

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

WEST CENTRAL MISSOURI RURAL )  
DEVELOPMENT CORPORATION )  
Box 125 )  
Appleton, City, Missouri 64724 )  
 )  
P. O. Box 1251 )  
Lexington, Kentucky 40507 )  
 )  
113 East 8th Street )  
Horton, Kansas 66439 )  
 )  
ACTION FOR BOSTON COMMUNITY )  
DEVELOPMENT, INC. )  
150 Tremont Street )  
02111 )  
 )  
On their own behalf and )  
on behalf of all others )  
similarly situated, )  
 )  
Plaintiffs, )  
 )  
v. )  
 )  
HOWARD PHILLIPS, Individually ) and as Acting  
Director, Office ) of Economic Opportunity, )  
 )  
1200 19th Street, N.W. )  
Washington, D. C. 20036 )  
 )  
Defendant. )

COMPLAINT

(For Declaratory Judgment  
and Injunctive Relief)

Preliminary Statement



This is a class action brought by and on behalf of all Community Action Agencies against Howard Phillips, Acting

Director of the U. S. Office of Economic Opportunity ("OEO"). As more fully alleged below, defendant Phillips, in clear violation of the law, has deliberately and arbitrarily begun to eliminate the OEO Community Action Program altogether, and to withdraw plaintiffs' official designations as Community Action Agencies, all to the severe detriment and irreparable injury of plaintiffs and the low-income community they serve.

Jurisdiction

1. The Court has jurisdiction of this action under 5 U.S.C.A. §§ 701-706 and 28 U.S.C.A. §§ 1331 and 1361.

Plaintiffs

seek a declaratory judgment and related injunctive relief pursuant

to 28 U.S.C.A. §§ 2201 and 2202 for the resolution of an actual controversy between the parties concerning the proper interpretation

and application of (a) the Economic Opportunity Act of 1964 (hereafter "the Act"), Public Law 88-452, 78 Stat. 508, 42 U.S.C.A.

§§ 2701 et seq., as amended, and (b) the Reorganization Act of 1949, 5 U.S.C.A. §§ 901 et seq., as amended, and the regulations

and instructions promulgated in implementation of these statutes.

The matter in controversy exceeds the sum or value of \$10,000, exclusive of interest and costs. The plaintiffs also seek judicial review of the defendant's action pursuant to 5 U.S.C.A. §§ 701-706.

Parties

Plaintiff West Central Missouri Rural Development Corporation is a Missouri not-for-profit corporation. It is the only local agency providing services to low-income people in a nine-county area of rural Missouri. Plaintiff has been formally designated a community action agency (hereafter "CAA") by the

county judges in all nine of the counties it serves, namely Cass, Bates, Vernon, Cedar, St. Clair, Henry, Johnson, Benton, and Morgan Counties. This designation is open-ended, subject to termination by the county judges. The designation has been approved by the Governor of Missouri and was formally recognized by the Director of OEO until January 29, 1973, when defendant Phillips instructed all CAA's that their designations had been rescinded. Through its nine neighborhood opportunity centers and its approximately 40 senior citizen centers, plaintiff provides health services, low interest credit, job referrals and other services to poor persons residing in a 6,500-square mile area. Most of the agency's \$1.7 million budget is financed by federal funds provided under the Act.

## 2. Plaintiff Community Action Lexington-Fayette

County, Inc. (CALF) is a Kentucky non-profit corporation designated as a community action agency in 1968 by formal motion of the Fayette County Fiscal Court, and by formal resolution of the Board of Commissioners of the city of Lexington. The designation was approved by the Governor of Kentucky, and was officially recognized by the Director of OEO on February 3, 1969. On January 29, 1973, defendant Phillips instructed CALF, along with 11 other CAA's, that their designations had been rescinded. CALF provides manpower training services, pre-school programs, youth programs, and referral and other services to five inner city and fifteen rural poverty areas, reaching 20% of the population of Lexington County and Fayette County, Kentucky. More than \$1.27 Million of CALF's \$1.8 million budget is financed by OEO funds.

5. Plaintiff Northeast Kansas Community Action Program (NEK-CAP) is a Kansas not-for-profit corporation serving poorpersons residing in the city of Atchison and four predominantly

rural counties -- Brown, Doniphan, Jackson, and Nemaka. Plaintiff has been formally designated a community action agency by the City Council of Atchison and by the County Commissioners of all the counties served, and this designation has been approved by the Governor of Kansas. NEK-CAP has been formally recognized by the Director of OEO as the designated CAA for its area until January 29, 1973, when defendant Phillips instructed all CAA's that their designations had been rescinded. NEK-CAP operates

eight community centers and five Head Start centers, with an annual budget of approximately \$600,000 and a 74-member staff. In addition, it administers manpower training and job development services

a range of economic development activities, pre-school education and summer job programs for youth, and health and nutritional service. NEK-CAP is the only agency in these rural areas of Kansas providing a broad range of social services for poor people.

1. Plaintiff Action for Boston Community Development, Inc. (ABCD) is a not-for-profit Massachusetts corporation, created in 1962. In 1965 the Boston City Council passed a formal resolution designating ABCD as a community action agency. This designation was renewed annually until an open-ended designation was granted in November, 1969, effective "until suchtime as the Boston City Council and Mayor shall decide otherwise." This designation has been approved by the Governor of Massachusetts and was formally recognized by the Director of OEO until January 29, 1973, when defendant Phillips instructed all CAA's that their designations had been rescinded. ABCD, operating with an approximately \$19 million annual budget, provides job training and placement services, pre-school programs, community health services and related health programs, a legal services program, and numerous other services to low-income persons



residing in Boston. Through its network of eleven Area Planning Action Councils operating neighborhood employment and service centers, ABCD reaches out to approximately two-thirds of the city of Boston, an area covering 75% of the city's population.

2. Plaintiffs bring this action pursuant to Rule 23, Federal Rules of Civil Procedure, on behalf of themselves and all others similarly situated. Plaintiffs represent the class comprised of all OEO community action agencies whose "designation" as such (pursuant to § 210 of the Act, 42 U.S.C.A. § 2790) was purportedly rescinded on January 29, 1973, by instruction of defendant Phillips (Exhibit A). The class that plaintiffs represent is comprised of approximately 930 agencies. It is so numerous that joinder of all members is impracticable; questions of law or fact are common to the class; plaintiffs' claims are typical of the claims of the class; and, plaintiffs will fairly and adequately protect the interests of the class. The defendant has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the class as a whole. The questions of law or fact common to the members of the class predominate over any questions affecting only individual members, and a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

3. Defendant Phillips is the Acting Director of OEO, charged with administration of the Act pursuant to 42 U.S.C.A.

§§ 2941-2942. Defendant Phillips is the federal official responsible for recognizing the designations of all community action agencies and administering all community action programs under Title II, § 221 of the Act, 42 U.S.C.A. § 2808. Commencing January 29, 1973, defendant Phillips issued the instructions which



give rise to this action, as more fully discussed in paragraphs 19-23 below.

COUNT I

4. On August 20, 1964, the Economic Opportunity Act was signed into law. The Act launched a national commitment "to eliminate the paradox of poverty in the midst of plenty in this nation." 42 U.S.C.A. § 2701. At the heart of Congress' plan to carry out this commitment are the local community action agencies, created and funded under Title II of the Act, 42 U.S.C.A. §§ 2781-2837.

5. A community action agency can be a state, a political subdivision of a state, a combination of such political subdivisions, or a public or private non-profit agency formally "designated" for this purpose by the state (or by an appropriate political subdivision or combination of subdivisions). 42 U.S.C.A. § 2790. The designation of a CAA becomes official, for purposes of receiving funds and administering programs, when recognized by the Director of OEO. 42 U.S.C.A. § 2790.

6. The CAA is broadly representative of the community. Whether the CAA is a state, a political subdivision, or a non-profit agency, the CAA's programs must be administered by a "community action board" whose structure is defined by statute. 42 U.S.C.A. § 2791. One-third of the board must be comprised of elected public officials or their representatives; at least

one-third shall consist of democratically selected representatives of the poor in the area served by the CAA; and the remainder shall be drawn from business, industry, labor, religious, welfare, education, or other major groups in the community. 42 U.S.C.A. § 2791. CAA's

regularly employ large numbers of low-income persons

in the community. In its report on the Economic Opportunity Amendments of 1972, the House Committee on Education and Labor endorsed the statement that "[t]his unique and successful effort in citizen participation is the heart of the OEO anti-poverty program." H.R. Rep. No. 92-815, Feb. 4, 1972, 92nd Cong., 2nd Sess. 10.

7. Central to the purpose of the Act, therefore, is the opportunity given these broadly based CAA's to determine their own local priorities for the antipoverty effort; to design a responsive, coordinated community action program; and to apply for funds to implement their own unique approach. Section 221 of the Act (42 U.S.C.A. § 2808) is the key provision setting forth this community action concept. CAA's regularly apply for and receive

§ 221 funds (commonly called "local initiative funds") to implement a variety of program components. These components are typically administered through a network of neighborhood centers, such as those described above for the individual plaintiffs.

These neighborhood-based programs are directed, for example, toward fostering employment, education, adequate housing, family planning, prevention of narcotics addiction and alcoholism, and greater participation for lower income citizens in community affairs.

13. CAA's are also authorized to apply for funds appro-

priated under other sections of the

Act. For example, under

Title II, § 222 (42 U.S.C.A. § 2809), CAA's regularly receive financial assistance from OEO for "special programs" such as legal services to the poor, comprehensive health services, and rural housing development and rehabilitation assistance. CAA's also administer programs under the Act funded by federal agencies other

than OEO. Pursuant to Title II, § 222 of the Act, CAA's commonlyreceive funds from the U. S. Department of Health, Education, and

Welfare (HEW) to implement comprehensive "Head Start" and "Follow Through" programs for pre-school and elementary-school children.

Similarly, under Title I of the Act (42 U.S.C.A. §§ 2711-2771) CAA's regularly receive grants and contracts from the U. S. Department of Labor (DOL) for numerous work-training and employment programs, such as the Concentrated Employment program, Neighborhood Youth Corps, Public Service Careers program, and the rural program known as Operation Mainstream.

1. These other Title I and Title II programs are incorporated into or closely coordinated with the network of neighborhood centers where the § 221 community action programs operate. Normally, in fact, these other Title I and Title II projects cannot survive on their own; they are dependent upon the basic neighborhood center network and CAA administrative structure funded under § 221. If the CAA's lose their § 221 funds, these other Title I and Title II projects cannot effectively continue.

2. As part of the foregoing administrative and funding structure, the individual plaintiffs are currently administering the following grants and contracts under the Act:

West Central Mo. Rural Dev. Corp.	\$ 0.5 million	OEO funds
	\$ 1.0 million	Other funds (e.g., HEW, DOL)
CALF	\$ 0.5 million	OEO funds
	\$ 1.4 million	Other funds
NEK-CAP	\$ 0.2 million	OEO funds

	\$ 0.4 million	Other funds
ABCD	\$ 4.6 million	OEO funds
	\$14.1 million	Other funds

3. Since 1964, Congress has repeatedly demonstrated its support for the work of the neighborhood-based CAA's under Titles I and II. In the Economic Opportunity Amendments of 1969, Pub. L. No. 91-177, 83 Stat. 827, Congress for the first time narrowed the authority of the Director by specifically earmarking funds to protect and assure financial support for § 221 community action programs. Section 102(b) of the 1969 Amendments ordered Director of OEO to "reserve and make available" for each of fiscal years 1970 and 1971 "not less than \$328,900,000 for the purpose of local initiative programs authorized under Section 221 of the Economic Opportunity Act of 1964. . . ." In 1971, Congress went even further in its support for both the community action concept and the administrative role of OEO in implementing such programs. Congress enacted a bill which not only continued to earmark funds for § 221 programs but, for the first time, specifically ordered the Director of OEO not to delegate his responsibilities under § 221 to any other agency. The legislation also earmarked funds for other programs under the Act. The President, however, vetoed the bill. Thereafter, Congress dropped many of the provisions earmarking funds for various other programs under the Act, but reenacted the provisions earmarking funds under § 221 and forbidding the Director of OEO to delegate his functions under § 221. Congress also enacted a provision extending all Title I programs through June 30, 1975. This time the President approved the bill, with its special protection for § 221 programs,

and signed into law the Economic Opportunity Amendments of 1972,

Pub. L. No. 92-424, 86 Stat. 688, September 19, 1972 (the "1972 Amendments").

17. More particularly, § 2(a) of the 1972 Amendments amended Title II, § 245 of the Act (42 U.S.C.A. § 2837) to read in pertinent part as follows:

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The Director [of OEO] shall carry out the programs provided for in this title [II] during the fiscal year ending June 30, 1967 and the eight succeeding fiscal years.  
(Emphasis added.)

Moreover, § 28 of the 1972 Amendments provides:

Notwithstanding the provisions of section 602(d) of the Economic Opportunity Act of 1964, the Director of the Office of Economic Opportunity shall not delegate his functions under section 221 and title VII of such act to any other agency. (Emphasis added.)

Finally, as in 1969, the 1972 Amendments ordered the Director of OEO to spend no less than \$328,900,000 for § 221 community action programs in each of the fiscal years ending June 30, 1973, and June 30, 1974. Section 3(c) (2) of the 1972 Amendments provides:

Notwithstanding any other provision of law, unless expressly in limitation of the provisions of this section, of the amounts appropriated pursuant to paragraph (1) of this subsection for the fiscal year ending June 30, 1973, and for the succeeding fiscal year, the Director of the Office of Economic Opportunity shall for each such fiscal year reserve and make available not less than

\$328,900,000 for programs under section 221 of  
The Economic Opportunity Act of 1964 and not  
less than \$71,500,000 for Legal Services  
programs under section 222(a) (3) of such Act.  
(Emphasis added.)

1. On October 31, 1972, Congress passed, and the President signed, an OEO appropriation for fiscal 1973 totaling \$790,200,000, far in excess of the \$328,900,000 required for § 221 programs. Pub. L. No. 92-607, 86 Stat. 1498.

In defiance of his obligations under the Act, defendant Phillips has deliberately and unlawfully issued, and continues to issue, instructions resulting in the withholding of § 221 funds for fiscal 1973, abolish § 221 programs altogether after June 30, 1973, and put all CAA's completely out of business as soon as possible. To these ends defendant Phillips issued an instruction on January 29, 1973, entitled "Termination of Section 221 Funding" {Exhibit A), to all CAA Board Chairmen and

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Executive Directors, all CAA's, and all other grantees funded under § 221 of the Act. This instruction requires and provides, inter alia, that:

(a) All CAA's due for § 221 refunding prior to June 30, 1973, may receive only "phase-out grants"; all CAA's

due for refunding after June 30, 1973, "will not receive additional phase-out grants, and should start promptly to adjust their affairs so as to close down all activities supported with

section 221 funds prior to expenditure of currently available funds"; and no § 221 grants will be made in fiscal 1974.

(Emphasis added.)

(a) CAA's must arrange for disposition of all their property, liquidation of all outstanding loans, and conversion of employee group insurance to individual policies.

(b) "Cessation of Section 221 funding rescinds your designation as a community action agency under the authority of Title II of the Economic Opportunity Act, as amended." Defendant Phillips declared "not applicable" the notice and hearing procedures for termination of CAA designation and funding. 45 C.F.R. §§ 1067.1-1067.2.

(d) Formal dissolution of the CAA must be considered "where the grantee does not remain in existence to carry out other activities."

2. Defendant Phillips' instruction of January 29, 1973, also contained excerpts from the President's Budget Message for Fiscal Year 1974, indicating plans for complete abolition of OEO effective June 30, 1973, after which the agency would have no functions, funds, or personnel whatsoever.

In the first paragraph of the January 29, 1973, instruction, defendant Phillips warned that "supplemental guidance



will be provided shortly regarding programs funded by regional offices and OEO headquarters under other Sections of the Act." (Emphasis added.) Defendant thus made absolutely clear, especially in light of the President's Budget Message, that if any CAA were not forced into immediate liquidation by the cutoff of

§ 221 funds alone, the CAA should undoubtedly expect instructions very soon terminating § 222 and other funds, with the inevitable result of destroying the CAA.

22. Defendant Phillips' instruction of January 29, 1973 took effect immediately, thus purporting automatically to rescind plaintiffs' designation as CAA's and requiring plaintiffs to begin promptly to terminate their community action programs.

Defendant Phillips did not give 30-days' notice through publication in the Federal Register, as required by § 22 of the 1972 Amendments creating a new § 623 of the Act:

Sec. 623. All rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this Act shall be published in the Federal Register at least thirty days prior to their effective date. (Emphasis added.)

23. Since the January 29, 1973 instructions defendant Phillips has issued further instructions, without publication in the Federal Register, intended to cripple CAA's and their programs.

On February 15, 1973 he issued an instruction (Exhibit B) to all CAA Board Chairmen and Executive Directors, all CAA's, and all

other grantees funded under § 221 stating "that there will be no further travel using OEO funds without the prior approval of the Acting Director himself or his designee." He has also issued an instruction (Exhibit C) limiting grants to one-month funding periods, an administrative system under which it is impossible for the CAA's to continue to function effectively.

24. As a direct result of defendant Phillips' unlawful action, the individual plaintiffs and the class they represent have already suffered immediate and irreparable injury:

(a) West Central Missouri Rural Development Corporation t-- Staff members are seeking employment elsewhere; businessmen in the community who generally agree to sign on-the-job training contracts with the agency are refusing to do so because of the uncertainty of its existence; the low-income credit union administered by the agency under an OEO § 221 grant is curtailing its activities; the agency is unable to commit funds for leases, for its local neighborhood opportunity centers, for the repair of vehicles used to transport the elderly to medical appointments, and for other purposes. The agency anticipates that it will have to lay off substantial numbers of staff personnel in June, 1973, and go out of business in August, 1973.

(b) CALF -- The withdrawal of § 221 funds will soon collapse the local network of neighborhood offices. This will greatly impede CALF's capability to administer poverty programs funded through other grants and contracts authorized under the Act. Although OEO approved a § 221 grant to CALF on December 1, 1972 for the program year ending November 30, 1973, OEO has released no funds to CALF since the issuance of defendant's January 29, 1973 instructions, and CALF has been forced to exist solely on the overhead from its HEW Head Start grant. CALF staff members have already begun to look for jobs elsewhere, and community resources upon which the agency normally relies are unwilling to make contractual or other commitments because of the uncertainty of the agency's continued existence.

(c) NEK-CAP -- On March 31, 1973 NEK-CAP's current grant for § 221 local initiative and related OEO programs will

terminate. Although a new grant proposal has been submitted to OEO, it is not being acted upon in the normal course, and NEK-CAP

has received no notice as to its disposition. Non-renewal of NEK-CAP's OEO grant, or a substantial reduction in funding, will terminate or drastically curtail the operations of NEK-CAP's community centers and all activities related to them, such as job

banks, food-buying clubs, and senior citizen programs. In addition, if NEK-CAP is deprived of administrative funds by termination of its § 221 grant, its ability to administer funds by HEW and DOL, such as Head Start and manpower programs, will be seriously impaired if not destroyed. NEK-CAP staff members are already beginning to seek new employment, and the agency is now finding it extremely difficult to carry out its activities.

(c) ABCD -- Before the January 29, 1973 instruction, ABCD was operating under a grant commitment from OEO of \$3.6 million for § 221 local initiative programs. Although the term of this grant extends through August 31, 1973, its present funding under the grant has been interrupted by defendant's actions, causing serious dislocations in the agency. The possibility of its future renewal has been categorically denied by OEO. The denial of these funds will collapse ABCD's local network of neighborhood service centers and the special programs that it operates for youth and the elderly.

1. Plaintiffs and the class they represent also have been severely and immediately injured by defendant Phillips' attempt to rescind their official designations as CAA's. As set forth in paragraphs 13-15 above, CAA's (including the individual plaintiffs) administer programs authorized by the Act but funded

by federal departments other than OEO, such as Head Start under HEW and the Concentrated Employment program under DOL. In

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administering such programs under the Act, these other federal departments are required by agreements with OEO to contract with the local CAA's unless they are found, on an individual basis, to be incapable of carrying out the programs. (DOL Manpower Administration Order No. 12-68, Oct. 9, 1968; OEO-DOL Delegation Memorandum of Agreement, April 12, 1968; OEO-HEW Head Start Memorandum of Understanding, July 1, 1969.) If plaintiffs lose their official designations as CAA's, they lose their status as automatic grantees of HEW, DOL, and other programs under the Act, subject to rejection only on an individual basis for cause. Plaintiffs' grants and contracts from HEW, DOL, and other sources are therefore in great jeopardy, in the absence of a CAA designation.

26. Plaintiffs and the class they represent have

suf-fered, continue to suffer, and will in the future suffer immediate, serious, and irreparable injury by reason of the failure and refusal of defendant to obey the provisions of the Act mandating

the continuance of § 221 programs. Plaintiffs have no adequate remedy at law. Unless this Court immediately restrains the actions of defendant and his agents, employees, successors in office, and all those acting in concert or participation with them, the unlawful termination of § 221 programs will be accomplished and the plaintiff CAA's destroyed; plaintiffs and the class

they represent -- and the low-income community they serve -- will be deprived irretrievably of the benefits intended by Congress under the Economic Opportunity Act of 1964, as amended; and they will otherwise continue to suffer immediate, serious, and irre-parable harm.

COUNT II

27. Plaintiffs reallege, and incorporate herein by reference paragraphs 9-26.

28. The President of the United States, in his Budget

Message to Congress for fiscal 1974, has requested no funds for the Office of Economic Opportunity. (See Exhibits A and D.) He has scheduled all programs currently administered by OEO either for termination or for transfer to other agencies, namely HEW, DOL, the Office of Minority Business Enterprise, an independent

legal services corporation, the General Services Administration, and the states and localities under special revenue sharing proposals. The instructions, communications, and actions of defendant Phillips also manifest an undeniable plan to shut down OEO completely by June 30, 1973, without any remaining programs, functions, or personnel whatsoever.

29. This announced shutdown of OEO, coupled with defendant's plan to terminate or transfer all its programs, functions, and authorities, amounts to a fundamental change in the agency's organization, in violation of the Reorganization Act of 1949, 5 U.S.C.A. §§ 901 et seq., as amended. That statute

forbids the proposed abolition of OEO, including the § 221 Community Action Program, unless and until a reorganization plan is transmitted to Congress. No such reorganization plan can become effective until at least "the end of the first period of

60 calendar days of continuous session of Congress after the date

on which the plan is transmitted. . . ." 5 U.S.C.A. § 906. Either House of Congress may reject the plan by passing a resolution to that effect within the 60-day period.



1. No such reorganization plan authorizing defendant Phillips' actions, as alleged herein, has been transmitted to Congress.

2. The Economic Opportunity Act itself makes clear and requires that any total transfer (including the abolition) of OEO or its functions must comply with the reorganization statute. 42 U.S.C.A. § 2941(b). While the Act does envision delegations of some OEO functions without the necessity of a reorganization plan, 42 U.S.C.A. § 2942(d), § 28 of the 1972 Amendments expressly forbids the Director of OEO to delegate to any other agency his functions under § 221 of the Act. Thus, any reorganization or delegation of OEO authority totally eliminating OEO as a functioning entity, and/or abolishing § 221 programs altogether, cannot become effective without submission of a reorganization plan and subsequent Congressional approval.

3. Plaintiffs and the class they represent have suffered, continue to suffer, and will in the future suffer immediate, serious, and irreparable injury by reason of the defendant's wilful violation of the executive reorganization statute. They have no adequate remedy at law. Unless this Court immediately restrains the actions of defendant and his agents, employees, successors in office, and all those acting in concert or participation with them, plaintiffs and the class they represent -- and the low income community they serve -- will be deprived irretrievably of the benefits intended by Congress under the Economic Opportunity Act of 1964, as amended; and they will otherwise continue to suffer immediate, serious, and irreparable harm.

WHEREFORE, plaintiffs pray under Counts I and II that this Court grant declaratory, injunctive, and other relief as follows:

Relief

A. Issue an order pursuant to Rule 23 (c), Federal Rules of Civil Procedure, certifying this case as a class action.

B. Enter a declaratory judgment pursuant to 28 U.S.C.A. §§ 2201 and 2202 and Rule 57, Federal Rules of Civil Procedure,

(1) declaring that defendant's instruction of January 29, 1973, to community action agencies, and his related instructions and actions, are null and void, in violation of the Economic Opportunity Act of 1964, 42 U.S.C.A. §§ 2701 et seq., as amended, and the Reorganization Act of 1949, 5 U.S.C.A. §§ 901 et seq., as amended, and the regulations and instructions promulgated in implementation of these statutes, to wit: defendant's instructions and actions

(a) withholding § 221 funds in fiscal 1973, abolishing § 221 programs and funding altogether after June 30, 1973, and attempting to close down all CAA's completely as soon as possible;

(b) attempting to eliminate plaintiffs' designations as community action agencies;

(c) attempting to dismantle and abolish the § 221 Community Action Program, as well as OEO itself, effective June 30, 1973, without the preparation and submission to Congress of a reorganization plan; and

(d) refusing to follow the requisite procedural requirements for all such actions, including hearings and publication in the Federal Register; and

(2) further declaring that defendant, in issuing said instructions and taking such actions, acted beyond

the scope of his legal authority and abused his discretion under said statutes.

c. Issue preliminary and permanent injunctions:

(1) restraining defendant and his agents, employees, successors in office, and all persons acting in concert or participation with them, from enforcing defendant's instruction of January 29, 1973, and his actions in implementation thereof;

(2) restraining defendant and his agents, employees, successors in office, and all persons acting in concert or participation with them from taking any action (or failing to take any action) which will result in the loss of § 221 funds to plaintiffs and the class they represent (or the loss of other funds authorized by Congress in the Economic Opportunity Amendments of 1972 for community action agencies), except (a) for cause and after the requisite hearing in individual cases, or (b) as a result of Congressional action, through the appropriations process or otherwise, cutting off such funds;

(3) restraining defendant and his agents, employees, successors in office, and all persons acting in concert or participation with them from attempting in any other manner to

rescind the designations of plaintiffs and the class they represent as community action agencies, or otherwise impairing the plaintiffs' right to apply for and receive grants and contracts from other sources;

(1) restraining defendant and his agents,  
(2)

employees,

successors in office, and all persons acting in concert

or participation with them from taking any action which will result in the transfer of § 221 funds, or § 221 administrative functions, to other agencies, unless an appropriate reorganization

plan has been filed with Congress and Congress shall not have



noted its disapproval within the statutory 60-day period; and

(3) ordering defendant to comply in all other respects with the provisions of the Economic Opportunity Act of 1964, as amended.

A. Award plaintiffs the costs of this action, including appropriate attorney's fees.

B. Award plaintiffs such other relief as may be just and proper.

C. Retain jurisdiction of this action for such additional and supplemental relief as may be required.

HOGAN & HARTSON

By:

John M. Ferren

Allen R. Snyder

815 Connecticut Avenue, N.W.  
Washington, D. C. 20006  
Telephone (202) 298-5500

Sarah C. Carey

Harold Himmelman

National Lawyers' Committee  
for Civil Rights Under Law  
733 Fifteenth Street, N.W.  
Suite 520

Washington, D.C. 20005  
Telephone (202) 628-6700

Attorneys for Plaintiffs

February 26, 1973

VERIFICATION

District of Columbia: ss

I, , being first duly sworn on oath, depose and say that I am Executive Director of plaintiff West Central Missouri Rural Development Corporation in this action, that I have read the foregoing complaint and know the contents thereof, and that the same are true to my own knowledge.

Subscribed to and sworn before me this \_\_\_ day of , 197 .

Notary Public

My Commission expires:

I,

istrict of Columbia: ss

I, , being first duly sworn on oath, depose and say that I am Executive Director of plaintiff Community Action Lexington-Fayette County, Inc. in this action, that I have read the foregoing complaint and know the contents thereof, and that the same are true to my own knowledge.

Subscribed to and sworn before me this \_\_\_ day of , 197 .

Notary Public

My Commission expires:

District of Columbia: ss

I, , being first duly sworn on oath, depose and say that I am Chairman of the Board of plaintiff Northeast Kansas Community Action Program in this action, that I have read the foregoing complaint and know the contents thereof, and that the same are true to my own knowledge.

Subscribed to and sworn before me this \_\_\_\_ day of  
, 197 .

Notary Public

My Commission expires:

District of Columbia: ss

I, , being first duly sworn on oath, depose and say that I am Executive Director of plaintiff Action for Boston Community Development, Inc. in this action, that I have read the foregoing complaint and know the contents thereof, and that the same are true to my own knowledge.

Subscribed to and sworn before me this \_\_\_\_ day of  
, 197 .

Notary Public

My Commission expires:

PAAUIJAZ RUEVEGL0009 0322321-UUUU-RUGSGDN.

OEHQ

FM HOWARD PHILLIPS ACTING DIR NATL HEADQUARTERS OEO WASH DC  
TO ALL REGIONAL DIRECTORS

ATTN: ACKNOWLEDGEMENT OF THIS MESSAGE IS TO BE RETURNED TO  
HEADQUARTERS VIA (TWX) TO HOWARD PHILLIPS DIR OEO

SECTION 1 OF 5

DATE: JANUARY 29, 1973

REPLY TO

ATTN OF:

SUBJ: TERMINATION OF SECTION 221 FUNDING

TO: BOARD CHAIRMEN AND EXECUTIVE DIRECTORS, COMMUNITY ACTION

AGENCIES AND OTHER GRANTEES FUNDED UNDER SECTION 221 OF THE      ECONOMIC

OPPORTUNITY ACT.

THIS MEMORANDUM IS ISSUED IN ORDER TO GIVE FORMAL NOTICE OF FUNDING  
CHANGES UNDER SECTION 221 OF THE ECONOMIC OPPORTUNITY ACT.

SUPPLEMENTAL GUIDANCE WILL BE PROVIDED SHORTLY REGARDING PROGRAMS  
FUNDED BY REGIONAL OFFICES AND OEO HEADQUARTERS UNDER OTHER SECTIONS OF  
THE ACT.

A SUMMARY OF THE PROVISIONS MADE FOR OEO PORGRAMS IN THE PRESIDENT'S  
BUDGET FOR FISCAL YEAR 1974 IS ATTACHED FOR YOUR INFORMATION.

SECTION 221 FUNDS ARE AVAILABLE TO OEO, AS DESCRIBED BELOW, FOR AWARDING  
COMMUNITY ACTION SECTION 221 GRANTS DURING THE REMAINDER OF FISCAL YEAR  
1973 (ENDING JUNE 30, 1973). GRANTEES WHICH ARE SCHEDULED FOR REFUNDING  
BETWEEN NOW AND JUNE 30, 1973, AND OTHER-WISE QUALIFIED FOR FUNDING, MAY  
RECEIVE PHASE-OUT GRANTS OF UP TO SIX MONTHS.

THE FISCAL YEAR 1974 BUDGET DOES NOT PROVIDE FUNDS FOR ANY SECTION 221  
GRANTS DURING THE FISCAL YEAR BEGINNING JULY 1, 1973. GRANTEES WHOSE  
CURRENT FUNDING EXPIRES AFTER JUNE 30, 1973, WILL NOT RECEIVE ADDITIONAL  
PHASE-OUT GRANTS, AND SHOULD START PROMPTLY TO ADJUST THEIR AFFAIRS SO AS  
TO CLOSE DOWN ALL ACTITVITIES SUPPORTED WITH SECTION

221 FUNDS PRIOR TO EXPENDITURE OF CURRENTLY AVAILABLE FUNDS.

UNDER EITHER FUNDING SITUATION , DIFFICULT PROBLEMS WILL BE FACED BY  
GRANTEES. WE DESIRE TO BE AS COOPERATIVE AS POSSIBLE WITH GRANTEES IN  
PLANNING AND CARRYING OUT PHASE-DOWN ACTIVITIES.

YOUR ATTENTION SHOULD BE DIRECTED TO THE INTERESTS OF PROGRAM PERSONNEL  
AND PROGRAM BENEFICIARIES, TO PROVIDE SUCH ADVANCE NOTICE AS IS REASONABLY  
POSSIBLE. TIMING AND FORESIGHT ARE THE KEYS. PLANNING SHOULD BEGIN AT ONCE  
TO PROVIDE A SMOOTH PHASE-OUT.

THE REMAINING PERIOD OF ANY CURRENT GRANT AND ANY PHASE OUT GRANT MUST  
BE CONDUCTED WITH FULL COMPLIANCE WITH OEO INSTRUCTIONS AND IN A MANNER  
CONSISTENT WITH SOUND FISCAL AND PROPERTY MANAGEMENT.

ANY DEPARTURE FROM RESPONSIBLE MANAGEMENT NOR WILL IT PERMIT  
GRANTEE CONDUCT WHICH MIGHT JEOPARDIZE AN EFFICIENT CLOSE DOWN OF  
ACTIVITIES.

INCOME TAXES AND SOCIAL SECURITY WITHHOLDINGS MUST BE PAID. OFFICERS ADN  
DIRECTORS HAVE SPECIAL RESPONSIBILITIES TO ASSURE FULL PAYMENT OF TAXES AND  
PAYROLL DEDUCTIONS. IT IS VITAL ALSO THAT GRANTEES ASSURE THAT THEIR  
UNEMPLOYMENT INSURANCE COVERAGE IS CURRENT.

PERSONNEL SHOULD GENERALLY BE PROGRESSIVELY REDUCED IN FORCE.  
APPROPRIATE RESERVES SHOULD BE MADE FOR PAYMENT OF ALL ACCRUED LEAVE IF  
PAYABLE IN CASH AND FOR APPROPRIATE TERMINAL PAY PROVIDED  
BY APPROVED PERSONNEL POLICIES. NO INCREASE IN PAY, LEAVE OR  
TERMINAL PAY RIGHTS OR OTHER FRINGE BENEFITS SHALL BE MADE WITHOUT WRITTEN  
APPROVAL OF PERSONS AUTHORIZED BY THE DIRECTOR OF OEO.

PROVISION SHOULD BE MADE FOR TRANSFER, APPROPRIATE AND  
PERMISSIBLE, OF AUTHORIZED GROUP INSURANCE OR OTHER AUTHORIZED FRINGE

BENEFITS TO INDIVIDUAL POLICIES OR IN OTHER WAYS FOR THE PROTECTION OF THE EMPLOYEES' INTERESTS IN THE BEST POSSIBLE MANNER.  
REASONABLE ASSISTANCE IN FINDING OTHER EMPLOYMENT SHOULD BE PROVIDED TO EMPLOYEES WHO ARE TO BE TERMINATED.

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PROPERTY REGULATIONS. (SEE OEO INSTRUCTION 7001-01). THE GRANTEE SHOULD PREPARE AND SUBMIT TO OEO FOR APPROVAL A PLAN FOR THE DIS-POSITION OF ALL PROPERTY.

WHERE AUTHORIZED LOANS ARE OUTSTANDING, REASONABLE EFFORTS SHOULD TO LIQUIDATE THEM. UNLIQUIDATED LOANS SHOULD BE REPORTED TO OEO WITH RECOMMENDATIONS CONCERNING APPROPRIATE ACTION. THE GRANTEE'S INTEREST AS CREDITOR SHALL BE TRANSFERRED, WHEN OEO SO INSTRUCTS, TO AN OFFICER OR AGENCY DESIGNATED BY OEO AS TRUSTEE TO COLLECT (OR, WHEN APPROPRIATE, WHO WAIVE COLLECTION) SUCH REMAINING OUTSTANDING LOANS AND TO PAY OVER NET BALANCE COLLECTED TO OEO.

RESIDUAL GRANT FUNDS, INCLUDING NON-FEDERAL SHARE, AND FUNDS RESULTING FROM PROGRAM INCOME MAY BE APPLIED TO THE PHASE OUT ACTIVITY. THIS DOES NOT INCLUDE INTEREST EARNED BY CAA'S ON DEPOSITS OF GRANT FUNDS PRIOR TO THEIR EMPLOYMENT IN THE PROGRAM. SUCH INTEREST MUST BE RETURNED TO OEO BY CHECK MADE PAYABLE TO THE TREASURY OF THE UNITED STATES. (SEE OEO INSTRUCTION 6806-03).

PROFITS, IF ANY, RESULTING FROM AUTHORIZED CONDUCT OF PROFIT-MAKING ACTIVITIES AND ANY CAPITAL INVESTMENTS MUST BE ACCOUNTED FOR AND MAY BE APPLIED TO THE PHASE-OUT ACTIVITY. ECONOMIC DEVELOPMENT PROJECTS FUNDED UNDER SECTION 221 WILL BE REPORTED THROUGH THE REGIONAL OFFICES TO THE ASSISTANT DIRECTOR FOR OPERATIONS FOR ADVICE AS TO APPROPRIATE DISPOSITION.

BALANCE REMAINING, UPON CONCLUSION OF THE FUNDING PERIODS AS DESCRIBED ABOVE, SHOULD BE RETURNED TO THE CHECK MADE PAYABLE TO OEO ACCOMPANIED BY AN EXPLANATORY ITEMIZED STATEMENT.

ARRANGEMENT SHOULD BE MADE FOR PRESERVATION OF GRANTEE RECORDS AS REQUIRED BY OEO GRANT CONDITIONS AND INSTRUCTIONS. FURTHER GUIDANCE WILL BE PROVIDED IN THE NEAR FUTURE ON THIS.

WHERE THE GRANTEE DOES NOT REMAIN IN EXISTENCE TO CARRY OUT OTHER ACTIVITIES, LOCAL LAW SHOULD BE CONSULTED AS TO THE NECESSITY OR ADVISABILITY OF FORMAL DISSOLUTION PROCEEDINGS.

YOU WILL BE INFORMED OF OEO PERSONNEL WHO WILL BE ASSIGNED TO CARRY OUT APPLICABLE OEO CLOSE-OUT PROCEDURES AND TO ASSIST AND GUIDE YOU IN COMPLYING WITH CLOSE-OUT REQUIREMENTS. ASSISTANCE ON LEGAL QUESTIONS MAY BE OBTAINED FROM YOUR OWN ATTORNEY. REGIONAL COUNSEL AND OEO HEADQUARTERS GENERAL COUNSEL WILL BE AVAILABLE TO FURNISH APPROPRIATE ASSISTANCE. REGIONAL AND HEADQUARTERS AUDIT STAFF AND CONTROLLER'S OFFICE WILL BE AVAILABLE TO ASSIST ON FISCAL MATTERS, REGIONAL OFFICES AND APPROPRIATE HEADQUARTERS PERSONNEL WILL BE AVAILABLE TO ASSIST ON REAL AND PERSONAL PROPERTY QUESTIONS, ON PERSONNEL QUESTIONS AND OTHER PHASES OF THE CLOSE OUT ACTIVITIES.

THE ACTIONS DESCRIBED IN THIS LETTER ARE BEING TAKEN AS A RESULT OF GENERAL POLICY DECISIONS AND ARE NOT BASED ON CIRCUMSTANCES RELATED TO PARTICULAR GRANTS OR NONCOMPLIANCE WITH OEO DIRECTIVES. PROCEDURES PROVIDED FOR REFUSAL TO REFUND ON SUCH GROUNDS (45 C.F.R. 1067.2) ARE NOT APPLICABLE. THESE ACTIONS DO NOT TERMINATE OR CURTAIL ASSISTANCE PRIOR TO THE TIME THAT SUCH ASSISTANCE IS CONCLUDED BY THE

TERMS AND CONDITIONS OF THE GRANT. PROCEDURES PROVIDED FOR

SUSPENSION AND TERMINATION (45 C.F.R. 1067.1) ARE ALSO NOT APPLICABLE.

IN THE EVENT OF FAILURE BY A GRANTEE TO COMPLY WITH GRANT REQUIREMENTS, HOWEVER, OR FAILURE TO USE FEDERAL FUNDS EFFECTIVELY

AND PROPERLY, OEO MAY TAKE APPROPRIATE ACTION IN THE CASE OF THE INDIVIDUAL GRANTEE IN ACCORDANCE WITH ANY APPLICABLE PROCEDURES FOR REFUSAL TO REFUND, SUSPENSION OR TERMINATION, AS THE CASE MAY BE.

CESSATION OF SECTION 221 FUNDING RESCINDS YOUR DESIGNATION AS A COMMUNITY ACTION AGENCY UNDER THE AUTHORITY OF TITLE II OF THE ECONOMIC OPPORTUNITY ACT OF 1964, AS AMENDED. ACCORDINGLY, YOU SHOULD PROMPTLY COMMENCE DISCUSSIONS WITH OTHER FEDERAL AGENCIES FROM WHICH YOU RECEIVE FUNDING OTHER THAN SECTION 221 FUNDING UNDER THE ECONOMIC OPPORTUNITY ACT IN ORDER TO CLARIFY YOUR STATUS AS GRANTEE.

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SECTION 42 U.S.C. 2703 PROVIDES CRIMINAL SANCTIONS FOR CERTAIN MISCONDUCT. THE SECTION READS:

"(A) WHOEVER, BEING AN OFFICER, DIRECTOR, AGENT, OR EMPLOYEE OF, OR CONNECTED IN ANY CAPACITY WITH, ANY AGENCY RECEIVING FINANCIAL ASSISTANCE UNDER THE ECONOMIC OPPORTUNITY ACT OF 1964 EMBEZZLES, WILLFULLY MISAPPLIES, STEALS, OR OBTAINS BY FRAUD ANY OF THE MONEYS, FUNDS, ASSETS, OR PROPERTY WHICH ARE THE SUBJECT OF A GRANT OR CONTRACT OF ASSISTANCE PURSUANT TO THE ECONOMIC OPPORTUNITY ACT OF 1964 SHALL BE FINED NOT MORE THAN \$10,000 OR IMPRISONED FOR NOT MORE THAN TWO YEARS, OR BOTH; BUT IF THE AMOUNT SO EMBEZZLED, MISAPPLIED, STOLEN, OR OBTAINED BY FRAUD DOES NOT EXCEED \$100, HE SHALL BE FINED NOT MORE THAN \$1,000 OR IMPRISONED NOT MORE THAN ONE YEAR, OR BOTH.

"(B) WHOEVER, BY THREAT OF PROCURING DISMISSAL OF ANY PERSON FROM EMPLOYMENT OR OF REFUSAL TO EMPLOY OR REFUSAL TO RENEW A CONTRACT OF EMPLOYMENT IN CONNECTION WITH A GRANT OR CONTRACT OF ASSISTANCE UNDER THE ECONOMIC OPPORTUNITY ACT OF 1964 INDUCES ANY PERSON TO GIVE UP ANY MONEY OR THING OF ANY VALUE TO ANY PERSON (INCLUDING SUCH GRANTEE AGENCY), SHALL BE FINED NOT MORE THAN \$1,000 OR IMPRISONED NOT MORE THAN ONE YEAR, OR BOTH. "

OEO REGIONAL OFFICE STAFF AN APPROPRIATE HEADQUARTERS PERSONNEL WILL BE AVAILABLE FOR DISCUSSIONS WITH GRANTEES TO ASSIST IN ACHIEVING ORDERLY CLOSE-OUT. OEO IS CURRENTLY PREPARING A CHECK-LIST WHICH CAN HELP GRANTEES ASSURE THAT ALL ESSENTIAL MATTERS ARE ADDRESSED. THIS WILL BE SUPPLIED TO YOU IN THE NEAR FUTURE ALONG WITH A REQUIREMENT THAT INDIVIDUAL CLOSE-OUT PLANS BE SUBMITTED FOR REVIEW.

REGIONAL DIRECTOR

| ENCL: A/S

OFFICE OF ECONOMIC OPPORTUNITY PROGRAMS

IN VIEW OF THE OVERALL BUDGETARY SITUATION FACING THE PRESIDENT IN FISCAL 1974, A CAREFUL REVIEW OF ALL FEDERAL EFFORTS HAS BEEN UNDER-TAKEN. IT IS THE DESIRE OF THE ADMINISTRATION TO RETURN DECISION-MAKING AND THE RESOURCES REQUISITE TO EFFECTIVE PROGRAMMING TO ELECTED OFFICIALS AT THE LOCAL LEVEL. ENACTMENT OF AN HISTORIC GENERAL REVENUE SHARING BILL HAS ALREADY RESULTED IN \$2.6 BILLION BEING DISTRIBUTED TO STATE AND LOCAL GOVERNMENTS AND \$10.2 WILL BE DISTRIBUTED

IN THE REMAINDER OF FY 1973 AND FY 1974. IN ADDITION, THE ADMINISTRATION

IS DEVELOPING FOR RESUBMISSION TO CONGRESS A NUMBER OF BROAD SPECIAL REVENUE SHARING PROPOSALS DESIGNED TO REPLACE CUMBERSOME EXISTING CATEGORICAL PROGRAMS. PURSUANT TO THE PRESIDENT'S DESIRE TO MAKE GOVERNMENT MORE ACCOUNTABLE TO ELECTED OFFICIALS AND IN ACCORDANCE WITH THE PRESIDENT'S "NEW FEDERALISM" PROPOSALS RETURNING BOTH RESPONSIBILITY AND RESOURCES TO STATES AND LOCALITIES, NO FUNDS

WILL BE PROVIDED TO CONTINUE THE OFFICE OF ECONOMIC OPPORTUNITY AFTER JUNE 30, 1973. FUNDING UNDER SECTION 221 THE ECONOMIC OPPORTUNITY ACT FOR THE CORE COMMUNITY ACTION ACTIVITIES WILL BECOME A LOCAL OPTION BEGINNING IN FISCAL 1974, AS WILL SUPPORT FOR THE SENIOR OPPORTUNITIES AND SERVICES PROGRAM AND THE STATE ECONOMIC OPPORTUNITY OFFICES. SENIOR OPPORTUNITIES AND SERVICES PROGRAM OBJECTIVES WILL CONTINUE TO BE PURSUED FEDERALLY THROUGH THE ADMINISTRATION ON THE AGING. TRAINING AND TECHNICAL ASSISTANCE PREVIOUSLY AFFORDED THESE PROGRAMS WILL BE DISCONTINUED. OTHER PROGRAMS WILL BE CONTINUED IN FISCAL 1974 UNDER OTHER AUSPICES, AS WILL CERTAIN RESEARCH AND DEMONSTRATION EFFORTS. NEW LEGISLATION TO ESTABLISH A LEGAL SERVICES CORPORATION INDEPENDENT OF OEO WILL BE TRANSMITTED TO THE CONGRESS.

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PERSONNEL SLOTS ASSOCIATED WITH OEO PROGRAMS WHICH WILL BE ELIGIBLE FOR CONTINUATION BY OTHER AGENCIES IN FISCAL 1974 WILL BE SHIFTED TO THOSE AGENCIES ALONG WITH APPROPRIATE SUPPORT PERSONNEL CURRENTLY LOCATED IN OTHER OEO OFFICES. THE FOLLOWING TABLE LISTS THE ACTUAL AND CURRENT FUNDING FOR OEO PROGRAMS AND THEIR DISPOSITION WITHIN THE FISCAL YEAR 1974 FEDERAL BUDGET:

OFFICE OF ECONOMIC OPPORTUNITY  
(OBLIGATIONS IN MILLIONS OF DOLLARS)

PROGRAM	1972	1973	1974	1974 RESPONSIBILITY
RESEARCH, DEMONSTRATION, AND EVALUATION	45.0	66.7	78.0	VARIOUS AGENCIES
COMMUNITY ACTION				
OPERATIONS	351.0	285.3	-----	LOCAL OPTION
HEALTH AND NUTRITION	157.2	(1)165.2 146.9		DEPARTMENT OF HEALTH, EDUCATION & WELFARE
COMMUNITY ECONOMIC DEVELOPMENT	26.8	30.7	39.3	OFFICE OF MINORITY BUSINESS ENTERPRISE
MIGRANT AND SEASONAL FARM WORKERS LEGAL SERVICES GENERAL SUPPORT SPECIAL PILOT INDIAN PROGRAMS	36.5 67.7 18.2 -----	36.3 73.8 18.5 -----	40.0 71.5 ----- 32.1	DEPARTMENT OF LABOR INDEPENDENT CORPORATION DEPARTMENT OF HEALTH, EDUCATION & WELFARE
LIQUIDATION ACTIVITIES	-----	-----	33.0	GENERAL SERVICES ADMINISTRATION
	702.4	676.5		
TRANSFERS TO OTHER AGENCIES	38.3	.2		
	740.7	676.7	440.8	

(1) INCLUDES \$20 MILLION 1972 SUPPLEMENTAL AVAILABLE FOR 1973 OBLIGATION.

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FOLLOWING IS A OF THE FISCAL YEAR  
1974 PROGRAM REQUESTS FOR FORMER OEO PROGRAMS, ALONG WITH ROGRAMS  
PLANS FOR THE REMAINDER OF FISCAL YEAR 1973. IN SOME CASIS, FISCAL YEAR  
1973 PROGRAMING WILL BE ADJUSTED EFFECTIVE IMMEIDATELY IN ANTICIPATION  
OF THE FISCAL YEAR 1974 PROGRAM DECISIONS. THE CONCLUDING SECTION OF  
THIS PRESENTATION ADDRESSES OVERALL EMPLOYMENT CEILING FOR OEO FOR  
FISCAL YEAR 1973 AND LIST EMPLOYMENT ALLOCATIONS OF OTHER FEDERAL  
AGENCIES IN FISCAL YEAR 1974 FOR ACTIVITIES FORMERLY ASSOCIATED WITH  
OEO.

COMMUNITY ACTION- -LOCAL INITIATIVE PROGRAMS (SECTION 221)

EFFECTIVE IMMEDIATELY, ALL NE OEO FUNDING FOR SECTION 221 ACTIVITIES  
(EXCEPT FOR INDIAN PROGRAMS) WILL BE FOR A PERIOD NOT TO EXCEED  
DECEMBER 31, 1973, WITH NO GRANT TO RECEIVE FUNDING FOR A PERIOD GREANT

THAN 6 MONTHS. GRANTS MADE AFTER TODAY WILL INCLUDE CLOSE OUT  
NOTIFICATIONS GRANTEES PREVIOUSLY FUNDED ON AN INTERIM BASIS FOR SIX  
MONTHS MAY RECEIVE UP TO AN ADDITIONAL SIX MONTHS FUNDING PRIOR THEIR  
TERMINATION. GRANTEES ALREADY FUNDED FOR A FULL PROGRAM YEAR WILL BE  
NOTIFIED IN WRITING THAT THERI CURRENT GRANT IS A TERMINAL AWARD FROM  
OEO. NO NEW AWARDS FOR PROGRAMS PURPOSES WILL BE MADE UNDEER THIS  
AUTHORITY AFTER JUNE 30, 1973. EFFECTIVE JULY 1, 1973 FEDERAL SUPPORT  
UNDER THIS SECTION OF THE ECONOMIC OPPORTUNITY ACT WUKK CEASE.  
(FUNDING FOR INDIAN PROGRAMS OF THE OFFICE OF ECONOMIC OPPORTUNITY IS  
DISCUSSED IN A SEPARATE SECTION BELOQ).

TRAINING AND TECHNICAL ASSISTANCE

TRAINING AND TECHNICAL ASSISTANCE PROVIDED UNDER SECTION 230 OF THE  
ECONOMIC OPPORTUNITY ACT WILL BE DISCONTINUED BEFORE THE END OF THIS  
FISCAL YEAR. OBLIGATIONS FOR THIS SUPPORT ACTIVITY WILL TOTAL \$6 MILLION IN  
FISCAL YEAR 1973.

SENIOR OPPORTUNITIES AND SERVICES

THE SENIOR OPPORTUNITIES AND SERVICES PROJECTS NOW FUNDED BY OEO  
WILL RECEIVE \$8MILLION FISCAL YEAR 1973 WITH FULL TWELVE-MONTH GRNATS  
BEING AWARDED DURING THE REMAINDER OF THE YEAR. NO NEW AWARDS WILL BE  
MADE BY OEO FOR SOS PROGRAMS AFTER JULY 1, 1973. IT IS ANTICIPATED THAT BY  
THAT DATE FUNDS WILL BE AVAILABLE TO CONTINUE ELDERLY NUTRITION EFFORTS  
FROM THE \$99.6 MILLION APPROPRIATION REQUESTED FOR THAT PURPOSE BY  
HEW. OTHER SERVICES PROJECTS FOR THE ELDERLY WILL BE FUNDED DIRECTLY  
BY THE ADMINISTRATION ON THE AGING (AOA) BEGINNING IN FISCAL YEAR 1974.  
ALTHOUGH THE \$8MILLION SOS PROGRAM WILL NOT BE REFUNDED . THE AOA

BUDGET WILL EXPAND FROM \$44.7 MILLION IN 1972 TO \$195.6 MILLION IN 1974 AND IS EXPECTED TO CARRY FORWARD THE PURPOSES PREVIOUSLY PURSUED THROUGH THE SOS PROGRAM.

#### STATE ECONOMIC OPPORTUNITY OFFICES

CONSISTENT WITH THE DECISION TO MAKE CONTINUED FUNDING FOR LOCAL INITIATIVE PROGRAMS A LOCAL OPTION, FUNDING FOR STATE ECONOMIC OPPORTUNITY OFFICES WILL NOT BE PROVIDED BY THE FEDERAL GOVERNMENT AFTER JUNE 30, 1973. NO NEW AWARDS BILL BE MADE IN FISCAL YEAR 1974. EXISTING OFFICES MAY BE CONTINUED AT THE OPTION OF STATE GOVERNMENTS FROM STATE REVENUE SHARING ALLOCATIONS. IT IS EXPECTED THAT \$12 MILLION WILL BE OBLIGATED FOR THIS PROGRAM DURING FISCAL YEAR 1973. NOTIFICATION OF TERMINATION OF OEO FUNDING EFFECTIVE WITH AWARDS MADE DURING FISCAL YEAR 1973 WILL BE FORWARDED TO ALL GRANTEES.

#### EMERGENCY FOOD AND MEDICAL SERVICES

DURING FISCAL YEAR 1973, \$24 MILLION IS BEING OBLIGATED FOR MMERGENCY FOOD AND MEDICAL SERVICES PROJECTS FORM FUNDS MADE AVAILABLE IN A SUPPLEMENTAL APPROPRIATION TO THE AGENCY IN JUNE OF 1972 (AND AVAXL-ABLE FOR FISCAL YEAR 1973 UTILIZATION) IN COMBINATION WITH NEW FUNDING FROM THE FISCAL YEAR 1973 APPROPRIATION. NO FUNDS ARE REQUESTED FOR THIS PROGRAM IN FISCAL YEAR 1974, EXCEPT THAT PROJECTS SERVING INDDI-ANS AND MIGRANTS WILL BE CONTINUED FROM FUNDS REQUESTED FOR DIRECT APPROPRIATION TO THE DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE.

#### DRUG REHABILITATION ACTIVITIES

OEO IS FUNDING PROJECTS LURING FISCAL YEAR 1973 IN THE FIELD OF DRUG TREATMENT AND REHABILITATION AT AN ANNUAL LEVEL OF \$23 MILLION. IN FISCAL YEAR 1974, \$29.3 MILLION IS INCLUDED IN THE BUDGET OF THE NA-IONAL INSTITUTE OF MENTAL HEALTH (NIMH) FOR CONTINUATION OF DRUG RE-HABILITATION ACTIVITIES PREVIOUSLY FUNDED BY OEO. AS OF@JULY 1, 1973 ALL OEO ACTIVITIES WILL HAVE BEEN TRANSFERRED TO NIMH.

#### COMPREHENSIVE HEALTH SERVICES AND FAMILY PLANNING

FUNDING FOR THECOMPREHENSIVE HEALTH PROJECTS AND FAMILY PLANNING SER-VICES WILL BE INCLUDED IN HEW'S HEALTH SERVICES DELIVERY BULGET. THIS ASSURES THAT ALL FEDERALLY SUPPORTED HEALTH CENTERS ARE FUNDED BY THE SAME AGENCY AND THAT FEDERAL FUNDS TO FINANCE THE DIRECT DELIVERY OF HEALTH SERVICES ILL BE USED TO BENEFIT THE GREATEST NUMBER OF RECIPI-ENTS.

#### COMPREHENSIVE HEALTH SERVICES

OEO WILL OBLIGATE \$85.5 MILLION DURING FISCAL YEAR 1973 TO PERMIT FULL REFUNDING OF EXISTING COMPREHENSIVE HEALTH PROJECTS. THIS LEVEL PROVIDE SUPPORT TO APPROXIMATELY 60 LARGE AND SMALL URBAN AND RURAL PROJECTS DISTRIBUTED THROUGHOUT THE UNITED STATES. THESE PROJECTS GENERALLY PRO-VIDE DIAGNOSTIC, CURATIVE AND PREVENTIVE MEDICAL AND DENTAL CARE, AND SUPPORTIVE SERVICES SUCH AS LABORATORY, X-RAY, PHARMACY, SOCIAL/ MENTAL HEALTH SERVICES AND OUTREACH SERVICES. IN ADDITION TO THE HEALTH SERVICES DELIVERY PROGRAMS, HEALTH MANPOWER DEVELOPMENT PRO-GRAMS AND SEVERAL TECHNICAL ASSISTANCE GRANTS AND CONTRACTS ARE BEING CONTINUED. THE FISCAL YEAR 1974 REQUEST FOR HEW INCLUDES \$102.6 MILLION TO CONTINUE OEO ACTIVITIES TO BE TRANSFERRED AS OF JUNE 30, 1973. IN ADDITION, FUNDING IS PROVIDED WITHIN HEW FOR COMPREHENSIVE HEALTH SERVICES PROJECTS TRANSFERRED FROM OEO TO HEW IN PRIOR YEARS. ESSENTIAL OEO HEALTH MANPOWER ACTIVITIES WILL BE SUPPORTED WITHIN THE BUREAU OF HEALTH MANPOWER MDUCTION IN THE NATIONAL INSTITUTES OF HEALTH.

#### FAMILY PLANNING

DURING FISCAL YEAR 1973, \$15 MILLION IS OBLIGATED FOR FAMILY PLANNING, PRIMARILY IO ALLOW FOR CONTINUED SUPPORT OF 220 COMMUNITY AND RESEARCH AND DEMONSTRATION PROJECTS. PROJECTS FORMERLY FUNDED BY OEO MAY BE CONTINUED DURING FISCAL YEAR 1974 THROUGH DIRECT APPROPRIATION OF \$15 MILLION TO HEW. IN ADDITION, FUNDING IS PROVIDED WITHIN HEW FOR FAMILY PLANNING PROJECTS TRANSFERRED FROM OEO TO HEW IN PRIOR YEARS.

#### NATIONAL SUMMER YOUTH SPORTS PROGRAM

OEO WILL CONTINUE SUPPORT FOR THIS PROGRAM IN THE SUMMER OF 1973 UNDER A DELEGATION AGREEMENT WITH THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE. NO FUNDS AS REQUESTED FOR THIS ACTIVITY IN FISCAL YEAR 1974.

#### SPECIAL INDIAN PROGRAM

OEO PROGRAMS SERVING INDIAN PEOPLE WILL BE CONTINUED BY THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE IN FISCAL YEAR 1974, AND CONVERTED TO A PILOT EFFORT FUNDED DIRECTLY TO INDIAN TRIBAL COUNCILS. A TOTAL OF \$32.1 MILLION IS REQUESTED FOR APPROPRIATION TO THAT AGENCY IN FISCAL YEAR 1974, AN INCREASE OF \$9.7 MILLION OVER THE LEVEL TO BE OBLIGATED BY OEO IN FISCAL 1973. THE INCREASE WILL FUND A MAJOR EXPANSION OF EFFORTS TO ASSIST IN INDIAN SELF-DETERMINATION, EFFORTS ~~DESIGNED~~ TO EN-ABLE INDIAN PEOPLE TO GAIN CONTROL AND DIRECTION OF OF THE INSTITUTIONS AND PROGRAMS WHICH AFFECT THEIR DAILY LIVES THROUGH THEIR OWN DULY CONSTITUTED INSTRUMENTS OF SELF-GOVERNMENT. IN ADDITION TO THIS PRO-GRAM EXPANSION, FUNDING WILL ALSO BE AVAILABLE ~~TO~~ CONTINUE ~~NUTRITION~~ ASSISTANCE PREVIOUSLY AFFORDED VIA THE MFMS PROGRAM, TO SUPPORT AN EXPANDED INDIAN URBAN CENTER EFFORT, AND TO CONTINUE AND EXPAND VITAL PROGRAMS PREVIOUSLY OPERATED UNDER THE AUSPICES OF INDIAN COMMUNITY ACTION AGENCIES.

#### MIGRANT AND SEASONAL FARMWORKERS PROGRAM

MIGRANTS AND SEASONAL FARMWORKERS PROGRAMS PREVIOUSLY FUNDED BY OEO WILL BE ELIGIBLE FOR CONTINUATION UNDER THE DIRECTION OF THE DEPARTMENT OF LABOR IN FISCAL YEAR 1974. A TOTAL OF \$40 MILLION IS REQUESTED FOR DIRECT APPROPRIATION ~~TO~~ LABOR, AN INCREASE OVER ~~THE~~ CURRENT YEAR OEO LEVEL OF \$36.3 MILLION. ~~THE~~ ADDITIONAL FUNDING WILL PROVILE A SIGNIFICANT EXPANSION IN THE HIGH SCHOOL EQUIVALENCY (HEP) PROGRAM, PERMITTING THE ESTABLISHMENT OF 13 ADDITIONAL PROJECTS IN 1974. OTHER MIGRANTS PROGRAMS PROVIDING NUTRITIONAL ASSISTANCE, FARMWORKER HOUSING DAY CARE, EDUCATIONAL AND MANPOWER SUPPORT WILL BE ELIGIBLE FOR CONTINUATION AT ~~THEIR~~ CURRENT LEVELS.

#### COMMUNITY ECONOMIC DEVELOPMENT

OEO PLANS TO INVEST \$36.7 MILLION IN COMMUNITY ECONOMIC DEVELOPMENT AND RELATED RESEARCH AND DEMONSTRATION ACTIVITIES DURING THE BALANCE OF FISCAL 1973. BEGINNING JULY 1, 1973, OEO SUPPORT OF COMMUNITY DEVELOPMENT CORPORATIONS WILL CEASE. NEW LEGISLATION WILL BE SUBMITTED TO CONGRESS WHICH WOULD AUTHORIZE THE OFFICE OF MINORITY BUSINESS ENTERPRISE IN THE DEPARTMENT OF COMMERCE TO ~~CONTINUE~~ FUNDING OF COMM-UNITY DEVELOPMENT CORPORATIONS, AS WELL AS CURRENT OEO RESEARCH AND DEMONSTRATION ACTIVITIES IN THE AREA OF ECONOMIC DEVELOPMENT. THIS CONSOLIDATION OF EFFORT WITH OMBE WILL INCREASE THE EFFECTIVENESS OF FEDERAL PROGRAMS ~~DESIGNED~~ TO~~@~~BRING MINORITY ENTREPRENEURS INTO THE MAINSTREAM OF ECONOMIC LIFE. APPROXIMATELY \$39.3 MILLION IS REQUESTED FOR DIRECT APPROPRIATION TO OMBE IN FISCAL YEAR 1974 FOR SUPPORT OF THESE OEO ACTIVITIES, AN INCREASE OF \$2.6 MILLION OVER ~~CURRENT~~ LEVELS. MOST OF ~~THE~~ INCREASE IS ANTICIPATED TO BE UTILIZED TO PERMIT CONCENTRATION OF FUNDING ON THE MORE SUCCESSFUL COMMUNITY DEVELOPMENT MODELS TO TEST THEIR ABILITY TO ACCELERATE THE RATE AT WHICH IMPACT CAN BE CREATED, AND WILL ENABL~~M~~ CONTINUED RESEARCH AND DEVELOPMENT.

#### LEGAL SERVICES

ESTIMATED OBLIGATIONS FOR LEGAL SERVICES PROGRAMS DURING FISCAL YEAR WILL TOTAL MILLION, INCLUDING A ONE-TIME ~~OBLIGATION~~ OF MILLION AVAILABLE FOR SPECIAL LEGAL SERVICES EXPERIMENTS. NEW LEGISLATION WILL BE SUBMITTED TO ESTABLISH A LEGAL SERVICES CORPORATION, INDEPENDENT OF OEO, TO BE EFFECTIVE AS OF JULY 1, 1973. CONSEQUENTLY, MILLION IS REQUESTED IN THE BUDGET FOR HEW FOR FISCAL YEAR 1974 SUBSEQUENT ASSIGNMENT TO THE LEGAL SERVICES PROGRAM IN ITS NEW LOCATION.

#### ALCOHOLIC COUNSELING AND RECOVERY

FISCAL YEAR 1973, OEO WILL TRANSFER \$14.4 MILLION TO THE NATIONAL INSTITUTE FOR ALCOHOLISM AND ALCOHOL ABUSE WITHIN HEW TO SUSTAIN PROJECTS SERVING LOW INCOME PERSONS. FUNDS FOR THESE PROJECTS FOR FISCAL YEAR 1974 ARE REQUESTED AS PART OF THE HEW BUDGET FOR NIAAA.

#### RESEARCH AND DEMONSTRATION

FISCAL YEAR 1974 FUNDING FOR OEO RESEARCH AND DEMONSTRATION ACTIVITIES WILL TOTAL \$78 MILLION, AN INCREASE OF \$11.3 MILLION OVER THE CURRENT YEAR LEVEL OF EFFORT. PERSONNEL WILL BE ELIGIBLE FOR TRANSFER TO OPERATING AGENCIES ALONG WITH INCREASED SUPPORT FUNDS. THERE THEY WILL BE ABLE TO HAVE MORE DIRECT IMPACT ON OPERATIONAL PROGRAMS THAN ~~OULD~~ HAVE BEEN THE CASE HAD THE FUNCTION REMAINED WITH OEO. SPECIFICALLY, THE FISCAL YEAR 1974 REQUEST FOR THE

- NATIONAL INSTITUTE OF EDUCATION INCLUDES \$23.9 MILLION TO CONTINUE THE EDUCATIONAL VOUCHER DEMONSTRATION AND OTHER PROJECTS ~~DESIGNED~~ TO TEST WAYS TO PROVIDE EQUAL EDUCATIONAL OPPORTUNITIES;
- OFFICE OF CHILD DEVELOPMENT INCLUDES \$12.6 MILLION TO CONTINUE EXPERIMENTS AND STUDIES OF ALTERNATIVE APPROACHES TO DAY CARE AND CHILD DEVELOPMENT;
- OFFICE OF THE SECRETARY (HEW) INCLUDES \$22.7 MILLION TO CONTINUE POLICY STUDIES ON THE CAUSES OF POVERTY AND DEVELOP WAYS TO OVERCOME ENVIRONMENTAL HEALTH PROBLEMS WHICH CONFRONT DISADVANTAGED PERSONS. FUNDING IS ALSO PROVIDED FOR A HEALTH INSURANCE EXPERIMENT TO MEASURE THE COST TO THE GOVERNMENT AND CONSUMERS OF ALTERNATIVE PLANS AND THE RESULTANT CHANGE IN THE HEALTH STATUS OF FAMILIES;
- DEPARTMENT OF LABOR INCLUDES \$5.3 MILLION TO CONTINUE OEO RESEARCH IN THE FIELDS OF MANPOWER TRAINING AND LABOR FORCE PARTICIPATION;
- DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT INCLUDES \$13.4 MILLION TO CONTINUE EFFORTS TO TEST WAYS TO PROVIDE ADEQUATE HOUSING FOR DISADVANTAGED PERSONS.

#### RURAL LOANS

THE TITLE III-A RURAL LOAN PROGRAM ADMINISTERED THROUGH DELEGATION BY THE FARMERS' HOME ADMINISTRATION WAS DISCONTINUED IN 1971. ALTHOUGH NEW LOANS HAVE NOT BEEN MADE SINCE THAT DATE, SEVERAL THOUSAND OUT-STANDING LOANS STILL REQUIRE SERVICE AND COLLECTION. IN FISCAL YEAR 1974, \$2.5 MILLION IS REQUESTED FOR DIRECT APPROPRIATION TO FHA TO COVER ONGOING ADMINISTRATIVE COSTS OF ~~THIS~~ PROGRAM.

#### APPROPRIATION TO GENERAL SERVICES ADMINISTRATION

EFFECTIVE JULY 1, 1973 THE GENERAL SERVICES ADMINISTRATION WILL HAVE FUNDS TO ASSUME FEDERAL RESPONSIBILITY FOR TERMINATION OF ALL FORMER OEO ACTIVITIES NOT SPECIFICALLY CONTINUED IN FISCAL YEAR 1974 IN OTHER FEDERAL AGENCIES. REMAINING OEO PERSONNEL NOT TERMINATED OR TRANS-FERRED TO OTHER FEDERAL AGENCIES, BUT REQUIRED TO LIQUIDATE FEDERAL RESPONSIBILITIES WITH RESPECT TO TERMINATED OEO PROGRAMS, WILL BE TRANSFERRED TO GSA. AN APPROPRIATION OF \$33 MILLION TO GSA FOR LIQUID-ATION OF FORMER OEO ACTIVITIES WILL BE NECESSARY. THE REQUESTED APPROPRIATION WILL SUPPORT THE FEDERAL PERSONNEL ADMINISTERING THE PRO-GRAM CLOSE-OUT AS WELL AS ADDITIONAL PROGRAM LIQUIDATION REQUIREMENTS. (SEE FOLLOWING SECTION FOR DISCUSSION OF EMPLOYMENT.)  
PT

EMPLOYMENT CEILING

THE OEO CEILING FOR END-OF-YEAR EMPLOYMENT (JUNE 30) FOR FISCAL YEAR 1973 IS 1,500 POSITIONS, INCLUDING THOSE POSITION TRANSFERRED TO RECIPIENT AGENCIES WITH DELEGATED PROGRAMS. MAJOR RECUCCTIONS FROM CURRENT ON-BOARD STRENGTH (APPROXIMATELY 2,053 PEOPLE) WILL OCCUR IN DIRECT AND SUPPORT POSITIONS FOR PROGRAMS TO BE TERMINATED BEFORE THE BEGINING OF FISCAL YEAR 1974. OF THE 1,500 ON-BOARD STRENGTH AS OF JUNE 30, 1973, 834 SLOTS WILL BE TRANFERRED TO THE GENERAL SERVICES ADMINISTRATION. A TOTAL OF 666 DIRECT AND SUPPORT SLOTS WILL BE SHIFTED TO THE VARIOUS FEDERAL DEPARTMENTS AND INDEPENDENT AGENCIES WHICH WILL BE CONTINUING FORMER OEO ACTIVITIES IN FISCAL YEAR 1974[ THIS FIGURE IS EXPECTED TO REMAIN STABLE DURING FISCAL YEAR 1974. THE PERSONNEL COMPLEMENT TRANSFERRED TO GSA WILL BE REDUCED TO 296 BY JUNE 30, 1974, AS INDIVIDUAL GRANTEE LIQUIDATIONS ARE COMPLETED. THUS, TOTAL FEDERAL EMPLOYMENT FOR FORMER OEO ACTIVITIES WILL BE 839 AS OF THE END OF FISCA 1974, WITH AN ADDITIONAL 123 EMPLOYEES SCHEDULED FOR ASSIGNMENT AT THAT DATE TO THE LEGAL SERVICES CORPORATION. DISTRIBUTION OF END OF YEAR CEILINGS BY RECIPIENT AGENCY ARE LISTED ON THE FOLLOWING PAGE.

	JUNE 30, 1972	JUNE 30, 1973	JUNE 30, 1974
OFFICE OF ECONOMIC OPPORTUNITY	2,271	---	---
GENERAL SERVICES ADMINISTRATION	---	834	296
LEGAL SERVICES CORPORATION	---	123	123
DEPARTMENT OF LABOR	---	96	96
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE		362	362*
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	---	18	18
DEPARTMENT OF COMMERCE	---	67	67
	2,271	1,500	962

\*HEALTH, EDUCATION AND WELFARE DISTRIBUTED:

OFFICE OF THE SECRETARY	125
NATIONAL INSTITUTE OF EDUCATION	40
OFFICE OF CHILD DEVELOPMENT	22
HEALTH SERVICES & MENTAL HEALTH ADMINISTRATION	136
NATIONAL INSTITUTE OF MENTAL HEALTH	39
	362

BT

**EXECUTIVE OFFICE OF THE PRESIDENT  
Region VII  
911 Walnut Street  
Kansas City, Missouri 64106**

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911 Walnut Street  
Kansas City, Missouri 64106**

IN REPLY REFER TO:

February 15, 1973

To: Board Chairmen and Executive Directors, Community Action Agencies and Other Grantees Funded Under Section 221 of the Economic Opportunity Act.

Subject: Restricted Travel

This memorandum is forwarded for your information. Strict compliance is expected. All grantees should strictly adhere to the memorandum dated January 29, 1973.

The full text of additional instructions received on this date from J. Laurence McCarty, Acting Associate Director of Legal Services, OEO, Washington, D. C. follows:

"You are reminded that the Acting Director of OEO, Howard Phillips, has issued a directive that there will be no further travel using OEO funds without the prior approval of the Acting Director himself or his designee. Please advise all grantees within your jurisdiction that there is to be strict compliance with this directive. Until further notice all travel outside the grantees' geographical areas of operation must also be approved by Mr. Robert Parker, Deputy Director of Operations, OLS, telephone 202-254-6220."

	Subject <b>ADDITIONAL FUNDING INSTRUCTIONS</b>	Date
EXECUTIVE OFFICE OF THE PRESIDENT WASHINGTON, D. C. 20500		Office of Primary Responsibility <b>C</b>
	Supersedes Funding Instructions I and II, dated Jan. 1973	Distribution FR 10, 15 <b>25, 35-4, 45-1</b>

## 1. APPLICABILITY

This Staff Instruction applies to all OEO Headquarters and Regional Offices funding grants under the Economic Opportunity Act of 1964, as amended.

## 2. EFFECTIVE DATE

This Staff Instruction is effective upon issuance.

## 3. PURPOSE

This Staff Instruction is to clarify and supersede existing funding Instructions, Numbers I and II, dated January 31, 1973, and respond to questions raised by various Regional Offices concerning these new policies.

## 4. POLICY

Existing grants already obligated prior to January 28, 1973 but for which funds have not yet been released will be honored, but on a 30-day check issue is in accordance with OEO Notice 6710-1. Change , dated February 1973. No Letters of Credit will be issued these grants. A grant obligation occurs when a grant is mailed to a governor and/or grantee.

For those grants which have been signed prior to January 28, 1973, but not yet sent to the governor and/or grantee, an OEO Form 314 will be prepared for a one-month funding period for the signature of the Acting Director. These OEO Forms 314 will be processed in accordance with the instructions in OEO Staff Instruction 6701-1, Change , dated February , 1973.

For these grants, it will also be necessary to prepare an OEO Form 314 to delete them from 2826 Report. These grants will subsequently be re-stituted on the 2826 Report by the applicable Headquarters or Regional Director for a one-month funding period after they are approved by the Acting Director.

For those grantees whose funding period ends after January 28, 1973 or before February 28, 1973 OEO Form 314 for a one-month funding period will be prepared and processed in accordance with OEO Staff Instruction 6710-1, Change ; if the grantee does not have sufficient funds to operate through February 28, 1973.

For those grants whose funding ends after February 28, 1973 all processing should be completed as required by OEO Staff Instruction 6710-1, Change ;. Note that all documents and statements required by OEO Staff Instruction 6710-1, Change must be completed for these grants. These grants will be retained in the applicable Headquarters or Program Office until additional instructions are received from this headquarters.

Howard Phillips  
Acting Director

The Budget of the United States Government  
Fiscal Year 1974

## PERSPECTIVES ON THE BUDGET

This part of the budget explains in greater detail a number of subjects mentioned in the budget message and discusses several topics relating to budget totals. First, the restructuring of the Executive Office of the President is set forth detailing the major changes that are being made. Then, discussions of budget authority and budget funds and the Federal debt are provided. These discussions are followed by a section which presents, for the first time, a detailed preview of next year's budget—the budget for 1975—together with a discussion of the longer range outlook. Finally, this part provides a review of the program reductions and terminations identified in this budget.

### RESTRUCTURING THE EXECUTIVE OFFICE OF THE PRESIDENT

Two major changes are being made in the Executive Office of the President to enable the President to discharge his constitutional duties more effectively.

- The organizational units in the Executive Office are being reduced in size and number.
- The personal staff of the President is being reduced and restructured to insure more effective communication with departments and agencies and to insure greater reliance on them to carry out their program responsibilities.

***Executive Office structure.***—Since its creation in 1939 with four organizations and 570 employees, the Executive Office has grown to 20 units employing over 4,000 people. This accretion of agencies and staff support has occurred over the past three decades in an effort to meet the increasing number and complexity of problems with which the President has had to deal.

The restructuring of his personal staff will enable the President to place more reliance on departments and agencies to carry out programs effectively without the proliferation of staff and operating units now in the Executive Office. In some cases, changed conditions have made the need less acute for particular offices. The following actions are now being taken:

- The Office of Science and Technology will be abolished and its functions transferred to the Director of the National Science Foundation.

## PERSPECTIVES

- The National Aeronautics and Space Council will be terminated.
- The Office of Emergency Preparedness will be abolished and its functions transferred to the President. These functions will then be delegated to the appropriate agencies of the Government.
- The Office of Intergovernmental Relations has been abolished and its functions transferred to the Domestic Council.
- The Office of Consumer Affairs has been transferred to the Department of Health, Education, and Welfare. The Director will continue to serve as adviser to the President on consumer matters.
- Certain functions of the Office of Economic Opportunity will be transferred to other agencies of Government which have primary responsibility for similar social and economic activities.

Steps have already been taken to reduce personnel levels below those authorized in the 1973 budget. Additional reductions are now proposed for 1974. As experience is gained with revised staffing arrangements, further reductions or abolitions may be possible. Based on these actions and the first reorganization plan proposed to the current session of Congress, there will be a 60% reduction in Executive Office personnel in 1974.

	Full-time permanent positions	
	1973 in 1973 budget	1974
The White House	510	480
Executive Residence	75	75
Special Assistant to the President	39	30
Council of Economic Advisers	57	45
Council on Environmental Quality and Office of Environmental Quality	65	50
Council on International Economic Policy	29	29
Domestic Council	66	30
National Aeronautics and Space Council <sup>1</sup>	16	0
National Security Council	79	79
Office of Consumer Affairs <sup>2</sup>	52	0
Office of Emergency Preparedness <sup>3</sup>	323	0
Office of Intergovernmental Relations <sup>4</sup>	9	0
Office of Management and Budget	660	660
Office of Science and Technology <sup>5</sup>	50	0
Office of Telecommunications Policy	65	52
Special Action Office for Drug Abuse Prevention	174	110
Special Representative for Trade Negotiations	46	45
Office of Economic Opportunity <sup>6</sup>	1,935	0
 Total full-time permanent personnel	4,250	1,686

<sup>1</sup> Abolition proposed by reorganization plan.

<sup>2</sup> Transferred to HEW in 1973.

<sup>3</sup> Functions to be transferred and office abolished or discontinued.

<sup>4</sup> Combined with Domestic Council in 1973.

## PERSPECTIVES

OUTLAY SAVINGS FROM PROGRAM REDUCTIONS AND TERMINATIONS, 1973-75—Con.  
[Fiscal years. In millions]

Agency and program	Outlay savings		
	1973	1974	1975
ITEMS NOT REQUIRING SUBSTANTIVE LEGISLATION			
Funds appropriated to the President			
Foreign economic assistance:			
Reduce programs of the Agency for International Development below levels previously budgeted		62	170
Arrange for return of amounts advanced previously	242	-----	
Total, foreign economic assistance	242	62	170
Office of Economic Opportunity			
Reassign OEO activities and discontinue direct Federal funding of community action organizations leaving support to local decision.	62	328	390
Department of Agriculture			
Reduce the cost of farm price support programs consistent with rising farm income prospects and achievement of foreign sales agreements:			
--Reducing direct payment to farmers			
--Stopping export subsidies			
--Increasing crop loan interest	656	1,219	1,234
--Terminating old crop loans			
--Tightening storage facility loan eligibility			
Terminate rural water systems and waste disposal grants which are replaced by loans, or to extent consistent with Water Pollution Control Act, EPA financing	50	100	150
Substitute regular loan assistance for emergency loans	365		
Decrease the large interest subsidy by the Rural Electrification Administration through use of Rural Development Act 5% insured loans <i>vice</i> 2% direct loans	84	373	695
Eliminate cost-sharing for installation of soil and water management practices on private lands and make corresponding reductions in technical assistance given through conservation programs	41	258	259
Limit the special milk subsidy to institutions not receiving subsidized milk through free and reduced price child feeding programs		59	77
Achieve economies in the Forest Service through tightened management, reduced State forestry support, and shifting construction of forest roads to timber purchasers	39	94	106
Curtail anticipated growth in Agriculture extension programs and reduce Federal support for agricultural research of primarily local benefit and low-national priority	13	34	34
Total, Department of Agriculture <sup>1</sup>	1,248	2,137	2,555

<sup>1</sup> See footnotes at end of table. *[Sic]*