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Dear Mr. Chairman

Pursuant to your request of May 13, 1970, and subsequent modifications to that request, we have inquired into the basis for a decision by the Office of Economic Opportunity (OEO) to contract for Volunteers in Service to America (VISTA) recruitment rather than perform these services with agency personnel and have obtained information on OEO technical assistance contracts which are performed through the intermittent use of consultants and specialists. Our inquiries, which were made at OEO headquarters, included interviews with numerous OEO officials and an examination of available OEO files pertinent to the areas of interest to you.

VISTA RECRUITMENT BY CONTRACT  
 RATHER THAN BY FEDERAL EMPLOYEES

In January 1969, OEO entered into a cost-plus-fixed-fee contract with Education, Training and Research Sciences, Inc.--a Washington, D.C.-based subsidiary of Volt Information Sciences, Inc.--to recruit VISTA volunteers who were lawyers, architects, city planners, business and public administrators, medical personnel, college graduates, and properly qualified poor persons. The contract initially provided that approximately 50 recruiters would recruit in three designated geographic regions for a term of 22 weeks beginning on or about January 13, 1969, and ending not later than June 13, 1969. The contract amount was \$253,437.

On June 13, 1969, OEO amended the original contract by (1) authorizing Education, Training and Research Sciences, Inc., to begin preparing for the autumn 1969 recruitment effort, (2) extending the original recruitment completion date from June 13, 1969, to June 13, 1970, and (3) increasing the contract amount by \$251,451 to \$504,888. The June amendment stated, in part, that

"Commencing on or about September 1, 1969, the Contractor shall prepare to place and support approximately twenty-five (25) recruiters, to work within the three (3) geographic regions designated as Northeast, Great Lakes, and Western, for a term of forty-one (41) weeks, terminating no later than 13 June, 1970."

On February 12, 1970, OEO again amended the contract by deleting certain provisions contained in the June 13 amendment and by substituting, in part, the following provisions.

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"Commencing on or about 1 September 1969, the Contractor shall provide the necessary recruiters for the on-campus recruitment of persons within the seven (7) OEO regions, however, the number of recruiters shall not exceed fifty (50). Commencing on or about 5 January 1970, the average number of recruiters to be utilized shall be seventy-five (75)."

OEO officials informed us that the February amendment was intended to ratify a verbal agreement previously entered into between VISTA program officials and the contractor and to authorize an increased level of recruitment effort beginning January 5, 1970. The amendment did not change the June 13, 1970, recruitment completion date, but the amount of the contract was increased by \$662,980 to \$1,167,868. In the February 1970 amendment, OEO for the first time authorized the contractor to perform overall VISTA volunteer recruitment in all seven OEO regions. This constituted the first step in OEO's plan to replace the existing in-house recruiting staff with contractor recruiters.

Our inquiry into the basis for OEO's decision to contract for VISTA recruitment was directed primarily to obtaining supporting documentation for certain statements contained in the OEO Director's November 17, 1969, letter to you in which the Director discussed OEO's reasons for contracting for VISTA recruitment. The two main points made in the Director's letter that we attempted to verify were (1) that, under the contractor recruitment system, OEO could conduct a better program at no overall increase in recruitment costs and (2) that none of the Federal employees who had been performing the recruitment function would lose their jobs as a result of the changeover.

In attempting to obtain support for the Director's statement that recruitment could be performed by contract at no overall increase in recruitment costs, we interviewed, over a period of several weeks, the Deputy Director, OEO; the Acting Assistant Director, VISTA; the Associate Director, Office of Administration; and several other OEO officials. Although certain of the officials stated that some cost justification had been developed, they were unable to furnish us with copies of any supporting documentation. We also interviewed the former chief of the VISTA recruitment division who had left OEO in December 1969. He stated that, to his knowledge, no recruitment cost analysis had been made while he was with OEO.

Concerning the Director's statement that no Federal employee would lose his job because of the changeover to contract recruitment, OEO's Associate Director, Office of Administration, provided us with a listing which identified 30 former VISTA recruitment personnel and which showed their employment status as of September 15, 1970. The listing showed that, of the 30 employees, 21 either had been reassigned to jobs within the regional offices in which they had performed VISTA recruitment

functions or had transferred to other OEO offices and nine had resigned from OEO. OEO officials informed us that all Federal employees affected by the recruitment changeover had been offered other jobs within OEO. The officials also provided us with a copy of OEO's January 5, 1970, memorandum addressed to the regional VISTA recruitment staffs, which explained their rights for internal placement as established under Civil Service rules and procedures.

In August 1970, the General Electric Company succeeded Education, Training and Research Sciences, Inc., as the VISTA recruitment contractor. The contract was awarded to General Electric because of OEO's determination that General Electric's technical proposal was superior to those submitted by six other competing firms, including that of Education, Training and Research Sciences, Inc., and because General Electric's cost proposal was the lowest. The contract in the amount of \$1,198,000 awarded on August 28, 1970, was a cost-plus-fixed-fee contract which required that, within the 12 months ending August 21, 1971, General Electric develop and implement a plan of public information services to support the recruitment of 5,000 qualified VISTA volunteers. In addition, General Electric was required to conduct at least 100 recruitment drives or visits to locations, such as graduate schools, unions, and retirement colonies, for the purpose of recruiting volunteer specialists.

INTERMITTENT USE OF CONSULTANTS  
AND SPECIALISTS UNDER OEO TECHNICAL  
ASSISTANCE CONTRACTS

We inquired into situations where OEO technical assistance contractors were performing their contracts by maintaining lists of specialists and using such specialists on an intermittent-consultive basis.

OEO's technical assistance contracts are intended to improve the efficiency and effectiveness of community action and related program grantees funded under title II of the Economic Opportunity Act, as amended. Section 230 of title II (42 U.S.C. 2823) authorizes the Director of OEO to enter into technical assistance and training contracts and other arrangements to provide

"(1) technical assistance to communities in developing, conducting, and administering programs under this title, and

"(2) training for specialized or other personnel which is needed in connection with those programs or which otherwise pertains to the purposes of this title,"

In fiscal year 1970, OEO funded about 2,600 separate community action and other program grantees under title II in the amount of about \$650 million. Total technical assistance and training funds obligated under section 230 to support title II program grantees during fiscal year 1970 amounted to about \$19 million.

We reviewed all OEO technical assistance-type contracts that were operative as of June 30, 1970, and identified 18 contracts, amounting to about \$5 million, that were being performed in varying degrees through the intermittent use of consultants and specialists. The contractors, in addition to hiring consultants and specialists, maintained full-time staffs that were considered expert in the particular area of technical assistance being provided. OEO officials informed us that technical assistance contracts were needed because OEO did not have the staff capability for providing all program grantees with the technical assistance they needed to carry out their programs more efficiently and effectively.

Aside from the use of consultants and specialists under technical assistance contracts, OEO directly employs such individuals under Civil Service rules and regulations. OEO records showed that, at June 30, 1970, OEO was employing approximately 100 consultants and experts.

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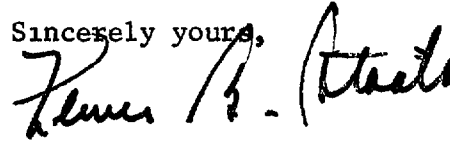
On the basis of agreements reached on October 15, 1970, we are reporting to you on the information we developed as of that date, with the understanding that no additional work would be required. Also we have agreed to send your Subcommittee copies of two reports, when available, which we are presently drafting on the results of our reviews of OEO contracts for studies and evaluations and for training and technical assistance support services.

Your attention is invited to the fact that the individuals and organizations mentioned in this report have not been given the opportunity to formally examine and comment on its contents. We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report. We are, however, notifying OEO of the general subject matter of this report and the date of its issuance.

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We trust that the above information will be of assistance to you.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Stewart".

Comptroller General  
of the United States

The Honorable David N. Henderson, Chairman  
Subcommittee on Manpower and Civil Service  
Committee on Post Office and Civil Service  
House of Representatives

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