Office of Inspection

The OEO Office of Inspection has been a unique experiment in the Federal Government. Although based on a similar experiment by Sargent Shriver at the Peace Corps, it evolved quite differently.

The basic idea behind both offices was that the Director of a new and controversial program needed a quick, accurate and sophisticated source of in-formation concerning events at the grass roots level. The technique employed was a somewhat revolutionary one, for federal agencies, of sending someone attached to the Office of the Director directly to the program site to see what was going on. Because the Inspector understands that his primary task is to supply accurate information to the Director, and because he has no personal stake in the controversies surrounding programs, the "filtering" which occurs when reports come up through the chain of command, and the attendant delays, are held to a minimum.

Sargent Shriver named as first Director of the Office of Inspection William F. Haddad, a prize-winning reporter (the Page One Award of the New York News-paper Guild for investigative reporting, among others), who had also been the first Inspector General of the Peace Corps. Haddad envisioned the primary role of the Office of Inspection as a kind of Early Warning system, which would enable the Director to detect, and take action on potential "hot spots," weak-nesses, and scandals, That has remained one of the Office's main functions.

When OEO was established in August, 1964, it was given the task of making, and supervising, more than three-quarters of a billion dollars in grants and programs in the first nine months of its existence. The concepts, programs, and for the most part, the recipient agencies, were all new. Critics had said the poverty program was destined to become a massive pork barrel. Unique among federal agencies, OEO was empowered to deal directly with local non-gov-ernmental corporations to the exclusion of the traditional state agencies.

Haddad met the challenge of monitoring the rapidly expanding OEO in an imaginative way. Although he did not yet have a permanent staff, he immediately needed enough trained interviewers and observers who could also write well to monitor programs throughout the country. He recruited a group of investigative reporters and lawyers, with a sprinkling of economists, professional investiga-tors and social scientists as "consultants" on a part-time basis. "Give us four or five days a month," he said. He prevailed on Shriver to write to a dozen top Wall Street law firms, asking them to donate the time of a young lawyer to the poverty program for a month. They responded. A strike at a major metropolitan newspaper made available additional recruits. Within a month, reports were coming in from major cities, Appalachian "hollers" and remote southern counties. At the end of six months, more than 100 of these "consultants" were on the rolls.

They came from diverse backgrounds, but they developed one thing in com-mon--a deep and demonstrated concern for the problems of the poor. Later, the increasing complexity of the problems of the poverty program would require the
replacement of these consultants with a permanent staff, but in the first months of the poverty program they were a brilliant solution to a difficult problem.

In the early days, the Office of Inspection emphasized two issues—poten-tial domination of programs by the existing political powers--the "pork barrel" problem, and civil rights. The concern of the office with the problem of "maxi-mum participation of the poor" came somewhat later.

The early reports of the Office of Inspection had a significant impact on agency policy, and, perhaps, on future legislation. A case in point, illus-trating the concerns with civil rights and freedom from political control, was Birmingham, Alabama. A young, liberal Birmingham attorney had formed a non-profit corporation, with the tacit approval of Mayor Albert Boutwell, to re-ceive OEO grants. The corporation had a bi-racial Board of Directors. Gov. George Wallace threatened to veto the grant unless Board changes were made to give Wallace supporters control of the program. The Office of Inspection recommended that the changes not be made. Shriver agreed. The grant was made, and Wallace vetoed the program, leaving Birmingham without a poverty program. This case was one of the principal reasons for the 1965 amendment which per-mitted the Director to override a Governor's veto.

In March of 1965, the President announced a massive Head Start program. The program provided the Office of Inspection with its opportunity for what was perhaps its most significant and lasting contribution to the poverty pro-gram. Haddad established a special Head Start task force under the leadership of Jack Gonzales. Since Head Start, unlike Office of Education programs, was not compulsory, much greater possibilities existed for obtaining integration of programs. The task force began by conducting field inspections of complaints of discrimination, and routine telephone queries of all applicants where there was reason to believe that discrimination on segregation prevailed. These investigations resulted in the withdrawal of some applications, modifications of others, and establishment of a record for future actions against a third group. One inspection team organized the first local bi-racial committee that had ever been formed in Jackson, Mississippi, to run the local Head Start program.

The plethora of talent available to the Office of Inspection at this time resulted in the assignment to it of a number of unrelated tasks. (The fact that Haddad, and his Deputy, Robert H. Clampitt were basically innovators and idea men was not unrelated to this phenomenon.) The preparation and super-vision of the first OEO Congressional presentation was the responsibility of Haddad. Much of the writing and editing was done by Office of Inspection staff. The presentation set the pattern for subsequent OEO congressional presentations. Clampitt conceived and produced a record of instructions for Head Start staff members.

Haddad, acting upon his observation that traditional civil rights heroes were virtually unknown to the dropouts of the sixties, conceived and produced

"It's What's Happening, Baby," a controversial television program featuring rock 'n roll bands and disk jockeys aimed at drop-outs and teenagers.

Haddad and Clampitt also played a substantial role in the funding of the Child Development Group of Mississippi (CDGM). At the time, the Governor of Mississippi had made it clear that he would veto any poverty program which included Negroes on its Board of Directors, or which proposed to run an inte-grated program. The only exception to the veto power provided in the EOA was institutions of higher learning, and Mary Holmes Junior College became the vehicle by which the poverty program came to Mississippi.

Concurrent with these activities, the Office of Inspection was beginning to develop an interest in "maximum feasible participation." Reports coming in made it increasingly apparent that without meaningful representation of the poor themselves (color was not a comprehensive guide to poverty), the poverty program would degenerate into a traditional welfare program.

Shriver had established the "signoff" procedure for programs, largely as an expedient to meet the problems created by the necessity of carrying out the congressional mandate of funding $778 million worth of programs with FY 1965 funds. He was unwilling to fund programs "blind"; consequently, he convened meetings of his principal advisors. Each was asked for information about the grant, and funding decisions were based on their comments. The Office of In-spection, to meet Shriver's requirement for accurate, up-to-date information on community problems, discovered, on the basis of field visits and telephone calls into communities, that a wide discrepancy existed between the representations of the applications and the facts in a large number of cases.

The discoveries made by these checks at first seemed incredible. Often, persons designated in the applications as representatives of the poor or minorities (if they were legitimate representatives) had never even heard they were members of the Board. Even where they knew of their membership, they were often not notified of meetings, and knew nothing of the application. Representa-tives were sometimes satraps of political leaders. The reports that came in showed clearly that the poor were definitely under-represented, and sometimes not represented at all. The facts uncovered forced frequent and fundamental changes to applications.

The Office of Inspection also began to insist that "maximum feasible participation" meant the poor must have some voice in the selection of their representatives. Shriver backed this concept, but refused to commit himself to a figure as to what constituted "maximum feasible." The result was the beginning of the use of the elective process of selecting target area represent-tatives.

In part, it was this signoff procedure which led admirers to call the Shriver administration of the poverty program "creative conflict," and detract-tors "administrative chaos." Signoff meetings often produced uninhibited exchanges between staffers. In fact, it was an imaginative device to provide the man responsible for hundreds of millions of dollars of federal funds with the best possible information on the grants for which he had ultimate res-ponsibility.

In August, 1965, the formal signoff conference was abandoned in favor of circulating grant packages to interested offices for comments. Objections were usually compromised, and only in those cases where there was direct conflict between offices did the problem go to the Director. These were few. As a re-sult of its on-site inspections and telephone checks the Office of Inspection began to discover other weaknesses in applications. Even where legitimate representatives of the poor had been appointed, they were few in number. While no set policy on how many target area representatives was ever established, it became well-known informally that except in very unusual circumstances, one-third target area representation was required to get an Office of Inspection "signoff." This requirement was enacted into law in the 1967 EOA Amendments.

Procedural rules in the form of bylaws requiring that meetings be held at times and places convenient to the poor, that there be a 50% quorum require-ment, adequate notice of meetings and authority in the full Board of Directors to review the decisions of committees, particularly the Executive Committee were also required by the Office of Inspection. Committees of the Board were required to be as broadly representative as the Board itself. Most of these matters became a part of the law in the 1967 EOA Amendments.

The assumption of this task actually amounted to taking on a whole new function by the Office of Inspection. It became the vocal advocate of the rights of the poor to participate in the decision-making aspects of the pov-erty program. Using its signoff power, it was able to secure modifications of grants to assure that poor people would at least have a fair opportunity to participate in setting the direction of the program which was supposedly for their benefit.

Use of the signoff power inevitably brought the Office into conflict with some individuals within the line organizations, notably the Community Action Programs. These people, who had worked hard and long just to get communities to accept a poverty program felt that Inspection unfairly occupied the posi-tion of a "second guesser" who came in after the deal had been made and im-posed new and arbitrary requirements. Many of them believed that the most important task was to get the money into the community, and that procedural matters to bring the poor into the decision-making process could come later.

From the Inspectors' point of view, the time to insist upon procedural fairness was before the grant was made. They felt that once the staff was hired, and program direction set, the opportunities for meaningful partici-pation by the poor would greatly diminish, if not disappear.

In this same period of mid-1965 and when OEO’s involvement with compliance with guidelines (and especially the "maximum participation" of the poor them-selves) was growing, the Office of Inspection established a Complaint Bureau. This group of Inspectors has the two-fold role of processing complaints by members of Congress and the public regarding alleged mismanagement and also the continuation of the signoff function on new grants.

The Complaint Bureau, with a staff of between eight and 15 persons, not including secretarial, continued through the close of 1965 when its operations

were re-distributed among the staffs of the seven Regional Supervisors of Inspection.

In September, 1965, Edgar May replaced Haddad as Director of the Office of Inspection. Robert H. Clampitt, Haddad's Deputy served as acting Director for a brief interim period. May, a Pulitzer Prize Winner with the Buffalo, N.Y., Evening News, and author of The Wasted Americans, one of the pioneering books on the problems of poverty, had been with Shriver since Task Force days, and had been with OEO's Public Affairs Office, VISTA, and as a Special Assistant to the Director.

May's arrival brought a change of emphasis to the Office of Inspection. Up to that time Inspection had been preoccupied with who would control poverty funds, with the politics of governing bodies and with securing proper repre-sentation for minorities and the poor. By September of 1965, the vast majority of these Boards had been established. While this role continued for new pro-grams, the emphasis shifted to evaluating how well programs already funded were serving the poor. Office of Inspection reports became increasingly indepth program evaluations. Brief, "fire fighting" trips to communities and telephone checks were gradually phased out in favor of longer, more comprehensive team evaluations.

Staff responsibilities were also put on a more regular basis. While an effort at regionalization had been made by Haddad, lack of permanent staff, un-even development of programs in different sections of the county, and crash projects, such as the 1965 Summer Head Start Program had prevented full region-al development. By the time May arrived, the staffing pattern was beginning to firm up, and consultants were being phased out, in favor of full-time staff. While a substantial number of consultants would remain for another year, the increasing complexity of programs, and reports, made it increasingly apparent that full-time staff was required to meet the increasing demands on the serv-ices of the office.

One of the first major problems faced by May was that of decentralization. In response to management surveys, many other OEO functions were being delegated during this period to Regional Offices.

It had early been decided that the Inspection operation should be Washing-ton based and not dispersed into the Regions. Not only did this ensure its independence--so necessary for its watchdog role--but also the Office had rapidly become a central repository for a great deal of detailed information about programs throughout the country and these files, with their ready access, proved to be extremely valuable to the Director of the Agency and other admin-strators both in Washington and among the Regions. May's success in resisting the decentralization trend insofar as the Office of Inspection had significant impact on OEO's ability to react to crisis situations--both Congresssional or local variety.

During the fall of 1965 and the winter of "65-66 the Inspection Office underwent a gradual transition, a shift of emphasis. With the "sign-off" function all but behind it, the Office turned to comprehensive project (or

program) evaluations. These were "total effort" operations by Inspection in-volving all available manpower.

The first such all-out nationwide appraisal of a program was focused on VISTA. Inspectors fanned out across the country during November and December 1965 under a pre-arranged plan to look into every aspect of VISTA performance. Forty-nine separate VISTA projects were examined.

The several-volumed report which resulted painted a large canvas of VISTA operations and at the same time dug deeply into specific problems which, when assembled, pointed up certain common problems of the VISTA concept and its operational techniques.

Prepared with objectivity, the VISTA report became a precedent-setting evaluation which led to others on an equally in-depth scale.

Inspection turned its attention in January and February 1966 to a wide examination of Title V (Work Experience) programs. Here was a program in-volving about 32,000 persons and $58,622,000 in committed funds.

Again employing the concentrated investigative technique, Inspection interviewed approximately l,000 persons, among them project staff members, participants, government officials, newsmen and interested parties in the affected communities.

From this intensive factfinding it was discovered that by no means was the Work Experience program living up to its expectations. Projects were slow in starting. Too often the participants were engaged in menial work instead of learning a productive skill. Job placement was weakly operated. Cooperation between local CAP's and Title V administrators was poor.

But these were mostly operational faults, Inspection found, and the over-all investigation concluded that much could be done with Title V if the neces-sary "imagination and innovation" were to be used and if its administrators could shake loose from hidebound, archaic public assistance concepts.

In February, 1966, funds approved in late 1965 became available to Green Thumb, the first Nelson Amendment project funded by OEO. An OEO grant of $768,000 was made to Green Thumb, Inc., a non-profit corporation set up under the National Farmers' Union. These funds were to be matched by $683,000 in "in-kind" contributions from state highway departments and other state and local organizations in the four recipient states--Arkansas, Minnesota, Oregon and New Jersey.

Green Thumb was a demonstration project to provide highway beautification work that might not otherwise be undertaken, to determine if rural low-income males over 55 could perform such work and, to determine whether these men could be trained effectively to continue such work after a year of work-training.

In the summer of 1966 the project was extensively evaluated in all four states.

Inspection found the demonstration project highly worthwhile and so ad-vised the Director who, in turn, sought means of expanding the program. Green Thumb was later transferred to the Labor Department.

Job Corps Conservation Centers came under intensive scrutiny by Inspections in the fall-winter of 1966. The Conservation Centers had been delegated to various State and Federal agencies for administration and work programs but OEO and Job Corps maintained ultimate program responsibility. Accordingly, twenty Inspectors visited between November 1 and December 15, 1966, 17 of the 47 Centers operated by the Department of Agriculture, 20 of the 37 Centers oper-ated by the Department of Interior and two of the four state-related Centers.

Once again, the objectivity of the many-sided survey was well received; in this case, as a matter of fact, William Kelly, Job Corps Director, and other OEO officials recommended that a permanent Job Corps division of the Office of Inspection be established. This was done and the office is still in being. During the period July 1, 1967 to May 20, 1968 the Job Corps Division of In-spection inspected the activities of four Men's Urban Centers, 9 Women's Corps Urban Centers, 14 Civilian Conservation Centers and five Job Corps/YWCA Exten-sion Programs.

Basic to such Job Corps inspections is ascertaining if the enrollees are receiving the benefits offered them by the Economic Opportunity Act and to see if civilian contractors and the delegated agencies are fulfilling their con-tractual roles. The deficiencies encountered are reported to the Director of the Job Corps who is responsible for correcting any programmatic weaknesses which have come to light.

When William Crook became the Director of VISTA in November, 1966, a year had passed since Inspection's last hard look at the volunteer program. Crook, aware of the previous report, requested that Inspection again examine VISTA operations.

This time (early in 1967) the investigative technique was refined some-what and the comprehensiveness of the survey was enhanced by the fact that the Inspectors included a number of specific questions that the VISTA staff itself wanted answered. All told, 155 VISTA communities were visited by 30 Inspectors and consultants.

Increasingly, during 1966 and 1967, the Office of Inspection began devot-ing a major amount of its effort to inspections arising from complaints about the operations of community action programs. These complaints were funneled to Inspection from the Congress, the White House, local city and county author-ities, directly from workers within the CAP's, from observant citizens and from the poor themselves in target areas. In many instances the Regional OEO Offices could get at the root of the problems outlined in the complaints. In other cases the Regions requested the assistance of the Office of Inspection and the Field Operations would assign Inspectors to the cases. In other cases the Office of Inspection acted independently on the specific complaint. In many instances, complete evaluations of a program developed.

Such troubleshooting continued to be a dominant effort of the Office in 1968.

No statistical record was kept of the exact results growing out of CAP inspections. But many boards of directors were restructured, many programs severely modified and some small and large CAP's discouraged from re-funding or actually shut down. Millions of dollars were diverted from weak or failing programs into more fruitful efforts. Frequency of irregularities within CAP structures led in December 1965 to the formation within the Office of Inspec-tion of a separate Special Investigation Section. This unit deals almost exclusively with criminal acts and their disposition through the proper law enforcement agencies either at a local or Federal level.

Some indication of the Office of Inspection workload is reflected in the following statistical tables covering the last half of Fiscal Year 1966 and Fiscal Years 1967 and 1968. No such records were kept earlier.

STATISTICAL REPORT

January-June 30, 1966 (FY '66)

In-depth Inspections:	322
Complaint Investigations:	474
Pre-grant Review:	1,500

FY 1967

In-depth Inspections:	817
Complaint Investigations:	1,143
Situation Reports:	310
Name Checks of Federal Records:	3,657

FY 1968

In-depth Inspections:	627
Complaint Investigations:	936
Situation Reports:	253
Name Checks of Federal Records:	5,449

To accomplish the preceding record, the office of Inspection worked with a lean staff. In Fiscal 1966, the Office consisted, at peak, of 107 persons. With the exception of about a half dozen career Government employees, persons who had been transferred from elsewhere in Government, all were intermittent or full-time consultants pulled in from various fields. In FY 1967, the staff was stabilized with a ceiling of 62 persons, including secretarial and admin-istrative slots, and this number was augmented by about 15 intermittent con-sultants. The same ceiling of 62 applied in FY 1968 and the intermittent con-sultants declined further, to about ten. In FY 1969, the staff ceiling was pegged at 56 and only three part-time consultants remained on the rolls.

Short-term programs, such as summer Head Start and summer youth programs, presented special problems to the Office of Inspection. Because of their brevity, full inspection would have been virtually impossible with regular staff. After the work of the special task force for Head Start Inspection had concluded its work in the summer of 1965 (described elsewhere), it became ap-parent that further inspections would be needed to get the information needed for the enforcement of Head Start and Civil Rights guidelines.

Standards were established, largely at the insistence of the Office of Inspection, to prevent gerrymandered districts, to require recruitment of all children, white and black, in the target area, and to require greater parent participation (50% of the membership of advisory committees.)

These requirements, which have now become requirements of the Head Start application process, were aimed at preventing Head Start from becoming an all-black or all-white program, as it was in danger of becoming in many areas. The requirement that traditionally all-Negro sites not be used, where an alternate site was available, because white parents would not send their children to it, was another Office of Inspection innovation ultimately adopted.

In the spring of 1966, the Office of Inspection recruited 25 law students to become summer Head Start inspectors. In the course of the summer, they inspected more than 400 Head Start programs. The results of their work formed the basis, in 1967, for the denial of 59 applications for failure to comply with Civil Rights requirements. More important, hundreds of other programs were materially improved because of the data produced.

The summer of 1967 brought further refinements to the Head Start inspec-tion. Again operating with specially trained law students, the unit inspected more than 400 programs. A special follow-up unit was established in Head Start so that corrections could be made while programs were in operation instead of waiting until the next year.

In the summer of 1968, the focus of the summer inspection team was changed from Head Start to summer youth involvement programs. Inspections were con-ducted in 45 of the 50 largest cities, and three smaller cities. This change was thought to be appropriate because the poverty fight was obviously shifting toward youth in urban ghettoes, and because the initial problems of Head Start seemed to be under control. This body of information will represent the first comprehensive survey of this type of program, just as the Head Start reports of 1965 did for that program. Though not complete at this time, they will high-light the difficult task confronting cities involving alienated youth in urban areas, and the problems of devising fresh, innovative programs to serve their needs.

The summer of 1967 saw the most serious rioting in American cities experi-enced to the present time. Several public officials, most notably from Newark, New Jersey, accused the poverty program of encouraging, and fomenting the riots. Opponents of the program seized in these few comments in an attempt to break up the agency.

The Office of Inspection staff had been following the role of poverty workers in cities affected by disturbances and had already produced impressive statistical evidence to show that only a miniscule percentage of poverty workers had been arrested in connection with civil disorders, that poverty program offices were not harmed by rioters, (leading to the conclusion that poor people recognized the program as their advocate) and that poverty workers had amassed an impressive record of assisting authorities and voluntarily work-ing to cool the situation.

However, little was known about the attitudes of mayors and police chiefs toward the program. Inspectors were dispatched to 64 cities over a three-week period. Thirty-two had had civil disturbances; thirty-two had not. Unani-mously, mayors and police officials said that the program had not caused dis-turbances. In nearly every case they stated positively that the program had helped keep order, or restore it. These reports were distilled into a docu-ment, "OEO and the Riots" which enabled the agency to conclusively refute the claims of opponents that the poverty program had been, or was thought by public officials to be, a contributing cause to civil disorder.

Another area of Inspection exploration, undertaken in the summer of 1968 at the request of the Director, was that of so-called demonstration grants. These grants were funded and managed by OEO headquarters and were outside Regional jurisdiction. Primarily experimental and innovative, they were as a result prone to controversy and a few projects received unfavorable publicity.

Originally, 40 demonstration project inspections were scheduled but the pressures on manpower brought on by urban riots and the various presentations required for Congressional use led to a narrowing down to sixteen investi-gations.

As a result of these inspections, one grant was terminated because of mismanagement and fraud and several others were radically overhauled because of deficiencies which came to light during Inspection. However, not all of the Inspection Reports were derogatory and, in fact, Inspection reported that so successful were some of the programs that they could beneficially be re-peated elsewhere in the country.

In the field of manpower projects, it was decided early in 1968 to inspect Opportunity Industrialization Centers (OIC) which OEO funded along with the Labor Department and the Department of Health, Education and Welfare. OICs were modeled after a Philadelphia prototype, begun independently by Reverend Leon Sullivan, which stressed a philosophy of self-help. It had achieved striking results in Philadelphia.

OEO and the other Federal agencies believed the OIC concept might work in other cities and had encouraged models elsewhere. At the time of Inspection, more than 20 other OICs either were in operation or had recently been funded. A representative five--Seattle, Los Angeles, Palo Alto, Erie and Roanoke--were inspected. The basic finding of the inspections was that OICs, while doing quite a bit of good, were not doing the job generally expected of them—reach-ing the hard-core unemployed male. They were extremely effective at helping those with some skills and experience to upgrade themselves.

The Palo Alto OIC, however, was found to be grossly mis-managed, a heavy majority of enrollees had high school degrees and an average family income of $7,000. This disclosure led to the closing down of the Palo Alto project. Reorganization is being attempted.

The more general findings of the Inspections resulted in a tightening of OIC screening procedures and more emphasis on recruiting to reach hard-core unemployed.

From its very inception the Office of Economic Opportunity was destined to lead a controversial legislative and political life. From the outset, the Office of Inspection played a many-sided role in helping the Director stand off the sometimes brutal Congressional attacks on the Agency and, by providing him with a constant flow of information, aided him in his constant contacts with Federal, State and local officials.

The Director has had a variety of Congressional intelligence input--his Regional Directors, his Congressional Relations office and his own personal sources to name a few--but Inspection was uniquely suited because of its wide-spread sources to "smell out" situations and report them directly.

During the turbulent legislative months of 1967 and 1968, when the Econom-ic Opportunities Act was extensively amended--partly to the Agency's liking, partly not--the OEO Director was in constant contact with the Hill. Inspection contributed importantly to the Director's visits to the "Hill." One of the main instruments was the preparation of a series of "briefing papers" outlining all the Inspection staff knew about each Congressman's district, his problems, his relations with the press, the poverty program. These were not "canned" in advance because they had to be up-to-the-minute and were frequently prepared the night before the Director took off for an all-day round of appointments on the Hill or even the morning he left the headquarters building. These were no-holds-barred briefing papers and laid the facts on the line no matter how unpleasant they were in some situations. With the same direct liaison, back-ground papers were prepared for the Director's many speaking engagements around the country.

Also, the Director made frequent use, especially during Congressional hearings, of an Inspection-prepared looseleaf book which contained up-to-date summaries isolating each individual program, its virtues, faults, overall status. This compendium was specifically tailored for the Director's use and was kept under stringent control.

The Office of Inspection was a vital force during the troubled and chaotic months of 1968 when the future of the Agency hung constantly in the balance. Those agonizing legislative months led finally in Congress to "an improved Economic Act, to authorize funds for the continued operation of the economic opportunity programs," and was signed by the President at 10:25 a.m., December 23, 1967, Cam Ranh Bay, South Viet Nam.