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M 36 ARABELLA MARTINEZ TO BE AN ASSISTANT  
SECRETARY FOR HUMAN DEVELOPMENT, HEW—  
ADDITIONAL CONSIDERATION

GOVERNMENT

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HEARING

BEFORE THE

COMMITTEE ON HUMAN RESOURCES

UNITED STATES SENATE

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

ADDITIONAL CONSIDERATION OF ARABELLA MARTINEZ,  
OF THE DISTRICT OF COLUMBIA, TO BE AN ASSISTANT  
SECRETARY FOR HUMAN DEVELOPMENT, DEPARTMENT  
OF HEALTH, EDUCATION, AND WELFARE

MARCH 10, 1977

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## NOMINATION

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THURSDAY, MARCH 10, 1977

U.S. SENATE,  
COMMITTEE ON HUMAN RESOURCES,  
*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.

Present: Senator Williams.

The CHAIRMAN. We will come to order.

The Committee on Human Resources is meeting today to consider the nomination of Ms. Arabella Martinez to be Assistant Secretary for Human Development.

I will just briefly recap your activities for the last few years and then we will be pleased to hear from you.

Ms. Martinez has most recently been self-employed as a consultant in management and resource development to social service agencies in the Spanish speaking community and for other clients.

She has worked previously in community development for local poverty organizations, including the direction of the Valley Communities Economic Opportunity Organization, a community action agency, and direction of the Spanish Speaking Unit Council, a community development corporation in Oakland.

Born in Colorado, Ms. Martinez received her bachelor's degree and master's degree in social work from the University of California at Berkeley.

We will include your complete biography that you supplied us with.

[The biography of Ms. Martinez follows:]

ARABELLA MARTINEZ  
ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT  
DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

For the past two years, Ms. Martinez has been a self-employed social program consultant in the areas of organizational, staffing, program, resource, and community support development.

Born in Trinidad, Colorado, July 31, 1937, she was educated at the University of California at Berkeley, where she received a Bachelor of Arts degree in 1959 and a Master of Social Welfare in 1966.

From 1969 through 1974, Ms. Martinez was Executive Director of the Spanish-Speaking Unity Council of Oakland, California. The Council is a community development corporation which sponsors programs affecting community economic development, housing, employment training, and job development for adults and youths. It also focuses on developing leadership opportunities among the Spanish-surnamed population.

From 1966 to 1968, she was Executive Director of the Valley Communities Economic Opportunities Organization in the Livermore-Amador Valley, California. This was a small community organization in a semi-rural area.

Before entering graduate school, she was a social worker for the Contra Costa County Social Services Department in California.

Ms. Martinez began her career in social work in September, 1959 with the Alameda County Welfare Department in Oakland.

She was honored with a John Hay Whitney Fellowship in 1965 and the Rosalie M. Stern Award in 1974.

ARABELLA MARTINEZ  
 907 Sixth Street, S.W., # 615  
 Washington, D. C. 20024  
 (202) 554 - 4750

#### EXPERIENCE

Ten years of experience in the social work field of social planning and community development. From 1966 - 1968 served as the Executive Director of the Valley Communities Economic Opportunity Organization, a community action agency in the Livermore-Amador Valley in California. During the years 1969 - 1974 served as the Executive Director of the Spanish Speaking Unity Council, Inc., a Ford Foundation sponsored community development corporation in Oakland, California. The Council's programs include a new community services center which houses ten different public and private social service and educational agencies, a FHA 236 housing project for 61 low and moderate income families, a manpower program with ESL, pre-employment and vocational training components, a supported work program for the severely disadvantaged, business development efforts and the initiation and support of a wide range of community improvement and development activities. Since late 1974 provided consulting services for such clients as the Ford Foundation, the Spanish Speaking Unity Council, the Peralta Services Corporation, the Chicano Alliance of Drug Abuse Programs, Chicanos Por La Causa and the University of Houston Graduate School of Social Work. Prior to graduate school, from 1959 - 1964 worked as a case worker for several county welfare departments and on a special assignment with the State of California Welfare Department.

#### RECENT CONSULTATION SERVICES

Developed a comprehensive management system for the Spanish Speaking Unity Council but it has applicability for other non-profit organizations, private corporations and governmental agencies. The system is incorporated in a management manual of several hundred pages which is divided into three major sections: planning and program development management; organization and staffing management; and the management of the program, personnel, fiscal, property, records and office components. For one of the Ford Foundation's grantees, the Arizona Job Colleges, a comprehensive family rehabilitation and manpower program, developed and implemented a resource development plan and provided management assistance which resulted in two years of funding totaling over three quarters of a million dollars. Assisted the University of Houston Graduate School of Social Work with the conceptualization of the curriculum for its Social Services Administration/Social Planning/Community Organization course of study.

#### EDUCATION AND SKILLS

Masters of Social Welfare, 1966, University of California, Berkeley, California.

Bachelor of Arts, 1959, University of California, Berkeley, California.

## General Skills:

- Organizational, program and community analysis
- General and fiscal management
- Program and resource development
- Social Planning and Community Development

Language other than English: Spanish

AWARDS AND FELLOWSHIPS

John Hay Whitney Fellowship, 1965 - 1966.

Rosalie M. Stern Award, University of California Alumni Award , 1974.

ORGANIZATIONAL AFFILIATIONS

National Association of Social Workers (ACSW)

The Drug Abuse Council, Inc., Washington, D.C. (Board Member)

Association for Democratic Action (Board & Executive Committee Member)

City Center Federal Savings & Loan Association, Oakland, California (Director)

(first Chicano savings & loan in Oakland)

Association of Latin American Women, Oakland, California

University of California Alumni Association, Berkeley, California

Common Cause

National Congress of Hispanic American Citizens

References Upon Request

## ARABELLA MARTINEZ

Professional Employment History

- 11/74 - 1/77 Self-employed Social Program Consultant to such organizations as the Ford Foundation, University of Houston Graduate School of Social Work, Spanish Speaking Unity Council, Chicano Alliance of Drug Abuse Programs, and Peralta Services Corporation.
- 1/69 - 10/74 Executive Director of the Spanish Speaking Unity Council, a community development corporation, in Oakland, California.
- 9/66 - 10/68 Executive Director of the Valley Communities Economic Opportunities Organization, an anti-poverty agency, in Livermore, California.
- 8/64 - 6/66 Graduate Student - unpaid Field Work Placement:
- 9/64-6/65 Caseworker in the International Institute in San Francisco two days per week.
- 9/65-6/66 Community Organizer in the City of Berkeley's Social Planning Division three days per week.
- 6/65-9/65 Research Assistant in the Graduate School of Social Welfare at the University of California in Berkeley.
- 8/59 - 8/64 Caseworker: Old Age Security, Aid to Needy Blind, 8/59-12/62 Aid to the Disabled (all now under SSI); and Aid to Families of Dependent Children (single parent and unemployed parents), Alameda County in Oakland, California.
- 9/63- 5/63 State of California Department of Welfare: Special AFDC Study.
- 8/63- 8/64 Contra Costa County Social Services Department.

The CHAIRMAN. The Committee on Human Resources does not have confirmation responsibilities for this nomination, but the Office of Human Development houses and administers many programs within the committee's jurisdiction. We have arranged this joint opportunity with the Senate Finance Committee to meet you and greet you and help to send you into office with high hopes and commendation to the President for naming and nominating you to this post.

Our programs affect more than 22 million senior citizens, more than 22 million persons with mental and physical handicaps, and more than 66 million children and youth.

It has been my pleasure to have a most exciting hour of getting to know what you have been about out in California and down in the Southwest. I think it was the first formal interview I have had with a nominee where you finally yelled help because you were late for another appointment.

I have mentioned so many times since that meeting Ms. Martinez, how you have filled this Senator with great hope now that you are on the scene and in this very important position. It means better times for the people you will be serving.

I am advised that Senator Alan Cranston has sent his comments to the Senate Finance Committee earlier this morning to introduce you to members of that committee and to speak in support of your nomination.

Senator Cranston has told me of his high regard for you. Although he cannot be present at this hearing, he has asked that his comments be included in our record this morning for the purpose of introducing Ms. Martinez to the Human Resources Committee.

Without objection, Senator Cranston's remarks will be printed at this point in the record.

[Senator Cranston's statement regarding Ms. Arabella Martinez follows:]

SENATOR CRANSTON. I'm very pleased to introduce Arabella Martinez to the members of the committee today. Arabella is a vigorous advocate of sound and workable social programs. Her experience in the areas of social planning and community development is extraordinarily broad. She has an informed and perceptive view of the balance between those things that America must do and the limits of what we can do. I believe that she will do a magnificent job as Assistant Secretary of HEW for Human Development.

After serving as the executive director of a local poverty agency in the Livermore-Amador Valley in California, she served as the executive director of the Spanish Speaking Unity Council in Oakland, a highly successful community development corporation. Under her leadership, the council's programs included a community services center which housed ten different social service and educational agencies, a housing project for low and moderate income families, a manpower program, business development efforts, and a wide-range of community development and improvement activities. Finally, she developed a comprehensive management manual for nonprofit corporations, private corporations, and government agencies that outlines a system for planning and program development, organization and staffing management, and program, personnel, fiscal, property, records and office management.

In short, I'm very pleased that President Carter has nominated Arabella Martinez for this position and I wholeheartedly endorse her.

The CHAIRMAN. Do you have any statement that you wanted to make in a general way before we discuss a few things?

**STATEMENT OF MS. ARABELLA MARTINEZ OF WASHINGTON, D.C.,  
NOMINEE FOR ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT  
IN THE DEPARTMENT OF HEALTH, EDUCATION, AND  
WELFARE**

Ms. MARTINEZ. Thank you for your fine compliments, Senator.

I just want to make one general statement, and that is I see myself as an advocate for our target groups in our program. I do not see a more appropriate role than being an advocate for the most vulnerable populations in our Nation.

The CHAIRMAN. Since our meeting, a lot of things have happened. Most recently, the Secretary's announced reorganization of the Department.

I have a lot of questions here from many members of this committee, and I think probably the best way to handle it is to submit the written questions for your written response. If we could have them at the beginning of next week, we would have all the answers at the time of the confirmation. Can we do that?

Ms. MARTINEZ. Yes.

The CHAIRMAN. Could you just give us a brief outline of your understanding of Secretary Califano's recently announced reorganization and what it means for reaching the people to be served by your office and by the programs that are covered in the reorganization?

Ms. MARTINEZ. The programs that will be coming into the Office of Human Development will be title 20, which is the block grant program to States for social services, title 4-B, which is the child welfare services program, and some elements of title 4-A.

I think what it means, in general, to our client population is that social services, for the first time, will be in one unit of HEW. Not all the social services, but the majority of social services, will be in the Office of Human Development. I think that means for the target population much better service. Certainly for the States it means a rationality of social services in that they will have to deal with one office instead of two major offices, and I think that will provide them with the opportunity to deliver services more appropriately to the target populations.

The CHAIRMAN. First of all, let us back up, title 20 has been a block grant program. In other words, that means reaching people without categorical definitions; is that correct?

Ms. MARTINEZ. That is correct.

The CHAIRMAN. And 4-B is child care?

Ms. MARTINEZ. Child welfare services. It is general. It does include foster care, and day care. It includes most of the advocacy for children.

The CHAIRMAN. Homemaker services?

Ms. MARTINEZ. It probably includes some homemaker services.

The CHAIRMAN. We move over now to the categorical areas that have been developed with specific programs categories of the handi-

capped and older Americans—and there are others—who are all provided services by specific programs within the Office of Human Development; is that right?

Ms. MARTINEZ. That is correct.

The CHAIRMAN. What has been your feeling about, first of all, the philosophy of categorizing a human need and targeting it and meeting it directly. In a way exclusively giving it its own and separate identity with a staff responsible for reaching this particular area?

Ms. MARTINEZ. I think that has been quite necessary. Certainly in the past it was necessary to provide services to specific target groups that were literally ignored. I think you need to have focus on specific populations.

I am not sure that the way they are categorized is the best way, but that is something we need to look at. I find, for example, as a result of categorizing, there are other people who are left out, and you can categorize so finely that you will leave people out rather than bringing them in.

I don't know yet how to deal with that problem, and I will certainly look to the Senate for assistance with the matter of categories, with the matter of how we integrate title 20 with the specific programs.

I do believe that you have to have focus on specific programs, for people to get service.

The CHAIRMAN. Well, there is some anxiety, without knowing and without having the opportunity to know exactly how this is going to work, that there will be a loss of focus on particularly vulnerable groups when you put everybody within or under one large umbrella. You are familiar with that anxiety?

Ms. MARTINEZ. I am certainly familiar with it. I don't have many answers at this point, unfortunately.

The CHAIRMAN. You described to me, as we met informally, how in serving a community's people you had the skill to climb barriers in categorical situations, and bring them all to bear in one community. That was made more difficult because you had many places to go to get resource support; is that right?

Ms. MARTINEZ. That is correct.

The CHAIRMAN. It might be well, though, just for our record, to show just what you did in the Southwest—in Arizona, wasn't it?

Ms. MARTINEZ. You would like an explanation?

The CHAIRMAN. I would like to know how you did that. And I would like you to relate that to how it might be more efficient in a similar situation after reorganization.

Ms. MARTINEZ. The program was a comprehensive family rehabilitation employment training program, for migrant and seasonal farm workers. It included the elements of housing, health, day care, educational support, employment training, adult basic education. Every individual member of the family received a range of services.

The parents received, in addition, employment training. Both mother and father were trained. Initially, the program was funded through the Ford Foundation and the old OEO organization, and the Department of Vocational Rehabilitation.

The purpose was to provide an opportunity for migrant and seasonal farm workers to do some other kind of work to steady their

lives, by not be moving from place to place, and that is exactly what happened.

But more than that happened. The parents, usually the father, but also the mother, were placed in jobs.

The children did much better in school. The little ones were better nourished. They certainly were healthier. The parents began to participate and be productive citizens in the community in which they lived. It was an amazing program.

When the OEO money for migrants was transferred to the Department of Labor, there was some concern on the part of the Labor Department that, one, they didn't want to be working with the whole family, they didn't think that was an appropriate role. No. 2, they felt that the services which should be given should be strictly training and job placement, and, more specifically, for the head of the household.

As to my role, I came much later, after the program had been developed, and when I was asked to go to Arizona, it was really to save the program.

The CHAIRMAN. This was after the collapse of the OEO and the transfer of part of the activities to Labor?

Ms. MARTINZ. That is correct. The Labor Department decided they would not fund the program any longer.

They had a lot of reasons, but the basic reason was that they didn't think the program was part of their mandate to provide that kind of comprehensive approach, and probably it wasn't, if you look at the way the Department of Labor does most of its program. It is really training and job placement for an individual, and usually head of the household.

I then tried to piece money together. I tried to find money in HEW especially.

We did have a migrant health service funded by HEW, but day-care was not funded by HEW. The Educational programs support for the children was not funded by HEW. None of the stipends were funded by HEW.

There was no aid to dependent children in Arizona, so that could not be a part of what we were doing. We were barely able to save the program for a year, and only a half a program.

We could only provide support for 6 months to the family rather than for a whole year.

I think given the results, what it did for society, it was a shame that we couldn't keep the program alive. I think that comprehensive approach really results in taking people off the welfare rolls, and making them productive citizens, and also it begins to help the community in which those people lived.

Besides the program in Arizona, there are other model programs of the family approach, and all of them have had very fine results.

The CHAIRMAN. First of all, how many areas did you have to search out in the Federal Government to meet the objectives?

Ms. MARTINEZ. I went to HEW, to CSA, Department of Labor, Department of Commerce—EDA and the Four Corners Commission.

In the Department of Health, Education, and Welfare, we went to the Office of Planning and Evaluation, the Rehabilitation Service Ad-

ministration, the Office of Education, the Social and Rehabilitation Service, and the Office of Human Development.

We were able to secure money from CSA, an additional amount of money, and also from CETA, but not directly through the Department of Labor, but through the Governor's discretionary fund.

We were also able to secure additional assistance from the Bureau of Rehabilitation Services in Arizona, because many of our clients were physically handicapped in one way or another.

The CHAIRMAN. How did you reach the physically handicapped? Who did you go to?

Ms. MARTINEZ. Well, many of the migrants and seasonal farm workers do have disabling handicaps, so we were able to secure some resources from the Bureau of Rehabilitation Services in Arizona.

Most of the money that we were able to secure was through the State offices, although it was Federal money. The only Federal money we were able to secure directly was from CSA, in order to save the program.

The CHAIRMAN. Do you see evolving an organization that will simplify this process for people in situations today as they are trying to do comprehensive work in reaching a community of people needing a multiple of social services?

Ms. MARTINEZ. I would like to see us do this. As you know, we are probably going to be sponsoring a White House Conference on Families, but I would like to see a few demonstrations of the family approach rather than doing a very broad program initially.

I don't even know if that is possible yet, but I would like to be able to see if a family program on a demonstration basis and in cities also works.

This program was in a rural area, and it was probably easier to handle than in an inner city neighborhood, so I would like to try a program like that before we would go into a massive program.

The CHAIRMAN. Have you advanced the idea for a White House Conference on Families?

Ms. Martinez. Have I advanced it?

The CHAIRMAN. Yes.

Ms. MARTINEZ. I think it has been advanced by the Secretary and President, and in the 1978 budget there is a request for funds for it.

The CHAIRMAN. One thing leads me to many others.

On the White House Conference on the Family, I think the last two White House conferences, one that was and one that shortly is to be, the initiatives came from the Congress on aging and now on handicapped. I would imagine that the authority needed, and the funding are areas where the congressional role is significant?

Ms. MARTINEZ. Yes; that is true.

The CHAIRMAN. Has there been any message from the President directed to this idea of a White House Conference on the Family?

Ms. Martinez. I don't think there has been a message to that effect. I think he talked a great deal about strengthening the family during the campaign.

The CHAIRMAN. Yes.

Ms. MARTINEZ. And he certainly has mentioned since he has been President that he is concerned about strengthening the family.

The CHAIRMAN. He has even suggested to people who work for him that they better spend some time with their families, strengthen their own family.

Ms. MARTINEZ. That is true.

The CHAIRMAN. But every time I get a call from the White House, it seems as if it is after 10 o'clock at night.

Ms. MARTINEZ. Yes, sir.

The CHAIRMAN. Well, I think we better consult with you on that.

Our history shows it and our whole inclination supports the idea of bringing knowledgeable people together for most worthy and necessary objectives, and this would be one.

I just wanted you to review your experience. It seems to me that this is a microcosm of what your Office of Human Development can mean.

In simplifying approaches, you have to have great talent, persistence, patience, and aggressiveness these days to find all the places where you might get some resource support for dealing with human problems. It would seem to me that you could be moving in a direction that will simplify the search in finding the means to do these good things.

Ms. MARTINEZ. I hope so.

The CHAIRMAN. I hope so too.

I didn't get a chance to read beyond the major story in the paper this morning, but I heard on the air this morning that the farmworkers in California have put it all together now, and there is a division of areas for union representation.

Did you hear that?

Ms. MARTINEZ. No; I didn't.

The CHAIRMAN. The fieldworkers will be Chavez's union and the cannery workers will be with the Teamster's. Did you hear that?

Ms. MARTINEZ. No; I didn't hear that. I knew that kind of negotiation was going on. I didn't know that it actually occurred.

The CHAIRMAN. Evidently, it has now been accomplished and agreed upon. There is a division of representation between the two groups. Have you been associated with the developments and the organizing?

Ms. MARTINEZ. I haven't been that intimately involved with rural communities. I was very much involved with inner cities in Oakland, but we certainly supported Mr. Chavez.

The CHAIRMAN. Was Oakland a nighttime residence for farmworkers going to the valley during the day?

Ms. MARTINEZ. Yes; a lot of people were working in the fields. They had big bus contractors who took people out to the fields. Alameda County is largely an agricultural county. There were a lot of agricultural workers.

The CHAIRMAN. You started with a statement that you are an advocate for people who need support.

Ms. MARTINEZ. That is right.

The CHAIRMAN. This is the best word for the area in which you will be working, in my judgment.

I know that we, long ago, created a program for people that needed help, people who worked in the fields, a health program. We created it here. A year later, after it became effective, I checked to see how it was working. Almost zero. Do you know why? There was no advocate. Nobody in the Department got the word to the areas where there were farmworkers who needed health services, and right at this table here I just got a little emotional in shaking them up. That got things going. It let communities know what was available in terms of resources for health services. But advocacy, as you know, is the most important. You can have the finest model program, but if somebody isn't there to make it work, it really can be tragic.

So you are the advocate. We will put the program together for you to carry out, and we want the closest possible relationship. I have a feeling that you will see more of us than the finance and tax people.

Do you think that is right?

Ms. MARTINEZ. I think so in terms of the substantive program issues. I think that is quite true.

The CHAIRMAN. So they launch you, and we sail you.

Ms. MARTINEZ. That is wonderful. I am looking forward to that.

The CHAIRMAN. I have many questions here from members. I am sure all regret that they are occupied necessarily elsewhere. One of the major matters of legislation is on the floor today—the public works employment bill—and two of our principals are leading it.

I have a question here from Senator Javits.

He asks: Can you assure us that the reorganization of the Office of Human Development to include title 20 and title 4-B will not result in diminished support or concern for other programs in OHD, such as the developmentally disabled program, the rehabilitation program, and the older Americans program?

Ms. MARTINEZ. Yes; we can assure you of that. I think that title 20 supports the other programs. It is not a separate program. It is a way of supporting the other programs. That is the way I see it. That means that there is more money for those programs depending upon what the States do.

The CHAIRMAN. We have seen, for some reason or another, with the older Americans, the effort seemed to get administratively lost somehow, and the older Americans' advocate within the Department seemed to be geographically isolated or out of sight in the organizational charts.

We always were worried about the box for the Administrator of Aging going down and down and out and out.

Now, I am just wondering whether this new approach has certain hazards like this in losing some of this needed focus. It hasn't been good to begin with for the last few years. We want to see all of these efforts improved, because we have had a period of years here of a struggle to make the legislative and program effort continue on.

Ms. MARTINEZ. I think we do have a different administration, an administration which really cares about people, and as the Assistant Secretary, I am deeply concerned about the people we serve.

In fact, I am really concerned that they do not get enough services, and I would like to figure out some way to get more services to them.

The CHAIRMAN. I am convinced that you will. You have proven in all of your work within the States that that is your total motivation, and I am encouraged.

I am just wondering whether it wouldn't be wise to gather up these questions for you.

Ms. MARTINEZ. Yes, please.

The CHAIRMAN. We will ask whether you could get answers to us by Monday.

Ms. MARTINEZ. Yes; we'll certainly do that.

The CHAIRMAN. Who is we? You?

Ms. MARTINEZ. Yes; my office.

The CHAIRMAN. Let me consult for a minute.

We will do that, we will gather the questions up and send them to you to answer. We will also include in the record a fact sheet on the reorganization.

[The questions to Ms. Martinez from Senator Randolph and Senator Williams and answers along with material referred to follow:]

#### QUESTIONS FROM SENATOR RANDOLPH TO ARABELLA MARTINEZ

*Question 1.* On Tuesday of this week Secretary Califano announced a new reorganization of the programs in the Office of the Secretary. How does this reorganization affect the Office of Handicapped Individuals which, by statute, must be located in the Office of the Secretary?

*Answer 1.* The reorganization announced on Tuesday does not affect the Office of Handicapped Individuals. OHD remains in the Office of the Secretary.

*Question 2.* What steps does the Administration plan to take to insure that multipurpose senior centers under the Older Americans Act are accessible to elderly handicapped persons?

*Answer 2.* Under Title V all facilities that are acquired to serve as senior centers must meet the requirements of the Architectural Barriers Act. You can be assured that this standard will be vigorously enforced.

AoA will require, as part of the applications it receives for the alteration or renovation of facilities to serve as senior centers that information be provided on the provision of access for handicapped older persons. AoA will work with the States to insure that continuing progress is made in terms of access in each area of the State.

AoA, as part of its plan to comply with the provisions of Section 504 of the Vocational Rehabilitation Act, will provide technical assistance to the States on how to make centers readily accessible to handicapped persons.

*Question 3.* Do you have any idea when the Administration plans to name the new Commissioners on Rehabilitation and Aging? Why has there been a delay in nominating the Commissioners?

*Answer 3.* We expect to name new Commissioners on Rehabilitation and Aging in the very near future. We have made exhaustive searches and conducted intensive assessments of the candidates in order to assure that we will be choosing the best possible people for these important jobs.

*Question 4.* One of the priorities for funding under the Section 308 model projects program of the Older Americans Act is specialized services to meet the needs of physically and impaired older persons. What actions have been taken to implement this provision? And what future actions does the Administration plan?

*Answer 4.* AoA has funded a number of model projects responsive to this priority. Some of these include:

<i>Grantee</i>	<i>Project Title</i>
Chicago Hearing Society-----	Description and Evaluation of a Cooperative Geriatric Hearing Conservation and Rehabilitation Program.
University of Louisville, Kent School of Social Work.	Model Demonstration Project for Mini Home Operators.

<i>Grantee</i>	<i>Project Title</i>
Madonna College-----	A Model Competency-Based Program Providing Volunteer Personal Assistance to the Aged in Public or Private Centers or Institutions.
New York City Department for the Aging. Center for Independent Living, New York Infirmary.	Community-Based Program for the Mentally Frail Elderly. Development of a Series of Instructional Manuals and Self-Study Courses for Older Visually Impaired Adults.
Hospital Audiences, Inc-----	Evaluation and Provision of Cultural Services to Physically and Mentally Impaired Aged in Long Term Care Facilities.
New York Infirmary Center for Independent Living.	Social Rehabilitation Program for Geriatric Blind.

AoA will continue to place a high priority on supporting projects related to this objective.

*Question 5.* Have you determined where you will have a blind stand in the new South Portal Building where you have your offices? What more can you do to improve the use of the South Portal Building by handicapped employees? We understand there are some real problems there such as heavy doors, round door knobs, people getting into bathrooms and not being able to get out.

*Answer 5.* The South Portal building is not under my immediate jurisdiction even though my offices are located there. The Facilities Engineering and Property Management Office of HEW is negotiating with GSA to deal with some of the remaining problems in South Portal regarding barriers for the handicapped. GSA will determine whether and where a blind stand will be located in South Portal.

*Question 6.* On Tuesday, March 8, Secretary Califano announced a major reorganization of the Department of Health, Education, and Welfare. He indicated that you, as head of the Office of Human Development, would have a major role in implementing that reorganization.

Do you foresee any areas of major difficulty or any special problems in incorporating the title IV and XX social security programs under the Office of Human Development?

*Answer 6.* I see no major difficulty in incorporating title IV and title XX in OHD. Both of these programs deal with the same target groups as our OHD programs and work closely with them. The change will permit greater coordination and more effective delivery of services.

*Question 7.* The major reason for the legislated transfer of the Rehabilitation Services Administration out of S-R-S and into the Human Development Office was that the rehabilitation program was suffering from a relative lack of emphasis under S-R-S, both in terms of leadership and personnel.

How will you guard against the occurrence of a similar result when the new activities are added to your office?

*Answer 7.* I propose to give strong leadership and increased emphasis to these programs. I assure you we will not repeat the mistakes of the past. I intend to improve these programs rather than neglecting them. They enhance the OHD capability to deal with the people we serve.

*Question 8.* As I just indicated, rehabilitation in the past has not been given the attention it deserves. Within R-S-A there is a program that has received even less attention, in relative terms. That is the Randolph-Sheppard blind vendor program, which I authored in 1936, and the Office for the Blind and Visually Handicapped generally. Will you promise to do your utmost to improve this much-needed program?

Do you have any ideas as to how that might be done?

*Answer 8.* We are working now to get the Randolph-Sheppard regulations out. This is a very complex area and we have had to resolve differences with DOD and GSA. At the present, I have not had the opportunity to look into this program in depth but I assure you I will do my best to serve the needs of the blind and visually handicapped.

QUESTIONS FROM SENATOR WILLIAMS TO ARABELLA MARTINEZ

REORGANIZATION

*Question 1.* Under the recently announced HEW reorganization, the Office of Human Development will assume responsibility for the title 20 social services within your office by separate categorical grant programs.

As you know, title 20 in particular, provides social services for the elderly, handicapped persons and day care services for children—all of which are served within your office by separate categorical grant programs.

A. How would you see this new authority for administering title 20 affecting the operation of: the rehabilitation program; the developmental disabilities program; the Administration on Aging; the Office of Child Development?

Answer 1A. I would see a closer interrelating of the agencies which would result in better service delivery to meet the needs of whole persons and their families. Naturally, this is something that has to be worked out over a period of time but I believe the shift will benefit all of the programs.

*Question 1B.* There has been concern in the past that services for the elderly, the handicapped and for children under title 20 have not been adequately coordinated with these programs in the past. What would be your plans in this area?

Answer 1B. At this point, 2 days after the reorganization announcement, I do not have specific plans. However, I will be working with the programs to develop improved means of coordination.

*Question 1C.* There has also been criticism that services for the elderly have not received a very high priority under title 20 in many States. Do you have any plans to remedy this?

Answer 1C. Since title XX is a revenue-sharing program with no mandated services, States are free to decide priorities in the expenditure of funds and provision of services. I intend to review the effectiveness of this design for provision of services to target groups.

*Question 2.* Do you have other reorganization plans which are being considered for the Office of Human Development?

Answer 2. At this time, I have no other reorganization plans. The first priority will be to relate title XX and title IV to existing programs of OHD.

QUESTIONS ON HANDICAPPED PROGRAMS

*Question 1.* Under the Rehabilitation Act of 1973, and its amendments in 1974, the Congress made clear that it expected the Commissioner of Rehabilitation Services to be a primary advocate for handicapped persons within the Department and to be fully responsible for carrying out all policy functions relating to the implementation of the Rehabilitation Act. The Assistant Secretary is thus to carry out only routine administrative functions relating to this program.

A. How do you see this relationship working?

Answer 1A. I intend to take a hard look at this legislative provision as it relates to HEW, particularly in light of its historical basis as well as its effectiveness today. I will be glad to comment in greater detail on this point at some future time when I have had the opportunity to relate to the RSA Commissioner in the conduct of this program.

*Question 1B.* What is your involvement in selection of an RSA Commissioner and what criteria do you believe are important for selection of this Commissioner?

Answer 1B. I am participating in the selecting, along with the Secretary and specialists he has working on the personnel staffing problems. I see the Commissioner as one who has the highest involvement and understanding of the problems of the handicapped, one who is an excellent manager or administrator, and one who is a first-class advocate.

*Question 1C.* When would you expect such a Commissioner to be nominated?

Answer 1C. Soon. We are still in the process of interviewing candidates. I am hopeful we will be able to make a selection within the next two weeks.

*Question 1D.* What do you think is necessary for RSA to be an advocate for handicapped persons?

Answer 1D. We will assess how to improve the advocacy responsibility in the course of our over all assessment of the effectiveness of the program.

*Question 2.* The regulations on section 504 of the Rehabilitation Act have been pending for over 3 years and now awaiting Secretary Califanio's consideration and approval. As I understand it, you are co-chairman of the Secretary's reviewing Task Force. These regulations, in my view, are critical to handicapped persons and I have urged the Secretary to sign them. As one of the primary advocates for handicapped persons in the Department what are your views on these regulations?

*Answer 2.* I am supportive of them. The Secretary wanted to assure that all new appointees and others understand and are personally committed to the effective implementation of these regulations throughout the Department and all of its components.

*Question 3.* Congress has also mandated that affirmative action be taken to employ handicapped persons in all aspects of the Government. Knowing that many of the programs for which you will be responsible involve services to the handicapped, will you take strong affirmative action within your own office and with the programs which you will administer?

*Answer 3.* I consider affirmative action a priority. I intend to set up an office for that purpose, for handicapped, minorities and women.

*Question 4.* The Rehabilitation Act of 1973 established the Architectural and Transportation Barriers Compliance Board to insure that all building and facilities assisted with Federal funds are accessible to the physically handicapped. In the past, the Board has taken only minimal steps to insure that these barriers are removed and many people have felt that Board members were trying to "protect" their own agencies rather than enforce the law. The previous Assistant Secretary of Human Development was designated by the Secretary to be Chairman of this Board. Do you expect to take on similar responsibilities?

*Answer 4.* Yes.

#### CHILD CARE

*Question 1.* I understand that the child welfare services under title 4B will be administered in a new agency and not in the Office of Child Development. Is that correct and what is the reason for that?

*Answer 1.* Child welfare services under title IV-B will be administered within the Office of Human Development; however, we have not yet decided whether it will be administered by OCD or not. The first phase of the reorganization which will occur during the next 30 days will involve moving PSA to OHD in entirety. In phase II we will determine the appropriate placement of the new components.

*Question 2.* What are your views on the need for day care and child care services?

*Answer 2.* Day care and child care services are vitally needed both for the development of the child and also as support to parents who work or who, for some other reason, are unable to care for their children.

*Question 3.* Head Start has remained fairly static over the last few years with little increases in funding and no growth. Will you support expansion of this program?

*Answer 3.* I recognize the contribution Head Start has made in the lives of poor children and their families.

This year, given the time and fiscal constraints we faced, it was not possible to consider expansion of the program. We have added, however, \$10 million to the budget to obtain additional information concerning a variety of approaches to the delivery of comprehensive child development services primarily to low income preschool children and their families. Rest assured that in the future, expansion will receive very serious consideration.

#### AGING

*Question 1.* What do you think is necessary to make the Administration on Aging a strong advocate on behalf of the elderly?

*Answer 1.* I believe the advocacy responsibility the Congress has assigned to the Administration on Aging is a very appropriate one, and one I will attempt to strengthen. I intend, first, to insure that AoA is involved in the development of policies and programs that will affect older persons. I have, for example, deeply involved AoA in the Department's development of a comprehensive welfare reform proposal. I will continue to involve AoA in the development of Federal policies and programs. Second, I will support the Administration on Aging's efforts to better coordinate other Federal programs that serve older

persons. I am deeply concerned about the fragmentation and duplication that afflicts a great deal of the Federal Government.

I have noted with interest AoA's efforts over the past few years to bring about better coordination in the field of aging and development of service delivery systems for meeting the needs of older persons. I will certainly support continued efforts in this regard.

*Question 2.* Would you support a transfer of ACTION's Older American Volunteer Programs—Retired Senior Volunteers, Foster Grandparents, and Senior Companions—into the Administration on Aging or the Office of Human Development?

*Answer 2.* As you know these programs used to be administered by the Administration on Aging. Any transfer would now, of course, require legislation. I am certain that this issue will be reviewed as part of the Administration's overall commitment to reorganize the government. In the meantime I will support AoA's efforts to coordinate with ACTION.

FACT SHEET ON HEW REORGANIZATIONSUMMARY: THE FIVE PRINCIPAL REORGANIZATION INITIATIVES

Joseph A. Califano, Jr., Secretary, Department of Health, Education, and Welfare, today announced a series of reorganization initiatives, effected through administrative action, designed to streamline the operations of HEW, improve its delivery of services and reduce opportunities for fraud and abuse.

The five principal reorganization actions will:

(1) Establish a new organization to be known as "The Health Care Financing Administration." The new Administrator will report directly to the Secretary. This long overdue reform, recommended by several Senators including Russell Long, Herman Talmadge and Abraham Ribicoff, will place under one Administrator the oversight of the Medicare and Medicaid programs and related quality control staffs. Through a vigorous program of reviews, audits and investigations to detect and control fraud, abuse and overpayments, the Health Care Financing Administration may save literally hundreds of millions of dollars. The Assistant Secretary for Health will continue to oversee health systems planning and to set health care and health standards policy.

(2) Place all cash assistance payments programs under the Social Security Administration. To achieve this goal, the Aid to Families with Dependent Children (AFDC) program will

page two

be transferred from the Social and Rehabilitation Service to the Social Security Administration. There will then be only one major HEW division responsible for all direct income maintenance programs, i.e., Retirement and Survivors Insurance, Disability Insurance, Supplemental Security Income and AFDC. As has been the case with the Administrator of SRS, the Commissioner of Social Security will also act as the Director, Office of Child Support Enforcement, a program closely allied with the AFDC program. Single, overall management of cash assistance programs should achieve greater consistency in program management and strengthen efforts aimed at minimizing under and overpayments and assuring strict observance of the rules of eligibility.

(3) Place all human development and social service programs under the Assistant Secretary for Human Development.

Today, these programs are divided between two components:

(1) The Office of Human Development is responsible for a variety of grant programs for children, youth, the aging, and those requiring rehabilitative services; and (2) the Social and Rehabilitation Service administers programs mandated by Titles IV-B and XX of the Social Security Act, which, in the main, also assist children, youth, families, and the aging. The transfer to the Office of Human Development of these programs will make one major HEW operating component responsible

page three

for this entire range of human development and social services programs, with a combined budget of over \$4.4 billion and a staff of 1800.

(4) Consolidate the management of student financial assistance programs in a new Bureau of Student Financial Assistance.

There are now seven student financial assistance programs, costing \$2.6 billion and reaching 5.2 million persons. Under the Guaranteed Student Loan Program alone, 900,000 new student loans are made annually and beginning in FY 1978 still another new loan program for medical and health professional personnel will go into operation. The management of existing financial programs is now fragmented within the Office of Education.

The new "Bureau of Student Financial Assistance" will manage all these programs. It will report directly to the Commissioner of Education and be headed by a management team with great competence in both financial management and student assistance.

(5) Simplify and strengthen the Departmental management structure.

Several separate offices will be eliminated, reducing the number of personnel reporting directly to the Secretary and the Under Secretary by about 30 percent. Certain positions will not be filled and certain functions transferred to other units of the Department. In addition, the functions of the two Assistant

page four

Secretaries with key staff management responsibilities will be redefined. These will be a new "Assistant Secretary for Management and Budget" -- who will act as the full counterpart to the Director of the Office of Management and Budget. There will also be an "Assistant Secretary for Personnel Administration" whose mission will be to give vigorous leadership to the recruitment, development, motivation and utilization of HEW's 145,000 employees.

\* \* \* \*

#### I. BACKGROUND

The present HEW organization, shown in Exhibit 1, consists of the Departmental Management group and the five Principal Operating Components.

Departmental Management comprises the staffs in the Office of the Secretary, the Under Secretary and the Assistant Secretaries at Headquarters, as well as the Regional Directors and their support staffs in the 10 Regional Offices.

The Principal Operating Components have prime responsibility for administering the Department's 381 statutory programs and \$146 billion FY 1977 budget. In addition, decisions of these components affect tens of thousands of employees in state and local agencies and in contract organizations, such as those involved in the Medicare and Medicaid programs.

page five

A table summarizing HEW's organization follows:

<u>Principal Operating Components</u>	<u>Number of Statutory Programs</u>	<u>1977 Budget (Millions)</u>	<u>Number of Positions</u>
Office of Human Development (OHD)	26	\$ 1,898	1,514
Public Health Service (PHS)	217	6,199	49,576
Social Security Administration (SSA)	9	109,327	81,243
Social and Rehabilitation Service (SRS)	13	19,839	2,219
Education Division (ED)	111	8,545	4,121
Departmental Management	5	150	6,550
Total	<u>381</u>	<u>\$145,958</u>	<u>145,223</u>

Secretary Califano's reorganization initiatives are concentrated in four program areas which have been the principal targets of criticism by the President, the Congress and the public. Reorganization in these areas offers immediate opportunities for greater efficiency and economy, and for the prevention of fraud and abuse. The program areas are badly fragmented within the present organization structure, thus making effective program management, sound financial control, and coherent delivery difficult.

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The following table illustrates, in a general sense, much of this program fragmentation:

<u>Priorities for Reorganization</u>	<u>FY 1977 Budget (Billions)</u>	<u>Current Fragmentation Among Major Components</u>
A. Health Care Financing (Medicaid, Medicare and related quality control organizations)	\$32.5	SRS, SSA, PHS
B. Cash Assistance Payments Programs (SSI, AFDC, Child Support Enforcement)	12.2	SRS, SSA
C. Human Development and Social Services	4.6	SRS, HD
D. Student Financial Assistance	2.6	ED, PHS
	Total	
	\$51.9	

## II. HEALTH CARE FINANCING ADMINISTRATION

Creation of a Health Care Financing Administration has been the subject of extensive discussion in the Congress, including illuminating hearings held last year on major legislation sponsored by Senators Russell Long, Herman Talmadge and Abraham Ribicoff. A February 28, 1977 report of the National Governors Conference recommends that: "Federal health care finance functions should be consolidated into one major Division of the Department of Health, Education, and Welfare."

The present organizational fragmentation is a deterrent to prudent management of health care funds. As the profile of

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the Medicare and Medicaid programs (shown on the following page) illustrates, the operation of these programs involves the same providers, the same quality reviews and the same cost reviews and to a very large extent, the same or similar payment agents. Yet these two major programs are not administered by a single authority. Central to the improvement of management in both programs, for example, is the development of modern systems for sending bills, collecting on them, and assuring proper charges. It is through such payment systems that program integrity can be built by assuring, first, that providers are paid promptly and, second, that improper or questionable charges can be systematically identified. This will also facilitate prompt disclosure of fraud and abuse which is vital to our enforcement efforts.

The bureaus and offices immediately concerned with the oversight and policy direction of Medicare and Medicaid, and with related quality assurance programs, are being consolidated into a new Administration known as the "Health Care Financing Administration" (HCFA), which will report directly to the Secretary. The present organization for health care financing, and the changes which Secretary Califano has directed, are shown in Exhibit 2. HCFA will have a staff of about 3800, including a group of 900 devoted to the quality control functions which are essential to detect and control fraud, abuse and overpayments.

# MEDICARE — MEDICAID

CHARACTERISTICS	MEDICARE	MEDICAID
NUMBER OF BENEFICIARIES	\$25 MILLION	25 MILLION
FEDERAL FUNDS	\$22 BILLION	\$10 BILLION
STATE FUNDS	—	\$ 8 BILLION
WHO PAYS THE BILLS?	<ul style="list-style-type: none"> <li>• CARRIERS</li> <li>• INTERMEDIARIES</li> </ul>	<ul style="list-style-type: none"> <li>• STATES (ABOUT HALF RETAIN FISCAL AGENTS)</li> </ul>
WHO PROVIDES THE SERVICES?	HOSPITALS SKILLED NURSING FACILITIES INTERMEDIATE CARE FACILITIES HOME HEALTH AGENCIES PHYSICIANS LABORATORIES DENTISTS	6,400 7,400 8,700 2,400 200,000 3,200 60,000
WHO REVIEWS QUALITY?	<ul style="list-style-type: none"> <li>• HOSPITALS — JOINT COMMISSION ON ACCREDITATION OF HOSPITALS</li> <li>• OTHER INSTITUTIONS — BY STATE REVIEW AGENCIES</li> <li>• LEVEL OF CARE — BY THE PROFESSIONAL STANDARDS REVIEW ORGANIZATION (PSRO'S)</li> </ul>	
WHO REVIEWS COSTS?	<ul style="list-style-type: none"> <li>• FISCAL AGENTS — CPAs</li> <li>• PROGRAM INTEGRITY STAFFS</li> <li>• HEW/GAO AUDITORS</li> </ul>	

page eight

An immediate and important benefit of this consolidation will be to launch a more energetic program of reviews to determine major abuses in health care financing.

Another important benefit will be the simplification and strengthening of the linkage between health policy development by the Assistant Secretary for Health, and the Administrator of Health Care Financing.

As shown in Exhibit 3, the Assistant Secretary for Health will continue to be the source of health systems planning, and health care and health standards policy. The Social Security Administration will continue to provide computer support and services from the network of field offices which are needed to provide adequate client contact.

### III. CONSOLIDATION OF CASH ASSISTANCE PAYMENTS PROGRAMS.

Organizational fragmentation also inhibits the effective administration of HEW's programs providing direct income maintenance to individual beneficiaries.

In addition to administering the Disability Insurance and the Retirement and Survivors Insurance programs, the Social Security Administration runs the Supplemental Security Income (SSI) program. SSI makes payments to 4.4 million aged, blind and disabled beneficiaries. In this program, involving \$5.9 billion of Federal funds and \$1.5 billion of state funds, the Federal

page nine

Government directly pays the beneficiary. As shown in Exhibit 4, management of this program is lodged in the Bureau of SSI, which has a headquarters staff of about 325 and a quality control force of about 700.

The Aid to Families With Dependent Children (AFDC) program--a second major cash assistance program involving a means test--is administered by the Social and Rehabilitation Service Assistance Payments Administration. Over 3.5 million single parent families (primarily those with an absent father) are given a variety of assistance payments. This is a Federal/State matching program with the Federal share ranging from 50 to 82 percent based on state per capita income. The current program level is about \$6.3 billion of Federal funds and \$5.3 billion of state funds. This program is operated through state payment organizations which are reimbursed by HEW.

The eligibility processes (a means test) and the quality control and review mechanisms lead to very similar problems of management and operation. In both cases similar sampling techniques are used to identify error rates. Over 900 personnel are involved in the two programs in the quality control process.

In addition to the two cash payments programs, the program for Child Support Enforcement--which assists states in locating absent parents and obtaining child support payments--is closely allied with the AFDC program. The staffing of this program is

page ten

about 80 people in Washington and 90 in the Regions. The statute requires that the Director of the program report to the Secretary of HEW, but its day-to-day administration involves a close relationship with those administering AFDC.

In the revised organization, shown in Exhibit 5, both the AFDC and the Child Support Enforcement Programs are transferred to the Social Security Administration--so that they can be managed with the same top management that is responsible for regular Social Security and Supplemental Security Income payments. This will produce greater consistency in program management and better use of staff resources, particularly those concerned with quality control.

#### IV. THE NEW OFFICE OF HUMAN DEVELOPMENT

The reorganizations described above will transfer over 85% of the current staff of the Social and Rehabilitation Service (1900 out of 2200) to other components, Medicaid moving to the new Health Care Financing Administration and AFDC to the Social Security Administration.

The remaining functions now located in SRS are those authorized under the social services and child welfare provisions of the Social Security Act (Titles XX and IV-B). These programs, reaching over 13 million recipients, are financed largely under a "Special Revenue Sharing" program employing a 75/25 percent Federal/State match, and a Congressionally established ceiling of \$2.5 billion.\*

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\* The Carter Administration budget for FY 1978 is \$2.7 billion including a request for a special add-on for Child Day Care Services.

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The following table lists some typical Title XX programs:

TITLE XX SOCIAL SERVICES

EXAMPLES

<u>Services</u>	<u>Recipients (Millions)</u>	<u>Federal \$ FY 1976 (Millions)</u>
Day Care	1.1	\$622.1
Homemaker	2.2	284.1
Foster Care	0.4	159.7
Health & Mental Health	3.4	108.3
Family Planning	2.1	66.8
Transportation Services	1.7	42.1
Legal Services	0.5	24.9
Housing Services	0.6	23.7
Adoption Services	0.1	19.7
Services to the Aged	0.1	15.9

This group of programs logically relates to the program services administered by the present Office of Human Development (OHD) as shown in Exhibit 6. That Office, with a staff of 1500, is now responsible for \$1.9 billion in grants through

page twelve

the following programs: Child Development, Youth Development, Rehabilitation Services, Services to the Developmentally Disabled, Administration on Aging, and the Native American programs.

The Title XX services, which are located in SRS are compatible with the long range objective of the Office of Human Development -- to integrate and coordinate services focusing on the individual, the family and the community so as to help maximize individual potential, strengthen the family, and build supportive communities.

With the addition of the Title XX and the Title IV-B (Child Welfare) programs, the OHD budget would increase to over \$4.4 billion with a staff of 1800. The expanded "Office of Human Development" is shown in Exhibit 7.

V. REORGANIZATION OF STUDENT FINANCIAL ASSISTANCE PROGRAMS

Like health care financing, student financial assistance programs have suffered from fragmented organization within HEW and from deserved public criticism.

In 1977, budget outlays of \$2.6 billion will be devoted to seven grant and loan programs. These programs will assist over 5.2 million recipients in the 1976-1977 academic year. Starting in FY 1978, a new \$500 million guaranteed student loan program will be added for the health professions.

page thirteen

The current organization (as shown in Exhibit 8), involves two separate units in the Office of Education, plus a third in the Public Health Service.

- . The Office of Guaranteed Student Loans in the Office of Education has a headquarters staff of 235 and a field organization of 390. It is responsible for the most difficult of financial assistance programs, with approximately 900,000 new loans anticipated in 1978. In FY 1978, default claims and related costs are expected to total \$161 million.
- . In a separate part of the Office of Education, within the Bureau of Postsecondary Education, a headquarters staff of 322, supported by field staff of 109, administers six other student assistance programs with 4.3 million beneficiaries and over \$2.2 billion in budget authority.

The General Accounting Office, in commenting on this array of student assistance programs, has expressed concern with (1) the rapid rise in the student aid budget, (2) the growing confusion among students as to what aid is available and where to apply for it, and (3) the increased administrative burdens

page fourteen

on participating schools and lenders who are concerned about the rationale for maintaining so many separate programs.

Since students may participate in more than one of these programs, it is difficult to know whether or not excessive financial aid is provided to individual students. It is also difficult to make timely collections both from students who leave school and from schools which cease to operate or fail to provide proper service.

The new Guaranteed Health Professional's Loan Program, to begin in the next Fiscal Year, lends up to \$10,000 per student per year.

Secretary Califano has concluded that one Bureau with adequate procedures and controls, and with highly capable financial management, is required to cope with these complex student assistance programs. As shown in Exhibit 8, there is being established within the Office of Education a new "Bureau of Student Financial Assistance." The Bureau will operate with consolidated staffs and will develop common computerized beneficiary and lender information systems.

#### VI. RESTRUCTURING TOP DEPARTMENTAL MANAGEMENT.

The remaining actions being taken are refinements in the top Departmental Management structure. These, as illustrated in Exhibit 9, consist of the following:

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- . The staff immediately supporting the Secretary and Under Secretary is being reduced from 160 to about 100.
- . The Office of Regulatory Review will be eliminated, but its functions, which are of key importance, are being reassigned.
- . The Office of External Affairs, which has the significant role of assuring adequate citizen participation in our program planning and management, will be eliminated and its functions reassigned to the Assistant Secretary for Legislation and the Assistant Secretary for Public Affairs. Each office in HEW will be charged with ensuring appropriate public and citizen participation in its activities.
- . The Office of Consumer Affairs will become a part of the Consumer Protection Agency when that agency is authorized by the Congress and established by President Carter.
- . To carry out the mandate of Congress, the Office of Inspector General is being established to direct the Office of Investigations and the HEW Audit Agency. By placing these resources under the Inspector General -- who will also coordinate

page sixteen

quality control and program integrity activities in Washington and in the Regional Offices -- improved Department-wide leadership will be provided to combat fraud and abuse and to promote economy and efficiency.

The functions of two Assistant Secretaryships now concerned with management practices are being realigned in order to obtain fresh emphasis and leadership. The "Assistant Secretary for Personnel Administration" will have Department-wide responsibility for policies and programs covering recruitment, training and education, upward mobility, executive development, equal opportunity, employee relations, compensation and benefits.

The "Assistant Secretary for Budget and Management," the HEW counterpart of OMB, will have Department-wide oversight of budgeting, accounting, management improvement, reorganization planning and business practices.

Exhibit 10 summarizes the results of the reorganization actions described in this fact sheet. In sum, these reforms should result in improvement of the delivery of HEW services to

page seventeen

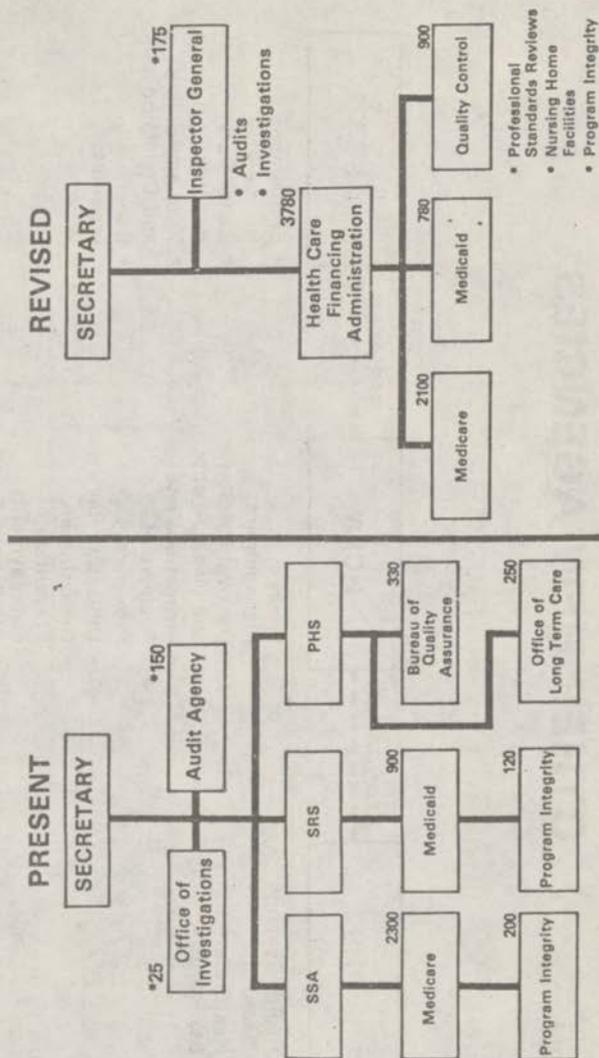
beneficiaries, and streamlined cost control over operations. Waste, abuse and fraud should be reduced, and sizeable economies realized.

Secretary Califano has appointed a high-level task force to plan and implement the transition to the new organization. Its Chairman will be Mr. Don Wortman, currently Acting Administrator of the SRS (which will be abolished as a separate component). The other members of this task force will be the Commissioner of Social Security, the Assistant Secretary for Health, the Commissioner of Education, the Assistant Secretary for Human Development, and the new Administrator of Health Care Financing.

# # #



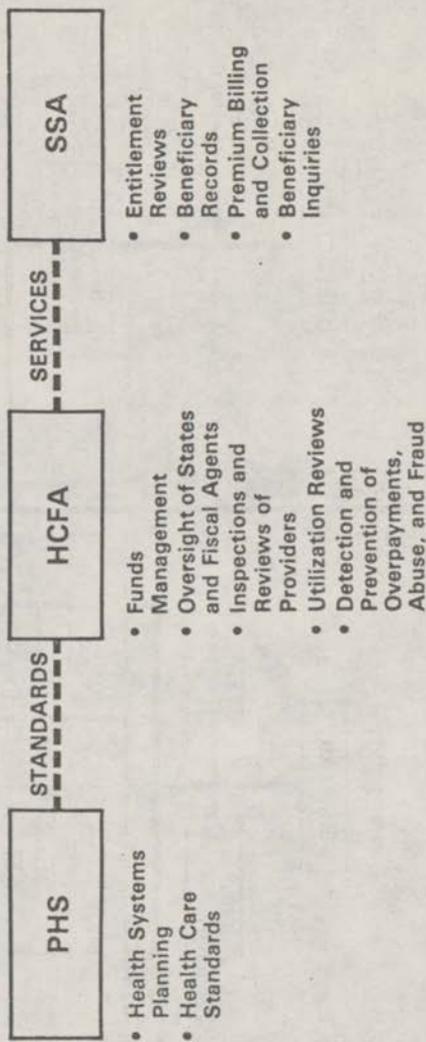
# ORGANIZATION FOR HEALTH CARE FINANCING



\*STAFF TIME DEVOTED TO HEALTH CARE FINANCING. ANOTHER 1,980 POSITIONS ARE ASSIGNED BY INTERMEDIARIES AND THEIR PUBLIC ACCOUNTANTS TO AUDITS OF PROVIDERS.

- Professional Standards Reviews
- Nursing Home Facilities
- Program Integrity

## RELATIONSHIP OF HCFA TO OTHER HEW AGENCIES

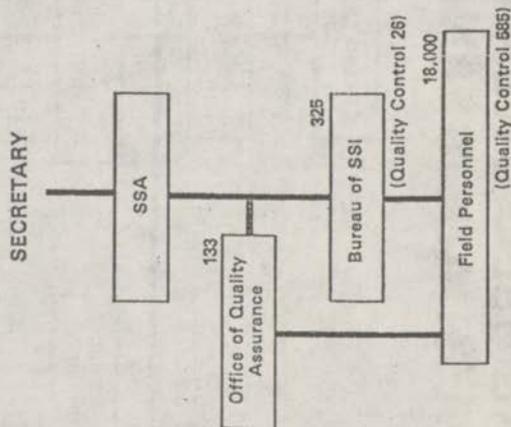


# CASH ASSISTANCE PAYMENTS

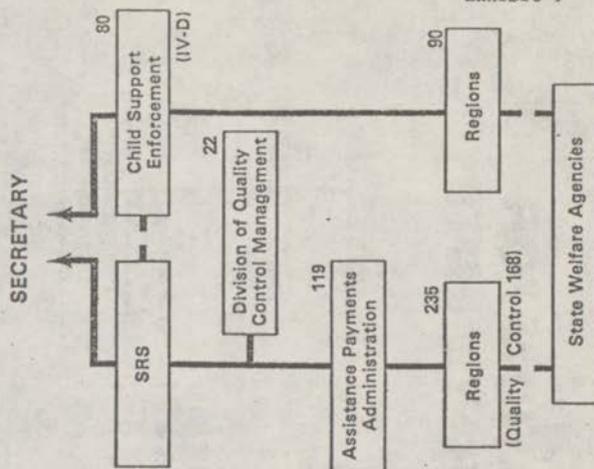
Exhibit 4

PRESENT ORGANIZATION

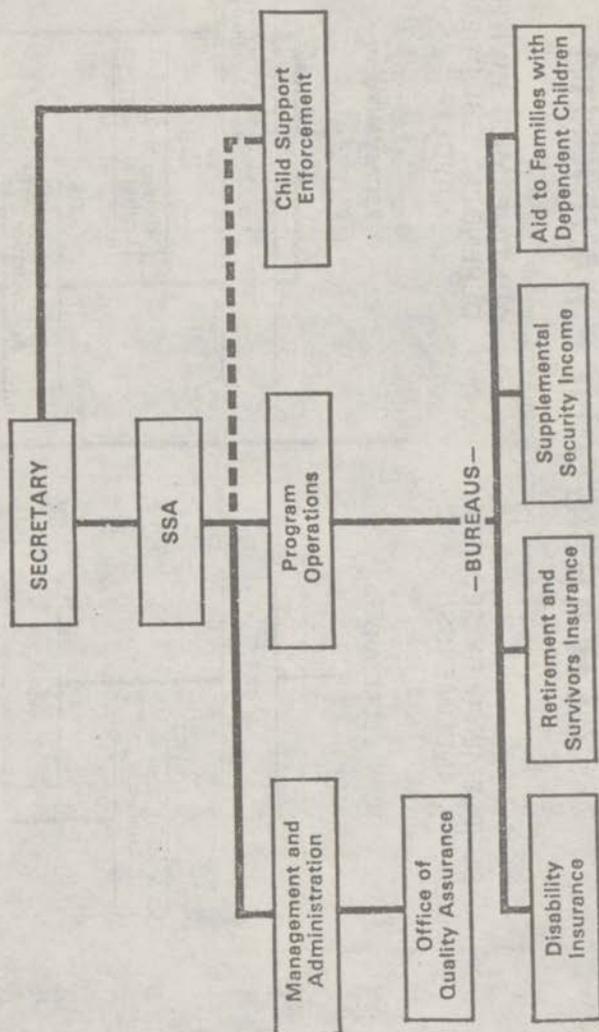
## SUPPLEMENTARY SECURITY INCOME (SSI)



## AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)



# REVISED ORGANIZATION FOR CASH ASSISTANCE PAYMENTS



# SOCIAL SERVICES AND HUMAN DEVELOPMENT

## PRESENT ORGANIZATION

### SOCIAL SERVICES

#### SOCIAL AND REHABILITATION SERVICE

- CHILD WELFARE .....\$57 MILLION  
(TITLE IV-B)
- TITLE XX .....\$2.5 BILLION  
(STATUTORY CEILING)  
300 STAFF
- Special Revenue Sharing
- 75/25% Federal/State Match
- 33 States Now at Ceiling;  
42 Will Be
- Half of Funds Used for:  
Day Care  
Foster Care  
Homemaker Service

### HUMAN DEVELOPMENT

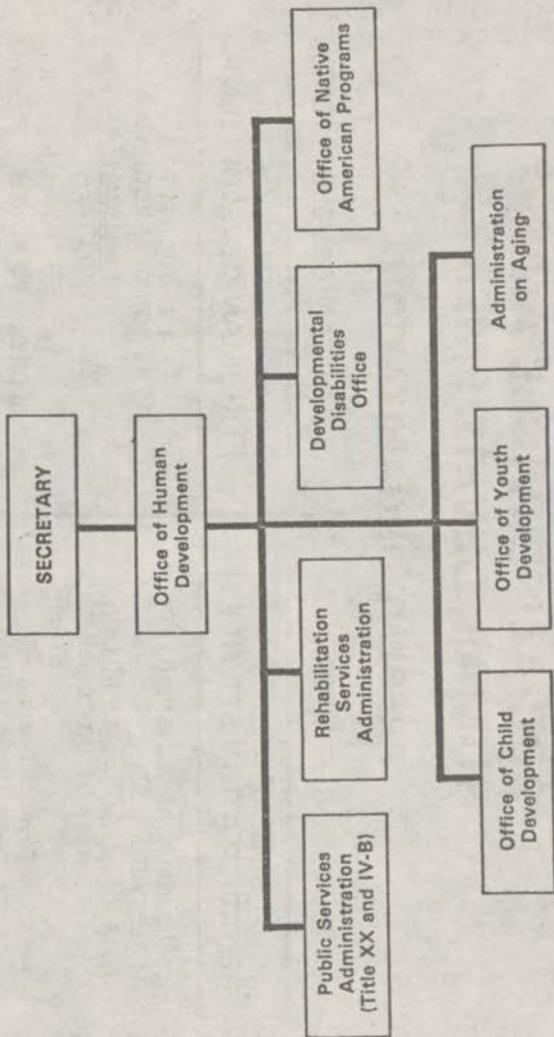
#### OFFICE OF HUMAN DEVELOPMENT

1978 BUDGET FOR  
KEY GRANT PROGRAMS  
\$1.9 BILLIONS  
1500 STAFF

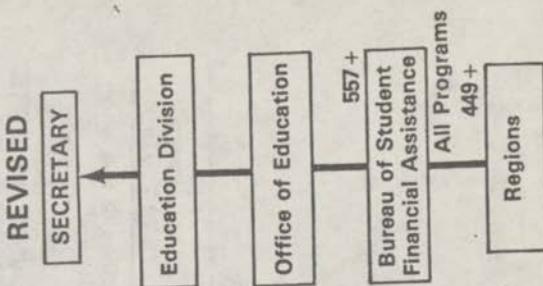
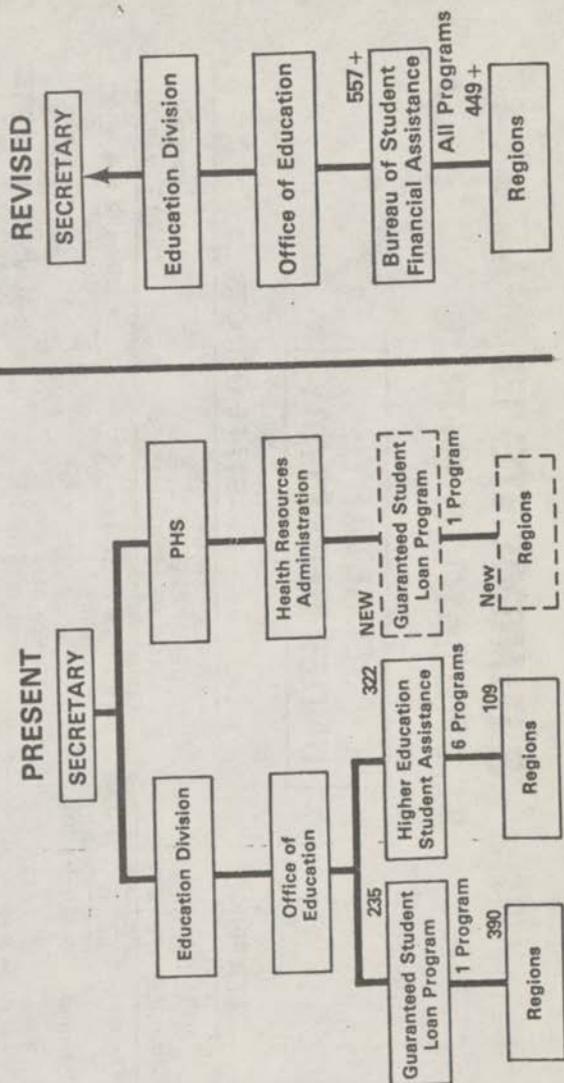
CHILDREN AND YOUTH	\$0.5
AGING NUTRITION	0.2
AGING OTHER	0.2
REHABILITATION SERVICES	0.8
DEVELOPMENTAL DISABILITIES	0.1
NATIVE AMERICANS	0.1
	<u>\$1.9</u>

# OFFICE OF HUMAN DEVELOPMENT

## AFTER REORGANIZATION



# ORGANIZATION OF STUDENT FINANCIAL ASSISTANCE PROGRAMS

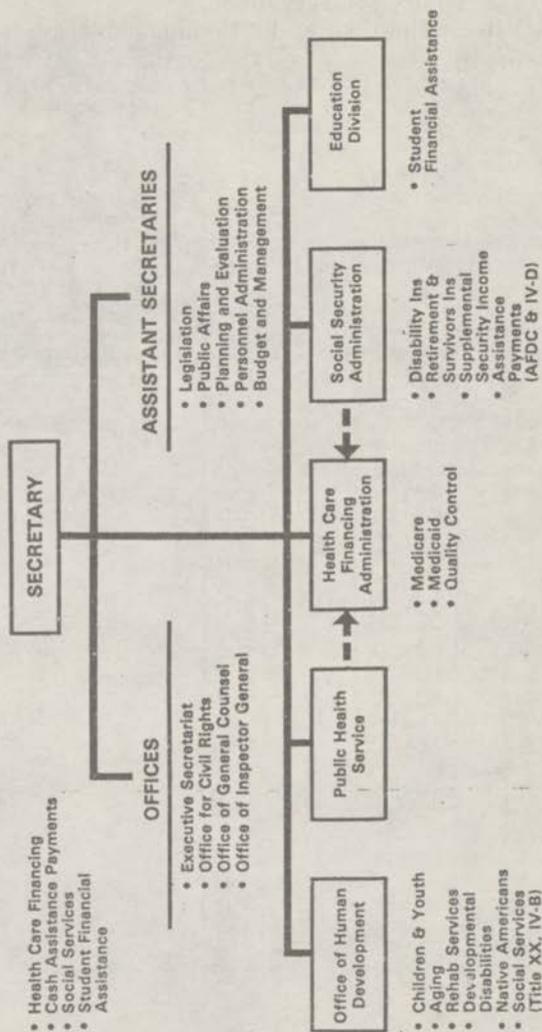


# REFINEMENTS IN SECRETARY'S OFFICE

## SECRETARY UNDER SECRETARY

STAFFING		STAFF OFFICES	
IMMEDIATE OFFICE		DISCONTINUED AS SEPARATE OFFICES AND REASSIGNED	ESTABLISHED BY STATUTE
1/20/77	160	• Office of External Affairs	• Office of Inspector General
Planned	Under 100	• Office of Regulatory Review	REALIGNED FOR BETTER MANAGEMENT
		• Office of Investigations	• Assistant Secretary, Personnel Administration
		• Office of Consumer Affairs	• Assistant Secretary, Budget and Management

# SUMMARY OF REORGANIZATION



The CHAIRMAN. Thank you very much. Our best wishes.

Ms. MARTINEZ. Thank you very much.

[The committee adjourned at 10:45 a.m., subject to the call of the Chair.]

