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HUMAN RESOURCES DIVISION

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RELEASED

The Honorable Barney Frank
Chairman, Subcommittee on Employment
and Housing
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

Subject: Department of Labor's Activities Regarding the
Phase-out of the Job Corps Program and the Use
of FY 1984 Supplemental Funds (GAO/HRD-85-67)

In November 1984, you requested that we review the adequacy of the management and operation of the Job Corps program. During our planning for the job, the administration proposed a phase-out of the program. As a result of discussions with your office, we agreed to review the Department of Labor's actions regarding (1) the development of a "working group" to dismantle the Job Corps program and (2) the status of \$21.7 million provided in the 1984 Second Supplemental Appropriations Act (Public Law 98-396) for renovating Job Corps centers. On March 19, 1985, we briefed your office on these matters. After that briefing, and based on further discussions with your office, we provided detailed information on renovation needs and enrollment capacities for each of the 107 Job Corps centers. Our findings regarding the two matters in your request are discussed below.

In summary, we did not find any indications that Labor had acted to dismantle the Job Corps program. Although the administration's budget, presented on February 4, 1985, proposed a phase-out of the Job Corps and a Labor staff member was assigned to plan for the possible phase-out, program activities have generally not been affected. Contracts for center operations have been renewed for the standard 1- or 2-year period, all but one planned Job Corps center relocations have continued as scheduled, and program enrollment has remained stable.

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The \$21.7 million supplemental appropriation was based on the amount of funds needed to satisfy certain center repairs identified in a June 1984 Job Corps report of renovation needs. The language of the appropriation act, however, did not specify that the funds be used for those repairs, and it appears unlikely that \$21.7 million will be obligated for the specific projects on which the appropriation was based. However, Labor has requested proposals for the architectural and design phase--the first step in the renovation process--of the projects and plans to award these contracts during June and July 1985. Labor plans to fully obligate the \$21.7 million supplemental on other Job Corps center renovations before its expiration date of June 30, 1985.

We are continuing our efforts to develop information pertaining to your original request on the management and operations of the Job Corps program and will keep your office advised of our progress.

BACKGROUND

The Job Corps program is administered by the Office of the Job Corps, which is a component of Labor's Employment and Training Administration (ETA). The program is designed to provide training in basic educational and vocational skills for youths aged 16 to 21 who have severe educational and economic disadvantages. The training is provided primarily through a national network of 107 residential centers operated by private profit and nonprofit contractors and the Departments of Agriculture and the Interior. The program's fiscal year 1985 appropriation was \$617 million.

The Job Corps program has a capacity of about 41,000. About 60,000 youths are enrolled in the program each year, with an average length of stay of about 8 months. The average Job Corps center serves 400 youths, with 100 youths at the smallest center and 2,624 at the largest. The typical center provides housing, academic education, vocational education, food service, recreation, and health care.

OBJECTIVES, SCOPE, AND METHODOLOGY

We investigated (1) a Department of Labor "working group" established to develop steps and procedures for dismantling the Job Corps program and (2) the status of a \$21.7 million supplemental appropriation for center renovations. To determine if Labor had taken any actions to dismantle the program, we examined (1) various program activities (contracting, center

relocations, and enrollment) to see if any changes had occurred and (2) the activities of the "working group." To determine the status of the supplemental appropriation, we examined Labor's procedures for obligating funds for renovations and renovation obligations by Job Corps centers.

Our work was conducted at Labor's headquarters in Washington, D.C. We interviewed the Deputy Assistant Secretary for Employment and Training, the Administrator of the Office of Job Training Programs, the Administrator of the Office of Program and Fiscal Integrity (who was designated by the Deputy Assistant Secretary for Employment and Training as the focal point for this review), and other ETA officials. We also met with Job Corps program management and other program staff. We contacted directors of three Job Corps centers (San Jose, California; Pittsburgh, Pennsylvania; and Penobscott, in Bangor, Maine) to obtain information regarding the relocations of their centers. We reviewed the legislation, its history, and the regulations that authorize and govern the program. We also reviewed and developed data on center enrollments, four center operations contracts that expired during February and March 1985, renovation expenditures, facility needs surveys, and solicitations for bids for center renovations. We reviewed the Commerce Business Daily for the period January through April 1985 to verify the requests for these solicitations. We also verified, when feasible, our interview information through reviews of pertinent contract files and records. Because program enrollment remained stable, we did not review Job Corps recruitment activities.

Our review was performed in accordance with generally accepted government auditing standards.

LABOR ACTIONS REGARDING THE PROPOSED
TERMINATION OF THE JOB CORPS PROGRAM

In the fiscal year 1986 budget request submitted to the Congress on February 4, 1985, the President proposed to phase out the Job Corps program between October 1985 and June 1986. The budget also requested that funds for the Job Corps 1985 program year (July 1, 1985, to June 30, 1986) be made available for costs related to closing the centers and to cover the separation costs of employees of the Departments of Agriculture and the Interior.

Staff reassigned to plan for phase-out

On February 4, 1985, Labor transferred one staff person from its Boston regional office to the Labor headquarters office of the Assistant Secretary for Employment and Training to help plan the implementation of the fiscal year 1986 budget proposals for the Job Corps.

This person--the Special Assistant to the Assistant Secretary for Employment and Training--is responsible for planning for and coordinating the proposed Job Corps phase-out. According to the Special Assistant, the responsibilities include reviewing the status of ongoing and planned Job Corps procurement actions and identifying issues to be addressed during a phase-down and close-out process, such as terminating contract provisions and securing and disposing of facilities and property. The Special Assistant estimated that the cost, primarily salary and benefits, of this position for the first 5 weeks of the assignment (Feb. 4 to Mar. 8, 1985) was about \$7,000.

According to the Administrator of the Office of Program and Fiscal Integrity, the Assistant Secretary has the legal authority to appoint a person to respond to budget proposals and, therefore, Labor officials did not seek legal counsel in establishing this position. Since responding to budget proposals appears to be a legitimate agency function, there would be no legal problem in appointing a person to carry it out.

The Administrator told us that the Special Assistant is the only person assigned to the planning effort and that there is no "working group." According to the Special Assistant, the work does, however, require support from other employees. For example, when information on contracts is needed, assistance is obtained from personnel with contracting expertise. The Special Assistant told us that four or five staff members provide this type of assistance as needed and that they devote substantially less than 50 percent of their time to this project. Three staff members who provide such assistance confirmed that their time spent on the project is substantially less than half.

The Administrator stated that Labor will not initiate any phase-out actions until the Congress acts on the President's proposal. According to the Administrator, if the Congress accepts the proposal, the efforts of the Special Assistant will be used to formulate a plan for the phase-out. He emphasized that no phase-out plan will be developed until congressional action is taken. On February 26, 1985, the Under Secretary of Labor

testified¹ that Labor would keep Job Corps in "full operation" until the Congress acted on the proposal.

Renewal of contracts for center operations

During February and March 1985, contracts for the operation of four centers--Cleveland (Ohio), Kicking Horse (Montana), Northlands (Vermont), and Talking Leaves (Oklahoma)--expired. All four were renewed following Job Corps standard contracting procedures.

Job Corp contracts for center operations are generally awarded for a 2-year period, with a government option to extend the contract for up to 3 additional years, in successive 1-year increments. At the completion of the option years, or if the government decides not to exercise the option, a new contract is needed. Under this policy, new 2-year contracts were required for the Talking Leaves and Northlands Centers. Also, contracts for single year extensions came due for the Cleveland and Kicking Horse Centers.

A review of these contracts showed that they were renewed for the standard time periods. The dates of the contracting activities follow.

<u>Job Corps center</u>	<u>Date of contracting action</u>	<u>Period covered by contracting action</u>
Cleveland	January 28, 1985	February 1, 1985, to January 31, 1986
Kicking Horse	February 21, 1985	March 1, 1985, to February 28, 1986
Talking Leaves	February 28, 1985	March 1, 1985, to February 28, 1987
Northlands	March 12, 1985	March 16, 1985, to March 15, 1987

¹Hearings before the Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, Senate Committee on Appropriations.

Center relocations

A Job Corps center is usually relocated when the structures cannot be effectively or efficiently maintained or economically rehabilitated. Generally, the planned relocations of Job Corps centers have continued as scheduled.

On March 26, 1985, the Director of the Job Corps gave us an update on Job Corps' seven ongoing relocation activities. In one of these relocations (San Jose, California), the proposed program phase-out did affect Job Corps' decisions. According to the Director, this relocation was affected because of its timing and the large amount of funds required for purchase.

A brief description of these relocations, provided by the Director, follows:

- Hawaii Job Corps Center: This center needed to be re-located because of the dilapidated condition of a satellite building. An old college was offered to the program as a replacement on a lease basis for \$1. The Director said that Job Corps is concluding the lease arrangement. The estimated cost of rehabilitating the replacement facility is about \$785,000.
- San Jose Job Corps Center: This center needed to be re-located because of inadequate space and interest in consolidating certain administrative aspects of the program. The center operates under five separate leases with five different lessors and five different expiration dates. Relocation was intended, in part, to unify the center at one site. Purchase costs were estimated at \$1.5 million, and total relocation costs were estimated at \$5.2 million. According to the Job Corps Director, the purchase of the new site was delayed because of the administration's proposal to phase out the program. Job Corps officials have decided to enter into a 1-year lease with the option to buy the proposed site. The Director indicated that this would allow them to delay committing funds until the program's future is decided.
- Pittsburgh Job Corps Center: This center needed to be relocated because of the facility's deteriorating condition. The program has purchased a state hospital from Pennsylvania for \$160,000. Rehabilitating the hospital to prepare it for use as a Job Corps center is expected to cost about \$4.1 million. The contract for the center's architectural design is to be completed in May 1985.

--Penobscott Job Corps Center: Problems regarding the heating system at the center's present location in Bangor, Maine, led to the purchase in February 1985 of two former junior colleges from the Department of Education for about \$280,000. As of March 26, 1985, design services had been completed, and the final drawings were being reviewed. Construction contracts had not yet been awarded as of that date.

The relocations of three other centers--Great Onyx (Kentucky), Joliet (Illinois), and Tulsa (Oklahoma)--are in the final phases of construction. All funds for design and construction have been obligated.

Center enrollment remains stable

Total enrollment in the Job Corps program has not been affected by the phase-out proposal. Federal regulations require that all Job Corps centers report weekly the number of youths enrolled at their center to the Job Corps headquarters and regional offices. These weekly reports show that program enrollment has remained stable since the beginning of fiscal year 1985. Program enrollment was 40,002 on October 3, 1984, and 40,073 on March 27, 1985. The program has a planned capacity of 40,959. For the first 6 months of fiscal year 1985, program enrollment ranged from 38,406 (93.8 percent of capacity) on December 26, 1984, to 40,913 (99.9 percent of capacity) on March 6, 1985. The weekly program enrollments for the 6-month period appear in enclosure I.

USE OF THE FY 1984 SUPPLEMENTAL
APPROPRIATION FOR FACILITIES RENOVATION

The Department of Labor is required by regulation (20 C.F.R. 684.27) to survey the facilities at each Job Corps center at least every 2 years. These surveys assess the condition of the real property, provide the basis for a long-range program for repair and modernization to support the training program, and provide for a gradual upgrading of the facilities. The surveys classify all renovation needs into four categories--life safety, code violations, repair and replacement, and programmatic. (See enc. II for definitions and examples of the four categories.)

A recent Job Corps report² to the House and Senate Appropriations Committees indicates that there are 2,729 structures, consisting of about 19 million square feet, being used at the 107 Job Corps centers. The report describes the structures' condition as ranging from excellent to poor and notes that more than 50 percent of the structures are over 40 years old. It also notes that many of the older structures (especially the wood frame ones) have deteriorated with age and wear, and require repairs to electrical, mechanical, plumbing, and roofing systems as well as interior finishes. According to the report, the 107 centers will require \$158.5 million of renovations during fiscal years 1985-89.

The Second Supplemental Appropriations Act of 1984, enacted on August 22, 1984, provided \$21.7 million "to be available for obligation for the period July 1, 1984 through June 30, 1985 . . . for the renovation and repair of the Job Corps facilities and equipment replacement." The \$21.7 million supplemental appropriation was based on the amount of funds needed to satisfy the code violations identified in a June 1984 Job Corps facilities report. The Job Corps Director told us that the life safety needs were being met by funds from the program's regular appropriation.

The Job Corps Director emphasized that renovation needs are constantly changing. For example, renovations identified in a facilities survey can be made by the youths enrolled in the centers' training program for carpentry or by the entity that is leasing the facility to the Job Corps. Conversely, needs not identified in the facilities review may surface at any time. According to the Director, because some of the repairs on the list had already been made and some new needs had arisen, the original list of code violations cited in the August 1984 appropriations debate was revised after the passage of the supplemental appropriation. This new list indicated needs of \$1.7 million for the engineering support of the projects and \$20 million for design and construction--\$4.9 million new life safety needs and \$15.1 million for code violations.

In January and February 1985 Labor sent out solicitations for the engineering support portion of these renovations. These solicitations appeared in the Commerce Business Daily between January and March 1985. The solicitations requested proposals

²A Report to the House [and Senate] Appropriations Committee on the Status of the Job Corps Facilities and Equipment, Office of the Job Corps, March 1985.

for the design phase of the projects to be funded by the supplemental and for other renovations to be funded through the program's regular appropriation. As of April 18, 1985, Labor was still reviewing the proposals submitted. The Special Assistant to the Assistant Secretary for Employment and Training told us that these contracts will be awarded during June and July 1985. The Job Corps Director estimated that these contracts, when awarded, would obligate about \$1.7 million of the \$21.7 million supplemental appropriation.

Based on the amount of time allocated for the design phase, it appears doubtful that much more than this amount will be obligated by June 30, 1985 (the end of the obligation period), for the projects on the list. The published solicitations state that the contractors selected for the projects' design phase would have between 14 and 32 weeks to develop the design. The Job Corps Director noted that even under optimum conditions, it is unlikely that funds appropriated for renovation in August 1984 could be fully obligated by June 1985.

In addition to the supplemental appropriation, Job Corps has a 21-month general appropriation for October 1, 1983, to June 30, 1985. Labor budgeted \$77.9 million of this appropriation for construction and rehabilitation of Job Corps facilities, bringing the total renovation budget to \$99.6 million. About \$15 million of this amount was obligated from July 1984 through March 1985. The Job Corps Director told us Labor plans to obligate at least \$21.7 million on center renovations from July 1, 1984, to June 30, 1985. The \$21.7 million will be charged against the supplemental appropriation to ensure that it will be fully obligated before expiration of its availability. Whatever portion of the remaining \$77.9 million originally budgeted from the general appropriation for renovation but not spent for that purpose will be reallocated to other Job Corps operations.

Although \$21.7 million will be obligated for center renovation by June 30, 1985, as the supplemental appropriation act requires, it will not be for the specific projects for which the \$21.7 million was originally budgeted. The Job Corps Director indicated that, because obligations during this period will exceed the \$21.7 million provided for renovation in the supplemental, Labor believes it will be in compliance with the intent of the supplemental appropriation. This action appears to be consistent with the language of the supplemental appropriation act, which does not require the money to be spent on any particular projects.

As requested by your office, we did not obtain agency comments on this report. However, we discussed the matters contained in the report with Labor officials and considered their views in finalizing it.

As discussed with your office, we are sending a similar report to the Chairmen, House Committee on Education and Labor; House Committee on the Budget; House Budget Committee Task Force on Human Resources; and Subcommittee on Employment Opportunities, House Committee on Education and Labor. As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of the report until 30 days from its issue date. At that time, we will send copies to the Secretary of Labor; the Director, Office of Management and Budget; other interested parties; and others upon request.

Sincerely yours,



Richard L. Fogel
Director

Enclosures - 2

JOB CORPS PROGRAM ENROLLMENT AND PERCENT OF CAPACITY
FOR FIRST 6 MONTHS OF FISCAL YEAR 1985

<u>Date</u>	<u>Population</u>	<u>Percent of capacity^a</u>
10/ 3/84	40,002	97.7
10/10/84	39,656	96.8
10/17/84	39,498	96.4
10/24/84	39,418	96.2
10/31/84	39,331	96.0
11/ 7/84	39,238	95.8
11/14/84	39,627	96.7
11/21/84	39,023	95.3
11/28/84	39,700	96.9
12/ 5/84	39,873	97.3
12/12/84	39,760	97.1
12/19/84	38,822	94.8
12/26/84	38,406	93.8
1/ 2/85	38,482	94.0
1/ 9/85	39,933	97.5
1/16/85	40,395	98.6
1/23/85	40,026	97.7
1/30/85	39,975	97.6
2/ 6/85	39,859	97.3
2/13/85	39,693	96.9
2/20/85	39,938	97.5
2/27/85	40,071	97.8
3/ 6/85	40,913	99.9
3/13/85	39,996	97.6
3/20/85	40,133	98.0
3/27/85	40,073	97.8

^aCurrent program capacity for all centers is 40,959.

DEPARTMENT OF LABOR
DEFINITIONS AND EXAMPLES OF
RENOVATION CATEGORIES FOR JOB CORPS CENTERS

Life Safety--Projects for immediate implementation to correct hazardous life safety/health deficiencies, which are a threat to life or which may cause injury.

Examples are:

- ° Repair to prevent imminent structural failure.
- ° Provide fire-rated stairs between floors.
- ° Provide fire separation between mechanical rooms and occupied areas and between other high hazard areas and occupied areas.
- ° Provide fire-rated door assemblies on dormitory rooms.
- ° Add smoke detectors in dormitory rooms.
- ° Provide ventilation/exhaust in welding areas, painting areas, and automotive repair shops.
- ° Add fire suppression systems in range hoods.
- ° Add fire alarm and emergency white lighting systems.
- ° Remove or encapsulate friable asbestos in occupied areas.

Code Violations--Projects to correct code-related but nonemergency life safety/health deficiencies.¹

Examples are:

- ° Upgrade fire alarm systems.
- ° Modify toilet/shower room ventilation.
- ° Install backflow preventors on water lines.
- ° Replace nongrounded receptacles with grounded receptacles.
- ° Upgrade the electrical service.
- ° Provide additional plumbing fixtures according to demand.
- ° Provide additional means of egress (exit).

¹The architects and engineers that conduct the facility surveys refer to standard life safety, fire, and building code publications.

Repair/Replace--Projects for repair and replacement of worn out or damaged systems, materials, and equipment.

Examples are:

- Repair damaged steam distribution system.
- Repair damaged water distribution system.
- Replace worn out and outdated wastewater treatment plant.
- Repair/replace air-handling units, pumps, boilers, and hot water heaters.
- Repair roof and replace damaged gutters and downspouts.
- Replace outdated and inefficient temperature controls.
- Replace building that has deteriorated beyond reasonable repair.

Programmatic--Projects and equipment of a programmatic nature designed to improve the quality and/or efficiency of the learning environment.

Examples are:

- Provide new vocational shops/classrooms, administration facilities, academic classrooms, medical/dental facilities, recreation/game rooms, and gymnasiums.
- Provide outdoor recreational area.
- Update vocational training equipment.
- Provide central air-conditioning.
- Provide perimeter security fencing.

