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RELEASED

SEP 23 1970

Dear Senator Murphy

In response to your request of August 13, 1970, the General Accounting Office has completed the examination suggested by Mrs. Betty Howard of San Pablo, California, into the salary paid to Mrs. Jessie Marie Smallwood, the executive director of the North Richmond Neighborhood House, Inc., Richmond, California. Mrs. Howard was concerned because she believed that an annual salary of \$17,700 for part-time employment, as reported in a newspaper article, was out of line for an organization that received funds from the Federal Government.

We interviewed Mrs. Smallwood, Mrs. Howard, and officials of the North Richmond Neighborhood House, the United Bay Area Crusade, the University of California at Berkeley, and the Oakland Tribune. We also reviewed various personnel and financial records relating to Mrs. Smallwood's employment and salary.

On the basis of information developed during our examination, we believe that Mrs. Howard's concern can be attributed to newspaper reporting that did not reflect accurately the Neighborhood House's press release regarding the executive director's new employment contract.

On July 1, 1970, the Neighborhood House issued a press release that gave certain details of Mrs. Smallwood's May 19, 1970, contract, which included an increase in salary to \$17,700 a year, fringe benefits, and authorization to attend the University of California graduate school at Berkeley on a full-time basis.

Although the press release did not mention the working status of either Mrs. Smallwood or any other employee, the news article appearing in the July 10, 1970, edition of the Oakland Tribune stated that Mrs. Smallwood:

"\* \* \*will study fulltime for a master's degree in city planning at the University of California, Berkeley, and direct Neighborhood House operations part-time. An assistant will be on duty fulltime, however, and Mrs. Smallwood has agreed to serve Neighborhood House one year for each year of study."

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On May 19, 1970, Mrs. Smallwood was given a 1-year extension of her employment contract as executive director of the Neighborhood House. The contract provides that, for an annual salary of \$17,700, Mrs. Smallwood devote full time to performing her duties. The Neighborhood House personnel policy requires full-time employees to work a minimum of 40 hours a week, which, according to the Neighborhood House payroll records, Mrs. Smallwood has done since June 1968. In addition to providing a salary increase of \$1,200 annually, Mrs. Smallwood's contract provides for fringe benefits available to all Neighborhood House employees; these benefits include major medical, dental, life, and pension insurance.

Although the Neighborhood House's current budget of \$1.9 million includes Federal grant funds of about \$1.1 million received from the Departments of Labor and Commerce and the Office of Economic Opportunity, none of the Federal funds are used to pay Mrs. Smallwood's salary. The United Bay Area Crusade has contributed \$68,000--none of which is used as matching funds for Federal grants--to the Neighborhood House for the payment of the salaries and fringe benefits of Mrs. Smallwood, the deputy directors for program operations and for accounts management, the office manager, and the receptionist. The Neighborhood House has been a member agency of the United Bay Area Crusade for several years.

We verified Mrs. Smallwood's acceptance into the Graduate School of Urban and City Planning in the College of Environmental Design on the Berkeley campus of the University of California. Mrs. Smallwood informed us that on September 2, 1970, she would enroll in two courses of four units each for the fall quarter commencing in October 1970. According to Mr. Bernard Evans, Chairman of the Board of Directors, Neighborhood House, it would be acceptable to the Neighborhood House for Mrs. Smallwood to attend classes during the day, rather than in the evenings, provided that she works at least 40 hours a week. Mrs. Smallwood stated that her tuition would be paid for, in part, through a \$1,000 San Francisco Planning and Urban Renewal Association city planning fellowship.

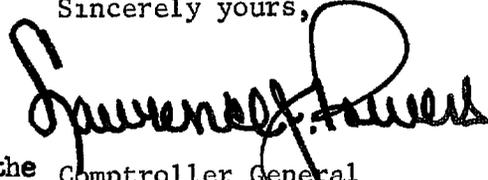
When we interviewed Mrs. Howard, she provided no additional information that would be pertinent to this matter.

Your attention is invited to the fact that the individuals and organizations mentioned in this letter have not been given an opportunity to formally review and comment on its contents.

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In accordance with your request, we are returning the enclosures that accompanied your request. We trust that the above information will be of assistance to you.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Lawrence H. Brown". The signature is written in a cursive style with a large, looping initial "L".

For the Comptroller General  
of the United States

Enclosures - 2

The Honorable George Murphy  
United States Senate