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REPORT BY THE U.S.

General Accounting Office

Information On The Senior Community Service Employment Program And The Proposed Transfer To The Department Of Health And Human Services

In June 1983 the administration proposed to transfer the administrative responsibility for the Senior Community Service Employment Program from the Department of Labor to the Administration on Aging within the Department of Health and Human Services. The administration believed that the transfer of this program would permit more effective coordination and delivery of services to older Americans.

Reported program data indicate that the program is successfully meeting quantifiable goals established by legislation or Labor regulations. Also, GAO did not find any studies, evaluations, or other documentary evidence to indicate that program effectiveness and coordination would increase, if moved. Neither GAO's study nor others indicated there were serious problems with current program operations.

This report also answers specific questions raised by the Subcommittee on the current program operations.

UNITED STATES GENERAL ACCOUNTING OFFICE

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WASHINGTON, D.C. 20548

HUMAN RESOURCES DIVISION

B-165430

The Honorable Charles E. Grassley
Chairman, Subcommittee on Aging
Committee on Labor and Human Resources
United States Senate

Dear Mr. Chairman:

In your June 28, 1983, letter and in later discussions with your office, you asked us to conduct a study of the administration's proposal to transfer administrative responsibility for the Senior Community Service Employment Program (SCSEP) from the Department of Labor (Labor) to the Administration on Aging (AOA) within the Department of Health and Human Services (HHS). In addition, you raised specific questions regarding the current operations of SCSEP.

A summary of the results of our review is presented below.

Enclosure I provides information on

--Labor's management of the program,

--reported program accomplishments, and

--details on the proposed transfer.

Enclosure II provides answers to your questions.

SCSEP was established to offer part-time employment opportunities for unemployed low-income persons age 55 or older. Participants work in a wide variety of community service activities and facilities, including day care centers, schools, hospitals, senior citizen centers, and beautification, conservation, and restoration projects. On June 28, 1983, the administration submitted to the Congress proposed legislative changes to SCSEP, including the transfer of the program's administrative responsibility to HHS. The administration's rationale for transferring SCSEP was that the program's primary emphasis was on income maintenance and community services rather than on employment and training. Furthermore, SCSEP was considered similar to other income maintenance and community service programs administered by HHS, and therefore, its transfer would enhance the government's ability to coordinate and administer it and other programs. The President, in his fiscal year 1985 budget proposal to the Congress, modified the June proposal. Instead of transferring the entire program to AOA, he proposed to move only the state grant portion.

In summary, because we limited the scope and duration of our survey to meet the Subcommittee's needs within their time frame, we were unable to make a comprehensive assessment on how well the program is currently operating and whether it should be moved. However, to gain an understanding of what the program was accomplishing, we concentrated our efforts on four quantifiable goals--participant eligibility, administrative and matching cost, transitioning enrollees to private sector jobs, and full use of enrollee positions--established by the act or as stated in Labor regulations. Based on reported program data, SCSEP is successfully meeting the goals established in each area. In addition, we found nothing in the way of studies or evaluations or other documentary evidence to indicate SCSEP would operate more effectively or that coordination would increase, if moved to AOA. Neither our survey nor other studies indicated there were serious problems with the current program operations.

As agreed with your office, written comments were not obtained from Labor or HHS. However, we discussed the contents of this report with Labor and HHS officials and have incorporated their views where appropriate.

Sincerely yours,

Richard L. Fogel

Richard L. Fogel
Director

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ABBREVIATIONS

AOA	Administration on Aging
CRS	Congressional Research Service
FEA	Federation of Experienced Workers
GAO	General Accounting Office
HHS	Department of Health and Human Services
OJT	On-the-job training
SCSEP	Senior Community Service Employment Program

INFORMATION ON THE PROPOSED TRANSFER OF THE SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

INTRODUCTION

On June 28, 1983, the Chairman of the Subcommittee on Aging, Senate Committee on Labor and Human Resources, asked us to review the Department of Labor's management of the Senior Community Service Employment Program (SCSEP) and to assess the administration's proposal to move the administrative responsibility for SCSEP from Labor to the Department of Health and Human Services (HHS). Specifically, the Chairman wanted to know:

--potential problems and concerns related to the proposal and

--how Labor is operating and managing SCSEP.

SCSEP, authorized under title V of the Older Americans Act of 1965, as amended (Public Law 89-73), provides subsidized part-time work opportunities in community service activities for unemployed, low-income persons aged 55 and over. Its genesis was a demonstration project entitled "Operation Mainstream." In 1967, the program administrative responsibility was transferred from the Office of Economic Opportunity to Labor. The program was given a statutory basis under title IX of the Older Americans Comprehensive Services Amendments of 1973 and was incorporated as title IX of the Older Americans Act in 1975. The program was redesignated as title V by the 1978 amendments to the Older Americans Act.

The program continues to be administered by Labor, which provides grants to eight national nonprofit sponsoring organizations and to units of state governments. The state units either administer their program directly or contract with national sponsors to operate the state program. The eight national sponsors are Green Thumb, Inc. (an arm of the National Farmers Union); the U.S. Forest Service; the National Caucus and Center on Black Aged, Inc.; the National Urban League; the National Council of Senior Citizens; the American Association of Retired Persons; the National Council on the Aging; and the National Association for Hispanic Elderly. The number of national sponsors operating in each state varies, but at least two national sponsors operate in all but three states and five territories. In addition, eight state agencies and one territory turn all their program funds over to the national sponsors operating within their boundaries.

Appropriations for SCSEP provide advanced funding for a program year beginning July 1 and ending June 30 of the following year. The division of funds between national sponsors and state agencies is based on language in the authorizing legislation and the appropriation acts with the majority of funds going to the national sponsors. In fiscal year 1983, 78 percent ($249.2 million) of the funds were allocated to the national sponsors and 22 percent ($70.3 million) to the state agencies.

SCSEP funds are used to establish local projects operated through contracts with local organizations, such as area agencies on aging or community groups, or through local affiliates of the state sponsors and national organizations. Local project activities include recruitment and selection of enrollees, development of subsidized jobs, management of payroll records, counseling and training of enrollees, annual physical examinations, and placement of enrollees into unsubsidized jobs.

On June 28, 1983, the administration submitted to the Speaker of the House of Representatives draft legislation which would significantly change SCSEP. The proposal would remove Labor from administering the program and establish a program of state grants for employment opportunities administered by the Administration on Aging (AOA) in HHS. The administration subsequently modified this proposal in the President's fiscal year 1985 budget submission by proposing that the state grants portion of SCSEP be administered by HHS. The national sponsor's portion of the program would continue to be administered by Labor.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our survey were to determine how SCSEP was operating, what it was accomplishing, and what program changes would occur if the administration's proposal to transfer administrative responsibility for SCSEP from Labor to HHS was implemented. In addition, we sought answers to 10 questions received from the Chairman's office on various aspects of the program.

In order to determine the results and benefits from the current program operation, we concentrated on four quantifiable goals targeted in title V of the Older Americans Act or Labor program regulations. These goals related to participant eligibility, administrative and matching costs, transitioning enrollees to private sector jobs, and using available funds to enroll the maximum number of older persons. We reviewed program data provided by Labor, the national and state sponsors, and local project officials to determine if these objectives were being met. To meet the Committee's needs for information within its requested time frame, we did not have time to verify the information provided.

We were constrained in our attempts to determine what program changes the proposed transfer would bring about because of the lack of any documented plans or details on how the program would be carried out by HHS. In addition, the administration substantially modified its initial proposal after the completion of our audit work. Time constraints prevented us from conducting additional audit work relating to this modification.

Our survey was conducted in Washington, D.C., Virginia, Florida, and New York. Virginia was initially chosen because of its close proximity to Washington, D.C., and as a learning experience for future visits; Florida, because it is a state that allocates all its funds to national sponsors; and New York, because it had both state and several national sponsors operating within its boundaries. In addition, the National Urban League, one of the national sponsors, was headquartered in New York.

In Washington, D.C., we interviewed Labor officials currently responsible for the program, including the SCSEP Director and several federal representatives responsible for overseeing national and state sponsor operations. We also met with an AOA official whose office would operate the program, if moved; with officials from the six national sponsors headquartered in the Washington, D.C., area; and with officials of the National Urban League in New York and the National Association for Hispanic Elderly located in California. We reviewed pertinent legislation, including the legislative history of SCSEP, Labor regulations and bulletins, grant agreements, and reports submitted by grantees. We also reviewed Labor's monitoring reports, status reports, correspondence, and memorandums pertaining to the program.

We also reviewed a March 1981 evaluation of SCSEP by Morgan Management Systems, Inc., for the Federal Council on the Aging and two background papers prepared by the Congressional Research Service (CRS) and issued in February 1982 and October 1983, and met with representatives from each organization. We also discussed a Federal Council on Aging survey relating to the proposed transfer with a Council representative and attended a Council meeting on the proposed transfer.

To better understand program operations, we visited 18 local projects within the three states and 9 community service agencies that provided subsidized jobs under SCSEP. We also talked with enrollees to obtain their views on the program. We also discussed program operations with state program representatives from Oregon, Tennessee, Texas, and West Virginia. West Virginia was contacted because we were told the state aging agency had adopted a resolution dealing with the proposed transfer; the remaining three state representatives were contacted during a Labor conference in Washington, D.C., in November 1983.

During our site visits, we obtained the views of national and state sponsors and local project officials and discussed the proposed move, Labor program management, and program operations. We ascertained what records were maintained and what information was provided to Labor either directly by the site or by the national headquarters. Again, we did not verify the data or information we were provided.

Our field work was undertaken during the period July to December 1983. Our survey was performed in accordance with generally accepted government audit standards.

For a complete listing of the locations and organizations visited, see enclosure III.

LABOR MANAGEMENT OF SCSEP

Labor has had administrative responsibility for SCSEP since 1967 when Operation Mainstream was transferred from the Office of Economic Opportunity. Currently, SCSEP is administered by the Division of Older Workers Programs, within the Office of Special Targeted Programs in the Employment and Training Administration. Funding for Labor's management activities is provided from Labor's overall budget rather than from title V funds.

The management of SCSEP is decentralized with the national sponsors and state agencies assuming day-to-day administrative and management responsibility. Program operations are carried out under annual grant awards to each of the states and territories and to the eight national sponsors.

Labor maintains a coordination, oversight, and monitoring role with relatively little involvement in direct program operations. Under the direction of a division chief, six Labor professional staff members serve as federal representatives with monitoring responsibility for assigned national sponsors and groups of state sponsors. Federal representatives are usually responsible for monitoring the program operations of all state sponsors within a given federal district and one or two national sponsors. The total number of national and state sponsors a federal representative monitors varies from 8 to 10. Labor does not have any field staff located outside of Washington, D.C., assigned to SCSEP operations.

To help ensure that the sponsors perform in accordance with their grant agreements, the federal representative performs a quarterly desk review using performance and financial reports submitted by each national and state sponsor. The performance review is undertaken to determine if the sponsors are encountering any problems in administering the grant. In addition, the review is to determine if funds are being utilized in a timely manner and if the amounts spent on the enrollee wages, administration costs, and other costs are within prescribed limits. Any problems noted are referred to the sponsors for resolution with the federal representative following up to see that the problems have been resolved.

Monitoring is also carried out by the federal representatives through field trips to the program operational sites. All grants valued at more than $100,000 are subject to one on-site review during the grant period. All 57 SCSEP grants awarded in 1983 were above this amount. Labor officials informed us that Labor has not been able to meet this requirement recently due to a curtailment of travel funds. We were told that in 1983, federal representatives made only 28 on-site visits to 26 grantees. This on-site review provides the federal representative with a view of the sponsors' operation at the local level. At the completion of the visit, a field trip report is issued to the sponsor. If warranted, problems are identified and recommendations are made on how to correct the problems.

Other Labor duties and responsibilities include reviewing and processing grant applications from the national and state sponsors and providing technical assistance, either written or oral, to the program sponsors to increase program effectiveness.

Morgan Management Systems, Inc., in its March 1981 study of SCSEP for the Federal Council on the Aging, pointed out that neither legislation nor implementing regulations give any clear indication on how the program is to be carried out. The regulations are quite detailed on what the programs should do, but not on how they should operate. Program operation is left largely to the discretion of the administering agencies.

Morgan Management Systems, Inc., found that there are variations in the way SCSEP projects are administered, the attitudes that underlie them, and the results they achieve. The cumulative result was a finding of a high degree of effectiveness among local project operators. Morgan Management concluded that there are really many programs within SCSEP and that the wide diversity reflected by these programs is one of SCSEP's greatest and largely unexploited strengths.

PROGRAM DATA SHOW THAT SCSEP HAS PRODUCED SOME POSITIVE RESULTS

Our analysis of unverified program data provided by the national sponsors and state agencies indicated that four quantifiable goals in title V of the Older Americans Act or Labor program regulations were being met. The goals included participant eligibility, administrative costs and matching costs, transitioning enrollees to private sector jobs, and using available funds to enroll the maximum number of older persons.

Participant eligibility

The act states title V shall serve persons who are 55 years of age and older, with priority given to those 60 years and older. All sponsors reported, in the National Summary Quarterly Status Report for the 1981-83 program year period, that as of June 30, 1983, all participants were 55 years or older and 77 percent of the enrollees were over 60 years of age. Specifically, 28.7 percent were between 60-64, 23 percent between 65-69, 16.1 percent between 70-74, and 8.9 percent 75 and over.

We discussed with most of the sponsors visited the criteria they used in selecting individuals and whether there was an emphasis on hiring enrollees over age 60. While these sponsors stated emphasis is given to those over 60, other sponsors used different approaches including the following.

--Those most in need, determined by income levels as reported by the enrollee. Age was the second factor considered.

--Applicants who needed only a few quarters to qualify for social security retirement benefits were given priority.

--One sponsor selected individuals on a first-come, first-served basis.

--Priority was given to individuals most likely to be transitioned into unsubsidized employment.

Labor officials stated that they attempt to ensure that program sponsors give priority to individuals 60 years old or older by reviewing Quarterly Progress Reports and by spot checking sponsor intake records during field visits. Labor also encourages sponsors to hire older enrollees through various communication channels. For more information regarding priority to workers 60 and older, see our response to question 3 on page 21.

Administration costs and matching costs

Labor regulations require that a sponsor may not use more than 15 percent of its total SCSEP funds for administrative costs. Administrative costs include wages and fringe benefits for project administrators and staff, and training and technical assistance. Labor data indicated that collectively for the two program year period 1981-83, no sponsor exceeded the 15-percent limit, one national and four state sponsors' cost were less than 6 percent. During the 1982-83 program year, state sponsors had an average administrative cost of 12 percent compared to 10.9 percent for national sponsors.

As a condition to receiving an SCSEP grant from Labor, all sponsors are required to provide a 10-percent matching share of the total grant amount. In our discussions with national and state sponsors at both headquarters and in local offices, we were told that the 10-percent match is met through provision of services, in-kind contributions, or cash. For example, in New York State in-kind contributions were required by the title V director to be in the form of rent free space or personnel who performed some administrative duties for the program. Other examples are training courses donated by private businesses, and materials and business supplies.

For additional information on administrative and matching costs, see our response to question 7 on pages 27 to 30.

Transitioning program participants into the private sector

Title V contains no legislative requirements for placing older workers into unsubsidized jobs; however, Labor has established a goal for transitioning program participants into such jobs. During 1977-80 this goal was set at 10 percent of total program participants. Beginning in 1980 to the present, the goal was raised to 15 percent.

The overall percentage of enrollees transitioned exceeded the Labor placement goal during 1977-83 except for program year 1980-81.[1] The degree to which the current unsubsidized placement goal is met differs among the various program sponsors. In

[1]During that year, the placement goal was 15 percent and the placement rate was 11.2 percent.

program year 1983, national sponsors reported that they placed an average of 20.5 percent of their enrollees in unsubsidized positions, with a range of 8.2 to 34.3 percent. The average transition rate for states was 14.3 percent.

For a more detailed discussion on this subject, see our response to question 1 on page 13.

Full use of enrollee positions

Funds are allocated among program sponsors to support specified numbers of participant positions. Overall program sponsors have maintained the number of participant positions at or above these specified levels during program years 1981-83 and thus have enabled the maximum number of applicants to participate in the program. In program year 1982-83, funds were provided to establish 54,216 authorized positions. The number of participants reported as enrolled as of June 30, 1983, was 61,585.

According to a Labor official one of the reasons sponsors are able to support enrollee positions in excess of budgeted levels is because not all administrative costs are charged against program funds. Instead, some sponsors have sought additional funds and contributions from other sources to supplement the cost of administration. As a result, program funds are available to support additional participant positions.

PROPOSAL TO MOVE SCSEP TO AOA

In June 1983, the administration submitted a legislative proposal to the Speaker of the House of Representatives that would have transferred SCSEP from Labor to AOA within HHS. The proposal was based on the premise that SCSEP is more an income maintenance program than an employment and training program. Furthermore, the administration believed its transfer to an agency administering similar programs would allow more effective coordination and service delivery. However, neither Labor nor AOA officials were able to provide any analytical support for their position that the program would operate more effectively or that coordination would be improved, if moved.

Only limited studies on program effectiveness

The administration's proposal stated that the consolidation of activities within HHS would "permit more effective coordination and delivery of services to Older Americans." The Secretary of Labor elaborated on the administration's position in testimony before the House Appropriations Committee on the fiscal year 1984 budget by stating that SCSEP

> ". . . places its primary emphasis on income maintenance and community services rather than on employment and training. Because of its similarity to other income maintenance and community service programs administered by the Department of Health and Human Services, it is our judgment that the transfer of the program will enhance the Federal Government's ability to coordinate and administer this and other similar programs . . . ."

Officials from Labor and HHS, as well as other groups who supported the transfer of SCSEP, told us that there was no study or analysis made that demonstrates that the program would operate more effectively, if moved, or that coordination would be improved. In fact Labor has never conducted a formal evaluation of SCSEP as it presently operates.

An evaluation of the total program was conducted by Morgan Management Systems, Inc., for the Federal Council on Aging, and its 1981 report concluded in part that the "Title V (SCSEP) program effectively provides community service employment for many truly needy older persons." The study did point out that the 1978 amendments to the Older Americans Act caused some friction and misunderstanding between national and state sponsors; however, "coordination is improving in many states."

Our discussions with state and local program officials and national sponsors in the three states we visited indicated that coordination has improved since the Morgan Management Systems, Inc., report in 1981. We were told by a program director of one instance, however, where coordination was not fully occurring because of a personality conflict. However, in other instances, program directors told us coordinated efforts were taking place. For example, national sponsors would include state agencies in training courses or state agencies' personnel would provide national sponsors with the names of prospective enrollees when their programs were full.

The Federal Council on the Aging conducted a limited survey in August 1983 to determine if the existing aging network[2] could support the increased workload resulting from the proposed program transfer. This survey concluded that based on "contacts with a number of state and local area agencies on aging, the mechanisms needed to administer the proposed (new) job slots are already in place in most instances." The author of the report told us that five local agencies were contacted. This is in contrast to the 665 agencies we were told exist.

The administration's 1983 proposal left some basic questions unanswered. The future role of the national contractors appeared uncertain. Similarly, because AOA's social service network is not employment oriented, it was uncertain whether the agency would emphasize transferring older workers into unsubsidized positions. In addition, the implications of transferring SCSEP on program participation by elderly workers were unknown. Also, AOA had not developed a plan on how the program would be administered, nor had it determined the cost to administer the program.

In his fiscal year 1985 budget proposal to the Congress, the President modified the original proposal to transfer the entire SCSEP to AOA. The administration is now proposing that only the state grant portion of the program be administered by AOA and funds be distributed under a formula contained in title III of the Older Americans Act. Labor would continue to administer the national contractor portion of the program.

While this revised proposal represents a significant departure from the original plan of transferring the entire SCSEP to AOA, many of the questions cited above remain unanswered. Also, because the state grant portion of program funds would be allocated on the basis of the formula contained in title III rather than title V[3] of the Older Americans Act, the individual amounts distributed to each state could change. Furthermore, the effect on coordination of having two agencies administer SCSEP is uncertain at this time.

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[2]The state agencies on aging and the area agencies on aging, established by the Older Americans Act of 1965, are frequently referred to as the aging network.

[3]Funds allocated under title V are based on the number of persons 55 and over within a state and the state's per capita income. Under title III, they are allocated based on the number of persons 60 and over within a state.

Perspectives and views on proposed move

Those directly involved in SCSEP operations or administration maintain definitive views and opinions on whether the program should be transferred to AOA, and such views and opinions appear to be based on differing program philosophies. Basically, the philosophical differences relate to whether the program's purpose is viewed as being an employment and training program or an income maintenance program.

In support of the administration's June 1983 proposal, both Labor and HHS officials consider SCSEP to be an income maintenance program, which should be moved to HHS, the Department that manages such programs. According to an AOA official, only a small percent of the program participants are transitioned into private sector jobs, and the remaining majority are not being trained but rather are provided a stipend for performing community service work. Labor officials maintain that SCSEP is not technically oriented toward training and employment when compared with other Labor programs. Other organizations with a similar philosophical view include the National Association of State Units on Aging, the National Association of Area Agencies on Aging, and the Federal Council on the Aging.

On the other hand, the eight national sponsors unanimously contend that SCSEP is an employment and training program and therefore should be administered by Labor since it has an employment network, whereas AOA does not. We visited three state SCSEP program offices and spoke with state program representatives from four other states. Five of the seven state representatives opposed transferring SCSEP to AOA, and while their reasons were many and varied, for the most part they believe SCSEP to be an employment and training program.

We reviewed the legislative history of SCSEP to determine the intent of the Congress with respect to the principal purpose of this program. It seems clear that SCSEP had at least two goals--to promote employment and to provide social services. While it is difficult to say which was the preeminent goal, on balance, it appears, from various congressional reports, that the Congress, over the years, has placed greater emphasis on the employment aspect of the program.

SUMMARY

Program data indicate that SCSEP has produced some positive results in that certain key program objectives have been met. Although the administration believes a transfer of the program will increase the effectiveness and coordination of operations, there have been no studies or analyses to support this belief. In this regard, neither our survey nor other studies have indicated that there are any serious problems with SCSEP operations. In addition, the administration did not provide any specifics on the program changes that would occur if the program was transferred to AOA.

RESPONSES TO SPECIFIC QUESTIONS

ON SCSEP OPERATIONS

This section contains our responses to the specific questions raised in the December 21, 1983, letter from the office of the Chairman, Subcommittee on Aging, Senate Committee on Labor and Human Resources. For ease of presentation and to avoid repetition, responses to questions 2 and 10, which deal with interrelated program activities, have been consolidated into a single response.

Question 1. What is the current placement to unsubsidized employment by project sponsors? Are there firm records to support nationwide percentage figures?

The degree to which program participants are being transitioned to unsubsidized employment differs among the various program sponsors. However, as indicated below, the program as a whole has met or exceeded established placement goals in all but one of the past six program years. The placement rate, as measured by Labor, is the number of unsubsidized placements divided by the number of authorized job slots.

The following table presents the rate of transition to unsubsidized employment for all program sponsors from 1977-83. Except for program year 1980-81, the overall percentage of enrollees transitioned to unsubsidized placement appears to have exceeded the Labor placement goal (10 percent for program years 1977-80; 15 percent for program years 1980-83).

Number and Percent of Enrollee Placements into Unsubsidized Employment, 1977-83

Program year	Authorized positions established	Unsubsidized placements	Rate of transition
1977-78	37,400	3,980	10.6%
1978-79	47,500	5,839	12.3%
1979-80	52,250	6,251	12.0%
1980-81	52,250	5,890	11.3%
1981-82	54,216	8,991	16.6%
1982-83	54,216	10,486	19.3%

Source: Congressional Research Service, Title V of the Older Americans Act--Community Service Employment Program for Older Americans, October 21, 1983. Data updated by Labor.

The overall national summary as an average, however, does not present a precise picture of what is occurring in the program. For example, although the states as a whole seem to be improving in unsubsidized placements, they have yet to attain Labor's 15-percent goal. This is also true for some of the national sponsors, and it is only those sponsors with high placement rates that put the national average over the 15-percent goal.

Labor data showed that the placement rate for national and state sponsors for the program year 1982-83 ranged from 34.3 percent (American Association of Retired Persons) to 8.2 percent (National Caucus and Center on Black Aged). The cumulative rate for all state sponsors was 14.3 percent. According to Labor data, state placement rates range from 61 percent (Arizona) to 0 percent (Utah and several of the Trust Territories).

Why transition rates vary

According to the October 1983 CRS study, factors contributing to different placement rates among sponsors include the degree of emphasis placed on transition to unsubsidized employment, lack of jobs and transportation in rural areas, participant education and skill levels, and language barriers among enrollees. The different approaches to placement transition at the local project level also contribute to varying placement rates. For example, two sponsors we visited stated that they did not want to lose good workers and, therefore, were reluctant to transition enrollees. Similarly, two other sponsors stated that host agencies are reluctant to give up subsidized labor. In contrast, one sponsor said that sponsors view themselves in direct competition with each other to transition enrollees and as a result place greater emphasis on making unsubsidized placements.

Practices in placing participants also vary. One sponsor we visited said that it finds the job first and place enrollees with little emphasis on skill requirements, while another sponsor said it attempts to find a job to match individual skills and desires. Still another said it will not place an enrollee in an unsubsidized position unless it can upgrade the job in which he is currently working. Two sponsors said they place enrollees regardless of duration, while another established minimums of no less than 6 months. These various approaches to job placement tend to affect the enrollee turnover rate and ultimately the number of persons capable of being served by the program.

Records supporting placements vary in detail

The degree to which detailed records exist to support nationwide placement figures varied among program sponsors we visited. Detailed records in existence at the local project level for national and state sponsors vary in content and detail. A Labor official said verification of the accuracy of this information is minimal.

Many projects we visited kept detailed records regarding intake, training, job development, termination, unsubsidized assignment, and follow-up. According to a Labor official, other projects' records consisted primarily of intake and termination forms. This official believed, based on site monitoring visits, that individual unsubsidized job placements could be traced in over 90 percent of the cases; however, they point out that little additional data may be available concerning type of position or nature of employment.

Basic data on the number of unsubsidized placements are compiled by the local project staff and reported either monthly or quarterly to their respective regional, state, or national office. These data are then summarized and sent quarterly to Labor program officials who prepare a nationwide Quarterly Status Report. According to Labor, placement data are spot checked against enrollees' files and termination forms by Labor representatives during selected site monitoring visits. However, transitioned enrollees are not contacted and the data are not verified.

We noted during discussions with officials at two local sites visited that placement follow-up varied from little or no follow-up because of limited staff resources to regular follow-up at 1-, 3-, and 6-month intervals. Labor regulations require that follow-up be accomplished and documented in the first and sixth month after placement, as a minimum.

Three project sponsors visited stated that increased emphasis on transition of enrollees to unsubsidized placement had not affected their targeting and recruitment of individuals for the program. However, one other sponsor suggested that all things being equal, it would select the more employable applicant. One sponsor indicated that the emphasis on placement has not influenced targeting, but rather influenced its selection of potential host agencies. The Service Agency for Senior Citizens, a National Council of Senior Citizens subcontractor in Florida, stated that it was targeting host agencies that would make a commitment to hire an enrollee within a 2-year time period.

Question 2. Are there detailed reports explaining selection of areas within a state for providing community service employment?

Question 10. How are number of job slots and the area involved selected and assigned by Labor to program sponsors?

The Older Americans Act contains provisions which Labor uses in the distribution of funds--and in essence, enrollee positions--to national and state sponsors. First, the act requires that a portion of the appropriated funds be reserved to maintain the national sponsors at their fiscal year 1978 level of activity. In applying this provision, Labor considers the number of enrollee positions funded in 1978 rather than actual funds expended in that year. This interpretation permits Labor to maintain the same number of positions for national sponsors even when the costs to maintain the positions increase. There were 38,000 national sponsor positions designated by state in 1978.

The act also provides the method for distributing the remainder of the funds above the fiscal year 1978 level of activity. These funds are to be distributed nationwide using a formula based on the number of persons age 55 and over within a state and the state's per capita income with not more than 45 percent being allocated to the national sponsors and the remainder to the state sponsors. However, fiscal year 1983 appropriation legislation provided that specified amounts of funds be allocated to the national and state sponsors. The Congress provided SCSEP with $319,450,000 for fiscal year 1983 under two separate appropriations. Of this amount, about $249 million, or 78 percent, was provided to the national sponsors and about $70 million, or 22 percent, to the state sponsors. According to a program official, this specified distribution of funds overrode the provision that not more than 45 percent of funds in excess of the 1978 level of activity be allocated to national sponsors.

The following illustrates the use of the above legislative provisions in distributing fiscal year 1983 funds and the process followed in the subsequent allocation of funds to individual national sponsors and in the determination of where, within each state, funds will be used for enrollee positions. Table 1, page 19, provides details on the allocation of funds to state and national sponsors for fiscal year 1983.

To determine the cost of maintaining the 1978 level of activity, Labor developed an estimate of the cost of filling a position, using administrative costs to operate the program, enrollee wages and fringe benefits, and other enrollee costs, and applied it toward the 38,747 positions maintained in 1978.[1] For fiscal year 1983, this cost was estimated at $5,111. Using this estimate and the number of enrollee positions designated for use in each state, Labor determined that in fiscal year 1983, about $198 million was needed nationwide to maintain SCSEP at the 1978 level of activity. The remaining portion of the 1983 appropriation, about $121 million, was distributed for use within each state using a formula based on the number of persons age 55 and over within a state, and the per capita income of all persons within a state, with minimum amounts established for the states and other jurisdictions.

In determining the distribution of total funds between the national sponsors and state agencies within each state, Labor followed the requirement contained in the fiscal year 1983 appropriation legislation that about $249 million, or 78 percent, of the funds be provided to national sponsors and about $70 million, or 22 percent, to the state sponsors. Because the national sponsors do not operate in all states, the percentage distribution of funds to each state is not on a 78/22-percent basis. Therefore, funds allocated to the states in which national sponsors are operating are adjusted accordingly so that the total national sponsors' share is about $249 million, or 78 percent, and the state sponsors' share is about $70 million, or 22 percent.

According to a Labor official, the funds allocated to the national sponsors, which exceeded the fiscal year 1982 funding level, provided them with an additional 6,464 enrollee positions. These additional positions were distributed evenly among the national sponsors, with each sponsor receiving 808 new enrollee positions. This same official stated that, for planning purposes, Labor notified each sponsor of the amount of its total grant before awarding the final grant. Labor also suggested, to the national sponsors, the states in which they should establish or expand programs for underserved areas. Labor based this guidance on information received from state officials on where enrollee positions should be established for equitable distribution[2] within a state.

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[1]38,000 positions were for national sponsors, and 747 were for state sponsors in states where national sponsors did not operate.

[2]Title V and Labor regulations state that funds should be apportioned equitably among areas in each state.

We were told by a Labor program official that the national sponsors subsequently met to determine in which states, and where within those states, they would establish or expand their programs. This meeting, arranged by Labor, was not publicly announced. It was attended by representatives from Labor, each of the national sponsors, and the National Association of State Units on Aging. Labor provided guidelines and a chart showing in which states new positions should be established, but primarily served as an arbitrator, allowing the national sponsors to decide among themselves where to establish positions within the states. According to Labor, some national sponsors came to this meeting with suggestions on where new positions should be established. The role of the National Association of State Units on Aging representative attending this meeting was to coordinate the desires of the state units on aging with the national sponsors and to provide insight on equitable distribution within the states. A final decision on distribution of enrollee positions within the states was not made at the meeting. No formal record was kept of this 1-day meeting.

The national sponsors usually provide Labor with a chart showing the proposed distribution of their positions a few days after the meeting. Labor will approve this proposal if it conforms with Labor guidelines. If, however, the national sponsors cannot agree on the distribution of enrollee positions, or if Labor does not approve the proposed distribution, Labor will determine where the national sponsors will operate. Thus, while Labor gives the national sponsors the opportunity to determine where they will operate, Labor retains the final approval authority. In fiscal year 1983, Labor did not approve the national sponsors' proposal and made the final determination on distribution of enrollee positions for them.

After Labor approves the distribution, grant applications are submitted by national sponsors and state sponsors to Labor. The national sponsors are also required to notify state officials in the states in which they will be operating so as to facilitate coordination. Any problems that may arise between state officials and national sponsors prior to grant awards are forwarded to Labor for resolution.

Table: 1 FISCAL YEAR 1983 OLDER AMERICANS ALLOCATIONS

	(Column A) FISCAL YEAR 1978 ACTIVITY LEVEL		(Column B)	(Column C) TOTAL		(Column D) NATIONAL SPONSORS		(Column E) STATE SHARE	
	POSITIONS	DOLLARS	FORMULA DOLLARS	DOLLARS	POSITIONS	DOLLARS	POSITIONS	DOLLARS	POSITIONS
AL	680	3,475,480	2,399,599	5,875,079	1,149	4,683,028	916	1,192,051	233
AK	149	761,539	607,070	1,368,609	268	0	0	1,368,609	268
AZ	371	1,896,181	1,484,646	3,380,827	661	2,694,859	527	685,968	134
AR	813	4,155,243	1,630,982	5,786,225	1,132	4,612,203	902	1,174,022	230
CA	3,037	15,522,107	9,464,285	24,986,392	4,889	19,916,665	3,897	5,069,727	992
CO	359	1,834,849	1,083,236	2,918,085	571	2,326,007	455	592,078	116
CT	464	2,371,504	1,275,791	3,647,295	714	2,907,261	569	740,034	145
DE	149	761,539	607,070	1,368,609	268	0	0	1,368,609	268
DC	233	1,190,863	607,070	1,797,933	351	1,433,133	280	364,800	71
FL	1,979	10,114,669	7,142,835	17,257,504	3,377	13,755,964	2,691	3,501,540	686
GA	798	4,078,578	2,758,592	6,837,170	1,337	5,449,911	1,066	1,387,259	271
HI	149	761,539	607,070	1,368,609	268	0	0	1,368,609	268
ID	172	879,092	607,070	1,486,162	291	1,184,620	232	301,542	59
IL	1,504	7,686,944	5,189,467	12,876,411	2,519	10,263,793	2,008	2,612,618	511
IN	1,066	5,448,326	2,901,776	8,350,102	1,633	6,655,870	1,302	1,694,232	331
IA	487	2,489,057	1,681,220	4,170,277	816	3,324,130	650	846,147	166
KS	392	2,003,512	1,247,967	3,251,479	636	2,591,755	507	659,724	129
KY	756	3,863,916	2,181,838	6,045,754	1,183	4,819,073	943	1,226,681	240
LA	616	3,148,376	2,027,651	5,176,027	1,012	4,125,813	807	1,050,214	205
ME	250	1,277,750	717,841	1,995,591	390	1,590,687	311	404,904	79
MD	507	2,591,277	1,742,496	4,333,773	848	3,454,452	676	879,321	172
MA	937	4,789,007	2,990,717	7,779,724	1,522	6,201,222	1,213	1,578,502	309
MI	1,226	6,266,086	4,106,843	10,372,929	2,030	8,268,266	1,618	2,104,663	412
MN	1,084	5,540,324	1,995,589	7,535,913	1,474	6,006,880	1,175	1,529,033	299
MS	462	2,361,282	1,636,594	3,997,876	783	3,186,709	624	811,167	159
MO	993	5,075,223	2,923,607	7,998,830	1,565	6,375,871	1,247	1,622,959	318
MT	262	1,339,082	607,070	1,946,152	381	1,551,279	304	394,873	77
NE	313	1,599,743	866,002	2,465,745	483	1,965,446	385	500,299	98
NV	172	879,092	607,070	1,486,162	291	1,184,620	232	301,542	59
NH	160	817,760	607,070	1,424,830	279	1,135,733	222	289,097	57
NJ	1,222	6,245,642	3,378,572	9,624,214	1,883	7,671,465	1,501	1,952,749	382
NM	176	899,536	644,451	1,543,987	302	1,230,713	241	313,274	61
NY	2,805	14,336,355	8,777,783	23,114,138	4,523	18,424,290	3,605	4,689,848	918
NC	914	4,671,454	3,325,281	7,996,735	1,564	6,374,201	1,247	1,622,534	317
ND	248	1,267,528	607,070	1,874,598	366	1,494,243	292	380,355	74
OH	1,651	8,438,261	5,528,980	13,967,241	2,732	11,133,294	2,178	2,833,947	554
OK	620	3,168,820	1,647,614	4,816,434	942	3,839,182	751	977,252	191
OR	596	3,046,156	1,411,243	4,457,399	872	3,552,995	695	904,404	177
PA	2,124	10,855,764	7,098,532	17,954,296	3,513	14,311,378	2,800	3,642,918	713

Table: 1 (Cont'd) FISCAL YEAR 1983 OLDER AMERICANS ALLOCATIONS

	(Column A) FISCAL YEAR 1978 ACTIVITY LEVEL		(Column B) FORMULA	(Column C) TOTAL		(Column D) NATIONAL SPONSORS		(Column E) STATE SHARE	
	POSITIONS	DOLLARS	DOLLARS	DOLLARS	POSITIONS	DOLLARS	POSITIONS	DOLLARS	POSITIONS
RI	207	1,057,977	607,070	1,665,047	326	1,327,210	260	337,837	66
SC	455	2,325,505	1,720,187	4,045,692	792	3,224,823	631	820,869	161
SD	304	1,553,744	607,070	2,160,814	423	1,722,386	337	438,428	86
TN	736	3,761,696	2,751,465	6,513,161	1,275	5,191,644	1,016	1,321,517	259
TX	1,927	9,848,897	6,050,820	15,899,717	3,111	12,673,672	2,480	3,226,045	631
UT	254	1,298,194	619,715	1,917,909	375	1,528,766	299	389,143	76
VT	217	1,109,087	607,070	1,716,157	336	1,367,950	268	348,207	68
VA	827	4,226,797	2,435,613	6,662,410	1,303	5,310,610	1,039	1,351,800	264
WA	503	2,570,833	1,830,245	4,401,078	861	3,508,101	686	892,977	175
WV	453	2,315,283	1,294,229	3,609,512	706	2,877,144	563	732,368	143
WI	1,096	5,601,656	2,546,504	8,148,160	1,594	6,494,902	1,271	1,653,258	323
WY	172	879,092	607,070	1,486,162	291	1,184,620	232	301,542	59
AS	75	383,325	303,535	686,860	134	0	0	686,860	134
GU	75	383,325	303,535	686,860	134	0	0	686,860	134
PR	400	2,044,400	1,797,225	3,841,625	752	3,062,161	599	779,464	153
TT	75	383,325	303,535	686,860	134	0	0	686,860	134
VI	75	383,325	303,535	686,860	134	0	0	686,860	134
TOTAL	38,747	198,035,917	121,414,083	319,450,000	62,502 1/	249,171,000	48,752 1/	70,279,000	13,750 1/

[1]A difference of 3 positions exist between the total shown and the sum of the individual states. The difference is due to rounding when dollars are converted to positions.

NOTE: The dollar amounts shown in columns A and B total the amount shown in column C. The dollar amounts shown in columns D and E also total the amount in column C. In addition, the amounts in columns D and E are approximately 78 percent and 22 percent of the total funds allocated, respectively.

Source: Labor Older Work Bulletin 83-2, April 28, 1983, and Congressional Research Service, Title V of the Older Americans Act—Community Service Employment Program for Older Americans, October 21, 1983. Data verified by Labor.

Question 3. Explanation of contractors' method of giving 60-year-old applicants priority over younger (55-60) job holders or applicants.

The Older Americans Act states that SCSEP should give priority to those applicants who are 60 years or older. However, the criteria for priority enrollment of individuals vary among program sponsors we visited.

Our visits showed that, while some program sponsors make a special effort to give priority to applicants 60 years or older, this practice is not unanimous. One sponsor gave priority to applicants "most in need" as determined by actual income levels. Another gave priority to qualified applicants needing only a few additional "work quarters" to qualify for social security benefits. And, still another selected individuals on a first-come, first-served basis. Many sponsors compile waiting lists from which priority selections are made, while other sponsors attempt to place or refer individuals as they apply.

According to a Labor official, Labor attempts to ensure that program sponsors give priority to 60 year or older individuals by (1) reviewing the age demographics in the Quarterly Progress Reports filed by program sponsors, (2) physically spot checking sponsor intake records during monitoring field visits to local projects, and (3) encouraging program sponsors to hire 60 year or older workers through various program communication channels, including phone contacts, bulletins, memos, technical assistance, and training conferences. A Labor official stated, however, that no action would be taken against program sponsors for not complying with the 60-year-old priority regulation unless the violation was flagrant; i.e., no individuals 60 or older involved in the project. No such violation has ever occurred nor has any punitive action ever been required, according to this official.

While Labor regulations, proposed March 25, 1980, clearly state that first enrollment priority be given to individuals 60 years old and older, these regulations were never finalized and were later withdrawn in October 1983. As a result, regulations issued on March 2, 1976, remain in effect. These regulations give first priority to previous program enrollees, second priority to the most economically disadvantaged, and third priority to individuals 60 years and older.

Although program data as of June 30, 1983, indicate that a significant number (77 percent) of the program participants are 60 years or older, we noted a slight decrease in this participant characteristic. As of June 30, 1981, the percentage of program participants 60 or over was 80.7 percent. On June 30, 1982, the percentage was 80.3.

Question 4. Detail methodology of contractors to allot funds within a state in an equitable manner--rural-urban mix, etc.?

While Labor and the national and state sponsors made efforts toward the equitable distribution of enrollee positions, there are no assurances that such equitable distribution has been achieved. Labor has not undertaken a study to determine if the distribution of enrollee positions is done in an equitable manner.

A Labor official stated that the distribution of enrollee positions within the states may not be equitable since some national sponsors established large clusters of enrollee positions early in the development of SCSEP, and these have been carried forward. We addressed the equitable distribution issue in a 1979 report to then Representative Charles E. Grassley and concluded that the national sponsors' criteria for distributing SCSEP positions was designed, in part, to enhance administrative economy.[3] In addition, although the sponsors' distribution of SCSEP positions had left many geographical areas unserved, their efforts to enhance administrative economy had merit when considered in relation to limited program resources and the significance of the program's administrative requirements. Current program funding supports only 62,502 positions for the estimated 8 million individuals who meet program eligibility requirements.

Efforts have been undertaken by Labor, the national sponsors, and state agencies to make the distribution of positions more equitable. In February 1979, Labor issued its first formal instructions to national and state sponsors to work cooperatively to achieve equitable distribution. SCSEP sponsors within each state were required to:

--Discuss and agree upon a rationale for the distribution of SCSEP funds.

--Identify areas, if any, having an inequitable distribution.

--Establish a plan for eliminating distribution inequities without displacing current enrollees.

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[3]The Distribution of Senior Community Service Employment Positions (HRD-80-13, Nov. 8, 1979).

--Provide Labor a copy of the plan agreed to by all SCSEP sponsors and charts showing the current and proposed distribution of positions.

According to Labor officials, they did not receive many plans from this effort and made only minimum use of those submitted. They said the primary goal of this effort was to make the sponsors aware of the need for cooperation in obtaining equitable distribution within the states.

As a followup to the 1979 request, in January 1981, Labor issued another instruction requesting the national sponsors and state agencies to report on the progress made toward achieving equitable distribution. Again, this was to be a group effort to foster coordination. A report from each state indicating the groups' plans, goals, and progress made toward equitable distribution was to be submitted to Labor along with charts indicating where current and new enrollee positions were to be located to meet the goals. Labor officials said they received reports from approximately 90 percent of the states.

Labor officials informed us that they established a panel consisting of representatives from Labor, two of the national sponsors, and two state agencies to review these reports and determine which states were making progress toward equitable distribution. The panel looked at such factors as the formula used, findings regarding underserved and overserved areas, rural/urban factors, future plans, and apparent problems. The results were never formalized by Labor, and no general feedback was provided to the sponsors. Labor did suggest to the program sponsors that they use the reports during their next planning sessions. The panel did find that a standard reporting format was needed so that information received in the report would be more uniform and complete.

In January 1984, Labor once again requested another equitable distribution report and provided a standard reporting format for sponsors to use in reporting their plans. According to a Labor official, while such cooperative efforts by national and state sponsors are directed toward equitable distribution, Labor does not know that such distribution has occurred.

We were told during our site visits that cooperative efforts were being taken between state agencies and national sponsors operating within the states to provide for a more equitable distribution of program positions. For example, in the state of New York, the state agency administering SCSEP and the five national sponsors operating within the state have developed a distribution schedule of enrollee positions by county. The schedule shows the total existing positions being maintained by the state and national sponsors in each county, and the extent to which the number of positions are over or under the amount needed to achieve a projected equitable distribution. According to the program coordinator, this schedule is used in designating locations for new positions or relocating existing ones.

<u>Question 5</u>. Is training aimed at eventual placement in unsubsidized employment?

The Congressional Research Service, in a recent report on SCSEP,[4] pointed out that

> "Although training opportunities are available to title V participants, the program has not generally devoted a significant amount of resources to these activities; however, to some extent 'on the job training' is provided to participants informally through supervisors."

We also noted during site visits and discussions with program officials and project operators that much of the training provided is on-the-job training (OJT). We also noted in the states we visited that some training of a more formalized nature was also being conducted and that most training appeared to be aimed at eventual placement in unsubsidized employment.

Several types of training occur, including training of enrollees for job readiness and general skill development, and training of enrollees in specific skills for actual unsubsidized placement. According to reports collected from sponsors we visited, some provide a full range of job training activities, including employability assessment and skill development planning to make enrollees more marketable. In addition, they conduct monthly or quarterly training sessions in job readiness and general skill development. These reports also show other training provided is vocational in nature and aimed at developing specific job skills in technical, clerical, custodial, and domestic work areas. For example, enrollees have received training as home repair helpers, office receptionists, building maintenance supervisors, and home health care aides. Training may be formal classroom, OJT, or a combination of the two. However, based on our site visits, it appeared that most of the

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[4]<u>Title V of the Older Americans Act--Community Service Employment Programs for Older Americans</u>, Congressional Research Service, The Library of Congress, October 21, 1983.

training is OJT. We also noted that training is provided to staff management for job development and enrollee placement.

One of the local sponsors we visited informed us that he does not view SCSEP as a training program, and conducts only a minimum level of training to make enrollees employable, while other sponsors told us they encourage enrollees to take outside training courses. Still other sponsors work to develop host agency training programs provided as part of the required 10-percent in-kind contribution.

Labor regulations address two aspects of training: (1) prejob (job-readiness) training and (2) training after placement. According to the regulations, project sponsors may provide up to 4 weeks of job-readiness training. Extensions for specified periods may be authorized by Labor. Continued training after placement is aimed at teaching and upgrading job skills and is encouraged in the regulations. However, the regulations specify that training should not occupy more than 20 percent of the total hours an enrollee is expected to work over the period of a year. Time spent by enrollees in training is considered "work time" for which they are paid at their regular rates. Costs incurred for training are charged as "other enrollee costs."

In addition, Labor is required by legislation to "conduct experimental projects designed to assure second career training and placement of eligible individuals in employment opportunities with private business concerns." According to Labor, these experimental projects present an opportunity for program sponsors to gain additional information about how older individuals are accepted into the private sector labor force and how adaptable they are to traditional training and new placement methods.

Although there appears to have been some successful demonstration projects, such as Green Thumb's multistate nurses aide training program in which unsubsidized placement rates ranged from 67 to 82 percent, or the state of Texas vocational training program with a placement rate of 65 percent, Labor's general assumption that employers would see subsidized training as an opportunity to save money was not confirmed. According to Labor, many private employers have demonstrated a reluctance to enter into training agreements, citing government red tape and an uneasiness about opening their records to federal auditors. However, Labor noted that some companies chose to participate as immediate employers, in lieu of participating in training agreements, resulting in unexpected unsubsidized job placements for program sponsors.

Question 6. Is there a time limitation for individuals in SCSEP?

Labor regulations state that

"project sponsors shall work to place enrollees in unsubsidized employment in private or public sector jobs, thereby creating opportunities for additional persons to enroll in and benefit from the project."

However, the regulations also stipulate that no time limit on program enrollment may be employed.

We noted during site visits that the attention given to encouraging program participants to move from the program into unsubsidized employment varied among the sponsors. For example, at one project approximately 50 to 55 of the 112 participants had been in the program over 7 years. At another location, the sponsor had placed a 2-year limitation on how long an enrollee could remain with a host agency. This time limitation, though not strictly enforced, was established to encourage host agencies to permanently employ program participants as unsubsidized employees.

A Labor official pointed out that unsubsidized placement is not required under title V legislation. However, Labor regulations, proposed in 1980 but never finalized, set a 15-percent goal for transition to unsubsidized placement. Some local project operators viewed this 15-percent "goal" as a requirement, and one program subcontractor viewed it as a mandate.

Labor regulations also encourage project sponsors to seek the assistance of state employment agencies and local employment and training programs in placing participants in unsubsidized positions, to urge local host agencies to employ enrollees in their regular work force, and to develop other private and public employment opportunities. We found that this was occurring in the states we visited. For example, several sponsors had placed title V enrollees with state employment agencies to assist older workers in job placement. In an effort to help enrollees obtain unsubsidized employment prior to enrolling, we were told by several national sponsors and two states we visited that they require enrollees to register with the state employment service prior to being accepted into the program.

Some project sponsors we visited stressed that to develop a successful placement program, transition to unsubsidized employment should be emphasized to program enrollees from the outset.

According to one sponsor, the idea is to get enrollees thinking of unsubsidized placements and not view program participation as being permanent. This sponsor also noted that the best time for placement is within the first 3 months on the program; they had placed over half of their enrollees within that period.

<u>Question 7</u>. Would a reduction in allowable administrative costs of 15 percent to project sponsors cause a diminution of SCSEP services?

Labor regulations stipulate that "no more than 15 percent of the federal funds provided to a project sponsor under the act may be expended for administrative costs." According to these regulations, administrative costs can include costs of project directors and staff wages and benefits, office space and supplies, necessary transportation, utilities, training, and technical assistance.

While most national sponsors and state agencies have reported that they have remained within the 15-percent limitation, it appears that one reason they have been able to do so is by using other sources of funds and contributions to supplement a portion of actual administrative costs. Therefore, if the 15-percent limit were reduced, it might necessitate some national sponsors and state agencies seeking additional funds from other sources.

The percent of federal funds used for program administration by the national sponsors and state agencies varies. The following table shows the administrative costs as a percent of total federal funding for program years 1980-81, 1981-82, and 1982-83. The table shows for the most part that all sponsors collectively have met the 15-percent administrative cost level guideline.

Administrative Costs as a Percent of Total Federal Funding for Program Years[a] 1980-81, 1981-82, 1982-83

	1980-81	1981-82	1982-83
Total	10.9	11.1	11.1
State sponsors	10.4	10.3	12.0
National sponsors	11.4	11.3	10.9
AARP	14.3	15.1	14.9
ANPPM	14.8	13.1	16.4
G.T.	11.2	11.4	9.9
NCBA	13.8	14.2	15.6
NCOA	14.9	15.3	13.5
NCSC	5.0	5.3	6.1
NUL	14.3	15.3	13.4
USFS	12.0	11.0	12.8

[a]Program year refers to period July 1 to June 30.

Source: Labor Quarterly Reports and Congressional Research Service, Title V of the Older Americans Act--Community Service Employment Program for Older Americans, October 21, 1983. Data updated by Labor.

We noted during site visits and interviews with project operators and program officials that the national sponsors and state agencies have sought other means to supplement their administrative burdens and to maintain administrative costs at the prescribed 15-percent level. A discussion of these activities follows.

We also noted two of the three states visited do not charge full administrative costs to the SCSEP program, but rather absorb all or a portion of these costs in their general overhead budgets. For example, the state of Florida does not take any SCSEP funds for administrative operation of the program within the state.

Labor regulations permit sponsors to lower administrative costs by using enrollees in administrative positions and paying their salary with program funds. Such funds are counted toward enrollee costs rather than administration. The use of enrollees in this manner provides a considerable benefit to program operators by reducing charges against limited administrative dollars.

During program years 1981-83 about 3 percent of the enrollees were used in this manner at a cost of about $6.5 million,[5] according to our calculations based on information in Labor's Quarterly Status Reports.

We also found that some project sponsors receive additional benefit through cost savings on rent, utilities, equipment, physical exams, and other services. This may be part of the host agencies' in-kind contribution. The degree to which project sponsors receive these benefits varies. For example, Green Thumb in Florida has established a requirement that all area offices seek rent-free space and utilities from the community in which they are operating based on the fact that they are providing a community service. Green Thumb also arranges for free physical exams for enrollees by providing enrollee support to local county hospitals. The National Association for Hispanic Elderly, on the other hand, pays some rent at locations nationwide; however, it pays at a reduced rate.

Some subcontractors of national program sponsors are required to pay their own administrative expenses, thereby lowering the actual administrative expenses paid by the program sponsor. For example, we were told that the National Council of Senior Citizens requires subcontractors to pay all administrative expenses while the National Association for Hispanic Elderly negotiates agreements with subcontractors which provide a percentage of administrative cost reimbursements. According to Labor, the National Council on the Aging pays subcontractors a percentage (up to 8%) to cover administrative costs based on the subcontractors' ability to support the program administratively.

It appears that administrative cost levels play a role in determining the size and location of new project sites. According to national sponsor officials, Labor has informally advised them that as a general "rule of thumb," a minimum of 60 enrollees for project starts provides optimum administrative economy and efficiency. Some program sponsors we contacted have adopted this 60-enrollee minimum as a general policy; however, exceptions are made. We were told, for example, by the American Association of Retired Persons and the National Association for Hispanic Elderly that individual project minimums were set to

[5]Figure based on 1,813 enrollees working in project administration at an average hourly wage of $3.44 for 20 hours a week, 52 weeks a year.

maximize administrative economy, depending on in-kind contributions and the geographic areas bearing the cost. Program sponsors pointed out that although administrative economy was related to enrollment level, it was also affected by such factors as the geographic area being served and the type and amount of in-kind contribution provided.

We found that projects at the local level tend to operate with a minimum of administrative staff. During site visits to local projects, we noted that most administrative operations were conducted by one, or at the most two, staff working as full-time employees of the sponsor and paid out of title V administrative funds. The staff usually consisted of a director or administrator who, if assisted, was aided by a job developer. The regular staff was often supplemented by title V enrollees working part time in project administration and paid out of title V enrollee wages.

In summary, the degree to which the true administrative costs of the program are reflected in the reports is uncertain considering the impact of the cost reduction factors discussed. However, it appears that one effect of using supplemental resources is that fewer federal dollars are being spent for program administration. Furthermore, we were told by some project sponsors that they use administrative cost savings to support additional numbers of enrollees above the authorized levels by shifting administrative funds to enrollee wages and benefits. The Quarterly Status Reports for program years 1981-83 show that current program enrollment exceeds authorized levels.

<u>Question 8</u>. Has Department of Labor ever terminated a project sponsor's agreement? If so, for what reasons?

Labor officials told us that they have terminated only one national sponsor's contract since the inception of the program. The contract was with the Federation of Experienced Americans (FEA), an organization no longer in existence. Labor terminated the contract with FEA in January 1974 because of questionable charges to contract costs and dissatisfaction with contract administration and overall performance.

The contract was awarded for $1 million under Operation Mainstream,[6] and was for a 1-year period beginning June 30, 1972. In June 1973, Labor extended the contract through December 31, 1973, and increased the contract amount by $540,000. In December 1973, Labor notified FEA that after carefully weighing all available facts and considerations, it had concluded that it would be in the government's best interest not to renew the contract. To allow for an orderly closing out of the contract and to ensure that FEA's Operation Mainstream enrollees would have a smooth transition to other Operation Mainstream programs, Labor extended FEA's contract for 1 month to January 31, 1974.

The decision to discontinue funding was based, in part, on the preliminary findings of our earlier review covering the contract period June 30, 1972, to June 30, 1973.[7]

On February 19, 1974, Labor began an audit of FEA's financial transactions. Since our audit was from the inception of FEA's contract to June 30, 1973, Labor limited its audit to the period July 1, 1973, through February 28, 1974. The Labor audit, which was released on May 13, 1974, questioned the propriety of expenditures totaling $96,418. Together with our questioned expenditures, a total of $280,143 was questioned. After several unsuccessful attempts to collect the $280,143 debt from FEA, which was no longer in business, Labor referred this debt to us for disposition on July 27, 1983. We later determined that the debt should be dismissed since the statute of limitations had expired.

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[6]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. In 1967, administrative responsibility was transferred from the Office to Labor. In 1975, Operation Mainstream was merged with SCSEP.

[7]Award of a Contract and a Grant to the Federation of Experienced Americans, Inc., and Related Financial and Program Activities (B-163922, May 13, 1974).

Question 9. Are performance records available for all projects currently funded? What information do these records include?

Labor regulations require each program sponsor to continuously monitor and to report project performance to help ensure that program goals are being met. In response to this requirement, individual projects maintain detailed performance records at the local level. Portions of these data are periodically collected and consolidated by each of the national sponsors and state agencies and reported to Labor in a Quarterly Progress Report. The information is summarized by Labor and compiled as the Quarterly Status Report, which provides a summary of performance data, including enrollment levels, job inventories, enrollee characteristics, and expenditures to date. Their data provide a profile of title V accomplishments primarily as of the quarter ending date.

Labor develops the following Quarterly Status Reports:

1. National Summary of All Sponsors.

2. National Summary of National Sponsors.

3. National Summary of State Sponsors.

4. State Summary of Individual State Sponsors.

5. Local Project Summaries for National Sponsors.

The latest performance data available at Labor are from the Quarterly Status Report for the program year ended June 30, 1983.

In addition to the quarterly summaries, Labor has developed a performance evaluation/assessment rating system for reviewing sponsors' performance for the program year. The evaluation/assessment form utilizes six rating factors and provides space for comments relevant to the sponsors' performance. These six factors are:

1. Program Enrollment Levels.

2. Timeliness and Accuracy of Reporting.

3. Unsubsidized Placement Efforts.

4. Responsiveness to Request for Information on Modifications.

5. Special Projects.

6. Previous Carryover Pattern.

Rating points are assigned according to instructional guidelines. Labor has utilized this evaluation/assessment rating system, on an as-needed basis, solely for the purpose of determining grant extensions to allow carryover of underutilized funds. Approval for authorization of carryover is granted for a specified length of time based on a system of total points assigned.

The previously mentioned Morgan Management Systems, Inc., study completed in March 1981 and prepared for the Federal Council on the Aging points out that much of the data collected by local project operators were not available at the federal level and were not utilized analytically for evaluation of program performance. This was confirmed during our conversations with a Labor official. However, the Morgan Management Systems, Inc., study concluded that "data received by DOL, although limited, are sufficient for measuring the basic elements of sponsors' performance, and for reporting Title V accomplishments in summary form."

AGENCIES AND ORGANIZATIONS VISITED BY GAO

VIRGINIA

Richmond:
- Virginia Department for the Aging
- Capital Area Agency on Aging
- American Association of Retired Persons
- Richmond Urban League

Harrisonburg:
- U.S. Forest Service

FLORIDA

Tallahassee:
- Florida Department of Health and Rehabilitative Services
- American Association of Retired Persons
- U.S. Forest Service

De Funiak Springs:
- National Caucus and Center on Black Aged, Inc.

Quincy:
- Green Thumb, Inc.

Miami:
- National Association for Hispanic Elderly

Ft. Lauderdale:
- Service Agency for Senior Citizens

NEW YORK

Albany:
- New York State Office of the Aging

Schoharie:
- Schoharie County Office for the Aging
- Green Thumb, Inc.

Poughkeepsie:
- Dutchess County Office for the Aging
- American Association of Retired Persons

New York City:
- New York City Department for the Aging
- National Urban League-Bronx Office
- City of New York Department of Human Resources (subgrantee of the National Council of Senior Citizens)
- New York City Department for the Aging (subgrantee of the National Council on Aging)

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