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BY THE COMPTROLLER GENERAL
**Report To The Honorable William C.
Wampler, House Of Representatives
OF THE UNITED STATES**

Labor Needs To Better Manage Migrant Grants In Virginia And Improve The Process For Selecting Grantees

The Migrant and Seasonal Farmworkers Association in Virginia operates programs that provide employment and training services to farmworkers. GAO could not adequately evaluate the Association's performance because of data reporting problems. Many program goals and performance standards, however, were not met according to reported data. The Department of Labor did not enforce compliance with agreed upon goals and standards, and it provided little monitoring of the Association's activities.

In addition, the panel process Labor used to select the fiscal year 1980 migrant grantee for Virginia had deficiencies which could have limited Labor's ability to select the organization most qualified to deliver program services.

GAO's recommendations are intended to improve Labor's management of grants to the Association and Labor's migrant grantee selection process.



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-202527

The Honorable William C. Wampler
House of Representatives

Dear Mr. Wampler:

This report is in response to a request made by former Congressman David Satterfield, which was supported by you and other members of Virginia's U.S. Congressional Delegation, to review the Migrant and Seasonal Farmworkers Association's 1979 Virginia migrant grant and the Department of Labor's award of migrant funds for fiscal year 1980.

As arranged with your office, we are sending copies of this report to the other congressmen who supported the request and the new members of the Virginia Delegation. We are also sending copies of this report to the Secretary of Labor; the Director, Office of Management and Budget; and other interested parties.

Sincerely yours,

A handwritten signature in dark ink, reading "Milton J. Aroskar". The signature is written in a cursive style with a large initial "M".

Acting Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE HONORABLE
WILLIAM C. WAMPLER
HOUSE OF REPRESENTATIVES

LABOR NEEDS TO BETTER MANAGE
MIGRANT GRANTS IN VIRGINIA
AND IMPROVE THE PROCESS FOR
SELECTING GRANTEEES

D I G E S T

The Migrant and Seasonal Farmworkers Association, Inc., headquartered in Raleigh, North Carolina, operates employment and training programs to help migrant and other seasonal farmworkers become self-sufficient. In 1979, the Association spent about \$1.3 million in Department of Labor funds to conduct programs in Virginia. The Association received migrant funds to operate programs during fiscal year 1980 in six States, including Virginia. (See pp. 2 and 3.)

This report focuses on the Association's 1979 performance in Virginia and Labor's selection process for 1980 awards to grantees for services to migrant and other seasonal farmworkers. It was prepared in response to a request from the Virginia Congressional Delegation.

LABOR'S ASSESSMENT OF GRANTEE
PERFORMANCE NEEDS IMPROVEMENT

Based on reported data, the Association met or exceeded 15 (or 42 percent) of 36 program goals included in its grant agreement for employment, training, and such supportive services as medical assistance and child care. Achievement rates for the other 21 goals ranged from 12 to 68 percent below established goals. (See pp. 5 and 6.)

Similarly, the Association met 7 of 17 performance standards in these areas. Achievement rates for the 10 standards not met ranged from 8 to 65 percent below the standards. (See p. 7.)

These data, however, were reported in a manner which made it difficult to evaluate the adequacy of the Association's overall performance. For example, data for supportive services--the area where most of the grant activity took place--included a commingling of actions rendered and

number of individuals served. Thus, GAO could not tell whether 10 individuals were provided 1 service or whether 1 individual was provided 10 services or some other combination.

Labor regulations and the grant agreement contained specific standards for measuring program performance. However, Labor did not enforce compliance with performance standards and provided little monitoring of the Association's activities.

Labor has not applied existing performance standards to migrant grantees—apparently because of reservations about the reasonableness of the standards. Revision of the standards has been under consideration by Labor for some time. The failure to require compliance with the standards was not unique to the Virginia grantee, but pertained to migrant grantees nationwide. (See p. 11.)

Labor used interim status reports from the Association and made a brief visit to 3 of its 10 offices in Virginia about a month before the grant year ended to assess how well the Association was meeting program goals. Yearend performance or trend data from prior periods were not used in making this assessment.

The data sources used were not sufficient to accurately evaluate program effectiveness, and the Labor representative was unable to tell GAO how effective the Association's program was in Virginia. (See p. 12.)

Despite the mixed performance results and the limitations on program assessment, Labor officials and a certified public accounting firm which has audited many migrant grantees in the Nation told GAO that the Association is one of the better program performers. (See p. 7.)

RECOMMENDATIONS TO THE SECRETARY OF LABOR

To improve program management the Secretary of Labor should:

- Establish standards which can be used by Labor and the Association for adequately measuring performance.
- Ensure that data being reported are adequate to assess the Association's performance against established goals and standards.
- Increase the monitoring of the Association's performance during the grant year. (See p. 17.)

WEAKNESSES IN LABOR'S GRANTEE SELECTION PROCESS

Shortcomings in the process Labor used to select the fiscal year 1980 grantee for Virginia could have limited Labor's ability to select the organization most qualified to deliver program services. These shortcomings included:

- Selection panelists' failure to fully complete rating documents and to justify their rating decisions in writing as required.
- Performance evaluation data not made available for panelists' consideration in their review and evaluation of applicant proposals. (See pp. 24 and 26.)

For example, regarding written justifications, one panelist provided written justification for only 14 of 48 factors rated for the Association's proposal, another provided justification for 29, and the third provided justification for 34 factors. The results were similar for the competing applicant's proposal. The lack of written justifications prevented GAO from determining how panelists arrived at overall scores on the proposals. (See p. 25.)

Perhaps of greater significance is the fact that performance evaluation data are considered outside the panel selection process. In other words, selection panelists rated and evaluated applicants' proposals without considering actual performance evaluation information on the applicants. Labor officials told GAO that the panel evaluates only applicants' grantsmanship, that is, how well the applicants' proposals are prepared. For the fiscal year 1980 awards, Labor

consistently awarded grants based on panel recommendations, that is, to those applicants receiving the highest panel scores. (See pp. 24 and 26.)

Pertinent performance data, such as success in meeting program goals and performance standards and significant findings by a certified public accounting firm were not available to the panel in its evaluation.

For example, in January 1980 the certified public accounting firm, which audited 16 Association grants totaling about \$16 million in five States, including Virginia, issued a preliminary draft report to Labor's Inspector General, highlighting the following:

- Findings totaling about \$154,000 recommended for disallowance.
- Findings resulting in questionable costs totaling about \$750,000 in the areas of administration, allowances, fringe benefits, services, training, and wages.
- Findings relating to the grantee's system of internal accounting and administrative controls.
- Other questionable activities resulting in a total of \$379,000 in Federal funds which appear to have been wasted. (See pp. 28 and 29.)

Although the findings were available to Labor and considered by the certified public accounting firm to represent substantial mismanagement, Labor officials told GAO that the findings in the preliminary draft report were not considered in extending the Association's grant in Virginia for another year—fiscal year 1981. Labor officials told GAO that draft audit reports are at times substantially changed as a result of subsequent comments and documentation provided by grantees.

Recognizing the need for an independent evaluation of the entire grantee selection process, Labor awarded a \$220,000 contract to an independent management study group in April 1980 to assess the grant awards process regarding the

fairness and effectiveness of panel procedures and the rating document. The study is to be completed in June 1981. (See p. 24.)

RECOMMENDATIONS TO THE
SECRETARY OF LABOR

The Secretary should:

- Require that performance evaluation information in the form of quarterly status reports, field assessments, and audit findings be made available to selection panels for consideration in evaluating applicants' proposals for providing services under the Comprehensive Employment and Training Act's migrant and seasonal farmworkers program.
- Consider this report's findings, along with the efforts of the study group when its work is complete, and make necessary changes in the grantee selection process.
- Resolve the certified public accounting firm's findings regarding questionable Association activities before making any additional awards to the Association. (See p. 33.)

AGENCY AND GRANTEE COMMENTS

GAO requested and received comments from Labor and the Association. Labor concurred with all the recommendations, but GAO has some concern as to whether its recommendations will be effectively implemented. Other comments regarding the report's content have been considered, and changes have been made to the report where necessary.

The Association made many comments of a clarifying nature and disagreed with the report's contents in several instances. GAO's detailed analysis of the Association's comments is at the end of chapters 2 and 3. (See pp. 17 and 33.)

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ABBREVIATIONS

CETA	Comprehensive Employment and Training Act
CPA	certified public accounting
GAO	General Accounting Office

CHAPTER 1

INTRODUCTION

The Comprehensive Employment and Training Act (CETA) (29 U.S.C. 801) provides for job training and employment opportunities for economically disadvantaged, unemployed, or underemployed persons. It also establishes a flexible, coordinated, and decentralized system of Federal, State, and local programs to ensure that training and other services maximize employment opportunities and increase earned income, thereby enhancing self-sufficiency.

Title III, section 303 of CETA was specifically set up to serve migrant and seasonal farmworkers. Section 303 seeks to provide alternatives to farmwork and upgrade the lifestyles of those workers electing to stay in agriculture.

The Department of Labor, which administers CETA, operates farmworker programs through Federal grants which it awards to State and local governments and private, nonprofit organizations. Applicants must submit a funding proposal consisting of a proposed agreement and an annual plan for administering farmworker employment and training programs. If the applicant receives a grant, these documents—which describe how the applicant will administer the program using Federal funds—become the basis for performance and financial accountability.

OBJECTIVES, SCOPE, AND METHODOLOGY

In a September 28, 1979, letter, the Virginia Congressional Delegation members asked us to review activities of the Migrant and Seasonal Farmworkers Association, Inc., of Raleigh, North Carolina (hereafter referred to as the Association), in providing services in Virginia under title III, section 303 of CETA. The Delegation's main concerns focused on (1) the Association's performance in serving migrant and seasonal farmworkers in Virginia under its 1979 grant and (2) Labor's 1980 grantee selection process, including the sufficiency of performance evaluation information which the selection panel used in assessing applicants' capabilities.

Our review was made primarily at Labor's Office of National Programs and Office of Investigation and Compliance within the Employment and Training Administration; and the Association's headquarters in Raleigh, North Carolina, its State office in Richmond, Virginia, and a local office in Exmore, Virginia.

We reviewed CETA legislation and regulations, grant proposals and agreements, grantee performance reports, financial information on the Association's CETA activities, and the results of a certified public accounting (CPA) firm's financial and compliance audit of the Association from January 1977 through March 1979. We reviewed panelists' rating forms on Labor's 1980 grant awards process for both Virginia applicants--the Association and the Virginia Employment Commission--and the overall panel report. We interviewed officials of Labor headquarters, the Association, and the CPA firm and representatives of State, local, and private agencies in Virginia. We also talked with certain farmers concerning Association activities.

We limited our review to (1) the Association's performance in Virginia and (2) general documentation available on Labor's 1980 grantee selection process and more specific data on awards of section 303 grants to cover farmworkers in six States for which the Association competed, with emphasis on the Virginia grant award. Consequently, our observations and findings are not based on a detailed evaluation of the Association's performance in all States or on Labor's selection process nationwide. Furthermore, reported data were not adequate to fully evaluate the Association's performance as reported in chapter 2.

SECTION 303 PROGRAM IN VIRGINIA

The Association, a private, nonprofit corporation, was established in 1972 in North Carolina to help migrant and seasonal farmworkers become self-sufficient. As of June 1981, the Association operated separate section 303 grants in six States, including Virginia, to provide employment, vocational training, and other services to migrants and seasonal farmworkers experiencing chronic seasonal unemployment and underemployment in the agriculture industry. The Association's 1979-80 plan for Virginia describes the following activities to accomplish these purposes.

- Classroom training conducted in an institutional setting, designed to provide participants with the technical skills and information required to perform a specific job.
- On-the-job training conducted in a work environment so participants can learn a skill or qualify for a particular occupation through demonstration and practice.
- Work experience for short-term assignments, designed to increase participant employability by providing job experience and the opportunity to develop occupational skills.
- Supportive services that will enable participating farmworkers and their dependents to obtain or retain employment or to participate in other program activities. Such services may include the following:

1. Health and medical.
2. Residential support.
3. Relocation.
4. Emergency assistance.
5. Nutrition.
6. Legal.
7. Child care.
8. Transportation.

--Other activities which enhance the economic self-sufficiency of participants, including high school equivalency programs and tuition assistance projects.

For grant year 1979 ^{1/} the Association reported expenditures of \$1.3 million under its section 303 grant for Virginia. The categories of expenses are listed below.

<u>Expense category</u>	<u>Amount</u>
Classroom training	\$ 202,000
Work experience	176,300
On-the-job training	29,400
Applicant services	19,000
Employment and training services	434,100
Supportive services	<u>443,500</u>
	<u>\$1,304,300</u>

GROWTH IN GRANT AWARDS TO THE ASSOCIATION

Labor awarded the Association its first section 303 grant covering the 1974 grant year for farmworkers in North Carolina. In 1975 coverage in Virginia was added, and the Association has administered the grant in Virginia every year since. The next year the Association received a grant to include Maryland; in 1978 Delaware and Georgia were included. In 1980 the Association received a grant for West Virginia. The Association competed for

^{1/}Starting with 1980 grants, Labor changed its program basis from the calendar year to the Federal fiscal year. Thus, the Association operated under a 9-month grant (Jan. 1 to Sept. 30) for 1979.

a 1980 grant for South Carolina, but was unsuccessful. The inclusive dates for which the Association has administered grants in these six States are as follows:

North Carolina	1974-81
Virginia	1975-81
Maryland	1976-81
Delaware	1978-81
Georgia	1978-81
West Virginia	1980-81

RELATED REPORTS

Other GAO reports which relate to areas covered in this report are listed below.

- In the report, "Recruiting and Placing Puerto Rican Workers with Growers During the 1978 Apple Harvest Were Unsuccessful" (HRD-80-45, Feb. 14, 1980), we made recommendations to Labor aimed at preventing a recurrence of the 1978 apple harvest problems.
- In the report, "The Award of Funds to the National Farmworkers Service Center, Inc., Was Poorly Managed" (HRD-79-30, Jan. 15, 1979), we concluded that Labor needed to improve its system of awarding grants.
- In the report, "Stronger Controls Needed Over the Migrant and Seasonal Farmworkers Association Programs in North Carolina" (HRD-77-84, Sept. 8, 1977), we pointed out the need for management improvements in the Association's farmworker programs in North Carolina.

CHAPTER 2

LABOR'S ASSESSMENT OF GRANTEE PERFORMANCE

NEEDS IMPROVEMENT

Based on reported data, the Association's performance in Virginia during the 1979 grant period met with mixed results in achieving program goals and performance standards. However, these data were reported in a manner which made it difficult to evaluate the adequacy of the Association's performance. Labor did not enforce compliance with performance standards and provided little monitoring of Association activities.

MIXED RESULTS IN ACHIEVING PROGRAM GOALS AND PERFORMANCE STANDARDS

The Association failed to achieve more than half of its program goals and performance standards for the 1979 grant period in Virginia, according to reported data. The grant approved by Labor listed the program goals and standards to be achieved and the number of farmworkers to be served for each program category included in the proposal.

Program goals are set by the grantee and represent planned numerical attainment in such categories as training, job placement, and supportive services. Performance standards are set forth in Labor regulations as tools for evaluating the quality and effectiveness of the section 303 program. For example, the Association established a goal to enroll and train 333 farmworkers in nonagricultural jobs. The performance standard set forth in the regulations and the grant agreement provided for placing in jobs 60 percent of the persons trained.

We know of no valid method for estimating the number of farmworkers who are eligible for the program and who actually need the services offered. According to the people we talked to and the information obtained during our review, we found that there was a great deal of uncertainty over the number of farmworkers in Virginia. The number used by different organizations varied a great deal depending on the purpose of the recording organizations, their criteria, and methods of gathering information. However, our analysis of data provided by the Association for measurement against program goals and performance standards showed the following.

Meeting program goals

The Association's program performance statistics for 1979 in Virginia showed that it met or exceeded 15 (42 percent) of 36 program goals established under its grant for which results were reported to Labor. The Association did not report performance

results on three other goals listed for 1979. Further limitations on reported program results are discussed later.

Achievements in meeting program goals for Virginia are summarized below by program category. See appendix I for a detailed breakdown of the program goal categories.

Program category	Number of performance goals			
	Established	Achieved		Results not reported
		Yes	No	
Job placement	8	2	6	0
Training enrollment	10	4	6	0
Applicant services	2	1	0	1
Manpower services	10	4	5	1
Supportive services	<u>9</u>	<u>4</u>	<u>4</u>	<u>1</u>
Total	<u>39</u>	<u>15</u>	<u>21</u>	<u>3</u>

Achievement rates for the 21 goals not attained ranged from 12 to 68 percent below the established goals.

We reported in 1977 ^{1/} that the Association had experienced problems with program performance in North Carolina. Although we pointed out at the time that the Association was meeting or exceeding 52 percent of established goals, we also reported that the figures used to arrive at this percent contained overstatements. For example, the Association set one goal to train 955 persons. It reported training 1,592 persons, but our followup confirmation of class rosters showed that only 330 (21 percent) of the persons reported to receive training actually received it.

Achieving performance standards

One objective of the section 303 program is to move farmworkers out of the agricultural stream into other meaningful jobs. The Association established several training and employment services to help achieve this objective, including counseling, training, job development, referrals, and job placement. Another program objective is to upgrade the lifestyles of workers electing to remain in agriculture. The Association's program included such supportive services as health and medical care, child care, transportation, and emergency and legal assistance to help achieve this objective.

Labor regulations and the grant document contain specific standards for measuring program performance. In some cases, the

^{1/}"Stronger Controls Needed Over the Migrant and Seasonal Farmworkers Association Programs in North Carolina" (HRD-77-84, Sept. 8, 1977).

goal and standard were the same. For example, the Association established various numerical goals for such supportive service subcategories as medical services, transportation, and legal services. The standard provided that 100 percent of each subcategory would be achieved, thus, the goal and standard for a specific supportive service subcategory were identical.

Our analysis of performance data provided by the Association at our request (some data are not routinely made available to Labor) showed that it met or exceeded 7 out of 17 (41 percent) performance standards in the categories of training, job placement, and supportive services for the Virginia program. The table on page 8 shows the actual performance results provided by the Association for Virginia, as measured against the performance standards for the 1979 grant period.

The table shows that program performance was lower than planned for 10 standards. Performance rates in these 10 areas ranged from a low of 35 percent to a high of 92 percent. For example, for the training category three performance standards provided that 100 percent of those who are eligible for and who desire training would be enrolled in it, that 60 percent of the individuals trained would be placed in jobs, and that 75 percent of those placed would stay on the job for 90 days or longer. If the Association had met these performance standards, 150 of the 333 individuals expected to be enrolled would have been trained and placed and would have remained on the job for 90 days or longer. Actually, only 42 individuals were trained, placed in jobs, and remained on those jobs for 90 days or longer.

Association officials told us that the limited time in which migrants are exposed to program services, combined with their poor academic backgrounds, make it difficult to train and equip such individuals for other work. Furthermore, the Deputy Executive Director for the Association said that grantee control over participants, after job placement, is not possible.

Association staffing problems may have had an effect on the level of performance achieved. In 1979 the Association experienced turnover in 9 of its 18 field service representative positions ^{1/} at 6 of its 10 offices. (The Association operated seven permanent and three temporary offices throughout Virginia.) Six of the nine vacancies occurred at the peak of the harvest season, and three of the positions were vacant about a month or longer.

Although we did not review the performance of other section 303 grantees, a Labor official responsible for monitoring section

^{1/}Field service representatives provide outreach services to eligible applicants in need of employment and training and provide assistance in obtaining supportive services.

Comparison of Actual 1979 Performance with Established Performance Standards

Performance standard	Number of participants or services to achieve standard	Actual performance		Met standard	
		Number of participants/ services	Percent of standard	Yes	No
<u>Training</u>					
--100-percent enrollment of those who desire and are eligible for classroom and on-the-job training	333	268	81		X
--60 percent of trainees placed in jobs after training (60% x 268)	161	71	44		X
--75 percent of placements still on the job after 90 days (75% x 71)	53	a/42	79		X
--33 percent of placements at \$1.00 above minimum wage (33% x 71)	23	8	35		X
--90 percent of enrollees receiving other services (90% x 268)	241	241	100	X	
<u>Job placement</u>					
--80 percent of the job placement goal of 345 individuals	276	255	92		X
--75 percent of placements on the job 90 days or longer (75% x 255)	191	133	70		X
--100 percent of placements at or above minimum wage	255	255	100	X	
--100 percent of placements followed up	255	255	100	X	
<u>Supportive services (note b)</u>					
--Health/medical services	824	660	80		X
--Child care	98	65	66		X
--Transportation	1,886	2,959	157	X	
--Emergency assistance	1,213	995	82		X
--Relocation	76	77	101	X	
--Nutrition	879	1,396	159	X	
--Non-303 referrals	2,416	1,937	80		X
--Legal services	2,217	6,925	312	X	
				<u>7</u>	<u>10</u>

a/Includes five individuals on the job, however, the 90-day period had not elapsed at yearend.

b/Performance results for this category are based on the number of supportive service actions rendered as some enrollees received the same service more than once.

303 programs and a CPA official responsible for auditing many section 303 grants in the southeastern United States told us that the Association was one of the better performers.

Data reporting problems

Association officials told us that the reported results concerning program goals and performance standards achievement should be qualified because

- the Association reported as enrollees in the program not only all farmworker participants, but also their dependents who may or may not have received services as enrollees in the program;
- in some cases the Association reported a combined number of individuals served and service actions provided, thus distorting conclusions about program results; and
- only accumulations for grant quarters were shown, i.e., reports neither showed participants in training who were enrolled during the prior grant period nor accounted for participants who continued beyond the end of the grant year.

As a result of these and such other factors as listing goals, but reporting no results and differences in reported data for the same goal or category--depending on which report one looked at--we could not accurately assess program achievements. However, neither Labor nor the Association can accurately assess such achievements for the same reasons.

For example, because the reported data included a commingling of the number of individuals assisted and the number of supportive service actions rendered, we could not tell from the figures whether 10 individuals were assisted one time or whether one individual was assisted 10 times or some other combination thereof.

To illustrate, legal services constituted about half of all the supportive service actions reportedly provided to farmworkers. The Association reported to Labor that it had provided 6,925 services during 1979, or 312 percent of its performance goal of 2,217 actions. To provide the legal services during the 1979 grant period, the Association subcontracted for about \$70,000 with the American Civil Liberties Union. The subcontractor set up an office in Exmore on Virginia's Eastern Shore and staffed it with a supervising attorney, a full-time and part-time paralegal, and a secretary.

The Association's State Administrator said the figure of 6,925 legal services rendered was obtained from a telephone conversation with the subcontractor. After this figure was reported to Labor

at yearend, the subcontractor submitted a written report to the Association which showed that it had provided 9,321 services-- 2,396 more services than what the Association had been previously told and had already reported to Labor.

The State Administrator said that many of the legal actions involved outreach and referral services to explain food stamp entitlements to potential recipients. This evolved from a 1977 class action suit involving lost food stamp benefits in Virginia's two Eastern Shore counties. The State Administrator said that 6,000 actions included in the figures for the final 3 months of the subcontract actually represented the subcontractor's estimated number of farmworkers benefiting by the class action suit, rather than individual contacts and services rendered to farmworkers. Furthermore, the State Administrator agreed that the extent, validity, and accuracy of the figures were somewhat doubtful and that it was difficult to pinpoint specific numbers of farmworkers benefiting from the class action suit.

During the first 6 months of the 9-month subcontract, the subcontractor reported to the Association that it had rendered 1,425 legal service actions. The supervising attorney position under the subcontract was vacant for the final 3-month period. Yet, the subcontractor reported to the Association an additional 7,896 legal actions rendered at that time, or 85 percent of the total legal actions, although only a full- and a part-time paralegal and a secretary were working. In commenting on a draft of this report, the Association said that although a full-time supervising attorney was not employed during the final 3-month period, services of a part-time attorney in Richmond and a prior supervising attorney were available and used during that period.

LABOR PROVIDED LIMITED PROGRAM ASSESSMENT AND ENFORCEMENT

Federal regulations applicable to the section 303 program require Labor to provide continuing assessment and evaluation of program activities and their cost effectiveness in achieving the purposes of the act. In this regard, Labor is responsible for developing comparative performance standards and requiring their use in evaluating the quality and effectiveness of the section 303 program. Furthermore, the regulations state that the comparative performance standards, which will serve as national guidelines for the development and negotiation of individual performance standards, should include, but not be limited to, standards for referral, training and employment, child care, and medical services.

Although required to do so by regulations, Labor has not acted decisively and timely in revising, approving, and requiring compliance with performance standards. Labor's efforts in monitoring grantees' activities were limited as to duration and frequency of

field visits and adequacy of performance data considered, which hindered an indepth assessment and evaluation of program effectiveness.

Labor failed to enforce compliance
with performance standards

The 1979 grant agreement between Labor and the Association contained, in addition to program goals, specific performance standards for measuring program results. The regulations stated that the standards set forth in the grant agreement would be followed unless the grantee developed other standards and these were approved by Labor.

Government-authorized representatives in the Office of National Programs serve as Labor's primary contact with section 303 grantees. They are responsible for monitoring and evaluating grantees' performance and providing technical assistance when needed. The representative responsible for monitoring the Association's grant told us that Labor did not require the Association or any section 303 grantee to report performance results for comparison to performance standards. Furthermore, according to the representative, Labor is not enforcing the use of existing performance standards for those grantees, including the Association.

The Government-authorized representative also told us that the Office of Farmworker and Rural Employment Programs (formerly Division of Farmworker Programs) has reservations about whether existing standards are reasonable measures of grantees' performance and efforts are underway to revise these standards. When asked whether he deemed the Association's performance good, bad, or acceptable, the representative said that such a determination had not been made and could not be clearly established. However, although the representative was unable to assess the program's success or failure in Virginia, he said that the Association operated more effectively than other section 303 grantees.

Furthermore, the representative told us that until Labor establishes formal, more meaningful measures for assessing and evaluating program results, he will continue to use information relating to program goals and his acquired knowledge of a grantee's ability to provide program services.

The Association's Deputy Executive Director provided reasons which he said make it difficult to assess progress against performance standards. These reasons are: (1) a grantee exercises little control beyond counseling efforts over a participant's ability or willingness to complete training or stay in a job 90 days or longer, (2) the standards cannot be adequately applied to the grant year since many training components cross the yearend date, and (3) there is no distinction made among prevailing wage rates for specific occupations by geographic areas.

The revision of standards has been under consideration by Labor for some time. The January 1977 regulations noted that "a revised set of performance measures is being reviewed by the department for future implementation, and until that is finalized, the section on performance standards remains unchanged from the July 9, 1975 regulations." These revisions were still pending when we completed our review, and Labor apparently has been unwilling to enforce standards to which it feels little commitment.

Weak monitoring by Labor

To monitor and evaluate grantees' performance, Government-authorized representatives within Labor's Office of National Programs make periodic field visits to selected grantees' offices and use program status reports submitted to them by the grantees. However, both had shortcomings which prevented the representative from adequately evaluating grantee's performance in Virginia.

Due to workload and time and travel constraints, the representative made only a brief visit to 3 of the 10 Association's offices in Virginia from August 27 to 30, 1979, about a month before the grant year ended. The representative told us that he made only a limited assessment of how well the Association was meeting numerical program goals, and he did not evaluate the grantee's performance against performance standards.

After his field visit, the representative stated in his assessment report that the Association had achieved over 100 percent of its program goals to date in Virginia in most categories. He told us that his conclusion was based on the field visit and his review of the Association's performance data. Yet, our analysis of the yearend data which included data through the following month, revealed that 58 percent of the program goals were not attained. Assuming that accurate data are reported, Labor can make a limited assessment of numerical goal achievement based on the reports it receives. However, reports do not show sufficient data to compare program results with performance standards.

Also, Labor does not appear to be taking maximum advantage of past data or trends in reported data to ferret out and correct problem areas. For example, we analyzed grant year 1977 and 1978 program status reports for the Association in Virginia which showed the following results.

	Number of program goals established	Goals met	
		Number	Percent
1977	21	13	62
1978	20	6	30

The reports provide a basis for determining numerical goal trends by program category. For example, our analysis of the above data and the 1979 reports—which showed that the Association met 42 percent of its goals—shows that the Association's performance has consistently fallen below the established goals. The 1978 report showed that two of three training goals, and eight of nine supportive service goals were not met. This type of information could be used by the representative to follow up and recommend program changes to help resolve problems.

The representative responsible for monitoring the Virginia grant told us that other than a standard program assessment guide, Labor had not developed any written procedures for monitoring and assessing grantees' performance.

OTHER MATTERS

During our review, we also looked at other concerns raised by the Delegation concerning whether the Association was operating beyond the scope of its grant authority and medical assistance problems in two areas of the State.

In one case, the Association provided section 303 services to Puerto Rican workers during the 1978 apple harvest in Winchester, Virginia. The services were provided, however, at Labor's direction as part of a "high-priority" demonstration effort to use Puerto Rican workers instead of alien workers during the 1978 east coast apple harvest. In the final analysis, as Labor anticipated, some workers who received services were not eligible under CETA, title III, section 303—the funding source for the Association's grant. To rectify the situation, Labor allowed a \$55,000 reimbursement to the Association from CETA title I discretionary funds for emergency assistance it had provided to the individuals who were not eligible.

Secondly, farmers and growers in the Marion, Winchester, and Eastern Shore areas of Virginia complained about the Association's methods of providing services to farmworkers. These farmers complained that Association and subcontractor (American Civil Liberties Union) employees entered farm properties without advance notice, disrupted operations, and encouraged workers to leave their jobs for other than legitimate reasons.

For example, a grower in the Marion area told us that Association efforts constantly disrupted the apple picking season, especially when Association representatives contacted migrant workers, encouraged them to leave their jobs, and offered to pay their way back to their home States. These efforts aggravated the grower's usual shortage of pickers at that time, handicapping his attempt to make a timely harvest. Moreover, he had incurred considerable expense in recruiting and transporting the workers to Virginia

from other States, and he was upset that the Association paid for workers' transportation back home and provided spending allowances for the trip.

A farmer on Virginia's Eastern Shore told us he had substantial problems with employees of the Association and the subcontractor who entered his property without advance notice and had talked with his workers simply to solicit complaints against him. As a result, he had denied the Association and subcontractor employees all access to his property. The subcontractor then initiated legal action against him for access, and the farmer paid several thousand dollars in legal fees. The court permitted access to the property, but required that the farmer be given advance notice.

Federal regulations authorize the section 303 grantee to provide supportive services to farmworkers under certain conditions, such as paying the worker's transportation home under emergency conditions or relocating an individual for employment in a non-agricultural job. Relocating an individual simply to continue in farmwork is not authorized.

One Association official told us that the Association has paid transportation costs for migrants to return home for legitimate emergency situations. However, the official said the Association has also paid costs for workers to return home who were certain to be employed in another agricultural job. The Association official said that it is difficult to ensure that migrants always have a nonagricultural job pending.

Finally, the head of the Association's Exmore office told us that occasionally the Association for humanitarian reasons paid transportation for workers of borderline eligibility. For example, he told us that on one occasion individuals with alcoholic and other personal problems had been brought in for farmwork from Philadelphia (not always of their own volition). He said that the individuals were not true farmhands or migrant workers; the arrangement had not worked out and because they had no way to get home, the Association paid their way back. In its April 15, 1981, comments on a draft of this report, the Association told us that under no circumstances has it knowingly provided transportation expenses for ineligible individuals.

Medical assistance

The Delegation also asked us to investigate whether the Association had adequately discharged its grant responsibilities involving the following two cases.

- A Danville hospital incurred \$4,792 in unpaid medical costs by providing medical services to the son of a

migrant worker involved in a September 1978 automobile accident in Danville, Virginia.

--The Northampton-Accomack Memorial Hospital on Virginia's Eastern Shore incurred losses totaling \$90,000 for medical services provided to farmworkers in that area.

We found that the Association had fulfilled its responsibility in the automobile accident case in Danville, Virginia, by transferring \$500 to the State Health Department to help cover the medical costs incurred. This was the maximum amount allowable for payment under the section 303 grant.

Regarding the Northampton-Accomack Memorial Hospital case, we found no evidence that the Association had failed to pay the hospital under terms of the 1979 grant for medical services provided to eligible farmworkers on the Eastern Shore. The Association planned to pay for 824 individual medical and health care services during the 1979 grant period and reported paying for 660 services totaling \$33,500--79 percent of its health care budget. The Association's plan was limited by regulation to allowing an average cost of \$250 per family not to exceed a maximum of \$500 for a single family for medical assistance. The Association reported average expenditures of only \$66 per family for the year; consequently, additional funds were available if the needs had been identified and eligible farmworkers enrolled for assistance.

However, an Association official told us that the hospital treats many farmworkers and releases them before the Association can enroll them. The Northampton-Accomack Memorial Hospital administrator told us that the Association fulfilled its responsibility in paying the hospital during 1979.

The former Northampton-Accomack Hospital administrator had expressed concerns about estimated losses exceeding \$90,000 resulting from nonpayment for medical services provided to migrant workers in 1976. His complaints were directed at all medical assistance payment sources, not just the Association's section 303 program. According to the present administrator, the hospital had apparently incurred costs in providing medical services to farmworkers without knowing

--all the various Federal, State, and local payment and service sources;

--the payment or service limits of the various activities offering medical support;

--how these various groups interacted to reach farmworkers, enroll them for services, and provide assistance or services; and

--what its own obligations were to absorb costs without reimbursement, under certain Federal provisions.

The hospital could have handled medical costs incurred by farmworkers unable to pay under several programs—for example, the Hill-Burton Hospital Assistance Program. The hospital was originally constructed under this program which requires that participating hospitals give assurances that they will make a reasonable volume of services available to persons unable to pay. Essentially, the program was instituted to let hospitals set up an obligation. Program regulations establish that a participating hospital would be deemed in presumptive compliance with its obligation, if it made available services for indigents at an amount less than the lesser of (1) 3 percent of the annual operating cost or (2) 10 percent of its Federal assistance in constructing the facility.

According to the current Northampton-Accomack Hospital administrator, fiscal year 1979 was the first time the hospital recognized and determined its required Hill-Burton obligation, established a plan, and published required notices to patients—including farmworkers--needing care. The administrator agreed that the hospital had an obligation under the Hill-Burton Act to provide medical services to those unable to pay. He said that such unreimbursed costs should be included in the total hospital costs and passed on to paying patients and providers through increased rates.

According to the administrator, Northampton-Accomack Memorial Hospital, costs for farmworkers dropped sharply for 1979, in part, due to decreasing numbers of migrants working on the Eastern Shore. The hospital incurred \$24,637 in actual costs for 251 farmworker visits during fiscal year 1979, of which \$7,915 was paid by the Association and other local health care providers. According to the hospital administrator, the Association fulfilled its responsibility in paying the hospital during 1979, and the other \$17,000 in unpaid costs would be credited toward the hospital's Hill-Burton obligation of about \$100,000 in free care.

CONCLUSIONS

We could not adequately evaluate the Association's performance in serving migrant and seasonal farmworkers in Virginia under its 1979 grant. The data reported were not adequate for this purpose. Based on reported data, however, the Association's performance met with mixed results in achieving program goals and performance standards. Reporting requirements need to be established which will permit an accurate assessment of all grantees' performance. In addition, Labor needs to establish performance standards so it can adequately measure grantees' performance.

Labor needs to be more active in managing this program. Labor should closely examine the Association's performance during its current grant before awarding additional grants to the Association. The data being received by Labor on the Association's performance and the few visits made by the Labor representative during the 1979 grant period do not, in our opinion, provide sufficient bases for evaluating the Association's performance.

RECOMMENDATIONS TO THE SECRETARY OF LABOR

We recommend that the Secretary:

- Establish standards which can be used by Labor and the Association for adequately measuring performance.
- Ensure that data being reported are adequate to assess the Association's performance against established goals and standards.
- Increase the monitoring of the Association's performance during the grant year.

AGENCY AND GRANTEE COMMENTS AND OUR EVALUATION

We solicited comments on a draft of this report from Labor and the Association. Their responses are included in appendixes III and IV.

In its April 27, 1981, comments, Labor concurred with our recommendations and said that it would implement them. However, we have concerns as to whether our recommendations will be effectively implemented.

Regarding our recommendation on establishing performance standards which can be used for adequately measuring performance, Labor said that it is desirable to establish performance standards and that its intention is to implement our recommendation. However, Labor did not mention any specific actions that it would take to do this. The revision of standards has been under consideration by Labor for some time--at least since January 1977. Migrant programs should not continue to operate, year after year, without standards that can be used to measure grantees' performance.

In commenting on our recommendation that data reported be adequate to assess performance against established goals and standards, Labor said that it intends to institute the necessary data reporting procedures. Again, however, Labor did not state what specific actions it would take.

Labor also concurred with our recommendation on monitoring. In doing so, Labor acknowledged the need for increased monitoring of grantee performance during the grant year, but commented that regarding onsite monitoring, budgetary restraints have drastically reduced its personnel ceiling and significantly restricted the availability of travel funds. Labor said that within the resources provided, it would make every effort to increase monitoring activities.

In its April 15, 1981, comments, the Association acknowledged that the goals in Virginia were not all achieved as we state in this report. However, the Association said that factors contributing to this should be pointed out. It cited such factors as (1) insufficient planning time to comfortably and satisfactorily alter goals when the amount of the grant increased 23 percent within 3-1/2 months of the grant period and (2) a great deal of resistance to Association activities from crewleaders and growers. The Association commented further that the goals it accomplished constituted a cost effective program operation. We did not have as an objective of our review a determination of whether the goals the Association accomplished resulted in a cost-effective program and, therefore, we cannot comment as to whether that was the case.

The Association also said that there is no instrument for reporting to Labor on the three goals not reported, namely outreach, training followup, and referral followups. Performance results included in the Association's comments indicated that it met or exceeded its goals in these categories. We did not verify these performance results. The fact still remains that Labor needs to ensure that data being reported are adequate to assess the Association's performance against established goals and standards.

Regarding performance standards, the Association noted that it did not meet all of the performance standards for subcategories under major groups, i.e., placements and training, and that the principal reason for not meeting the standards for training is that more clients than anticipated desired to remain in training because of the scarcity of available jobs. The Association also said that planned placements will be deferred once clients further their training.

Furthermore, the Association said that a portion of the goals and performance standards not achieved were missed by small percentages. The data included in this report, especially on pages 8, 37, and 38, show the extent to which goals and standards were achieved. Also, the Association said that although it only met 50 percent of the goals and performance standards for support services, it feels that it served the farmworkers' needs.

Regarding data reporting problems which overstate the number of program enrollees, the Association said that it reported participants and dependents because by design the reporting form requests that the data be submitted by individuals in some instances and participants in others. We noted in our discussion of the Association's achievement of program goals and standards that Association officials told us that reported results should be qualified because the Association reported as enrollees in the program not only all farmworker participants, but also their dependents who may or may not have received services as enrollees in the program.

The Association also said that it had not encouraged workers to leave their jobs. Our information is based on what a grower told us, i.e., Association representatives would contact various migrant workers and encourage them to leave their jobs. We are satisfied that the information presented is accurate as attributed. The Association commented further that we confused "relocation assistance" with "emergency assistance." In our discussion of this matter, we have clarified the language to avoid confusion.

CHAPTER 3

WEAKNESSES IN LABOR'S GRANTEE SELECTION PROCESS

Labor's selection process for the fiscal year 1980 grantee for Virginia had deficiencies. These deficiencies were (1) selection panelists did not fully complete the rating instruments used for evaluating applicant proposals for the Virginia program and (2) actual performance data, such as pertinent CPA findings on grantees' activities and program results, were not made available for the panelists' consideration. Also, Labor extended the grant to the Association for services to farmworkers in Virginia through fiscal year 1981 even though results from an audit made by a CPA contractor raised serious questions about the grantee's performance.

Labor, recognizing the need for an independent evaluation of the entire selection process, contracted for a study to assess the process.

THE GRANTEE SELECTION PROCESS

Labor's Office of National Programs solicits applications from interested applicants for (1) upgrading farmworkers' lifestyles if they elect to remain in agriculture and/or (2) providing alternate employment opportunities to seasonal agricultural labor. The successful applicants are awarded grants for a maximum of 2 years, with funding for the second year subject to satisfactory performance.

For fiscal year 1980 funding, Labor announced State planning estimates for section 303 programs in the April 13, 1979, Federal Register. The Register provided dates of June 25 and July 15, 1979, respectively, for submitting preapplications and funding proposals, and it solicited bids for services to be provided in all States and Puerto Rico.

At a training seminar in Dallas, Texas, on May 25, 1979, Labor provided detailed instructions to current section 303 grantees on revised CETA regulations and criteria for evaluating competitive proposals. Labor subsequently held a similar session in Washington, D.C., on June 6, 1979, with organizations that were not recipients of section 303 funding, but had filed preapplications for 1980 grants.

Applicants filed 107 preapplications, and followup submissions resulted in 94 firm funding proposals. Labor's Employment and Training Administration established a three-member panel to evaluate applicants' proposals. The panel, comprised of one individual from Labor's Office of National Programs and two individuals from Labor's Office of Policy, Evaluation, and Research, convened for 5 weeks to review 66 proposals for funding in 22 States. Government-authorized representatives in the Office of Farmworker and Rural

Employment Programs (formerly Division of Farmworker Programs) reviewed and rated the proposals for 27 States and Puerto Rico (no proposal was received for Alaska) for which there was only one applicant.

The purpose of the panel was to ensure that the most competent grantee was recommended for selection by determining applicant eligibility to receive section 303 funds, reviewing and rating each proposal, and providing written justification to support the ratings. Labor regulations require that specific information be included in the proposals and that panelists review the proposals to determine whether the following areas are satisfactorily addressed.

- Extent of training in occupations offering alternatives to farmwork.
- Kinds of services to help farmworkers leave agriculture or improve their status within it.
- Potential for providing effective service.
- Grant applicant's management experience and efficiency.
- Farmworker involvement in governing boards and advisory councils.
- Staff member sensitivity to farmworker needs.
- Extent of coordination with State and local agencies, private nonprofit organizations, and others providing farmworker resources.
- Experience in providing employment and training services.

Although the selection panel instructions for the fiscal year 1980 process stated that grantees were to be selected principally based on panel findings and ratings, the Administrator, Office of National Programs, told us that he subjectively evaluated performance data outside the panel process.

For fiscal year 1980 funding, the Acting Director, Office of Farmworker and Rural Employment Programs, recommended grant applicants for selection to the Administrator, Office of National Programs, based on the panel ratings and justifications. However, he also told us that he considered performance information outside the panel process in making recommendations to the Administrator.

In cases where only one application was received for a State and the Government-authorized representative had rated the application as poor, Labor designated that applicant as "conditional" based upon the applicant's agreement to correct weaknesses in the

funding proposal. Losing applicants in the competitive process were advised of their right under program regulations to file a petition for reconsideration which would be reviewed by Labor's Office of Investigation and Compliance.

The Office of National Programs announced in the September 14, 1979, Federal Register the selection of 53 sponsors for 47 States and Puerto Rico 1/ to receive about \$70 million for training, placement, and supportive services for migrant and seasonally employed farmworkers under CETA's section 303 program for fiscal year 1980. The selection included

- 35 sponsors for 32 States;
- 14 sponsors for 13 States and Puerto Rico chosen conditionally to receive 1-year grants, pending satisfactory performance during the first 90 days; and
- 4 potential sponsors for Arizona and Vermont, on which a decision was deferred pending further information.

Subsequently, Labor received and processed 26 petitions for reconsideration, and according to the Director, Office of Investigation and Compliance, 3 original selection decisions were overturned. Labor allocated the funds among the States in proportion to the estimated number of migrant and seasonally employed farmworkers in each State. The sums ranged from \$32,900 for Rhode Island to \$14.9 million for California.

THE ASSOCIATION WAS SELECTED AS THE GRANTEE FOR PROGRAMS IN SIX STATES

We examined the basis for the Association winning the fiscal year 1980 grant awards in six States including Virginia. We gave particular emphasis to the Virginia award and reviewed in detail the proposals and detailed panel proceedings for the two Virginia applicants--the Association and the Virginia Employment Commission.

The Association won awards in five States because Labor's selection panel rated its proposals from 5 to 24 points higher than its competitors, and the Office of National Programs approved these selections.

1/Unacceptable proposals were received for two States, and no proposal was received for Alaska.

<u>State</u>	<u>Scores assigned</u>		
	<u>Association</u>	<u>Competitor</u>	<u>Difference</u>
Delaware	79	55	24
Virginia	78	55	23
Georgia	81	67	14
West Virginia	73	61	12
Maryland	77	72	5

In addition, the Association was the sole applicant and Labor awarded it a grant for a sixth State--North Carolina. Furthermore, according to an Office of Farmworker and Rural Employment Programs official, the selection panel initially rated the Association four points higher than a competitor (the State of South Carolina) in a seventh State--South Carolina. However, the competitor filed a petition for reconsideration. During Labor's reconsideration review, a procedural error was detected in the panel's scoring process and Labor subsequently reversed the scores and awarded the 1980 grant to South Carolina by a four-point margin.

Regarding the selection process for Virginia, the selection panel evaluated each applicant's proposal in the following six categories.

<u>Program category</u>	<u>Assigned point value</u>
Program development	20
Delivery system	20
Administrative capability	15
Responsiveness to farmworkers	15
Linkages and coordination	5
Program/farmworker experience	<u>25</u>
Total	<u>100</u>

Our analysis showed that panelists gave the Association and the Virginia Employment Commission proposals similar scores in four of six program categories, but gave the Association substantially higher scores in two categories--responsiveness to farmworkers and experience. In addition, our comparison of both applicants' proposals showed that the Association had a more comprehensive and organized grant package than the Commission. One panelist told us that the Association won the Virginia grant award because

- it had the flexibility, imagination, and innovation in terms of techniques from past experience to better serve the farmworker population;
- State agencies, particularly the Virginia Employment Commission, historically are grower oriented rather than farmworker oriented; and

--the Association is more adaptable than the Commission to the changing migrant and seasonal farmworker population service areas.

The panelist also told us the "art of good grantsmanship," that is, how well an applicant's proposal appears on paper, primarily governed the panel's selection recommendations.

As a result of a September 27, 1979, appeal filed by the Commission, Labor's Office of Investigation and Compliance reviewed the selection of the Virginia grantee and concluded that the panel's decision was sustained by the record. Although the selection process appeared subjective, we found no basis to question the panelists' selection results. Also, we found no evidence to suggest that panelists were pressured into favorably rating the Association's proposal.

PANELISTS NEED TO COMPLETE RATING
DOCUMENTS AND BE ABLE TO CONSIDER
ALL AVAILABLE PERFORMANCE INFORMATION
IN EVALUATING APPLICANTS' PROPOSALS

Our analysis of the grant award process for the Virginia grantee and limited work on nationwide panel results indicated that Labor's ability to objectively select the most effective organization to deliver section 303 program services could have been limited because panel members:

- Failed to complete rating documents as required.
- Lacked available performance evaluation information in making recommendations regarding applicant proposals.

The panel members rated each applicant using the same program category criteria. The Acting Director, Office of Farmworker and Rural Employment Programs, consistently based his recommendations on the highest scores submitted by the panel. The Administrator, Office of National Programs, consistently awarded the grants based on the recommendations.

Labor recognized a need for an independent evaluation of the entire selection process, and it awarded a \$220,000 contract to an independent management study group in April 1980 to assess the grant awards process regarding the fairness and effectiveness of panel procedures and the rating instrument. The study group is to submit a final report on its evaluation of the process to Labor in June 1981.

Panelists failed to fully complete
the rating instrument

In reviewing proposals, panelists use a standardized rating document which addresses the six program categories shown on page 23. Each major category is subdivided into more detailed factors. A total of 48 factors is involved. For example, for the delivery system category, panelists must assess the extent to which grantees' methods of providing outreach and intake are logical and responsive to the needs of the target population. The panelists are required to make a determination for each factor by checking "yes" or "no" and to provide written justification for their decisions on each factor. Finally, panelists determine a score for each program category and an overall score for the proposal. Panelists' scores for each proposal are averaged, the proposals are ranked, and a panel summary is prepared to support the rating.

Our analysis of panel deliberations' record on the Association's and the Commission's proposals showed that panelists did not fully complete the rating instrument. First, panelists did not answer or address all factors. Although one panelist addressed all 48 factors regarding the Association's proposal, another panelist addressed only 29, and the third panelist addressed 44 factors. Similarly, in evaluating the Commission's proposal, one panelist addressed all 48 factors, another addressed 22 factors, and the third addressed 45 factors.

Second, panelists failed to provide the required written justifications. Our analysis showed that on the Association's proposal, one panelist provided written justification for 14 of 48 factors rated, another provided justification for 29 factors, and the third provided justification for 34 factors. Similarly, in evaluating the Commission's proposal, one panelist provided justification for 22 factors, another provided justification for 42 factors, and the third provided justification for 33 factors. Overall, the lack of written justifications prevented us from determining how panelists arrived at overall scores on the proposals. (See app. II for more details.)

A combination of factors explains why panelists did not fully complete the rating instruments.

First, the two panelists we asked felt that the time allowed for review and evaluation of the 66 proposals was insufficient, and thus a limiting factor in preparing adequate written justification for the scores assigned. Subsequently, however, the Administrator of the Office of National Programs told us that the limiting time factor expressed by the panelists was not the official view of Labor. Furthermore, he said that he considered the 5 weeks allowed for reviewing the 66 proposals more than sufficient time for the panelists to make an adequate review.

Second, the design of the rating instrument apparently presented some difficulty to panelists in evaluating proposals. According to one panelist, the factors on the instrument lend themselves to a range of responses rather than a "yes" or "no" response. An Office of Investigation and Compliance official who reviewed applicant appeals, told us that many of the 48 factors address more than one program aspect, but the rating instrument allows for only one response. Therefore, a panelist would most likely experience uncertainty or difficulty in giving a "yes" or "no" answer.

In addition, the manner in which panelists applied score weights in responding to individual factors affected score buildup for the categories. For example, panelists could not assume that each of 10 factors in a program category having 15 total points carried a weight of 1.5 points. Instead, panelists apparently had the flexibility to determine and apply their own scoring weight at their discretion. Our review of panel procedures and practices showed that no definitive guidance or requirements existed for weighing scores within program categories.

Performance evaluation data not
available to selection panel

CETA's title III provides for the Secretary of Labor to carry out programs that have a capability to effectively serve migrant and seasonal farmworkers. Federal regulations dated May 25, 1979, applicable to the section 303 program required that Labor in considering applicants' proposals review and evaluate an organization's experience in providing employment and training programs.

Labor's fiscal year 1980 grantee selection panel assessed applicants' capabilities and recommended potential grantees without considering performance evaluation information, such as performance goals and standards achievement and audit findings. According to one panelist, the panel evaluated an applicant's capability based primarily on how well the grant proposal documents were prepared, rather than on grantees' demonstrated performance capability and program effectiveness.

The Labor official responsible for the panel process told us that the panelists were provided only that information which the applicants submitted with their proposals. If applicants included performance information in their grant proposal package, panelists considered it. However, we observed in the case of the Association and the Commission that one panelist assessed the performance data submitted by the Association as not usable. This panelist explained that many grantees apparently were confused by Labor's requirements and therefore did not submit performance data they knew were already available from standard reports routinely submitted to Labor. The response of the other two panelists indicated the performance data were either incomplete or not available for evaluation.

The final panel report on the Association's application stated that the panelists' judgment on the Association's delivery system suffers from lack of documentation of prior years' experience or performance data. It also stated that the Association has an " * * * adequate delivery system on paper if actual performance substantiates."

The official administering the panel process told us that performance data were not provided to the panel because the Office of National Programs

--implementation of the 1978 Butler amendment, based on verbal guidance from Labor's solicitor's office, precluded using such information; and

--officials routinely consider performance information separate from the panel process.

Butler amendment

The Butler amendment was included in the 1978 CETA amendments and was introduced by Congressman M. Caldwell Butler of Virginia. The amendment, which is subsection 303(c)(1) of 29 U.S.C. 873, reads as follows:

"In awarding a grant or contract for services administered under this section [303], the Secretary shall not assign any preferential weighting factor to an application therefor by virtue of the fact that the applicant holds at the time of application a prior grant or contract to provide services under this section; nor shall the Secretary assign any negative weighting factor to an application by virtue of the fact that an applicant is an instrumentality of State government."

The division official responsible for administering the panel process told us the division had interpreted the amendment to mean that considering performance evaluation information would constitute preferential treatment to a current grantee and therefore such information was not made available to the selection panel for evaluation.

Since Labor relies heavily on panel ratings and recommendations in selecting grantees, we were concerned whether the amendment in any way prevented Labor from using grantees' prior performance data in the panel selection process when awarding a grant for the following year. We were of the opinion that although the grantee might have a good program structure and plan, Labor's failure to consider such performance information in the panel process could result in extending preferential treatment to a

current grantee, particularly if the current grantee's performance was not satisfactory. We believe that all pertinent performance data should be made available to the panel for its use in evaluating and rating potential grantees.

In January 1980, we contacted Labor's Office of the Solicitor and requested an official Labor interpretation of the Butler amendment. On June 24, 1980, Labor issued a formal interpretation which basically supported our position that current performance data could be considered in evaluating grant proposals. The interpretation confirmed that the amendment does not preclude either the panel or the Grant Officer (Administrator, Office of National Programs) from using available information on a current grantee's performance when deciding on which competitor should be designated a potential grantee.

Considering performance information separate from panel process has limitations

Labor officials told us that they consider such performance information as program status reports, field assessments of grantee performance, and CPA audits made under contract, independent of the panel process. The problems we found regarding the first two items were discussed in chapter 2. Improvements are needed in both reporting performance data and monitoring if these activities are to be of maximum use in the selection process whether they are considered as part of and/or separate from the panel process. All available performance information should be provided to the panel in making recommendations to the Office of National Programs.

The Administrator of the Office of National Programs told us that he decided whether performance information should or should not be considered separate from the panel process. He said the panel was advisory only, and it was set up to evaluate applicant grantsmanship, that is, how well the proposal is written and organized and how responsive is it to requirements in addressing the program categories. As the Administrator, he is responsible for the final decisionmaking. Consequently, in his judgment all valid performance evaluation data should be considered independent of the panel process and not by the panel members.

Regarding audits, Labor had a draft audit report available which should, in our opinion, have had a direct bearing on whether or not the Association's grant was extended through fiscal year 1981. After the Association was awarded the grant for fiscal year 1980, Labor had the option of extending the grant for a second year, contingent on the grantee's satisfactory performance. On October 21, 1980, Labor extended the grant for another year despite the fact that information provided by a CPA firm raised questions about the Association's performance.

Labor contracted with the CPA firm of Metcalf, Frix & Company of Atlanta, Georgia, to audit Association activities in five States, including Virginia, from January 1, 1977, through March 31, 1979. The amount audited totaled about \$16 million and included 16 Labor grants for section 303, CETA title III new initiatives, and youth employment training programs. The section 303 program comprised \$14.8 million of this amount. The CPA firm completed its fieldwork in December 1979 and provided a preliminary draft report to Labor's Office of Inspector General in January 1980, with its findings on the five States which it classified as follows:

- Findings which resulted in costs of about \$154,000 recommended for disallowance.
- Findings which resulted in questionable costs totaling about \$750,000, in the areas of administration, allowances, fringe benefits, services, training, and wages.
- Findings relative to the grantee's system of internal accounting and administrative controls.
- Other questionable activities.

A partner of the CPA firm told us that he felt the questioned areas represented substantial mismanagement on the part of the Association. The draft report provided detailed supporting data on each area. The fourth item merits some elaboration.

In essence, the CPA report noted that the Association, which is funded primarily with Federal funds, was involved in questionable activities with regard to the purpose of Federal grants and that such activities could affect the safeguarding of Federal assets if allowed to continue. For example, the report noted that "irresponsible management practices" have occurred by the Association in connection with its involvement in the construction of a \$310,000 eel-processing plant which was never fully utilized and is presently inoperative. Also, the Association approved \$69,000 in loans and other payments in connection with this project, resulting in a total of \$379,000 in Federal funds, which according to the CPA report, " * * * appear to have been totally wasted."

Office of National Programs officials told us that findings in a draft audit report would not be considered in evaluating a grantee's performance and making awards because often the findings are not as significant in the final report as in the draft. In this regard, Labor's Office of Inspector General told us that draft audit reports are at times substantially changed as a result of subsequent comments and documentation provided by grantees.

Because Labor did not take prompt action to resolve the CPA findings, the firm's proposed final report was not submitted to

Labor until November 25, 1980--10 months after Labor was provided the CPA's preliminary draft report. A partner of the CPA firm told us that the draft was submitted to Labor's Office of Inspector General without obtaining the views of the Association because of the seriousness of the problems found. In commenting on our draft report, Labor said that the views of the Association were not obtained because the Office of Inspector General intended to investigate certain questionable activities noted by the CPA firm, and it did not want premature disclosure to possibly jeopardize the investigation. The questionable activities were referred for investigation in January 1980. Labor's Office of Inspector General told us that prompt action was not taken on the preliminary findings because of higher priority investigative work.

We are not clear as to when the draft was given to the Office of National Programs or whether it was made available before awarding fiscal year 1981 grants to the Association. At any rate, we believe it should have been made available to the Office of National Programs before the fiscal year 1981 grant was awarded in October 1980 since the Inspector General's office had the document. There was little change in the proposed final report--it was almost word-for-word with the earlier report, except for including the grantee's comments which were received by the CPA firm on November 7, 1980, and incorporated in the November 25, 1980, proposed final report. In its transmittal letter to Labor, the CPA firm stated, "We were subsequently instructed by the Department of Labor to complete our audit field work in August, 1980." We discussed this statement with a partner of the CPA firm who told us that additional fieldwork of a very minor nature--an exit meeting with the grantee and clearing up loose ends--had to be done after January 1980, but according to the CPA partner the statement was included as directed by Labor.

In its preliminary draft and proposed final reports, the CPA firm stated that, if Labor or other Federal agencies were to require repayment of the \$379,000 in questioned costs, " * * * the capability of the Grantee * * * to make such repayments is in question, and the ability of the Grantee to continue as a going concern will be in jeopardy."

THE APPEALS REVIEW PROCESS

Labor regulations established complaint procedures which provide that a losing applicant may file a petition for reconsideration within 14 days of Labor's notification of nonselection. The petition must be in writing and may list factors which the applicant asserts should be reviewed in reconsidering the funding request. Labor is required to either (1) sustain the original decision in making the grant award or (2) designate the appealing organization as the potential grantee. The official responsible for resolution of the petition must not have been directly involved in the original

determination. The official is required to notify the appealing applicant of the final determination and its right to request a hearing if the decision is unfavorable.

The Division of Special Review, Office of Investigation and Compliance, Employment and Training Administration, is responsible for independently reviewing petitions to ensure that panel methods and techniques were consistently applied and that no capricious actions are evident. Labor's solicitor offered the Division of Special Review two alternatives for reviewing and deciding appeal cases; that is, either reevaluate the funding request and all related documents, substituting its judgment for that of the Grant Officer's, or review the same documents to determine whether Labor's procedures were applied properly. The Office of Investigation and Compliance assumed the latter role. One official told us that, while the Office does not reconsider panel decisions by substituting its judgment for that of the panelists, it does look for consistency in panelists' scoring, checks accuracy of scoring computations, and attempts to insure that all information available to the panel is considered.

Labor officials reported that 26 unsuccessful applicants filed petitions for reconsideration in fiscal year 1980. In three cases the original decisions were overturned. We reviewed the appeal petition submitted by the Commission and the Division's ruling on this petition.

In response to Labor's notification that the Association had won the grant award and of the Commission's right to petition for reconsideration, the Commission requested that Labor study and reconsider certain aspects of the proposals, including costs, coordination, and resource utilization.

The Division of Special Review official responsible for reviewing the Commission's request told us that no additional documentation was prepared to support whether its review addressed all areas of the request. However, this official said the review process consisted of completing a checklist of the availability to the Division of Special Review of the applicant's and the panel's documents used in arriving at the original decision and verifying the mathematical accuracy of panel scores. This process, once completed, serves as a basis for the Division of Special Review's final ruling on the petition.

Although the objective of the Office of Investigation and Compliance is to review all the data the panel had in reaching its initial decision, Division of Special Review officials told us that they had no assurance in reviewing the proposals of the Association and the Commission that all data used by the panelists were available to them during the reconsideration process. Furthermore, according to Division officials they enter the reconsideration

process only after the Office of National Programs provides Division officials with documents which, according to the Office of National Programs, the panel used in making the grant award.

The final written response from the Director, Office of Investigation and Compliance, to the Commission concerning Labor's determination failed to contain a required notice of its right to request a hearing before an administrative law judge. The Commission's Deputy Commissioner told us that, if the Commission had been aware of this opportunity to request an additional hearing, it would have done so. However, the Director, Office of Investigation and Compliance, told us that, although his office inadvertently overlooked this new requirement in the regulations, the Commission and all other applicants had been notified of this privilege through the regulations.

OTHER MATTERS

We discussed with Labor officials the Delegation's concern about the appropriateness of the Association's reviewing and commenting on the Commission's 1980 grant proposal. The Office of Farmworker and Rural Employment Programs official responsible for the fiscal year 1980 selection panel process told us that the Association's receipt, review, and comment on the Commission's funding proposal was allowed by Federal regulations governing section 303 programs. The May 25, 1979, Federal regulations applicable to the 1980 grant proposals state in part, under "opportunity for review and comment" that:

"(1) The Department will publish annually in the Federal Register, a list of all eligible applicants which have submitted preapplications.

"(2) (i) An eligible applicant wishing to review and comment on the Funding Request of any other eligible applicant within its State as listed in the Federal Register must request a copy of the Funding Request from the eligible applicant so listed.

"(ii) An eligible applicant shall at the same time the Funding Request is submitted to the Department, send a copy of the Funding Request to all other eligible applicants within the State which have requested a copy of the Funding Request pursuant to this paragraph."

Likewise, the Commission had the opportunity to review the Association's proposal and it did so.

CONCLUSIONS

The process used by Labor to select the fiscal year 1980 grantees for services to farmworkers needs to be improved. First, the selection panel plays a key role in the selection process. The panelists need to have all available information on the performance of current and potential grantees.

Second, the findings in this report, along with the findings of the study group on the overall selection process, should be considered and necessary changes made to the process. In this regard, Labor should consider whether there is a need to clarify any questions on the form used by the panelists in evaluating applicants' proposals. Also, Labor should ensure that panelists comply with the requirement to provide written justification for their "yes" or "no" answers to each question.

Finally, Labor needs to resolve the CPA firm's findings regarding questionable Association activities before awarding additional grants to the Association.

RECOMMENDATIONS TO THE SECRETARY OF LABOR

We recommend that the Secretary:

- Require that performance evaluation information in the form of quarterly status reports, field assessments, and audit findings be made available to selection panels for consideration in evaluating applicants' proposals for providing services under CETA's migrant and seasonal farmworkers program.
- Consider this report's findings, along with the efforts of the study group when its work is complete, and make necessary changes in the grantee selection process.
- Resolve the CPA firm's findings regarding questionable Association activities before making any additional awards to the Association.

AGENCY AND GRANTEE COMMENTS AND OUR EVALUATION

Labor said that it concurred with our recommendation that performance evaluation information be made available to panels for consideration in evaluating proposals. However, Labor did not outline any actions planned for implementation of our recommendation. Labor noted in its comments that performance information was made available to both the recommending and the decision-making officials during the 1980 migrant grantee selection process.

We acknowledge this in chapter 3. In recommending that performance information be made available to panels, we are calling for such information to be considered as part of the panel review process--not separate and apart from it. It is the review and rating panel which should have information in the form of quarterly status reports, field assessments, and audit findings for consideration in evaluating applicants' proposals. The selection of grantees is based largely on the findings and ratings of the review panel. This combined with the fact that the recommending official consistently based his recommendations on the highest scores submitted by the panel and the decisionmaking official consistently awarded the grants based on those recommendations are compelling reasons for all pertinent information to be made available to the panel for evaluating and rating applicants' proposals.

Labor agreed with our recommendation that necessary changes be made in the grantee selection process on the basis of the findings in our report and the results of the efforts of the study group. Labor commented that it expects to make necessary changes. We urge Labor to take the corrective action in sufficient time to improve the grantee selection process for fiscal year 1982.

In commenting on our recommendation that the CPA firm's finding regarding questionable Association activities be resolved before making any additional awards to the Association, Labor said that the questionable activities will be examined very carefully and that issues involving questionable activities that violate CETA will be resolved before making additional awards to the Association. Labor also said that the award of additional funds to the Association, if any, will contain whatever conditions are necessary to protect the Government's interest. Labor did not indicate when it planned to take action. In view of the time already lapsed, we urge Labor to begin its examination immediately so that issues involving questionable activities by the Association will be resolved before the fiscal year 1982 migrant grantee selection process.

Labor also provided several general comments and we have expanded our discussion where appropriate in the text to recognize those comments.

In its April 15, 1981, comments, the Association said that performance evaluation information in the form of quarterly reports could not practically be a requirement of the panel segment of section 303 competition because in many cases not all competitors will have generated such reports, and if required within the proposal format, would serve as a detriment to competitors who are not incumbent grantees. It is true that not all competitors would have generated the quarterly status reports referred to in our recommendation. Our recommendation includes, but is not limited to, such reports. It encompasses, in addition to quarterly status reports, performance evaluation information in the form of field

assessments and audit findings. In a number of cases such information is available to Labor on potential deliverers' (non-incumbents) service to migrant and seasonal farmworkers as well as other client groups. This information should be given to the panel for evaluating and rating applicants' proposals. Therefore, we disagree with the Association's position that it would be appropriate to consider the information after the panel review.

The Association expressed agreement with our recommendation to the Secretary of Labor that the findings discussed in this report and the efforts of the study group be considered in formulating future competitions.

Regarding our recommendation that the Secretary of Labor resolve the CPA firm's findings on questionable activities before making any additional awards to the Association, the Association said that it has actively pursued a prompt and fair resolution of those items with Labor.

In commenting on our report, the Association also said that, although all segments of the selection process appear to have been addressed, the description and summation of the process appear to rely on several inaccurate assumptions. The Association said that we implied, and that it is inaccurate to do so, that the panel procedure is the "sum and total" of the decision to award State allocations. In discussing the process we describe the role of the panel, the recommending official, and the decisionmaking official, and we point out that the final decisions were based on the highest scoring competitor from each State.

The Association also said that it is inaccurate to imply that the winner is the best "grantsman." We do not intend to imply this. We have presented the information made available to us and in doing so pointed out that one panelist told us that the "art of good grantsmanship," that is, how well an applicant's proposal appears on paper, primarily governed the panel's selection recommendations. We also pointed out that the decisionmaking official told us that the panel was advisory only, and it was set up to evaluate applicant grantsmanship, that is, how well the proposal is written and organized and how responsive is it to requirements in addressing the program categories. These statements when viewed in the context of our discussion of the entire panel process do not, in our opinion, imply that the winner is necessarily the best grantsman.

The Association also said that it was inaccurate to imply that the absence of performance data from review by a panel engaged in rating proposals will result in awarding the allocation to the wrong competitor. Our point is that more informed decisions can be made by panels in evaluating and rating applicant proposals if performance information is considered during the panel process--not

separate and apart from it by other than panel members. The panel plays a key role in the selection process. An incumbent could benefit from high performance. If performance was not good, panelists would then be in a position to consider the incumbent's performance against proposals by other potential deliverers.

SCHEDULE OF ACTUAL ACHIEVEMENT
MEASURED AGAINST PROGRAM GOALS BY PROGRAM
CATEGORY FOR 1979 GRANT

Program category	Performance		Percent of goal achieved	Met goal		Not re- ported
	Goal	Actual		Yes	No	
JOB PLACEMENTS:						
A. Indirect - class- room training						
1. Job readiness	73	23	32	-	X	-
2. Technical institute	7	10	143	X	-	-
3. Labor's train- ing center	12	4	33	-	X	-
4. Aker's sewing machine school	6	2	33	-	X	-
B. Indirect - Other						
1. On-the-job training	19	9	47	-	X	-
2. Work experience	43	18	42	-	X	-
3. Truck driver training	24	11	46	-	X	-
C. Direct placements	161	178	111	X	-	-
TRAINING ENROLLMENT:						
A. Classroom						
1. Technical institute	96	51	53	-	X	-
2. General education development	36	61	169	X	-	-
3. Job readiness	120	99	83	-	X	-
4. Residential training center	10	6	60	-	X	-
5. Truck driver training	40	23	58	-	X	-
6. Aker's sewing machine school	6	6	100	X	-	-
B. Adult basic education	10	10	100	X	-	-
C. On-the-job training	25	22	88	-	X	-
D. Work experience	74	78	105	X	-	-
E. Training center recruit	14	8	57	-	X	-

APPENDIX I

APPENDIX I

Program category	Performance		Percent of goal achieved	Met goal		Not re- ported
	Goal	Actual		Yes	No	
APPLICANT SERVICES:						
A. Outreach	6,310	-	-	-	-	X
B. Intake and assessment	3,218	3,785	118	X	-	-
MANPOWER SERVICES (OTHER THAN JOB PLACEMENT):						
A. Orientation and employment counseling	3,077	5,083	165	X	-	-
B. Referrals for employment and training						
1. Job Corps	20	9	45	-	X	-
2. Vocational rehabili- tation	30	16	53	-	X	-
3. Virginia Employment Commission	233	165	71	-	X	-
4. Youth work experience	25	16	64	-	X	-
C. Job development	411	727	177	X	-	-
D. Training center residential support	40	23	58	-	X	-
E. Employment and training followup						
1. Job followup	255	255	100	X	-	-
2. Training followup	358	-	-	-	-	X
3. Referrals followup	206	206	100	X	-	-

APPENDIX I

APPENDIX I

<u>Program category</u>	<u>Performance</u>		<u>Percent of goal achieved</u>	<u>Met goal</u>		<u>Not re- ported</u>
	<u>Goal</u>	<u>Actual</u>		<u>Yes</u>	<u>No</u>	
SUPPORTIVE SERVICES:						
A. Medical services	824	660	80	-	X	-
B. Child care	98	65	66	-	X	-
C. Transportation	1,886	2,959	157	X	-	-
D. Emergency assistance	1,213	995	82	-	X	-
E. Relocation	76	77	101	X	-	-
F. Nutritional services	879	1,396	159	X	-	-
G. Legal services	2,217	6,925	312	X	-	-
H. Referrals to non-303 services	2,416	1,937	80	-	X	-
I. Followup on non-303 referrals	1,937	-	-	-	-	X
Total				<u>15</u>	<u>21</u>	<u>3</u>

**GAO ANALYSIS OF PANELISTS' SCORING IN EVALUATING
THE ASSOCIATION'S AND COMMISSION'S PROPOSALS FOR FISCAL YEAR 1980**

Panelists' responses to category questions	Panelist "A"				Panelist "B"				Panelist "C"			
	Association		Commission		Association		Commission		Association		Commission	
	Num- ber	Per- cent	Num- ber	Per- cent	Num- ber	Per- cent	Num- ber	Per- cent	Num- ber	Per- cent	Num- ber	Per- cent
Yes	27	56	15	31	42	88	33	69	30	63	20	42
No	2	4	7	15	2	4	12	25	18	37	28	58
Not clear	19	40	26	54	4	8	3	6	0	0	0	0
Total	48	100	48	100	48	100	48	100	48	100	48	100
No narrative justification	34	71	26	54	19	40	6	12	14	29	15	31
Narrative justification	14	29	22	46	29	60	42	88	34	71	33	69
Total	48	100	48	100	48	100	48	100	48	100	48	100

U. S. Department of Labor

Inspector General
Washington, D.C. 20210



APR 27 1981

Mr. Gregory J. Ahart
Director
Human Resources Division
U. S. General Accounting Office
Washington, D. C. 20548

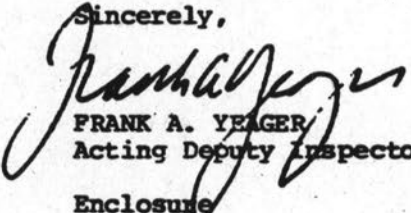
Dear Mr. Ahart:

This is in reply to your letter to Secretary Donovan requesting comments on the draft GAO report entitled, "Improvements Needed in Labor's Management of Grants to the Migrant and Seasonal Farmworkers Association in Virginia and Labor's Migrant Grantee Selection Process."

The Department's response is enclosed.

The Department appreciates the opportunity to comment on this report.

Sincerely,


FRANK A. YEAGER
Acting Deputy Inspector General

Enclosure

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

Improvements Needed in Labor's Management
of Grants to the Migrant and Seasonal
Farmworkers Association in Virginia and
Labor's Migrant Grantee Selection Process

RECOMMENDATION

Establish performance standards which can be used by Labor and the Association for adequately measuring performance.

RESPONSE

The Department concurs.

COMMENTS

It is desirable to establish performance standards. It is our intention to implement this recommendation.

RECOMMENDATION

Ensure that data being reported is adequate to assess the Association's performance against established goals and standards.

RESPONSE

The Department concurs.

COMMENTS

Data reported should be adequate to assess actual performance against established goals and standards. It is the Department's intention to institute the necessary data reporting procedures.

RECOMMENDATION

Increase the monitoring of the Association's performance during the grant year.

RESPONSE

The Department concurs.

COMMENTS

There is need for increased monitoring of grantee performance during the grant year. Regarding on-site monitoring, budgetary restraints have drastically reduced the Department's personnel ceiling and have significantly adversely affected the availability of travel funds. The Department recognizes its responsibility for the adequate monitoring of the programs and activities it funds and will make every effort, within the resources provided, to increase its monitoring activities.

RECOMMENDATION

Require that performance evaluation information in the form of quarterly status reports, field assessments and audit findings be made available to selection panels for consideration in evaluating applicants' proposals for providing services under Section 303 programs.

RESPONSE

The Department concurs.

COMMENTS

As a matter of information, the 1980 CETA, Title III competitive panel was not established on the basis that it would perform as a selection panel. It was established to rate proposals only. Panel reports, quarterly status reports, as approved by OMB, field assessments, audit findings, if available, in addition to consultation with the Inspector General's Office as well as available A-95 comments, were made available to the recommending and the decision-making officials.

RECOMMENDATION

Consider the findings in this (GAO) report, along with the efforts of the (National Academy of Public Administration) study group when its work is complete, and make necessary changes in the grantee selection process.

RESPONSE

The Department concurs.

COMMENTS

The Department expects to make necessary changes in the grantee selection process. This change in the selection process would take into consideration findings in the GAO report, the final report of the National Academy of Public Administration, Administrative Law Judges' Decisions, and other relevant material.

RECOMMENDATION

Resolve the CPA firm's finding regarding questionable Association activities before making any additional awards to the Association.

RESPONSE

The Department concurs.

COMMENTS

Questionable Association activities, specifically those identified in the final report of the CPA firm of Metcalf, Frix & Company under a contract from the Department to audit Association activities, will be examined very carefully. The Department will resolve issues involving those questionable activities that are in violation of CETA before making additional awards to the Association. The award of additional funds, if any, will contain whatever conditions and restrictions are necessary to protect the Government's interest.

GENERAL COMMENTS

The GAO draft report makes reference to a preliminary draft audit report prepared by a CPA firm under contract with the Department of Labor. With respect to the draft, the GAO report, particularly on page 39, fails to note that the time lapse between submission of the CPA's preliminary draft and the firm's proposed final report was due to (1) identification of certain questionable activities which were referred for investigation, and (2) the normal report processing phases related to obtaining written comments from the grantee and incorporating them into the report.

Also, in stating on page 40 that the CPA firm submitted the draft to the Office of Inspector General without obtaining the views of the Association, the GAO report fails to point out that this was done because OIG intended to investigate certain questionable activities noted by the CPA firm and OIG did not want premature disclosure to possibly jeopardize the investigation.

Finally, on page 39, the GAO report states that on October 21, 1980, the Department extended the grant for another year although the CPA firm raised questions about the Association's performance. The GAO report again fails to provide the reader with a critical point—that this was one month prior to the CPA firm receiving the grantee's comments and incorporating them into a proposed final report with their auditor's conclusions.

Migrant and Seasonal Farmworkers Association, Inc.

P.O. Box 33315
3529 WESTERN BOULEVARD
RALEIGH, NORTH CAROLINA 27606

RICHARD A. JOANIS
EXECUTIVE DIRECTOR
(919) 851-7811

April 15, 1981

Mr. Gregory J. Ahart, Director
Human Resources Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

Thank you for the opportunity to review and comment on the proposed draft report on the Association's 1979 Virginia grant and the Labor Department's farmworker grant selection process. We hope that our comments will be considered fairly and corrections made where applicable.

In an effort to arrange our comments appropriately, we have separated them into three (3) segments: (1) responses to general recommendations on page 45; (2) Chapter 2; and (3) Chapter 3. For your convenience, references are made to page numbers in the margins.

Thank you again for your full and fair consideration.

Sincerely,



Richard A. Joanis
Executive Director

RAJ:ah

GAO note: The page references in this appendix may not correspond to the page numbers in the final report.

Ref: pg. 45

Performance evaluation information in the form of quarterly reports could not practically be a requirement of the panel segment of 303 competition. In many cases, not all competitors for the same allocations will have generated such reports; and, if required within the proposal format, would serve as detriment to competitors not currently functioning as grantees. We concur with the recommendation in that if overall performance (including statistical reports, field assessments and applicable audit findings) information on each competitor's efforts to serve migrant and seasonal farmworkers can be available for consideration, it would be appropriate to consider after the panel review.

We concur with the recommendation that the selection process as discussed in this report as well as by the study group referenced be taken into consideration in formulating future competitions.

Although we note for the record that the CPA firm has not indicated a possible fraud problem, nor has it recommended disallowance of costs with the "questionable activities" section of the Audit Report, we have actively pursued a prompt and fair resolution of those items with the Department.

CHAPTER 2
LABOR'S ASSESSMENT OF GRANTEE
PERFORMANCE NEEDS IMPROVEMENT

Ref: general Meeting Program Goals

The goals in Virginia were not all achieved as stated in the GAO report. However, there are factors which should be pointed out which would be reflected of obstacles which contributed to this fact.

(1) The grant period was January 1 through September 30 due to consistency in fiscal year considerations within the federal government. When planning, the Association figured its objectives based on an amount of \$1,315,601 (\$871,725—nine months state allocation plus 443,876 carry over funds). On March 15, 1979 there were funds (\$296,075—fourth quarter of allocation) added to the grant. The modification increasing the grant was approved on April 5, 1979. Thus, 3½ months into the process the Association had to revamp its approach and increase its goals without ample planning time to comfortably and satisfactorily after goals.

(2) There was copious crewleader/grower resistance to Association activities.

(3) The state of the economy resulted in adverse employment trends for the populace in general and those without marketable skills (farm-workers) suffered more than the norm when competing for available employment.

(4) There was a lack of coordination/cooperation between the Association and state agencies.

In spite of the above, it is fact that the goals accomplished constituted a cost effective program operation.

The performance results for three goals not reported were: outreach, training follow-up, and referral follow-ups. There is no instrument used

to report these to Labor. However, their results are provided below.

Training follow-up - 100% in training were followed up

Referral follow-up - 100% referred were followed-up

Outreach - outreach and enrollment were synonymous—planned enrollments were 3218 and 3785 clients were enrolled thus 117.6% of outreach was achieved.

Achieving Performance Standards

The Association did not meet all of the performance standards stated for subcategories under major groups, i.e. Placements and Training. However, the averages were: Placements 74.2% and Training 79.9% at year's end. The principal reason for not meeting the standards for training is that more clients than anticipated desired to remain in an institutionalized or other training program as a result of the scarcity of available jobs. Obviously, planned placements will be deferred once clients further their training which results in a positive termination from one training program and a more employable trainee at the conclusion of training.

Ref: pg. 10

A portion of the goals and performance standards not achieved were missed by small percentages. M.S.F.A. feels that it served the needs of farmworkers with support services, though only 50% were met.

It is difficult to project with a high degree of exactitude what support services clients will need. We base our calculations on previous years' experiences.

Data Reporting Problems

Assuming that the GAO report is referring to figures shown on the Sec. 303—CETA Program Status Summary Supplement, the response to reporting participants and dependents is that, by design the reporting form, requests

that the data be submitted by individuals in some instances, and participants in others. The two figures are combined and reported on the supplement in the appropriate blocks—Reference Forms Preparation Handbook.

ACLU - The GAO report cites the figures reported in the Legal Services component to illustrate that "... reported data included a commingling of the number of individuals assisted and the number of supportive services rendered . . ." The Association did report a figure of 6,925 based on a verbal estimate provided by the subcontractor before the final written report had been received for inclusion in the Quarterly Reports to DOL. When the final report was received the subcontractor reported 9,321. This figure included services provided in the following categories:

(1) Public Education Service - this represents the number of persons who were contacted in an effort to provide education concerning the rights of farmworkers. 2,430

(2) Preliminary Legal Services - this represents the number of persons whose specific questions and issues were considered or for whom referrals were made. 786

(3) Secondary Legal Services - this represents the number of persons for whom significant legal services were provided short of litigation. The number of migrant and seasonal farmworkers aided in Southside Virginia, Winchester, Virginia and the Eastern Shore plus the total number affected by three on-going suits: 6,105

(a) Christian vs. Kellam, et al.

(b) Bush vs. Barp, et al.

(c) Bonnes, et al vs. Long, et al.

Total

9,321

For the final three-month period the subcontractor reported a figure of 6,000 in the third category, above, as an estimate of the total number

of farmworkers benefitting from the law suits. The very nature of such suits, resulting in favorable court rulings for the plaintiffs, has the affect of benefitting all those individuals similarly situated. Although a full-time supervising attorney was not employed during the final three-month period (due to the pending termination of the contract) services of a part-time attorney located in Richmond (included in the contract) and a prior supervising attorney were available and utilized during the final three-month period. Because of the favorable court rulings on behalf of the plaintiffs in Bush vs. Barp, et al. and Bonnes, et al. vs. Long, et al. the 6,000 figure was questioned by the State Administrator as a conservative estimate. In any event, the Association is satisfied that the goal of 2,217 for legal services was at least met.

The grant agreement with DOL authorizes the Association to provide Emergency Assistance. Many times this program is used to provide eligible participants with travel assistance home or to another area where employment opportunities (agricultural or non-agricultural) exist. This assistance usually takes the form of bus tickets or gas and a small amount of funds for food while enroute to the final destination, and is only provided to eligible individuals who are without employment or personal resources and who are, for all practical purposes, stranded. At times, this assistance is provided to eligible individuals who voluntarily leave labor camps due to a lack of work or a dispute with the contractors over unacceptable wages or other unacceptable conditions of employment. At no time does the Association encourage workers to leave their jobs. The GAO report confuses Relocation Assistance with Emergency Assistance. When it is clear that the Association did not utilize Relocation Assistance funds to transport workers "... who were certain to be employed in another agricultural job." Under no circumstances has the Association knowingly provided trans-

portation expenses for ineligible individuals.

Finally, the GAO report makes reference to comments made by the head of the Association's Exmore Office concerning services allegedly provided to ineligible individuals. Our records do not indicate that this is true; and, the individual who reportedly made the statement has denied it.

When the supervisor of the Exmore Office was queried about his comments, he informed us that he questioned crewleader recruitment approaches --not the eligibility of the clients sent to other locations. Perhaps there was a mix-up in interpretation.

CHAPTER 3
THE SELECTION PROCESS

Ref: general

The description and summation of the selection process, although all of its segments appear to have been addressed, appears to rely on several inaccurate assumptions. It is inaccurate to imply that the panel procedure, although it is a primary segment of the overall process, is the sum and total of the decision to award state allocations. The process is multi-phased, beginning with eligibility and ending with negotiations. It is inaccurate to imply that the winner is the best "grantsman." The regulations which outline eligibility, documentation requirements and deadlines for competitive proposals also outline, if structure somewhat formally, a proposal format. Sections are alphabetized, information requirements enumerated, etc. We feel that doing the work of serving farmworkers well begins with the planning and submission of the work program document, and make no apologies for presenting our documents in professional, comprehensive fashion. It is inaccurate to imply that, regardless of the continuing debate over whether the Butler amendment precludes or affords consideration of performance reports as part of the panel process, the absence of performance data from review by a panel engaged in rating proposals will result in awarding the allocation to the wrong competitor.

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