note: Page references have been changed to correspond to page numbers in the final report.

I would like to make some comments on specific items in the following:

1. Equitable does not have the same meaning as "equal" nor even "proportionate". The legislation imposes a strict formula with respect to the allocation among the states by the U.S. Department of Labor. The language with respect to distribution of resources within the state differs from that for allocations among the states, and we must assume that Congress did so knowing what it was doing, - one of its considerations undoubtedly being that which you mentioned, - that is, resources are too limited. In the case of Iowa, if there were an even distribution amongst 99 counties there could not be much effect in any county. That this would be true in other states is supported by your statement in Enclosure 1, page 3, that the 1979 funding level would allow less than 1% of those eligible to be served. The language on equitable distribution in the state relates to two factors. These are to be "taken into consideration". They are not the only factors permissible - other factors such as possibilities of control, supervision, fraud. Our own philosophy is that this is an employment program in good part, - and not simply a method of distributing general revenues as is the General Revenue Act, - that very high concentrations of unemployment should be a consideration.

[GAO comment: The legislation does not provide a clear definition of equitable. Webster's dictionary defines equitable by using terms such as "just," "fair," and "equal treatment of all concerned." Although we consider the requirement for equitable distribution as vague, we do not believe that the establishment of a project to serve 52 to 60 participants in one area, while many other areas in the State remain unserved, can be considered as equitable distribution.]

2. You quote Enclosure 1, on page 5, the testimony of Mr. William R. Hutton, Executive Director of National Council of Senior Citizens, before a Senate Committee on February 8:

"To spread resources thinly results in no visible impact-- except on administrative costs."

On page 7 of Enclosure 1, you refer to an example in Pennsylvania in which three counties had received more than their "proportionate share" of positions in 1978. Here is a specific instance in which equitable is interpreted to mean proportionate and this is not, we believe, the intention of the law. The county to which you refer might have had some reason, a much higher unemployment rate than others - for one thing. There is also an assumption here that every county in Pennsylvania or any area jurisdiction is entitled to some positions, even though that might mean one half-time person, whose contribution would be invisible. That might be justifiable if we were distributing funds under a welfare program, but this is not such a program.

[GAO comment: Our computations were based on elderly poor age 60 and over in Pennsylvania. We believe this is a better basis for determining the needs of eligible participants within Pennsylvania than use of unemployment data which probably reflect only a small portion of persons eligible for SCSEP.]

3. On page 9 of Enclosure 1, I am quoted as stating the following:

"Stretching fifteen slots to cover five counties does not enable a local sponsor to have any impact on needed services." That remains my view. The law is directed toward the dual objectives of employment and needed services to the community - not distribution of welfare funds.

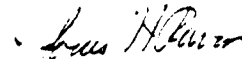
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GAO

note.] 4. On page 10, the Iowa Commission is said to have had 99 positions. A statement was made elsewhere that the Iowa Commission believes that available positions should be equitably distributed to 99 counties in the state. Obviously, Iowa State Commission could not do that if it meant equally. What it did do was distribute 2 positions to each area agency, and the State Area Agency on Aging, and on a formula basis, the remainder to all other areas. Obviously, it must have omitted some areas.

5. A question might be seriously raised whether this practice is not a violation of Congressional wishes. The state and area agencies on aging are provided funds for their staff under the Older Americans Act. If the funds for staffing are inadequate then the proper approach would seem to be to request greater funds from the Administration on Aging, which in turn would make these requests of OMB, and this in turn would be reviewed by the Congress in its appropriations process. For an agency to increase staff for its functions beyond the number authorized by Congress, is at the very least questionable. In some cases, in other states, we understand that most of the state's allocations are used to supplement the staff resources of the aging agencies.

[GAO comment: While it is true that SCSEP positions administered by State as well as national grantees should be distributed equitably, comments 4 and 5 address issues that were not considered in the scope of our work.]

Sincerely yours,



Louis H. Ravin

GAO note: Our report cites 93 positions.