# "WHAT'S HAPPENING, BABY?"--ESSENTIAL RESEARCH FOR THE WAR ON POVERTY

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The question in the title of this paper has been asked by the Office of Economic Opportunity in a much-publicized, but not universally praised, venture in the visual arts. Though the poverty warriors raised this question nearly two years ago, they have not yet delivered a clear answer. This Association, dedicated to facts and numbers, is a proper forum to ask again: "What's happening, baby?"

## Official OEO Reporting About Its Achievements

Official public reports by the OEO leave much to be desired. First, there exists a credibility gap in some of its statistics. Expenditures per enrollee in the Job Corps, for example, are often the subject of conflicting reports. I am sure you have favorite examples of your own.

Second, public statements made by OEO officials are often sprinkled with disturbingly imprecise words such as "reached," "affected," and "served." For example, Sargent Shriver, in recent testimony before the Senate Committee on Labor and Public Welfare on the accomplishments of his agency, asserted that his program has "affected the lives of four million impoverished Americans in the slums of 800 urban and rural communities...." Shriver failed, however, to particularize the ways in which the poverty program has "affected" these people. Thus, "affected" could mean anything from giving a word of encouragement to providing a job or shelter.

Third, OEO interprets its statistics in the most favorable light possible. The OEO claimed in one study, for instance, that, of 399 work-experience trainees in nine states who had completed their assignments at least three months prior to the study, two-thirds were employed at an average monthly wage of $258. Before their selection for work experience, 60 percent of the trainees were or had been public assistance recipients for an average period of 26 months. The conclusion drawn by OEO and reported to Congress was that work experience had resulted in preparing relief recipients to obtain employment and in significantly reducing the relief rolls. The report failed to note, however, that, in a period of increasing labor shortage, the number of relief recipients is likely to decline anyway. Furthermore, the first people to withdraw from relief are likely to be the same ones who would participate in and receive most benefit from a work experience program. Thus, similar results might have been obtained even in the absence of a work experience program.

On a more significant and broader issue, Sargent Shriver recently exhorted Congress to eliminate poverty by 1976, the 200th anniversary of the Declaration of Independence. Few would quarrel with this laudable goal. Shriver failed, however, to tell Congress that the achievement of the goal would require the addition of at least $20 billion to annual expenditures in aid of the poor. Little good is done for the body politic by official pronouncements of lofty aspirations without an indication of their costs, of their prospects of implementation, and of a realistic appraisal of the chances of success.

## The Need for Objective Reporting and Evaluation

Unsupported claims of achievements and exaggerated official promises for the federal war on poverty regrettably have serious repercussions. Unfulfilled promises create frustration and disappointment among those who hope to benefit. Opponents have been quick to publicize unrealistic claims as evidence of the program's shortcomings.

Despite the deluge of inflated claims and the concerted attacks of the detractors, the war on poverty has actually enjoyed remarkably sustained public support--as evidenced by diverse public opinion polls covering the population at large and more sophisticated segments. According to an opinion survey conducted by the Chase Manhattan Bank last April, 9 of every 10 academic economists, my favorite group, supported the idea of a federal effort, and a majority approved the direction the program had taken. Although business economists, understandably, showed greater reserve, 76 percent supported the concept of an anti-poverty war and 44 percent approved its operations.

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If public support of the program is to be sustained, more reliable information than exists at present is urgently needed about the operations of the several measures comprising the anti-poverty package. Such information would allow the public and Congress to rally behind programs that prove themselves and to drop activities that do not pass muster. It is not likely that the information necessary for evaluation will be forthcoming from government--either from Congress, the Office of Economic Opportunity, or other executive agencies.

Congressional hearings frequently illuminate program operations, partly through testimony by advocates and opponents, but more significantly through testimony of expert witnesses. With hardly any exceptions, the annual hearings on the Economic Opportunity Act have been devoid of the latter. Testimony before the appropriate Congressional Committees on EOA has been restricted almost exclusively to governmental witnesses and a few ideological supporters or opponents. As a result, the hearings in 1965 and 1966 offer very little meaningful information concerning program activities. To supplement the information obtained at the formal hearings, the House appropriated funds last year to the Committee on Education and Labor (the Committee responsible for the legislation) to study the anti-poverty program. The results of this investigation have never been revealed to the public and apparently not even to the members of the Committee.

Open critical appraisal of program operations is also not forthcoming from the executive agencies. These agencies necessarily advocate ongoing programs. Until a decision is made to scuttle--a rare occurrence--or modify a program, shortcomings revealed by internal research are normally classified as "administratively restricted," which means that the documents are not made available either to Congress or to the public. An expanding practice fraught with danger is the government contracting with private consulting firms and academic institutions for the survey and evaluation of public programs. The products of the outside experts become the property of the contracting agency and are frequently not published.

## OEO Research

No adverse reflection is intended on the research staff of OEO and the quality of its work. Indeed, the official statistics released by OEO bear little resemblance to the products developed by its Office of Research, Plans, Programs and Evaluation. The research staff of the Office of Economic Opportunity, first headed by Dr. Joseph A. Kershaw and now by Dr. Robert A. Levine, has taken the lead among federal agencies in the application of systems analysis techniques to welfare efforts. Drawing on the vast supply of pertinent statistics, the Office of Research, Plans, Programs and Evaluation in OEO has classified and quantified the various sub-universes of the poverty population, analyzed the applicability of existing welfare programs to these groups, and prepared complementary and alternative plans for combatting poverty.

Thus far, the findings of the OEO research staff remain largely in the files of the "Poverty House," the name by which the headquarters of OEO is known, though some of it has been transmitted to the Bureau of the Budget. All that we know about this significant work is based on sketchy newspaper reports, the result of some "leaks," inadvertent or perhaps contrived. And it is very doubtful that the product of OEO research will ever become public property, unless the recommendations are adopted as official government policy, not a likely event. Neither Congress nor the public, therefore, may ever have an opportunity to assess knowledgeably the merits of the proposed multibillion dollar programs. This is unfortunate because the product of the OEO research staff deserves public attention and consideration.

## Planning-Programming-Budgeting System

Better public understanding of government programs should result from the emphasis placed upon the new Planning-Programming-Budgeting System (PPBS). Closely related to the systems analysis approach, PPBS requires program planners not only to estimate budgetary costs but also to analyze their effectiveness, to examine alternative approaches, and to compare expected benefits in relation to anticipated cost.

A significant element in this approach, pioneered in the federal establishment by the Defense Department, is to plan program budgets over a longer period than the customary one year interval. Congress has steadfastly insisted that appropriations for federal programs normally be limited to one year. Accordingly, executive agencies have budgeted their programs for the same

period. In practice, federal administrators have even a shorter lead time to implement proposed activities since Congress rarely makes the necessary funds available before a new fiscal year starts. Shriver and his associates still do not know today the amount of money they can commit or spend during the current fiscal year which started on July first. This fact has led to considerable confusion in administering programs; and it has proved a serious constraint on efficient administration since appropriated funds must be committed, if not spent, within the year for which appropriated. A scramble is experienced at the end of each fiscal year, a rush to commit all appropriated funds lest some be lost to the program.

There is no guarantee that advance planning over several years by executive agencies will deter Congress from insisting that the nation's federal business be run on a year-to-year basis. But the hope is that advance planning by executive agencies will also prompt Congress to make efforts to run the government on a more businesslike basis. This assumes, of course, that executive agencies will learn to plan their programs on a more sophisticated basis than previously and that they will develop techniques which would convince Congress of the desirability of adopting the aspects of PPBS applicable to its own work.

Cost Effectiveness

The basic objective of PPBS is to get the optimum return for the buck. Cost effectiveness measurement, a major component of rational program planning, seeks to determine the cheapest way to accomplish defined goals or to get the maximum advantage from a stated expenditure. As applied to the Economic Opportunity Act, the approach might be used to provide answers as to the most economic means to motivate and train disadvantaged youth, to equip them with job skills salable in the open market. Since comparable data are available on the costs of the Neighborhood Youth Corps, the Job Corps, and related programs, the determination of the cost effectiveness of the youth employment and training programs would, at first, appear a matter of simple calculation. One might too hastily conclude that the Job Corps is a more expensive program than the Neighborhood Youth Corps, for it costs about five times as much to maintain a youth in the Job Corps than to provide him with employment under the Neighborhood Youth Corps. The products of the two youth programs, however, are not necessarily interchangeable. To motivate and train certain youths it may be necessary to remove them from their environment, as the Job Corps does, and to provide them with continuing care and supervision. If that is the case, then the Job Corps, though much more expensive, may be the only way to help some disadvantaged youths.

Determination of cost effectiveness may also raise questions about the composition and direction of specific efforts. Thus far, the Neighborhood Youth Corps has concentrated upon providing employment and income to disadvantaged youths and the nature of the work is too often of dubious quality, reminiscent of old-fashioned work relief. The theory presumably is that as the youths mature they will get accustomed to the world of work and will become able to shift for themselves. Available statistics indicate that as youths mature their level of unemployment declines. But some critics have advocated the need for "enriching" the Neighborhood Youth Corps program by providing enrollees not only jobs but also basic education and more meaningful training. In view of the limited resources available to the administrators of the Neighborhood Youth Corps, enrichment would necessarily reduce the number of enrollees. A question that must be answered, therefore, is whether the effectiveness of the program for society would be raised by limitation of enrollees but with more intensive preparation for the world of work.

The above illustrations suggest that the quantifying of expected output can be elusive since it involves qualitative elements and that the pursuit of standards of quality seriously affects cost.

If a cost effectiveness analysis does come up with persuasive evidence that an alternative to an existing program is preferable, would the responsible officials be able to admit failure of their past efforts? Past experience has shown that such humility is rarely found. Despite the questionable value of some of the anti-poverty programs inaugurated in the last two years, none have been discontinued. Each program has attracted advocates within the federal establishment and a clientele outside of the government, and administrators find it most difficult to drop a program once initiated. And even if internal obstacles to changes within the executive establishment could be overcome, approval of changes in established

programs or the substitution of alternatives still requires Congressional approval. Each program has its Congressional sponsors and supporters who may present insurmountable impediments to change.

On the other hand, there is no guarantee that programs whose cost-effectiveness is proven will be adopted. The Office of Economic Opportunity has concluded that expenditures for family planning is probably the most cost-effective anti-poverty measure. Nevertheless, OEO has been most sparing in funding birth-control projects--only a third of one percent of total Community Action Program funds were allocated to this activity.

## The Cost-Benefit Precedent

While great hopes are expected for cost effectiveness, it might be useful to recall the lessons of cost-benefit analysis, which has been practiced by the government in the field of public works for three decades. It might appear comparatively easy to add up the total costs of a public works project, but even if the reckoning is "clean," the decision whether a given project should be undertaken still involves value judgments and guesswork. In addition, there are political considerations which cannot be ignored. It is a relatively simple task to determine the costs of labor and materials to be used on a project. But in calculating social costs it makes a considerable difference whether these resources would have been employed elsewhere in the absence of the project. Thus, it may be argued that the employment of idle labor should not be included as part of the cost of a project--at least not all of the labor cost, since idle workers may be collecting unemployment insurance or relief payments in the absence of work provided by the public works. Experts also disagree about the interest rate which should be applied to discount future benefits. The contingent and remote benefits from the project are even more difficult to calculate, and the estimates require arbitrary assumptions and projections. In the final analysis, it may be impossible to assign the dollar value benefits accrued to the various classes of consumers from a project and also to calculate losses to others, now and later. The current debate about constructing a dam in the Grand Canyon offers an excellent illustration. What cost is to be assigned to marring one of the outstanding tourist attractions in the United States as against the benefits resulting from adding a water resource?

In more recent years the government has also sponsored cost-benefit analyses in the field of manpower training programs. These studies have generally indicated an excess of benefits over costs. The conclusions may be valid, but they are based only upon certain explicit costs. In the field of training, as well as related activities, where training resources--counselors, testers, instructors--are scarce, a realistic cost-benefit analysis should include the impact of the newer programs upon the price and utilization of the scarce resources and their impact on education and other activities competing for the same manpower. A new training course may, for example, deprive the public employment service or the school system of part of the limited supply of counselors. A true cost-benefit analysis would have to consider the negative impact upon the latter institutions resulting from the expansion of demand for a limited supply of needed technicians. There is no easy way to measure this type of cost, especially if it is ignored! The studies which have concluded that the benefits of governmental training programs exceed costs may be useful to sell the desirability of funding these programs to Congress and the public. It can hardly be claimed, however, that the studies supply definitive answers to the questions they purport to study.

## The Responsibility of the Academic Community

We are therefore forced to the uncomfortable, but nevertheless realistic, conclusion that PPBS and related approaches are not going to provide a complete blueprint for rational public policy and, in most cases, the results of analysis will not be made available to the public for independent appraisal. Political considerations remain potent: they are likely not only to determine the outcome of controversial undertakings, but also to prevent public airing of the questions raised by the analysis.

There is, however, an urgent need in a free society for the public and Congress to be better informed than they now are about the operations of publicly funded programs. At the very minimum, the public is entitled to frank discussions and interpretations of program operations prepared by detached experts without vested interests. The needed interpretation and evaluation of public programs can be supplied by the academic

community and related private institutions, provided government agencies reveal needed information. Evaluation is particularly important in the case of the Economic Opportunity Act and related anti-poverty programs. The momentum created in favor of these programs by the inauguration of the Great Society is diminishing, partly against the background of our expanding military involvement in Southeast Asia. Greater public awareness about the achievements of successful programs will provide the necessary support for continuing and perhaps expanding effective anti-poverty efforts and for dropping those which are of questionable value.

Congress acknowledged the inadequacy of public information concerning governmental operations by passing the "Freedom of Information" Act of 1966, which curbs the power of executive agencies to withhold information about their activities. The new legislation, according to President Johnson, will no longer allow government officials "to pull curtains of secrecy around decisions which can be revealed without injury to the public."

Thus, impediments to the study and evaluation of government programs by independent researchers, if they have existed at all, in principle no longer apply. The neglect of meaningful academic research of government programs has not been due to the inaccessibility of information. The reasons for the neglect must be found elsewhere. A prime reason, in my opinion, is that institutional study has fallen into disrepute, at least in the field of economics. The emphasis in recent years on quantitative analysis has often led economists to build models without vital organs, to use Professor Jacob Viner's bon mot. Preoccupation with quantitative techniques, devoid of substantive issues, precludes controversy, attracts funds under the guise of objective scientific analysis, and is convenient for an age of consensus. Descriptive reporting, analysis and interpretation of institutional operations can lead to controversial conclusions and offer few brownie points to the aspiring academician seeking status in his profession.

Another serious impediment to the study of ongoing government programs is the trend toward greater government support of academic research. This support has been available for some years in the physical sciences and is becoming increasingly the source of funds for research in the social sciences. Government support of social science research provides no special incentive for critical evaluation of a sponsor's ongoing work, if publication of the results is also contemplated. Universities with faculties engaged in critical evaluation of government programs may find that federal spigots eventually run dry. Academic communities dependent upon government largess for support of faculties often enjoy greater prestige and acquire greater material rewards by working on grants than by teaching students. Expanding government support of research has its insidious aspects.

If the academic community is to discharge its responsibilities to the public by attempting to evaluate ongoing and proliferating government programs, researchers must not be burdened by risk of retribution, subtle or direct. As long as the rewards are found elsewhere, an adequate number of researchers will not be interested in evaluating controversial government programs. Unless universities and foundations assume a more active role than they have in the past, in encouraging the needed research, the vital job will be left undone. The major responsibility rests with university faculties which possess the expertise to do the work.

In any event, the product of the research must be freely available and the researcher must be independent of thought controls. Whether university administrators will live up to the challenge of recognizing the value of such research remains to be seen. The need for the research is indisputable.