



DIGEST -

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

CONG.) - B & M

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B-203057

March 25, 1982

The Honorable Charles F. Dougherty
House of Representatives

Dear Mr. Dougherty:

On April 28, 1981, representatives of this Office met with you and Mr. Michael J. Carman, Senior Legislative Assistant, in your office concerning a project you desired us to undertake. You and Mr. Carman briefed our representatives on allegations of possible misuse of Federal funds by certain Federal grantees in the Philadelphia area and requested this Office to obtain additional data in order to verify or refute the allegations. In each case we identified and contacted the appropriate granting agency or department and requested it to investigate the allegations and provide us with an administrative report. The specific grantee organizations and allegations you asked us to look into are as follows:

(1) The Parents Union for Public Schools, Philadelphia, Pennsylvania, a grantee of the Department of Justice, was accused by one of your constituents of causing disruption in the Philadelphia Public School System. It was alleged that the award of the grant was opposed by the Philadelphia Board of Education.

(2) The Institute for the Study of Civic Values, an ACTION grantee which used VISTA volunteers, prepared a measurement survey for use by members of the public to assess the impact of President Reagan's Economic Recovery Program on the cities and communities in which they live. It was alleged that the survey, which purported to measure the "cruelty and greed index" of the Administration's economic recovery program, is very political because it is critical of the Administration's program.

(3) The Philadelphia Housing Development Corporation, Philadelphia, Pennsylvania, a grantee of the Department of Housing and Urban Development, is alleged to have engaged in advocacy and political activities.

We have reviewed the administrative reports and are unable to conclude on the basis of the evidence that further investigative efforts are warranted. The results of these investigations are summarized below.

PARENTS UNION FOR PUBLIC SCHOOLS

On June 11, 1980, the Office of Juvenile Justice and Delinquency Prevention of the Office of Justice Assistance, Research and Statistics, Department of Justice, awarded the sum of \$536,856 in Law Enforcement Assistance Administration (LEAA) funds to the Parents Union as grant

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number 80JSAX0023. The grant period began on May 30, 1980, and is scheduled to terminate May 29, 1982. The Parents Union is a youth advocacy organization implementing programs for the benefit of youth in the Public Schools of Philadelphia.

The Philadelphia Board of Education objected to the grant apparently because it felt that the grantee's plan of operations conflicted with the operations and procedures of the Philadelphia School System. The Project Monitor stated that the program office would not usually make inquiry into the objections of an organization on which a grant might impact because it relies on the state clearinghouse for such coordinating action. The clearinghouse procedure is intended to avoid the award of additional grants for similar purposes in an area and to ascertain whether there are objections to the award of a grant. The Department of Justice review of the grant file disclosed that the state clearinghouse had approved the grant and there was no evidence the School Board had raised objections to it.

The Department of Justice finds no merit in the contention that it should have verified the validity of statements made in the grant application by the Parents Union concerning the School System before awarding the grant. The Parents Union submitted a 59-page problem statement in support of the grant application. This statement identifies "problem areas," presents statistics supporting problem identifications, and sets forth the proposed activities of the Parents Union intended to address the problems. The Department of Justice states that the information contained in this statement addressed bona fide identifiable problems in need of attention such as poor student reading skills, inconsistent disciplinary measures, the provision of special education for students with special needs and the failure to include students in the decisionmaking process.

INSTITUTE FOR THE STUDY OF CIVIC VALUES

The Institute is affiliated with the Philadelphia Council of Neighborhood Organizations which is also a VISTA sponsor. It is a city-wide organization that has been involved in establishing community development improvement projects at the neighborhood level and in organizing the local residents for this purpose for several years. For example, the Institute engaged in such projects as providing technical assistance for credit unions and helping groups apply for community development grants. The Institute became a VISTA sponsor on January 1, 1979. The project, which was scheduled to last for 3 years, envisioned the use of VISTA resources to work closely with several neighborhood groups with which the Institute already had an existing relationship. The groups had advised the Institute of their needs and of their capacity to provide some on-site supervision of VISTA volunteers. A total

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of about 10 VISTA volunteers at any given time were assigned to Institute-sponsored groups located throughout the city. All volunteers were reassigned from the Institute project by December 31, 1981, when the 3-year project was terminated. Your primary concern with the Institute is that it may have utilized Federal funds or resources to prepare an allegedly political survey.

The Institute received three grant awards totaling \$11,600 from ACTION, which is the parent agency of the VISTA Program. A mini-grant in the amount of \$5,000 was awarded to it on September 30, 1978, for a 1-year period which was used to pay part of the salary of an Institute employee who was engaged in implementing a local program to mobilize and utilize a number of part-time volunteers. A transportation grant in the amount of \$3,100 was awarded the Institute in January 1980 to provide transportation for VISTA volunteers assigned to the project. Finally a supervision grant in the amount of \$3,500 was awarded on September 19, 1980, for the purpose of paying part of the salary of the VISTA supervisor at the Institute from September to December 1980. In addition ACTION also paid approximately \$100,630 in allowances and stipends to VISTA volunteers that were assigned to the Institute.

At our request, the ACTION Inspector General's Office conducted an investigation of the Institute's VISTA project with specific attention to the Institute's possible use of Federal funds or other resources in the preparation and dissemination of a survey quiz that asked citizens to assess the "cruelty and greed index" of the Administration's economic recovery program. The investigators interviewed and obtained statements from the ACTION Regional Director in Philadelphia, the Pennsylvania State Program Director, the Program Officer in the Philadelphia District Office, the President and VISTA Supervisor from the Institute and ten VISTA volunteers that were at one time or another assigned to the Institute. The investigators also reviewed pertinent documents in the files of the Philadelphia Regional Office and in the files of the Institute.

The President of the Institute, Mr. Edward Schwartz, has stated that no ACTION funds were used in connection with the preparation and dissemination of the survey. He explained that the Institute mimeographed about 200 copies of the survey at a total cost of approximately \$25 and sold copies for 50 cents each to recover the cost. He further indicated that he was aware that some neighborhood organizations reproduced copies on their own and distributed them among their members. Also, Institute accounting records for the grants were reviewed and did not contain any evidence that grant funds had been used for the survey. Finally, interviews with the VISTA volunteers and Institute officials indicated that none of the volunteers participated in the preparation or dissemination of the surveys.

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In a related matter, ACTION reported that one of its VISTA volunteers who was assigned to an organization affiliated with the Institute was present at a consumer oriented demonstration outside your District Office in the Fall of 1979. ACTION officials determined that the presence of the volunteer during the demonstration was inappropriate and not in conformance with VISTA policy. The volunteer was admonished that such activities were inappropriate. However, ACTION concluded that the activities of the volunteer in this instance did not constitute a violation of the provisions of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5043) which restricts Federally assisted Domestic Volunteer Programs from being carried on in partisan political manner. The Director of ACTION discussed this incident in a letter to you dated December 17, 1979.

PHILADELPHIA HOUSING DEVELOPMENT CORPORATION

The Philadelphia Housing Development Corporation (PHDC) is a non-profit housing counseling agency. It operates in the inner-city and provides advice and assistance to qualified housing consumer clients to assist them in improving their housing conditions and meeting the responsibilities of homeownership and tenancy. Your concern with this organization is that it might have engaged in advocacy and political activities contrary to Federal law and regulations. The counseling embraces a broad range of subjects including housing selection, rental/purchase procedures, home improvement and rehabilitation, energy conservation and delinquency and default counseling.

The Department of Housing and Urban Development (HUD) conducted an investigation of its involvement as a grant agency with PHDC. It reported that as early as 1973, it certified PHDC to provide housing counseling services to persons seeking or living in HUD-insured or HUD-assisted housing. In 1979 it awarded a \$50,000 grant and in 1980 it awarded a \$25,000 grant to PHDC to help defray the cost of providing free counseling services to low and moderate income persons in Philadelphia.

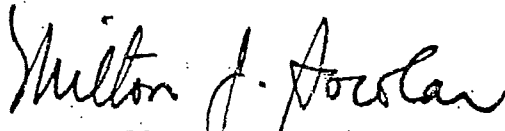
HUD states that applicable law and regulations and its grant agreement documents with PHDC include provisions relating to the prohibition against using Federal funds for political activities, advocacy, demonstrations and lobbying. It further states that the PHDC grants have been subject to ongoing on-site inspections by HUD officials and that such inspections revealed that PHDC complied with the provisions of the grant documents and that payments were made only for allowable costs under the terms of the grant.

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CONCLUSION

We have reviewed the investigation reports prepared by each of the above named granting agencies and agree with the agencies' findings, that on the basis of the information presented, there does not appear to be any violation of applicable laws or regulations that would warrant further investigation. Copies of these investigation reports are enclosed for your information.

Sincerely yours,

for 
Comptroller General
of the United States

Enclosures