



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON DC 20548

093997

B-163922
12-27-74
DEC 27 1974
093997

B-163922

C The Honorable K. Gunn McKay
House of Representatives

R Dear Mr. McKay:

In accordance with your March 26, 1973, request and subsequent discussions with your office, we reviewed certain activities of the Kentucky Equine Education Program (KEEP), which was funded jointly by the Departments of Labor and Health, Education, and Welfare (HEW) under title II of the Manpower Development and Training Act of 1962 (MDTA), as amended (42 U.S.C. 2581). Title II authorized the development and implementation of institutional and on-the-job training (OJT) programs in skill shortage occupations for disadvantaged persons who were unemployed or underemployed and who could not reasonably be expected to secure full-time employment without such training.

You expressed particular interest in determining whether KEEP enrollees were being used to provide "free labor" to farms participating in the work experience phase of the project. Since participating farms could not help benefiting to some extent from the OJT activities of KEEP enrollees due to the basic nature of the program, the propriety of such benefits would depend in large part on the extent to which the program's objectives were achieved. Therefore we concentrated our efforts on determining whether the project was serving the target population, the OJT activities directly related to the enrollees' major occupational objectives, and the training was in a skill shortage area.

Upon completing our initial review in September 1973, we reported to you in a briefing that KEEP appeared to be falling short of its objectives in several significant respects. You requested that we continue to monitor the project to its completion, particularly the placement of KEEP graduates in training-related jobs.

KEEP training classes began on March 12, 1973, and were scheduled to run through March 1, 1974. Shortly before the scheduled completion date, however, KEEP officials applied for and were granted a 4-month extension through June 30, 1974. The total estimated cost of the project, including the extension, was \$136,481.

~~711481~~ 093997

Project KEEP was funded with MDTA funds reserved for use at the national level for projects of a particularly innovative or experimental nature, to deal with problems arising from situations such as mass layoffs or national disasters, or to serve disadvantaged target groups.

Department of Labor records showed that for several years program officials had opposed the funding of KEEP and similar horse industry training proposals because of the low skill and wage levels involved and because the need for such projects had not been sufficiently demonstrated. After extended negotiations with KEEP sponsors, Labor finally agreed to fund the project on a one-time experimental basis on the grounds that (1) priority would be given to disadvantaged persons and returning Vietnam-era veterans, (2) the minimum starting wage for graduates would be raised from \$1.60 per hour to \$2.00-\$2.25 per hour, excluding fringe benefits, (3) there would be a written commitment that the sponsoring farms would hire the graduates, (4) the trainees would not be used as "free labor" on the sponsoring farms, and (5) the project, if successful, would be incorporated into the regular program of the Central Kentucky State Vocational-Technical School.

According to KEEP's approved training plan, the project was supposed to train approximately 100 persons in various horse industry occupations over a 50-week period with 20 MDTA-funded training slots. To accomplish this goal, the project was to be operated on an open-entry/open-exit ^{1/} basis with individualized instruction; the average length of training could not exceed 10 weeks per trainee. The curriculum outline set forth in the approved training plan, however, totaled 1,960 clock hours, or approximately 50 weeks of instruction, of which up to 20 weeks would consist of classroom and laboratory instruction in basic subjects, followed by up to 30 weeks of supervised OJT at various participating farms or other work stations.

^{1/} Under the open-entry/open-exit concept, persons could enter the project at any point in the 50-week training period, progress through individualized units of instruction at their own rate on the basis of ability and previous experience, and graduate when they had achieved their major training objectives.

At the halfway point in the planned 50-week training period, we found that:

- Of the 30 persons who had enrolled in the project as of August 31, 1973, 1 had satisfactorily completed the course, 12 had dropped out, and 17 were still enrolled.
- Of the 17 still enrolled, 16 had already received an average of 18 weeks of classroom and laboratory instruction and were just getting started in the OJT phase.
- The project was not being operated on an open-entry/open-exit basis with individualized instruction.

Our followup work at the conclusion of the project showed that despite a 4-month extension which increased the total training period to 67 weeks, the project was able to accommodate a total of only 40 enrollees, of which only 24 satisfactorily completed the course. This was significantly below the 100 projected in the KEEP training plan.

Applicant information records prepared by the State employment service for the 40 KEEP enrollees indicated that 26 were disadvantaged; 4 were nondisadvantaged Vietnam-era veterans, and all 40 needed job training because they lacked education, skill training, or experience or had an obsolete skill. However, we found that only 16 of the 40 enrollees appeared to be disadvantaged or needed job training to secure full-time employment. Background information furnished by the enrollees and their instructors disclosed that many came from middle and higher income families and had 1 or more years of college, a satisfactory employment record, and/or previous work experience in the horse industry. Of 16 enrollees we interviewed during the OJT phase, 9 said they had to quit their jobs to qualify for KEEP. The primary reasons given for enrolling in KEEP were that they loved horses and needed connections to get ahead in the industry, rather than a need for some type of job training.

The KEEP training plan stated that upon completing the classroom and laboratory training phase, enrollees should have (1) attained entry-level job skills necessary for employment in several minor occupations in the horse industry, such as groom, stable boy, exerciser, and hot walker, and (2) chosen a major occupational objective, such as trainer-assistant,

breeder-assistant, or farrier, for more specialized training during the OJT phase. Our initial review efforts showed that, with one exception, students assigned to participating farms and race tracks during the OJT phase of the project were generally working at menial, lower-skill-level tasks normally performed by grooms and stable hands, rather than the higher-skill-level tasks normally associated with the major occupations set forth in the training plan. We did not pursue this matter during our followup visit in May 1974 since only three enrollees were left in the project at that time.

State employment service officials said they did not conduct a labor market analysis before approval of the project to determine whether there was a labor shortage in the higher skilled horse industry occupations covered by the KEEP proposal; instead, their certification of occupational training needs was based on information furnished by some of the KEEP sponsors. Labor market data available from other sources contained no evidence of a labor shortage in the higher-skill-level horse industry occupations but did indicate a shortage at the lower-skill-level occupations, such as groom, stable hand, and general farm laborers.

We brought our initial findings to the attention of Labor and HEW officials in a series of briefings in September and October 1973. Officials of both agencies generally concurred with our findings. In a November 27, 1973, letter Labor advised us that its Atlanta regional office had been instructed to take the following corrective actions

- In the future, all new enrollees must be disadvantaged and minority group persons.
- The participating farms must discontinue using students merely for low-level jobs and as a supply of cheap labor.
- Training must be restructured to conform with the course outline in the project proposal. Open-entry/open-exit training must be reestablished. The second and succeeding groups of trainees should receive the same classroom training as the first group. On-farm experience must furnish specialized training as outlined in the project proposal.
- Job placement commitments must be obtained for all present enrollees.

A joint followup visit to KEEP in May 1974 by representatives from Labor, HEW, and GAO revealed that corrective actions had been taken in each area discussed above, except that one of the five persons enrolled after December 1973 was not disadvantaged and none of the five were minority group persons.

The final results of the project in terms of completions, placements in training-related jobs, and starting wages are shown on the enclosed schedule. Of the 40 enrollees, 24 were reported by KEEP as having satisfactorily completed the program. Twenty-one of the 24 obtained training-related employment; however, 14 of the jobs were in the low-skill-level occupation of groom. Only eight disadvantaged persons completed the project and obtained training-related jobs--all as grooms. We did not attempt to compare the actual starting wages with the minimum hourly wages specified in the KEEP proposal since the number of hours worked each week was not readily available.

State officials consider KEEP both successful and essential in meeting the needs of the horse industry in Kentucky and have incorporated it into the curriculum of the Central Kentucky State Vocational-Technical School.

- - - -

KEEP apparently has fallen far short of its objectives of providing training in skill-shortage occupations to disadvantaged persons who could not reasonably be expected to secure full-time employment without such training. KEEP appeared to have been geared more toward meeting the needs of the horse industry rather than the job training needs of disadvantaged individuals.

As your office requested, we did not submit this report to the Departments of Labor and HEW or to the State of Kentucky for formal review or comments. However, these matters were discussed with officials of both Departments and representatives of the State and their views were considered in preparing this report.

As your office agreed, copies of this report are being distributed to Congressmen Carl D. Perkins, John B. Breckinridge, and Romano L. Mazzoli who have expressed an interest in our review of KEEP. We do not plan to distribute the report further unless you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Stewart". The signature is written in dark ink and is positioned above the typed name.

Comptroller General
of the United States

Enclosure

KEEP GRADUATES HIRED INTO
TRAINING-RELATED EMPLOYMENT

	<u>Graduate eligibility status</u>	<u>Number of weeks in training</u>	<u>Job description</u>	<u>Starting pay</u>
A	Disadvantaged	10	Groom	\$80 a week
B	Disadvantaged	12	Groom	\$85 a week
C	Disadvantaged	28	Groom	\$90 a week
D	Disadvantaged	37	Groom	\$80 a week plus lodging
E	Disadvantaged	37	Groom	\$80 a week plus lodging
F	Disadvantaged	21	Groom	\$100 a week plus lodging
G	Disadvantaged	29	Groom (note a)	\$150 a week
H	Disadvantaged	19	Groom	Unknown
I	Nondisadvantaged	23	Groom (note b)	\$90 a week
J	Nondisadvantaged	15	Groom	\$75 a week plus lodging
K	Nondisadvantaged	40	Groom	\$115 a week plus lodging
L	Nondisadvantaged	33	Groom	\$125 a week
M	Nondisadvantaged	30	Groom (note b)	\$125 a week
N	Nondisadvantaged	10	Groom	\$135 a week
O	Nondisadvantaged	49	Night watch- man	\$2 an hour part-time
P	Nondisadvantaged	50	Night watchman (note b)	\$500 a month
Q	Nondisadvantaged	32	Exerciser (note b)	\$150 a week
R	Nondisadvantaged	37	Exerciser	\$750 a month
S	Nondisadvantaged	25	Trainer assistant	\$600 a month plus commis- ions
T	Nondisadvantaged	19	Equine air freight agent (note c)	\$800 a month
U	Nondisadvantaged	50	Farrier (note d)	Estimated at \$15,000 to \$20,000 a year

a/ Quit shortly after being hired due to transfer of husband

b/ Had prior experience in horse industry minor occupations.

c/ Held trainer license in New England before entering KEEP

d/ Had 14 months' experience as apprentice blacksmith and trainer-
assistant before entering KEEP.