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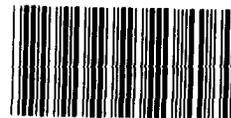
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STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON SELECT EDUCATION
COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ON

ACTION'S POLICIES AND PRACTICES



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Mr. Chairman, and members of the Subcommittee, we are pleased to appear today to discuss the work this Subcommittee and others asked us to undertake concerning ACTION's policies and management practices. From the list of questions raised, we have, in conjunction with the Subcommittee staff, directed our efforts toward those issues considered priority. These generally included whether ACTION's efforts to redirect the VISTA Program have included possible violations of the Domestic Volunteer Service Act; whether agency funds, particularly VISTA Program funds, have been used properly; whether ACTION's new initiatives are directed toward achieving anti-poverty related results and are using assigned volunteers properly; and whether ACTION's hiring practices and use of non-career employees have been proper. Our work is still on going and our presentation today will focus on those issues where our work is completed or nearly so.

The Domestic Volunteer Service Act of 1973 gave ACTION--the Federal volunteer agency--responsibility for domestic volunteer programs and activities. Their underlying purpose is to encourage persons from all walks of life and age groups to perform volunteer services aimed at eliminating poverty and poverty-related problems. Currently, ACTION's major programs include VISTA, Young Volunteers in ACTION (YVA) and the Vietnam Veterans Leadership Program (VVLP), as well as Older American Volunteer Programs.

VOLUNTEERS IN SERVICE TO
AMERICA PROGRAM

The Volunteers In Service to America (VISTA) Program was authorized in 1964 by the Economic Opportunity Act and was transferred to ACTION in 1971.

ACTION assigns VISTA volunteers to sponsoring projects that both meet ACTION/VISTA program standards and are engaged in solving poverty-related problems. Volunteers receive training, stipends, and other subsistence support, and serve full time for at least one year, ordinarily not to exceed two years.

A current ACTION goal is to end the VISTA Program. ACTION officials told us that (1) VISTA project benefits have not justified costs, and (2) VISTA projects have been used to organize low-income persons into confrontational citizens groups to obtain more Government provided support, resulting in their increased, long-term dependence on welfare programs.

During fiscal year 1981, there were about 1100 active VISTA projects. Currently, there are about 480 active projects. VISTA funding likewise decreased from \$33 million in fiscal year 1981, to \$11.8 million in fiscal year 1983. The President's budget proposed terminating VISTA in 1984.

ACTION Misinterpreted Fiscal
Year 1982 VISTA Funding
Requirements

During fiscal year 1982, ACTION planned to obligate less for the VISTA program than the \$16 million "floor" established by the Omnibus Budget Reconciliation Act of 1981. ACTION's

position was that VISTA had to be reduced to comply with continuing resolutions, (Public Law 97-92, December 15, 1981, as extended by Public Law 97-161, March 31, 1982), which required that each appropriation account be cut by 4 percent, but no program or project within an account be cut by more than 6 percent. ACTION planned to reduce VISTA funding during fiscal year 1982 by 6 percent or \$960,000.

In an August 18, 1982, opinion, the Comptroller General determined that since only one lump sum was appropriated and one appropriation account established for Domestic Volunteer Service Act programs, and since required reductions could be made in programs and program support areas other than VISTA without exceeding the 6 percent per program cut limit, ACTION could not lawfully reduce VISTA funding below the \$16 million floor. By letter dated September 7, 1982, to the Chairman, House Committee on Education and Labor, the ACTION Director agreed to comply with the opinion, and indicated that plans were underway to obligate the \$960,000 despite the soon-to-end fiscal year.

Given the short time available before the end of the fiscal year the \$960,000 in VISTA funds were obligated (1) as grants to existing VISTA projects (\$414,000) and VVLP projects (\$532,000), and (2) for related audit operations and publications (\$14,000).

ACTION Improperly Disapproved
VISTA Projects In 1981

On April 15, 1981, ACTION published in the Federal Register with an immediate effective date, revised VISTA guidelines dealing with criteria for funding VISTA projects. A principal revision was the deletion of "community organizing" as a required project activity for receiving ACTION's approval and funding. "Community organizing" was considered at odds with ACTION's new emphasis on individual "self-sufficiency" and non-dependency."

During the April 1981 to February 1982 period, ACTION used the revised guidelines to evaluate 566 VISTA project proposals. Of these, 274 were existing projects seeking refunding, and 292 were new project proposals. ACTION denied refunding for 176 existing projects. We identified ten that were denied solely based on their "community organizing" aspects, and 20 that were denied for "community organizing" and other reasons.

Of the 292 new project proposals evaluated during the period, ACTION denied 96. In the case of new project applicants ACTION was not required to specify its reasons for denial, and in most cases none was specified. We identified two proposals, however, where the stated basis for denial was the "community organizing" aspects of the proposed projects.

In December 1979, the Domestic Volunteer Service Act was amended to require, with limited exceptions, that

"any rule, regulation, guideline, interpretation, order, or requirement of general application" issued by ACTION must be published with a 30 day comment period in the Federal Register. Forty five days after this period, final regulations may become effective. ACTION did not follow these procedures when publishing revisions to the VISTA guidelines in April 1981.

In an October 1981 decision a Federal District Court ruled that ACTION had used unlawfully promulgated guidelines in denying renewal funding for the plaintiff organization. In November 1981--as a result of the court's ruling--ACTION, republished the new guidelines in the Federal Register, allowed time for public comment, and, on February 5, 1982, the guidelines became effective.

ACTION Denied
Funding For 3-Year Old
VISTA Projects

During late 1981, ACTION denied refunding for 14 VISTA projects on the basis that the projects had been receiving VISTA funding for at least three years. VISTA regulations in effect in 1981, allowed funding beyond 3 years, but required that ACTION competitively judge those projects seeking renewal for a fourth year, along with other "new projects".

The Director, Office of Domestic and Anti-poverty Operations told us that the 14 denials were made at regional levels; and that they apparently were made based on regional office misinterpretations of National Office guidance.

A standard letter used to notify the projects of the funding denial had been an attachment to a memorandum from the VISTA Director to all regional directors and, according to the memorandum, was to convey to older VISTA projects denied refunding, that they did not have the right to appeal the denial decision. The standard letter made no mention of appeal rights, however, and may have contributed to some regional offices thinking that such projects were not to be refunded.

In a January 1983 memorandum to regional directors, the VISTA Director stated that the three-year project period could not be used as a reason to deny project renewals, and further that all disapproved renewal applicants were entitled to a hearing to show cause why their projects should not be denied. These instructions should help preclude possible future misinterpretations of the guidelines.

YOUNG VOLUNTEERS IN
ACTION PROGRAM

In September 1981, ACTION initiated its Young Volunteers in ACTION (YVA) Program designed to have young volunteers, on a part-time, non-paid basis, assist their communities in reducing or eliminating poverty. Twelve demonstration projects were established. First year funding was provided from both VISTA funds (\$192,000) and Service Learning funds (\$319,000).

Following the one-year demonstration period, ACTION extended eleven of the demonstration projects and awarded one year grants to 64 new projects. The 75 projects were funded from VISTA funds (\$25,000), Service Learning funds (\$1,156,000), and from interagency agreement funds with the Department of Health and Human Services (\$236,000) and the Department of Justice (\$30,000).

VISTA Grant Awards To
YVA Demonstration Projects

Title I, Part A, section 108 (b) of the Act provides that no funds can be obligated under Part A for grants or contracts for new projects for direct costs of supporting VISTA volunteers unless the recipients have been selected competitively. Competitive selection involves publicly announcing through the Federal Register such matters as availability of funds, applicant selection criteria, and application and review processing details.

In a September 18, 1981, memorandum to the ACTION Director, ACTION's Associate General Counsel advised that since seven of the YVA demonstration project sponsors were already receiving ACTION funds through Retired Senior Volunteer Program grants (under Title II of the Act) the projects were not "new projects," and, thus, could be awarded VISTA grants non-competitively.

This, in our view, was a narrow interpretation of the proscription in Part A of the Act. At the same time, it should be recognized that alternative ways existed to fund demonstration projects non-competitively, that is, as direct National Office administered support. We also note that the 64 new YVA grants were awarded competitively, although no VISTA funds were involved.

YVA And YVA/VISTA Volunteers
May Not Be Performing Duties
Contemplated By The Act

The Domestic Volunteer Service Act, Title I, Part B sets forth that its purpose is " * * * to provide for a Program of part-time or short-term service learning by secondary and post-secondary school students to strengthen and supplement efforts to eliminate poverty and poverty-related human, social, and environmental problems". Similarly, VISTA has as its central focus, anti-poverty related activities. Also, longstanding practice at ACTION regarding VISTA volunteers has emphasized the institutionalization of the activity engaged in by the volunteer, so that the activity, after a time, is not dependent on the volunteer, and can continue even when the volunteer departs.

We question whether YVA volunteers, now serving as "library aides," "candy strippers," tax return preparers," "gardeners helpers," "clerks," "receptionists" and "envelope stuffers"--as characterized by YVA project reports filed with the National Office--meet the purposes and intent of the Act.

Further, we question whether VISTA volunteers used on YVA projects as "clerks," "typists," and counselors" are appropriate VISTA volunteer activities.

Based on our review of YVA activity reports of the 12 YVA demonstration projects filed with the National Office it appears that more than 75 percent of the YVA Volunteer activities can be described as community services in the broadest sense, rather than poverty-related services. The YVA National Director informed us that community services while benefiting the recipient communities, also personally benefit the volunteers, some of whom, are from poverty environments. While volunteers and service recipients likely will benefit from YVA activities, we question whether the reduction-of-poverty purpose envisioned in the Act is being fully met.

VIETNAM VETERANS LEADERSHIP PROGRAM

In September 1981, ACTION initiated the Vietnam Veterans Leadership Program (VVLV). Its purpose is to engage on a non-paid basis, successful Vietnam veterans in assisting other Vietnam veterans with problems (unemployment, underemployment, lack of training, education, etc.,) that may be hindering their successful readjustment. The VVLV Project Director and veteran volunteers attempt, through public relations activities to improve the combat-veteran's general image, and through direct contacts with businesses, business leaders and community organizations, to increase available veteran services and job opportunities.

By March 1983, ACTION had 41 projects operational with plans for at least 9 more. Since 1981, VVLP funding has amounted to about \$3.6 million, including Special Volunteer Program funds (\$405,000), VISTA funds (\$970,000), and interagency agreement funds from the Department of Health and Human Services (\$1,350,000), and the Department of Labor (\$850,000).

As of September 1982, 71 VISTA volunteers were assigned to 13 VVLP projects. Prior to October 1982, the volunteers were supported directly by the National Office, and supervised by VVLP Project Directors whose salaries were paid in full by VISTA Supervision Grants.

VISTA Volunteers May Be
Used In Inappropriate
Roles

Longstanding ACTION policy guidance, republished as ACTION Order 4301.1, (VISTA Volunteer Handbook) effective September 1, 1981, defines the appropriate role of a VISTA volunteer as

"* * * focused toward mobilizing community resources and increasing the capacity of the target community to solve its own problems. * * * It is crucial to the concept of local self reliance that sponsoring organizations plan for the eventual phase-out of VISTA volunteers and for the performance of the volunteer's functions by local citizens."

"Volunteers are prohibited from performing activities or duties which would in their absence, be carried out by the staff of the sponsoring organization, for example, secretarial or clerical duties."

Quarterly reports filed by the 13 VVLP projects using VISTA volunteers, as well as our visits to two of the projects, indicated that volunteers are being used in a variety of roles. At one project, for example, a volunteer is engaged in identifying businesses willing to provide resources to support a scholarship fund for Vietnam veterans. Another project has a VISTA volunteer working with the city's housing assistance office to establish a "congregate living home" for disabled veterans in the area. Such activities, because they aim to institutionalize the results of the volunteers' work, such that the activities will continue after the volunteer leaves the project, appear to be appropriate VISTA volunteer activities.

Approximately 40 percent of the activities being performed by VISTA volunteers on VVLP projects, however, seem inappropriate. Specifically, volunteers are engaged in such direct service roles as secretaries, receptionists, clerks, typists, resume-preparers, and part-time counselors. Such direct service roles may create the kind of project dependence on VISTA volunteers that the guidelines seek to discourage.

We visited two VVLP projects with VISTA volunteers assigned. Each project was using the volunteers to perform some

administrative support functions. Both project directors told us they were unclear about proper roles for the volunteers, that they needed the kinds of support the volunteers were providing, and were unfamiliar with ACTION policy guidelines on the subject--although ACTION Order 4301.1 was available at each project office.

Some VVLP Accomplishments
May Be Overstated

In its March 1983, mid-term status report on VVLP, ACTION stated that VVLP projects have played a key role in placing more than 1,000 Vietnam veterans in jobs. About 800 of the reported job placements were attributed to projects included in our review, but our analysis of the monthly activity reports showed considerably fewer actual placements for these projects.

During late 1982, and early 1983, we visited five VVLP offices. At that time, twenty-two Vietnam veteran job placements had been documented and were presented to us as the total job placement results. Activity reports filed with the National Office by the other 15 VVLP projects included in our review showed a total of another 322 job placements.

VVLP officials at ACTION told us that all VVLP projects generally have secured far more jobs than they document and report to the National Office. They said that at times, VVLP project directors, because of the press of their duties, fail to record their accomplishments. We were told that in January 1983, the VVLP National Office requested each project to reassess its

employment activities since inception and report the results for the mid-term status report. This exercise resulted in the 1,000 job placement figure.

We held follow-up discussions with two VVLP project directors who reported large job placement increases over those filed in their monthly activity reports. They told us that the reassessment estimates they reported to the National Office were based on the number of project contacts made by or with Vietnam veterans, the number of veteran referrals made to employers and employment services, and information verbally provided by volunteers associated with the project. In our view, such estimates should not be reported by ACTION as actual job placements.

We recognize that the VVLP program has purposes other than job placements, such as "image improvement" and service referrals, that are also important, but are more difficult to measure in an accomplishment sense. "Certainly, such VVLP public relations efforts as Vietnam veteran memorial dedications in various states, and VVLP efforts to reach business leaders have served to increase general awareness and focus attention on Vietnam veterans. Recognizing that many VVLP projects are now starting to compile data on employment and other assistance provided to veterans, we believe ACTION should provide VVLP projects with guidance on defining, documenting and reporting their accomplishments.

One project in St. Louis, Missouri, has had considerable success in placing veterans in jobs. Of the 344 job placements we identified for the 20 projects in our review, the St. Louis project secured 270. Apparently, the St. Louis VVLP has benefited from its close association with an established veterans organization experienced in helping local veterans find employment.

Prior to obtaining the VVLP/VISTA grant, for example, the St. Louis VVLP Project Director headed the St. Louis Area Veterans Consortium, which was established in 1974, and received funding from State and CETA grants. The consortium provides placement, training, and vocational services for veterans. In fiscal year 1982, it experienced severe budget cuts, and applied for the VVLP/VISTA grant. Now co-located and closely affiliated, though separately organized, the St. Louis VVLP and the consortium both are heavily involved in providing employment services for veterans--although such VVLP goals as "image improvement" through public relations efforts and the use of VISTA volunteers in such functions as applicant intake, counseling and referral serve generally to differentiate between the projects.

VISTA Supervision Grants For
VVLP Projects Are Far Higher
Than For Conventional VISTA
Projects

During the period March 1982 to March 1983, ACTION awarded larger VISTA Supervision Grants--used to pay project directors' salaries--to VVLP projects than such grants awarded to VISTA projects.

During the 12-month period, 13 VVLP projects, supervising 71 VISTA volunteers, received supervision grants totaling \$390,000 to pay the full amount of the project director's salaries. During the same period, 50 VISTA projects, supervising about 300 volunteers, received partial supervision grants totaling \$208,000. Comparatively, the VVLP projects averaged \$30,000 per project in supervisory costs, or about \$5,500 per volunteer supervised, whereas the VISTA projects averaged about \$4,200 per project in supervisory costs, or about \$690 per volunteer supervised.

The VISTA Director told us that full grants were justified for VVLP projects because they are small, "grass roots" organizations, with only the project director available to supervise volunteers. In addition to supervision duties, the Director also said that VVLP project directors routinely deal with high ranking elected and appointed officials and corporate leaders in their project efforts on behalf of Vietnam veterans. She said such duties require a particular expertise setting VVLP project directors apart from other VISTA volunteer supervisors.

ACTION policy on VISTA Supervision Grants provides that a project supervisor's salary ordinarily should not be funded in full by VISTA funds when, on average, fewer than eight volunteers are planned for the project during the supervisory arrangement's life. The order allows an exception to the eight volunteer rule for "grass roots" organizations during at least their first year of funding to allow such projects to get started, and to allow for the usual lack of sufficient supervisory personnel.

When the VVLP projects were approved in March/April 1982, none had eight volunteers assigned. By January 1983, six of the projects still had less than eight volunteers, and three of the projects had decided to terminate their VISTA involvement.

Thus, (1) ACTION is awarding a higher share of VISTA supervision funds to VVLP projects than to VISTA projects; (2) VVLP grants are considerably more costly; and (3) continuing such a practice may reduce the number of VISTA volunteers supported at current VISTA Program funding levels.

USE OF NON-CAREER EMPLOYEES

As of March 29, 1983, ACTION had 104 (18.9 percent) of its 550 personnel positions filled with non-career employees. Although the fiscal year 1983 Appropriation Act did not restrict the percentage of non-career personnel that ACTION

could employ, the legislative history of the Act indicates that the appropriations committees of both Houses were concerned about the percentage of non-career employees at ACTION.

The House Appropriations Committee report stated, in effect, that employment of non-career employees at ACTION should not exceed 5 percent of ACTION's total employment. The Senate Appropriations Committee report prohibited ACTION from closing, or reducing personnel in any of its state offices, and urged ACTION "to find savings in other areas including a review of its non-career personnel requirements."

ACTION had planned a reduction-in-force (RIF) for fiscal year 1983 that would have removed 89 career employees, the majority of whom were in ACTION's field offices. Instead, 21 career employees were RIFed--17 at the National Office, 3 at the Regional Offices and one from a State Office. In the prior fiscal year, ACTION had undergone a RIF of 193 career employees, in order to meet its reduced--from the previous year--personnel ceilings and appropriation level.

Questions have been raised as to whether non-career employees have been hired to replace career employees, and our future work will be focused on this issue. Specifically, we will be addressing

--whether non-career employee hiring was justified and,

--whether non-career employees are performing duties formerly performed by career employees.

Much detailed analysis remains to be performed before we will be in a position to answer the questions raised.

Before concluding, Mr. Chairman, I want to stress that our presentation has addressed only the problems we noted. Inquiries have been made into other issues where no problems were found, such as the training and placement of large numbers of VISTA volunteers in March and April 1982, and ACTION's denial of attorney fees and travel expenses to refunding applicants attending "show cause" meetings.

This concludes our statement, we will be pleased to answer any questions the Subcommittee may have.