


1969

A Look at the Management Information System at the office of Economic Opportunity: The Planning, Programming Budgeting System as it Applies to a Human Resource Development Program

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A LOOK AT THE MANAGEMENT INFORMATION SYSTEM AT THE OFFICE
OF ECONOMIC OPPORTUNITY: THE PLANNING,
PROGRAMMING BUDGETING SYSTEM AS IT
APPLIES TO A HUMAN RESOURCE
DEVELOPMENT PROGRAM

A THESIS
PRESENTED TO
THE FACULTY OF THE DEPARTMENT OF GOVERNMENT
OF
THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA

IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR THE DEGREE OF
MASTER OF ARTS

By
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Summer, 1969

APPROVAL SHEET

This thesis is submitted in partial fulfillment of
the requirements for the degree of

Master of Arts

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ACKNOWLEDGEMENTS

One is sustained in the course of his studies by the help of all around him. In this respect the author of this work is not unusual, and I would be remiss were I not to recognize those who have helped me in this endeavor.

To my parents go thanks for their support in this period of study. Then, I wish to thank Mr. Walter Held of the Brookings Institution, who gave me the idea for the essay, as well as Mr. Harry Halley, Mr. Frank Rupp, and Mr. John Chiles, officials of the Office of Economic Opportunity who were of invaluable assistance to me.

I wish especially to thank the Faculty of the Department of Government of this college and particularly Mr. James Roherty, Mr. Roger W. Smith, Mr. Jack D. Edwards and Mr. Richard Curry, my indispensable critics. No list of thanks would be complete, however, did it not include the name of the distinguished, scholarly and able Headmaster of Christchurch School, Mr. Robert M. Yarbrough, Jr., without whose help, kindness and confidence, expressed in so many ways so many different times, this work would never have been done.

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ABSTRACT

Four years ago, the President of the United States announced the introduction of the Planning Programming Budgeting System (PPBS) budgeting to the entire Federal Government. By using this method, the President hoped, Federal administrators would be able to consider the costs, impacts and benefits of alternative programs simultaneously, and in doing so, make "more rational" resource allocation. This essay is a study of the application of the technique to the operations of the Office of Economic Opportunity (OEO).

The study focuses on the operation of the OEO Management Information System (MIS), a device used to report the "results" of OEO disbursements, for if one is unable to determine what progress has been made in the achievement of objectives, how can he plan intelligently?

Evidence suggests that personnel skills and attitudes combine to seriously hinder the application of MIS reporting to OEO operations. Moreover, the information produced by MIS gives no indication of the achievement of the broad economic goals for which the agency was authorized by Congress. Finally, there are "political" pressures that serve to make the development of a rational plan of expenditure impossible. One could say that OEO planners make plans, only to be forced to abandon them.

The history of accomplishments of this agency, combined with evidence of the unsuccessful application of MIS reporting techniques to its activities, suggests that the chief value of applying PPBS to this sort of operation is that it compels us to think about how best to accomplish the objectives of a program that we, as citizens have authorized and consider morally worthy of our best efforts.

LIST OF ABBREVIATIONS

ABE.	. . . . .	Adult Basic Education
BOB.	. . . . .	Bureau of the Budget
CAA.	. . . . .	Community Action Agency
CAP.	. . . . .	Community Action Program
CEP.	. . . . .	Concentrated Employment Program
DOA.	. . . . .	Department of Agriculture
DOL.	. . . . .	Department of Labor
EOA.	. . . . .	Economic Opportunity Act
GAC.	. . . . .	General Accounting Office
HEW.	. . . . .	Department of Health, Education and Welfare
HUD.	. . . . .	Department of Housing and Urban Development
JOBS	. . . . .	Jobs in the Business Sector
LSP.	. . . . .	Legal Service Program
MDTA	. . . . .	Manpower Development and Training Act
NAB.	. . . . .	National Alliance of Businessmen
NYC.	. . . . .	Neighborhood Youth Corps
OEO.	. . . . .	Office of Economic Opportunity
RCAP	. . . . .	Richmond Community Action Program, Incorporated
VA	Veterans Administration
VISTA.	Volunteers in Service to America
WIN.	Work Incentive Program

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FOREWORD

In early England, the word "budget" was used to denote the bag in which the Chancellor of the Exchequer carried his proposals for public expenditures to Parliament. It was a statement of public goals. Our modern budget-formulation process has become a device for specifying the products of public disbursements. This implies that the government seeks to meet objectives, and that it has a system with which it can measure its effectiveness in attaining them. To relate spending to the purposes for which our government exists is the task assigned to the Planning Programming Budgeting System (PPBS). To study the feasibility of using this technique for planning and evaluating expenditures is the purpose of this essay.

In the past we have measured the results of government spending in terms of the dollar amounts of money invested in salaries, buildings and fixtures, while wishing that we could do more to specify the "end products" of expenditures. This approach is grounded in the notion that the sole way we have to limit the size of government is to limit its resources, financial and physical.

Not until 1961, when PPBS was introduced at the

Department of Defense, was there concern with an analysis of what our dollars had purchased, in this case in terms of a stable and effective national security. Robert S. McNamara and his assistants used PPBS techniques in defense planning simple mathematical and economic theories to national security questions. Moreover, they divided the broad area of "national defense" into nine areas, such as "continental air defense," into which all of the services would contribute men and material resources.

Central to these efforts has been the computation of what has become known as "cost-effectiveness." That is: one asks whether the benefits of a particular venture outweigh its costs, realizing of course that there are elements of every decision that cannot be quantified. In explaining this technique to a group of naval officers, Alain Enthovain, a chief McNamara assistant, referred to the decision to make the aircraft carrier USS John F. Kennedy fossil-fueled rather than nuclear-powered. He pointed out that naval officers would argue on largely instinctive grounds that nuclear power is far superior to conventional power. The cost analyst endeavors, however, to ask the questions essential to the proper decision: (1) how much better and, (2) why?¹

¹Alain Enthovain, "Systems Analysis and the Navy," in Planning Programming Budgeting: A Systems Approach to

The cost analyst argues that in a world of limited resources, 400 million dollars will buy one nuclear carrier or one carrier and four destroyers conventionally-fueled. The public servant is obligated by the enormity of the resources involved to quantify, as far as he is able, the grounds for his decision, and at the Department of Defense cost effectiveness studies have been heavily relied upon as bases for judgements on whether to engage in procurement of many items.

The Federal Government, in 1964, made a commitment in many respects as important as its obligation to defend the country from foreign enemies: namely to eliminate poverty in America. It did so by passage of the Economic Opportunity Act of 1964, which established the Office of Economic Opportunity (OEO). This is a locally-based, largely federally-financed social service agency. It was to act through a series of Community Action Agencies (CAAs), each of which would have centers to which poor people could take their problems for solution. These solutions could vary from asking municipal agencies for help to calling upon Washington to establish pre-packaged programs in the

Management ed. by Fremont Lyden and E. G. Miller (Chicago: Markham Co., 1967), pp. 267-280. "Therefore it is important to know whether by 'major increase in effectiveness' is meant more than 33 percent, about 33 percent, or less than 33 percent. Because the Secretary of Defense must make the decision in these terms, the statement 'major increase' is not helpful."

areas concerned. The dual articles of belief upon which the program was based were that people, given the opportunity to do so, would "pitch in" to help their less fortunate fellow citizens and that poor people could specify their needs accurately. Thus, the CAA was to be a "lightning rod" to which community problems and the resources to resolve them would be simultaneously attracted.

Today, nearly four years after its founding, OEO is a center of controversy, even though it has used PPBS in planning and executing the War on Poverty. We live in a society that prides itself on the efficient and visibly effective solution of its problems. But, in the war on poverty, we have undertaken a program in which the needs of the beneficiaries are varied and the "results" of our efforts hard to demonstrate. OEO has been required to include prospective beneficiaries in its programs, and thus has been assigned a task that is not only difficult to execute, but one in which the virtues of "efficiency and honesty" are often, of necessity, lacking.

OEO has tried to counter these problems by using a management information system (MIS), a device developed after the agency had been in existence nearly three years, to determine who is being helped by its operations. MIS requires that each CAA report quarterly the number of its participants, their ethnic and income characteristics, and to specify the results of CAA operations. But it has been

difficult to secure accurate data with MIS, both because of the clerical inefficiency of the units reporting, and because of the inherent difficulties in monitoring social change. In the end, despite its reliance on cost-benefit analysis and the management information system, the OEO budget has been an act of faith. This leads to the major premise implicit in this essay: that we must be willing to accept a less-rigorous proof of results, and at the same time, continue to seek more effective ways to meet the as yet unfulfilled challenge of the Economic Opportunity Act of 1964.

The essay which follows rests on a survey of OEO management literature, numerous articles on public budgeting and management, and interviews with men who work at all levels of OEO-neighborhood center, local CAA, Regional Office, and National Headquarters, and it draws examples from the CAA established in Richmond, Virginia, in 1965, RCAP. It proceeds in five sections. Chapter One argues that citizens have in fact become more interested in the end products of public disbursements, while Chapter Two indicates that OEO has adopted a systematic approach to planning and evaluating its activities. The MIS, supposedly a way of demonstrating the results of activities so that future activities can be planned, is the subject of Chapter Three, while in Chapter Four the operational difficulties of OEO's MIS are spelled out. In Chapter Five,

the nature of the political milieu in which OEO must seek its funds and its effects on OEO's program budgeting is discussed at length.

CHAPTER I

FEDERAL BUDGETING--A QUICK OVERVIEW

In August, 1965, the President directed that the Planning Programming Budgeting System (PPBS) be instituted throughout the Federal government.¹ He directed that the installation be supervised by the Bureau of the Budget (BOB). His turning to this system was the result of endless struggles during the budget formulation process. What are we going to do, how are we going to do it, how much of it are we going to do, and what will our efforts produce? These are the perennial questions and the man who must ultimately answer is the President. The function of PPBS is to aid him in making these decisions; with its aid, Bureau leaders and Department heads can give the President alternative courses of action for consideration. With the aid of this tool, they can focus their attention on the country's goals and how to attain them most effectively and efficiently.

¹U.S., Congress, Senate, Subcommittee on National Security and International Operations of the Government Operations Committee, Planning Programming Budgeting, Initial Memorandum, Committee Print, 90th Cong., 1st sess., 1967, p. 1.

What is PPBS? This is a question that has plagued the citizen and caused concern within the Executive Branch at the operating level. On-the-site managers have conjured up sinister pictures of the Bureau leader who constructs models, turns to a computer and works a mathematical formula to determine how much aid a given program will receive in the forthcoming year. This skepticism has been best characterized by the statements of Vice Admiral Hyman Rickover, the father of the atomic-powered submarine. Criticizing PPBS and the cost-effectiveness studies upon which it is based, he declared,

. . . I have no more faith in the ability of social scientists to quantify military effectiveness than I do in the numerologists to calculate the future.²

So it goes. The operating managers accuse the Department heads of lack of contact with their problems, and the PPBSers reply that their system is meant to be an aid to decision making, not a decision maker. PPBS stresses four features: (1) identification of governmental goals, (2) establishment of priorities in meeting these goals, (3) choice of goal-seeking behavior with the least cost in future years in mind, and (4) measurement of goal-directed performance, so that one gets the maximum yield for each

²U.S., Congress, Senate, Subcommittee on National Security and International Operations of the Government Operations Committee, Selected Comment, Planning Programming Budgeting, Committee Print, 90th Cong., 1st sess., 1967, p. 36.

dollar disbursed.³ To see PPBS in its true perspective, let us look at the budget-making process as it operated in Washington not too many years ago.

The current budget formulation process, in which the Executive Branch takes the initiative in proposing and the Legislative Branch in disposing, was developed as a result of the enactment of the Budget and Accounting Act of 1921. Prior to that time, there had been only sporadic interest in executive budgeting. Alexander Hamilton, as President Washington's first Secretary of the Treasury, had attempted to institute "executive budgeting." He did this by preparing a detailed summary of expenses and revenues and presenting it to the Congress, until the development of committees prevented this practice. A Presidential commission, appointed by Mr. Taft in 1910, recommended the submission of an "executive" budget for fiscal year 1913. Taft submitted his budget according to the format of the commission proposal, which consisted of having Department heads submit to him detailed accounts of the obligations they intended to incur for the period under consideration. However, this plan was frustrated by the fact that Taft had been defeated in the elections and was succeeded by Woodrow Wilson, who did not want to undertake budgetary reforms.⁴

³Ibid., p. 1.

⁴Jesse Burkhead, Governmental Budgeting (New York, N.Y.: Wiley and Sons, 1962), pp. 9-18.

These initial attempts to establish executive responsibility for planning a program of work for the government proved abortive until 1921. Until that time, an individual agency dealt with a friendly legislative committee on Capitol Hill. The Treasury merely put together agency estimates in its annual "Book of Estimates."

The Budget and Accounting Act of 1921 was explicit in the duties it set for each of the branches of government. To the President went the responsibility for submitting to Congress annually a statement of proposed revenues and expenditures for the ensuing year. To a new Bureau of the Budget (BOB), it assigned the task of examining the agency requests for funding for the coming years. The Bureau's recommendation on a particular funding level could be appealed only to the President. This provision has partially served to reduce the dealings between the Department head and the Legislative Committees. It has not been wholly successful because legislators often can ask friendly questions of Bureau leaders who testify in hearings in which appropriations are involved.

Placement and coverage of the Bureau of the Budget at first proved troublesome. Until 1939, BOB was attached to the Department of the Treasury. At that time, it was brought into the Executive Office of the President, an entity created by President Franklin Roosevelt's Executive Reorganization Act. This change was part of a new orienta-

tion to the President's duties that derived from the increasing complexity of government and the burgeoning number of its programs.⁵

BOB's powers are great. No federal form requesting information of any character for use in government operations may legally be used without its approval. All government statistics collecting agencies have their activities monitored by the Bureau, while all computer procurement is handled by this agency. All legislation passed by Congress is sent to BOB to determine whether or not it is relevant to the President's program as expressed by the executive budget. When the particular appropriations measures are signed into law by the President, the Department head must come to BOB for an apportionment in order to spend. Even at this time, the President has, on BOB recommendation, set up budgetary reserves in order to curb agency spending.

The Budget and Accounting Act of 1921, establishing as it did mechanisms for making the budget-making process an expression of the President's thoughts on what the work program of the Federal Government should be, was an innovation. Legislators have grown so accustomed to discussion and alteration of this work agenda that they have complained when a President placed the responsibility for developing

⁵Ibid., p. 239.

a program on them.⁶

There is tension between the Executive and the Legislative Branches of the Federal Government, and we can see it in the construction of the Federal Budget. In the years immediately following the passage of the Budget and Accounting Act of 1921, appropriations for various ventures were made by what has become known as the "line item" method. That is, a project was funded in terms of x number of typewriters or y number of automobiles, and money could be expended only for the purposes set forth in the line item. This practice developed because legislators felt that the only way to curb executive expenditures and burgeoning programs was to establish a limit on the resources that could be devoted to a program.⁷ This method gives no consideration to what the basic goals of organized government are to be. The "line item" or "Dawes" orientation (as it was named after the first BOB Director Charles Dawes), prevailed until the early thirties, when the first attempts at "performance" budgeting were made.

"Performance" budgeting is a generic name given to types of display of governmental expenditure in which programs are described in terms of the goals to be attained by

⁶"Can The 1958 Federal Budget be Substantially Reduced?", Congressional Digest, May, 1957, Vol. XXXVI, p. 146.

⁷Burkhead, Budgeting, p. 140.

the expenditure of resources. An early example of the performance techniques is shown in the 1915 report of the New York Bureau of Municipal Research. That group, dividing public works functions, devised three classifications of work: street cleaning, street maintenance, and sewerage. They further divided these classifications into "subfunctions" and as a final touch, developed "units of work," such as "miles of streets flushed." Appropriations were based on the number of these units of work, though the system became so cumbersome that it had to be abandoned.⁸

The Taft Committee on Economy and Efficiency, in its 1912 report, stressed the importance of classifying expenditures in terms of the class of work to be done. This was the same report that convinced Mr. Taft that Presidential direction of the budget-making process was required. Little was done to implement the performance budget concept during the inter-war years. The only Federal agencies developing performance schemes were the Tennessee Valley Authority (TVA) and the Department of Agriculture.

TVA was established to be a yardstick for the measurement of the cost of power production. It was organized as a government corporation and enjoyed considerable

⁸Ibid., p. 135.

autonomy in the development of its management practices. Its operations were divided into four "programs:" Navigation and Flood Control, Fertilizer and Munitions, Resources and Development, and General Services. Each of these "programs" was further subdivided into sub-programs. For example, Resource Development is divided into divisions for the development of Agricultural, Forest, Watershed resources and Topographic Mapping. Though these sub-programs are professionally organized, they participate in each other's work when the programs overlap.

Departments of TVA are encouraged to think in terms of program and to participate jointly in program formulation. . . . The approach keeps management focussed on TVA objectives. . . .⁹

Within each program, there may be a number of organizational entities to carry out the work of the program. Each has an account to which funds are devoted for operations. TVA has emphasized the comparison of actual costs with the money allocated for the operations of its divisions, though in some cases it has measured the end products of its investment, as in fertilizer production.

Had it not been for the Second World War, there might have been no further interest in budgeting. However, it demonstrated that the government had grown too large to be operated under the "Dawes" orientation. The beginnings of

⁹Ibid., p. 160.

change in the form and substance of budgeting may be observed in the proposed expenditures submitted to Congress by the Navy in 1947 and 1948.

These budgets display, among other things, the amounts of money to be disbursed for the operation of the United States Naval Academy. There is a detailed account of the number and level of instructors to be hired, including the stricture that there shall be no more than fourteen swordsmen for instructional purposes on the staff at Annapolis.¹⁰ Following this detailed account, there is a breakdown of how the \$1,980,000 is to be distributed in terms of functional areas such as Seamanship and Ordnance, each of which has a vital role to play in the education of capable Naval Officers. This sort of presentation represents a growing tendency to be concerned with "what" disbursements have purchased, while simultaneously showing the need for specification of precisely what articles the money has procured.

This interest in the end result of appropriations was felt beyond the Navy, and it influenced the Hoover Commission, a group that had been convened to study the operations of the Federal Government.¹¹ This group met in

¹⁰U.S., Bureau of the Budget, The Budget, 1948 (Washington, D.C.: Government Printing Office, 1947), p. 69.

¹¹Burkhead, Budgeting, p. 134.

a year in which the BOB and the Department of the Treasury were engaged in the discussion of management improvement.

In this context of change, the Hoover Commission reported that,

The whole budgetary concept of the Federal Government would be refashioned by the adoption of a budget based on functions activities and projects: This we designate a performance budget.¹²

The task force went on to say that the emphasis of government should no longer be on "things bought," but rather that it should focus on "things done." This, too, was the basic thrust of the National Security Act of 1949 Amendments which stipulated that,

. . . authorized programs shall be administered in such a form as the Secretary of Defense may determine. . . to report the cost of readily identifiable functional programs. . .¹³

The Budget and Accounting Act of 1950 carried the idea even further, requiring that the Budget set forth in such detail as the President sees fit, the "functions and activities" of government.

The new emphasis on thinking about the Budget and its preparation in terms of "projects" or "functions" has, in fact, continued and reached a high watermark under the leadership of Robert S. McNamara, the Defense Secretary appointed by President John F. Kennedy. He and his Comp-

¹²Ibid., p. 135.

¹³Ibid.

troller, Charles J. Hitch, conceived of the problem of "national security" in terms of nine areas: Strategic Retaliatory Forces, Continental Air and Missile Defense, General Purpose Forces, Airlift and Sealift Forces, Reserve and National Guard Forces, Research and Development, General Support, and Civil Defense and Military Assistance. These areas are unique, since they do not describe the defense problem in terms of forces providing, such as the Army or the Navy; they describe the defense in terms of what has been provided (Table 1).¹⁴

TABLE 1
SHIFT IN MILITARY RESOURCE ALLOCATION^a

Old Budget System	New Planning Budgeting System
<u>Navy</u>	<u>Strategic Forces</u>
Polaris	Polaris
Marine Corps	ICBM's
Carrier task forces	Long range bombers
<u>Air Force</u>	<u>General Purpose Forces</u>
ICBM's	Marine Corps
Tactical aircraft	Armored divisions
Air Defense aircraft	Tactical aircraft
Long range bombers	Carrier task forces
<u>Army</u>	<u>Continental Defense Forces</u>
Air defense missiles	Air defense aircraft
Armored divisions	Air defense missiles

^aExtracted from Murray L. Weidenbaum, "Applying Economic Analyses" in Planning Programming Budgeting, ed. by Fremont Lyden and E.G. Miller (Chicago: Markham, 1967), p. 168.

¹⁴Alain C. Enthovain, "Economic Analyses and Defense Policy," in American Security Policy, ed. by Morton Berkowitz and P.F. Block (New York, N.Y.: Free Press, 1965), pp. 130-32.

Basic to this description is the program element, in which the combination of men and material resources necessary to carry out the goal of the program is set forth.

PPBS at Defense stresses the importance of using mathematical and economic theories in the consideration of national security questions. For example, assume that the goal of a missile defense system is to shoot down 97 percent of the 100 missiles launched at this country by an aggressor. Let us also assume that the missile system under consideration has a 50 percent chance of destroying the enemy's missile on the first shot. Simple mathematics suggests that 200 missiles will be required to carry out the defensive goal. The question then arises about the level of cost to be involved in providing higher protection. How much, for example, would it cost to provide a 99 percent destruction, and would the cost be worth the destruction?¹⁵ Estimates of what it will cost to add the extra 2 percent capability are presented so that a decision-maker can reach a normative judgment about whether the extra destruction justifies the cost. Thus, there are two questions in any defense decision, the professional and the political. The professional relates to the efficacy of the system under consideration and the political to the level of funds which can be devoted to it.

¹⁵Ibid.

PPBS approach is based on an overall look at Defense Department requirements rather than at the often partisan wishes of one service. Moreover, the expanded planning period of five years forces the planners to consider the long-range cost implications of the decision. In announcing the decision not to purchase another wing of B52 bombers, the Secretary of Defense reflected that the procurement cost of one-half billion dollars was only about one-third of the cost of operating the aircraft over a period of five years set forth in PPBS.¹⁶

PPBS has cut across service lines. In a program the Navy and the Air Force may be required to contribute elements of men and material, and the civilian Secretary of Defense will make the decision about what proportion of goods and services each will contribute.¹⁷ In only one program element is any service not forced to work with the others, and this is Anti-Submarine Warfare, controlled solely by the Navy.

There have been faults with the PPBS approach at Defense, and these have occurred with relatively spectacular procurement items, such as the TFX fighter plane and the non-nuclear powered USS John F. Kennedy, thus making PPBS

¹⁶Ibid.

¹⁷There is controversy on this point. For example, one year after deciding that USS John F. Kennedy was to be fossil fueled, the Defense Department went ahead with plans for a nuclear powered USS Chester W. Nimitz.

vulnerable to its critics. This raises the issue of uncertainty and how one is to deal with it. At Defense, stress has been placed on developing estimates of a situation that range from optimistic to discouraging. The decision to make John F. Kennedy fossil-fueled was partially based on a study that purported to show that over the course of the attack carrier's mission, there would be a speed advantage of only one knot. Moreover, the Kennedy would still require rearming and replenishment.

Citation of these PPBS failures and successes serves to show that use of this tool has put decision making clearly into the hands of the civilian Secretary of Defense. Furthermore, it has served to reduce the competitive interaction among the services as they address themselves to the vital goal of national defense.

The critical difficulty with PPBS at Defense is that there is no way to test the results of how effective planning has been, short of war. This has led men like Admiral Rickover to question the assumptions on which decision-makers have made the allocation of scarce resources. In particular, the Admiral questions the assumption that our sources of oil will always be secure, a critical premise in the decision to build ships conventionally-fueled.¹⁸ His skepticism becomes important when he, as America's foremost

¹⁸Selected Comment, p. 37.

expert on nuclear power, testifies against an adversary like the Secretary of Defense.

The outline that has been given serves to show how PPBS is used in an obvious governmental function, namely defense, and implicitly points to some of the difficulties encountered in the attempt to apply PPBS to national social resource development.

The OEO does operate on the premise that there is a planning cycle in which appropriate national and local bodies can identify goals, establish priorities among those goals, devise programs to meet palpable needs, and evaluate the success or failure of ongoing programs to determine whether a given venture should be continued or abandoned. However, there are serious difficulties that hinder the implementation of this innovative tool.

First, there is the requirement for highly educated and dedicated individuals to operate the PPBS information collection devices. This conflicts directly with the OEO philosophy that there should be "maximum feasible participation" by the poor. Furthermore, there is serious question about how reliable the assessment of any human resource development program can be, since at OEO, as in all programs, the results are "long run" in character. Moreover, goals such as "organization" of the poor are wholly unrelated to any broad economic goals. Finally, and possibly most important, OEO is a one billion dollar agency in a

plethora of Departments and Agencies whose "poverty" budget aggregates twenty-eight billion dollars, and as OEO officials are quick to admit, BOB has never given it the authority to plan expenditures other than its own. These are but the most prominent of the issues that will be considered in the ensuing chapters of this discussion.

CHAPTER II

OEO FUNCTIONS AND PPBS ORGANIZATION

Until about the middle of the decade of the sixties, relatively little had been done to plan a systematic attack against poverty. By this, we should understand an effort with well defined goals and tools with which to measure progress in attaining them.¹ The Johnson administration declared "war" on poverty in the early Fall of 1964, shortly before the introduction of the earlier mentioned PPBS budgeting techniques to the non-defense, federal spending agencies. The President declared that the agency to make anti-poverty plans operational would be the Office of Economic Opportunity, within the Executive Office of the President.

Prior to discussing the OEO adaptation of PPBS to its spending activities, one must consider the responsibilities assigned to this agency, and the institutions that have been developed for meeting its tasks. Essentially, the Office of Economic Opportunity is a social-service organization created

¹Robert A. Levine, "Systems Analysis in the War on Poverty," (Unpublished speech to the 29th meeting of the Operations Research Society of America, May 18, 1966), pp. 2-3.

to implement locally-drawn plans of action in the War on Poverty with a combination of Federal and local resources.²

The organization was conceived in this fashion for a number of reasons. Some individuals felt that the existing welfare programs are designed to "buy off" the poor, and over the course of the past few years there has developed the theory that those who live with the outward manifestations of poverty know how to combat it best. Finally, critics have suggested that earlier programs discriminated against the colored man.³

As mentioned earlier, the institutional form chosen for the execution of the war's operational plans was an independent office in the Executive Office of the President. Some have felt that this gives the poor a permanent agency to make their concerns known at the national level in addition to meeting some of the criticisms made of earlier

²Institute of Government, University of Virginia, Community Action Agencies in Virginia (Charlottesville, Virginia: December, 1968), p. 1. In this connection, one must distinguish between cash and in-kind support. The former is what its title suggests. The latter consists of contributions of heat, light, etc. In the 31 cities for which information is available, the non-Federal share of support of Community Action Agencies was 26 million dollars. Of this total, local communities provided 3 million dollars in cash support. See also U.S. Congress, House of Representatives, Department of Labor and Health Education and Welfare Appropriations for 1969. Hearings before a Subcommittee of the House Appropriations Committee, House of Representatives, 90th Cong., 2nd sess., 1968, p. 43.

³Michael Harrington, The Other America (Baltimore: Penguin Books, 1963), p. 156.

programs. The agency is composed of a National Headquarters and seven Regional Offices, and it employs about 2800 civil-service employees at these levels. These employees serve to perform the vital functions that are designated National Advocacy and Local Oversight.

National Advocacy refers to the submission to Congress of a National plan for fighting poverty. It is presented to the Legislative Branch in the form of the Budget, for which enabling appropriations legislation must be passed. The annual process is a two-stage endeavor. The Director of OEO must be able to tell the Bureau of the Budget "why" a particular venture is cost effective, and moreover, he must be able to respond to the often hostile questions of Congressmen on the Appropriations Committee.

The agency must also provide supervision and "local oversight" to local CAAs. It needs detailed information with which to make broad anti-poverty plans, and it must be able to respond to requests for detailed information. To illustrate the dual nature of the OEO management problem, one might refer to the hearings held concerning the Fiscal 1969 OEO appropriations. There was considerable attention given to the Job Corps proposals. Questions focussed on providing for the ultimate employment of these young men and also on requests for detailed information concerning the costs involved in the operation of centers that had to

be closed after only short periods of operation.⁴

In essence, the OEO Director and his assistants must be able to furnish two types of information, and their ability to do this will have a good deal to do with the level of appropriations in the coming year. In certain cases, the queries leveled at him are openly hostile and reflect a thinly veiled attempt to bring discredit on the agency by showing that money has been disbursed foolishly and perhaps even illegally.⁵

Responding to BOB and Congressional interrogation proves a formidable undertaking for reasons that will be outlined in more detail later. For now, it will suffice to say that in the proliferation of government agencies that has taken place over the last few years, citizens automatically make the assumption that anti-poverty efforts and OEO are inseparable, and misdeeds and errors of judgement

⁴U. S., Congress, House, Department of Labor and Health Education and Welfare Appropriations for 1969, Hearings before a subcommittee of the House Appropriations Committee, House of Representatives, 90th Cong., 2nd sess., 1968, pp. 93-4.

⁵Ibid., pp. 41-2. In this instance Congressman Michel of Illinois asserted that through the good offices of OEO, the Woodlawn Organization, an agency partially supported by OEO grants, secured the release of four, "convicted murderers" in order that they might teach in a Woodlawn program. Information subsequently furnished by OEO for the record proved that OEO had no connection with the release of any felons in Illinois, if in fact such an act had even transpired.

have been incorrectly ascribed to that agency.⁶ There have been a few spectacular errors, e.g. the Blackstone Ranger flap, and from them citizens have been, perhaps, too quick in conjuring up an agency built on chicanery. The most staggering problem is that of supervision. A typical Regional Office employs 175 civil service employees, and an even smaller number of individuals approve disbursements that will be made to 170 CAAs, each employing an average of forty workers.⁷ To understand the problem of supervision, one must look at the Agency's structure at National, Regional and Local levels.

There are three levels of organization at OEO: National Headquarters, The Regional Offices, and the local Community Action Agency. Each has discrete responsibilities, and each uses PPBS in a manner appropriate to its function and level of skill.

The National Headquarters serves as the chief liaison point between the localities and Congress. Its major function is to present an integrated anti-poverty plan to

⁶Ibid., pp. 40-1. Here an allegation was made that OEO had funded, or was contemplating funding a "social eating" venture. Here also OEO demonstrated that it had no connection with such a project, and that it had been considered under the rubric of the "Older Americans Act," and would be supervised by the Department of Health, Education and Welfare.

⁷Mr. Frank Rupp, Mid Atlantic Region Director of Management Information Systems, Interview held in Washington, D.C., in November, 1968.

the BOB and Congress. Peripheral to this task is the job of approving all grants made to Migrant Worker, American Indian and experimental projects. It acts as the national advocate for the poor, and it is divided by functional areas, such as Headstart and Job Corps.

At one time, all decisions to fund projects, irrespective of the target group, were made at the National Headquarters. Now, decision-making has been given to a series of Regional Offices. The country has been divided into seven regions, and the offices for each region has offices for each state included within its borders, as well as for the various programs that constitute the concerns of OEO.

Finally, there is a series of Community Action Agencies (CAAs) across the country. These entities are meant to be the basic operational unit in the War on Poverty. The legal requirements for establishing such agencies have expanded and contracted over the four years that OEO has been in operation. One may state with confidence that a CAA is a public or private non-profit agency, designated by the regular organs of local government. Its purpose is to mobilize the resources of the community in the job of making poor people self-sufficient. Local government, as well as designating the agency to be the official anti-poverty agency for the community, may and often does appoint members to the agency's governing board. The most

controversial point to date has been the requirement that one third of the board's members be from the target poor to be served, and that these individuals be given the opportunity to serve to the maximum extent feasible.⁸

The individual CAA operates on two levels. There is a governing board. This body, operating through a series of subcommittees, serves to devise a program for the agency's activities during the program year. Typically, the board has a program committee, on which a substantial number of the members are from the poor community. Figure 1 shows the pattern by which they should, ideally, make plans for the CAA's program.

There is also an executive staff in the local agency. It is composed of paid employees who supervise the daily operations of the agency. These individuals are not civil-service personnel, and they administer the program along broad guidelines set by the board. There may be some overlap, in that some of the board members may be community organizers,* and as such work under the supervision of the executive staff.

Finally, poor people are brought into the organizational complex in a number of variant ways. The Richmond CAA, known as RCAP, has organized, for example, a series

⁸U.S., Congress, House, An Act to Provide an Improved Economic Opportunity Act of 1967, Pub. L. 90-222, 90th Cong., 1st sess., 1967, S.2388, p. 31.

*Subsequent to my research dual membership of this type was prohibited, by administrative regulation.

DECISION AND ACTION IN A COMMUNITY ATTACK ON POVERTY ^a

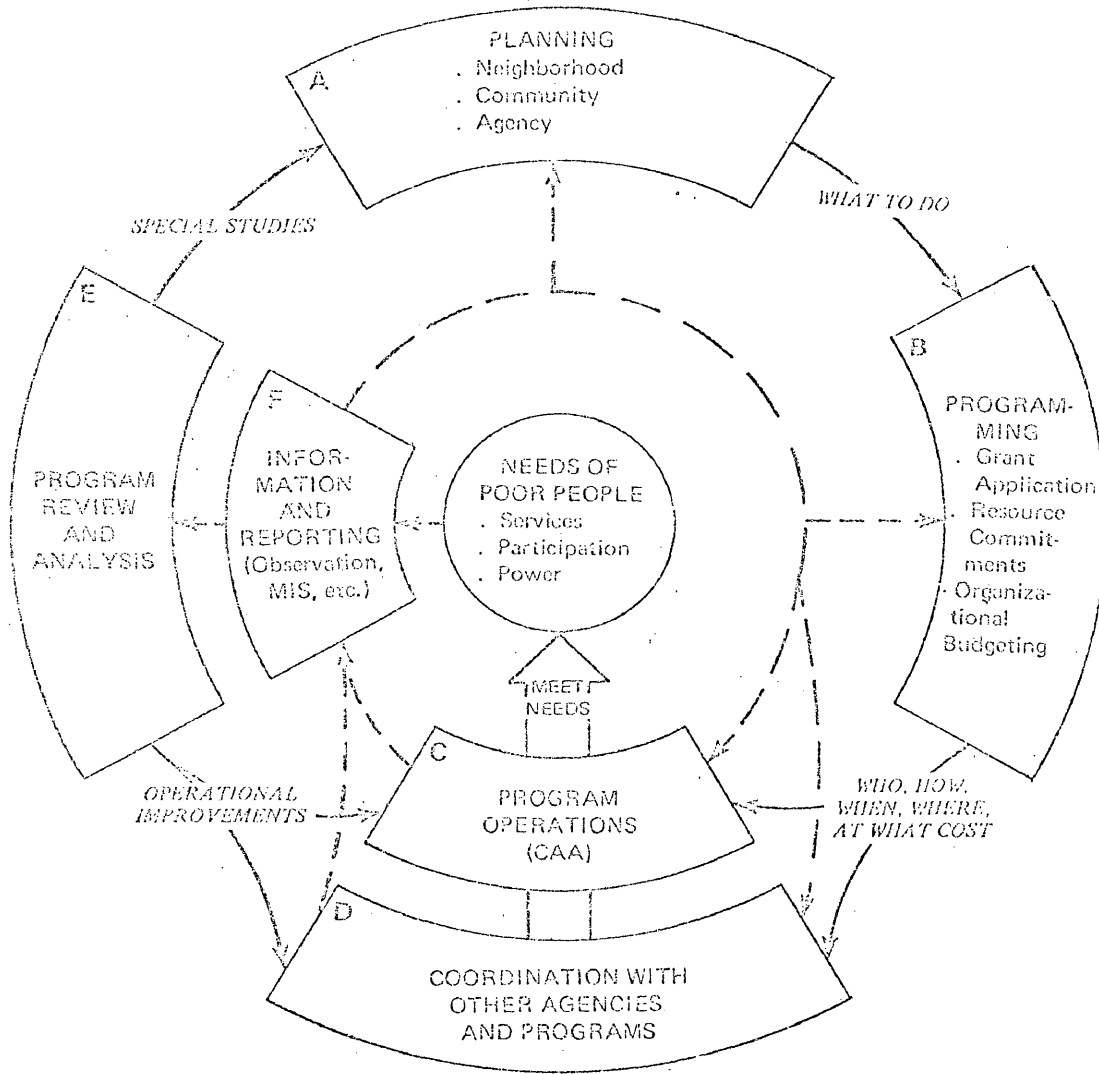


Figure 1

^aU.S., Executive Office of the President, Office of Economic Opportunity, CAP Management Guide (Washington: Government Printing Office, 1968), p. 12.

of Neighborhood Advisory Councils in which the residents of poor areas may come together to articulate their needs and desires so that they can be taken to the governing board. Moreover, there are a number of Community Action Neighborhood Centers, in each of the poverty-stricken areas of Richmond. Each has a permanent staff, and community residents are encouraged to take their problems to the center to seek assistance in meeting their needs. For instance, a resident may complain of insufficient street lighting. The center worker will endeavor to gather other residents of the same block so that together they may solve the problem. This may involve writing a group letter to the agency manager concerned with the problem or visiting his office. The use of such methods, it is hoped, will bring about a sense of political efficacy. Additionally, the center worker hopes that this sort of reaction will encourage people to come to neighborhood council meetings. Thus one can see that there is a vast stock of needs to be met by such an agency.

The very complexity of OEO foreshadows the difficulty of realizing, in practice, the goals of planning, execution and control. Nevertheless, an attempt has been made to institutionalize PPBS at each level of OEO.

The National Headquarters PPBS is governed by the budget submission process, and it is coordinated by the Office of Research, Plans Programming and Evaluation. OEO

must submit its budget proposals to BOB by October 15 of the year preceding the fiscal year in which the obligations will be made. The process consists of the submission of a series of documents and narrative documentation: Program Memoranda, the Plan Financial Plan and Special Analytical Studies. These serve to explain what the agency will do and why.

The Plan Financial Plan that is submitted to the BOB is the result of consultation of the National and Regional officers. Each Regional Director submits his dollar request for operation of OEO programs within his Region. He bases his wishes on the demonstrated efficiency of various agencies in meeting past community problems, although he can have no specific idea about what local CAA requirement will be. As the observer descends the administrative ladder, he would discover that each supervisor could be more specific about the needs of his particular area. He can be more certain about the work that has gone into assessing community problems and what degree of urgency should be attached to a community's request for grant funding.⁹ He can form clearer judgements about the efficiency of the CAA concerned. This pattern of de-centralization is one of the most disturbing features of the entire OEO venture though, for it makes close super-

⁹Interview, Rupp.

vision of spending virtually impossible. General Accounting Office (GAO) inspections reveal honest errors and the more sinister chicanery only after the fact.¹⁰

The inspection of CAA activities is done by means of OEO activity inspections, GAO audits and Management Information System (MIS) reports. The latter device requires that each agency tabulate details of money disbursed and the results gained, though it is of limited value for reasons that will be explained in detail later.

In summary, then, the OEO is an institution, the goal of which is to eliminate the paradox of poverty in this the richest nation on earth. It makes this goal operational by the establishment of a series of largely federally-financed social service centers known as Community Action Agencies. These organizations make plans to fight poverty in their localities by a combination of pre-packaged federal programs and a measure of local ingenuity. PPBS has been adapted to OEO over the course of the last four years, and its value as a tool in decision-making will be the concern of the balance of this essay.

¹⁰I use "chicanery" in its dictionary meaning of "deception by artful subterfuge." In the Norfolk Virginian Pilot of December 4, 1968, there is an article reporting the conviction, on charges of embezzlement of OEO funds, of the Rev. Terry Wingate, an official associated with the Tidewater Virginia CAA, STOP (Southeastern Tidewater Opportunity Program).

CHAPTER III

THE IDEA OF A MANAGEMENT INFORMATION SYSTEM

In earlier sections, it was suggested that government officials, confronted with the task of allocating limited resources among competing projects, developed PPBS a budget technique in which the costs and benefits of alternative public programs are simultaneously displayed. Use of this technique requires the development of a Management Information System (MIS), so that executives can tell how well plans are being carried out and to change ongoing programs, should this prove necessary.¹

An MIS, as has been indicated earlier, is essentially a way of obtaining information about a given venture and putting it before a manager who must make decisions based on it. Though authorities disagree about the specific facts that should be presented, they concur in saying that it should be more than simply a system of accounting reports. It should, the experts concur,² transmit information necessary for the operation of a financial system, such as

¹R. L. Martino, "The Development of a Total Management System," in Management Systems, ed. by Peter Schoderbeck (New York: Wiley and Sons, 1968), p. 121.

²Leonard Garrett and Milton Silver, Production

the balance in an expenditure account, as well as the organization's progress in meeting publicly-announced goals. Moreover, one should be able to anticipate organizational problems by using MIS data. In doing these jobs, the system should be able to transmit information about the atmosphere in which the organization operates.³

OEO's MIS is, structurally a pre-printed form into which CAA managers place statistics, indicating for each program account, money disbursed, the number, ethnic characteristics and income level of those serving and those served, as well as the "results" obtained as the end product of the disbursement. In a supplement to the statistical summary of the report, the CAA Director comments on the community atmosphere in the area in which the CAA is located. He is required to explain significant shortcomings and strengths in the operations, and he is compelled to comment on specific problem areas, such as the recruitment of managerial personnel. The narrative portion of the report is thus the opportunity for the Director to tell all that will help the Regional Offices understand what his

Management Systems (New York: Harcourt, World Inc., 1966), p. 680 and Roland Daniel, "Management Information Crisis," in Management Systems, ed. by Peter Schoderbeck (New York: Wiley and Sons, 1968), pp. 53-57 and also James D. Gallegher, Management Information Systems and the Computer (New York: American Management Association, 1961), p. 63.

³Daniel, op. cit., p. 57.

particular problems are.

While this attempt to give the manager the opportunity to speak to the problems of his area does take away from the idea that the report is a collection of numbers, there is no doubt that it is meant to be an attempt to make an agency manager organize his operation in a careful and thorough manner. The manual governing the system's use states that the only way for the agency to obtain the data required by MIS is to develop "score cards," on which the required information can be tabulated on a daily basis.⁴ Thus, there is a combination of evaluation in terms of numbers that can be presented to Congress and evaluation in terms of subjective data that can be used to help local and regional managers think about where their agencies are going.

That this system is clearly intended to be evaluative is indicated by the announcement which accompanied the adoption of MIS by the Office of Economic Opportunity. Theodore M. Berry, the National Community Action Program Director declared that MIS was being inaugurated so that henceforth all levels of Community Action Program management would be able to measure program progress, in terms

⁴U. S., Executive Office of the President, Office of Economic Opportunity, Grantee Reporting Manual (Washington: Government Printing Office, 1967), p. 16.

of objectives. Moreover, the Grantee Reporting Manual holds that,

The CAP progress-reporting system attempts to monitor the progress of poor people through a series of process steps designed to take them out of poverty.⁵

Thus, a few observations may be made by way of summary.⁶ OEO managers may often be reticent, when asked to specify exactly "how" their programs have helped the communities in which CAAs are operating. This is for the very good reason that the results of agency programs are often long range. Moreover, as we shall see later, agency managers have often encountered difficulties in obtaining funds because they have been unable to demonstrate the effectiveness of their ventures, in meeting established goals. MIS arose to meet this need for information, so that directors could test the adequacy of plans they had developed

⁵Ibid., p. 17.

⁶This discussion of MIS does not, by design, explain the variant methods used to assess the efficiency and impact of OEO programs. This is because the "management audit" and other in depth studies of programs and individual agencies focus on the detection of defalcation and other varieties of financial misconduct, not program impact. Also Hearings, Appropriations, p. 98. Frank Murphy, the Assistant Director of Job Corps, when queried about GAO reports of its audits held, "what I mean is that the sort of reports they produce for us are on an ad hoc basis, are not really management instruments for us to use in making management decisions." To the same effect Bertrand Harding, Acting Director of OEO, held, "the audit activity is primarily a fiscal and financial analysis of the Community Action Agency to evaluate the accounting system they have and to detect fraud."

for social resource development and so that they could obtain money for further ventures. A survey of the efficacy of OEO MIS will be the subject of the ensuing section.

CHAPTER IV

MIS AND ITS PITFALLS

MIS has been exceedingly difficult to apply to OEO programs for reasons that will be explained in detail as we proceed. To summarize, however, uneven personnel skill has caused "result" reporting that is inaccurate and tardy; "results" of OEO programs are hard to specify and even more difficult to relate to the achievement of broad economic goals; and MIS cannot be reliably used as a planning tool. This is not to say that OEO has not made tremendous efforts to institute an integrated management system for its activities. It has consistently, under congressional pressure, done this, but the fact remains that given the speculative connection of OEO programs with measurable social progress, there is inevitable vagueness in evaluation that must attend this, or any other, social resource development program. Let us now look at the reasons that MIS and PPBS are hard to relate to OEO operations.

Any MIS, whether it serves in a government agency or in a profit-making organization, has three distinct functions. It first documents the action that is being carried on to attain the objectives of the group it serves. It tells

"what is going on." Additionally, it relates the affairs of each segment of the whole organization to the overriding purpose for which the organization is established. Finally, it serves as a planning instrument, with which executives in the organization can make future plans.¹

There has been a good deal of controversy about what, exactly, it was that OEO was established to do. To dispel confusion, one might well read a few pertinent portions of the legislation establishing the agency. The "Declaration of Purpose" for the Economic Opportunity Act of 1964, as amended, holds that,

. . . it is therefore the policy of the United States to eliminate the paradox of poverty in the midst of plenty. . . by opening to everyone the opportunity for education. . . the opportunity to work and the opportunity to live in decency and dignity.²

The Act, with its five titles, authorizes the carrying out of this policy and declares that one way to do this is to provide a Community Action Program (CAP) that will mobilize the resources of the whole community--national, state, and local--to make the poverty-stricken self sufficient.³ Thus, by logical extension, an MIS to be effective, must show how

¹Daniel, "Management Information Crisis," p. 54.

²U.S., Congress, AN Act to Provide An Improved Economic Opportunity Act of 1967, Pub. L. 90-222, 90th Cong., 1st sess., 1967, S.2388, p. 1.

³Ibid., p. 27.

the purposes for which this program was established are being carried out, and moreover, it should show how change can be carried out, when earlier plans have not worked well. Ideally, an examination of the facts should show that the CAA Director, when he discovers that a need and enthusiasm exist for a program, he and the agency can execute it.

How does the MIS function, and what have its problems been, as it has reported activities in the CAP? When MIS was introduced, a series of administrative memoranda declared that its purpose was to tell who was being helped by OEO programs.⁴ In providing the information, it would not only document the efforts being made to eliminate poverty, it would, its apologists held, serve to give the CAAs information indispensable for the planning of future problems. Early memoranda predicted that it would "take time" to make MIS operational, but that after a brief initial period, the CAAs would discover that they had a splendid planning tool, well worth all the effort that would have to be made to implement it.⁵

As has been indicated earlier, MIS requires that a

⁴U.S., Executive Office of the President, Office of Economic Opportunity, Community Action Memoranda Series, No. 71, p. 1.

⁵U. S., Executive Office of the President, Office of Economic Opportunity, Community Action Memoranda Series, No. 67, p. 1.

CAA report three categories of information: (1) the number of participants in its programs, (2) their ethnic and income characteristics, and (3) the "results" of dollar disbursements. This requires that the agency maintain detailed records of all its contacts, and it has led to problems that are both clerical and conceptual in character, as we can tell from looking briefly at the Richmond Community Action Program, RCAP.⁶

The clerical problems are largely derived from the fact that RCAP's activities are carried out through the agency of five neighborhood centers, staffed largely by a combination of professionals, VISTA personnel, and indigenous poor. Moreover, established groups, such as the Richmond Public Schools, conduct programs such as HEADSTART, and groups such as the Virginia Union University and the Richmond Chamber of Commerce have conducted RCAP programs. This has led to a great disparity in the skill level of the reporting agencies and has meant that RCAP's report has been tardy and not wholly accurate.⁷

⁶It could, of course, be that Richmond and RCAP are not "typical," but I know of no evidence that leads me to believe that they are unique with regard to the problems under discussion.

⁷Mr. Frank Rupp, MIS Specialist Mid Atlantic Region OEO, Interview held in Washington, D.C., September 1968. Mr. Rupp indicated that RCAP's problems were typical of all agencies in the region, in that they touched upon tardiness and accuracy, but they were not of great proportions.

The important point to remember here is that this tardiness is a normal condition of operation and unrelated to any suggestion of misconduct. It is part of business in a larger bureaucracy.

The initial reaction to the MIS at RCAP was that it was, "just another Washington report!", imposed by an unsympathetic bureaucracy that was unaware of the demands made on agency time, and the limited supply of top managerial talent.⁸ There was, at first, talk that the agency would be compelled to close its doors for one day a month, in order to tabulate the data from all of the neighborhood centers.⁹ Despite this initially unfavorable reaction, agency officers went to Washington in May 1968, for a series of MIS training sessions. These focused not only on the requirements for MIS reporting, but also on techniques that would lead to more reliable planning, and they were part of a regional management improvement program.¹⁰ Equipped with this technical information, the managers returned to Richmond to educate their neighborhood workers in MIS techniques.

The first training session for target-area poor

⁸John Chiles, Assistant Director RCAP, Interview held in Richmond, Virginia, October, 1968.

⁹Ibid.

¹⁰Interview, Rupp. Management teams from companies such as Arthur D. Little are in the process of visiting all CAAs in the Mid Atlantic region.

people was held in June 1968. At this session, conducted in RCAP's central offices, there was an air of consternation and disgust. This was caused by the difficulties that these individuals encountered in obtaining the information required by MIS. For example, in compiling totals of individuals "reached" by RCAP, many of the workers found it difficult to distinguish between a person who had "walked in" to a center and those who had been "outreached" by the center's workers. Totals of persons reached by various methods were often inaccurate. In isolated cases, persons who had left employment programs to accept jobs had been listed erroneously as "dropouts."¹¹ Since the workers had applied themselves to the task of gathering information assiduously, there was discouragement and questioning that ran to the general effect of, "just what does all this mean anyhow?"

An assistant director of RCAP, addressing himself to the question of the substance of MIS reporting declared that the execution of MIS reporting involves a "numbers game" of spectacular proportions.¹² To determine whether or not this charge is correct, one must consider the type of information that is generated by a report and how it is used, in documenting the coverage of programs, reporting the

¹¹Interview, Chiles.

¹²Ibid.

satisfaction of broad economic goals and planning for the future. In making this examination, let us remember the declared purpose of the Economic Opportunity Act: namely to mobilize community resources to make poor individuals self-sufficient. OEO measures self-sufficiency by whether a man's income places him above or below a "poverty line," currently defined as an annual income of 3200 dollars for an urban family of four.¹³ As good a program as any to examine is the Richmond HEADSTART venture.

The Fall quarter, 1968, MIS report indicates that, working through the Richmond Public School System, RCAP sponsored a Full Year HEADSTART program.¹⁴ It served 104 participants, and in doing so, spent a total of 17,000 dollars. The vast majority of these youngsters were five years of age, Negro, and came from families whose income placed them below the poverty line. Evidence indicates that 38 children received medical care that continued on into the next quarter, and that nearly 10 percent were mentally-retarded. It shows that six, or only four percent, were from families with incomes above the poverty line. This latter fact is not too alarming, since HEADSTART

¹³U.S., Executive Office of the President, Office of Economic Opportunity, Community Action Memoranda Series, No. 67-3, p. 1.

¹⁴RCAP MIS Report, dated October 18, 1968. Unless otherwise cited all references to HEADSTART facts are derived from this source.

regulations stipulate that up to 10 percent of the program participants may be drawn from the non-poor. Furthermore, families whose sole source of income is public assistance may qualify for the program, whatever their income level.¹⁵ The report goes on to say that 17 children came from families who received public assistance, though there is no way of telling what portion of their income was derived from these payments.

Thus, at the documentary level, the report functions in an excellent manner. It demonstrates that, in the case of this particular venture, Richmond organizations affiliated with the public schools and the churches, did commit funds and resources to an activity, the benefits of which went to the intended beneficiaries. The RCAP assistant director, though skeptical about the overall value of MIS, did admit that in the sense that it prevented the abuse of a program meant for the poor of Richmond, it had served a useful function. In the past, he related, there had been abuses of the HEADSTART program precisely because such a safeguard did not exist.¹⁶ However, there are levels of

¹⁵U.S., Executive Office of the President, Office of Economic Opportunity, Headstart Child Development (Washington: Government Printing Office, 1967), p. 8.

¹⁶Interview, Chiles. This is a hotly contested point. At page 97 of his Review of Economic Opportunity Programs, the Comptroller General of the United States holds that of 557 children enrolled in 11 centers, 22 percent were found to have been from families above the poverty line. However,

information that go well beyond documentation, and we would do well to consider them.

In offering the HEADSTART program as part of its anti-poverty tools, OEO and RCAP have made the assumption that poor children are peculiarly vulnerable to the problems of ill-health, under-education and general cultural ennui, and that it is the legitimate function of government to attack these conditions.¹⁷ Moreover, it has assumed that there will be incremental change that can be measured to give some indication of program success.¹⁸ Its most important assumption is that, if one reads the language of the Economic Opportunity Act, that this venture will help bring people out of poverty. It is here that MIS reporting breaks down, and it does so for the reason that it is hard to measure, in the present, long-range potential social change with the use of statistics or any current indicators, and it is virtually impossible to relate incremental change to dollar disbursements. Furthermore, the relationship between internal motivational change and economic development

in view of Mr. Chiles' candor it seems proper to accept his characterization of the Richmond situation as correct.

¹⁷Headstart, Child Development, p. 1.

¹⁸U.S., Congress, Senate, Criteria for Evaluation in Planning State and Local Programs, A study pursuant to S. Res. 55, 90th Cong., 1st sess., 1967, p. 9.

is tenuous. The narrative portion of the report does attempt to depict social change, but a skillfully written report can give a false impression of progress.¹⁹ Furthermore, no parent wants to use his child as part of a control group to determine what the consequences of neglect and the benefits of attention are.

As they face this dilemma of immeasurability, planners at all levels, are forced to ask, "how good is HEADSTART, when compared with another program as a potential claimant on funds in the federal budget?" In other words, how measurable and direct are the benefits of this or any other OEO program, as they seek to achieve broad economic goals?

There is evidence suggesting that HEADSTART does indeed increase the poor child's readiness to learn, in the conventional school setting.²⁰ However, this benefit is related to anti-poverty efforts, only insofar as it prepares the children to undertake employment or higher education,

¹⁹Mr. Louis Bailey, Field Representative, Mid Atlantic Region OEO, Interview held in Washington, D.C. September, 1968. Mr. Bailey indicated that well written reports can say nothing and that he, as a trained social worker, must visit the site of operations to tell what the quality of a program is.

²⁰This too, is an arguable point. In Review of Economic Opportunity Programs, the Comptroller General holds, "From the testing techniques as were made available to us at the centers where we made examinations, children who had participated in HEADSTART, made modest gains in social, motivational and educational skills.

fifteen years later. The report, taken by itself, does not and cannot measure the quality of the program offered by the individual CAA. In effect MIS operates on the assumption that HEADSTART is efficacious and that other pre-packaged programs, designed to a great extent in Washington are effective. By and large, funds are earmarked for use in programs that have a large clientele and are popular politically. That the funding question has been made "political" is understandable, but it means that the allocation of funds may have nothing to do with a program's professional merits.

The issue of criteria, or conditions of success, becomes even more crucial, in approaching program accounts such as "Administration and Organization." The declared purpose of, "community organization," for example, is to,

encourage anti-poverty program participation. It includes involving residents of low-income neighborhoods in the affairs of their own community by encouraging 21 people to organize and direct their own efforts. . . .

An indicator used to measure achievement of this purpose is the, "number of community meetings held," and the, "attendance at those meetings." This is a very legitimate way of gauging activity, but it really doesn't tell us very

²¹U.S., Executive Office of the President, Office of Economic Opportunity, Grantee Reporting Manual (Washington: Government Printing Office, 1967), p. 102.

much, since it doesn't tell us much about the number of problems solved or attitudes changed.²²

The plain fact is that the programs with which the OEO is associated, even the widely-acclaimed HEADSTART, deal in "results" that cannot be quantified with precision. We can be relatively certain that some good will come from them, but the amount and duration of that good are speculative. The only satisfactory evaluations that have been done with respect to OEO programs have been done in great depth and have taken long periods of time into consideration, as in the Glen Cain study of the Job Corps and the General Accounting Office study of the entire war on poverty.²³

The former of these two reports was informative exactly because it endeavored to relate dollars disbursed to important gains in educational ability and earning capacity, the only sensible justification for conducting an anti-poverty program. In doing so, it made more detailed information available than could possibly be provided by an MIS report. For example, by referring to it, the reader can

²²The report would say nothing of the hostilities generated by articulating needs, only to discover that they could not be met, given the level or variety of resources in the community.

²³U.S., Congress, Joint Committee Report, Review of Economic Opportunity Programs, A Study pursuant to Title II 1967 Amendments to the Economic Opportunity Act of 1964, 91st Cong., 1st sess., 1969, p. 2. This document required 14 months to complete and was the result of "spot" examinations of hundreds of files at CAAs across the country.

discover that for each five months in a Job Corps camp, the participant gains the benefits of nearly a year of formal education. This costs the taxpayers 3510 dollars and will benefit the trainee in the amount of 3710 dollars.²⁴

Furthermore, the explanatory tables included in the body of the report enable the reader to determine how much benefit the trainee would gain from different given periods of time in the Corps.²⁵ These benefits are measured in terms of increase in earning power, and for a one year period in the training program offered by Job Corps, the enrollee will gain about 35 cents an hour in spending power.²⁶ In presenting these figures, Cain makes the important point that,

No allowance is made for any benefits that stem from general improvement in civic behaviour, lower crime rates, more stable family relationships, better upbringing of children they will have or other such hard to measure consequences of a youth's experience in the Corps.²⁷

The OEO MIS should relate to the broad purpose of movement across the poverty line, but even in connection with employment programs such as the 1968 RCAP/Chamber of Commerce

²⁴U.S., Congress, House, Committee on Education and Labor, Economic Opportunity Act Amendments of 1967, Hearings before the Committee, House of Representatives on H.R. 8311, 90th Cong., 1st sess., 1967, p. 2371.

²⁵Ibid., p. 2370.

²⁶Ibid., p. 2382.

²⁷Ibid., p. 2367.



Summer work enterprise, MIS data is unsatisfactory, if one wants to determine how many individuals were raised in economic status. Its enrollees had their incomes raised by 200 dollars per month for each of the two months that they were enrolled in the program, and the information submitted by MIS report shows that 51 of the 260 participants went on to college in the Fall.²⁸ This does not say, however, how many people were raised above the poverty line, nor does it say anything about the individual changes that students may have undergone. The narrative portion of the report speaks of, "an attitude of understanding and development of a sense of pride,"²⁹ but then these are standard phrases in any report. The melancholy fact seems to be that there is no accurate way to relate dollars disbursed to improvement in the earning capacity of the beneficiary, his chances for a better life, or the social costs of crime, juvenile delinquency or unemployment.

We indicated earlier that an MIS is supposed to function as a planning device, but this is difficult at OEO because by requiring the MIS reports to be submitted every quarter, little long-term planning is possible. The RCAP assistant director even maintains that this means that no

²⁸RCAP MIS Report dated October 18, 1968, pages unnumbered.

²⁹Ibid.

advanced planning can be done with MIS, since it gives no indication or prediction of upswings in community interest in RCAP or its individual programs.³⁰

Thus, at the local level, there has developed the feeling that the OEO MIS is a collection of numbers, and nothing more, designed for the sole purpose of justifying a program to Congress. Its critics, in saying that it has little or nothing to do with program variety or funding levels, could well point to the testimony of CAP Director Theodore M. Berry. Speaking to Congressman Melvin Laird, he declared that MIS was developed for the sole purpose of presenting hard fact summaries to congressmen who sit on Appropriations Committees.³¹ There is thus consternation on the part of local CAA managers, when confronted with the, "if you can't count it, it doesn't count" thinking made plain by Berry's testimony. OEO has, however, in the past year developed an "integrated management system" for its own operations that has enabled it to counter the charges of MIS critics who suggested that the report was wholly

³⁰Interview, Chiles.

³¹Hearings, Appropriations, p. 224. "I am happy to say that the management information system--which we designed and instructed the community action agencies in its use--is now beginning to produce the kind of data on which this type of presentation is based. Much of the data presented here is the result of the reporting system through our MIS. The system provides information on the community action agencies programs, their costs, what participants are being served and what is happening to them."

meaningless.

Basically, "integrated management" refers to a view of decision-making in which an organization is viewed as established to serve one overriding function or purpose. Its divisions may be linked by electronic information transfer devices, and each division's actions are animated by the single purpose of the organization. The manager must be able to bring the activities of one division into harmony with those of the others.³²

The concept of integrated management has been given legislative approval, since congressional criticisms of OEO have not centered so much on the worthiness of the goal of conquering poverty as they have on the waste of funds that has come about because of slipshod administration and proven dishonesty.³³ Criticisms have taken legislative form in the 1967 Amendments to the 1964 Economic Opportunity

³²Martino, "The Development of A Total Management System," p. 123.

³³U.S., Congress, Senate, Riots, Civil and Criminal Disorders, Hearings before the Permanent Subcommittee on Investigations of the Committee on Government Operations, Senate, Pursuant to S.Res. 216, 90th Cong., 2nd sess., 1968, p. 2740. Senator McClellan, in an investigation of OEO financing of an educational project in which functionally illiterate hoodlums were used as teachers, commented, "I just can't understand that we could have a project financed by the government with all those things going on. . . while the head of an agency. . . diligence was being exercised, just the normal diligence to see that the project was going right, and that money was properly spent?"

Act.³⁴ The most important stipulation for our purposes is the section in which the Director of OEO is prohibited from granting funds to CAAs that have not adopted a "systematic" approach to their use.³⁵ This means that the individual CAA must establish its goals, give them relative priority, and periodically evaluate the execution of programs designed to carry out goals.³⁶

The Regional Office, in which the funding authority for most CAA programs is vested, has developed a basically six-pronged attack or approach with which to carry out the inspection and funding of a CAA (See Figure 2). A given number of days before the beginning of the new program year, each CAA submits documents establishing its legal title to be the anti-poverty agency for the community, and prior to the beginning of the program year, it receives a Field Pre-Review. After this review, it submits its funding request for the coming year.³⁷

The significance of this new procedure is that it permits the funding authorities to inspect the operations of

³⁴An Act To Provide An Improved Economic Opportunity Act, p. 1.

³⁵Ibid., p. 36.

³⁶Ibid.

³⁷U.S., Executive Office of the President, Office of Economic Opportunity, Applying For A CAP Grant, OEO Instruction Series, No. 6710-1, p. I-1.

CAP GRANT APPLICATION PROCESS

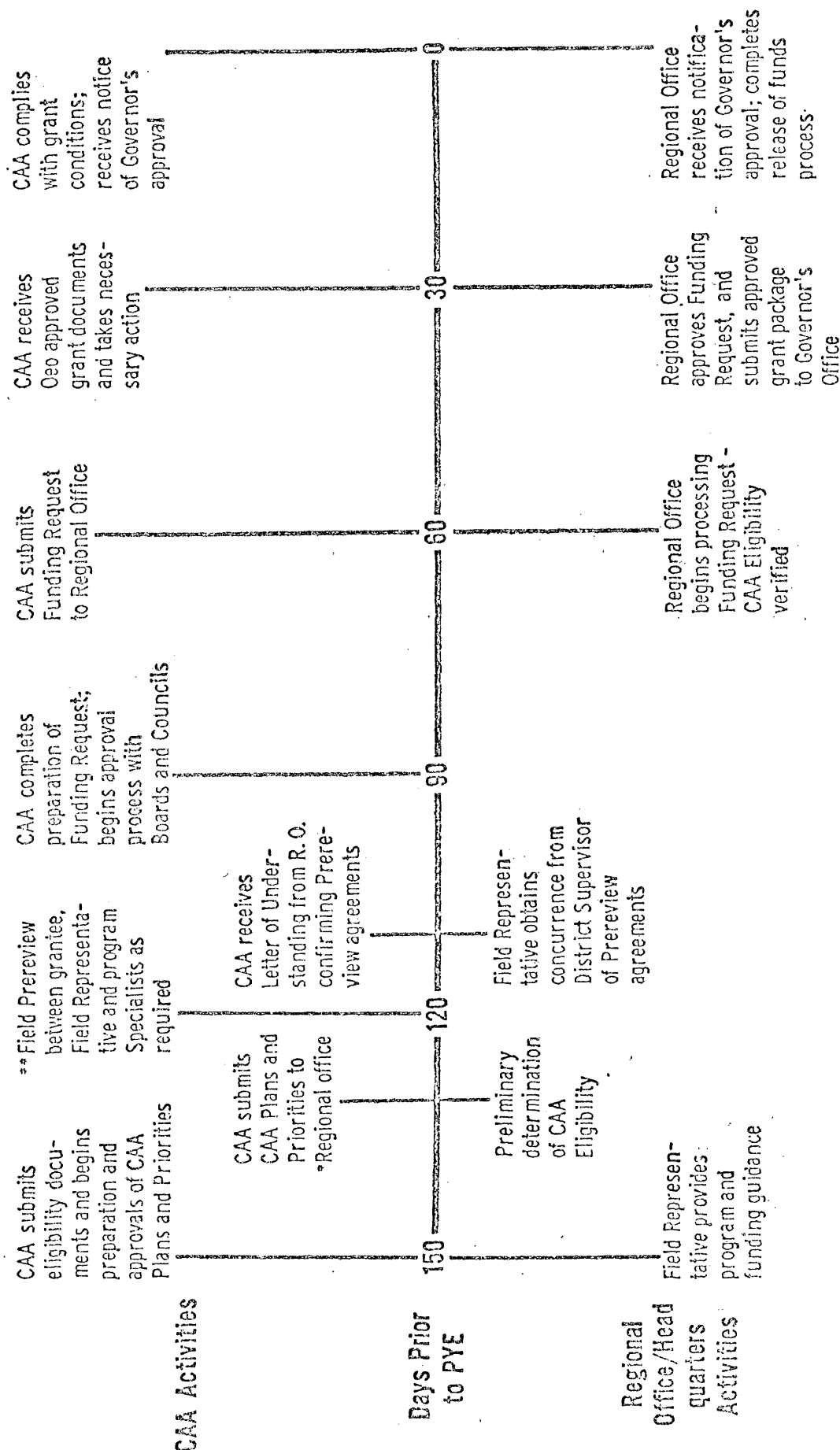


Figure 2

*Or where appropriate, Headquarters

**The Regional Office may elect to conduct the Field Prereview in two phases. In such cases the second phase occurs before the ninetieth day prior to the program year end and entails a review of the draft funding request.

Source: U.S., Executive Office of the President, Office of Economic Opportunity, Applying for a CAP Grant (Washington: Government Printing Office, 1968), p. 1-3.

the agency, prior to investing any money in its ventures. During this meeting, program and funding levels are set, and they are later confirmed by a "letter of understanding," issued by the Regional office. At this meeting, in which the CAA's board participate, the regional grantors tell the local authorities of their general impression of the CAA's management and overall effectiveness. Methods of evaluating proposed programs are also discussed, and it may be agreed that MIS reports will be the sole method of evaluating many of the programs that will be established. The "letter of understanding," which follows the meeting, is explicit in telling the CAA, "how much it will get," and the local and regional officials are adamant in holding that the funding intentions made public at the meeting are firm.³⁸

Hardness of budgetary commitments is required by the fact that at the same time that local and regional personnel are negotiating, national personnel may be carrying out their job of obtaining funds for the whole OEO program from Congress. CAA budget years and the federal fiscal year overlap. For example, the RCAP budget year begins each October 1, while the federal fiscal year begins on July 1.

³⁸Mr. Chiles said that he saw no virtue to a well-written proposal, because he wondered if anyone really read it. Mr. Bailey held that the best-written appeal might be of no avail, if "there was just no money."

OEO appropriations measures for the fiscal year 1969 were not signed into law until the early part of October, and the national offices operated under a "continuing resolution," which prohibited it from incurring obligations in fiscal 1969 at a rate higher than fiscal 1968.³⁹ This meant that by the end of the summer of 1968, RCAP's budget had to be cut, as part of a general economy drive. Even without this extraordinary contingency, a CAA can increase its program only by about 15 percent a year if that much!⁴⁰

Along with the general scarcity of funds Congress has placed specific restriction on types of programs that OEO may conduct and the beneficiaries it may aid. Consequently, OEO officials have had to establish limits to funds and types and levels of programs that are available to the individual agency. Funds are scarce, and the allocation once made (as part of a shared process in which the Field Representative and the District Manager sit down to "hash out" the CAA's level) is a fairly well-fixed figure. Thus, MIS or any other form of analysis, no matter how

³⁹Mr. Paul Royston, Assistant Administrator for CAP, Mid Atlantic Region, Interview held in Washington, D.C., October, 1968.

⁴⁰Interview, Royston. And also OEO responded to GAO's report on its activities as follows, "for the fiscal year beginning July 1, 1967, OEO did not receive its appropriation until January 1, 1968, after half of the operating year had passed. Community Action Programs, particularly, have suffered from these funding problems."

favorably it depicts the activities of an individual CAA, will not make much difference in its ultimate funding level.

CHAPTER V

THE MAZE THAT IS OEO

Thus far, this essay has considered the "mechanics" of how one of OEO's major evaluative tools, MIS, operates. We have also seen that the limited utility of MIS, and thus PPBS, is in part related to the quality of information it produces. There is, however, another limitation: the political milieu in which OEO must operate. The milieu which must be mastered if OEO is to gain the funds necessary to stay alive on the Washington scene. Thus, one can state that while PPBS does form a good way of presenting a plan for the execution of any legitimate governmental function, complete with supporting justifications and explanations of costs and impacts and benefits, there are some other questions that one must answer. Any cost-benefit analysis, however accurate it may be, must still pass muster politically.

Aaron Wildavsky, in The Politics of the Budgetary Process, does a good deal to destroy the myth that public expenditure can be placed securely on a rational, non-political base, such as that envisaged by those who are committed to program budgeting. Essentially he holds that

budgeting is a game,¹ in which there are two fundamental objectives, "defending the base," and, "expanding the base."² These two terms refer to the process of establishing a firm level of commitment and increasing this base by small yearly increments. Wildavsky maintains that an agency leader who is successful in the struggle to accomplish these ends relies on three tactics: (1) he must create and/or maintain a clientele of concerned citizens who benefit from the agency's work; (2) he must develop and uphold a reputation for honesty and efficiency in the agency; and (3) his group must produce a "useful product." The pay-off--one way or the other--will come in legislative and appropriations hearings. Without evidence of support, without reputation and demonstrated effectiveness, the Bureau leader will find it difficult to "defend his base," let alone, "expand his base."³ How does OEO meet these conditions for bureaucratic success in Washington? Let us consider, in succession, each of the three points just cited.

The poor are numerous--estimate of their number ranging from 25 to 50 million persons--and thus OEO has a

¹Aaron Wildavsky, The Politics of the Budgetary Process (New York: Little Brown and Co., 1964), p. 6.

²Ibid., p. 13.

³Ibid., pp. 63-91.

large potential clientele.⁴ Moreover, there has been a growing feeling that those who are poor are not wicked and depraved, but merely people who should be given help in reaching the good life. In part this has been derived from the fact that many poor people are Negroes, and their situation is the result of the shocking long-term discrimination that has deprived them their rights as men and citizens.

However many poor people there are, they are hard to gather into a single organization so that an organization like OEO can deal with their problems systematically or effectively. The poor are diverse and their problems go beyond the simple lack of money. Included in their ranks are blacks, unemployed old pensioners, dependent children, tuberculous coal miners, school dropouts and migratory workers. The poor are all around us, yet hard to locate and harder still to organize. Pluralism is as true of the poor as it is of the rest of America.

The poor are hindered by the very problems from which they are trying to escape. They have a low sense of efficacy. They lack the skill of associating for common

⁴Harrington, The Other America, pp. 1-59. All other references to the exact dimensions of poverty, such as they are, are extracted from Harrington. Of most importance to our theme, perhaps, is the statement that, "the poor are invisible," politically, for the reason that they do not belong to traditional organizations with power such as labor unions, because they are unemployed. Thus they have no way of using the steady pressure that characterizes the activities of successful pressure groups in Washington.

purposes. Many are illiterate and thus unable to write to their congressman. Their very illness, isolation, and depression turns them away from politics as a means of salvation. Thus OEO, or any other organization attempting to help the poor (and there is seemingly no argument over the moral worthiness of this goal) will have self-defeating problems. Even though one can mobilize some of the poor by giving them a voice in local group discussion, the actual base of support for OEO is small and relatively ineffective.

The most visible demonstrations against poverty have been inextricably connected with problems of racial discrimination, as in the 1963 March on Washington and the 1968 Poor Peoples' Campaign. These demonstrations, however, have been sporadic, largely unrelated to OEO programs, and have carried with them the additional hazard of creating a serious reaction to all antipoverty efforts. The demonstrations have concentrated on obtaining "here and now" benefits such as additional food and jobs for the indigent. There has been violence, and the most recent demonstrations, which have included demands for "reparations" for abuses from established churches, have inspired fear on the part of many citizens, who might otherwise be in sympathy with the legitimate goals of poor people.

The fact that OEO has been compelled to work with such a clientele and to include them in its operations has

meant that it has not always been able to present a model of efficient and honest administration to Congress. This has hurt it in dealing with legislators.

As has been previously indicated,⁵ OEO's critics have faulted it chiefly for its slipshod management practices. They point to duplication of effort that they consider wasteful. For instance, Mrs. Edith Green, Congresswoman from Oregon, pointed out that in Pittsburgh a year of HEADSTART cost 580 dollars, while a year of a similar program, funded under the rubrics of the Elementary Education Act costs but 250 dollars.⁶ HEADSTART costs for the same type of program have been far from uniform. Other critics have suggested that OEO was established for the sole purpose of gaining support in the 1964 elections.⁷ The facts seem to indicate that OEO was established to operate by delegation and in doing so serve as a goad to other agencies.⁸ Nevertheless, there has been wide dispersion of antipoverty effort within the federal government, and it has not all been desirable.

⁵See again Chapter Four, note 33.

⁶Hearings, Education and Labor, p. 2749.

⁷"Congress and The Johnson Antipoverty Program," Congressional Digest, March 1966, Vol. 45, p. 89.

⁸Levine, "Program Budgeting For An InterAgency Program," p. 4. And also Review of Economic Opportunity Programs, p. 17.

A great amount of this dispersion has been caused by the fact that there has never been clear agreement about whether OEO was to be an operating agency, with power to fund programs directly or merely a coordinating agency with slight fiscal power.⁹ In arriving at a structure for OEO, a compromise was reached. The responsibility for some programs was vested in old established agencies such as the Department of Labor, with the expertise and personnel to operate effectively in a given area. Other programs, such as the more visible HEADSTART and JOB CORPS were left in OEO to give it financial leverage.¹⁰

The dispersion of antipoverty efforts has been accomplished in a number of ways. The original Economic Opportunity Act, for instance, called for OEO to operate a Work/Study program so that needy college students could continue their education. The 1965 Higher Education Act, signed into law shortly thereafter, transferred this responsibility to the Office of Education in The Department of Health, Education and Welfare.¹¹

A more common practice, however, has been to delegate

⁹Ben Seligman, "Poverty and Power," in Aspects of Poverty ed. by Ben Seligman (New York: Crowell, 1968), p. 298.

¹⁰Ibid.

¹¹An Act to Provide an Improved Economic Opportunity Act, p. 20.

the responsibility for program operation to other agencies. In this fashion, OEO, recognizing that it has neither the talent nor the personnel required to conduct a given program, transfers the operational responsibility for it to a pre-existing organ of national, state or local government. This means that the delegate agency, such as the Department of Labor or the Richmond Public School System, will conduct a program and make evaluations jointly with OEO.¹² The agency will receive a transfer of funds from OEO and, as is the case with CEP, contract with a local business man to operate the program. The CAA in the area will usually establish a policy advisory group to maintain some control over the venture.¹³

The evidence about the delegation of programs for fiscal 1968 indicates that a total of 1.771.1 billion dollars was appropriated to OEO, and that of this, 545.6 million dollars was spent in programs outside OEO. Should we assume that funding levels remain constant, the total dollar amount to be administered by agencies outside OEO will increase by nearly 600 million dollars, when HEADSTART and JOB CORPS are transferred to The Department of Health, Education and Welfare and the Department of Labor

¹²Hearings, Appropriations, p. 123.

¹³Interview, Chiles.

respectively.¹⁴

At both the national and the local levels, the dispersion of funding authority and operational responsibility has proven troublesome and fascinating. In certain cases, administrators do not know the source of their funding¹⁵ for ongoing programs. The local leader learns, too, that there is more than one way to attain a desired objective. The RCAP assistant director observed that during the 1969 Prefunding Review, the need and enthusiasm for a legal services component for RCAP was demonstrated. The agency was told, however, that there was "no money" for such a venture. However, several months later, after a telephone call from Washington, the agency applied for a CEP, a prominent feature of which will be a legal services branch.¹⁶ What we confront is an agency that has administratively been given the responsibility for overcoming a social problem of spectacular proportions, but has never been given the power to carry out its responsibilities. Given the broad fragmentation of funding authority, one might very well ask who is really in charge of OEO operations.

There is the closely related problem of honesty of

¹⁴Review of Economic Opportunity Programs, p. 26.

¹⁵Hearings, Appropriations, p. 143.

¹⁶Interview, Chiles.

operations with which OEO must deal. There have been highly visible administrative "foul-ups" that have involved criminal acts, associated with OEO operations. The most notorious has been the affair in which the OEO funded an experimental program in which "classes" were "taught" by members of the Blackstone Rangers, a juvenile gang. However, these are isolated and OEO leaders have been quick to accept full responsibility for them. They do not so much show the criminal element in OEO as they show the problems of a group who must deal at "arms length" with local communities, on problems with a broadly-connected theme, anti-poverty. Moreover, such an incident tells us little about the problem of demonstrating ordinary effectiveness of a governmental agency, the crucial problem under discussion here.¹⁷

The most serious problem faced by OEO, or any other agency dealing with this problem, would be to document its usefulness, its raison d'etre on the Washington scene. Here, the observer should consider some of the reasons commonly cited for the establishment of OEO. Here also

¹⁷Hearings, Appropriations, p. 38. Here the remarks of Congressman Natcher are pertinent. He said to Acting Director Bertrand Harding, "As the new Director of this organization, if you will pull this program together, convince the people in this country that you are spending the money right /sic/ and producing results, you will have no trouble with this committee and you will have no trouble with congress."

one must be exceedingly careful. For citizens can commonly agree on the moral necessity for "doing something about the poor," but they are not in agreement about "what" to do, how it should be done, or what in fact has been accomplished.

A common argument to support the forming of OEO is that by establishing such a new agency, "fresh approaches" to the operation of social resource development programs would develop. Specific evidence to demonstrate that OEO has met this goal is hard to establish. The Headmaster of Mount Hermon School, where an OEO UPWARD BOUND program designed to prepare poor children for campus life was established, was asked this precise question, in Education and Labor hearings. Could a child get more from UPWARD BOUND or from a similar program established by the Department of Health, Education and Welfare? His answer was, "I don't think I should comment, because I don't know."¹⁸ At a later point, however, he complimented OEO on its "fresh approaches"¹⁹ to social problems.

Another contention has been that older welfare programs were not only inefficient, but that in doing a poor job they tended to stigmatize citizens as shiftless and no-good. OEO programs, it was said, would give a hand up and not a hand out, and in so doing would help people maintain their self-respect. It is difficult to tell whether this end has come

¹⁸Hearings, Education and Labor, p. 1786.

¹⁹Hearings, Education and Labor, p. 1787.

about in precisely the manner envisaged by OEO planners. In asking about the fiscal 1969 appropriations for the Concentrated Employment Programs (CEPS), Representative Bob Casey of Texas cited the experience of a woman in his district who needed on-the-job training in order to get a job. She fell outside the "target area" of the CEP, and she was rapidly losing hope. Who should he see, asked Casey, to discover, "just what is going on in the Houston, Texas area," so that he could help this lady?²⁰

A final related problem with earlier programs is that clients formerly felt that the social worker was in her office just to see that forms were properly filled out, and that she had nothing to do with the level of aid given to the client.²¹ Treatment of this sort is implicit in the complaints of CAA officials whose applications for programs have been turned down. Prior to the use of the Grant Application Process, no reasons were given. Today's explanation that there is no money does little to counter the effects of hopes that have been needlessly raised.²²

Essentially, there are a number of reasons that PPBS cannot be of more than limited utility in helping the

²⁰Hearings, Appropriations, p. 146.

²¹Scott Briar, "Race Poverty and the Law," in Aspects of Poverty ed. by Ben Seligman (New York: Crowell, 1968), p. 228.

²²Hearings, Education and Labor, p. 1699.

OEO Bureau leader find his way in the maze of political dealings in which he is, of necessity, placed. First, there is difficulty in obtaining trained operating personnel, a problem partially solved by sending management teams throughout the country in the manner earlier suggested.

A more important consideration, however, is the emphasis on quantitative information and the small guidance that it gives in such an area. RCAP's assistant director confessed to wry relief when his MIS report for the program year 1968 showed that 10,000 individuals had been contacted.²³ But this showed little about how many people had moved across the poverty line as the result of RCAP's work.

This is for the good reason that such information does not, and cannot, exist. The County and City Data Book, a supplement to the Census that is updated only every ten years, shows that in 1960, 5156 families, or 24.3 percent of the total Richmond families had incomes of less than 3000 dollars.²⁴ No further information is available, and even if it were, there would be no way to attribute moving across the poverty line to the activities of any one agency. Thus the Richmond News-Leader could, as it did on

²³Interview, Chiles.

²⁴U.S., Department of Commerce, Bureau of the Census, County and City Data Book (Washington: Government Printing Office, 1967), p. 555.

May 8, 1969, ask, "what has it accomplished to date--really accomplished?"²⁵ This is a hard question to answer, and this is confirmed by OEO officials, who in 1969 appropriations hearings, asked for three million dollars to have a "one-to-one" study of "what happens" to JOB CORPS graduates.²⁶ The General Accounting Office (GAO), in its study of OEO operations, put the whole situation quite well holding,

. . . the methods of evaluating social programs such as these and the indicators of progress are not well-developed or understood. . . as the scope of government activity broadens and the complexity of programs increases, the Congress is confronted with the necessity of appraising accomplishments that cannot be measured in terms of dollars expended.²⁷

In making this statement, GAO clarifies the issue to which citizens have given too little consideration; if we are to engage in a social resource development program, we must be more willing to accept the problems of clientele, efficiency and reputation with which OEO has been confronted. In short, we must learn to "live with" the uncertainty inherent in the War on Poverty and, even if we were to discover that OEO operations were not "cost-effective," it would not detract from the moral necessity for solution of this diverse and urgent social problem.

²⁵Editorial, The Richmond News-Leader, May 8, 1969.

²⁶Hearings, Appropriations, p. 167.

²⁷Review of Economic Opportunity Programs, p. 2.

CHAPTER VI

A FEW FINAL WORDS

In this essay, the subject under discussion has been the application of a "rational" resource allocation method to the planning and execution of a social resource development agency of the Federal Government.

Unfortunately, this type of budgeting, which many have considered superior to either the line item approach or the incremental approach, is not invulnerable. The claim for its accuracy in predicting benefits cannot be sustained, because there are practical and theoretical difficulties in determining the incidence of benefit, even should we be able to agree on goals to be sought. This is particularly true in an OEO program where the benefits must have some current relevancy, but are also to be considered in terms of long-range effects. Recent overruns in the Defense Department procurement activities indicate that difficulties with program budgeting are widespread.

The redeeming virtue of PPBS is not that it can demonstrate results, but that it can help us to gain clarity about the problems we face. With PPBS, the uncertainty inherent in government programs will not go away, but we are forced to consider the broad goals of given

policies and programs and to make relevant comparisons with other possible courses of action. In the end, however, we must realize, and accept, the fact that every budget is an act of political faith. What we can ask is that with the antipoverty program, we accept the risks involved in this unprecedented, unique and urgently required effort. This will require an act of political faith on our part, for no system of budgeting will be able to demonstrate conclusive results in an area so complex and difficult as that involved in the elimination of poverty in America.

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- Mr. Harry J. Halley, Assistant Director of Office of Economic Opportunity Research, Plans, Programming and Evaluation, Interview held in Washington, D.C., September and October 1968.
- Mr. John Howley, Deputy District Director, Mid Atlantic Region Office of Economic Opportunity, Interview held in Washington, D.C., October, 1968.
- Mr. Paul Royston, Assistant Administrator for Community Action Programs, Office of Economic Opportunity, Interview held in Washington, D.C., October, 1968.
- Mr. Frank Rupp, Management Information Specialist, Office of Economic Opportunity, Interview held in Washington, D.C., October, 1968.