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HEARING BEFORE THE COMMITTEE ON LABOR AND PUBLIC WELFARE UNITED STATES SENATE NINETY-FOURTH CONGRESS SECOND SESSION ON SAMUEL R. MARTINEZ, OF COLORADO, TO BE DIRECTOR, COMMUNITY SERVICES ADMINISTRATION

APRIL 2, 1976

Printed for the use of the Committee on Labor and Public Welfare



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NOMINATION

FRIDAY, APRIL 2, 1976

U.S. SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The committee met, pursuant to notice, at 10:15 a.m., in room 4232, Dirksen Senate Office Building, Senator Harrison A. Williams, Jr. (chairman) presiding.

Members present: Senators Williams, Stafford, and Javits.

Committee staff present: Donald Elisburg, general counsel; Lisa Walker, professional staff member; Jonathan R. Steinberg, counsel to Special Subcommittee on Human Resources; and Larry Greenberg, minority counsel to Special Subcommittee on Human Resources.

The CHAIRMAN. The committee will come to order on the nomination of Mr. Samuel R. Martinez, nominee to be Director of the Community Services Administration.

OPENING STATEMENT OF SENATOR WILLIAMS

Mr. Martinez received his bachelor's degree and a master's degree in educational administration from the University of Northern Colorado. He has worked as a teacher, a coach, and principal of Fort Lupton public schools in Colorado and was appointed by Governor Love as a special assistant and State director of the State office of economic opportunity.

In 1969, he administered the Region VI planning development program and implemented one of three special technical assistance programs. In November, 1969, he was appointed by the President as Regional Director of the Office of Economic Opportunity (OEO) and served as Chairman of the Region VIII Federal Regional Council in 1971-72.

In 1972, he was transferred to the Dallas regional office as Director of the Office of Economic Opportunity and returned to Denver a year later to resume the directorship there.

In May of 1973, Mr. Martinez left OEO because of incompatibility with Howard Phillips' actions to illegally phase out the program. In July, 1973, Mr. Martinez became Region VIII, Regional Director of the Department of Labor and in June 1974 was appointed to serve as Chairman of the Federal Regional Council.

This committee has long been an advocate of the Office of Economic Opportunity preserving its role as an independent agency and spokesman for the poor in the Federal system. The history of this agency and its accomplishments are well known to all here despite attempts by the previous administration to dismantle the program.

While the agency's dismantling was stopped by action of the committee and the courts in 1973, many problems still remain as impediments to being a strong and forceful voice as advocate of the poor.

I order placed in the record at this point the biographical sketch of Mr. Martinez and a brief description of the Community Service Administration (CSA).

[The information referred to follow:]

Community Services Administration

WASHINGTON, D.C. 20506

SAMUEL R. MARTINEZ

Samuel R. Martinez, of Lakewood, Colorado, was named by President Ford as Director of the Community Services Administration March 16, 1976. His appointment was confirmed by the Senate April 7. He was sworn in April 15 in a White House ceremony.

Martinez had been Regional Director of the Department of Labor in Denver since July, 1973. Prior to that he served as a Regional Director of the Office of Economic Opportunity (OEO), the predecessor-agency to the Community Services Administration for more than three and one-half years. This service included two periods as Regional Director of Region VIII headquartered in Denver: November, 1969 to January, 1972, and February, 1973 to July, 1973, when he became the Labor Department's Regional Director. Between his two assignments with OEO in Denver, he was Regional Director of Region VI headquartered in Dallas from January, 1972 to February, 1973.

Prior to his Federal appointments Martinez served as the Director of the Colorado Office of Economic Opportunity from May, 1965 until November, 1969, when he assumed the OEO Regional Director's post in Denver. He was Assistant Director of Colorado's Civil Rights Commission in 1964 and 1965.

Before entering government service, he was an educator in Colorado's public school system. He was principal of the Intermediate Fort Lupton school from 1962 to 1964, and a teacher and athletic coach in the Fort Lupton schools from 1959 to 1962.

Martinez received his Bachelor's degree in Education and his Master's in Educational Administration from Colorado State College. He was a member of the U.S. Army Reserve from 1957 to 1963.

He was born April 30, 1933 in Del Norte, Colorado. His wife is the former Doris Mae Clemons of Cedar Rapids, Iowa. The couple has three children, Dawn, Denise and Ellynor.

[Excerpt from the U.S. Government Manual, 1975/1976]

COMMUNITY SERVICES ADMINISTRATION

The Community Services Administration was established by the Headstart, Economic Opportunity and Community Partnership Act of 1974 (88 Stat. 2291; 42 U.S.C. 2701 note) as the successor to the Office of Economic Opportunity.

The Community Services Administration's purpose is to assist low- and near low-income families and individuals, including persons of limited English speaking ability, in rural and urban areas, to attain the skills, knowledge, and motivations, and to secure the opportunities needed to become fully self-sufficient. All available Federal, State, local, and private resources are focused upon this goal of self-sufficiency by the Community Services Administration.

PROGRAMS AND ACTIVITIES

COMMUNITY ACTION PROGRAM

Community action is the most fundamental approach through which the agency seeks to find effective solutions to basic social and economic problems related to poverty. To implement this concept there are 888 Community Action Agencies located in 2,210 of the Nation's 3,141 counties. There are more than 14 million participating in Community Action Programs.

Six separate programs are incorporated under the community action operations:

Local initiative

Local initiative funds are used to support activities tailored at the local level to meet a wide range of community needs.

Training and technical assistance

Training and technical assistance (T&TA) includes training of Community Services Administration and grantee staff to upgrade management skills and to support programs in specific functional areas.

State economic opportunity offices

State Economic Opportunity Offices (SEOOs) advise Governors, mobilize resources, and advocate for the poor within the State.

Senior opportunities and services

Senior Opportunities and Services (SOS) projects provide a wide range of local services for and with the elderly poor.

Emergency food and medical services

Emergency Food and Medical Services (EFMS) programs provide funds to assist local communities in their efforts to combat conditions of starvation and malnutrition among the poor.

National summer youth sports

The National Summer Youth Sports program provides disadvantaged youth an opportunity to participate in sports activities on college and university campuses during the summer.

ECONOMIC DEVELOPMENT PROGRAM

The Economic Development Program encourages the development of special programs by which residents of urban and rural low-income areas may, through self-help and mobilization of the community at large, improve the quality of their economic and social participation in community life.

To implement this program grants are provided to nonprofit and for profit community development corporations and associated supportive and affiliated agencies and organizations. These grants pay for all or part of the cost of the programs designed to carry out the purpose of the Economic Development Program.

These programs include (1) financial and other assistance to assist business in the area that it serves so as to provide local employment and ownership opportunities for residents of such areas, and programs for small businesses located in or owned by residents of such areas; (2) community development including

industrial parks and housing activities which contribute to an improved environment and which create new training, employment, and ownership opportunities for residents of such areas; (3) training and public service employment and related services for unemployed or low-income persons which support and complement community development programs; (4) social services including, but not limited to, child care, educational services, health services, credit counseling, energy conservation, and housing facilities maintenance programs; and (5) support to self-help programs which promote economic independence and development for rural communities and other areas with concentrations of low-income persons. These programs should encourage low-income families to pool their talents and resources so as to create and expand rural economic enterprise.

The CHAIRMAN. As we are starting a little late, we will go right to the business of the recognition of Senator Hart, of Colorado, to introduce the nominee.

Senator HART. Thank you very much, Mr. Chairman.

It is a great honor for a native of Colorado to attend a hearing before your committee to introduce Samuel Martinez, nominated to be the Director of the Community Services Administration.

Mr. Martinez has a long record of experience with domestic programs which we think qualifies him for the position now under consideration by your committee. He presently works as the regional director in Denver, of the U.S. Department of Labor, and serves as chairman of the Mountain Plains Federal Regional Council.

His background includes serving as the State director of the Colorado Office of Economic Opportunity from 1965 to 1969. Then he was named as regional director for the Office of Economic Opportunity, which is under the Director of the Community Services Administration.

He has also held a position of assistant director of Colorado's Civil Rights Commission.

All of the people in Colorado are proud of Samuel Martinez and move to present him for this confirmation hearing this morning. And I thank you very much, Mr. Chairman.

The CHAIRMAN. Well, we appreciate your introduction and your statement for the nominee.

Mr. Martinez, did you have a statement that you wanted to start with?

Mr. MARTINEZ. Yes, Mr. Chairman.

If it is appropriate to present that now, I will do so.

The CHAIRMAN. Yes, just summarize, your prepared statement will be printed in the record at this point.

[The prepared statement of Mr. Martinez follows:]

PREPARED STATEMENT OF SAMUEL R. MARTINEZ, NOMINEE FOR THE OFFICE OF THE DIRECTOR, COMMUNITY SERVICES ADMINISTRATION

Mr. Chairman, members of the Committee, it is a distinct honor and pleasure to appear before you today. I welcome the opportunity to address issues or answer any questions you may consider relevant to these hearings. During the past two weeks, I have met with many of you personally and with your staffs. We have covered in those meetings, matters of significance and concern to you and to me. I trust that those meetings and your personal review of my credentials have satisfied you as to my integrity and sincerity. I consider the nomination of the President of the United States an honor and I will serve, if confirmed, with diligence and sincerity. I will discharge my duties employing every ounce of energy I can sustain to insure the mandate of the Administration and the Congress are properly and efficiently administered.

Of one thing you can be certain, I personally will endeavor to keep uppermost in my mind at all times that the agency for which I have been appointed has

ultimately but one mission, to assist those who are poor to make for themselves and their families a better life. I will work immediately and incessantly throughout my tenure toward persuading all who directly or indirectly work for the Community Services Administration to likewise absorb or retain similar understandings. I will answer any questions you may have.

Mr. MARTINEZ. Mr. Chairman, I appreciate this opportunity for you to meet with us.

In the past, we have met with many members of the committee and the staffs, and we have addressed matters which were significant and made to this agency. I trust that during those meetings we would be able to ascertain what those issues are, and that members of your committee are satisfied with both my integrity and my sincerity as I undertake this assignment if I should be confirmed.

I will be happy to answer any additional questions at this point that you may have.

One thing is certain, Mr. Chairman. I understand the commitments of this agency, and I will endeavor to fully cooperate throughout my tenure to serve with those who are directly or indirectly working with the Community Services Administration to adopt or retain a similar philosophy.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Martinez.

I have some questions coming to the committee from other Senators and I've been requested to ask these for them.

Mr. MARTINEZ. Very well, sir.

The CHAIRMAN. Fine.

Senator Stafford, I have many questions that come to me from other members. Would you like to ask any?

Senator STAFFORD. Mr. Chairman, I really have no questions of Mr. Martinez. I have had a chance to talk with him in my office informally and I think I am satisfied as far as his candidacy is concerned, so I have no questions at this time.

The CHAIRMAN. Thank you, Senator Stafford.

As I indicated, there are members who could not be here today. Under our new guidelines of procedure here, all committees are meeting at the same time it seems and, therefore, our membership is dispersed.

Since I had some of these same questions, I am going to combine them as I ask the nominee.

Senator Laxalt has a series of questions. Bob, I wonder if you would look at these while I proceed to some of the others?

Senator Magnuson and Senator Nelson also have questions.

I will refer to Senator Nelson's inquiry first.

Mr. MARTINEZ. Very well, sir.

The CHAIRMAN. He points out that this committee in its report to the Budget Committee recommended that \$32 million be included in the CSA budget for the Title III-B program for migrant and seasonal farm workers. Would you support this funding level for the migrant program?

Mr. MARTINEZ. Well, let me respond to your question by, first of all, saying that I believe very firmly that there ought to be adequate funding for migrant programs. As you know, that responsibility is currently vested in the Department of Labor. And having been in the

Department of Labor, I recognize that there are many problems inherent in the administration of that program. CSA—or OEO, prior to CSA—had that responsibility and it was transferred over to the Department of Labor.

I support wholeheartedly any effort that will provide the resources to adequately administer programs for migrants.

Now, inasmuch as the question is: Would I support—if I understand it correctly—would I support that funding return to CSA—is that correct?

The CHAIRMAN. Yes.

That's the figure that we have presented in our procedures here from this committee to the Senate Budget Committee.

Mr. MARTINEZ. But is the question, Senator, would I support the return of the funding to Community Services Administration or retain it in the Department of Labor? I am not sure I understand the question.

The CHAIRMAN. No. It is that level. Isn't that the point that the Senator wanted? The question is whether you support \$32 million, not whether it is here nor there but whether you would support the money that he is interested in.

Mr. MARTINEZ. I see.

The CHAIRMAN. This is not funding the Labor Department program, which is separately stated in another effort.

Mr. MARTINEZ. OK. That is what I am trying to understand, Senator, whether that funding would be in addition to what is in the Comprehensive Employment and Training Act program (CETA) or in lieu of it.

The CHAIRMAN. Exactly.

Mr. MARTINEZ. And you are saying it is in addition to.

Yes, Senator; I would support that. I believe that there have been a multitude of unresolved problems inherent to the migrant program, and I don't know precisely where all the problems are, but it has been my experience that the funding levels for these programs have been inadequate and have not effectively served the migrant. Any kind of a social or economic problem that you can think of is inherent in the migrant. They have social, economic, nutrition and health problems, educational problems. And I believe that the additional funding could be useful in penetrating those problems and addressing them to insure that migrants are getting served adequately and effectively.

The CHAIRMAN. Well, I am most encouraged by that because over a long period of time we have struggled to develop migrant programs and most earnestly strived to have these programs adequately funded and effectively reaching the community to be served. I know that you are a particular authority in the geographic area that you represented so effectively. Of course, this is a national situation. There are streams of commerce that can host migrant farm workers and their families and it is a national thing, as you know.

Mr. MARTINEZ. Yes; it is.

The CHAIRMAN. Senator Stafford?

Senator STAFFORD. Mr. Chairman, I am asking these questions, Mr. Martinez, for Senator Laxalt. They are not my questions, they are his.

Mr. MARTINEZ. All right, Senator.

Senator STAFFORD. And if they are misstated a little bit it may be because his writing and my reading don't do well together.

He asked first what actions you will take to assure that CSA grantees do not participate in illegal political activities in this election year?

I might say that if any of these suggest to you that you would rather respond to them in writing, I am sure the chairman would permit that to be done.

Mr. MARTINEZ. I can respond to that, Senator, I understand very clearly the provisions of the Hatch Act which apply to individuals who are employed through Federal resources. And recognizing that, I would certainly dissuade anybody from participating in political activity. I think that the charge and responsibility of Community Action agencies is clear enough and important enough to devote the energies and the resources of those Community Action agencies for the purpose for which they were intended.

I would discourage, first of all, and would take whatever action is necessary if I find that people are participating in that kind of activity.

Senator STAFFORD. All right.

The second question directed to you by Senator Laxalt would be this. What actions do you propose to take to assure that grantees do not stray over the line from permissible advocacy to impermissible lobbying?

Mr. MARTINEZ. Well, without knowing the specifics of what that really means, again, I would simply emphasize the point that the Community Action agencies have a prime responsibility. There is perhaps an organization that, through the support of Community Action agencies or people that are involved through their own financial support, has the responsibility for conducting advocacy outside of the role that is prescribed by law. And to that end, of course, I would suspect that there may be a legal question as to what I could do about it if those lobbying efforts are supported by private funds. To the extent where Federal resources or resources that are tapped by the Community Action agencies from other Federal agencies, or from local and State sources would be used that again would be totally discouraged.

Senator STAFFORD. And the last question that Senator Laxalt wished you to respond to is this. The 1974 Act for CSA directed the agency to undertake more adequate evaluation activities under Title IV of the act. Will you establish a priority to set up a unit to develop a capability for evaluation?

Mr. MARTINEZ. I believe that any activity that is funded through Federal or State or local resources or a combination thereof must be adequately evaluated to determine whether it is, in fact, meeting the design of the program, the intent of the legislation, and, most importantly, meeting the needs of the poor. And certainly that will be a priority, among other things. Evaluation must not be a one-time thing but it must be an ongoing component within the Community Services Administration to insure that services are being adequately delivered, and the needs adequately addressed, and that resources are being utilized to the best of advantage.

Senator STAFFORD. Thank you very much. Thank you, Mr. Chairman. That completes the questions for Senator Laxalt.

The CHAIRMAN. Thank you very much, Senator Stafford. The subcommittee of the House Government Operations Committee chaired by Congressman Floyd Hicks conducted oversight hearings on the Community Services Administration and found widespread mismanagement including: abuse of schedule C positions and Intergovernmental Personnel Act fellowships, failure to fill top level personnel positions, maldistribution of workload, and unrealistic personnel ceilings.

First, are you familiar with the report of this committee? And, if so, do you plan to implement its recommendations?

Mr. MARTNEZ. I have read the entire report, Senator, yes.

The CHAIRMAN. How about its implementation? Would you or would you not implement the recommendations of the Hicks Committee?

Mr. MARTINEZ. I have examined those recommendations carefully. I think that they merit a great deal of consideration, Senator.

It is my intent to examine very carefully as quickly as I have the opportunity the employment ceilings of the Agency, for one thing. There are some indicators that perhaps CSA's ceiling is inconsistent with the mission of the Agency. I don't know that to be a fact, but I do expect to examine that. I have assurances that I will have sufficient flexibility to examine that, to have time to look at it realistically and to propose whatever changes are necessary to bring the employment ceiling of the Agency so that it corresponds with the mission of the Agency, to insure that the regional offices are properly staffed, and to insure that the national office is staffed to be able to perform its functions.

We do have one peculiarity in the law now that requires that the Community Services Administration maintain the authority for funding or grant making at the national level. This is a cumbersome requirement in that currently, as I understand it, the national office does not have sufficient personnel to deal with that effectively and on a timely basis. There are numerous complaints that are coming in from the grantees, and in some instances some Congressmen and Senators have entered into the picture and asked why it takes so long to get these funds out to the Community Action Agencies.

I understand the problem to be that there are insufficient personnel at the national level to deal with those many grants, and they're having to be funded on a quarterly basis, which additionally causes some problems. We have to look at the annualization of the funding of these grants so that the time can be limited on paperwork and expended more usefully in other areas.

Now, in regard to the schedule C's and Intergovernmental Personnel Act (IPA) assignments. I happen to believe that only under very extreme and rare circumstances would any schedule C ever be assigned on an IPA assignment. The Intergovernmental Personnel Act was designed to provide an interchange of governmental personnel on a reciprocal basis. Unfortunately, as I see it, not only in CSA but throughout the Government, the Federal Government has loaned personnel out to State and local governments and to other institutions without the reciprocal arrangement. Now there are circumstances where the IPA is a good and productive method of getting the interchange and establishing of intergovernmental relations. And for that purpose, and for that purpose only, should IPA assignments be made.

The CHAIRMAN. And you will be reviewing the situation with the agency's IPA assignments?

Mr. MARTINEZ. Yes; I will.

The CHAIRMAN. It is my understanding that the agency has drafted a reorganization plan to meet many of the concerns that we have expressed. Are you familiar with the plan, and do you expect to take action to implement it?

Mr. MARTINEZ. I have examined the current proposed plan. I find it to be at the moment without all the necessary ingredients to tie all the components together.

What is available is a looseleaf notebook that shows the functional statements of each of the components within CSA. But I think more than that is needed, Senator. I believe that a total management structure which ties the components together and flow from one function to the next in a coherent manner is what is really needed in the Agency. And I intend to look at that very carefully and to implement an organizational structure that again conforms with the mission of the Agency and the functions that need to be performed.

The CHAIRMAN. Is that a major undertaking or can that be accomplished within a reasonably short period of time? How do you view it?

Mr. MARTINEZ. Well, it is a priority item because without the organizational structure, without the management flow and a clear understanding by all employees and by the management of this organization as to what their functions are, everything else falls by the wayside.

The CHAIRMAN. And I wonder if you can state now for the record your view of the Agency's role? Certainly, we know the Community Services Administration, and OEO as predecessor, was intended to be an independent agency, and was created as an advocate for the poor. I would like you to state your attitude and have our record reflect it.

Mr. MARTINEZ. Very well, sir.

Well, I think first of all that this Nation could deliver far more than it has delivered to this point, as far as the Nation's poor are concerned.

OEO, initially, and now, CSA, is charged with the responsibility for serving as what I refer to as a catalytic agency to utilize whatever resources are provided to it as an agency with the ultimate mission being that of serving the poor. But the vast resources that are available in Government are really available in agencies of Government outside CSA.

In the CSA, I feel my responsibility will be to arrange memorandums of understanding at the highest level, that is agreements with HEW, the Department of Labor, LEAA, and other agencies that provide social and economic resources, so that the delivery system that we call the Community Action Agency can tap those resources. And they have done a very effective job of that. But the resources are, in fact, in other agencies and they must be tapped. So CSA, Senator, I believe is the catalyst for getting those resources tapped and utilized to serve more people. And that is essentially how I view the function of the Agency.

The CHAIRMAN. I think it would be appropriate to ask you what your view and what action you would take if the idea of transferring the Agency to HEW or another agency began to come on again as an idea. And this question follows on your approach as a catalytic agency. How do you look at this, being again changed in its administrative picture and possibly transferred to HEW?

Mr. MARTINEZ. Yes. Having been familiar with that provision in the law, and that option left to the administration, it was obviously a very strong consideration on my part before I indicated yes, they could pursue my nomination. And I have reached a very clear understanding with the administration that that will not occur, at least prior to the end of fiscal year 1977, which gives me an opportunity to examine the provisions of law, the implementation of that law in the agency as an independent agency.

Furthermore, I, having worked in the field and having worked with other agencies of Government, I recognize the massive bureaucracy now entrenched over in the Department of Health, Education, and Welfare. I think it would be highly inappropriate to further encumber that Department of Government with another operation. I think they have a sufficient number of programs to operate. I believe that a budget the size of the Community Services Administration would be lost over in HEW very quickly.

The CHAIRMAN. And this was discussed at the time your nomination was discussed?

Mr. MARTINEZ. It was, indeed.

The CHAIRMAN. And that people in executive positions gave you that kind of assurance. Is that correct?

Mr. MARTINEZ. That is correct. I would not have even considered the nomination had I been told that my job was to make the transfer to HEW or to do anything other than to maintain the integrity of the Agency and to pursue a course of action that would administer CSA's budget and its mission in an effective way.

The CHAIRMAN. Well, I personally am encouraged by that.

As Director, how would you handle the vacancy situation? As I understand it, a Deputy Director and Assistant Directors are top management positions that are not filled.

Mr. MARTINEZ. That is correct.

The CHAIRMAN. How many positions are there that are open and available to be filled?

Mr. MARTINEZ. Currently there are two rather key positions in the Agency that are vacant. That is the Deputy Director slot and a special assistant. Aside from that there are a number of schedule C's which are flexible and can be changed if necessary.

I will move immediately to submit names to the White House for the Deputy Director's slot, which is a Senate confirmation job, and the special assistant. I am looking at a number of people now that hopefully can come in rather quickly to assist me in this job.

The CHAIRMAN. I wonder if we could get an agreement that you would keep us up to date and let us know on all of these things you have addressed yourself to, and give us a report after 30 days on just what has been accomplished. This agency, of course, is of vital concern to us here. Could we get a report in 30 days of how you are progressing on these various reorganization efforts that you feel are necessary?

Mr. MARTINEZ. I will be most happy to do that.

The CHAIRMAN. On personnel situations, too.

Mr. MARTINEZ. Yes.

The CHAIRMAN. Good.

Mr. MARTINEZ. Are you talking about the personnel only?

The CHAIRMAN. No. And the reorganization that you addressed yourself to.

Mr. MARTINEZ. OK. Very good. I would be happy to do that.

[The report subsequently received and additional material supplied follow:]

Community Services Administration

WASHINGTON, D.C. 20506

May 19, 1976

Honorable Harrison A. Williams, Jr.
Chairman
Committee on Labor and Public Welfare
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

During my confirmation hearing on April 2nd, 1976 you requested that I advise the committee of the actions taken by me during my first thirty days as director to address the significant and critical issues raised at my hearing concerning this Agency. I am submitting to you this letter as this thirty day report.

To begin with, when I assumed this post, there was a clear need to open the lines of communication between the Agency's executive staff, headquarters, the regional offices and CSA grantees. Moreover, as the House Government Operations Committee noted, there was a serious morale problem cutting across agency lines. It was readily evident that all the agency and program components had to be marshalled to address the problems facing the agency, if any realistic and effective solutions were to be devised for the difficulties facing CSA. To this end, I initiated daily executive staff sessions to review the critical problems before the agency and begin a process for developing solutions to them. Moreover, within one week of assuming office, I addressed all Headquarters staff and subsequently prepared a videotape presentation setting forth my long range program objectives. This videotape has been made available to the regional offices and all CSA grantees. A copy of the text of that address is enclosed.

A final organization plan will have a substantial impact upon the morale of this Agency and its program effectiveness. The development of such a plan has been the first major objective of the executive staff sessions I initiated. The staff was also instructed to develop position papers on all critical organizational issues such as the overall structure and function of CSA; the structure and functions of Agency components; personnel ceilings and the proper role of CSA in intergovernmental relations. As a result of this process I anticipate a final agency organization plan within the next thirty days.

During this thirty day period, I submitted to the White House a nominee for the position of Deputy Director. I have also selected a new general counsel who will assume this post as soon as the Civil Service Commission's appointment procedures have been completed.

On May 4th, 1976 I met with the Chairman of the Civil Service Commission Robert Hampton and members of his staff. A number of issues relating to personnel and CSA's relationship with and support from the Commission were discussed. Included in this discussion was the long standing issue of the selection of regional directors. I indicated at this meeting that I had put into motion certain procedures to have this issue expeditiously resolved. Chairman Hampton expressed knowledge of these longstanding problems and, accordingly, shared an eagerness to provide his own and his staff's assistance to remedy them.

I also requested from the Office of Management and Budget a deferral of our budgetary ceiling of 960 permanent employees from June 30th to September 30th, 1976. This request has been approved.

Several significant accomplishments, moreover, in the program area have been achieved during my initial thirty days. First, \$17 million has been allocated to regional offices for the summer recreation program, where it is now in the process of being obligated. I also approved the distribution of \$10.4 of an unallocated balance of \$12.7 million

in agency energy funds. In addition, I approved the first rural housing program in 1976 for \$2.6 million of the \$3 million allotted for this kind of activity. The objective of this program is to improve and expand CSA's present rural housing program. Finally, the Agency is now in the process of preparing a response to the recent GAO study of our community food and nutrition program. This response should be completed shortly, and I shall provide the Committee with a copy of it when it is available.

One of the most critical issues raised at my hearing was the problem of an annualized budget cycle for CSA. I have daily been involved with senior staff toward resolving this issue. As I stated in my videotape presentation, how the Agency arrived at its present quarterly funding cycle is a rather complicated and involved history, but its resolution has been given a high priority. I am hopeful that a breakthrough can be made soon.

As a first step, we have focused on the transition quarter as a partial solution to our annualization problem. As you know, the transition quarter is a non-recurring timing bridge that contemplates an extension of all programs for three months. However, an unusual timing variance exists between our programs. Community action, our basic program delivery system, is funded currently on a quarterly basis, causing the well known funding delays, while our categorical programs such as economic development, are funded basically in June of each fiscal year for twelve to twenty-four months in advance. Consequently, I intend to concentrate our timing obligations during the transition quarter on local initiative (Section 221) grantees. This will enable the annualization of all section 221 grantees with budgets of \$300,000 or less, comprising 75% of our community action grantees. I anticipate that this timing concentration of smaller grantees will greatly ease the regional administrative problem and result in faster service for the larger grantees we are unable to annualize. All categorical programs, such as energy, nutrition, demonstrations and economic development will continue to be funded on at least an annual basis at 1976 appropriation levels well into fiscal 1977.

Along with resolving the quarterly funding problem, I initiated a complete review of the impact of 601(c) of the Act, which, in effect, took away from the regional directors the authority to approve grants. The apparent impact of this statutory provision has been to add additional delays in the funding cycle by requiring that all grant applications be submitted to Headquarters for final clearance and approval. This has added time onto the cycle first because of the difficulties encountered of sending approximately 6,000 grant applications to Washington for processing and final signature. Secondly, it has required developing the technical expertise, which is normally housed in the regional offices, at the Headquarters level, in effect, adding another layer of bureaucracy to the funding cycle. As a result of this review, I expect to be able to present sufficient facts and information to remedy this problem.

I have also addressed the critical issue of the impact of the requirement from CSA grantees of an increased non-Federal contribution. The present Act, as you well know, requires these increased contributions for FY 76 and FY 77. The rationale for this increase appears to have been that State and local governments could meet the demands for these contributions to CSA-funded programs and that the local government commitment would insure the continuation of the program. However, many local government and State units find themselves in difficult financial situations, and as a result may not be able to meet these increased contribution requirements. The consequences of this may be serious and do irreparable harm to Agency programs. In addition, as a practical matter, when communities find it more difficult to meet these non-Federal statutory share requirements, the number of requests for waivers of this provision under Section 225(c) of the Act will naturally increase.

In anticipation of this demand, I have issued an instruction setting out additional criteria for these waiver requests (attached). This instruction has already been published in the Federal Register, and has been disseminated to all CSA-

funded grantees by mailograms. This issuance has, moreover, been designed to provide the agency with critical data by which it can objectively evaluate the impact of the non-federal share requirements on its programs. The target date for receiving this information is May 25th, 1976. My staff shall have an analysis of this data by May 28th. In addition to the applicable criteria shown in the instruction, other evidence of a sincere effort to meet non-federal share requirements will be required by regional offices as part of their validation process for these waiver applications.

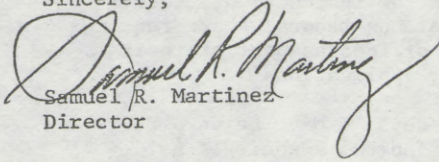
Finally, during these first thirty days, I have begun a review of CSA's relations with other federal agencies. As part of this review I have requested from the executive staff position papers exploring various roles this agency may play in the federal family and how CSA can develop its interrelationships with other federal agencies. As part of this overall assessment, all present interagency agreements are being scrutinized; and I have begun colloquies with other cabinet and subcabinet heads to explore areas of meaningful cooperation between these departments and CSA. The outcome of these discussions, I believe, will be to strengthen CSA's ability to represent the poor within this Federal framework and act as a catalytic agency for concentrating Federal resources on the problems of the poor.

This letter summarizes for you the steps we have taken to address the critical and urgent problems confronting this Agency and to begin examining long range issues. The resolution of these problems, however, is a process that requires sufficient time, thorough analysis and a coordinated effort. With the understanding, support and cooperation of the CSA family, that is, our headquarters and regional staffs, and our grantees; and with the necessary assistance from other federal agencies with whom we must work, I am optimistic that we can arrive at solutions to these problems, and that

the Community Services Administration will be able to provide a vital service to the Nation's poor.

If you require any additional information, please let us know.

Sincerely,



Samuel R. Martinez
Director

GREETINGS:

I AM SAM MARTINEZ, DIRECTOR OF THE COMMUNITY SERVICES ADMINISTRATION. PLEASE EXCUSE ME FOR APPEARING BEFORE YOU ON VIDEO TAPE, BUT THIS IS THE BEST AND MOST IMMEDIATE WAY TO COMMUNICATE WITH ALL OF YOU.

LET ME SAY AT THE OUTSET THAT I AM GRATIFIED BY THE MANY MESSAGES THAT EXTEND TO ME CONGRATULATIONS AND GOOD WISHES.

PRIOR TO CONFIRMATION, I RECEIVED MANY LETTERS AND CALLS FROM GRANTEES WISHING TO DISCUSS PROGRAMMATIC ISSUES WITH ME. REGRETTABLY I HAD TO MAKE THE DECISION THAT I FELT IT INAPPROPRIATE FOR ME TO ENGAGE IN AGENCY DELIBERATIONS WHILE THE FORMALITIES LEADING TO CONFIRMATION WERE IN PROCESS. INVITATIONS CONTINUE TO COME IN DAILY.

I CAN UNDERSTAND AND APPRECIATE THOSE OF YOU WHO HAVE PROBLEMS OR ARE DESIROUS OF KNOWING WHAT THOUGHTS I BRING TO CSA. CERTAINLY YOU WANT TO FOCUS ON AGENCY POLICIES AND PROCEDURES. REST ASSURED THAT PROBLEMS WILL BE ADDRESSED IN AS TIMELY A MANNER AS IS HUMANLY POSSIBLE.

POLICIES AND PROCEDURES, TOO, WILL BE DETERMINED AND CONVEYED TO YOU EXPEDITIOUSLY, BUT DECISIONS CONCERNING THESE MATTERS SHOULD NOT AND WILL NOT BE MADE ARBITRARILY.

I TRUST THAT YOU UNDERSTAND THAT I CANNOT GIVE PERSONAL ATTENTION TO EVERY GRANTEE PROBLEM, THOUGH I WOULD LIKE TO, AND CANNOT COMMIT TO EVERY INVITATION, THOUGH NOTHING WOULD PLEASE ME MORE THAN TO BE ABLE TO DO THAT.

I UNDERSTAND ALSO THAT AS GRANTEES EACH HAS THE BEST PROGRAM WITH THE LEAST RESOURCES AND THE MOST DIFFICULT PROBLEM NEEDING OUR IMMEDIATE ATTENTION.

THIS MESSAGE IS TO CONVEY TO YOU WHY I CAME TO WASHINGTON, AND IT IS IMPORTANT FOR YOU TO KNOW WHO I AM.

I HAVE TO WONDER ABOUT MY OWN GOOD SENSE IN LEAVING THOSE MAJESTIC ROCKY MOUNTAINS AND THAT COOL DENVER AREA TO COME TO THE HUMIDITY AND HEAT OF WASHINGTON. BUT THERE ARE GOOD REASONS WHY I CAME.

AT THE REQUEST OF THE PRESIDENT, I HAVE UNDERTAKEN A RESPONSIBILITY AND THE TOP PRIORITY IS TO ESTABLISH A SOUND ORGANIZATIONAL STRUCTURE, DETERMINE OUR HUMAN RESOURCE NEEDS AND THE PARAMETERS OF OUR MANDATE --- THIS WILL REQUIRE THAT I SPEND A GOOD PORTION OF MY TIME IN WASHINGTON IN THE NEXT SEVERAL WEEKS.

CSA'S MISSION IS IMPORTANT AND CRITICAL TO THE POOR OF THIS NATION. THROUGH THE YEARS I HAVE OBSERVED A WIDE RANGE OF VIEWPOINTS REGARDING PROGRAMS FOR THE POOR. THERE ARE THOSE WHO ADVOCATE COMPLETE DISENGAGEMENT OF A FEDERAL ROLE; THERE ARE THOSE WHO ADVOCATE EXPANSION OF EXISTING LEGISLATION AND PROGRAMS; AND THERE ARE THOSE WHO SUPPORT THE CONCEPT OF ASSISTANCE TO THE POOR, BUT EXPRESS CONCERN OVER THE EFFICACY OF THE DELIVERY SYSTEM. ALL OF THIS INTERPRETS INTO A CHALLENGING AND DIFFICULT JOB WHICH WILL TAX OUR RESOURCEFULNESS, OUR INDIVIDUAL TALENTS AND OUR GOOD MANAGEMENT SENSE. IT IS IMPERATIVE, THEREFORE, TO PLACE THINGS IN PROPER PERSPECTIVE. LET US BEGIN.

IN 1954 THE ECONOMIC OPPORTUNITY ACT BECAME LAW AND OEO CAME INTO BEING. SINCE THEN WE HAVE MADE SIGNIFICANT PROGRESS TOWARD A BETTER LIFE FOR OUR NATION'S POOR.

OEO LAUNCHED PROGRAMS THAT ARE STILL OUT THERE HELPING. FOR EXAMPLE, THE JOB CORPS STILL TURNS OUT ABOUT 45,000 GRADUATES EACH YEAR. HEAD START IS STILL SERVING 350,000 CHILDREN.

TOO NUMEROUS TO DETAIL ARE OTHER PROGRAMS IN HEALTH CARE, TRAINING, EDUCATION, AND MANY OTHER FIELDS. OEO BUILT THESE PROGRAMS ON A SOLID FOUNDATION BECAUSE OF A FIRM COMMITMENT TO ITS MISSION. TODAY UNDER CSA THAT MISSION TO HELP THE POOR HELP THEMSELVES OUT OF POVERTY IS MORE VITAL THAN EVER. WE CAN SERVE AS THE CATALYST TO STIMULATE SERVICES AND PROGRAMS FOR THE BENEFIT OF THE NATION'S DISENFRANCHISED CITIZENS. CSA'S RESOURCES ARE LIMITED, BUT USED EFFICIENTLY, THEY CAN PROVIDE A STRONG FORUM TO IDENTIFY AND TAP THIS NATION'S ABUNDANT RESOURCES.

A PROBLEM FOR CSA AND MANY CMAs IS THE LOSS OF TRAINED AND SKILLED EMPLOYEES IN CRITICAL AREAS. HOWEVER, NEITHER TIME NOR PATIENCE WILL PERMIT US THE LUXURY OF RESTING ON OUR LAURELS. WE MUST EXAMINE EXISTING CIRCUMSTANCES AND MOVE FORWARD LOOKING ALWAYS TO THE FUTURE. IN THIS REGARD, LET ME SUGGEST TO YOU THAT: DECISIONS NEED TO BE MADE, AND I WILL MAKE THEM -- NOT ARBITRARILY -- BUT ON THE BASIS OF THE BEST INFORMATION. YOU WILL BE A SOURCE OF THIS INFORMATION. IF WE DON'T GET RESULTS, I WILL CHANGE THE PLAN. BUT I WILL MAKE DECISIONS.

SECONDLY, SOME OF THOSE DECISIONS WILL INVOLVE STAFF CHANGES, AND WILL BE MADE FOR THE GOOD OF THE AGENCY AND ITS PROGRAMS.

A SPECIFIC ISSUE FACING THE AGENCY IS WHETHER OR NOT CSA WILL BE TRANSFERRED TO HEN. THIS WILL NOT HAPPEN -- AT LEAST, NOT BEFORE WE'VE HAD AN OPPORTUNITY TO PUT OUR HOUSE IN ORDER AND THE END OF FISCAL YEAR 1977. I WAS ASSURED THIS WHEN I ACCEPTED THE NOMINATION.

PERSONALLY, I DO NOT UNDERSTAND THE RATIONALE BEHIND THE POSSIBLE TRANSFER. YOU MAY BE CERTAIN THAT I WILL NEVER ADVOCATE SUCH A MOVE.

HEN IS A MASSIVE CONGLOMERATE OF PROGRAMS COMPLEX AND DIFFICULT TO ADMINISTER. THIS IS NOT MY PERSONALLY CONTRIVED CONCLUSION. GOVERNORS, MAYORS, EDUCATORS AND OTHER PUBLIC OFFICIALS AT THE STATE AND LOCAL LEVEL HAVE SAID SO. CSA'S ACTIVITIES ARE TOO IMPORTANT TO RISK GETTING LOST IN A HUGE BUREAUCRACY.

WE HAVE THE OPPORTUNITY TO ADMINISTER AN INDEPENDENT AGENCY. IT CAN BE DONE EFFICIENTLY AND WITH A MINIMUM OF PROBLEMS.

I KNOW YOU WILL UNDERSTAND THAT I COULD NOT GET PRECISE COMMITMENTS ON EVERY IMPORTANT ISSUE BEFORE TAKING THIS JOB. ONE MATTER STILL PENDING IS A PROPER EMPLOYMENT CEILING FOR CSA. I CAN'T SAY AT THIS POINT WHAT THAT CEILING WILL BE. THE EXECUTIVE STAFF AND I ARE NOW EXAMINING ALL FACETS OF THIS QUESTION TO DETERMINE THE WORK FORCE SIZE NEEDED TO PERFORM OUR MISSION. I WAS ABLE TO GET A COMMITMENT THAT WE WILL BE GIVEN THE TIME, FLEXIBILITY AND SUPPORT NECESSARY TO ARRIVE AT REALISTIC NUMBERS. MY REQUEST TO O'B TO DEFER THE PROPOSED CEILING SCHEDULED FOR JUNE 30 UNTIL SEPTEMBER 30 HAS BEEN HONORED.

WE MUST ALSO SETTLE SOME LEGISLATIVE MATTERS: FOR EXAMPLE, THE FEDERAL/LOCAL SHARING RATIO FOR COMMUNITY ACTION GRANTEEES. THIS IS VITAL. IF THE FEDERAL SHARE IS SUBSTANTIALLY REDUCED, PROGRAMS MAY BE IRREPARABLY DAMAGED. INFORMATION — FACTS — WILL BE GATHERED IN THE NEXT FEW WEEKS TO ASSIST US IN ESTABLISHING JUSTIFIABLE BASIS FOR OUR POSITION.

THE PROVISION IN THE LAW THAT PLACES THE FUNDING AUTHORITY IN THE NATIONAL OFFICE HAS GENERATED MANY PROBLEMS AND DELAYS. WHAT WE DO NOT NEED ARE SYSTEMS THAT ARE CUMBERSOME AND STRAIN THE RELATIONSHIP OF CSA AND ITS GRANTEEES. IN SOME INSTANCES THE DELAYS HAVE COST ADDITIONAL DOLLARS. WITH OUR SMALL BUDGET WE CANNOT AFFORD TO SPEND DOLLARS OTHERWISE INTENDED TO BENEFIT THE POOR. I WILL WORK AT RESTORING THE FUNDING AUTHORITY TO THE REGIONS.

WE ARE CAUGHT IN A QUARTERLY FUNDING CYCLE THAT EVERYONE DEPLORES. THE CIRCUMSTANCES THAT LED TO THAT PROBLEM ARE COMPLEX AND NEED TO BE UNSCRAMBLED. WE ARE AT WORK NOW DEVISING ALTERNATIVES TO THAT BURDENSOME TASK.

IN 1973, CEO BEGAN OUR ENERGY CONSERVATION AND WINTERIZATION PROGRAM. THE RECORD SHOWS THAT WE'VE DONE AN EXCELLENT JOB. THEREFORE, I FEEL THAT CSA SHOULD HAVE A MAJOR ROLE IN PROGRAMS FOR THE POOR THAT FOCUS ON ENERGY CONSERVATION. A CONCERN THAT SHOULD BE A PRIORITY FOR ALL AMERICANS.

WE ARE EXPLORING OTHER QUESTIONS THAT REQUIRE OUR ATTENTION. FOR INSTANCE: WHAT IS OUR RESPONSIBILITY TO MIGRANT WORKERS? HOW CAN WE STRENGTHEN CSA'S TIES WITH THE PRIVATE SECTOR? AND WHAT SHOULD OUR RELATIONSHIP BE WITH OTHER FEDERAL AGENCIES? I WILL BEGIN IMMEDIATELY TO ESTABLISH UNDERSTANDINGS AND WRITTEN AGREEMENTS WHERE NECESSARY TO PROVIDE FOR INTERAGENCY COORDINATION OF RELATED PROGRAMS. IT IS MY HOPE THAT WHERE POLICY IS LACKING, WE WILL CONTRIBUTE TO DEVELOPING IT; WHERE CONFUSION EXISTS, WE WILL ELIMINATE IT.

I BELIEVE WE MUST CREATE AN EVALUATION MECHANISM TO TELL US WHETHER OUR PROGRAMS ARE WORKING AND WHETHER OUR PERSONNEL AND OTHER RESOURCES ARE GIVING US MAXIMUM EFFICIENCY. WE NEED SUCH AN EVALUATION METHOD FOR THESE REASONS: (1) FEEDBACK TO ASSIST US IN DOING THE BEST POSSIBLE JOB; (2) TAXPAYERS HAVE A RIGHT TO KNOW HOW WE'RE USING THEIR DOLLARS; (3) WE ARE ANSWERABLE TO A CONGRESSIONAL MANDATE; (4) I AM ACCOUNTABLE TO THE PRESIDENT AS HE HAS PLACED HIS TRUST AND CONFIDENCE IN ME; AND (5) WE HAVE AN OBLIGATION TO OURSELVES BECAUSE WE NEED TO KNOW IF OUR COMMITMENTS ARE BEING FULFILLED. WE CAN MEET THIS OBLIGATION BY BEING A CADRE OF PROFESSIONALS WHO UNDERSTAND AND PERFORM OUR DUTIES EFFECTIVELY AND EFFICIENTLY.

CSA'S SURVIVAL AND FUTURE DEPENDS UPON HOW WELL EACH OF US DOES OUR JOB. THIS AGENCY IS MORE THAN A SET OF OFFICES HERE IN WASHINGTON AND TEN REGIONS. IT IS A NETWORK OF NATIONWIDE ACTIVITIES REACHING MILLIONS OF PEOPLE. OUR MISTAKES MAKE HEADLINES. MOST OF OUR SUCCESSSES DO NOT. CSA WILL STAND OR FALL BY OUR PERFORMANCE IN HEADQUARTERS, IN THE REGIONAL OFFICES AND IN ALL THE GRANTEEES.

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▷ S R MARTINEZ DIR COMM SERV ADMIN
 1200 - 19TH STREET NW
 WASH DC 20506

FOLLOWING IS THE TEXT OF CSA INSTRUCTION 6802-5 WHICH I HAVE SIGNED TODAY, MAY 7, 1976. YOUR IMMEDIATE ATTENTION AND ACTION ARE REQUESTED IF YOU ARE FORECASTING THAT YOUR AGENCY WILL BE UNABLE TO MEET ITS REQUIRED NON-FEDERAL SHARE CONTRIBUTION FOR FISCAL YEAR 1976.

APPLICABILITY: THIS INSTRUCTION IS APPLICABLE TO ALL GRANTS FUNDED UNDER TITLE II, SECTIONS 221 AND 222(A) OF THE COMMUNITY SERVICES ACT OF 1974 IF THE ASSISTANCE IS ADMINISTERED BY THE COMMUNITY SERVICES ADMINISTRATION.

REFERENCES: (1) COMMUNITY SERVICES ACT OF 1974, SECTION 225(C)
 (2) CSA INSTRUCTION 6802-2, NON-FEDERAL SHARE CRITERIA
 (3) CSA INSTRUCTION 6802-3, NON-FEDERAL SHARE REQUIREMENT FOR TITLE II, SECTIONS 221, 222(A), AND 231 PROGRAMS
 (4) CSA INSTRUCTION 6802-4, ADDITIONAL COMMUNITIES ELIGIBLE FOR WAIVERS OF NON-FEDERAL SHARE REQUIREMENT (PUERTO RICO, TRUST TERRITORIES, THE VIRGIN ISLANDS, AND INDIAN TRIBES ON RESERVATIONS)

1. BACKGROUND

ON JANUARY 4, 1975 THE COMMUNITY SERVICES ACT WAS ENACTED INTO LAW. THE NEW LEGISLATION MANDATED AN INCREASE IN THE PERCENTAGE OF NON-FEDERAL SHARE CONTRIBUTIONS FOR CERTAIN TITLE II PROGRAMS BEGINNING WITH FUNDS GRANTED IN FY 1976 WITH AN ADDITIONAL INCREASE FOR GRANTS MADE WITH FY 1977 FUNDS. ONE OF THE OBJECTIVES OF THIS INCREASE WAS TO ENCOURAGE MORE STATE AND LOCAL COOPERATION. THE RATIONALE WAS BASED ON THE ASSUMPTION THAT STATE AND LOCAL GOVERNMENTS WOULD BE ABLE TO MEET INCREASED

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DEMANDS FOR CONTRIBUTIONS TO THE CSA-FUNDED PROGRAMS AND THAT THE RESULTANT LOCAL COMMITMENT WOULD ASSURE A SOUND AND CONTINUING PROGRAM. HOWEVER, IN THE INTERIM IT APPEARS THAT MANY STATE AND LOCAL UNITS OF GOVERNMENT FIND THEMSELVES IN DIFFICULT FINANCIAL SITUATIONS. THEREFORE, REGARDLESS OF THE COMMITMENT MANY COMMUNITIES MAY HAVE TO COMMUNITY ACTION PROGRAMS, SOME UNITS OF GOVERNMENT AND PRIVATE AGENCIES MAY NOT BE IN A FINANCIAL POSITION TO MEET REQUESTS FOR INCREASED CONTRIBUTIONS. TO CONTINUE TO REQUIRE NON-FEDERAL SHARE CONTRIBUTIONS IN EXCESS OF 20 PERCENT IN COMMUNITIES WHERE THESE CONDITIONS CURRENTLY EXIST WOULD BE INCONSISTENT WITH A MAJOR INTENT OF THE LEGISLATION. CONSEQUENTLY, THE DIRECTOR OF CSA IS EXERCISING HIS AUTHORITY UNDER SECTION 225(C) OF THE COMMUNITY SERVICES ACT TO DEVELOP ADDITIONAL OBJECTIVE CRITERIA UNDER WHICH PART OR ALL OF THE ADDITIONAL NON-FEDERAL SHARE MAY BE WAIVED.

2. PURPOSE

THE PURPOSE OF THIS INSTRUCTION IS TO INTRODUCE ADDITIONAL WAIVER CRITERIA UNDER WHICH CSA-FUNDED GRANTEE WHO OPERATE PROGRAMS IN COMMUNITIES WHERE THE UNIT(S) OF GOVERNMENT ARE EXPERIENCING SEVERE ECONOMIC PROBLEMS AND/OR WHERE THE PRIVATE SECTOR IN GENERAL HAS BEEN LIKEWISE IMPACTED, WILL BE ELIGIBLE FOR WAIVERS OF PART OR ALL OF THE INCREASED NON-FEDERAL SHARE CONTRIBUTION.

3. POLICY

A. NEW WAIVER CRITERIA

ANY GRANTEE FUNDED UNDER TITLE II SECTIONS 221 AND 222(A) OF THE COMMUNITY SERVICES ACT MAY APPLY FOR A WAIVER OF A PART OR ALL OF THE REQUIRED NON-FEDERAL SHARE CONTRIBUTION WHICH EXCEEDS 20 PERCENT WHEN IT CAN DOCUMENT THAT ITS INABILITY TO RAISE THE ADDITIONAL FUNDS IS BASED ON THOSE SEVERE ECONOMIC PROBLEMS IN THE COMMUNITY WHICH RESULT IN THE INABILITY TO MOBILIZE LOCAL, STATE OR PRIVATE RESOURCES.

THIS WAIVER POLICY COVERS THOSE GRANTS MADE FROM JULY 1, 1975 AND IS RETROACTIVE FOR ALL GRANTS.

B. EXISTING WAIVER CRITERIA

CSA INSTRUCTIONS 6802-3 AND 6802-4 REMAIN IN EFFECT. HOWEVER, EFFECTIVE IMMEDIATELY, ANY GRANTEE WHO REQUESTS A WAIVER UNDER THE PROVISIONS OF THE TWO INSTRUCTIONS MUST COMPLY WITH THE TIME-FRAME AND PROCEDURES OUTLINED IN SECTION 4. BELOW.

4. PROCEDURES

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A. FOR FY 1976 GRANTS

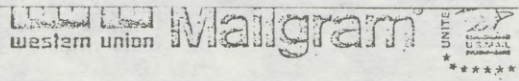
A REQUEST FOR WAIVER OF PART OR ALL OF THE INCREASED NON-FEDERAL SHARE CONTRIBUTION FOR FY 1976 WILL BE IN THE FORM OF A LETTER TO THE REGIONAL OR HEADQUARTERS OFFICE RESPONSIBLE FOR ADMINISTERING THE GRANT AND SHOULD BE SUBMITTED TO THE ADMINISTERING OFFICE NO LATER THAN COB MAY 21, 1976. ANY AMENDMENTS TO THESE SUBMISSIONS SHOULD ACCOMPANY THE GRANTEE'S APPLICATION FOR ANY ADDITIONAL FY 1976 FUNDS. THE LETTER WILL STATE (1) THE AMOUNT (DOLLARS) AND PERCENTAGE OF NON-FEDERAL SHARE REQUIRED; (2) THE AMOUNT (CASH PLUS THE VALUE OF IN-KIND) AND PERCENTAGE THE COMMUNITY CAN PROVIDE; (3) THAT THE APPLICANT HAS MADE A REASONABLE EFFORT TO RAISE MORE NON-FEDERAL SHARE AND HAS BEEN UNSUCCESSFUL; AND (4) THE UNIT(S) OF GOVERNMENT/ AGENCIES/ORGANIZATIONS CONTACTED. IN ADDITION THE LETTERS WILL BE ACCOMPANIED BY CERTIFICATIONS FROM EACH OF THOSE OFFICIALS CONTACTED WHOSE CONTRIBUTIONS WERE BELOW THE AMOUNT REQUESTED (INCLUDING "0" CONTRIBUTIONS) THAT THEY WERE APPROACHED; THE TYPE AND VALUE OF THE CONTRIBUTION REQUESTED; TYPE AND AMOUNT CONTRIBUTED IN THE PAST FUNDING PERIOD; WHAT THEY WILL CONTRIBUTE TOWARD THE CURRENT GRANT REQUIREMENT AND REASONS FOR NOT BEING ABLE TO MAKE CONTRIBUTIONS AT THE LEVEL REQUESTED. (SEE EXHIBIT 1 FOR EXAMPLE OF A CERTIFICATION LETTER.)

B. FOR FY 1977 GRANTS

GRANTEES WILL BE INFORMED OF THE TIMEFRAME AND PROCEDURES FOR SUBMISSION OF REQUESTS FOR WAIVER OF THE NON-FEDERAL SHARE FOR FY 1977 AT THE APPROPRIATE POINT IN FY 1977.

CSA RESERVES THE RIGHT TO REQUIRE THAT ADDITIONAL EVIDENCE BE SUBMITTED IN SUPPORT OF THESE REPRESENTATIONS.

SAMUEL R. MARTINEZ
DIRECTOR
COMMUNITY SERVICES ADMINISTRATION



REMARKS

7

(AUTHORIZING OFFICIAL)

(UNIT OF GOVERNMENT/AGENCY/ORGANIZATION)

(DATE)

16:20 EST

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EXHIBIT 1

TO: REGIONAL DIRECTOR OR APPROPRIATE HEADQUARTERS OFFICIAL
COMMUNITY SERVICES ADMINISTRATION

THIS IS TO CERTIFY THAT ON -----
(DATE) (CSA GRANTEE)

REQUESTED THAT OUR UNIT OF GOVERNMENT/ORGANIZATION/AGENCY PROVIDE CASH () AND/OR IN-KIND () VALUED AT DLRS ----- TO BE CREDITED AS A CONTRIBUTION TO THAT PORTION OF THE PROGRAM COSTS IN ITS GRANT MADE BY THE COMMUNITY SERVICES ADMINISTRATION WHICH MUST BE BORNE BY THE COMMUNITY.

THIS UNIT OF GOVERNMENT/ORGANIZATION/AGENCY HAS PROVIDED THE FOLLOWING RESOURCES TOWARD THE CSA GRANTEE'S NON-FEDERAL SHARE REQUIREMENT IN THE PREVIOUS GRANT PERIOD.

CASH: DLRS-----

VALUE OF IN-KIND:

DLRS----- (SPACE)
DLRS----- (VOLUNTEER SERVICES)
DLRS----- (OTHER)

DLRS----- TOTAL

DUE TO THE CIRCUMSTANCES DESCRIBED BELOW IN "REMARKS" WE ARE NOT ABLE TO MAKE A CONTRIBUTION AT THE LEVEL REQUESTED FOR THIS GRANT PERIOD.

THE VALUE OF OUR CASH CONTRIBUTION TOWARD THE GRANTEE'S CURRENT GRANT HAS BEEN OR WILL BE DLRS-----.

THE VALUE OF OUR IN-KIND CONTRIBUTION TOWARD THE GRANTEE'S CURRENT GRANT HAS BEEN OR WILL BE AS FOLLOWS:

DLRS----- (SPACE)
DLRS----- (VOLUNTEER SERVICES)
DLRS----- (OTHER)

DLRS----- TOTAL

COMMUNITY SERVICES
ADMINISTRATION
WASHINGTON, D. C. 20506

CSA INSTRUCTION

6802-5

Subject	Date
ELIGIBILITY FOR WAIVER OF INCREASED NON-FEDERAL SHARE CONTRIBUTION	Office of Primary Responsibility O/P
Supersedes	Distribution ER, 10, 15, 35-4, 45-1

EFFECTIVE DATE:

APPLICABILITY: This Instruction is applicable to all grants funded under Title II, Sections 221 and 222(a) of the Community Services Act of 1974 if the assistance is administered by the Community Services Administration.

REFERENCES:

- (1) Community Services Act of 1974, Section 225(c)
- (2) CSA Instruction 6802-2, Non-Federal Share Criteria
- (3) CSA Instruction 6802-3, Non-Federal Share Requirement for Title II, Sections 221, 222(a), and 231 Programs
- (4) CSA Instruction 6802-4, Additional Communities Eligible for Waivers of Non-Federal Share Requirement (Puerto Rico, Trust Territories, the Virgin Islands, and Indian Tribes on Reservations)

1. BACKGROUND

On January 4, 1975 the Community Services Act was enacted into law. The new legislation mandated an increase in the percentage of non-Federal share contributions for certain Title II programs beginning with funds granted in FY 1976 with an additional increase for grants made with FY 1977 funds. One of the objectives of this increase was to encourage more State and local cooperation. The rationale was based on the assumption that State and local governments would be able to meet increased demands for contributions to the CSA-funded programs and that the resultant local commitment would assure a sound and continuing program. However, in the interim it appears that many State and local units of government find themselves in difficult financial situations. Therefore, regardless of the commitment many communities may have to community action programs, some units of government and private agencies may not be in a financial position to meet requests for increased contributions. To continue to require non-Federal share contributions in excess of 20% in communities where these conditions currently exist would be inconsistent with a major intent

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of the legislation. Consequently, the Director of CSA is exercising his authority under Section 225(c) of the Community Services Act to develop additional objective criteria under which part or all of the additional non-Federal share may be waived.

2. PURPOSE

The purpose of this Instruction is to introduce additional waiver criteria under which CSA-funded grantees who operate programs in communities where the unit(s) of government are experiencing severe economic problems and/or where the private sector in general has been likewise impacted, will be eligible for waivers of part or all of the increased non-Federal share contribution.

3. POLICY

a. New Waiver Criteria

Any grantee funded under Title II Sections 221 and 222(a) of the Community Services Act may apply for a waiver of a part or all of the required non-Federal share contribution which exceeds 20% when it can document that its inability to raise the additional funds is based on those severe economic problems in the community which result in the inability to mobilize local, State or private resources.

This waiver policy covers those grants made from July 1, 1975 and is retroactive for all grants.

b. Existing Waiver Criteria

CSA Instructions 6802-3 and 6802-4 remain in effect. However, effective immediately, any grantee who requests a waiver under the provisions of the two Instructions must comply with the time-frame and procedures outlined in section 4. below.

4. PROCEDURES

a. For FY 1976 Grants

A request for waiver of part or all of the increased non-Federal share contribution for FY 1976 will be in the form of a letter to the Regional or Headquarters office responsible for administering the grant and should be submitted to the administering office no later than May 21, 1976. Any amendments to these submissions should accompany the grantee's application for any additional FY 1976 funds. The letter will state (1) the amount (dollars) and percentage of non-Federal share required; (2) the amount (cash plus the value of in-kind) and percentage the community can provide;

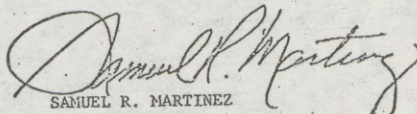
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(3) that the applicant has made a reasonable effort to raise more non-Federal share and has been unsuccessful; and (4) the unit(s) of government/agencies/organizations contacted. In addition the letters will be accompanied by certifications from each of those officials contacted whose contributions were below the amount requested (including "0" contributions) that they were approached; the type and value of the contribution requested; type and amount contributed in the past funding period; what they will contribute toward the current grant requirement and reasons for not being able to make contributions at the level requested. (See Exhibit 1 for example of a certification letter.)

b. For FY 1977 Grants

Grantees will be informed of the timeframe and procedures for submission of requests for waiver of the non-Federal share for FY 1977 at the appropriate point in FY 1977.

CSA reserves the right to require that additional evidence be submitted in support of these representations.


SAMUEL R. MARTINEZ
DIRECTOR

This unit of government/organization/agency has provided the following resources toward the CSA grantee's non-Federal share requirement in the previous grant period.

Value of in-kind:

Due to the circumstances described below in "REMARKS" we are not able to make a contribution at the level requested for this grant period.

The value of our in-kind contribution toward the grantee's current grant has been or will be as follows:

REMARKS:

(Unit of Government/Agency/Organization)

(Date)

Community Services Administration

MEMORANDUM

TO: Regional Directors
Chief, Special Programs Division

SUBJ: New Policy Granting Eligibility for Waiver of the Non-Federal Share
to All Grantees (CSA Instruction 6802-5)

At the request of the Director I have had my staff develop non-Federal share waiver criteria which would make all grantees eligible for a waiver of a part or all of their required non-Federal share which exceeds 20%. Today the Director signed CSA Instruction 6802-5 promulgating that policy.

Enclosed you will find an advance copy of the Instruction and a copy of my background memo to the Director. The text of the Instruction has been sent by mailgram or telegram to all grantees except the Trust Territories which already operate under a complete waiver.

The Director considers this one of his priorities and the short turnaround time is in response to his need for quick but hard data.

A Staff Instruction and a form for summarizing the data received by each region will be forwarded to you circa May 13 or 14. If you receive inquiries from your grantees please assure them that "it's for real" and encourage them to solicit the certifications and submit their requests.

Thank you for your cooperation.

ANGEL F. RIVERA
Associate Director for Operations

Enclosures

The CHAIRMAN. Now I understand that a recent report of the Civil Service Commission found that the Community Services Administration's Denver Regional Director had been coerced into resigning, and the Commission demanded that this Director be reinstated. I am sure you are familiar with this situation. As Director, will you take action to immediately reinstate this particular employee?

Mr. MARTINEZ. I understand that that edict has already gone forward from the Commission. I may not understand that fully. And I don't know what the current Director has done to comply with that requirement. However, Senator, the regional directors' jobs are currently career merit staffing jobs which requires that you comply with the Civil Service merit system.

I must state to you that I happen to disagree with that. Conceptually, I believe that the regional directors ought to be assigned on a noncareer executive level. That is not the current situation in CSA, and it is because of the removal of the funding authority from the regional levels which thereby reduces the justification for the maintenance of noncareer executives. Under the circumstances, however, if the law requires that those be career jobs, and the Commission has stipulated that this particular individual has surfaced as the career executive to be assigned to that role then I would honor that commitment.

The CHAIRMAN. I think that is a fair statement.

The Community Services Act of 1974 provided for a decreasing Federal share for Community Action Agencies and included a waiver authority for the Director if increasing the local share created hardship or reduced the effectiveness of the local agency.

What is your view of this decreasing Federal share? Will you advocate within the administration that legislation be signed into law if this committee reports and the Congress passes legislation to restore the Federal share to 80 percent?

Mr. MARTINEZ. Senator, I wish I could understand the rationale that has gone into the proposal to reduce the Federal share and increase the local share. I don't know all that there is to know regarding that rationale.

My experience dictates, having worked within the Office of Economic Opportunity, and currently examining the ability of State and local governments to support Federal programs is indeed limited. And there are a variety of reasons for that. Some communities are very capable of carrying the financial burden of support, but philosophically they may not want to. Rural areas, particularly, are hard pressed to provide the local share to support these programs. They have been able to do it up to 10 percent, perhaps 20 percent, and most of that has been an in-kind contribution rather than a cash contribution which really does not provide resources for the services to be rendered. And, therefore, that is an area that has been long debated. It will be one that I will have to examine very closely to determine what would be an appropriate ratio to conduct these programs at the local level.

My inclination is, Senator, that to require more than the current level or to go beyond the current level of local share may be an extreme burden on many communities and that the programs may suffer irreparable damage if they are required to provide a greater share than what they are now providing.

The CHAIRMAN. Well, I can tell you you are right on that.

Senator JAVITS. Mr. Chairman, I just wanted to say that I support both nominees.

The CHAIRMAN. Thank you very much, Senator Javits.

Mr. MARTINEZ. Thank you, Senator.

The CHAIRMAN. That was one of your best speeches. They are all good, but that was one of your best.

Senator JAVITS. Well, I am engaged in many activities on this and other committees this morning.

The CHAIRMAN. I know you are.

I explained to our nominees this morning that under our new guidelines just about every committee in the Senate is meeting right now.

Now, many of our questions that have just been asked came from many Members. These were consensus questions. And included in that group of questions were some that Senator Magnuson had.

Now, these are particular questions from Senator Magnuson, who is the member of the Senate most involved with CSA because of his chairmanship on the Appropriations Committee. And he says, "My own appropriations subcommittee has found that the agency in the past has ignored specific directives to administer programs nationally rather than through its regional offices."

What relationship do you plan to implement between the national office and the regional offices?

Mr. MARTINEZ. Well, I happen to believe that the administration of some programs are perhaps more effectively administered at the national level. For the most part, however, I believe that the programs and resources of the Federal Government can be more effectively applied if applied through the regional office procedure.

This is true not only of CSA but of government in general, where problems of communities and States can be addressed quickly. And if the resources and the expertise of regional offices are available for immediate attention to those problems then I think that makes, in the long haul, for a much more effective system for delivering the services of the Federal Government.

In the case of CSA, however, as already indicated, the Community Services Act of 1974 specifically requires that the authority for funding of grants is vested in the national office. I have also indicated that that is a very cumbersome and time-consuming effort, and I will certainly make every effort to alter that course of action to insure that the programs are funded at the regional level.

The CHAIRMAN. Returning to Senator Magnuson's questions, he is vitally concerned about the funding of rural poverty programs and would like to know what steps you plan to improve our response to rural poverty.

Mr. MARTINEZ. Well, it has been said by many, and in many instances, that funding from CSA and other Federal agencies does not give adequate attention to rural problems, and particularly the problems of the poor in rural areas.

I recall—and I stand corrected on this if my recollection is incorrect—that sometime in the early 1970's an examination was done of OEO resources to make the determination whether there was a disproportionate amount of OEO resources going to urban areas at

the expense of rural areas. As I recall, the percentage was pretty close to 50 percent. I don't know offhand, Senator, whether that is an appropriate or justifiable percentage to expend in rural areas and urban areas. I think it is our responsibility to examine where the multitude of problems are, and what resources we have to apply and then apply them accordingly.

It certainly would be my intent if there is a neglect in particular rural areas through CSA's effort that that would be corrected as quickly as possible, understanding that the agency does have limited resources, and that again the bulk of the resources have to be tapped from the larger agencies of government.

The CHAIRMAN. Thank you.

Now, local community action programs and agencies of State and local governments in the State of Washington have brought to Senator Magnuson's attention the need to standardize poverty level indicators throughout the Federal Government.

What steps do you plan to take to achieve this goal to standardize poverty level indicators throughout the Federal Government?

Mr. MARTINEZ. I am not certain I understand the question, Senator. Does that mean that the poverty level indicators would apply equally across the board, whether it is a rural area or an urban area or an Indian reservation or whatever? Is that the question? I am not sure I understand it.

The CHAIRMAN. Well, it means some things to me but I am not sure it means the same things to Senator Magnuson.

Mr. MARTINEZ. Well, let me respond to it in the way that I understand it. And I don't mean to be facetious, Senator, but in the last couple of days I have spent a couple of hours looking at some place where I might live in this city. And if the indicators I get are realistic then the cost of living in this city is much higher than it is in Denver. And certainly that will be true across the board, that the cost of living in Butte, Mont., may not be equivalent to that of Houston. And I think the application of poverty standards that would be unilaterally applied across the Nation is unrealistic. I think we have to set some kind of standards that would apply equitably and fairly in rural areas that might not stand up in Houston, Tex., for example, because to do so may generate local problems in the application of resources at the same level in two areas which are substantially different economically.

The CHAIRMAN. I think you have answered the question.

Mr. MARTINEZ. OK, sir.

The CHAIRMAN. And I won't embellish it. I have been in situations that suggest to me that there are certain problems in a uniform standard nationally, that it does not reflect certain basic facts of economic life in certain areas.

Mr. MARTINEZ. That's true.

The CHAIRMAN. I will discuss this with Senator Magnuson and make sure that we have adequately dealt with it. It is important that his questions do have a responsive answer. I think yours have been.

Now, Senator Magnuson has found very interesting a draft report recently completed by the General Accounting Office, "Examining the CSA Emergency Food Program," and assuming that you were familiar with this report, would appreciate knowing your reaction to it.

Mr. MARTINEZ. First of all, Senator, I am not at all familiar with the report. I would defer comment on that question until I have an opportunity to read the report.

[The report referred to was a draft report by the General Accounting Office released to Senator Magnuson to assist in his hearings by the Appropriations Committee. It has not been approved by the General Accounting Office and is awaiting agency comments and further refinement before being released. When it is approved, it will be included in the files of the committee, along with the comments of Mr. Martinez.]

The CHAIRMAN. Now, another question. What do you expect will be your national strategy for addressing the food and hunger issues?

Mr. MARTINEZ. That is a tough question, Senator.

The CHAIRMAN. I would think that might even follow on what action is taken here next week on food stamps, in part, wouldn't it?

Mr. MARTINEZ. I would think so, yes.

Well, let me respond at least in part to your question by suggesting that I will not pretend here and now to have an answer to a question of that magnitude. I think that the employment of any strategy for dealing with a matter of that magnitude is going to require a great deal of research and a great deal of understanding as to the degree of the problem, the incidence of the problem, and what kinds of resources are available to apply to it.

I can tell you that I am sensitive to the issue, extremely sensitive to the issue, and that I know that there are resources in Government which can be utilized for that purpose. And to the extent that CSA can independently of other agencies or with the accommodations of other agency's resources apply an answer to this problem of food and nutrition and health problems we will do so.

The CHAIRMAN. Is the GSA in a position to promote local action to determine nutrition needs of poor people?

Mr. MARTINEZ. I think they are. I believe that community action agencies have done that across the country. There is ample evidence to show that the limited resources that GSA provides to the administrative structure of a Community Action Agency generate 10 times over the amount that we provide for dealing with local needs and providing local services. There is much evidence to that effect.

The CHAIRMAN. This next question is a significant question, and particularly significant knowing its source. Senator Magnuson states that he is disturbed by the level of funding requested for CSA by the administration. This comes from the chairman of the Subcommittee for Appropriations for this agency.

Do you support the presumption of the budget request that CSA should no longer be engaged in winterization, for example?

Mr. MARTINEZ. No, I do not.

The CHAIRMAN. How about what other programs that would not be funded under the administration request?

Mr. MARTINEZ. For example, what programs would those be?

The CHAIRMAN. Well, I'm not sure which ones. Let me see.

While our staff is pulling out some examples, do you propose to fight for adequate funding for the poverty program within the administration?

Mr. MARTINEZ. Yes, I intend to do that, Senator.

The CHAIRMAN. I thought that that came through in several of your responses.

Senator Kennedy has submitted a question, and he has another hearing in progress from this committee right now.

As you know, Congress has exhibited its support for community economic development—this is title VII of the act for community development corporations—by rejecting the administration's proposal for reduced appropriations. Now that program is now at the appropriation level of \$46.5 million.

Do you support expanding the number of community development corporations?

Mr. MARTINEZ. Let me answer your question this way, or Senator Kennedy's question this way, in that I support the concept of community development corporations. The extent to which there should be an expansion within CSA of the funding levels is something that will have to be examined, Senator. I am not familiar with the intricate detail that goes into the functions performed by the CDC's at the local level. I think it is important to—going back to your question earlier of evaluation—examine and evaluate carefully the functions and the net result that has emanated from these operations at the local level.

I would not arbitrarily request additional funding without having benefit of that evaluation and knowing whether those are functions that should be retained and performed through Community Services Administration funding.

The CHAIRMAN. You want to know more before responding to funding levels.

How about a possible transfer of this activity?

Mr. MARTINEZ. I would not currently with my understandings advocate the transfer of or any additional transfer of CSA's functions to any other agency.

The CHAIRMAN. With what you know, do you support the objective of community economic development?

Mr. MARTINEZ. Yes, I do, Senator. I thought I had indicated that conceptually, and based on the experience I have had with those operations, I support it wholeheartedly.

The CHAIRMAN. Now, let me see if we have some specifics of the fiscal 1977 budget that will eliminate activity in certain areas.

Food and nutrition included in the 1976 budget at \$26 million, the present budget projection excludes funding for rural housing funded at, \$3 million in fiscal year 1976—nothing included in the fiscal year 1977 budget.

Should we maintain these in the budget in the fiscal year 1977 appropriation?

Mr. MARTINEZ. I am not certain, Senator, that I understand the significance of these questions. Let me try to respond by stating that I feel that these are services very much needed to address the problems of poor people.

The Community Services Administration currently has, in part, these functions. I believe that in order for this agency to continue as the principal catalyst for generating resources for the poor that it must have an adequate budget to do that.

Now, again, I would not want to arbitrarily suggest that funding levels are currently adequate or inadequate. It is something that needs

through examination and evaluation to determine the funding level capacity, whether it is adequate or not, and, second, to determine whether the resources are being utilized effectively through CSA.

I would hope that this Government would adopt a policy that would address the problems of the poor and then examine the vehicles through which they could be delivered. CSA happens to be one of those vehicles, and under its current funding, I intend to see to it that the resources that we have at least are administered adequately and effectively.

The CHAIRMAN. You would have to be Houdini with the amount of money that they have requested.

The local CAP agencies have been operating this year on \$330 million. The President's budget for next year is \$260 million. That is a reduction of considerable amounts. And then the budget, by taking out certain specific funding for winterization and the others we talked about, is throwing those responsibilities on the local agencies; reducing their budget and giving them an increased burden. That's what it amounts to.

Mr. MARTINEZ. That is true.

The CHAIRMAN. So now you have indicated you are going to be a strong advocate for this agency.

How could we look at that now, if Senator Magnuson, who obviously is greatly concerned here, comes on with an increase over the budget? Then we work down that road to acceptance or rejection by the Executive of the appropriations. Am I right?

Mr. MARTINEZ. That is true.

The CHAIRMAN. And then we run into your advocacy with the agency on whether to sign or not to sign, whether to veto or whether to accept—though I am encouraged that you are going to be a fighter for the poor people here and not take this kind of reduction.

Mr. MARTINEZ. Well, let me just add that I don't feel that I am married to any particular agenda or any particular budget at this point. I am given assurances, as I have indicated, that I will have flexibility to—first of all, as you know, there are many internal problems within the agency that have to be looked at, and I think that is the first order of business. And then, second, to develop an appropriate legislative package that makes sense for the agency and one which, hopefully, people can buy.

The CHAIRMAN. Senator Magnuson has asked the following question regarding the Federal regional councils: Most Federal agencies participate in Federal regional councils. Regional councils exist to encourage cooperation between Federal agencies at the local level. Do you plan to take steps to initiate CSA participation in these important forums?

Mr. MARTINEZ. CSA has been designated by Executive order as 1 of 11 agencies to be a member of the Federal regional councils. I have served as chairman of the Mountain Plains Federal Regional Council that serves region VIII encompassing the States of Colorado, Wyoming, Utah, Montana, North Dakota, and South Dakota.

I have served in this capacity by Presidential appointment since July 1974 and, prior to moving to region VI, Dallas, I was chairman in fiscal year 1971.

In both the Denver and Dallas regions, the OEO, and now CSA, have been active members of the council, participating in all its

activities and contributing to the achievement of the work programs to the limit of its resources. If there are regions where this is not the case, I would be most interested in knowing where, and I would take immediate steps to insure CSA's full involvement and active participation.

The CHAIRMAN. That concludes the questions that have been submitted to me from other members who couldn't be here, and I think it is a pretty comprehensive review of the areas of great importance. And your responses have been appreciated. And with the understanding that we will be kept advised of how things go after you are in place over there, we appreciate your responses.

Mr. MARTINEZ. Thank you very much.

The CHAIRMAN. And, again, your nomination will proceed as expeditiously as we possibly can.

Mr. MARTINEZ. Thank you.

The CHAIRMAN. Thank you.

[Additional material subsequently supplied follows:]

"An injury to one is an injury to all"

NATIONAL COUNCIL OF C.S.A. LOCALS

American Federation of Government Employees, AFL-CIO

Exclusive Bargaining Agent for All Non-Supervisory Employees of the Community Services Administration

April 2, 1976

Honorable Harrison Williams
Chairman
Committee on Labor and Public Welfare
U.S. Senate
Washington, D.C.

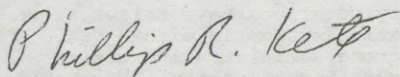
Dear Mr. Chairman:

On behalf of the National Council of CSA Locals, AFGE, AFL-CIO, I would like to say that we were favorably impressed by the position taken by Mr. Sam Martinez at today's hearings on his nomination to be director of the Community Services Administration. Based on the statements made in his testimony and on his earlier experience in OEO, Mr. Martinez seems to us to have the ability and dedication to lead the agency back to its former status as an effective advocate for and servant of the nation's poor.

We have offered and are prepared to work closely with Mr. Martinez in his efforts to carry out our many shared objectives.

We would appreciate it if this statement would be made a part of the hearing record.

Sincerely,



Phillip R. Kete
President

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DENVER • SAN FRANCISCO • SEATTLE

1200 19TH ST. N.W., ROOM 204, WASHINGTON, D.C. 20506, 202-254-5950





1976 MAR 22 PM 12:44

STATE OF SOUTH DAKOTA

RICHARD F. KNEIP
GOVERNOR

EXECUTIVE OFFICE

PIERRE
57501

March 17, 1976

Senator Harrison Williams, Chairman
Subcommittee on Employment Poverty
and Migratory Labor
352 RSOB
Washington, D. C. 20510

Dear Senator Williams:

It has come to my attention that you will soon be conducting hearings on the confirmation of Samuel R. Martinez to be the next Director of the Community Services Administration.

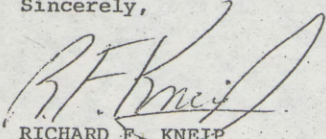
I wish to offer my wholehearted support of Mr. Martinez and urge the Committee to confirm him for that position. I can think of no other individual who would be more qualified to fill the position of Director of the federal anti-poverty agency.

As Governor I have worked closely with Mr. Martinez since 1971 when he was then Regional Director of the Office of Economic Opportunity and Chairman of the Federal Regional Council in Denver. Through his leadership we have developed a strong and productive relationship with the federal, state and sub-state levels.

As you may well be aware, many questions have arisen as to how capable the present administrative system is within CSA. There is very little doubt that strong administrative action will be necessary to rectify the existing operation. Mr. Martinez's years of experience in the federal system leaves little doubt that he can make improvements to the current operation of the Agency.

I would again urge you to act favorably on Mr. Martinez's confirmation.

Sincerely,


RICHARD F. KNEIP
GOVERNOR

RFK:pm

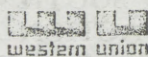
COMMITTEE ON
LABOR AND PUBLIC WELFARE
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MAR 19 1976

SENATOR HARRISON WILLIAMS CHAIRMAN
PUBLIC WORKS AND WELFARE COMMITTEE
WASHINGTON DC 20510

DEAR SENATOR WILLIAMS THE NEW ENGLAND COMMUNITY ACTION PROGRAM DIRECTORS ASSOCIATION COMPRISED OF THE 70 POVERTY AGENCIES IN THE SIX NEW ENGLAND STATES HAS BEEN ENCOURAGED BY THE PRESIDENTS ACCEPTANCE OF THE RESIGNATION OF THE DIRECTOR OF THE COMMUNITY SERVICES ADMINISTRATION MR BERT GALLEGOS AND THE PENDING APPOINTMENT OF MR SAMUEL MARTINEZ AS DIRECTOR OF CSA THE EXECUTIVE COMMITTEE OF OUR ASSOCIATION AT ITS MEETING OF MARCH 16 UNANIMOUSLY VOTED TO COMMEND PRESIDENT FORD AND TO URGE SWIFT ACCEPTANCE OF MR MARTINEZ WE URGENTLY REQUEST YOUR COMMITTEE TO CONFIRM THE APPOINTMENT OF MR MARTINEZ AS SWIFTLY AS POSSIBLE IN ORDER THAT THIS POSITION WHICH IS MOST CRITICAL TO THE NEEDS OF THE NATIONS LOW INCOME PEOPLE BE FILLED ON A PERMANENT BASIS AND THAT THE COMMUNITY SERVICES ADMINISTRATION CAN ONCE AGAIN RESUME ITS CONGRESSIONAL MANDATE TO SERVE THE POOR NOT ONLY OF NEW ENGLAND BUT OF THE ENTIRE NATION

RICHARD E. KELLEY PRESIDENT
SUITE 514
294 WASHINGTON STREET
BOSTON MASSACHUSETTS 02108

16:43 EST

MGMWSHU HSC

4:43 PM MAR 19 1976
COMMITTEE ON
LABOR AND PUBLIC WELFARE

NORTHEAST SOUTH DAKOTA
COMMUNITY ACTION PROGRAM

Sisseton, South Dakota 57262

March 25, 1976

Senator Harrison Williams, Chm.
Sub-Committee on Employment/Poverty/Migratory Labor
352 Russell Senate Office Bldg.
Washington, D. C. 20510

Dear Senator Williams:

I am writing in support of the nomination of Sam Martinez to serve as Director of the Community Services Administration. My letter is on behalf of the participants, Board of Directors, and staff of the Northeast South Dakota Community Action Program.

As a former Regional Director of the Office of Economic Opportunity, Region VIII, Denver, Colorado, I feel that this agency is in a position to vouch for the integrity and sincerity of Mr. Martinez. It has often been said that Mr. Martinez was the most effective and sincere Regional Director to ever occupy the position in Region VIII. His dedication to the war on poverty in my estimation is unquestionable. As a Community Action Program Executive Director, I strongly feel that this cause is what my work is all about. To have leadership with the same goals in mind would behoove the entire Community Action Program effort.

Your support, and the support of your sub-committee toward this effort would be deeply appreciated from this end.

Sincerely,

Robert Hull

Robert Hull
Executive Director
Northeast South Dakota
Community Action Program
Sisseton, South Dakota

RE/mjp

cc: Dolores Bullert

South Eastern Human Development Program
313 South 1st Ave.
Sioux Falls, S.D. 57102

March 26, 1976

Senator Harrison Williams, Chairman
Sub-Committee on Employment, Poverty, and Migratory Labor
Senate Building
352 Russell
Washington, D. C. 20510

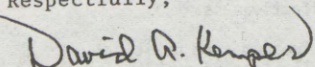
Dear Senator Williams:

I am writing to support the nomination of Samuel Martinez as the new Director of the Community Services Administration.

Although I do not know Mr. Martinez personally, I have talked to many individuals who do. Not all of those people have been friends of Mr. Martinez; however, all share a mutual respect for his capabilities as an administrator and his fairness as a person.

We in the community action world look forward to a much healthier environment for the poor of this country. I hope you will be able to move quickly in the Senate to confirm Mr. Martinez and get CSA back on the right track.

Respectfully,



David A. Kemper, Director
South Eastern Human Development

: DAK/lv

STATE OF NEW MEXICO



Jerry Apodaca, Governor
Herman C. Grace, Director

DIVISION OF HUMAN RESOURCES OFFICE OF THE GOVERNOR

Villagra Building - Room 118, Santa Fe, New Mexico 87503 Phone: (505) 827-2205

29 March 1976

The Honorable Harrison A. Williams
Chairman
Senate Labor & Public Welfare Committee
Room 352 -- Russell Senate Office Building
Washington, DC 20510

Dear Senator Williams:

The State Division of Human Resources, Office of the Governor, and the eleven Community Action Agencies in New Mexico wish to urge your support for the confirmation of Mr. Sam Martinez as new Director of the Community Services Administration.

We are well acquainted with Mr. Martinez's capabilities, since he previously served as Director of the Community Services Administration, Region VI, Dallas, of which we are a part.

He demonstrated a keen awareness of the needs and problems of the low-income population and an in-depth understanding of community action and how it can be implemented to maximize its effectiveness.

We were impressed by his sense of fairness, his freedom from political or other bias, and his willingness to consider all sides of problems as they arise. We recall him as a doer, and one who is well equipped to meet the difficult situations that currently exist in CSA.

We feel sure the confirmation of Sam Martinez will meet with approval from throughout the national family of community action.

Sincerely,

Herman C. Grace
HERMAN C. GRACE
Director

HCG:rdq

cc: New Mexico Congressional Delegation

APR 1 1976

COMMITTEE ON
LABOR AND PUBLIC WELFARE
APR 1 1976 PM 4:55

State of Arkansas

DEPARTMENT OF LOCAL SERVICES

HUMAN SERVICES DIVISION (OEO)
FIRST NATIONAL BUILDING SUITE 900
LITTLE ROCK, ARKANSAS 72201
AC 501 371-1201



DAVID FRYOR
GOVERNOR

GEORGE IVORY
DIVISION DIRECTOR

MEMORANDUM

TO: SUBCOMMITTEE ON EMPLOYMENT POVERTY AND MIGRATORY LABOR

FROM: GEORGE S. IVORY, JR., DIRECTOR *GI*

SUBJECT: SAMUEL R. MARTINEZ'S CONFIRMATION AS C.S.A. DIRECTOR

DATE: MARCH 30, 1976

I understand that Mr. Sam Martinez, a former regional director for the Department of Labor, has been nominated by President Ford to head the Community Services Administration.

I believe this is an excellent choice and hope it will be accepted by the United States Senate.

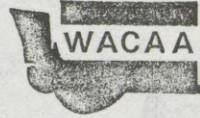
I do not have personal knowledge of the nominee's qualifications, but, from all reports, he is a firm believer in community action. It is vital that we have such a man head the national antipoverty effort at this time.

We must have a director who will forge new directions for the anti-poverty effort, rather than argue for the status quo. We must have one who will keep you, our elected representative, adequately informed of the activities of CSA and the 889 independent community action agencies. Finally we also must have a person who is acceptable to Democrats as well as Republicans. We simply cannot afford the lack of leadership that would inevitably result from instability at the top levels of CSA.

I hope you will consider the nomination with care. All we ask is the committed, effective leadership, which, in recent years, has often been denied us.

1976
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PM 3:22

Washington State Association Of Community Action Agencies, Inc.



March 30, 1976

The Honorable Harrison A. Williams Jr.
Chairman of the Labor & Public Welfare Committee
4230 Senate Office Building
Washington, D. C. 20510

The Honorable Harrison A. Williams Jr. and members of the committee:

The Washington Association of Community Action Agencies, Inc., at an executive board meeting, agreed that the National Director of CSA should give an affirmative answer to the following questions before he is confirmed as National Director of Community Services Administration.

1. That he will reorganize Community Services Administration without further delay, to convert unrealistic personnel ceilings, overgraded jobs in the upper levels and maldistribution of workload in accordance with the Hick's Committee recommendations.

2. That he will take immediate steps to effectively demand meaningful participation in Federal Regional Councils.

3. That he will immediately implement Section 241 (a) which states that, "the Director shall take necessary steps to further the extension of benefits to residents of rural areas, consistent with the severity of poverty among rural residents and to encourage high levels of managerial and technical competence in programs undertaken in rural areas".

4. That in accordance with Section 241 (b) "the Director shall establish criteria designed to achieve an equitable distribution of assistance under this Title within the states between urban and rural areas".

5. That he will make a sincere effort to make a meaningful presentation to the President and Congress concerning the funding of Title IX the "comprehensive evaluation of programs" and that he will effectively strive to standardize the poverty levels in all departments of United States government.

FRANK H. BESTOR
Executive Secretary

NAOMI CUMMINGS
President
Longview

PETER M. FRISVOLD
First Vice President
Walla Walla

IVA WEIR
Second Vice President
Everett

AUDREY WOODS
Secretary
Longview

BILL W. NEELY
Treasurer
Okanogan

DON WICK
Parliamentarian
Colville

AL THIERRY, SR.
NW Quadrant Chairperson
Tacoma

MABEL LEWELLEN
NE Quadrant Chairperson
Moses Lake

ELDA OTTO
SW Quadrant Chairperson
Olympia

ALAN HALVORSON
SE Quadrant Chairperson
Yakima

Page 2

The Honorable Harrison A. Williams Jr.

March 30, 1976

6. That he will make efforts to recommend to the appropriate committees of the Congress that they amend Section 601 (e) of the Community Services Act of 1974 "which requires headquarters to review all grants, to provide for selective review by CSA headquarters" in accordance with the recommendations of the Hicks Committee (page 7).

7. That the Director appoint an assistant director with funding power to implement the provisions of Title III by:

- a) Developing special programs to combat poverty in rural areas.
- b) Cooperating with the Farm Home Administration in the development of funding for the appropriate titles of the Rural Development Act of 1972.

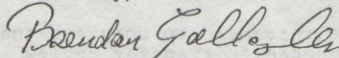
8. That a deputy director and five assistant directors be appointed within 30 days in accordance with Section 601 (a) of the act.

The Washington Association of Community Action Agencies also recommends that evidence of the sincere efforts to implement these criteria be presented to the Manpower and Housing Subcommittee of the House one year from today, or to the Labor and Public Welfare Committee of the Senate.

I regret very much that I am not given the opportunity to testify in person before this committee. I feel that Rural America has been neglected as far as any adequate programs for the low income person are concerned. The rhetoric in the Community Services Administration Act and the Rural Economic Act is long and eloquent but very short on delivery. I also feel that this "hurry up" attitude to get the Director confirmed is another example of not giving the rural areas an opportunity for being heard. I feel that the position is so important that adequate time should be given to all interested groups to participate in the hearings. I feel too that unless you live East of Chicago it is very difficult to participate in a hearing on Friday when you just know about it on Monday evening.

Hoping that the recommendations of the Washington Association of Community Action Agencies are presented to the committee and also my own personal views which I have added.

Sincerely,



BRENDAN GALLAGHER

for

NAOMI CUMMINGS, President
Washington State Assoc. of Community Action
Agencies

P.S. These criteria have been discussed and endorsed by the National Association of Community Action Agencies.

April 1, 1976

Senator Harrison Williams, Jr.
Chairman - Labor & Public Welfare
Committee
Senate Office Building
Washington, D.C. 20510

Dear Senator Williams, Senator Hatfield, Senator Packwood:

The Oregon State CAA Directors Association is very concerned that the confirmation process utilized to review the Presidential appointment of a new Community Services Administration Director be taken seriously and conducted in a thorough manner by the Committee. We wish to clearly state our support for a thorough examination of the appointees and the Administration's commitment to provide the necessary strong leadership and administrative expertise in CSA that has been lacking for the past several years.

The Oregon CAA Directors Association is supportive of the following issue areas adopted by the National CAA Executive Directors Association as necessary points that must be explored and fully responded to by the appointee, Mr. Martinez, during the confirmation hearing.

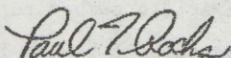
1. Commitment to immediately reorganize CSA in accord with the Hick's Committee report.
2. Commitment to taking all necessary action for CSA Regional Offices to have meaningful participation in Federal Regional Councils.
3. Commitment to immediate implementation of Sections 241 (a) and 241 (b) of the CSA Act of 1974.
4. Commitment to making meaningful recommendations to both the President and Congress for funding of Title IX of the Act and to take all steps necessary for standardization of the definition of "Poverty Level" within all departments of the United States.
5. Commitment to recommend to Congress that Section 601 (e) of the Act be amended to transfer review authority to Regional Offices as recommended in the Hick's report.
6. Commitment to take all necessary action to return local CAA's to annual funding.

7. Commitment to the immediate implementation of Title III of the Act to combat rural poverty.
8. Commitment to the immediate appointment of a Deputy Director and all Assistant Directors as mandated in the Act.
9. Commitment to implemenation of all other provisions of the Act not specifically mentioned here..

Any of the above points not fully covered during the formal hearing process should at a minimum be responded to by Mr. Martinez in writing to the Committee. Further, we feel it is of the utmost importance that all of these questions and all oral and/or written responses be a part of the formal hearing records that will be available to the public at large. Finally, we feel that the importance and urgency of these issues, as evidenced by the findings of the Hick's House Special Committee report, must be responded to prior to any floor confirmation vote by the full Senate.

While we support the speedy appointment of a new CSA Director, we are distressed at the lack of prior information and notice to the public at large, that these confirmation hearings are being held April 2, 1976 and that those of us most affected by the actions of both National and Regional CSA Offices have not been able to appear and participate in this review and confirmation process of a much needed new CSA Director.

Respectfully yours,



Paul T. Rocks
Secretary, Oregon CAA Directors Assn.
Executive Director, Multnomah County
Community Action Agency

PTR/pd

% Senator Hatfield's Office
R508 463

Questions for Mr. Martinez, from Senator Hatfield (on behalf of Paul T. Rocks--see preceding letter)

1. Will you commit yourself to immediately reorganize CSA in accord with the Hicks Committee report?
2. Will you commit yourself to take all necessary action for CSA Regional Offices to have meaningful participation in Federal Regional Councils?
3. Will you commit yourself to immediately implement Section 241 (a) and 241 (b) of the CSA Act of 1974?
4. Will you commit yourself to making meaningful recommendations to both the President and Congress for funding of Title IX of the Act and to take all steps necessary for standardization of the definition of "Poverty Level" within all departments of the United States?
5. Will you commit yourself to recommend to Congress that Section 601 (e) of the Act be amended to transfer review authority to Regional Offices as recommended in the Hicks Report?
6. Will you commit yourself to take all necessary action to return local CAA's to annual funding?
7. Will you commit yourself to the immediate implementation of Title III of the Act to combat rural poverty?
8. Will you commit yourself to the immediate appointment of a Deputy Director and all Assistant Directors as mandated in the Act?
9. Will you commit yourself to the implementation of all other provisions of the Act not specifically mentioned here?

Community Services Administration

WASHINGTON, D.C. 20506

JUN 24 1976

Honorable Mark Hatfield
United States Senate
Washington, D. C. 20510

Dear Senator Hatfield:

The concerns expressed by the Oregon CAP Directors' Association are shared at least in part by the other 49 CAP Directors' Association. Many of the concerns were addressed in the 30 day report submitted May 19, 1976. Specifically, my commitment to reorganize CSA is stated. The complexity of that reorganization is somewhat more than I had expected. However, we are proceeding as quickly as possible toward implementation of an internal reorganization plan.

I can assure the Oregon CAP Directors' Association that Federal Regional Council participation has and will continue to be an important part of CSA regional office activity. As a Regional Director in two cities and two agencies, and as Federal Regional Council Chairman in Denver, my personal experience indicates a high level of effective participation by CSA Regional Directors in Federal Regional Council affairs.

Section 241 of the Community Services Act of 1974, directs the agency to "further extension of benefits to residents of rural areas". While the service delivery section of our Act, local initiative (Section 221) has been largely committed to on-going programs, categorical programs, such as nutrition and energy are more heavily concentrated in rural areas.

An important part of our current program is the initiation of the Rural Housing Program under Section 222(a)(11). The first appropriation for this activity was received in Fiscal Year 1976 and will be fully obligated in rural areas.

A part of the duties of the Director of this Agency is to recommend policies in the general area of poverty. I fully intend to do so concerning implementation of Title IX and the on-going Administration effort to standardize poverty criteria.

- 2 -

Section 601(c) of the current Act revokes authority for final approval of grants and contracts from regional offices. During confirmation hearings, I expressed my personal view that this is a cumbersome requirement that had resulted at least in part in numerous complaints of funding delays. I am committed to discussing this issue within the Administration to develop a cure.

The return of CSA to annual funding requires appropriated funds. The 1974 appropriation for local initiative was \$185 million, instead of the \$330 million it traditionally had been. That one time savings of \$145 million would be required to annualize all local initiative grantees. We are currently reviewing the Transition Quarter appropriation to determine whether the timing of our categorical programs could be shortened in order to lengthen the grant periods for community action agencies funded below \$300,000 annually. We recognize the seriousness of the problem and are committed to its improvement.

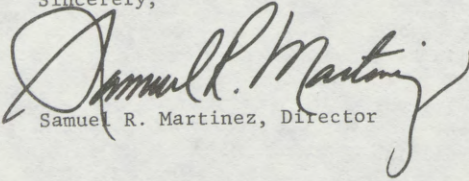
Title III of the Act consists basically of a Rural Loan Program and special Migrant programs. Responsibility for the former was delegated to the Department of Agriculture in 1964; responsibility for the Migrant Program was delegated to the Department of Labor in 1973. The Community Services Act of 1974 retained authority for Migrant programs within CSA, but no appropriations have been forthcoming. That Act also directed the transfer of the Rural Loan Fund back to our Agency under Title VII. We are proceeding with the design of a Rural Loan Program under Title VII, Economic Development.

My commitment to the appointment of a Deputy Director was also stated during the confirmation hearings and one of my first acts was to recommend such to the President. On June 21, 1976, that name was transmitted to the Senate by the President. We are hopeful of an expedited decision by the Senate. The number of Assistant Directors for the Agency is not specified in the amended Act. Within our internal reorganization plan recommendations will be made as to their number. When this issue is resolved names will be submitted.

- 3 -

The last commitment asked by the Oregon CAP Directors' Association is "commitment to implementation of all other provisions of the Act not specifically mentioned here". While this request by the CAP Directors' Association is broad and vague, I sense that the commitment desired is to effective action on the part of this Agency to measurably improve the lot of the poor people of this country, a commitment which I willingly give.

Sincerely,

A handwritten signature in cursive script, reading "Samuel R. Martinez". The signature is fluid and stylized, with a large initial 'S' and a long, sweeping tail that extends to the right.

Samuel R. Martinez, Director



STATE OF CONNECTICUT 1976 APR -8 PM 3:34
DEPARTMENT OF COMMUNITY AFFAIRS
1179 Main Street - Hartford, Connecticut 06115

OFFICE OF
COMMISSIONER

April 2, 1976

The Honorable Harrison Williams
Chairman
Senate Sub-Committee on Employment
Poverty and Migratory Labor
352 Russell Senate Office Building
Washington, D. C. 20510

Dear Senator Williams:

I wish to add my voice to what I am sure are the many others urging you to confirm the President's appointment of Mr. Samuel R. Martinez to the post of Director of the Community Services Administration.

Mr. Martinez' strong background in local, state, and federal positions is assurance of his capability. His experience as the Colorado State Economic Opportunity Office Director and as Regional Director of the Office of Economic Opportunity qualify him particularly for this new assignment.

I feel that he has the enthusiasm and the capability to make the changes in the Community Services Administration that will benefit the clients of the Community Action Agencies and the State Economic Opportunity Offices.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. James Rice", written over a circular flourish.

W. JAMES RICE
Commissioner and
State Economic Opportunity
Office Director

WJR:amn

cc: Mr. Samuel R. Martinez

Mr. Chairman and Members of the Senate Subcommittee on Employment, Poverty and Migratory Labor:

I am James A. Van Loan, Director of the South Dakota Economic Opportunity Office, Office of the Governor, State of South Dakota, and Chairman of the Mountain-Plain Regional Association of State Economic Opportunity Offices. I respectfully request that the following be made part of the permanent record of these confirmation hearings on behalf of the Association of State Economic Opportunity Offices.

The President's decision to nominate a new Director to the Community Services Administration has been long awaited. The lack of leadership within that Agency and the Agency which it succeeded has existed since 1973 when former President Nixon attempted to dismantle it. Mismanagement and abuses have gone unchecked, factional and employee morale has all but immobilized the Agency's ability to carry forward with minimum compliance to the Act which created the Community Services Administration.

The nomination of Samuel Martinez to be the next Director of CSA is the most positive step taken since 1972 to have an administratively effective anti-poverty Agency. Mr. Martinez's past experience at both the state and federal levels is witness to his capacities to serve as Director of the Community Services Administration.

Mr. Martinez served as Regional Director for the Office of Economic Opportunity for several years. During this time he developed a constructive relationship between the various federal regional offices and local community action agencies. Under his leadership migrant programs were established which dealt with the severity of poverty among a forgotten people. Through his efforts many successful programs were implemented to address the problems of rural poverty so characteristic of the mountain plains region. Housing programs, economic development and agricultural programs were funded throughout the region which allowed hundreds of poor people the opportunities for employment and decent housing.

Under his leadership as chairman of a Federal Regional Council still further efforts have been made not only to promote human development programs, but as well community development which has allowed for increased opportunities to the poor.

We feel this nation cannot afford a weak federal anti-poverty system. Samuel Martinez would provide the leadership and direction necessary to develop an effective role for the Community Services Administration in combating the problems of poverty.

We urge the committee to act favorably on Mr. Martinez's confirmation.

47 S. 114
1976 APR 7 PM 5:44



Missouri Association for Community Action, Inc.

127a E. HIGH STREET • JEFFERSON CITY, MISSOURI 65101 • PHONE (314) 635-0251

April 6, 1976

Honorable Thomas Eagleton
United States Senator
Senate Post Office
Washington, D.C. 20001

Senator Eagleton:

The eighteen Executive Directors of Community Action Agencies in Missouri unanimously endorse the nomination of Samuel Martinez as Director of Community Services Administration. This endorsement is based on information relative to Mr. Martinez' background which indicates to us that he is capable of providing strong leadership for the agency.

It is our hope that you will support the confirmation of Mr. Martinez.

Very truly yours,

Daryl Andrews
Daryl Andrews
President

MANAGEMENT DEFICIENCIES IN THE
COMMUNITY SERVICES ADMINISTRATION

NINTH REPORT

BY THE

COMMITTEE ON GOVERNMENT
OPERATIONS



JANUARY 26, 1976.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1976

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(II)

LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
Washington, D.C., January 26, 1976.

HON. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: By direction of the Committee on Government Operations, I submit herewith the committee's ninth report to the 94th Congress. The committee's report is based on a study made by its Manpower and Housing Subcommittee.

JACK BROOKS, *Chairman.*

(III)

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Union Calendar No. 387

94TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } No. 94-785

MANAGEMENT DEFICIENCIES IN THE COMMUNITY SERVICES ADMINISTRATION

JANUARY 26, 1976.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. BROOKS, from the Committee on Government Operations,
submitted the following

NINTH REPORT

BASED ON A STUDY BY THE MANPOWER AND
HOUSING SUBCOMMITTEE

On January 22, 1976, the Committee on Government Operations approved and adopted a report entitled "Management Deficiencies in the Community Services Administration." The chairman was directed to transmit a copy to the Speaker of the House.

I. INTRODUCTION

The Manpower and Housing Subcommittee was assigned jurisdiction over the Community Services Administration (CSA) and the Civil Service Commission (CSC) in January, 1975. Early this year the American Federation of Government Employees Local Union No. 2677 made serious allegations concerning the personnel practices of CSA and the failure of the Civil Service Commission to look into the charges. Following staff investigation of the allegations, three days of hearings were held to determine why these abuses occurred and how to correct them. In addition, these abuses raised questions as to the overall quality of the personnel management in the agency and the "watchdog" role of the CSC over this management. The subcommittee also assessed the effect of poor management in some other aspects of agency performance.

The hearings, entitled, "Alleged Personnel Abuses in the Community Services Administration,"¹ are available from the subcommittee.

¹ Hearings before a subcommittee of the Committee on Government Operations, U.S. House of Representatives. "Alleged Personnel Abuses in the Community Services Administration," July 9 & 10 and September 8, 1975. Hereinafter cited as "Hearings."

The subcommittee first received testimony from Rudy Frank, President of Local 2677, Bert A. Gallegos, Director of the CSA, and other agency officials. John D. R. Cole, Director of the Bureau of Personnel Management Evaluation, Joseph M. Robertson, Director of the Bureau of Intergovernmental Personnel Programs, and John W. Fossum, Deputy Director of the Bureau of Recruiting and Examining, appeared on behalf of the Civil Service Commission. Director Gallegos was subsequently recalled to clarify what the agency was doing to rectify the personnel problem and to describe its proposed reorganization plan. The subcommittee staff supplemented the material presented in the hearings with visits to three regional offices of CSA to assess how the management problems in the central office affected field operations.

II. BACKGROUND

The Community Services Administration (CSA) was created in January, 1975 to replace the Office of Economic Opportunity (OEO), following an Administration effort in 1973 to dismantle OEO. One part of this effort was the hiring of a number of non-career employees and consultants, many of whom were separated in September 1973, following a Civil Service Commission review. Although not part of the dismantlement scheme, the practice of transferring the most politically acceptable programs—such as Job Corps, Head Start, and VISTA—to other executive agencies had the effect of furthering it. The unsuccessful attempt to abolish OEO left behind some appointees brought in to terminate the agency, a collection of disjointed program staffs, and an organizational arrangement overtaken by events.

OEO, however, was kept alive, initially by judicial decree, and subsequently by Congressional action in creating its successor. Congress decided to continue supporting an agency that would be an advocate for the poor within the Federal Government, and could mobilize resources at the state and local level for programs that would help those living in poverty. The future of the Community Services Administration was clouded by a provision in the Act giving the President power to transfer it to the Department of Health, Education, and Welfare with Congressional consent.

The management of the new agency came from the ranks of its predecessor. It inherited an organization described by the Associate Director for Administration as "a ragged agency that is the remnants. . . ."² CSA still had the responsibility to monitor over \$300 million in grants to almost 900 local Community Action Agencies. It has a payroll of \$20 million. The challenge facing the management of the agency was clear—align the people and the remaining functions so that CSA could carry out its mission of assisting the poor.

To meet this challenge, the Director first had to reorganize the staff structure left over from the agonies of 1973. The agency had to shape itself to the purposes of the 1974 Act. That legislation should have been of great help, for it put CSA on a more solid footing and evinced Congressional support. Hopes were raised by the fresh start, but they began to dwindle as CSA employees found that nothing was being done to reform the unworkable agency structure. The Manpower and Housing Subcommittee, concerned with economy and efficiency in the operation of the agency, first examined employee complaints of favored treatment. As the examination continued, problems in basic management became apparent.

Representatives of the employee unions at the Community Services Administration approached the subcommittee in the spring of last year about an investigation of personnel abuses. They brought with

² Hearings, p. 61.

them copies of letters written over the past several months, alleging gross improprieties in some personnel actions of the agency. These had been brought to the attention of the agency's management as well as the Civil Service Commission.

The subcommittee investigated these charges, and found evidence to substantiate them. Not only were there individual instances of employees with position descriptions showing duties that were no longer performed, but also support for charges that the organizational alignment was unrelated to the agency's current mission. The subcommittee called hearings to inquire further into the facts behind these personnel irregularities and to offer the Community Services Administration an opportunity to justify its actions. The explanations were inadequate in many cases, and the subcommittee decided to broaden its investigation.

The purpose of this report is not simply to outline the personnel abuses shown to exist, but to examine the larger issues of management and performance raised by the failure of the agency to correct the abuses. It examines the specific cases of personnel mismanagement, the agency's reaction when apprised of these problems, the monitoring role of the Civil Service Commission, and the ability of the agency to function as it is presently constituted and managed.

III. FINDINGS AND CONCLUSIONS

1. CSA inherited a fragmented organizational structure left over from the attempted dismantling of the Office of Economic Opportunity in 1973. In the past twelve months CSA has not recognized, perpetuating outdated personnel ceilings, overgraded employees, and markedly unequal distribution of work among employees. Until the September hearing, CSA had not requested that the President submit to the Senate nominations for the positions of Deputy Director and Assistant Director for Operations. Because of these failures, employee performance and morale have declined.

2. Schedule C and IPA abuses, important in themselves, were also symptoms of agency-wide management deficiencies. The agency's seeming inability to recognize or correct deficiencies identified throughout the course of this investigation raises questions about its abilities to correct existing management deficiencies without external assistance.

3. CSA's role as an advocate for the poor within the Federal Government has generally broken down because of uncertainty over whether the President will transfer the agency to the Department of Health, Education, and Welfare. CSA's failure to reorganize and improve its performance has contributed to this breakdown.

4. The agency presently is required to fund all its grantees quarterly instead of annually because it lost its forward funding in 1974. The additional paperwork exacerbates the agency's serious administrative problems and delays the receipt of funds by grantees.

5. The Community Services Act requires that all grants be approved at CSA headquarters. This requirement has not furthered careful evaluation of grants, as intended, but has almost eliminated higher level review because the number of grants does not permit anything but pro forma approval. Even without any substantive examination, moneys arrive so late that recipients have had to borrow at short-term commercial rates.

6. Although the Civil Service Commission ordered a Government-wide review of all schedule C positions in December, 1974, CSA did not use this opportunity to identify and correct improprieties in its schedule C positions. The agency director personally certified erroneous job descriptions as accurate. CSC, for its part, did not sample or validate agency responses to this review, but instead relied wholly on the certifications. Despite vigorous protests by the local union to CSA management and the Commission, no corrective action had been taken up to the time the subcommittee began its hearings.

7. Some CSA officials raised questions about the agency's schedule C and IPA policies to the agency's management and the Civil Service Commission. Based on the responses they received, they concluded that there was not sufficient support for them to refuse to certify obviously erroneous information or to block IPA mobility assignments of little benefit to the agency.

8. The current system used by the Civil Service Commission to monitor IPA mobility assignments leaves too much potential for abuse. There is no evaluation of the benefit to the Federal Government, and cases have occurred where assignments were not even reported to the Commission.

9. The Civil Service Commission did not exercise the proper degree of oversight over CSA. Following the subcommittee's July hearings, however, the Commission moved quickly to correct this, auditing each schedule C position in CSA and evaluating the personnel structure in four regional offices.

10. Many of the management deficiencies in CSA were pointed out in the Eighth Annual Report of the National Advisory Council on Economic Opportunity, which Congress established to advise the President and the Director. The Council's report, submitted to the President on June 30, 1975, was based on discussions with CSA officials, community action agencies, state and local government officials, other Federal agencies, and private citizens. It should be noted that the President has failed to appoint replacements as vacancies have occurred, and the terms of the last seven of the original 21 members expired this past September.

IV. RECOMMENDATIONS

1. The Community Services Administration should reorganize itself without further delay, to correct unrealistic personnel ceilings, overgraded jobs, and maldistribution of workload.

2. The Civil Service Commission should closely monitor CSA's reorganization efforts to insure that personnel management deficiencies are corrected.

3. CSA's status must be resolved so that it can more effectively serve as an advocate for the poor within the Federal Government. The President should decide whether to exercise his option to transfer CSA to the Department of Health, Education and Welfare.

4. The Appropriations Committees should restore to CSA the advance funding that it had until June 30, 1974 and that is still available to other discretionary grant programs like Head Start.

5. The appropriate Committees of the Congress should amend Section 601(c) of the Community Services Act of 1974, which requires headquarters review of all grants, to provide for selective review by CSA headquarters.

6. The Civil Service Commission should insure that the results of any future Government-wide reviews of personnel actions are subjected to evaluation, especially those from agencies with known problems in the area under review.

7. CSC should review its regulations to determine whether additional support is needed for personnel officers who are faced with management demands for unwarranted or improper use of their authority.

8. The Civil Service Commission should improve its capability to monitor mobility assignments under the Intergovernmental Personnel Act, with emphasis on the purpose to be served and the way assignments are reported to the Commission.

V. DISCUSSION

THE MISSION OF THE COMMUNITY SERVICES ADMINISTRATION

The Community Services Administration (CSA), created by the Community Services Act of 1974, is mandated to carry on the work formerly performed by the Office of Economic Opportunity (OEO). Those functions have changed somewhat, for the 1974 Act added several new programs, transferred some existing programs to other agencies, and abolished a few programs. The principal activity of CSA is the disbursement of over \$300 million in grants, most of them through 889 local Community Action Agencies (CAA's). Slightly more than \$79 million is allotted for the administrative funding of CAA's and the remainder is distributed for the operation of programs. The major program money for CAA's comes from other Federal agencies, and state and local governments and private foundations. Most of the programs funded by agencies other than CSA, such as Head Start, provide no additional administrative moneys and therefore are operated with the administrative funds obtained from CSA. Community action agencies themselves fund other local agencies and are responsible for insuring that these groups fulfill their obligations. CSA provides technical assistance and advice to the community action agencies that may need it. The agency currently has 1,006 employees and a payroll of about \$20 million.

In CSA, as in all executive agencies, primary responsibility for sound personnel management and administration is vested in the head of the agency.³

The Civil Service Commission supplements the agency's own management by providing "policy and program leadership, developing standards, prescribing procedures and maintaining a 'system of inspection' to determine agency adherence to the provisions of law and to other policies, regulations and standards."⁴

Two personnel activities in the CSA were the subject of the subcommittee's initial inquiries. The first of these was the use made of schedule C positions.

As explained in the hearings,

The basic purpose of the schedule C authority is to provide agency management with the type of staff which may be used for activities involving a confidential relationship with politically appointed managers or that require involvement in policymaking, policy formulation, and policy advocacy for the administration.⁵

This description connotes a position tied very closely to the political official for whom a schedule C employee works. As the CSC's

³ Hearings, p. 78.

⁴ Ibid.

⁵ Hearings, p. 84.

Bureau Director of Personnel Management and Evaluation stated "dismissing a schedule C employee is a relatively simple matter. A schedule C employee serves at the pleasure of the agency head."⁶

The contention that CSA was misusing schedule C appointing authority was not a new one. It echoed similar complaints about the agency's predecessor, the Office of Economic Opportunity. In March, 1973, the Civil Service Commission received allegations of improper use of schedule C appointees. In the ensuing six months, CSC asked OEO to make a review and also sent its own investigators to the agency. The result of the review was to revoke the agency's authority for 37 of the 64 schedule C positions then authorized. The Commission also required that certain specific information accompany any request for future schedule C authority. The Commission conducted a two-day follow-up in January, 1974, and ordered termination of four more schedule C appointments. Additional complaints were received after that, and another two schedule C details were ordered terminated as improper.

The Commission again concerned itself with schedule C's on a Government-wide basis in December, 1974. All Government agencies were requested to conduct a thorough review of all schedule C positions and to certify the results of that review to the Commission. According to CSC,

The review was designed to determine whether the duties actually being performed by schedule C employees conformed to those in the official position description; whether the position was correctly classified as to title, series, and grade; and whether the position continued to satisfy the criteria for exception from the competitive service under schedule C. The Community Services Administration submitted a well-documented report on February 4, 1975. As a result of that report, authority for another seven then-vacant schedule C positions was revoked.⁷

Because of OEO's record with schedule C appointments, the Commission saw fit to send a letter to Director Gallegos when he assumed office emphasizing the need "to assure current, effective use of properly excepted positions."⁸ The letter went on to detail the Director's personal responsibility for personnel matters. At the time the hearings began, CSA had 19 schedule C positions, 17 of which were filled.

The second area of initial subcommittee concern was the Inter-governmental Personnel Act mobility program. As described by the Civil Service Commission, the head of each Executive agency is "responsible for authorizing and entering into agreements for mobility assignments, with the requirement that agencies report to the Commission within 30 days on mobility agreements which have been executed. The Commission's role involves providing policy guidance and monitoring program activities."⁹

The purpose of the program is to permit an exchange of officials among Federal and state or local governments or institutions of

⁶ Hearings, p. 86.

⁷ Hearings, p. 81.

⁸ Hearings, p. 101.

⁹ Hearings, p. 82.

higher learning. A contract between the employee, his agency, and the receiving state or local jurisdiction or institution is necessary before a Federal employee can be detailed. In approving mobility assignment contracts, the agency head must determine that they involve "work of mutual concern to the agency and the state or local government" and represent "benefit to both. . . ." ¹⁰ At the time the hearings began, CSA had 17 employees on mobility assignments outside the agency, four of whom were schedule C appointees.

THE UNION COMPLAINTS

Several charges had been made by AFGE Local 2677 in a series of letters to agency management and the Commission. The principal charges that the union put before the subcommittee involved misuse of schedule C positions and improper mobility assignments under the Intergovernmental Personnel Act. The union alleged that many schedule C personnel no longer retained any substantive duties, that they reported to managerial positions which had been vacant for long periods of time and were not going to be filled. They also charged that a small number of schedule C's had been given two year, 100 percent Federally funded IPA assignments of questionable merit.

These charges called into question the agency's own personnel decisions, the special attention required for schedule C positions and IPA assignments, and the CSC oversight over these programs.

VALIDATION OF SCHEDULE C/IPA ALLEGATIONS

Following presentation of the union's testimony, these charges were explored with officials of the Community Services Administration. The hearings and associated investigative work by the subcommittee showed:

(1) On four occasions the Director placed high-level schedule C employees on IPA assignments of little or no benefit to the agency. These assignments were 100 percent federally funded. Two employees, one of which had vowed he would never return to CSA, ¹¹ were assigned to activities in their home towns. One other employee simply stopped reporting for work while continuing to receive pay. ¹²

(2) On at least two occasions, the Director himself certified, under penalty of law, that an employee's duties included responsibility for functions no longer performed by the agency. ¹³

(3) Five schedule C advisors were assigned to the Associate Director of Program Review for over a year, despite the fact that there was no one filling that position. ¹⁴

(4) The Director placed his schedule C Executive Assistant on IPA, and made plans to request an additional schedule C position from the Civil Service Commission to replace him. ¹⁵

¹⁰ 5 USC 3372.

¹¹ Hearings, p. 40.

¹² Hearings, p. 153. Since the hearings, the CSA controller has tightened the requirements for reporting time and attendance.

¹³ Hearings, pp. 10-11.

¹⁴ Hearings, pp. 59-60.

¹⁵ Hearings, p. 57.

(5) On two occasions, non-career employees were converted to career positions and immediately left the agency on two-year IPA assignments. One of these served no probationary period of federal career service.¹⁶

The subcommittee found the schedule C and IPA abuses to be flagrant and visible and this undoubtedly increased their detrimental impact on morale in the agency.

OTHER AREAS OF QUESTIONABLE MISMANAGEMENT

Allegations of mismanagement were not confined to schedule C and IPA decisions. The union also contended that the agency planned to circumvent required Senate confirmation for the key position of the Assistant Director for Operations by keeping that position vacant and appointing a deputy to act in the "absence" of the Assistant Director. It also challenged the Director's issuance of a blanket waiver of pre-employment background clearance. It drew attention to the inadequate existing organizational structure of the agency, a contention the agency agreed with when it raised this as a defense to its misuse of schedule C positions. The agency Director also complained that uncertainty about the future status of the agency impeded his efforts to reorganize it.

The subcommittee's hearings and investigation of these additional allegations and the agency's responses to them disclosed five areas detrimental to the agency's functions:

(1) The agency had failed to reorganize itself following passage of the 1974 Act. This resulted in unrealistic personnel ceilings and severe maldistribution of the workload.

(2) The President has not given CSA any indication of whether he will exercise his option to transfer it to the Department of Health, Education, and Welfare. The resulting uncertainty handicapped reorganization efforts to some degree, but more important, virtually ended the agency's relationships with other executive departments because none were certain whether any agreements would remain valid if the agency were transferred.¹⁷

(3) The Deputy Director and Assistant Director for Operations positions (the second and third most important in the agency), were unfilled even though the Director traveled extensively and hence was often not present at headquarters.¹⁸

(4) CSA was funding its grantees quarterly rather than annually, with the result that this agency, with its inadequate organizational structure, had to process four times the normal amount of paperwork. The new Act requires all grants to be signed by the central office. To reduce the delay in getting checks to grantees, regional directors often would fly to Washington personally to expedite their approval.¹⁹

(5) The Director issued a blanket waiver of preemployment background clearances. In at least one case, this permitted an employee

¹⁶ Hearings, p. 14.

¹⁷ Eighth Annual Report, National Advisory Council on Economic Opportunity, June 30, 1975 (GPO, 1975), pp. 42-43.

¹⁸ Hearings, p. 8.

¹⁹ Hearings, p. 147.

to submit falsified information on his qualifications and to be awarded a much greater salary than appears to have been justified.²⁰

THE AGENCY'S RESPONSE

In the July hearings, Director Gallegos attempted to justify questionable schedule C and IPA practices by raising the issue of the agency's pending reorganization. Resolution of the problems would come about when the out-dated organizational structure had been replaced. The reorganization, in turn, was being thwarted by uncertainty over whether the President would move the agency. Mr. Gallegos said that he had received no indication from the White House on what the agency's future would be.

Mr. Gallegos also attempted to minimize the importance and effect of the schedule C positions and IPA assignments. There were only four schedule C's on IPA assignments, he pointed out, and the great majority of IPA assignments were made before he became Director. (However, all four of the schedule C's working outside the agency were put there on assignments approved by Mr. Gallegos, and a fifth assignment was in the final stages of processing when news of the hearing apparently halted it.)²¹

Mr. Gallegos stressed that there was no law against sending schedule C's on IPA assignment, and that the three or four he had detailed were not an unreasonable number. In the same testimony, he said that he needed no less than 25 schedule C's to operate the agency, an increase of eight positions over the agency's authorization at that time. The figure was actually an increase of twelve over the number of schedule C's physically present in the agency, because four of the agency's 17 schedule C's were out on assignment. The Director was unable to provide satisfactory justifications for the mobility assignments in question.

In spite of the fact Mr. Gallegos was responsible for sending all four of these schedule C's on IPA assignments, he told the subcommittee that he could use them, if he could bring them back. He stated that he could not do this because the IPA agreement is a binding contract between the Federal Government and state or local governments and the employee involved. The next day, however, the Civil Service Commission testified that the Federal Personnel Manual explicitly states that an IPA contract may be terminated by any party to the agreement.²²

Mr. Gallegos insisted that he had inherited most of these problems from the prior directors of the last two years. Despite the fact that schedule C positions are established to permit agency heads to select people accountable to them, Mr. Gallegos was reluctant to replace any schedule C, including those that he apparently could not work with.²³

Absent any initiative on the part of agency management, the Civil Service audit of all schedule C positions ordered in December, 1974 presented an opportune moment to rectify the situation. No action was taken.

²⁰ Hearings, p. 15. The Justice Department declined prosecution because CSA was negligent in not detecting obvious discrepancies between his applications.

²¹ One of these assignments was approved by the previous director two days before his dismissal. Director Gallegos retained the assignee in headquarters for nine months and then allowed him to go on the assignment in Texas. See Hearings, pp. 39-41.

²² Hearings, pp. 87-88.

²³ Hearings, p. 57.

Instead, Director Gallegos certified positions as necessary and descriptions as accurate when they were not. As evidenced by the Coordinator-Youth Affairs job description,²⁴ the agency did not attempt to reevaluate these positions. It appears that the Director treated this audit as a "paper" exercise.

In the case of Mr. X, the Director stated that he was not his Executive Assistant, but the previous director's Executive Assistant. Rather than terminate Mr. X and fill that position with someone of his own choosing, Mr. Gallegos placed him on an IPA assignment, and made plans to request an additional schedule C position from the Civil Service Commission. To send a high level employee on an IPA and then try to obtain another position to replace him was wasteful and unnecessary. The Director explained that he had attempted to terminate Mr. X, but found it difficult.²⁵ The following day, Mr. Cole of the Civil Service Commission expressed "astonishment" that any agency head, especially this one, would not know that a schedule C serves solely at the pleasure of the appointing official and thus could be terminated at any time.²⁶

The mobility assignments awarded to schedule C employees were of questionable benefit to CSA. One contract involved liaison work in Washington, D.C., for a state governor, and a second such assignment was on the brink of completion when the announcement of hearings apparently aborted it. Using IPA assignments to find jobs for employees, a career employee in this case, was the subject of one arbitration, and the arbitrator found:

Additionally, while the initial appointment indicates the position of special assistant to the assistant director of operations, it is clear that there is no intention that he would ever perform duties in that capacity nor did he. Instead, he was shortly thereafter assigned on an IPA to a teaching position in his home town of Austin, Texas.²⁷

Position descriptions examined during the hearings suggest that this finding is applicable to the schedule C IPA's as well.

THE USE OF SCHEDULE C POSITIONS

Mobility assignments were only part of the problem in the Community Services Administration's utilization of schedule C's. Many employees in the agency headquarters had job descriptions that were no longer relevant to the agency's function. Some of these positions were filled by employees who were not at the headquarters and, in two cases, these absences were scheduled to run for three years because of back-to-back mobility assignments. Other questionable positions were occupied by individuals who were at the headquarters, but who could not have spent much time on the duties in the position description justifying a schedule C classification.

²⁴ Among the Coordinator's "duties" he was to (a) administer a voluntary program transferred out of the agency in 1970; (b) maintain liaison with the President's Council on Youth Opportunity that had been inactive since 1971; (c) represent the agency in planning the 1970 White House Conference on Children and Youth; (d) advise the defunct Office of Planning, Research and Evaluation on youth programs and (e) perform evaluations which were no longer done by the agency.

²⁵ Hearings, p. 46.

²⁶ Hearings, p. 86.

²⁷ Hearings, p. 113.

Perhaps the heaviest concentration of schedule C's was in the Office of Program Review. Thirteen employees were assigned to this office, and five of them were schedule C advisors to the Associate Director. For more than a year, there had been no Associate Director. Two of the five schedule C's were already on IPA assignments, and a third was preparing to embark upon one. The headless Office of Program Review had six GS-15's and four GS-13's in its total complement of 13 people. The predominance of high-grade employees ordinarily would connote an office of great importance to the agency's operations. Asked why he had not named an Associate Director to head this office, Mr. Gallegos replied "I can't answer that."²⁸ He later said that he planned to merge this office with the Office of Program Management and thus did not need to fill the Associate Director's job at all.

The personnel operations of the Community Services Administration took place under less than optimum conditions. The agency faced uncertainty about its future and had to operate within a personnel ceiling that its managers considered arbitrary. However, the agency could have remedied the personnel abuses mentioned above. An examination of staffing reveals a top-heavy administrative and personnel contingent that could have addressed these problems. Nor can these decisions be said to have been made by anonymous clerks at the lower levels—they were made by the highest officials of the agency, and the majority of the documentation was personally signed by the agency head.

DELAY IN FILLING IMPORTANT AGENCY POSITIONS

In the July hearings, the Manpower and Housing Subcommittee was struck by the number of schedule C position descriptions signed by Director Gallegos in the capacity of immediate supervisor. According to organization charts and signature blocks, Mr. Gallegos was serving as Director, Acting Assistant Director for Operations, and Acting Associate Director for Program Review. During the hearings, he also disavowed an earlier plan to request a schedule C Special Assistant, stating that he served as his own Special Assistant.²⁹

Beyond the vacancies in the No. 2 and No. 3 jobs in the agency (Deputy Director and Assistant Director for Operations), two of the four professional positions in the Director's office were occupied by employees on IPA, as were two of the three staff positions in the Assistant Director's office.

The subcommittee asked Mr. Gallegos how he was able to travel so extensively and still operate the agency without a Deputy or an Assistant Director. His response was that he was doing the work himself and that he was running the agency "very successfully" without a Deputy Director.³⁰

Typically, a Deputy Director in a Federal agency is responsible for day-to-day management. In an agency where the top manager spends a great deal of time traveling, the Committee feels the Deputy Director is needed even more.

In the September hearings, Director Gallegos said that he was preparing to submit names to the White House for consideration to fill

²⁸ Hearings, p. 61.

²⁹ Hearings, p. 58.

³⁰ Hearings, p. 58.

the positions of Deputy Director and Assistant Director for Operations. The position of Assistant Director had been filled by employees who served for limited periods as Acting Assistant Director for Operations. Since this position, like that of Deputy Director, requires Senate confirmation, their tour is necessarily limited. Director Gallegos' answers about the delay in filling these Senate confirmed posts were confusing. He stated that he was proposing names for the President to consider in submitting nominations to the Senate. Later, he declared "I am not the President. . . . This is a Presidential prerogative," indicating this was entirely the responsibility of the President even though he had just said that he was sending names to the President for consideration.³¹ At a later point, he said it would have been "premature" to submit names in the spring because "we did not have anything to submit."³²

Another critical vacancy in the Community Services Administration is the position of Chief of the Inspections Division. The Director did propose making this position a schedule C one, but the Civil Service Commission rejected his application. The Committee believes the Commission took the correct action in this case. We think it unwise to allow a person who serves at the pleasure of a political appointee to be in charge of the agency's inspection division.

Shortly after his September appearance, Director Gallegos submitted names to the President for consideration as nominees for Deputy Director and Assistant Director for Operations. The subcommittee Chairman and ranking minority member met with an Associate Director of the Domestic Council on October 6, 1975 and emphasized the immediate need to fill these positions with qualified, capable individuals. They were subsequently assured that this would receive a high priority. To date, no nominations have been submitted to the Senate.

THE AGENCY'S SECOND APPEARANCE

Two months after the initial hearings, the ranking management officials at CSA came before the subcommittee again. During this period, several developments occurred, including accelerated work on the much delayed reorganization. Others should have occurred, but did not. The agency was to have carefully reviewed each of its Schedule C's and every IPA mobility assignment. Materials submitted by CSA to the subcommittee prior to the September hearing stated that all schedule C positions were functioning effectively and efficiently and that there was no reason to change any IPA assignments.³³ Evidence presented at the hearings disclosed that both these assertions were incorrect.

Following a series of questions at the first hearing about the schedule C assignments, CSA supposedly went back to the drawing board. It had audited schedule C's in January pursuant to a government-wide check ordered by the Civil Service Commission, and it audited them again. Its findings that everything was in order contrast sharply with those of the Civil Service Commission. CSC, reacting to disclosures at the first hearing, sent an audit team over to CSA. The pre-

³¹ Hearings, p. 140.

³² Hearings, p. 142.

³³ Hearings, p. 135.

liminary audit disclosed that only 5 of 18 positions were properly classified as schedule C and set at the correct grade level.³⁴ CSC was willing to accept four additional positions as falling under schedule C criteria, but found the grades were too high. The fact that less than one-third of these positions were correct for schedule C and grade after two agency audits raises profound doubts about CSA's management capability. Position descriptions were rewritten during the period of the hearings to make them more palatable but the duties of the people occupying these positions and the basic intentions of the agency remained unchanged. This willingness to gloss over deficiencies calls into question the credibility of the agency's audit.

The Civil Service Commission met with CSA officials prior to the September hearing to discuss the outcome of its review. At those hearings, the agency's approval of schedule C positions was contrasted with the Commission findings. Asked about this, the Director said that he was not aware of what CSC had found. The Associate Director of Administration knew of the findings four or five days prior to the hearings and conveyed them to the Assistant to the Director. The Committee finds it incomprehensible that the agency head would not insure that he was aware of CSC audit findings on schedule C positions when preparing to testify at a hearing called to examine this question.

Since the September hearings, the Director has responded to the CSC review by deciding that he would not need eight of the schedule C's under his planned reorganization. These employees, including all four on IPA assignments, were advised that their services were no longer required.³⁵

After the first hearing, the Director furnished the subcommittee with statements reiterating his findings that the IPA's were proper. These were not supported by fact. Only after accidentally learning that one of the schedule C employees was not even reporting for work did the agency send out letters asking for verification of the other assignments.³⁶ The Director had been specifically requested to be prepared to justify a continuation of IPA assignments. The agency could only refer to general language in the law or in agreements.³⁷

AGENCY REORGANIZATION—A CRITICAL NEED

In his confirmation hearings in September, 1974, Mr. Gallegos recognized the organizational imbalances in the agency, and said that correcting them would be the first thing that he would do.³⁸ The status of the agency organization became an issue during the subcommittee's July hearing when the schedule C positions were defended on the grounds that the agency needed reorganizing. Chairman Hicks requested Director Gallegos to return with an organization plan. A draft of that plan was submitted at the September hearings. In view

³⁴ The final results found only four of the 18 positions valid in every respect. The occupants of two of these positions had left the agency by the subcommittee's September hearing.

³⁵ Although each schedule C employee was advised on October 2, 1975, that his employment would end on November 1, six were not terminated until December 31; one is to resign effective February 15, and another was continued indefinitely. This far exceeds both the notice period required for veterans and the "courtesy" period suggested by Mr. Cole in his testimony.

³⁶ Hearings, p. 155.

³⁷ Hearings p. 156.

³⁸ Nomination of Bert A. Gallegos of Colorado to be Director of the Office of Economic Opportunity. Hearing before the Committee on Labor and Public Welfare, United States Senate, September 18, 1974, p. 119.

of the obvious need, resolution of differences and adoption of a complete reorganization is crucial.

The plan submitted to the subcommittee in September had received agency attention, but it still had the appearance of having been hastily assembled. CSA's field structure lends strength to its claim that it has a good delivery system for Emergency Energy Conservation Services for the poor, but there is no Office for Energy in the new organization, despite the fact that CSA had two committees working on energy matters.³⁹ A determination of staffing needs had to be completed in the field in less than a week. Field offices were essentially given only one weekend to determine the important personnel complements for various positions on the organization chart.⁴⁰ In the plan, regional directors do not report to the head of the agency, in accordance with accepted management practices, but to one of two co-equal Assistant Directors.

The subcommittee considered completion of the reorganization to be the most pressing issue facing the agency. Obviously, any such effort is difficult, but indications are that the agency's initial efforts were loosely organized and did not carry a sense of much urgency. Regional directors told the subcommittee staff that Director Gallegos rarely attended the meetings.

The agency told the subcommittee it would try to have the complete plan, including total manpower requirements, ready for submission to the Office of Management and Budget (OMB) and the Civil Service Commission by October 31. This deadline was not met, and as this report is being drafted, strenuous disagreement continues within the agency. This continues to delay the reorganization, which at the earliest will not be implemented until late March.

REGIONAL DIRECTORS' VIEWS OF REORGANIZATION

Regional directors told the staff that on several occasions they had proposed reorganizing the field offices to provide a better allocation of staff. They reported that the central office had met their proposals with requests that they wait until the comprehensive reorganization plan was finished. At the September hearing, headquarters personnel stated that "interim" reorganizations had been permitted.⁴¹

Regional Directors expressed frustration, however, at the progress of the comprehensive reorganization. Since October, 1974 they had been flying to Washington at least once and often twice a month to work on reorganization. They criticized the central office for failure to provide sufficient leadership in the meetings. Since the Agency Director seldom attended these meetings, the highest official available was an Acting Assistant Director for Operations.

GRANT MAKING AUTHORITY

The 1974 Act requires that all grants and contracts be signed by the Director instead of by the regional directors, as was formerly done.⁴² The Committee recognizes the importance of oversight and review lodged in the Director's office. CSA headquarters, however, is unable

³⁹ Hearings, pp. 178-179.

⁴⁰ Hearings, p. 142.

⁴¹ Hearings, p. 173.

⁴² 88 Stat. 2311.

to give every grant a meaningful review and the requirement to process all of the paper prevents selectivity. Agency officials have privately stated that all that is possible under present circumstances is pro forma approval.

This extra step of central office review is proving extremely cumbersome. Often regional directors must fly in personally with grant packages that need immediate signatures if grantees are to avoid being forced to borrow at high interest rates.

It appears that this process is defeating its very purpose. Instead of providing a review for decisions in question, so many grants are coming to Washington that virtually none are reviewed. We believe that the appropriate legislative committees should consider amending the law to provide a system of selective rather than total review of the grants.

CONDITIONS IN REGIONAL OFFICES

Following the July hearings, the subcommittee staff visited the San Francisco, Seattle and Denver regional offices of CSA. Conditions in these field offices did not support the Director's assertion that morale was on "the upswing."⁴³ The staff found that morale at the agency was generally low.

The agency itself recognizes that the staffs of the regional offices are disjointed remnants of the events of 1973.⁴⁴ One internal agency investigation found that most of the clerical staff were transferred to other agencies. One regional office had only two permanent secretaries supporting almost four dozen professionals, and had to use temporary hiring authority illegally to supplement their services.⁴⁵ CSA investigators characterized the workforce as consisting mainly of a combination of employees dedicated to the agency and of "high graded employees who found themselves without a supporting staff and who could not or did not want to find gainful employment for themselves elsewhere."⁴⁶ The question," concluded the investigators, "is not whether the position would be properly classifiable at GS-14 or GS-15, but whether . . . the position should exist at all."⁴⁷ The subcommittee's visit to three regional offices confirmed this assessment.

Further evidence is provided by the National Advisory Council on Economic Opportunity, established by Congress to advise the President.⁴⁸ In a comprehensive report issued on June 30, 1975, the Council noted the 33 percent increase in the ratio of administrative positions to program positions.⁴⁹ It called for reorganization "as soon as possible" to reduce the administrative "top heaviness" of the agency.⁵⁰

The Council found that the inherited personnel ceiling and the outdated allocation of personnel combined with the uncertainty of the transfer of the agency to form the three main obstacles to the agency's effectiveness.⁵¹ It recommended that the Office of Management and Budget carefully review the ceiling to insure that it is reasonable.

⁴³ Hearings, p. 136.

⁴⁴ Hearings, p. 189.

⁴⁵ Hearings, pp. 170, 189.

⁴⁶ Ibid., p. 189.

⁴⁷ Ibid.

⁴⁸ 42 U.S.C. 2945.

⁴⁹ Eighth Annual Report, p. 38.

⁵⁰ Ibid., p. 39.

⁵¹ Ibid., p. 36.

The personnel ceilings for the regions, as for the central office, were determined arbitrarily. When it became clear that OEO would not be abolished, the staff level was simply frozen at the level of November, 1973, a time when it was assumed that the agency would no longer function. Through attrition and program transfers, some offices were left with staff but no duties, and others with duties but no staff.

This is still the case in the regional offices. One of their most essential functions is the monitoring of grantees. This responsibility includes providing technical assistance as well as evaluations of the grantees' progress.

Field representatives are charged with this responsibility. They are expected to be well versed in the community's goals and the grantee's contribution toward them. Considerable expertise is required to provide the necessary technical assistance. Although a field representative normally handles three or four grantees, this workload has been doubled or tripled because of inadequate staffing.

The field representatives interviewed by the staff universally complained that they were unable to carry out their duties adequately. Further, they claimed their travel had been cut to the point that they no longer could provide effective monitoring or any technical assistance.

Monitoring of grantees is crucial, whereas the need for technical assistance varies from region to region. For instance, many CAA's in the San Francisco region are large organizations with considerable experience. In Denver, however, most CAA's were created in the last three years and are small. Officials in all three regions were concerned that CSA was not able to carry out its "advisor" responsibility, but Denver officials were especially worried. They believed that not only did they have an unrealistic staff allowance to monitor grantees, but also that Washington had no concept of the special requirements for travel in a rural environment. Many grantees are far from any airport and can only be reached by automobile. A visit may require a full day's travel. Yet officials claimed the central office often criticized them for making what they considered necessary trips.

The difficulties of the field representatives were undoubtedly compounded by quarterly funding of grantees. Many field representatives told the subcommittee staff they were no longer functioning as GS-12's or GS-13's but as high class file clerks. They reported that the grants were arriving months late due to the monumental paperwork and that grantees often had to borrow money at commercial interest rates.

Many officials in the regions complained that they received no direction from Washington. Often they could not reach the Director for policy decisions no one else could make because there was no Deputy Director or permanent Assistant Director for Operations. Several Regional officials stated that they now seldom make the effort to call Washington, preferring to make the decision themselves. The implication is that different regions often follow conflicting policies. Until the last few weeks there had been no mission statement for the agency and no established priorities.

Regional officials reported that due to its severe organizational and administrative problems, CSA could no longer be an "advocate for the poor." Other government agencies refused to deal with them in any depth, including participation in Federal Regional Councils.⁵²

⁵² Eighth Annual Report, pp. 42-43.

The GAO survey did not follow the OSHA practice used in coming. Since 1973, there have been nine directors, and the office is headed today by a temporary appointee. The Civil Service Commission has been investigating charges that the previous director resigned under duress and recently ruled that he be reinstated. CSA is appealing this decision.

The 42 people in the office are split into several factions vying to fill the power vacuum. These factions made serious allegations, not substantiated in further staff investigation, concerning each other. Morale was very low.

The Kansas City office formerly handled the states now served by the Denver Region. Should the factionalism continue in the Denver office, merging these two offices once again may offer the best way to carry out CSA's mission there.

THE PRESIDENT'S ROLE

Director Gallegos stated that uncertainty over whether the President would move the agency to HEW was hampering his efforts to reorganize. While much of the reorganization would be fundamentally the same no matter where the agency was placed, the effect of this uncertainty on interagency relations makes an early decision essential.

In its investigation, the National Advisory Council on Economic Opportunity found that "federal agencies do not seem inclined to cooperate with CSA"⁵³ and that "CSA has virtually no official participation with various interagency task forces and policy bodies that make decisions affecting the poor."⁵⁴ For an agency that is to be an "advocate for the poor" that is a particularly devastating finding.

Improvement of CSA's relationship with other agencies requires clarification of its status and this hinges on whether the President will decide to transfer CSA to the Department of Health, Education and Welfare. Although the effects of an HEW absorption of CSA were not exhaustively examined, a number of subcommittee members believe that the advocacy role would be best served by an independent agency. Many of CSA's functions differ from HEW's. Regardless of what the President determines, he should declare his intentions soon.

In the October 6 meeting with the Domestic Council member, the subcommittee Chairman and ranking minority member took up the Chairman's earlier request to the President that he decide the fate of CSA. The subcommittee was subsequently assured that the White House considered the situation of CSA one of high priority and now realized the need for action. We look forward to an early resolution of this matter.

The National Advisory Council on Economic Opportunity, referred to above, was created by Congress to (1) "advise the Director with respect to policy matters..." and (2) "review the effectiveness and the operation of programs and make recommendations..."⁵⁵ The Council is also required to make an annual report to the President for his submission to the Congress.⁵⁶

⁵³ Eighth Annual Report, p. 42.

⁵⁴ *Ibid.* p. 43.

⁵⁵ 42 U.S.C. 2945(b).

⁵⁶ In transmitting this year's report to Congress on September 11, 1975, the President noted that the recommendations were "limited to the particular area of interest of the National Advisory Council on Economic Opportunity. Thus, the report does not reflect the administration's policies... in light of other competing priorities."

Normally, 21 members are appointed for staggered three year terms. In the last few years no appointments have been made and the final seven members' terms expired September 22, 1975, leaving the Council virtually defunct.

Judging by its most recent work, the Eighth Annual Report, the Council was fulfilling its statutory mission exceptionally well. Its report was based on extensive research and discussions with various officials nationwide and was of considerable value to this Committee.

CIVIL SERVICE COMMISSION INVOLVEMENT

The importance of fair and equitable treatment of Federal employees is recognized in both law and administrative regulations. In fact, there has been some criticism that these regulations are too cumbersome and therefore make it difficult to manage Federal agencies. The operations of CSA, however, reveal that the existence of these regulations is no guarantee that the system cannot be warped.

It is in instances such as this that the Civil Service Commission through its "system of inspection" must insure agency adherence to the law and existing regulations. As previously noted, the Commission ordered a government-wide review of all schedule C positions in December, 1974. Shortly after this review was completed, the union wrote to CSC detailing the problems with schedule C employees. These signals were not heeded in spite of the long history of personnel problems in this agency.

John D. R. Cole, Director of the Bureau of Personnel Management Evaluation, explained that only two persons at the Commission worked full time on schedule C reviews. Regardless, he continued, he couldn't spend "185 man-years on a 1,000-man agency" wrestling with five or six schedule C positions.⁵⁷

He went on to say that the Commission could not and should not be expected to be familiar with the programs in each agency. He further defended his actions by saying "... we are not equipped ... to test whether they are lying or not."⁵⁸

Generally, this assertion is correct. In this case, however, the high visibility of these abuses coupled with the union warnings and past agency schedule C problems should have triggered at least a cursory inquiry from the Commission.

When a government-wide review like that conducted in December is ordered in the future, the Committee believes that the Commission must act to insure that the review achieves its purpose. Close scrutiny should be given to those agencies where problems have existed in the recent past and an overall random sampling should be made. In the case of the schedule C audit, CSC admitted that two employees could not exercise any valid quality control over the certifications. Thus there was no check against an agency, such as CSA, that did not comply adequately with the CSC order.

There appears to be an additional problem in that the person charged with handling schedule C matters, John W. Fossum, Deputy Director of the Bureau of Recruiting and Examining, told the Committee that he had not been advised of the repeated union complaints.⁵⁹ Although

⁵⁷ Hearings, p. 104.

⁵⁸ Hearings, p. 101.

⁵⁹ Hearings, p. 103.

he had moved to the Bureau only recently, the numerous and vociferous complaints should have brought the situation to his attention.

The subcommittee's investigation found two instances where employees were converted from the excepted service to the career competitive service. In both instances, the employees left immediately on long-term IPA assignments. In one case, the probation period required by law was spent outside the Federal Government. Conversions require that both the agency and the Commission certify that the new position is essential and that the employee converted is "best qualified." The Commission should review its oversight procedures to assure these conversions are monitored and that agencies do not abuse this authority.

At its appearance before the subcommittee, the Commission told us that it felt its efforts to deal with schedule C questions at CSA had been "reasonably successful to date"⁶⁰ and that they had "every reason to believe that most of these positions were being properly utilized."⁶¹ Shortly after the hearings, the Commission returned to the agency and conducted an audit of each schedule C position to find that only 4 out of the 18 positions were fully justified as classified and 2 of those positions were vacant.

COMMISSION IPA RESPONSIBILITY

Responsibility for administering the Intergovernmental Personnel Act is lodged at the Civil Service Commission. Copies of all IPA mobility assignments must be filed with the Commission.

Upon learning of the schedule C employees at CSA who were on IPA assignments, the subcommittee Chairman wrote to the Commission requesting information on, among other things, the number of assignments government-wide. The Commission responded that according to its records no schedule C's, including any at CSA, had ever participated in an IPA assignment. The Commission's records were inaccurate because the Community Services Administration had neglected to send its IPA assignments to the Commission. In at least one case when they did comply with the regulations they incorrectly identified a schedule C employee as a career employee. (The Commission also stated in reply to the Chairman's letter that it had been its consistent policy to discourage any schedule C assignment.)

The fact that the agency failure to notify the Commission of IPA assignments went totally unnoticed raised serious questions about the monitoring of the Intergovernmental Personnel Act. Although the CSC is charged with the responsibility of administering the IPA program, its only requirement is the filing of a copy of the agreement. There is no attempt to review the quality of assignments to assure that they meet the statutory intent. It appears that there is tremendous potential for abuse. The Commission should move to strengthen its control of this program.

Despite persistent Commission claims that it had consistently discouraged schedule C assignments under the Intergovernmental Personnel Act, two CSA employees testified under oath that they had called the Commission at the time these schedule C assignments were being processed in order to insure that such assignments were within

⁶⁰ Hearings, p. 82.

⁶¹ Hearings, p. 81.

the intent of the Act.⁶² Although Commission officials stressed that the abrupt termination of a schedule C employee on an IPA assignment could cause considerable embarrassment to the Federal Government, in the words of one CSA employee, the Commission "neither encouraged nor discouraged the assignment."⁶³ In 1973, the Commission had reviewed one of the agency's schedule C IPA agreements. In a letter dated July 13, 1973 CSC stated only that it was "in accord with current regulations."⁶⁴

SUPPORT FOR PERSONNEL OFFICIALS

During the course of the subcommittee's investigation it became apparent that several career employees had become sufficiently concerned with the operations at CSA to take it upon themselves to notify the Commission. The union had written numerous letters signaling that the abuses were occurring and yet the Commission did not move. The Commission's failure to move decisively in the face of these flagrant abuses probably resulted in a much greater adverse impact on morale than if the deviance from requirements had been slight.

The Committee is concerned that the agency's own employees believed that their position was not strong enough to block obviously inaccurate job descriptions or questionable IPA assignments. Agency personnel officials must have known what programs remained in the agency and surely realized that the 1970 White House Conference on Children and Youth had long since passed. The Civil Service Commission should review its supportive regulations to insure that personnel officers have not only the authority but the responsibility to refuse to certify inaccurate or false documents.⁶⁵

The Committee wishes to acknowledge that following the hearings CSC moved rapidly to correct the schedule C abuses and, in addition, began an audit in four regional offices of CSA to assess personnel management there. Commission officials have worked closely with the subcommittee staff in assuring that CSA personnel actions are in accordance with all laws and regulations. Moreover, the Commission has encouraged the agency to seek advice and assistance as it attempts to rectify the problems. During CSA's reorganization, the Commission has indicated that it will aid in evaluating the agency's classification review. The investigation raised serious doubts as to the internal capabilities of CSA to evaluate and classify its employees properly. We believe the assistance of the Commission is essential.

⁶² Hearings, p. 68ff.

⁶³ Hearings, p. 69.

⁶⁴ Hearings, p. 114.

⁶⁵ We believe that the Civil Service Commission's own investigations of the General Services Administration, the Department of Housing and Urban Development, and the Small Business Administration have uncovered further evidence to support the need for this review. All three Commission reports are available from the House Committee on Post Office and Civil Service.

[Whereupon, at 11:45 o'clock a.m., the hearing in the above entitled matter was concluded.]

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