

HRD-76-112

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*REPORT OF THE  
COMPTROLLER GENERAL  
OF THE UNITED STATES*

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Operation Of The  
Emergency Food And  
Medical Services Program

Community Services Administration

The Emergency Food and Medical Services Program was established to counteract starvation and malnutrition among those segments of the poor difficult to reach through other Federal programs.

The Community Services Administration should

- develop better data on the population served by local Emergency Food and Medical Services projects,
- provide for monitoring the Emergency Food and Medical Service grantees at the local level, and
- realine its program funding criteria and practices to emphasize food services for the needy.

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SEPT. 1, 1976

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

B-164031(5)

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P The Honorable Warren G. Magnuson  
Chairman, Subcommittee on Labor and s 308  
Health, Education, and Welfare  
Committee on Appropriations  
United States Senate

Dear Mr. Chairman:

As you requested on July 28, 1975, (see app. I) we have  
1 reviewed the Community Services Administration's operation 177  
of the Emergency Food and Medical Services Program, recently  
renamed the Community Food and Nutrition Program. Specifi-  
cally, we looked into the agency's efforts to administer  
the program nationally and to direct program efforts to  
Indian, migrant, and seasonal farmworker target populations.  
As requested, we also tested the operation of local proj-  
ects in Colorado, Utah, and Texas, which each had several  
grants to serve the target population (see app. II).

PROGRAM HISTORY

In 1967 and 1969 the Economic Opportunity Act was amended to establish and define a new program known as Emergency Food and Medical Services. The new program was to provide, on an emergency basis, financial assistance for the provision of nutritional foodstuffs, medical supplies, and services necessary to counteract starvation and malnutrition among the poor. Under the legislation, assistance was to be furnished, primarily, to provide food and related medical services to those not being reached by other Federal programs and also to broaden the coverage of such programs so they will better serve the economically disadvantaged. The Community Services Administration, formerly the Office of Economic Opportunity, is responsible for the program and is authorized to make grants to community action agencies or to local public or private nonprofit organizations where community action agencies are not operating. Funding of \$22.4 million was provided in each of fiscal years 1974 and 1975 and \$26.2 million was provided in fiscal year 1976.

After the 1969 amendments, further revisions were not made to the program legislation. However, in 1973 all program medical activities were transferred to the Department

of Health, Education, and welfare. Responsibility for nutritional program activities was retained in the Community Services Administration. Consistent with the transfer, a technical amendment (Public Law 94-341) was passed by the Congress in July 1976 to change the name of the program to Community Food and Nutrition. The language of the act establishing emergency program purposes remained unchanged.

#### PROGRAM ADMINISTRATION

Under the requirements of the Community Services Act of 1974 (Public Law 93-644) and reports by the Senate Appropriations Committee on the supplemental appropriation bills for fiscal years 1973 and 1975 (S. Repts. 92-1297 and 94-137), the Community Services Administration has been charged with nationally administering the Emergency Food and Medical Services Program. Consistent with these requirements, the agency headquarters establishes national program objectives and policies, evaluates program performance, and approves grants for funding.

In addition, the Committee stipulated in reports <sup>1/</sup> on fiscal year 1974 and 1975 Community Services Administration appropriations that not less than 15 percent of the program funds be directed to activities that serve migrants, Indians, and seasonal farmworkers. The Committee believed that other Federal nutrition programs were not effectively reaching these target populations but that the Emergency Food and Medical Services Program could.

The Community Services Administration has one administrative official in its headquarters Office of Operations responsible for keeping regional staff and local grantees apprised of national program policies, procedures and practices. Establishing national program objectives, making policy decisions, and approving grant funding are the responsibility of the Associate Director for Operations.

Before the Community Services Act of 1974 was passed in January 1975 requiring the agency headquarters to approve all grants, most program grant awards were made by regional offices with headquarter's concurrence. The agency headquarters uses its regional offices to process and administer grants awarded by headquarters and to

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<sup>1/</sup>S. Repts. 93-414 and 94-137.

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provide counsel on program progress and problems determined through monitoring grantees.

National program objectives  
and policymaking

In 1969, the Office of Economic Opportunity issued comprehensive guidelines for the Emergency Food and Medical Services Program, specifying funding priorities for program efforts. In counties with Department of Agriculture Food Stamp or Commodity Distribution Programs, the Emergency Food and Medical Services Program was to

- supplement these programs with outreach workers,
- provide funds to cover purchase of food stamps,
- organize improved commodity distribution systems,  
and
- increase program participation by persons in the greatest need.

In counties without these programs, Emergency Food and Medical Services funds were to be used first for the purchase of foodstuffs for those in need and for the necessary outreach to identify those in need.

To be eligible for participation in the program, an individual was generally required to be identified by a community action agency, health agency, physician, school, or other community service agency to be suffering from starvation, hunger, or malnutrition and to lack sufficient resources to correct the condition.

The 1969 program guidelines have not been rescinded by the Community Services Administration. However, policies for program emphasis and priorities have been changed in recent years. In fiscal years 1974 and 1975 the program's policies and objectives were disseminated to the field a few months before the appropriation was enacted, near the end of each fiscal year.

In fiscal year 1974, the Office of Economic Opportunity headquarters directed its regions to primarily consider funding projects which would improve or increase participation in other Federal feeding programs. The policy further stated that program funds be used primarily for that purpose,

not as a commitment to either long-term or duplicative feeding programs.

Essentially, the same policy was adopted for fiscal year 1975. However, the Community Services Administration headquarters specified that projects for the following activities could be funded.

- Improving participation in the food stamp and other Federal feeding programs.
- Mobilizing community resources to reduce the incidence of hunger and malnutrition among low-income consumers.
- Providing training and technical assistance to communities to establish hunger coalitions, hunger action centers, food banks, and feeding programs in areas of substantial unemployment.
- Helping poor people raise and preserve animal and plant foods for home consumption.

The agency's funding policy directive placed special emphasis on the food stamp program, suggesting that the Emergency Food and Medical Services Program grant activities could include: reducing delays at welfare offices; streamlining food stamps eligibility and purchase procedures; improving food stamp outreach and eliminating obstacles, legal and other, which prevent more people from participating in the food stamp program.

Of the 1974 Emergency Food and Medical Services Program grants awarded in three States, much of the grant funds had already been devoted to the kinds of program activities specified in the 1975 directive. These activities, which were continued in fiscal year 1975, were sponsored primarily by non-community action agency organizations and included:

- Developing a single-purpose, application-and-referral system covering most major Federal social service programs, one of which was the food stamp program.
- Maintaining organizations that advocated general needs, including food for minorities and the elderly.
- Operating economic development projects to support local farmers in obtaining seed, fertilizer, and other materials necessary for farm production.

We could not measure the precise impact that these projects had or will have in meeting Emergency Food and Medical Services Program objectives. However, the direct or indirect effects on alleviating hunger problems among the poor were limited. Community Services Administration officials said they will discontinue funding the first project during fiscal year 1976. Also, organizations assisting the elderly will no longer be funded under the Emergency Food and Medical Services Program but will be placed under a more general program for older persons authorized by the Community Services Act of 1974--the Senior Opportunities and Services Program.

The 1974 grants made to community action agencies in the three States were generally used in conformance with the 1969 guidelines to provide food directly to those in need or to assist the poor in obtaining the benefits of other Federal feeding programs such as food stamps.

Evidence does not show that the community action agency programs were duplicating other Federal feeding programs in the same locality, since community action agency efforts supplemented other feeding programs by extending their benefits into new areas or provided direct feeding services in areas not reached by other programs. However, the non-community action agency projects generally included functions that could fall under other Federal program authorities.

Program emphasis on migrants, Indians, and seasonal farmworkers

Emergency Food and Medical Services Program policy instructions issued to Community Services Administration regions for fiscal years 1974 and 1975 did not provide guidance to regional offices for assuring that not less than 15 percent of program funds were devoted to programs serving migrants, Indians, and seasonal farmworkers. Instead, headquarters determined which grants could be classified as serving these target populations based on a general assessment of grant applications planned for funding. Headquarters used regional assistance to assess information furnished by the grant applicant and determined that 19 percent of the \$22.4 million program appropriation in fiscal year 1974 was for programs directed to the target populations.

In the three States reviewed, several fiscal year 1974 grants were misclassified by the agency as being directed to the target groups. The following are some examples of

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grants that should not have been identified as generally serving the target populations.

--A \$50,000 grant to a minorities coalition that primarily served nontarget populations.

--A \$16,000 grant to an Indian tribe that predominantly served nontarget populations.

--A \$50,000 grant used for research of community social needs.

Grants identified as serving target populations in other States also may have been misclassified. Therefore, the agency probably did not meet the requirement that at least 15 percent of the program funds be used for nutrition programs serving migrants, Indians, and seasonal farmworkers.

In the proposal stage, establishing precisely how grant funds will ultimately be used can be difficult. In some cases, through further inquiry the agency might have been able to correct its original determination; in others a redetermination could have been made only through monitoring and evaluation of subsequent grantee activities.

In fiscal year 1975, the agency implemented a new system for funding all migrant and seasonal farmworker grant activities through seven local agencies. This should simplify identification of these programs. However, grants serving Indians will still have to be identified through case-by-case analysis.

#### National Association of Farmworker Organizations proposal

In June 1975, the National Association of Farmworker Organizations submitted a proposal to the Community Services Administration offering to centrally administer all program activities for migrants and seasonal farmworkers through seven local organizations strategically situated around the country. The proposed plan offered the following benefits for migrant and seasonal farmworkers programs:

--Mobilizing food resources.

--Changing restrictive or prohibitive requirements for food stamps and other categorical food programs.

- Developing innovations in food production and distribution.
- Providing a flexible and efficient mechanism for delivering emergency food services.

The agency assessed the proposal and recommended that the seven local organizations submit separate grant applications to appropriate Community Services Administration regional offices. The proposal was modified to eliminate funding of the National Organization, and the Community Services Administration headquarters retained central control of the local agencies through its regional offices.

In July 1975, the Community Services Administration decided on a funding level of \$1.8 million for the seven local organizations in the original proposal. Each regional office in which a local organization was situated was to maintain responsibility for the local organization's activities within the regional boundaries. Through consultation, the regional office would resolve problems which crossed regional boundaries. The headquarters office was to closely monitor the local organizations to assess their operational strengths and weaknesses.

At the time of our review the local organizations had gained little experience, but the following views were obtained from State and local program officials.

#### Advantages

- Eliminates fragmented services.
- Reduces competition for grant funds by various community action agencies.
- Avoids duplication of effort.
- Replaces agencies that do not have expertise or ways of providing services.
- Reduces unnecessary administrative costs.

#### Disadvantages

- Local organizations will cover large areas that will be difficult to serve.



--Distribution of grant funds may be biased in favor of the areas where the local organizations are located.

--Selected local organizations may not be near the path of the migrants.

Adequacy of funds could be a problem in some cases. Agency officials in one region believe that less money will be put into the programs for migrants and seasonal farmworkers than had been the case in the preceding fiscal year for their regions. While the new system could aid in improving national administration of Emergency Food and Medical Services Programs oriented to migrant and seasonal farmworkers, this still constitutes only a small portion of the program, which must be administered nationally.

#### Program evaluation and monitoring

Community Services Administration procedures for monitoring grantees were established in 1972 by the Office of Economic Opportunity. In the interest of increasing the independence and self-reliance of its grantees, a system was established whereby the agency would rely on grantees' self-assessments of program progress rather than intensive on-site agency monitoring. Each grantee was required to establish a review system and to report periodically on program progress.

The system is still in use with Community Services Administration regional officials primarily responsible for monitoring and evaluating grantees. During the funding year, grantees are supposed to submit two program progress review reports, four quarterly financial reports, and a certified public accountant's audit report. Community Services Administration field representatives may periodically visit community action agencies and other grantees to provide technical assistance. If questions have been raised based on examination of the grantees' latest self-evaluation, then field visits may be made to answer the questions.

Much grantee monitoring after award was done by telephone in the two regions we reviewed. Many grantees indicated that they had not been visited by agency field representatives. According to regional officials, grantees were not routinely required to submit operational data such as the number and class of needy parties served or the type

of services provided. As a result, grant funds were being used without agency regional office knowledge of projects that were, at best, peripheral to the purposes of the Emergency Food and Medical Services Program.

Ordinarily, if funds are directly spent to improve the availability of food or to remedy poor nutrition among low-income people, then such expenditures would be within the intent of enabling legislation. The following shows how some program funds were used for projects.

- Capital was provided for three partners to own an office building.
- Financing was provided for a facility to produce eggs, most of which were ultimately sold for profit.
- A fund was established to provide low-interest loans to local farmers for seed, fertilizer, and other farm materials.
- Funds were used for continuation and expansion of a rural, refuse-collection project.

In the above cases, subgrantees received funds from non-community action agency grantees whose programs were identified by the Community Services Administration as serving migrants. While making our review, we questioned the propriety of having funded the last project. At the direction of the Community Services Administration, the grantee later fully recovered the funds from the subgrantee. Following our review, the grantee began reviewing other grants that it had made, and the office building and egg ventures became insolvent.

#### CONCLUSIONS AND RECOMMENDATIONS

In recent years the administration has placed little emphasis on the Emergency Food and Medical Services Program, believing that it duplicates the services provided by other major food programs such as the Department of Agriculture Food Stamp and Commodity Programs. This attitude is reflected each year when the administration submits a zero budget request for the Emergency Food and Medical Services Program and does not extend the funding of program grants until an appropriation is forthcoming from the Congress.

In 1974 and 1975 the Community Services Administration's policy emphasized program funding for projects that helped people find assistance through other programs, rather than direct emergency feeding. The projects were generally administered by independent local agencies, not by community action agencies. Consistent with the original policy established for the program in 1969, most community action agencies still provided direct feeding services as well as assistance to the needy in obtaining the benefits of other Federal feeding programs. While these efforts apparently supplemented and filled the voids in other major Federal feeding programs, no evidence showed that they were duplicative.

At community action agencies, we could generally determine the number and type of needy people served, how they were served, and the impact of such service on the local community. However, for projects administered by independent agencies, this information was limited. Several of these grantees were improperly identified as serving migrant, Indian, or seasonal farmworker target populations through the agency's informal preaward assessment process. Since the agency followed the same procedures in classifying grants in other States, it probably did not provide 15 percent of the Emergency Food and Medical Services Program funds to grantees that serve migrants, Indians, and seasonal farmworkers. Improvements could be made in initial grant assessment processes and in monitoring and evaluation of awarded grants to determine whether the Community Services Administration is complying with the 15-percent requirement.

Some of the projects funded in the three States reviewed were of limited benefit in improving the availability of food and in remedying poor nutrition among lower income people. The Community Services Administration presently uses a system of self-evaluation for all of its grantees, thus, reducing the direct contact needed by agency officials with grantees. Agency officials will need to become more directly involved with the grantees to insure that program objectives are being met.

We recommend that the Director, Community Services Administration, initiate actions to:

- Develop an information system that will provide more appropriate data on target populations served by local Emergency Food and Medical Services projects and operational data to show how they are being served.

- Provide for selective on-site monitoring of the Emergency Food and Medical Service grantees at the local level, based on information provided through the information system.
- Realign program funding criteria and practices to emphasize food services for the needy.
- After the first year of operation, provide appropriate congressional committees with an assessment of how well the local organizations are providing emergency food services to migrants and seasonal farmworkers.

#### AGENCY COMMENTS AND OUR EVALUATION

In March 1976 we provided our draft report to the Community Services Administration for comment. The agency's reply (see app. III) noted that our report confirmed several concerns that it had and that our findings would be valuable as it worked toward revising the program policies and other requirements for fiscal year 1976. The agency also said it planned to investigate several items discussed in our report and possibly refer them to the Justice Department.

In June 1976, the agency released its new program policy guidelines for fiscal year 1976 (1) revising national program emphasis, (2) providing a new information system for identifying the services provided and types of people served by individual projects, (3) defining new grant review and approval procedures, (4) providing for complete reporting of grantee self-evaluations as a grant requirement, and (5) specifying that the agency selectively evaluate grantees as part of a nationwide study.

The new guides reemphasize the purpose of the program: to reduce the incidence of hunger and malnutrition and to improve the nutritional status of the poor. The program guidelines are oriented to four priority areas:

- Improving participation in other Federal feeding programs.
- Providing food directly to target populations (migrants, Indians, seasonal farmworkers, and others).
- Supplementing and filling the gaps in existing feeding programs.

--Mobilizing other financial and community resources to address local feeding problems.

The new guidelines provide for special national funding emphasis on projects serving migrants, Indians, seasonal farmworkers, and certain other target populations. Also, the guidelines specify that (1) the organizations eligible for funding include those agencies historically involved in community action and (2) non-community action agencies be funded when no community action programs exist or such programs cannot achieve the intended purposes.

We believe that the agency's 1976 guidelines are a major improvement. If effectively carried out, the guidelines should resolve most of the difficulties noted in our report.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

*c2* In addition to the agency and the above Committees, we are sending copies of the report to the Senate Committee *S 1100* on Labor and Public Welfare, the House Committee on Education and Labor, and the Director, Office of Management and Budget. *H 1100*

Sincerely yours,

*R. F. Keller*  
ACTING Comptroller General  
of the United States

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### ABBREVIATIONS

CAA	community action agency
CSA	Community Services Administration
EFMS	Emergency Food and Medical Services
HEW	Department of Health, Education, and Welfare
NAFO	National Association of Farmworker Organizations
OEO	Office of Economic Opportunity
SPAARS	Single Purpose Application with Automatic Referral System

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B-164031(5)

Honorable Elmer B. Staats  
Comptroller General of the United States  
U. S. General Accounting Office  
Washington, D. C. 20548

Dear Mr. Staats:

It has come to my attention that the funds appropriated for the Community Services Administration's Emergency Food and Medical Services Program may not be reaching migrants, seasonal farmworkers, and Indians as required by the Appropriations Acts for this program in fiscal years 1974 and 1975. The Committee reports provided that the Emergency Food and Medical Services Program be administered on a national basis and that not less than 15 percent of the funds appropriated be devoted to nutrition programs directed to these target populations.

I would like your office to obtain from CSA information on the degree to which these programs are reaching the migrant, Indian, and farmworker target populations as intended by the language of the 1974 and 1975 Appropriations legislation. I would also like you to make limited tests in one or two states to verify the information provided by CSA in this regard.

Sometime ago the Administration received a proposal from the National Association of Farmworker Organizations that could aid in putting management of the Emergency Food and Medical Services Program on a national basis but, as yet, the Administration has not acted on that proposal.

It would be helpful if your office could obtain information as to why CSA has not acted on this proposal. Also, it would be helpful to have you compare CSA's present structure with that which would result from the proposal. In addition, in the states you visit to verify CSA's data, obtain the views of state and local program officials on the proposal.

## United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, D.C. 20510

July 28, 1975

Any information or questions concerning this request may be discussed with Messrs. Sam Spina or Harley Dirks of my staff.

Sincerely,



WARREN G. MAGNUSON  
Chairman  
Senate Appropriation Subcommittee  
on Labor and Health, Education,  
and Welfare

WGM:ssw



REVIEW OF EMERGENCY FOOD AND MEDICAL SERVICESGRANTS IN THREE STATES

To test how well the Emergency Food and Medical Services (EFMS) program is administered and its effect on the people it serves, we reviewed grants awarded in fiscal year 1974 in Texas, Colorado, and Utah. EFMS grants have, in recent years, been awarded for 12 months at or near the end of the fiscal year. Consequently, grantees spent fiscal year 1974 EFMS funds during fiscal year 1975.

We identified how funds were used to achieve program purposes, determined whether programs identified with target populations effectively reached them, and obtained local agency officials' views on the effectiveness of their programs.

Some of the grantees reviewed delegated the use of much of their funds to subgrantees. We visited and reviewed primarily larger subgrantee programs. We did not review two medical program grantees, since the Department of Health, Education, and Welfare (HEW) is now responsible for the programs.

TEXAS

In fiscal year 1974, the Community Services Administration (CSA) awarded eight EFMS grants in Texas for about \$1.3 million. About one-fourth was granted to community action agencies (CAAs), with the balance going to other local service organizations. At the time of the grant, CSA identified about two-thirds of these programs as food programs for migrants. The anticipated program emphasis did not materialize in some cases.

CSA's Inspections Division is investigating several grantees that we visited in Texas. If warranted, the results of CSA's investigation will be referred to the Department of Justice, which may prosecute the grantees.

Grants for target population programs

Four fiscal year 1974 EFMS grants totaling \$814,850 were made in Texas for food assistance programs identified by CSA at the time of grant award as being for migrants and seasonal farmworkers. One grantee received a 1975 grant to run one of the seven local agencies that assisted migrants and seasonal farmworkers in Texas and New Mexico.

EFMS Grants Awarded in Texas and Program Emphasis

<u>Primary grantee</u>	<u>Amount of 1974 grant</u>	<u>Identified program emphasis</u>	
		<u>CSA grant award</u>	<u>Our review</u>
Driscoll Foundation Children's Hospital (note a)	\$120,000	Medical	Medical
El Paso Community Action Program, Project BRAVO, Inc. (note a)	100,000	Medical	Medical
Mexican-American Council for Economic Progress	100,000	Migrants	Research and economic development
Associated City-County Economic Development Corporation (note b)	199,850	Migrants	Migrants medical
Governor's Office of Migrant Affairs	465,000	Migrants	Economic development and migrants
Laredo-Webb County Community Action Agency	50,000	Migrants	Community nutrition
Bexar County Legal Aid Association	25,000	Legal as- sistance	Legal as- sistance
Texas Office of Economic Opportunity	<u>222,240</u>	Community nutrition	Community nutrition
Total	<u>\$1,282,090</u>		

a/Medical programs were not reviewed.

b/This grant was awarded and monitored from CSA headquarters.

Mexican-American Council  
for Economic Progress, Inc.

The Mexican-American Council for Economic Progress, Inc., a nonprofit corporation, was organized to improve economic conditions among the Mexican-American people of Texas.

CSA awarded the Council a \$100,000 fiscal year 1974 EFMS grant to research the severity of food shortage problems and find short- and long-term solutions, insure the maximum use of food assistance programs, and establish (1) an economic development program for an eight-county area in southwest Texas, known as the Winter Garden area, and/or (2) a specific local business enterprise that would set aside a percentage of profits each year to provide emergency food care to the target population.

As a result of the council's research project (which cost \$50,000), a report was made that recommended improving

- the use of social service agencies,
- business development,
- educational training and employment,
- regional planning and development,
- housing, and
- assistance to illegal aliens.

Initially, CSA region VI officials said they had never seen the report and that its use and disposition were unknown. However, after locating and reviewing their copy of the report, they said it did not contain any information useful to them.

Part of the report evaluated two other EFMS projects that the council had delegated, at \$12,500 each, to two CAAs. The CAA records showed that, in June 1975, \$19,266 had been spent to provide food and food stamps to 3,015 people and to help 1,945 people obtain assistance from other Government agencies. However, the council's contracts with these subgrantees did not limit assistance to migrants and seasonal farmworkers.

The remaining \$25,000 was used to establish an investment fund. On June 11, 1975, the \$25,000 was loaned in

equal portions to three people identified as migrants. The money was used to form a limited business partnership whose primary purpose was to acquire and operate for profit a three story, 19,000 square foot office building in Austin, Texas.

The partnership had two other members: the Mexican-American Development Corporation, a profit-making subsidiary corporation of the council, and the council president's brother. The corporation was a general partner with a 45-percent interest in the partnership; the four individuals were limited partners with interests totaling 55 percent.

The limited partners had no voice in the partnership and were not liable for any debts. But, they shared in a percentage of the net profits. The only capital the three identified as migrants invested in the partnership was from the loans made to them from grant funds. These loans were to be repaid from the net proceeds from rental income. If they defaulted on the loans, the individuals would not incur losses.

Each loan was to be repaid over a 120-month period with monthly installments of \$92.51, each payable on the first day of each month. As of October 6, 1975, no payments had been made and the monthly installments were 3 months behind. In June 1976, we learned that the mortgage company had foreclosed on the building and that the partnership had been dissolved.

#### Governor's Office of Migrant Affairs

The Governor of Texas created the migrant affairs office in April 1974 to keep his office apprised of new Federal legislation and of funding sources which could help migrants. Among other duties, the migrant affairs office identifies and applies for Federal funds available for migrants and seasonal farmworkers.

CSA awarded the migrant affairs office a \$465,000 EFMS grant in June 1974. In awarding the grant CSA specified three special projects that the office was to fund.

The migrant affairs office granted about \$382,700 to 24 delegate agencies to assist the estimated 43 percent of all migrants in Texas not receiving such assistance. As of August 31, 1975, the delegate agencies had spent about \$212,900. Reports provided by the migrant affairs office showed that, as of September 30, 1975, only 11 percent of the target population had received assistance. The migrant affairs office spent about \$66,600 of the grant funds on

its administrative expenses and had about \$15,700 remaining in that budget.

As of the end of August 1975, about \$209,000 of the \$465,000 grant had not been spent. According to regional CSA officials, this occurred because CSA insisted that the migrant affairs office solve some of its administrative problems before advancing funds to its delegate agencies. The migrant affairs office did not receive an EFMS grant in fiscal year 1975, but CSA has permitted it to use its unspent fiscal year 1974 funds. In June 1976 we learned that the migrant affairs office redistributed some of the remaining funds to its delegate community action agencies.

We visited 10 of the delegate agencies that received fiscal year 1974 EFMS grant funds. Information obtained during our visits is summarized below.

Four community action agencies and an association to help migrants were awarded about \$54,744 by the migrant affairs office to buy food or food stamps:

- El Paso Community Action Council, Project BRAVO, Inc.
- Community Council of Southwest Texas.
- Williamson Burnet County Opportunities, Inc.
- Southwest Migrant Association.
- Laredo-Webb County Community Action Agency.

Agency records showed that, at the time of our fieldwork, most of the money had been spent predominately for helping 6,143 people purchase food stamps and/or for direct food services. We could not determine precisely how many migrants and seasonal farmworkers are in the counties served by these agencies, but it is probably over 40,000. Services could have been provided to the same individual more than once.

The Community Action Council of South Texas received \$25,000 from the migrant affairs office to help project recipients by guaranteeing their credit. This was one of the three special projects CSA specified in its grant to the migrant affairs office.

The council's records showed that it used \$8,000 to obtain a certificate of deposit to use as collateral for

loans to migrants and seasonal farmworkers. In addition, the council loaned \$2,300 to local farmers to purchase seed, fertilizer, and other supplies. Under this program, 23 loans were made to 18 families with a total of 120 family members. The area served by the council has a migrant and seasonal farmworker population of 6,355. At the time of our review, the council had spent \$7,000 for administrative expenses; the unspent \$7,700 was also to be used for administrative expenses.

The Greater South Texas Economic Programs, Inc., received \$35,000 to provide food and to establish an economic development project. This was another special project required by CSA. This organization serves 3 counties having a migrant and seasonal farmworker population of 5,594. A total of 1,851 persons, principally from the target population, reportedly received assistance.

In late September 1975, records showed that \$15,663 had been used primarily to buy food and that \$14,602 had been used for "administrative expenses."

Of the administrative expenses, \$6,000 was devoted to an economic development project. Program officials said that they originally planned to use these funds for food assistance but that the migrant affairs office told them some money had to be used for economic development. A community garden project was proposed to help needy migrants and farmworkers supplement their incomes by growing their own food.

Officials of the delegate agency said the garden project was a total failure. They did not know if any gardens were ever planted. They said the project was not feasible because the land in the area is not suitable for farming. Nearly all of the \$6,000 set aside for the project was used to purchase and repair a used diesel tractor and implements.

The tractor was purchased from an employee of the Associated City-County Economic Development Corporation, another organization that received EFMS funds from CSA. This organization also awarded the Greater South Texas Economic Programs subgrants for an EFMS project and a employment project (see p. 12). The individual from whom the tractor had been purchased also had been paid \$700 for consultant services. Officials of the migrant affairs office said that the \$700 would be recovered from the subgrantee.

The American G.I. Forum received \$30,000 for the third special project required by CSA. This was an economic development project consisting of a farm for raising vegetables, pigs, poultry, and rabbits.

The Forum leased 12 acres of land, began facilities construction, and bought livestock and feed with grant funds. Twelve migrants were paid \$30 a week each to construct the farm buildings, including a two-bedroom house. The lease agreement stipulated that all improvements become the property of the lessor and that the lease terminate if the grant terminate.

The project was incomplete in October 1975. All grant funds had been spent and the marketable hogs were being sold to buy feed for the remaining stock. Officials of the forum said the objectives were not achieved because the project was too ambitious in view of the funds received. CSA regional officials later said they instructed the migrant affairs office to arrange to sell the remaining livestock and to use the proceeds to provide direct food assistance to migrants.

The Llano Estacado Farmworkers of Tejas, Inc., received \$46,700 from the migrant affairs office to begin programs related to hunger and the nutrition of migrants and seasonal farmworkers and to establish a migrant and seasonal farmworker cooperative for egg production. This organization serves a 5-county area with 17,238 migrants and seasonal farmworkers. According to a report submitted to the migrant affairs office as of September 30, 1975, this organization spent \$35,500 to help 2,681 people.

Financial records showed that about \$5,200 was used to purchase food and food stamps and to provide other direct services to individuals. This organization also reported that it used \$26,300 to establish an egg production facility. (See figs. 1 and 2.)

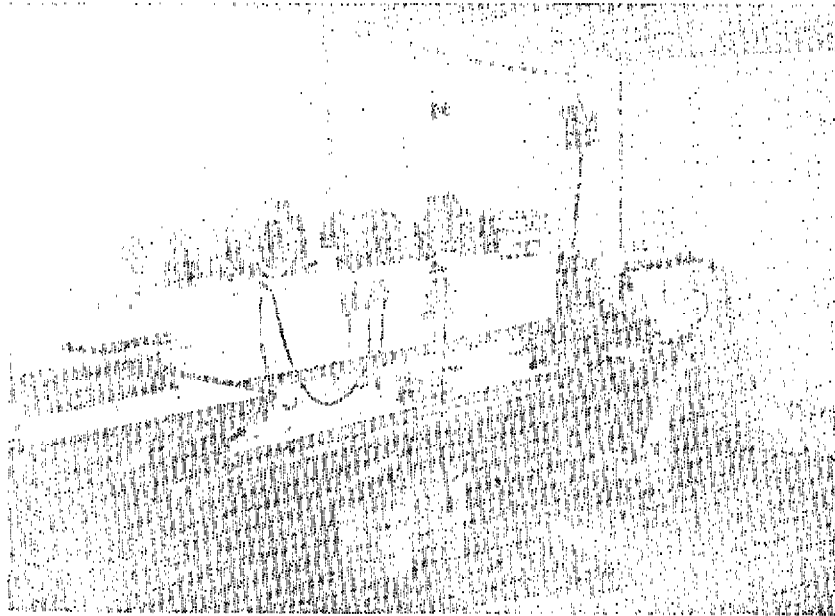


FIGURE 1. EGG PROCESSING EQUIPMENT.

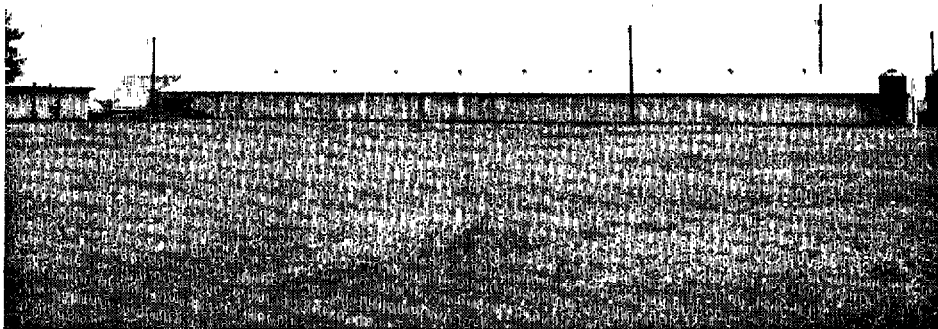


FIGURE 2. CHICKEN HOUSE.



It also reported that eggs were distributed to neighborhood centers where they were sold at lower than retail prices to families meeting poverty income criteria.

At the time of our review, the facility was producing about 9,000 dozen eggs per month; however, the grantee had contracted to sell 7,500 dozen per month to a milk company. In addition, eggs were being sold as available to local restaurants and a nursing home. A minimal amount of eggs were available for the neighborhood centers. Statistics were not available to show how many people were assisted by the egg production facility.

The Cameron-Willacy Counties Community Projects, Inc., received about \$43,000 from the migrant affairs office and delegated the money to two nonprofit corporations. Union y Dignidad received about \$12,800 to continue and expand a rural refuse collection project. After learning that we planned to visit this grantee, CSA directed the migrant affairs office on September 18, 1975, to freeze these funds, because the project's purpose did not conform with CSA guidelines. The Union returned the grant funds to the migrant affairs office by check dated October 28, 1975.

FORCO Farmer's Cooperative, Inc., received \$30,000 to establish a revolving loan fund to help small farmers financially. The cooperative is a nonprofit organization comprised of 219 farmers who each own 500 or less acres of land.

The cooperative deposited the grant funds in a credit union as collateral for the low-interest loans it made to its members for seed, fertilizer, and other farming supplies. As of October 31, 1975, 13 loans amounting to about \$11,880 had been secured by the \$30,000 grant. The 4 counties served by the cooperative have a migrant and seasonal farmworker population of 114,954. Very few people were assisted.

The cooperative received about \$15,000 directly from the migrant affairs office. The office earned the money from interest on certificates of deposits purchased with the EFMS grant funds. The cooperative used \$4,500 of this for a certificate of deposit to secure loans to farmers. Ten loans amounting to about \$4,100 had been secured by this certificate of deposit.

Laredo-Webb County  
Community Action Agency

The Laredo-Webb County Community Action Agency received a \$50,000 EFMS grant from CSA for needy residents in five

counties. At the time of our review, all of the funds had been spent; records showed that \$44,000 was used for food vouchers (used for more immediate assistance than food stamps) given to 11,778 people. According to agency officials, assistance under the grant was not designed for migrants and seasonal farmworkers, as indicated by CSA. This agency also received funds from the migrant affairs office (see p. 7) and the Texas Office of Economic Opportunity (OEO) (see p.14).

Associated City-County Economic  
Development Corporation

CSA headquarters awarded a fiscal year 1974 EFMS grant of \$199,850 to the Associated City-County Economic Development Corporation. CSA designated the grant for migrants, and it was used for an emergency food project, a film on migrants, and a dental program.

The Greater South Texas Economic Programs, Inc., received \$50,000 from the corporation. These funds were used to test a program which would decrease the area's dependence on future EFMS support. The goals of the program were (1) to provide outreach services and training and education in nutrition and (2) to generate new food sources.

The corporation awarded a \$49,850 contract for the production of a short film aimed at assisting migrants and seasonal farmworkers in applying for and using food stamps. The film was produced in both Spanish and English. A copy of each version of the film is available at CSA headquarters for use by the regions. A headquarters official said only one region had ever borrowed the film. The corporation has other copies of the film, but the CSA headquarters official did not know how extensively they had been used.

The corporation awarded a \$100,000 contract to the Technical Education Research Centers to operate a 12-month program designed to show the feasibility of a low-cost dental services program for poor families. This program planned to provide services to about 33,750 people in Hidalgo County through a mobile van unit. A corporation report showed that as of July 31, 1975, 5,045 patients had been served.

The corporation was awarded a \$290,000 EFMS grant in fiscal year 1975 to operate a program to serve migrants in Texas and New Mexico. This is one of seven local agencies that will serve migrants throughout the country (see p. 22).

Grants not for target populations

Two fiscal year 1974 EFMS grants were made for food-related programs in Texas that were not identified as providing assistance to migrants and seasonal farmworkers.

The Texas Office of Economic Opportunity

The office received a \$222,240 EFMS grant from CSA which it subgranted to 26 community action agencies throughout the State to provide emergency food to needy Texas residents. The Texas Office of Economic Opportunity allocated the funds to the agencies on the basis of a formula that considered the poverty population in the area served by each agency less the population served by special programs. Thus, migrants and seasonal farmworkers were excluded from the target population of this grant.

Texas OEO records showed, as of June 30, 1975, that the delegate agencies spent \$136,782 to provide assistance to 13,265 people. For fiscal year 1975, the Texas Office of Economic Opportunity received a grant of \$510,000.

We visited the following five delegate agencies that received funds under the fiscal year 1974 grant.

The El Paso Community Action Program, Project BRAVO, Inc., received \$10,777 from the Texas OEO to provide lunches (meals-on-wheels) to low-income people at a cost of \$1 per meal. The El Paso Community Action Program arranged for the El Paso City-County Nutrition Service to deliver the meals. Between November 1974 and August 1975, 10,777 meals were provided and all funds were spent. The administrative cost of the EFMS program was absorbed by Project BRAVO.

The City of Austin, Community Development Office, received \$12,631 from the Texas OEO. It delegated the money to five CAAs to purchase emergency food vouchers, food stamps, medical prescriptions, and food for senior citizens. Agency records indicated that the program planned to serve 3,825 people. But as of the first week of August 1975, only 542 people had been assisted at a cost of about \$4,900. The program was extended until December 31, 1975, to use the remaining unexpended funds.

The Economic Opportunities Development Corporation of San Antonio and Bexar County, Texas, received \$26,536 in EFMS funds from the Texas OEO. These funds were delegated to three sub-contractors to provide food and medical assistance to the needy.

As of June 30, 1975, the subcontractors spent \$11,500 to assist 3,484 people.

The Laredo-Webb County Community Action Agency received \$3,484 from the Texas OEO. Agency officials said that even though migrants and seasonal farmworkers were excluded in the allocation formula, these funds were used to provide food to 677 migrants and seasonal farmworkers.

The Community Council of Southwest Texas received \$2,000 in EFMS funds from the Texas OEO. At the time of our review, \$1,864 had been spent for food stamps and food that benefited 340 people.

#### The Bexar County Legal Aid Association

The Bexar County Legal Aid Association received a \$25,000 EFMS grant from CSA in fiscal year 1974 to establish a legal assistance and educational program. Low-income persons are represented and advised of their legal rights for food and medical benefits from various Government sources.

At the time of our review, the grantee had spent about \$17,000 for salaries and office expenses. Of about 8,000 cases handled by the grantee in a year, about 400 were related to food and medical problems of the poor and aged. The grantee was not aware that an extension on the grant might be needed if funds still remained at the end of the grant period.

The Association received a \$25,000 EFMS grant in fiscal year 1975.

#### COLORADO AND UTAH

In fiscal year 1974 CSA awarded EFMS grants amounting to about \$331,000 in Colorado and about \$170,000 in Utah. Many of these funds were awarded to State agencies involved in two major projects in CSA region VIII (Denver):

- A research project, funded in each State in the region, directed at developing a Single Purpose Application with Automatic Referral System (SPAARS) for individuals seeking assistance under Federal-State programs.
- Senior citizens projects funded in each State in the region. EFMS grants were also awarded to Indian tribes in Colorado and to a minorities coalition in Utah.

EFMS Grants in Utah and Colorado and Program Emphasis

<u>Grantee</u>	<u>Amount of 1974 grant</u>	<u>Identified program emphasis</u>	
		<u>CSA grant award</u>	<u>Our review</u>
Colorado:			
Colorado Office of Human Resources--Single Purpose Application with Automatic Referral System	\$125,000	Research and development-- food stamps	Research and development-- general social programs
Colorado Congress of Senior Organizations and the Mountain Plains Congress of Senior Organizations	175,000	Community nutrition (elderly)	Advocacy group
Ute Mountain Tribe Community Action Program	15,000	Indian	Indian
Southern Ute Tribe Community Action Program	<u>15,976</u>	Indian	Predominantly non-Indian
Total	<u>330,976</u>		
Utah:			
Utah Office of Economic Opportunity--Single Purpose Application with Automatic Referral System	55,000	Research and development-- food stamps	Research and development-- general social programs
Utah State Coalition of Senior Organizations	65,000	Community nutrition (elderly)	Advocacy group
Utah Minorities Coalition	<u>50,000</u>	Migrants-- seasonal farmworkers	Ethnic advocacy group
Total	<u>170,000</u>		
Total	<u>\$500,976</u>		

During the past year, considerable controversy has arisen over the propriety of several grants awarded by CSA's Denver region. CSA's 1974 and 1975 guidance to its regional offices emphasized the use of funds for increasing participation in other projects that help the poor rather than for direct feeding projects.

In November 1974, CSA's Office of General Counsel advised the External Audit Division

"that EFMS funds should not be expended on the formation of organizations, such as Senior Citizens or Urban Indians groups, though this

should not be taken to preclude the organization of local groups where no organization in a community is able to administer or deliver EFMS assistance."

The General Counsel ratified this opinion in January 1976. He noted that the opinion stressed the immediacy of the relationship between spending EFMS funds and providing assistance to the poor but that:

"It should not be interpreted so as to bar or even deemphasize programs for facilitating the delivery of food and medical services to the poor, such as food stamp outreach programs. It should, however, serve as a basis for review of EFMS programs which may have drifted away from a close relationship to the objectives stated in section 222(a)(5) of the Community Services Act."

#### Grants for target populations in Colorado

CSA awarded two fiscal year 1974 EFMS grants to Indian tribes in Colorado. No EFMS grants were awarded for programs to assist migrants and seasonal farmworkers in Colorado.

#### Southern Ute Community Action Program

The Southern Ute Community Action Program received \$15,976 to provide food stamp assistance; supplementary dietary services, including emergency food and garden seeds and plants; emergency dental services, when directly related to nutritional deficiencies; food-related educational services; and coordination of nutrition- and health-related programs.

In late September 1975, this organization had spent \$15,759 to provide food and food-related services to Indians and non-Indians who lived on or near the reservation. A compact station wagon was purchased with part of these funds for its food stamp outreach and meals-on-wheels programs. According to the program director, accurate statistics were not available on the number and types of people helped, but about 1,250 people had been served. Most were non-Indian, he said, because the population of the area served is predominately non-Indian.



FIGURE 3. PREPARATION OF MEALS.



FIGURE 4. DELIVERY OF MEALS—ON—WHEELS.



FIGURE 5. GROUP FEEDING.

This organization applied to CSA for a fiscal year 1975 EFMS grant of \$15,179 but was awarded only \$4,775. CSA approved less funds than requested apparently because CSA's records erroneously showed a grant balance of \$11,000 as of May 31, 1975. Because of the reduced EFMS funds available, program officials said that some services will be reduced or eliminated. Program officials noted that they had difficulty communicating with CSA.

Ute Mountain Tribe  
Community Action Program

The Ute Mountain Tribe Community Action Program received \$15,000 to develop a garden project for the White Mesa Utes. Because of difficulties in contracting for the appropriate site, the project was not started before the growing season ended. Only \$300 had been spent by June 30, 1975.



Consequently, the grantee asked CSA if it could use the remaining funds for a community food and nutrition program that it was operating with funds provided by HEW's Office of Native American Programs. In September 1975, about \$1,700 of the grant funds had been spent, mainly for salaries and wages. About \$274 had been spent for food and related supplies.

The program director said the EFMS project provided services only to Indians. Most of the 1,335 Indians on the reservation received assistance. CSA awarded this program about \$9,550 in fiscal year 1975 to continue providing EFMS services. The director said this amount would allow them to provide EFMS services only through December 1975 and possibly part of January 1976. The program would not receive funds for its community food and nutrition program in fiscal year 1975; all such funds would have to come from CSA in the future. The director said that, at the suggestion of CSA, the program submitted its fiscal year 1976 proposal. They did this even though CSA did not plan to award grants until its appropriation was passed.

#### Grants for target populations in Utah

According to CSA, it awarded a \$50,000 fiscal year 1974 EFMS grant to the Utah State Office of Economic Opportunity for the Utah Minorities Coalition to provide services to migrants and seasonal farmworkers.

#### Utah Minorities Coalition

The Utah Minorities Coalition requested the Community Organization Operations Program, Inc., to administer the \$50,000 grant and to monitor the five organizations that make up the coalition.

According to CSA records, the thrust of this program was to serve migrants and seasonal farmworkers. An official of the State Office of Economic Opportunity said the program was not directed toward migrants and seasonal farmworkers. An official associated with the coalition said he did not know of this designation and that CSA had made it. Four of the organizations serve specific ethnic groups, one of which is Indian. The fifth provides assistance to any needy person. However, migrants and seasonal farmworkers might have received some program benefits.

The executive director of the Community Organization Operations Program said that, in providing food and nutrition services, direct support is not emphasized. State officials

advised him to limit direct services to no more than 10 percent of the program budget.

As of June 30, 1975, the combined expenditures for the coalition totaled \$45,291; the member organization that provides services to urban Indians spent \$7,158.

The coalition received \$85,950 in fiscal year 1975 EFMS funds.

Grants not for target  
populations in Colorado and Utah

CSA awarded four other fiscal year 1974 EFMS grants in Colorado and Utah; each State received grants for the Single Purpose Application with Automatic Referral System and for senior citizens organizations.

Single Purpose Application with  
Automatic Referral System

In fiscal year 1974, CSA funded SPAARS in each of the six States in region VIII with grants totaling \$610,000. Colorado received \$125,000; Utah, \$55,000.

Originally, SPAARS was planned to be completed in 1 year. However, the project was more complex than anticipated. One State SPAARS manager doubted that all of the objectives would be met, even during the second year of funding.

The purposes of SPAARS are (1) to save Federal and State money by eliminating the duplicative eligibility processes of various social service programs and (2) to increase program participation by removing barriers imposed by repetitive demands from different agencies for the same information on clients. Each State's program requirements are unique; but, SPAARS is trying to produce evidence that SPAARS concepts and products can be transferred among States. SPAARS does not provide direct services to recipients, and funds are not spent on food or medical services.

As of June 30, 1975, about \$45,500 and \$51,400 were unspent in Colorado and Utah, respectively. Expenditures were for salaries and related costs, travel, and rent.

According to SPAARS officials, the large balance in Utah resulted from using HEW grant funds for the initial SPAARS work. The HEW grant called for similar research, and the funds had to be used by June 30, 1975. Other than the salaries of Federal employees involved with SPAARS, these were the only Federal funds spent on SPAARS that did not come from an EFMS grant.

In fiscal year 1975, CSA provided \$238,750 to the six States for SPAARS. Colorado received \$69,715; Utah, \$42,975. In June 1976, CSA officials said SPAARS would not be granted fiscal year 1976 funds because it had achieved its objectives. However, SPAARS is seeking funds from another agency to continue operations.

#### Senior citizens organizations

CSA awarded fiscal year 1974 grants totaling \$500,000 to establish organizations comprised of senior citizens groups in each of the six States in region VIII. In fiscal year 1975, CSA provided about \$120,300 of EFMS funds to organizations in Colorado but did not fund the projects in the other region VIII States.

The program descriptions for each grant varied; however, each established similar organizations to advocate the nutritional rights of senior citizens. None provided direct food or medical services.

Colorado Congress of Senior Organizations and Mountain Plains Congress of Senior Organizations received a \$175,000 fiscal year 1974 EFMS grant from CSA. The Colorado organization delegated \$110,000 to the Mountain Plains Congress of Senior Organizations and used the remaining \$65,000 itself.

The Colorado Congress of Senior Organizations is a statewide organization of senior citizens and individuals. It provides a communication network, linking organizations working with the elderly; acts as a clearinghouse; and serves as a coordination point. According to the director, the organization is to attract money from various sources to be used for senior citizens; it was not designed to provide direct feeding services.

According to its director, the Colorado organization spent its grant funds on disseminating information to and obtaining information about senior citizens. Before July 1, 1975, the Colorado organization also spent part of the \$110,000 that was to be delegated to the Mountain Plains Congress of Senior Organizations. It used these funds to help the individual member States develop senior citizens groups and to organize the Mountain Plains Organization, a regional organization designed to provide cohesion among the six member States.

CSA awarded the Colorado Organization \$120,330 in fiscal year 1975 EFMS grant funds, \$26,740 of which was to be delegated to the Mountain Plains Organization.

Utah State Coalition of Senior Organizations received \$65,000 to develop an advocacy group to involve the total community in efforts to eliminate hunger and malnutrition among the aging. According to the coalition director, this program started in February 1975. Initial efforts were directed toward getting chapters organized throughout the State and toward incorporating the coalition. Direct food services are not provided. Those needing such services were referred to other agencies, according to the director.

As of June 30, 1975, the coalition had spent \$16,600 of the fiscal year 1974 grant funds. The balance resulted from budgeting expenditures over a 2-year period and from the fact that the program did not start until February 1975.

#### CENTRAL PROGRAM FOR MIGRANTS

As a result of a proposal made by the National Association of Farmworker Organizations (NAFO) in fiscal year 1975, CSA adopted a new approach for providing assistance to migrants and seasonal farmworkers. NAFO proposed that EFMS funds be awarded to central farmworker organization agencies that could provide services without regard to geographic boundaries (rather than awarding grants to established community action agencies that served migrants only in specific areas). NAFO proposed that it be responsible for administering the central program. CSA awarded grants totaling \$1.8 million to the seven local agencies suggested by NAFO but decided not to permit NAFO to administer the program. CSA plans to continue funding the program at the same level in fiscal year 1976.

Although CSA headquarters evaluated the NAFO proposal, it directed the regional offices to process the grants. Under the central program, the migrant organizations award sub-grants to groups or organizations serving farmworkers. The delegate agencies develop, support, and maintain food distribution efforts to serve the target population.

#### Progress in two central agencies

The Associated City-County Economic Development Corporation of Hidalgo County received a \$290,000 fiscal year 1975 EFMS grant to operate the local agency in Texas and New Mexico.

At the time of our review, the corporation's original grant proposal was being revised to conform to the national program. In December 1975, the grantee met with a regional grant specialist and a headquarters representative to discuss changes to the proposal. The corporation will submit

an amended work program as soon as it has incorporated CSA's suggestions.

The Idaho Migrant Council, Inc., received a fiscal year 1975 EFMS grant of \$275,000 to provide central services to 11 States, including Colorado and Utah. The council is a private, nonprofit organization created in 1971 to serve migrants, seasonal farmworkers, and other low-income people.

On October 14, 1975, none of the fiscal year 1975 funds had been spent. Although the council's program year started on August 7, 1975, the council did not receive any money from CSA until September 15, 1975, when it received a check for \$91,644. According to the director, planning a program is difficult until funds are received. About 3 months were lost because of the delay in receiving funds, but all of the funds, and probably more, would be needed.

The director said the council will contract with delegate organizations in each State in its area. Under these contracts the delegates will provide vouchers to migrants and seasonal farmworkers to buy food or food stamps. The delegate agencies will not be permitted to pay for administrative expenses with grant funds. Participants will be limited to receiving services twice a year, and services will be limited to \$10 per person with a maximum of \$50 per family.

According to the director, funds will be allocated to the 11 States on the basis of migrant and seasonal farmworker population. If the need arises, funds can be transferred from State to State. The director said the money would be spent as needed and would probably not last the entire program year. Idaho's portion of the funds will amount to about \$18,000.

We also visited CSA's Seattle Regional Office (region X), which was responsible for processing the grant to the Idaho Migrant Council. Before being instructed to handle the Idaho Migrant Council grant, CSA's Seattle Regional Office planned to fund programs for migrants in three States.

Idaho--Idaho Migrant Council	\$ 60,000
Oregon--Oregon Rural Opportunities	60,000
Washington--Northwest Rural Opportunities	<u>93,000</u>
	<u>\$213,000</u>

Because of the new program, CSA allotted the Seattle region an additional \$62,000 to fund the council, which would handle eight States in addition to the three in region X.

Regional officials did not know the exact amount each State would receive under the new program. But, they said it would be less than planned. As noted above, the funds would be allocated to the 11 States served by the council on the basis of population but would be spent wherever needed.

Although the region X officials felt they could administer the program for migrants better than the central system, they said the new program had a good chance of working and that it would be better able to track migrants and would provide better statistics.

The regional director thought migrant groups in region X had received funds from the Colorado Migrant Council. The Colorado Migrant Council was funded by the Department of Labor, since responsibility for migrants had been transferred to Labor in fiscal year 1973. The director said they did not realize that the Colorado Migrant Council had not funded programs for migrants in fiscal year 1974 until after all of region X's EFMS funds had been committed. The region awarded grants for EFMS from other CSA program funds, according to the director, after learning that the programs for migrants needed funds. Awards were made to:

Idaho Migrant Council	\$10,000
Neighbors in Need	10,000
Portland Metropolitan Steering Committee	<u>10,000</u>
	<u>\$30,000</u>

The regional director said EFMS should be administered locally because the regions had the experience, expertise, and contacts with the people needing such services.

A regional official also said that, even though CSA headquarters emphasizes the use of EFMS funds for participation in other programs, region X prefers to fund programs that provide direct services.

Views of State and local program officials  
concerning the NAFO proposal

Officials at only two of the grantee agencies contacted were aware of the NAFO proposal, and they held opposing views. We discussed the proposal with officials of other agencies, and 11 commented on it.

Officials at five agencies favored the proposal, citing the following advantages. It would

- eliminate fragmented services,
- reduce competition for grant funds by various community action agencies,
- avoid duplication of effort,
- eliminate incompetent agencies that did not have the expertise or means to provide services, and
- eliminate unnecessary administrative costs.

Officials at six agencies were not in favor of the central system, citing the following disadvantages:

- The selected local agency might not be a good choice due to the large area to be served.
- Distribution of grant funds would be biased in favor of the area where the local agency was located.
- The agency selected as the local agency might not be located in an area frequented by the migrants.

Two officials at agencies preferred that the program be funded directly by CSA, thus eliminating unnecessary administrative tiers. Officials at four agencies believed the program should be funded through a State agency, such as the Texas Governor's Office of Migrant Affairs, so funds would be fairly distributed.

# Community Services Administration

WASHINGTON, D.C. 20506

May 21 1976

Mr. Gregory Ahart  
Associate Director  
Manpower and Welfare Division  
U. S. General Accounting Office  
441 G Street, N. W.  
Washington, D. C. 20548

Dear Mr. Ahart:

The draft report received March 5th has had preliminary review and staff discussion. There are a number of items in the report requiring investigation by CSA to determine whether any referrals should be made to the Department of Justice. This requirement will be completed with dispatch and not be commented on further at this time for litigation may be involved.

The independent observations, insights and analyses provided in the draft report are valuable to have available as we finalize the national program plan for Fiscal 1976. There are areas identified in the report confirming several concerns which are the focus of work presently underway by the national staff to revise the policies, guidance, procedural requirements and controls for the EFMS Program in Fiscal 1976; these are commented on later in this reply.

[See GAO note, p. 28.]



[See GAO note, p. 28.]

#### IV. ADMINISTRATION

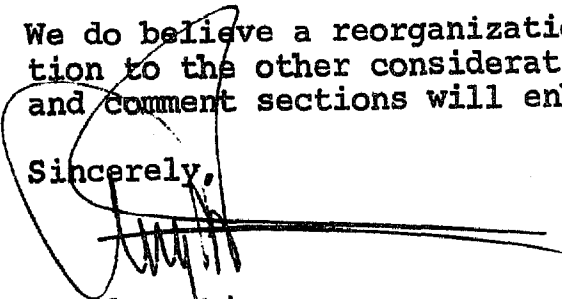
The report seemed lacking in specifics of the national administration, and the following may be useful. The procedural design for a nationally-administered EFMS Program implemented in Fiscal 1975 has the following characteristics: all policy-making functions, determination and issuance of allocations, including designation of specific earmarked dollar levels; the approval of regional funding plan recommendations; and the final authority of all grants and contracts are exclusively nationally-administered functions. However, the Regional Offices remain responsible for the field-related tasks, including monitoring approval grants, evaluation of operational efficiency and effectiveness; recommending refunding actions; and screening and recommending new applications. These latter two items require initial submission of a funding plan for approval and then preparation of the grant package, as approved in the funding plan, for signature by a national office authorized official.

From our review of the administrative mechanism during this first year's experience with the nationally-administered procedures, there will be modifications in the policy and funding guidance statements; in the specificity required of applicants prior to approval; and in the grantee report and requirements. These will respond to the need to have applicants specify and define the program goals and objectives in more detail and to set out more clearly the population groups to receive priority

considerations prior to approval. In addition to having these items in the narrative statement of work, the reporting procedures will specify criteria to be reported and the timing for such reports. Work is presently proceeding on the changes necessary to have them establish in place prior to the Fiscal 1976 funds being allocated. In addition, the technical assistance and training service available will be strengthened, and an independent evaluation is to be contracted to improve the national overview needed to strengthen the overall functioning of the Agency's national administration of this program.

We do believe a reorganization of the report format, and attention to the other considerations mentioned above in the analysis and comment sections will enhance the usefulness of this report.

Sincerely,



Angel F. Rivera  
Associate Director  
for Operations

GAO note: Deletions relate to material contained in our original draft, which has been revised or otherwise re-considered in preparing our final report.

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