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BY THE COMPTROLLER GENERAL

# Report To The Congress

OF THE UNITED STATES

## Employment Service Needs To Emphasize Equal Opportunity In Job Referrals

The U.S. Employment Service generally has referred minority and women applicants to low-paying jobs traditionally filled by minorities and women. Whites and males generally have been referred to better paying jobs. Two factors which have contributed to these disparities appear to be beyond the Employment Service's control--the kinds of jobs employers place with the Employment Service, and applicants' lack of skills.

While persons applying for jobs through the Employment Service were treated equally, local office procedures have reinforced traditional job patterns. The Department of Labor and the States have done little to enforce Federal equal opportunity requirements.

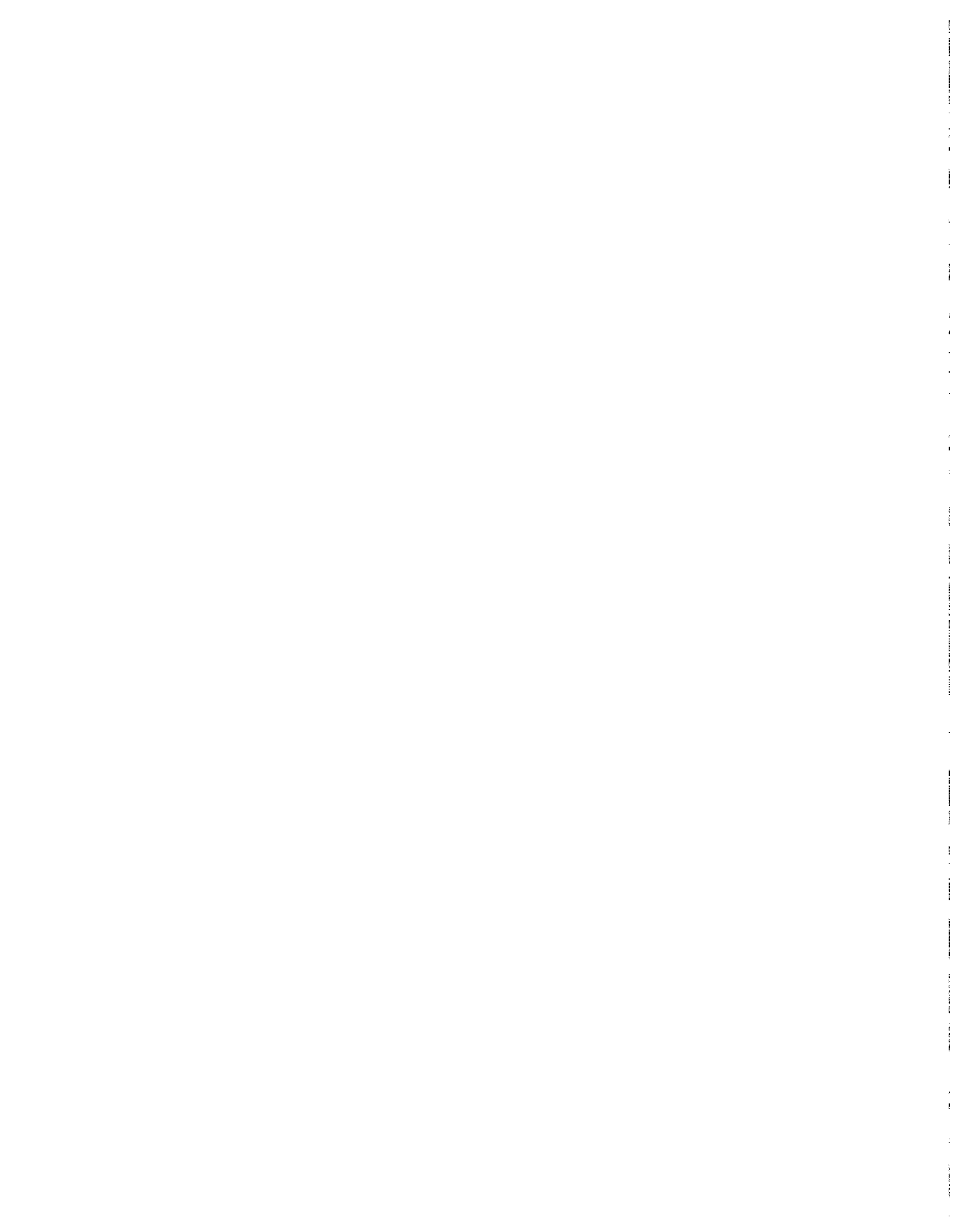
Labor can make some changes to better ensure that the Employment Service provides equal opportunity to minority and female applicants. Recent changes in the Comprehensive Employment and Training Act program may help applicants who need training to compete for better paying jobs.



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COMPTROLLER GENERAL OF THE UNITED STATES  
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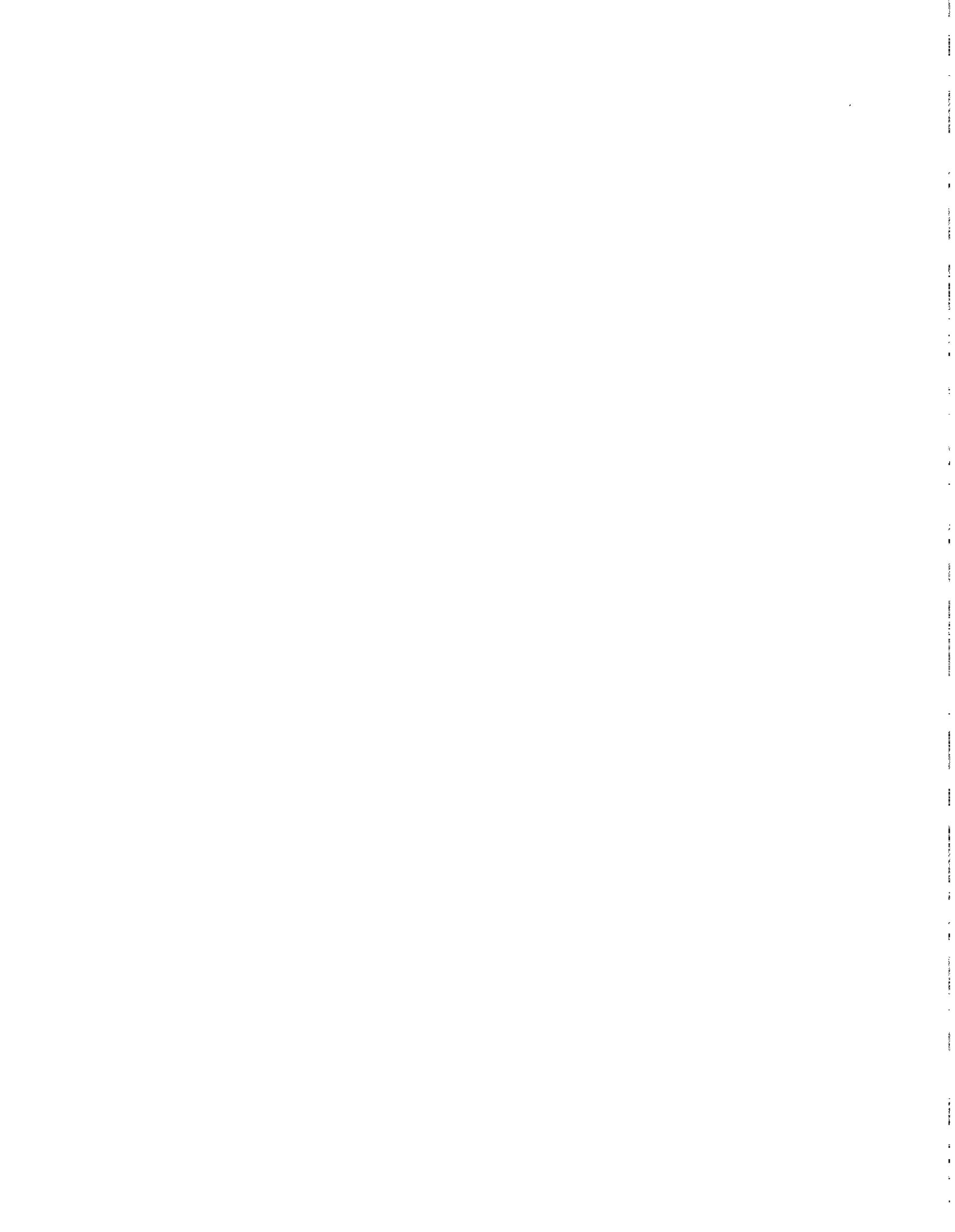
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To the President of the Senate and the  
Speaker of the House of Representatives

This report discusses the United States Employment Service's compliance with titles VI and VII of the Civil Rights Act of 1964 in processing applications for vacant jobs listed with the Service by employers. The act requires that the Service's processing procedures not discriminate against applicants on the basis of race, color, religion, national origin, or sex.

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

*James B. Atch*  
Comptroller General  
of the United States



D I G E S T

The Employment Service finds jobs for people and people for jobs. It is operated jointly by the Department of Labor and the States, through local employment offices. (See p. 1.)

Employment Service offices in the five States GAO visited generally referred minorities and women to lower paying jobs traditionally held by minorities and women in proportions greater than their representation among applicants. These were low or semiskilled positions, such as maids, porters, domestic workers, retail sales clerks, and clerical workers. Whites and males were referred to better paying jobs in proportions greater than their representation among applicants. (See p. 7.)

One reason for this disparity in wages was that minority and female applicants were often unskilled or semiskilled, and could not qualify for better paying jobs. (See p. 9.)

Another reason was that local offices' practices for processing applicants followed traditional employment practices and, therefore, reinforced them. For example, minorities and women generally were registered for traditional, low-paying jobs. (See p. 13.)

Furthermore, local offices filled most job orders with new applicants as they registered--called walk-ins--and referred few applicants from among those with applications on file. (See p. 15.)

In addition, Labor's formula for allocating Employment Service funds to local offices was based primarily on placements and did not adequately consider equal opportunity concerns. (See p. 18.)

GAO recommends that the Secretary of Labor ensure that local office procedures are revised to consider the possible present effects of past employment practices, local office staffs are given equal opportunity awareness training, and equal opportunity concerns are considered when revising the fund allocation formula. (See p. 19.)

Federal and State equal opportunity compliance efforts were inadequate. For example:

- Labor was not responsive to Department of Justice recommendations for improving its enforcement activities. (See p. 21.)
- Labor's regional administrators did not emphasize equal opportunity enforcement in providing employment services. (See p. 23.)
- Labor did not require States to use its computerized equal opportunity compliance tool, which presents applicant data in a format designed for equal opportunity analysis. (See p. 24.)

GAO recommends that the Secretary of Labor improve equal opportunity enforcement by (1) giving the headquarters equal opportunity compliance staff control over regional compliance units, (2) requiring States to use the computerized enforcement tool or a similar system, and (3) incorporating compliance with equal opportunity requirements in local office program compliance reviews. (See p. 29.)

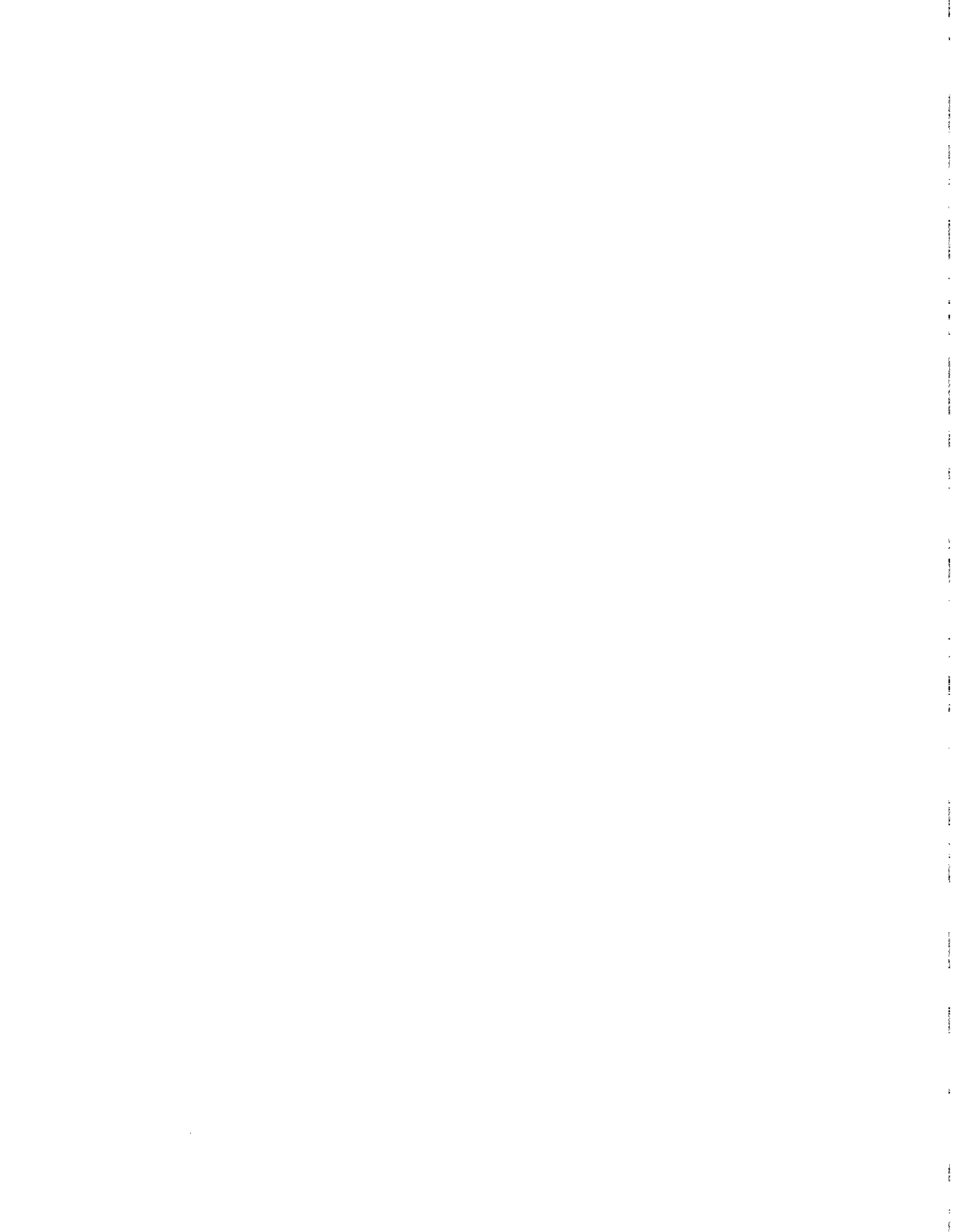
Even with the changes GAO is recommending, the Employment Service may be unable to significantly narrow the gap in wages between jobs to

which minorities and women are referred, and those to which whites and males are referred. (See p. 9.)

Because its role is basically that of a labor exchange, the Employment Service cannot give applicants the training they need to obtain or improve their skills. However, these needs may be met through the 1978 amendments to the Comprehensive Employment and Training Act, which address the acquisition of skills. (See p. 10.)

AGENCY COMMENTS AND  
GAO'S EVALUATION

Labor agreed with all but one of GAO's recommendations and stated that it either had acted or was acting on them. Labor disagreed with one recommendation because, in GAO's opinion, it misinterpreted what was recommended. (See pp. 20 and 30.)





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ABBREVIATIONS

CETA	Comprehensive Employment and Training Act
EEOC	Equal Employment Opportunity Commission
ES	Employment Service
ESARS	Employment Security Automated Reporting System
ETA	Employment and Training Administration
PEER	Programs for EEO Evaluation Reports



## CHAPTER 1

### INTRODUCTION

Employment Service (ES) activities are part of the Federal-State employment security program authorized under the Wagner-Peyser Act, as amended (29 U.S.C. 49 et seq.), and the Social Security Act, as amended (42 U.S.C. 501 et seq.). The Department of Labor's Employment and Training Administration (ETA) manages and administers the employment security program, which includes (1) ES, which finds jobs for people and people for jobs, and (2) unemployment insurance, which provides financial benefits to certain unemployed persons. The Wagner-Peyser Act established a unique Federal-State partnership. ETA establishes standards for and provides guidance and technical assistance to State employment security agencies, which operate the program.

### EMPLOYMENT SERVICE ROLE

ES acts as a labor exchange to match workers seeking employment with available jobs. Job seekers come to local ES offices and are referred to jobs employers placed with the offices. The ES staff interview applicants, refer them to jobs, and provide them with job counseling, testing, and other services.

ES has a staff of about 30,000 and about 2,400 local offices in the 50 States, Puerto Rico, Guam, the Virgin Islands, and the District of Columbia. The staffing level and number of offices have varied little during the past several years. In fiscal year 1978, ES offices registered more than 15 million applicants, of which 4 million were placed in jobs; some persons were placed more than once. During the same period, employers listed more than 8 million nonagricultural jobs with ES, of which about 5.7 million were filled. These figures were similar to those of earlier years. ES makes about 50 percent of all job placements made by all employment agencies--private and public.

### EMPLOYMENT SERVICE FUNDING

State ES activities are funded mainly by Federal unemployment taxes received from employers under the Federal Unemployment Tax Act, as amended (26 U.S.C. 3301 et seq.). States collect and deposit these taxes in the Unemployment Trust Fund, and the Congress appropriates these funds to ETA

for allocation to the States to operate the employment security program. Authorizations from the Trust Fund provide about 85 percent of the funding for the program; the other 15 percent comes from appropriations under the Wagner-Peyser Act. Funding for State ES programs from these sources since 1975 has been as follows.

<u>Fiscal</u> <u>year</u>	<u>Funding</u>
	(000 omitted)
1975	\$490,766
a/1976	695,516
1977	598,921
1978	636,946
1979	695,202
b/1980	689,000

a/Includes transition quarter.

b/Estimated.

Through fiscal year 1979 ETA allocated these funds to the States primarily by a resource allocation formula, which was based on quantity and quality of services rendered. The formula helped ETA and State agencies evaluate the ES program's performance. For fiscal year 1980, Labor revised the formula. (See p. 18.)

Labor also receives other Federal funds that it allocates to the States for special programs and activities carried out by local ES offices. Among these are funds from (1) the Department of Health and Human Services 1/ for the Work Incentive Program and (2) the Department of Agriculture for registering food stamp recipients and notifying welfare agencies when recipients refuse to accept employment.

EMPLOYMENT SERVICE CIVIL  
RIGHTS RESPONSIBILITIES

ES activities are subject to titles VI and VII of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d and e). Title VI generally requires a Federal agency that extends

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1/Before May 4, 1980, the Department of Health, Education, and Welfare.

financial assistance to any program or activity to ensure that no one is denied participation in it on the basis of race, color, or national origin. ETA's Division of Equal Employment Opportunity provides the leadership, policy, guidance, procedures, and technical assistance for enforcing title VI in the ES program. Title VII prohibits discrimination by employment agencies (both public and private) in referring and classifying job seekers and extends protection to prohibit discrimination based on sex and religion.

ETA and the States have the primary responsibility for enforcing title VI. The Department of Justice, pursuant to Executive Order 11764, is responsible for coordinating Federal agencies' title VI enforcement and prescribing standards and procedures for title VI compliance reviews. Title VII is enforced by the Equal Employment Opportunity Commission (EEOC).

#### OBJECTIVES, SCOPE, AND METHODOLOGY

Our review was directed to assessing whether ES procedures and practices ensured that minorities and women were being given an equal opportunity to obtain services at ES local offices in comparison to whites and males. <sup>1/</sup> Accordingly, our work focused on services local ES offices provided to minorities and women in such activities as registration, counseling, testing, job development, job referral, and placement. We also evaluated title VI ES compliance monitoring and enforcement efforts of ETA and the States.

To obtain a cross-section of ES activities, we selected five States and local offices in 10 cities for review: Birmingham and Montgomery, Alabama; Denver and Pueblo, Colorado; Indianapolis and Evansville, Indiana; Lexington and Louisville, Kentucky; and Bremerton and Seattle, Washington. Specifically, we sought to obtain geographic coverage nationally, to achieve a diversity of industry and minority population, and to include States reportedly using a computer-assisted technique developed by Justice and ETA for assessing equal opportunity in local office services to ES applicants. The data from the 10 local offices we reviewed are generally consistent with ES national data as shown in appendixes I through V. At the

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<sup>1/</sup>As used in this report, the term "minorities" includes males and females, the terms "females" and "women" include whites and minorities, the term "whites" includes males and females, and the term "males" includes whites and minorities.

selected States, we interviewed ES local office officials and their staffs, and State officials responsible for assessing local office compliance with Federal equal opportunity requirements and ES program operation requirements. We also discussed these matters to some extent with ES officials in Mississippi, Missouri, and Oregon. In addition, we reviewed State and local office records relevant to local office services to minorities and women and analyzed policies, regulations, practices, and procedures at the State and local levels. In addition, we met with officials of EEOC and State fair employment practices agencies.

We interviewed and reviewed the records, policies, regulations, practices, and procedures of Federal officials and their staffs at Labor headquarters and the ETA regional offices in Atlanta, Chicago, Denver, and Seattle responsible for evaluating local office compliance with Federal equal opportunity requirements in the selected States. We also interviewed ES program officials at these locations.



## CHAPTER 2

### MINORITIES AND WOMEN GENERALLY

#### REFERRED TO LOW-PAYING JOBS

Minorities and women were generally receiving ES services in proportion to their representation among applicants in the 10 local offices we reviewed. However, minority and female applicants were referred to lower paying jobs in proportions greater than their representation among applicants, while whites and males were referred to better paying jobs in proportions greater than their representation among applicants. In part, these disparities appeared attributable to (1) the kinds of jobs listed with ES for referral of applicants and (2) applicant characteristics (lack of adequate skills and training) over which ES has little control.

#### MINORITIES AND WOMEN GET FAIR SHARE OF REFERRALS

An individual looking for a job through ES can get a variety of services:

- Referral: Matching job requirements on employer job orders with applicant qualifications and sending the applicant to the employer for employment consideration.
- Job development: Contacting employers to find a job for an applicant. Usually this is done for applicants who are highly qualified or have special expertise for which the local ES office has no job order.
- Counseling: Advising the applicants of career choices or changes, work adjustment, and job opportunities for which they are qualified. Usually this service is provided to ES applicants who are undecided about their work preference or who have had prior employment problems.
- Testing: Giving applicants general aptitude and proficiency tests. Aptitude tests are usually administered at employer request and during counseling. Proficiency tests may be administered routinely or at employer request and generally to test for typing skills.

Minorities generally get proportionate services

Analysis of data on services provided to applicants in the 10 local offices we reviewed showed that in 1978 minorities received a proportionate share of referral services. In all 10 offices, they were referred in proportions greater than their representation among applicants. The results of our analysis at these offices corresponded to Labor's ES 1978 national referral data, which showed that, while minorities represented 30 percent of the applicants, they received 31 percent of referrals. (See app. I.)

Our analysis also showed that in some offices minorities were receiving job development, testing, and counseling services in proportions less than their representation among applicants. (See app. I.) Our review and observation of local office procedures and practices, however, indicated that minorities needing these services were receiving them. Therefore, we believe that minorities were getting the services they needed from ES.

Women get a little less than proportionate referral services

Our analyses showed that women were receiving a little less than their proportionate share of referrals. As with minorities, our work indicated that women were getting other services they needed.

Our analyses of the 10 local offices showed that generally women received referrals at a lower rate than their representation among applicants. (See app. I.) At nine offices, the variance averaged about 4 percentage points, ranging from 1 to 8. At one office they received referrals by 4 percentage points more than their representation. These results were consistent with ES national data, which showed that while women were 45 percent of applicants, they represented 43 percent of those referred to jobs.

According to our analysis, in some local offices women received less than their proportionate share of counseling, testing, and job development services; however, our work indicated that women needing these services received them.

MINORITIES AND WOMEN REFERRED MOSTLY  
TO LOWER PAYING TRADITIONAL JOBS

While minorities received a proportionate share of ES services in the 10 local offices, they were referred 1/ disproportionately to lower paying jobs traditionally characterized as "minority" work. Similarly, female applicants were referred to lower paying jobs usually characterized as "women's" jobs. 2/ Since these referral data were consistent with ES national data, ES referral procedures and practices were apparently reinforcing traditional employment patterns for minorities and women.

ES data show disparities in  
referrals between minorities  
and whites, and between  
females and males

ES data nationally and for the 10 offices we reviewed showed that most minorities and females were placed in jobs paying less than jobs of whites and males, respectively. (See apps. II and III.) These data show that nationally 82 percent of all female referrals were to jobs paying less than \$3.50 per hour, while 62 percent of all male referrals were in this category. Similarly, 75 percent of all minority referrals were to jobs paying less than \$3.50 per hour compared to 67 percent of all white referrals.

Our analyses of local office data showed results consistent with national data. Also, based on placement data, the

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1/ES does not normally maintain data showing referrals by job type or wage, or the race and sex of those referred, but these types of data are available for placements. Two local offices we reviewed had both referral and placement data and our analyses showed that the placement data were representative of referrals. Also, an ES official agreed that placement data were representative of referrals. Therefore, we used placement data as referral data in our analyses.

2/Traditional jobs many minorities received included domestic worker, porter, janitor, and maid; traditional women's jobs included retail sales clerk, clerical office worker, waitress, and maid.

wages for jobs in which minorities and women were placed averaged less than wages for whites and males:

- Women's wages averaged \$3.22 per hour, which was 21 cents an hour less than men's wages.
- Minority women's wages averaged \$3.16 per hour, which was 6 cents an hour less than all women's wages.
- Minorities' wages averaged \$3.23 per hour, which was 18 cents less than whites' wages.
- Minority males' wages averaged \$3.27 per hour, which was 16 cents an hour less than all males' wages.
- Minority women's wages averaged \$3.16 per hour, which was 11 cents an hour less than minority men's wages.

While these differences may not seem great, for people in these income brackets the amounts could be significant. For example, women earning \$3.22 per hour would average about \$6,700 annually, or \$437 less a year than men, and minorities earning \$3.23 per hour would average \$374 less a year than whites.

At one office, we were able to obtain ES data linking wages to the race and sex of applicants referred. These data, shown below, further illustrate that minorities and women were referred mostly to low-paying jobs. They also show that there was an inverse relationship between low wages and jobs to which minorities and women were referred.

<u>Hourly wage rates</u>	<u>Minority referrals</u>	<u>Female referrals</u>
	(percent)	
Less than \$2.10	84	78
\$2.10 to \$2.49	84	53
\$2.50 to \$2.99	81	48
\$3.00 to \$3.49	71	32
\$3.50 to \$3.99	61	23
\$4.00 to \$4.49	55	20
\$4.50 to \$4.99	50	26
Over \$4.99	42	14

IMPROVEMENTS IN JOB OPPORTUNITIES  
FOR MINORITY AND FEMALE APPLICANTS  
PROBABLY BEYOND ES' CONTROL

Improving local office procedures and practices and equal opportunity compliance activities, as recommended in the following chapters, should increase employment opportunities for minority and female applicants and reduce the disparate effects discussed earlier. However, these improvements may not significantly enhance job opportunities for these groups because the major disparate effect--minorities and females being referred to low-paying jobs--may be beyond ES' control.

Many jobs employers place with ES are low paying. Also, ES data showed that minority and female applicants are often unskilled or semiskilled and cannot qualify for better paying jobs, when available, because they would need a specialized skill or training. Many ES applicants need training to acquire skills to enable them to compete effectively for such jobs, but ES' role as a labor exchange does not include providing training. This training need may be met through the 1978 amendments to the Comprehensive Employment and Training Act (CETA) program.

Minority and female applicants'  
job opportunities limited by  
lack of skills, types of jobs  
available through ES, and ES' role

The employment opportunities available to many ES applicants, particularly minorities and women, are generally limited by two factors over which ES has little control: the low skill level of applicants and the low-paying jobs that employers place with ES. ES data showed that the typical jobs employers place with ES are low paying, low skilled, or both. These data also showed that more minorities and women than whites and males registered in ES lack the skills needed for higher paying jobs that are available.

Characteristics of  
employer job orders

Many job orders employers placed with ES were in occupations characterized by low skill and/or low pay. ES data showed that employers who placed job orders with ES generally engaged in work that is labor intensive and requires little skill and education. Generally, ES gets few job orders for

high-paying entry level jobs that require little or no skills. Moreover, while many female and minority applicants register for jobs in the clerical, sales, and service categories in greater numbers than there are jobs available, not all the available jobs are filled. State and Labor regional ES officials stated that this occurred for various reasons, including low wages, unattractive hours, and transportation problems.

#### ES applicant characteristics

Available data showed that in 1978 applicants served by ES had the following characteristics:

- Three of every five were high school graduates and one in five had some college education.
- Nearly one-fifth were veterans to whom ES by law is required to give priority in job referrals.
- About 30 percent were minorities.
- More than two-fifths were women, many seeking to re-enter the labor force.
- About one-quarter were economically disadvantaged and had limited education and limited skills.

ES data also showed that, for the first 6 months of fiscal year 1978, proportionately more women and minorities than males and whites registered for entry level positions, which usually denotes applicants of low skill levels. ES officials believed that minority and female applicants generally lacked work experience, skills, training, and education.

#### Better jobs are available but ES' role limits its ability to help applicants qualify for them

According to economic reports and labor statistics, an imbalance exists between employers' needs for workers and the skills of the unemployed, which results in the paradox that, while many millions of workers are unemployed, many jobs still go unfilled. This occurs because employers need skilled workers but most of the unemployed (which include proportionately more minorities than whites) have only limited skills or no skills at all.

This problem is also demonstrated by labor market statistics compiled by ES. Data compiled by some ES offices we visited showed that some job openings go unfilled in the higher paying professional and technical fields due to a lack of qualified applicants. Nevertheless, some clerical and service jobs also go unfilled because of low wages for secretaries, bookkeepers, clerk typists, cooks, and security guards.

Along these lines, section 5(a) of the CETA Amendments of 1978 required the Secretary of Labor, after consulting with appropriate State and local officials and other interested parties, to report to the Congress on recommendations and suggested legislation for improving the Wagner-Peyser Act. In June 1980, Labor reported to the Congress that, among other things, Labor would develop a program of more intensified and individualized services (e.g., testing, counseling, and referrals) for those who are hard to employ and who have difficulty in competing for or obtaining access to job opportunities. Labor believed that this would be a better way for ES to respond to the need for matching unmet labor market needs.

While intensified services may help somewhat, we believe that they would not significantly alter a main labor market problem: a lack of skills among many unemployed workers. A major way skills can be acquired is through training and on-the-job experience, and ES' role as a labor exchange does not include such activities. All ES can do is refer eligible applicants to Federal training programs, such as CETA. The 1978 amendments to CETA address the acquisition of skills and may help alleviate the problem.

#### CONCLUSIONS

Minorities and women were generally receiving referral and other services in proportion to their representation among those applying for ES services. However, they were referred disproportionately to jobs that are lower paying than the jobs to which whites and males were referred.

These disparities stem from a combination of factors. Major factors, which appear largely beyond ES' control, are in the kinds of jobs employers place with ES and the applicants' lack of adequate skills and training. Accordingly, significantly changing the differences in wages and jobs that minorities and women obtain as compared to whites and males

depends largely on the ability of these groups to acquire needed skills and training. Recent changes to CETA may help ES applicants.

Two other factors contribute to the disparity and, in our opinion, represent areas where ES can improve its performance:

- Some ES local office procedures and practices reinforced past traditional employment practices. (See ch. 3.)
- ETA and the States have not adequately enforced applicable Federal civil rights laws in ES. (See ch. 4.)



### CHAPTER 3

#### SOME LOCAL OFFICE PROCEDURES AND PRACTICES

##### DO NOT ENSURE EQUAL OPPORTUNITY

Local office procedures and practices generally treat all applicants alike. Although the procedures and processes appear to be neutral, overall they contribute toward minorities and women registering for traditional lower paying jobs, thus reinforcing past practices and perpetuating their traditional employment patterns. To ensure equal opportunity for applicants, ES needs to:

- Revise its local office procedures to emphasize non-traditional jobs for minorities and women.
- Provide local office staff more equal opportunity training.
- Deemphasize placements as the basis for funding States' ES programs.

##### MINORITIES AND WOMEN REGISTER FOR TRADITIONAL AND LOW-PAYING JOBS

To obtain job referrals through ES, new applicants need to register, which usually involves a two-stage process of reception and interview. In the 10 offices we reviewed, reception and interview procedures and practices, although neutral in that all applicants usually were treated alike, generally were not sensitive to factors that would cause minorities and women to register mostly for traditional and low-paying jobs.

According to local office officials and interviewers, one reason minorities and women were registering for such jobs was that some applicants preferred traditional jobs because of working conditions, experience, and skill levels. However, the issue of job preference might be interrelated with past employment practices.

As shown in appendixes IV and V, most minority and female applicants registered in their traditional job categories of clerical, sales, domestic, and service jobs. The pay for these

jobs nationally averaged from \$2.81 to \$3.00 <sup>1/</sup> per hour, which were the lowest paying nonagricultural job categories. Because minorities and women registered for these jobs, those are the jobs they obtained.

#### Local office practices

The reception practices in some local offices we visited contributed to minority and female applicants registering for traditional job categories.

Specific reception procedures varied greatly between the 10 local offices. Generally, reception entailed directing new applicants to a receptionist who explained the registration process to them, gave them an application, and instructed them on what parts to complete and what to do next with it. The reception process was neutral in that all applicants were generally treated alike. However, the procedures were not sensitive to traditional employment practices. During reception, applicants had to decide about job preferences before they knew what jobs they were best qualified for. Thus, if minority or female applicants were stereotyping themselves, they would probably select a job category in their group's traditional employment area and register for a job in it. For example, some receptionists asked applicants about job preferences before they registered and directed them to interviewers who primarily handled those jobs. Also, some local offices required applicants, before they were interviewed, to select jobs they were interested in from a master list of available jobs.

In one office, two receptionists were stereotyping applicants. For example, one receptionist referred applicants with no work experience to one of three units: men to the nonmanufacturing job unit, women to the service job unit, and college graduates to the professional job unit. State ES officials told us that they would look into this practice.

After reception, applicants are interviewed to identify their qualifications for referral to available jobs. While local office interview procedures varied considerably, generally interviewers reviewed with applicants their applications; discussed with applicants their work history, education, and work preferences; assigned applicants a job code

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<sup>1/</sup>The minimum wage as of January 1, 1980, was \$3.10 per hour.

from Labor's Dictionary of Occupational Titles; and referred them to available jobs for which they were qualified.

The interview practices in the offices we reviewed also were not sensitive to traditional employment practices and reinforced them. Aside from asking applicants about their past work experience and job preferences, interviewers usually did not discuss with minority and female applicants nontraditional jobs for which they were qualified. Interviewers basically assigned applicants job codes based on their prior work experience and referred them to such jobs as well as those they indicated a preference for, which generally were the lower paying jobs.

In some offices, it appeared that interviewers were limiting job opportunities of minority and female applicants also by not referring them to nontraditional jobs or better paying jobs. In one office we identified 58 job orders filled between January and March 1979 that paid wages of \$4 or more per hour for which only whites were referred. In addition, for 10 of these orders, minorities were registered in the applicable job codes but were not referred to the jobs, while whites having other job codes were. The local office's staff could not recall why the minorities were not referred. For example, on a job order for a retail store manager, the interviewer referred a white female applicant who registered as an elementary school teacher and had no managerial experience. Before this referral, two minority applicants, who were qualified and had registered while the job was available, were not referred.

At a second local office, we identified 52 job orders, filled from January through March 1979 and paying \$4 or more per hour, for which only whites were referred. Our analysis showed that, for five of these orders, whites registered in other categories were referred to the jobs while minorities registered within the categories were not. The local office's staff could not recall why minorities were not referred. For example, an employer requested three referrals for an air-conditioning mechanics job. Two white males were referred, one of whom was registered in another job category, but a qualified minority who was also registered while the job was available was not referred.

LIMITED FILE SEARCH REDUCED  
EMPLOYMENT OPPORTUNITIES

Applicants who are not successfully referred and placed in a job when they register with ES have their applications

filed by job code. ES procedures require interviewers to search the files periodically to fill job orders that remain open. ES local offices we reviewed generally did some file search for applicants with specialized skills or training who had a better chance of placement. However, interviewers did little file search for other applicants because of their other duties, such as interviewing, referral, and job order taking.

Limited file search may be affecting employment opportunities for minorities and women. Because interviewers lacked time for file search, local offices we reviewed relied on the daily applicant flow--called walk-ins--to fill most job orders. Therefore, job orders generally remained open until they were filled by walk-ins even though qualified persons had applications on file.

Referral data we analyzed at two local offices illustrated this condition. At one office a job order that requested three referrals for an accounting clerk job remained open for 19 days. Although women made up 94 percent of applicants registered in the applicable job code during this 19-day period, the local office referred a male registered as a clerk typist who was a walk-in 5 days after the job opened. Another office referred two whites with other job codes for a material handler job, while 70 percent of the registrants in this job code were qualified minorities, none of whom were referred.

In a previous report, which dealt in part with ES services to veterans, 1/ we reported that local offices relied on walk-in traffic to fill most job orders. We observed that veterans who visited ES offices more often received more referrals and other services and had a better chance of being placed in a job. We recommended that ES advise veterans of the benefits of frequent visits to local offices. Labor disagreed with this recommendation, stating that it believed that it would result in local office interviewers being swamped with more traffic than they could handle. We pointed out, however, that this would not be the case because such persons would already be registered and could consult job listings on their own and would only need to talk to an interviewer if they found a job they were interested in.

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1/"Much More Could Be Done For Veterans In Employment And Training Programs," (HRD-78-166, Dec. 29, 1978).

We believe that this recommendation would also help minority and female applicants who are not successfully referred when they initially register. Frequent visits to local offices by such applicants to review job listings should increase their chances of referral.

After we completed our fieldwork and proposed in a draft of this report that local offices advise applicants not placed to return and review job listings, Labor changed its policy. In commenting on the draft report, Labor said that it was now local office procedure to have applicants not referred to or placed in jobs to visit local offices frequently to check on other job opportunities. (See app. VI.)

NEED FOR EQUAL OPPORTUNITY  
TRAINING AND DEEMPHASIS ON  
PLACEMENTS AS ES FUNDING BASE

The problems discussed earlier regarding local office procedures and practices may be partly attributed to two factors: the lack of equal opportunity awareness among ES staff because of insufficient training and the offices' emphasis on placements which resulted from the funding formula Labor uses to allocate ES funds to States.

Equal opportunity training

Of the five States we reviewed, one provided no equal opportunity training to local office staff, and the other four provided only a little. These four States generally gave new staff up to 1 day of training, which was basically an introduction to equal opportunity laws and regulations. Equal opportunity awareness training (e.g., training dealing with stereotyping, employment barriers, and nontraditional job opportunities) was generally not provided.

As a result, we believe local office staffs were not sufficiently aware of the equal opportunity implications in their reception, interview, and referral procedures and practices. We believe that this contributed to the equal opportunity problems discussed previously.

The lack of training was also noted in a 1975 Department of Justice review of equal opportunity compliance in the ES program. Justice's review showed that States had been left on their own to develop equal opportunity training for local office staffs and that most had not developed effective

programs. As we found in our review, Justice noted that some States gave no equal opportunity orientation training to new local office employees and some others provided no equal opportunity refresher training to experienced local office staff. Justice observed that the local office manager is often the main source of ongoing equal opportunity training for the local office staff, but that most managers were not formally trained in this area. Justice also reported that, in at least four local offices visited, the staff did not completely understand what constitutes a discriminatory referral and ES procedures for handling discriminatory job orders.

A local office manager told us that, since no equal opportunity awareness training was given, some interviewers unconsciously stereotyped female and minority applicants and referred them to traditional jobs; interviewers automatically classified female applicants for referral to retail sales clerk jobs, and minority males for referral to janitorial jobs.

#### Labor's ES fund allocation formula

Through fiscal year 1979, Labor used a complex incentive formula to allocate ES funds to States. Of the formula's many elements, the number of placements was the most significant factor in deciding how much ES funds a State received. The more placements a State made, the more ES funds it received. As a consequence, interviewers in local offices were under pressure to make as many placements as possible. In one State we reviewed, local office interviewers had placement quotas, and in another State, offices were limited to 15 minutes to interview applicants. State and local ES officials stated that, under the funding formula, "placements were the name of the game" and they viewed this as the ES program's purpose.

The local offices' practices discussed earlier emphasized placements. These practices speeded up the processing of applicants and increased the possibility of making more placements, but they also contributed to continuation of traditional employment patterns for minorities and women.

Labor revised the formula for funding the ES program for fiscal years 1980 and 1981. Labor did this partly because it was concerned with the formula's complexity and partly because it believed that the number of placements was the only significant factor for determining how much funds States received. The changes were minor, however, in their effect on

individual States' funding, and the number of placements was still the determining factor in fiscal year 1980 allocations since they were based on fiscal year 1979 allocations which emphasized placements.

In its June 1980 report to the Congress on the Wagner-Peyser Act, Labor acknowledged that the fund allocation formula had been criticized for discouraging local offices from providing services to and placing hard-to-place applicants (such as unskilled and semiskilled minorities and women). Labor also acknowledged that a formula based solely on placements is too limited and that its formula did not reward States that used resources for activities outside those leading to placements. Accordingly, Labor said it was making a study to revise the formula.

We agree that Labor's funding formula overemphasizes placements and fails to give adequate consideration to equal opportunity concerns. We believe that Labor, in considering revisions to the formula, should be sensitive to equal opportunity concerns.

#### CONCLUSIONS

Our review at 10 local offices indicates that ES local office procedures and practices have limited employment opportunities for minority and female applicants. These procedures and practices, although neutral in that they generally treat all applicants alike, have helped perpetuate traditional employment patterns for minorities and women. ES data show that most minorities and women register and are referred for traditional jobs which offer lower pay. This condition exists in part because local office staff lack equal opportunity awareness in registering applicants.

We believe that ES has not placed enough emphasis on referring minorities and women for nontraditional jobs when they may be qualified for them. The registration process should provide services in a manner that ensures equal opportunity for all applicants and does not contribute to unnecessary continuation of past employment patterns.

#### RECOMMENDATIONS

The Secretary of Labor should direct ETA to revise ES local office procedures to provide for advising minority and female applicants to consider nontraditional job opportunities

and informing them of those for which they may qualify during the interview process.

In addition, the Secretary should require ETA (1) to ensure that all local office staffs are provided equal opportunity awareness training and (2) to consider equal opportunity concerns when revising the fund allocation formula.

AGENCY COMMENTS AND  
OUR EVALUATION

In commenting on a draft of this report, Labor stated that it agreed with the above recommendations. (See app. VI.) Labor also stated that it either had taken or was in the process of taking actions on them. Labor said that it

--had developed draft regulations which incorporate guidance regarding nontraditional jobs,

--will require ETA regional staff to review annual State plans to ensure that adequate equal opportunity training is provided, and

--was conducting research regarding alternative fund allocation formulas and would ensure that equal opportunity concerns are included.

We believe that these actions, if properly implemented, should help ensure equal opportunity in referrals.



## CHAPTER 4

### EQUAL OPPORTUNITY ENFORCEMENT

#### IN ES HAS BEEN INADEQUATE

Department of Labor and State administration of the ES program has given little attention to ensuring that ES provides services in compliance with title VI of the Civil Rights Act of 1964. Few State and local office compliance reviews were conducted, and little coordination existed between equal opportunity compliance staff and ES program staff. In addition, ETA had not remedied many deficiencies identified in two Department of Justice title VI evaluations, nor did it have plans required by Justice to enforce title VI.

#### ETA HAS DONE LITTLE TO ENFORCE TITLE VI IN ES

ETA's title VI enforcement efforts have been minimal. ETA's headquarters title VI compliance unit had little control over regional title VI compliance staffs, and the regions provided little support for the activity. Moreover, ETA has done little to carry out recommendations the Department of Justice made after reviews in 1974-75 and 1978 to improve ES' administration of its title VI compliance activities.

#### ETA not responsive to Justice recommendations for improving ES title VI enforcement activities

Title VI of the 1964 Civil Rights Act prohibits discrimination on grounds of race, color, or national origin under any federally assisted program (including the ES program). Although Federal departments and agencies are responsible for implementing title VI, Executive Order 11764 directs the Attorney General to coordinate Federal agencies' enforcement of title VI, to prescribe standards and procedures for implementing title VI, and to issue regulations needed to carry out these functions. During 1974-75, Justice evaluated ETA's title VI compliance activities, including those for ES. In its December 1975 report, Justice made numerous recommendations to ETA for improving its title VI compliance program.

Among other things, Justice reported that ETA's regional resources for ensuring compliance with title VI were inadequate and that the staff with these responsibilities was

also responsible for enforcing other Federal civil rights requirements (e.g., veterans, the handicapped, and protected age groups). Justice recommended that additional staff be provided to regional title VI compliance units to handle this workload. Justice also reported that ETA's headquarters title VI compliance unit 1/ did not have functional control over the activities of the regional compliance units. These units were controlled by ETA's regional administrators.

In January 1977, Justice and ETA executed a memorandum of understanding identifying the actions that Labor agreed to take, and that Justice found acceptable, to carry out Justice's December 1975 recommendations. In 1978, Justice conducted a followup review that showed some of the deficiencies identified in 1974-75 had not been corrected. In its report, Justice asserted that ETA had not acted quickly to implement the memorandum of understanding.

Labor did not have an approved  
title VI enforcement plan for  
fiscal years 1978 and 1979

Justice's regulations (28 C.F.R. 42.415) require Federal agencies administering programs subject to title VI to develop enforcement plans. Justice also requires agencies to submit these plans to it for approval. Labor did not have approved plans for fiscal years 1978 and 1979.

Labor prepared an enforcement plan for fiscal year 1978, but it was submitted to Justice for approval after the year ended. Justice found the plan unacceptable because it was received after the fiscal year was over, was imprecise, lacked sufficient detail, and was not responsive to the problems identified in Justice's 1978 report on ETA's title VI compliance activities.

In response to Justice's recommendation, a task force composed of ETA and Justice staff was established in December 1978 to develop a civil rights enforcement plan for ETA, including ES. ETA submitted a proposed fiscal year 1979 title VI enforcement plan to the Labor Solicitor's Office on May 4, 1979. On January 23, 1980, the Solicitor's Office approved the plan and

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1/The Division of Equal Employment Opportunity is responsible for providing policy direction and procedural guidance in nondiscrimination matters to Labor's regional offices.

submitted it to Justice. As a result, ETA did not have an approved title VI enforcement plan during fiscal years 1978 and 1979.

ES title VI compliance not emphasized by regional offices

The four Labor regional offices in our review had done little to enforce title VI in ES. Regional civil rights compliance units had insufficient staff to carry out ES title VI enforcement responsibilities and appeared to lack regional management support.

The regional compliance units that had ES title VI compliance responsibilities had relatively small staffs, ranging from two to six persons. These regional staffs were responsible for enforcing title VI in all ETA programs, including ES, CETA, and Job Corps. Regional staffs spent most of their time on CETA because it was a larger program with many complaints. As a result, little ES title VI compliance activity was done and what was done consisted mostly of desk reviews. Compliance reviews were done only as time permitted.

In two regions, the compliance units had asked for additional staff, but the regional administrators had not provided it. In one region, the regional administrator acknowledged that the title VI compliance staff was too small to effectively monitor compliance for all programs, but did not increase the unit's staffing.

In one region, regional management had ES program staff, rather than title VI compliance staff, give an affirmative action training course to State ES personnel and take other title VI related actions without notifying the title VI compliance staff.

We believe the regional title VI compliance effort is inadequate partly because the headquarters title VI compliance unit does not have direct control over the activities of the regional compliance units. Accordingly, the regional units should be placed under the control of the headquarters unit, as recommended by the Justice/ETA task force.

Need to increase the use  
of ES program personnel  
to ensure title VI compliance

Regional ES program staffs, which had more personnel than the civil rights compliance units, regularly review ES local offices. They generally review the same records as the title VI compliance staffs.

A program compliance review is generally concerned with determining whether the State has met the technical requirements of administering the ES program, and not whether services were provided to applicants in a nondiscriminatory manner. Nevertheless, in some regions these reviews included matters related to civil rights compliance, such as determining whether equal opportunity posters were properly displayed and whether protected groups received proportionate services. However, regional ES program and title VI compliance staffs generally did not coordinate their actions and usually were unaware of each other's plans and activities.

Given the current concern over limiting Federal spending, it seems unrealistic to expect significant resources to be made available to the regions for title VI compliance activities. Therefore, we believe that (1) title VI compliance should be included as one element of program compliance reviews and carried out with technical guidance by the title VI compliance staff and (2) regional title VI compliance efforts should be directed at the State headquarters level to ensure that the States have effective title VI compliance programs. (State title VI compliance efforts are discussed on pp. 27 and 28.)

ETA DEVELOPED AN EQUAL  
OPPORTUNITY COMPLIANCE TOOL,  
BUT DOES NOT REQUIRE ITS USE

According to the 1975 Department of Justice report, not enough ES data were readily available to accurately assess ES local office compliance with title VI. ETA recognized this problem and, assisted by Justice, developed a computerized, user-oriented data package called Programs for EEO Evaluation Reports (PEER). However, because ETA does not require States to use PEER, less than half do.

PEER facilitates equal opportunity analyses but its use is limited

The Employment Security Automated Reporting System (ESARS) <sup>1/</sup> tables do not display ES data in a manner convenient for use by equal opportunity compliance staff (i.e., the data are not arranged for ready equal opportunity analyses). In addition, not all data needed for such analyses are presented in these tables. PEER, however, presents the ES data in the ESARS data base in a format designed for equal opportunity analyses and is a better tool than ESARS to use for analyzing equal opportunity enforcement activities in ES local offices.

For example, PEER generates data on ES services provided to distinct applicant groups by their sex or ethnicity and provides specifically formatted information for equal opportunity compliance reviews. PEER includes summary and individual information, and both the quantity and quality of ES services can be evaluated. For example, PEER not only can provide data on job orders received during a fiscal year in all job codes, but also identify applicants registered in certain job codes, the last date they received services, their highest education level, and other pertinent data about them. PEER enables ES to make more effective use of limited staffing because equal opportunity compliance staffs can better identify problems in local offices, analyze data more quickly, and make more compliance reviews.

Through fiscal year 1979, ETA spent an estimated \$330,000 developing and maintaining the PEER system and providing training in its use to Federal and State staff. Unfortunately, less than half the States use PEER, including the five in our review.

ETA gave us a list of 22 States that said they were routinely using PEER. We selected two of these States for our review, but found that they were not using PEER. Therefore, we briefly visited two other States that were using PEER to determine its usefulness. In one of these States, two staff members were conducting title VI compliance reviews using

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<sup>1/</sup>ESARS is the Labor-prescribed statistics-gathering system for State ES programs. It provides data on the characteristics of persons served and on the services provided to them.

PEER in all local offices at least yearly. The other State said that PEER enabled it to make onsite reviews of each office every 18 months, and to do desk-monitoring reviews of one office per week.

Since PEER appears to be a valuable equal opportunity compliance tool and saves time in making local office reviews, more reviews could be conducted if all States used it. Therefore, Labor should require States to use PEER or a similar system for analyzing compliance with title VI.

ES SHOULD IMPLEMENT FORMAL  
COORDINATION PROCEDURES WITH EEOC

ES views its basic mission as a labor exchange. Although title VI gives ES responsibility for monitoring employer hiring from its referrals, it does not want to be an enforcement agency and "police" employers' equal opportunity activities. ES has deemphasized employer monitoring because it fears a loss of employer trust, which could lead to lost job listings and placements. ES could better meet its title VI responsibility if it coordinated its employer monitoring activities with EEOC.

Deemphasis on monitoring employers

Before July 1977, Labor required local offices to monitor employer hiring practices. The ES manual, among other things, prohibited local offices from servicing discriminatory job orders--that is, job orders wherein employers requested the referral of applicants of a certain sex or race--or orders from employers known or believed to be discriminating in their hiring practices. The manual also required local offices to establish procedures for monitoring referrals to and hires by such employers and to obtain nondiscrimination assurances from them.

However, on July 29, 1977, over Justice's objections, ETA revised its ES manual to deemphasize employer monitoring. This revision deleted the requirements that local offices maintain followup control lists and get nondiscrimination assurances from suspect employers. The revision retained a requirement for periodic reviews; however, the deletion of the followup control list requirements, in effect, deemphasized the employer review provision because local offices no longer had the list to help select employers for review.

ETA believes that it is inappropriate for ES to police employers' compliance with laws that it is not responsible for enforcing. However, in Justice's opinion ES has a responsibility under title VI to determine whether employers may be hiring discriminatorily from ES referrals.

ES can assist EEOC title VII enforcement efforts

In 1979 EEOC implemented a new systemic enforcement program in its district offices for attacking patterns and practices of discrimination. Under this program, EEOC district offices select employers as targets for self-initiated investigations of employment practices and determine whether they are violating title VII. As part of the selection process, the district offices contact other Federal agencies for information on potential targets.

EEOC district offices, however, received only limited cooperation from local ES offices in obtaining information on employer referrals, job orders, and placements. However, on August 31, 1979, after discussions with EEOC headquarters, ETA directed its regional administrators to help EEOC obtain information from ES local offices.

Given the requirements of title VI, ES local offices have a responsibility to analyze referral and placement data to determine whether employers are making disparate selections. When possible employer discrimination is identified, this information should be forwarded to EEOC for use in its systemic program targeting process.

STATES HAVE DONE LITTLE TO ENSURE EQUAL OPPORTUNITY IN LOCAL OFFICE ACTIVITIES

The five States in our review conducted few in-depth equal opportunity compliance reviews to ensure their ES programs' compliance with title VI. Their equal opportunity staffs did not have enough time for such reviews, and they did not use PEER. Also, little or no coordination occurred between these staffs and the States' ES program staffs, who conducted local office compliance reviews. States could greatly enhance their ES compliance capabilities if they used PEER and coordinated their equal opportunity and program compliance reviews.

States conduct few in-depth equal  
opportunity compliance reviews

None of the five States we reviewed used PEER. Instead, they relied on ESARS data which, as discussed earlier, do not facilitate adequate equal opportunity analyses. In four of the five States, equal opportunity was part of an overall program compliance review of the local office.

Equal opportunity compliance in these four States was not reviewed in depth because equal opportunity issues were limited to such factors as examining quantity of services provided, checking applications for discriminatory remarks, reviewing complaint procedures, and checking to see if equal employment opportunity posters were displayed. Although these factors are a part of equal opportunity compliance reviews, such reviews generally should also include such factors as wage comparability studies for various applicant groups, and potential discrimination and stereotyping during applicant registration and referral.

In the fifth State, the equal opportunity compliance officer conducted separate reviews. While these reviews had more depth than those discussed above, few offices were being reviewed.

Equal opportunity should  
be included in program  
compliance reviews

During State ES compliance reviews, the equal opportunity and program staffs generally reviewed many of the same factors, such as applicant services, coding of applications, and complaint handling. However, the only coordination between the two staffs occurred when they were both assigned to the same review. Program staff making compliance reviews were not trained to perform equal opportunity analysis, and some resisted including equal opportunity coverage in their reviews.

Even though equal opportunity was not part of their ES program reviews, ETA and State equal opportunity officials believed that it should be a part of all ES program reviews. For example, if a program compliance review is looking at ES testing or counseling, equal opportunity should be included. Therefore, program staff should be trained in equal opportunity analysis and directed to include equal opportunity coverage in their compliance reviews.



## CONCLUSIONS

ETA has given little attention to equal opportunity compliance in ES, and it has little assurance that applicants are receiving equal opportunity in ES services. ETA has not acted on problems that Justice has noted since 1975, has not required States to use PEER, and did not have approved title VI enforcement plans during fiscal years 1978 and 1979.

ETA's headquarters ES title VI compliance unit had no control over field compliance activities, which were controlled by regional administrators, who generally did not train their program staffs in equal opportunity analysis and had not emphasized such compliance. The States also devoted limited attention to equal opportunity compliance and did not have their program staffs trained in equal opportunity analysis.

Local ES offices have information on employer referrals, placements, and job orders. If these data were available to EEOC, it could assist EEOC's title VII compliance efforts.

## RECOMMENDATIONS

We recommend that the Secretary of Labor direct ETA to:

- Give its headquarters equal opportunity compliance unit functional control over regional compliance units.
- Require States to use PEER or a similar system.
- Provide program staff training in equal opportunity analysis and consolidate program and equal opportunity compliance reviews in its regional offices and the States.
- Focus its regional ES equal opportunity compliance efforts at the State headquarters level.
- Develop procedures for local offices to periodically provide EEOC information on possible employment discrimination by employers.

AGENCY COMMENTS AND  
OUR EVALUATION

Labor, in commenting on a draft of this report, stated that it agreed with all but the last of the above recommendations, and either had acted or was acting on them. (See app. VI.) Labor said that

- the Secretary had issued a temporary directive giving the headquarters equal opportunity compliance unit functional control over the regional compliance units,
- its fiscal year 1981 ETA program budget plan provides for States having PEER to use it and the others to work toward installing it, and
- its equal opportunity enforcement plan contained an outline for training program staff in equal opportunity analysis and consolidating program and equal opportunity compliance reviews in its regional offices and the States.

We believe that these actions, if properly implemented, should help ensure ES' compliance with Federal equal opportunity requirements.

Labor disagreed with our recommendation that ETA develop procedures for local offices to periodically provide EEOC information on employers' possible employment discrimination. Labor said we were not correct in saying that it had revised its ES manual to deemphasize employer monitoring.

Labor apparently misinterpreted our position. As we discuss on page 26, our point was that the effect of the changes in the ES manual was to deemphasize monitoring at local offices because, without a control list of employers, local offices lacked a basic means for selecting employers to monitor. Labor, in its comments, addresses the actions that are to be taken after an employer is found to be violating ES regulations. We are concerned about the means for identifying such employers. Moreover, our recommendation was not based on the procedures Labor used in monitoring employers, rather, we believe that EEOC has more effective authority over employers than ES. EEOC can deal directly with an employer's employment practices and pursue sanctions in the courts, as appropriate. ES has to rely on the service mechanism, and its

sanctions are generally limited to refusing to serve employers it believes are discriminating in placements. Therefore, we believe that ES should continue monitoring placements, and as it identifies possible employer discrimination in hiring from among its referrals, it should forward such information to EEOC.

PERCENT OF MINORITY AND FEMALE APPLICANTS SERVED BY THE EMPLOYMENT SERVICE  
IN FISCAL YEAR 1978 NATIONALLY AND IN THE OFFICES GAO REVIEWED  
 (ES data)

	National		Office		Office		Office		Office		Office		Office		Office		Office		Office		Office	
	M (note a)	F (note b)	A M	F F	B M	F F	C M	F F	D M	F F	E M	F F	F M	F F	G M	F F	H M	F F	I M	F F	J M	F F
Applicant flow (note c)	30	45	58	46	58	49	23	45	32	46	51	36	8	45	39	42	11	41	47	36	42	43
Service provided:																						
Individuals referred	31	43	64	41	61	42	26	37	42	43	49	33	10	42	48	40	15	45	48	31	44	42
Job develop- ment	34	40	51	55	56	51	22	47	38	37	57	35	50	50	48	39	12	26	58	19	38	29
Counseling	37	49	71	63	61	76	39	60	58	54	52	32	9	12	32	30	16	45	39	28	35	51
Testing	30	66	63	70	52	87	22	56	48	66	20	28	10	78	37	73	8	39	36	49	39	63

a/M = Minority.

b/F = Female.

c/Applicant flow = percent of total new and renewal applicants (e.g., nationally, females are 45 percent of all new and renewal applicants).

PERCENT OF MALE AND FEMALE APPLICANTS PLACED BY THE EMPLOYMENT SERVICE IN  
FISCAL YEAR 1978 BY PAY RATE NATIONALLY AND IN THE OFFICES GAO REVIEWED  
(ES data)

Pay rate (note a)	National		Office		Office		Offices C & D (note d)		Office		Office		Office		Office		Office			
	M	F	A		B		C & D (note d)		E		F		G		H		I		J	
	(note b)	(note c)	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	M	F	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
Less than \$3.00	42	65	44	75	48	70	50	75	25	35	28	52	44	60	27	55	20	24	48	78
Less than \$3.50	62	82	66	88	76	84	66	86	44	56	48	72	60	75	51	77	42	54	67	88
\$3.50 and over	38	18	34	12	24	16	34	14	56	44	52	28	40	25	49	23	58	46	33	12
\$5.00 and over	11	4	11	2	8	4	13	4	23	8	24	4	15	4	14	8	16	2	13	3

a/The national average hourly pay was \$3.36.

b/M = Male.

c/F = Female.

d/Statewide data used because local office data were not available.

PERCENT OF WHITE AND MINORITY APPLICANTS PLACED BY THE EMPLOYMENT SERVICE IN  
1978 BY PAY RATE NATIONALLY AND IN THE OFFICES GAO REVIEWED  
(ES data)

Pay rate (note a)	National		Office A		Office B		Offices C & D (note d)		Office E		Office F		Office G		Office H		Office I		Office J	
	W	M																		
	(note b)	(note c)	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M
Less than \$3.00	48	57	33	66	34	66	59	68	24	34	37	36	54	46	37	40	25	18	55	61
Less than \$3.50	67	75	55	84	62	86	73	80	43	54	56	58	65	67	61	64	46	44	72	76
\$3.50 and over	33	25	45	16	38	14	27	20	57	46	44	42	35	33	39	36	54	56	28	24
\$5.00 and over	10	6	16	4	12	4	10	7	21	15	17	16	14	6	12	13	16	8	12	6

a/The national average hourly pay was \$3.36.

b/w = White.

c/M = Minority.

d/Statewide data used because local office data were not available.

PERCENT OF MALE AND FEMALE EMPLOYMENT SERVICE REGISTRATIONS BY OCCUPATIONAL CATEGORY  
NATIONALLY AND IN THE OFFICES GAO REVIEWED FROM OCTOBER 1, 1977, THROUGH MARCH 31, 1978  
 (ES data)

Average hourly pay	Occupational category	National		Office A		Office B		Office C		Office D		Office E		Office F		Office G		Office H		Office I		Office J	
		M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
		(note a)	(note b)																				
\$4.78	Professional, technical, managerial	12	10	13	12	16	10	12	9	12	8	17	11	14	13	9	5	9	7	20	21	10	9
3.00	Clerical and sales	10	37	11	38	14	38	9	25	9	30	11	27	11	49	8	29	6	31	12	38	10	52
2.81	Domestic and other services (note c)	11	26	11	36	12	33	11	31	14	37	16	27	12	26	15	29	7	25	17	26	17	31
2.84	Farm, forestry, fishing	4	1	1	-	2	1	6	1	2	1	3	1	5	2	1	-	2	-	3	1	3	-
3.66	Processing	4	2	5	2	1	1	2	3	4	1	5	1	1	1	3	1	3	3	4	2	4	1
3.84	Machine trades	8	5	9	1	9	4	9	4	9	2	6	1	9	1	20	7	11	4	6	1	10	1
3.19	Benchwork	4	10	3	3	3	9	4	12	4	5	3	3	2	3	7	9	7	17	3	6	2	3
3.68	Structural	22	1	19	1	19	-	24	1	16	2	14	1	27	1	17	2	27	1	17	1	26	-
3.59	Motor freight and transportation	22	7	24	4	22	3	18	5	26	8	15	3	16	2	19	6	28	12	18	4	18	3
	Invalid codes	3	1	4	3	2	1	5	9	4	6	10	25	3	2	1	12	-	-	-	-	-	-
	Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

a/M = Male.

b/F = Female.

c/Other services include food service and general service work.

PERCENT OF WHITE AND MINORITY EMPLOYMENT SERVICE REGISTRATIONS BY OCCUPATIONAL CATEGORY  
NATIONALLY AND IN THE OFFICES GAO REVIEWED FROM OCTOBER 1, 1977, THROUGH MARCH 31, 1978  
 (ES data)

Average hourly pay	Occupational category	National		Office		Office		Office		Office		Office		Office		Office		Office		Office			
		W	M	A		B		C		D		E		F		G		H		I		J	
		(note a)	(note b)	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M
\$4.78	Professional, technical, managerial	13	7	19	8	22	7	12	7	13	6	15	12	14	8	8	5	9	5	28	12	12	6
3.00	Clerical and sales	24	20	30	19	32	20	19	16	21	19	20	22	27	34	18	21	17	15	21	21	29	19
2.81	Domestic and other services (note c)	15	26	9	33	9	31	17	31	21	36	21	24	18	19	14	32	12	28	17	24	18	28
2.84	Farm, forestry, fishing	2	3	-	1	1	1	4	1	1	1	2	1	3	4	1	1	1	1	2	2	2	2
3.66	Processing	3	4	2	5	1	1	2	2	2	2	3	3	1	1	2	2	3	3	2	5	1	3
3.84	Machine trades	7	5	7	4	7	6	7	5	7	3	3	3	6	5	18	6	9	4	5	4	7	6
3.19	Benchwork	7	8	3	3	4	7	8	9	5	5	3	3	2	4	9	8	11	11	3	5	2	3
3.68	Structural	13	9	12	10	11	10	14	8	9	6	7	6	16	12	10	6	17	10	10	12	17	18
3.59	Motor freight and transportation	14	16	13	16	10	15	11	11	17	16	9	8	10	8	14	10	21	23	12	15	12	15
	Invalid codes	2	2	5	1	3	2	6	10	4	6	18	18	3	5	6	9	-	-	-	-	-	-
	Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

a/W = White.

b/M = Minority.

c/Other services include food service and general service work.



**U. S. Department of Labor**

Inspector General  
Washington, D.C 20210



AUG 4 1980

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 Secretary Marshall requesting comments on the draft GAO report entitled, "The Employment Service Needs to Emphasize Equal Employment Opportunity in Job Referrals." The Department's response is enclosed.

The Department appreciates the opportunity to comment on this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald Goldstock", written over a circular stamp or mark.

RONALD GOLDSTOCK  
Acting Inspector General

Enclosure

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

"The Employment Service Needs to Emphasize  
Equal Opportunity in Job Referrals"

1. Recommendation. The Secretary of Labor should direct ETA to revise ES local office procedures to provide for advising minority and female applicants to consider nontraditional job opportunities and informing them of those for which they may qualify during the interview process.

Response: The Department concurs.

Comments: New regulations currently being reviewed by the Equal Employment Opportunity Commission, prior to publication, incorporate guidance regarding nontraditional jobs.

2. Recommendation. The Secretary of Labor should direct ETA to revise ES local office procedures to provide for advising applicants not referred or placed, to visit local offices frequently to check on job changes.

Response: The Department does not concur.

Comment: Noncurrence in this recommendation is based on the fact that it is now ES local office procedure to have applicants not referred to or placed in jobs, visit local offices frequently to check on other job opportunities. Regular visits of jobseekers are the foundation of the Employment Service's Job Information Service. This self-help service provides jobseekers with current labor market information, job opportunities and other job search aides. The proposed Federal regulations on Basic ES Services provided for these kinds of information being furnished to applicants.

3. Recommendation. The Secretary should require ETA to ensure that all local office staffs are provided equal opportunity awareness training.

Response: The Department concurs.

Comments: The Department agrees that all ES staff should be provided with adequate EO training. ETA Regional Office staff will be required to review annual State plans to ensure that adequate EO training is provided.

4. Recommendation. The Secretary should require ETA to consider equal opportunity concerns when revising the fund allocation formula.

Response: The Department concurs.

Comments: The Department agrees that EO concerns should be taken into consideration during further revisions to the resource allocation formula. ETA is currently in the process of conducting research regarding alternative formulas and will ensure that EO concerns are included.

The Department wishes to shed some light on a point of view expressed in this report. GAO states that the funding formula used to allocate ES resources among the States had "placements" as the most significant factor until 1979 and that this focus on achieving placements contributed to continuation of traditional employment patterns for minorities and women. GAO recognizes that the Department changed the allocation formula for FY 1980, but erroneously concludes that the number of placements were still the determining factor in FY 1980.

5. Recommendation. The Secretary of Labor should direct ETA to provide its headquarters equal opportunity compliance unit functional control over regional compliance units.

Response: The Department concurs.

Comments: This has already been accomplished with the issuance of Temporary Directive #33 signed by the Secretary on March 27, 1980.

6. Recommendation. The Secretary of Labor should direct ETA to require States to use PEER or some similar system.

Response: The Department concurs.

Comments: ETA has already started to move in this direction. As part of its FY 1981 Program Budget Plan (PBP, ETA has indicated a) that States which currently have PEER up and running should use it, and b) that States which do not currently have PEER in place should work diligently to install it. ETA's goal is to have all States install PEER and utilize it for EO analysis purposes.

7. Recommendation. The Secretary of Labor should direct ETA to provide for the training of program staff in equal opportunity analysis and consolidate program and equal opportunity compliance reviews in its Regional Offices and in the States.

Response: The Department concurs.

Comments: The outline for this approach is already contained in the Department's Equal Opportunity Enforcement Plan recently approved by the Justice Department.

8. Recommendation. The Secretary of Labor should direct ETA to direct regional ES equal opportunity compliance efforts to the States' headquarters level.

Response. The Department concurs.

Comments: None

9. Recommendation. The Secretary of Labor should direct ETA to develop procedures for local offices to periodically provide EEOC information on possible employment discrimination by employers.

Response: The Department does not concur.

Comment: The GAO draft report states that ETA revised its ES Manual to deemphasize employer monitoring. This is not correct. ETA substituted formal regulations governing discontinuation of services to employers who violate ES regulations or employment related laws. These regulations strengthen, not deemphasize, the requirement to terminate services to employers; provide for referral to EEOC and other appropriate enforcement agencies; and provide employees with due process, including a right to a hearing, prior to termination of services. ES Manual requirements regarding employer monitoring were also retained. No corrective action is necessary regarding this subject.

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