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STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON AGING
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE
ON THE
PROPOSED TRANSFER OF THE SENIOR COMMUNITY SERVICE EMPLOYMENT
PROGRAM TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES



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Mr. Chairman and members of the Subcommittee, we are here today to discuss the results of our survey on the proposed transfer of the Senior Community Service Employment Program, authorized under title V of the Older Americans Act of 1965, from the Department of Labor to the Administration on Aging within the Department of Health and Human Services. We performed this work at your request as Chairman of the Subcommittee.

At the outset, I would like to point out that we limited the scope and duration of our survey in order to meet the needs of the Subcommittee within its established timeframe. In assessing the program's operations, we relied to a great extent on unverified, reported data and on a limited number of visits to local projects within three states. However, based on these efforts, it appears that the program has produced some positive results in that certain key program goals have been met. Furthermore, we found nothing in the way of studies, evaluations, or other documentary evidence to indicate that any serious problems existed with the current program operations or that the program would operate more effectively or that coordination would increase, if moved.

PROGRAM BACKGROUND

The Senior Community Service Employment Program was established to provide part-time employment for unemployed, low-income persons age 55 or older. Participants work in a variety of community service positions; for example, in day care centers, schools and hospitals. The program has been administered by the Department of Labor since 1967, and is carried out

through grants to eight national non-profit sponsoring organizations and to units of State governments. These national and state organizations were provided a total of over \$319 million for program operations during the period July 1, 1983 to June 30, 1984.

PROPOSED TRANSFER

In June 1983, the administration submitted to the Speaker of the House of Representatives draft legislation which would have significantly changed this program. The proposal would have transferred the program from Labor by establishing a program of state grants for employment opportunities administered by the Administration on Aging within the Department of Health and Human Services.

The administration's rationale for the transfer was that the program's primary emphasis was on income maintenance and community services rather than on employment and training. Furthermore, the Senior Community Service Employment Program 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 administration subsequently modified this proposal in the President's fiscal year 1985 budget submission by proposing that the state grants portion of the program be administered by HHS. The national sponsors portion of the program would continue to be administered by Labor.

PROGRAM ACCOMPLISHMENTS

To gain an understanding of what the Senior Community Service Employment Program was accomplishing, we concentrated our efforts on four quantifiable goals established by the Older Americans Act or as stated in Labor regulations. These goals related to participant eligibility, administrative and matching costs, transitioning enrollees into unsubsidized jobs, and the full use of enrollee positions. I would like to briefly discuss each of these goals and the results, based on reported data, being accomplished.

Participant eligibility

The Older Americans Act states that the program is to serve persons 55 years and older, with priority given to those 60 years and older. While some sponsors stated that emphasis was given to those over 60, this was not unanimous. Nevertheless, our review of the summary report, dated June 30, 1983, for all sponsors for the 1981-83 program year period indicated that priority was being given to those over 60. During that period, 77 percent of the enrollees were over 60 years of age.

Administrative and matching costs

Labor regulations limit the amount of funds that can be spent on administrative costs to 15 percent of total Senior Community Service Employment Program funds. While the percent of Federal funds used for program administration by the national and state sponsors varies, they are, for the most part, meeting the 15 percent limitation. For example, during the program year 1980-81, the state sponsors collectively, and each of the

national sponsors were below the administrative cost limit. During program year 1981-82 three national sponsors exceeded this limit but by less than one percent and during 1982-83 two other national sponsors exceeded this limit but by less than two percent. In each of these cases, the administrative costs calculated for the two year period (1981-83) are below the 15 percent limit. Labor also requires sponsors to provide a 10 percent matching share of the grant amount. According to national and state sponsors, the 10 percent match is met through the provision of services, in-kind contributions, or cash.

Transitioning participants
into private sector jobs

While there are no legislative requirements that program participants be placed in unsubsidized jobs, Labor has set a goal for transitioning participants into such jobs. During the 1977-80 time period, this goal was set at 10 percent of total participants; beginning in 1980, the goal was raised to its present level of 15 percent.

The degree to which the placement goal has been met differs among the individual program sponsors for various reasons including the emphasis on transitioning, availability of jobs and transportation in rural areas, participant education and skill levels, and language barriers among enrollees. However, the overall percentage of enrollees transitioned during the period 1977-83 exceeded Labor's placement goal, except for program year 1980-81. It was during that program year that the placement goal was raised from 10 percent to 15 percent. In program year 1983, national sponsors placed an average of 20.5 percent of

their enrollees in unsubsidized jobs, with a range of 34.3 percent to 8.2 percent. The average transition rate for the states was 14.3 percent. State placement rates ranged from 60.5 percent to 0 for one state and several territories.

Full use of enrollee positions

Funds are provided to program sponsors in support of specified numbers of participant positions. Our review of Labor records showed that overall the program sponsors have maintained the number of participant positions at or above these specified levels; therefore, the program has been operating at maximum capacity. For example, the funds provided in program year 1982-83 were to maintain just over 54,000 positions. The number of participants enrolled as of June 30, 1983, was about 61,000, 13.7 percent above budgeted capacity. One reason sponsors are able to support additional participant positions is that not all program costs, especially administrative costs, are charged against program funds; thus additional funds are available to support enrollee positions in excess of budgeted levels.

BASIS FOR TRANSFERRING SCSEP

The administration's proposal to transfer SCSEP was based on the premise that it was more an income maintenance program rather than an employment and training program, and that its transfer to an agency administering other income maintenance programs (the Department of Health and Human Services) would allow more effective coordination and service delivery. However, officials from Labor and HHS told us that there was no study or analysis made that demonstrated 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 the program as it presently operates.

While those directly involved in Senior Community Service Employment Program operations have definitive views and opinions on whether the program should be moved, such views appeared to be based on whether they believe the primary purpose of the program is employment and training or income maintenance. Our review of the legislative history of the program indicated that the program has at least two goals--to promote employment and to provide social services.

LABOR'S MANAGEMENT OF SCSEP

The Department of Labor has had administrative responsibility for the program since 1967 when the "Operation Mainstream" demonstration project was transferred from the Office of Economic Opportunity to Labor.

Labor maintains a coordination, oversight and monitoring role with relatively little involvement in direct program

operation. The national sponsors and state agencies have assumed day-to-day administration and management responsibility. Labor carries out its role through six federal representatives with monitoring responsibility for assigned national and state sponsors, usually numbering 8 to 10 per representative. Labor does not have any field staff outside Washington, D.C. assigned to this program.

Monitoring responsibilities normally involve assessing compliance with grant agreements through reviews of performance and financial reports and through field trips to operational sites.

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Because the proposed transfer did not include any specifics on what changes would occur, certain questions remain unanswered. For example, AOA's social service network is not employment oriented and therefore it is uncertain to what extent the agency would place the same degree of emphasis on transitioning older workers into unsubsidized positions. This, plus a change in the fund allocation formula from that contained in title V of the Older Americans Act to the formula contained in title III, left unknown the affect on elderly worker participation in the program. Furthermore, AOA has not developed an implementation plan, nor had it determined the cost of administration. And finally, the effect on coordination of having two agencies administer the program is uncertain at this time.

Mr. Chairman and members of the Subcommittee, this concludes my statement on the proposed program transfer. I will be happy to respond to any questions that you might have.

