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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

DEC 16 1971

Dear Mr. Zarb:

We have reviewed job placement activities carried out by the various federally assisted manpower programs operating in Newark, New Jersey.

During the past several years substantial financial and manpower resources have been directed toward improving the employability of and providing employment opportunities for disadvantaged Newark residents. However, there has been very little information provided to program planners and administrators to assess how well these resources have served to aid disadvantaged residents in obtaining and retaining suitable employment or to suggest ways in which these resources could be better applied to more effectively achieve program objectives.

The records of the 18 manpower programs directed toward improving the employability and providing employment opportunities for Newark residents showed that about 8,200 placements were made during calendar year 1969; 16 of these programs, accounting for about 6,400 placements, received Federal funds. Because of variations in funding periods, precise data on the amount of Federal funds provided during calendar year 1969 was not available; a Department of Labor consultant estimated however, that about \$15 million annually had been provided for manpower programs in Newark.

We reviewed activities of the 9 manpower programs (see enclosure for details concerning these programs) with the largest number of reported placements--about 6,100 of the approximately 8,200 total--during calendar year 1969. The nine programs can be generally categorized as follows:

- Three institutional training programs which provided remedial education and vocational training to unemployed and underemployed persons before placing them in jobs.
- Three employer subsidy programs which offered the possibility of immediate, regular employment, with on-the-job training and certain supportive services supplied by the employer.
- Two direct placement programs, one of which provided brief work orientation sessions to some disadvantaged persons before placing them directly in permanent jobs, and the other which placed disadvantaged persons directly into jobs.
- A program which provided work experience and supportive services to disadvantaged youths, usually school dropouts.

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As part of our review we interviewed officials and reviewed program documents, reports, and placement records at the offices of local program sponsors, Federal and State agencies administering programs, and participating businesses in Newark. To obtain an independent verification of the placements reported and information on job retention, we sent questionnaires to the employers of 1,050 placements chosen at random and received post-placement information for 987 of the placements sampled.

Our review showed that (1) there was no central source that maintained placement data for all programs, (2) many persons reported as placed never reported for work, (3) the majority of persons placed did not remain on their jobs longer than three months and (4) accurate information on the number of disadvantaged persons placed in jobs was not being provided. We concluded that the impact of manpower programs' placements on the unemployment situation in Newark was not as substantial as the placement data would indicate.

NO CENTRALIZED SOURCE OF PLACEMENT DATA

The local Cooperative Area Manpower Planning System (CAMPS) which was established in Newark and in many other locations throughout the Nation was intended as a mechanism for coordinating the resources of the Federal agencies most directly involved in manpower activities with those of State and local agencies and for planning the development of these resources to meet manpower needs. Under this system an attempt was made in Newark to consolidate manpower information by encouraging local manpower program sponsors to furnish information on their operations, funding, and placements. This information was intended to provide a framework within which the area and State committees might develop combinations of manpower services tailored to local needs. However, the program sponsors in Newark did not provide accurate information in sufficient detail to permit meaningful evaluations of job placement activities by the Newark area CAMPS committee.

Since there was no centralized source that maintained adequate placement data for all programs in Newark, it was necessary for us to obtain the data from the organizations sponsoring the individual programs. Several of the sponsoring organizations utilized the services of the New Jersey State Employment Service for making placements, while other sponsors placed their own program participants without extensive coordination with other organizations. The extent of documentation supporting reported placements varied among the organizations; we were able to obtain documentation for about 5,700 of the 6,100 placements reported by the 9 programs we reviewed.

It is our view that the use of consolidated placement information from the many programs established to aid the disadvantaged in Newark would enhance the abilities of both program administrators and the CAMPS committee

to provide needed comprehensive manpower services by allowing assessment of the total impact of such programs on the employment problems of the disadvantaged.

Recommendations

We recommend that the Assistant Secretary for Manpower require that placement information be obtained by one designated entity, for all Department of Labor programs serving disadvantaged Newark residents and that this information be made part of the Manpower Administration's management information system. We recommend also that, as the official responsible for most manpower activities in Newark, the Assistant Secretary encourage all other Federal and non-Federal entities sponsoring manpower training programs in Newark to furnish the designated entity with information on individuals placed by their programs. These recommendations should be considered for implementation at other locations throughout the country.

PERSONS REPORTED AS PLACED NEVER REPORTED TO WORK

In 110 of the 987 employer responses to our questionnaires, the employers stated that they had never hired the persons who according to the manpower programs' records had been placed in jobs with these firms.

On the basis of the results of our sample, we estimate that about 12 percent or 690 of the 5,700 placements which we identified at the 9 manpower programs never reported for work. We projected, based on the results of our sample that about 350 of the 690 were reported placements of the Human Resources Development program--a direct placement program; except for the 2 on-the-job training programs all programs had recorded placements of individuals, who according to the employers, never reported for work.

Our review showed that the recording as placements, individuals who never reported for work occurred because: (1) no attempt was made to verify some placements, (2) some employers notified the program sponsors when applicants were hired but before they started working (erroneous recordings of placements resulted in instances when applicants failed to report for work), and (3) some persons who were referred to employment advised sponsor personnel that they had worked or were working but verification was not made as to whether they were employed in the job recorded in the sponsors' records.

For the most part the recording as placements of individuals who never reported for work occurred in the programs whose placement activities were the responsibility of the New Jersey State Employment Service.

The Employment Service recorded a placement after it received notification from the employer that the individual referred by the Employment Service had been hired. Employment Service officials believed

that in many instances where the individual failed to report for work the employer had notified the Employment Service after he had hired the individual but before he actually reported for work, a practice contrary to Employment Service instructions to employers.

Recommendations

We recommend that the Assistant Secretary for Manpower require manpower program sponsors to implement procedures for verifying reported placements. We recommend also that the Assistant Secretary for Manpower require the New Jersey State Employment Service in Newark to emphasize to employers that a placement should not be reported until the individual referred has started working.

SHORT JOB RETENTION FOR MAJORITY OF PERSONS PLACED

The responses to our questionnaires showed that about 60 percent of the calendar year 1969 placements which we tested retained their jobs for 3 months or less. On the basis of projections which we made from the results of our sample, the length of retention for the 5,000 placements (this total excludes the 690 invalid placements) approximates the following:

<u>Retention period</u>	<u>Percent</u>	<u>Number of placements</u>
1 week or less	17.3	865
Over 1 week to 1 month	21.9	1,095
Over 1 month to 3 months	21.1	1,055
Over 3 months to 6 months	12.4	620
Over 6 months	<u>27.3</u>	<u>1,365</u>
Total	<u>100.0</u>	<u>5,000</u>

Persons placed by the two direct placement programs experienced the shortest job retention. These programs accounted for about 3,200 of the 5,000 placements. We estimated that 51 percent of these or about 1,635 left their jobs within 1 month and that 72 percent or about 2,300 left their jobs within 3 months. The persons placed by these two programs did not receive training, and many of their jobs were characterized by low starting salaries, two factors which may have significantly influenced job retention.

Further analysis of the results of our sample show that 60 percent of the placements made by the training and work experience programs remained on their jobs longer than 3 months. About 46 percent of those placed by the training and work experience programs were still employed after 6 months as compared to only 17 percent of direct placements who were still at their jobs for the same period.

Employers provided starting salary data for 808 of the placements included in our sample. The data showed that 335 placements, about 40 percent of the total, were in jobs paying less than \$2.00 an hour; 174 of these placements were made by the direct placement programs. Not only did the direct placement programs make most of the placements at under \$2.00 an hour, our sample indicated also that about 45 percent of all their placements were under the \$2.00 rate.

Officials of the New Jersey State Employment Service's Newark office, which is primarily responsible for placements in both direct placement programs expressed the belief that the low retention rates occurred because (1) the programs dealt primarily with the most disadvantaged persons in Newark, (2) the available jobs were often the lowest paying and the most menial, and (3) the applicants were often placed directly without the benefit of training and extensive pre-employment services.

The value of training in achieving improved economic status has long been recognized, as has been the holding power of a job which has a salary level sufficiently high to satisfy the individual's needs and desires. Thus, when untrained persons are placed in low-paying jobs, it is not surprising that large numbers of these persons soon terminate employment.

To the extent it is considered necessary to place untrained disadvantaged persons in low-paying jobs, persons so placed should be provided needed supportive services while working at these jobs, and should be further considered for training opportunities which would eventually lead to increasing their earning power.

MULTIPLE AND DUPLICATE PLACEMENTS REPORTED

The 5,684 placements that we identified at the 9 manpower programs represented placements for only 4,544 individuals because:

- In 961 instances the manpower program sponsors recorded the same individuals as placed more than once during 1969. For example, 10 individuals in the Human Resources Development program were placed a total of 69 times.
- In 179 instances more than one manpower program sponsor recorded the same placement.

We understand that the Department of Labor's current reporting system--the Employment Security Automated Reporting System (ESARS)--provides for reporting based on individuals served rather than on counts of transactions (such as "placements"). Implementation of ESARS should substantially correct the reporting of multiple placements. The consolidated reporting and improved verification procedures recommended herein should help to correct the duplicate reporting problem.

We wish to acknowledge the cooperation given to our representatives during our review, and we would appreciate receiving your comments on actions taken or planned on the matters discussed herein.

Sincerely yours,



Henry Eschwege
Associate Director

Enclosure

The Honorable Frank G. Zarb
Assistant Secretary for Administration
Department of Labor

cc: Secretary of Labor
Assistant Secretary of Labor
for Manpower
Manpower Administrator
Deputy Manpower Administrator
Mr. David Williams, MA
Mr. Edward McVeigh, OASA
Mr. Edgar Dye, OASA
Mr. Wayland Coe, OASA

Federally-Assisted Manpower Programs in Newark, New Jersey
Included in GAO Review

ENCLOSURE
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<u>Program title</u>	<u>Reported Placements</u>	<u>Legislative authorization</u>	<u>Administering Agency</u>	<u>Services provided and group served</u>
		<u>Federal</u>	<u>Local</u>	

Institutional Training Programs

Skill Escalation and Employment Development Satellite Program	164	Manpower Development and Training Act of 1962 (42 U.S.C. 2571)	Business and Industrial Coordinating Council; City of Newark	Provided entry level and advance training in a variety of clerical and blue collar occupations. Designed for the unemployed and underemployed in Newark
Skill Escalation and Employment Development Program	365	Manpower Development and Training Act of 1962 (42 U.S.C. 2571); Public Works and Economic Development Act of 1965 (42 U.S.C. 2151 (b), 2152)	Departments of Labor; Health, Education, and Welfare; Commerce	Provided short-term training in machine shop and clerical skills preparing unemployed residents of Newark for entry level positions with industry
Institutional training program, Newark Manpower Training Skills Center	604	Manpower Development and Training Act of 1962 (42 U.S.C. 2581)	New Jersey Department of Education	Provides vocational training or retraining in a classroom setting for unemployed and underemployed persons 16 years old and over, at least two-thirds of them disadvantaged

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			<u>Federal</u> <u>Local</u>	
<u>Employer Subsidy Programs</u>				
On-the-job training (two programs operated by different sponsors)	203	Manpower Development and Training Act of 1962 (42 U.S.C. 2581)	United Community Corporation; City of Newark	Provides supervised work at the jobsites, under contracts with public and private employers, for unemployed and underemployed persons 16 years of age and over at least two-thirds of them disadvantaged. Preference given to persons at least 18 years of age
Job Opportunities in the Business Sector (Contract only)	349	Manpower Development and Training Act of 1962 (42 U.S.C. 2581); Economic Opportunity Act of 1964 (42 U.S.C. 2740)	" " National Alliance of Businessmen	Encourages private industry to hire, train, retrain, and upgrade hardcore unemployed and underemployed persons 18 years of age and over
<u>Direct Placement Programs</u>				
Concentrated Employment Program	1,271	Economic Opportunity Act of 1964 (42 U.S.C. 2740) and Manpower Development and Training Act of 1962 (42 U.S.C. 2581)	" " Total Employment and Manpower Inc.	Provides a coordinated program of manpower training and supportive services for hardcore unemployed youth and adults in selected areas where they are concentrated. Also includes direct placement of persons after orientation.

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			<u>Federal</u>	
			<u>Local</u>	
Human Resources Development Program	2,707	Wagner-Peyser Act of 1933 (29 U.S.C. 49) and Social Security Act of 1935 (42 U.S.C. 501)	Department of Labor	Serves the disadvantaged by providing outreach, improving employability, job development and placements, and providing job market information for these persons. Also includes direct placement service to applicants.
			State of New Jersey Department of Labor and Industry	

Work Experience Program

Neighborhood Youth Corps program Out of School component	168	Economic Opportunity Act of 1964 (42 U.S.C. 2740)	" "	City of Newark	Provides work experience and some vocational training for 16 and 17 year old youths who are disadvantaged and high school drop outs
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