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



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Dear Mr. Jacobs:

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At your request we examined into certain aspects of the Model Cities Program in Indianapolis, Indiana. This program is administered, at the local level, by a city demonstration agency (CDA). We obtained information on the operation and administration of the program relative to the number of employees and the salaries paid to key employees of CDA and of the major operating agencies administering Model Cities projects for CDA. We also reviewed the job descriptions of such employees and discussed their day-to-day functions and activities with appropriate CDA, city, and operating agency representatives.

At the completion of our fieldwork, we discussed with your office the results of our review and provided you with specific information on the program in Indianapolis. As agreed with your office, this report briefly summarizes the major points covered during our discussion.

In the fall of 1968 the Department of Housing and Urban Development (HUD) approved Indianapolis to participate in the Model Cities Program. In May 1969 the city was awarded a \$225,000 grant to plan its comprehensive demonstration program. HUD awarded a supplemental grant of \$6,243,000 to the city for its first "action" year of the program, which began in May 1970 and which continued through August 1971. In September 1971 the city received another HUD grant of \$6,243,000 for its second action year of the program, which will continue through August 1972.

For the first action year CDA budgeted for a staff of 81 positions. The number of budgeted positions was reduced to 67 for the second year of the program. During the first action year, the HUD-approved CDA operating budget authorized annual salaries of \$15,000 or more for seven of the 81 CDA positions, including the director at \$20,000 and five key assistants at \$17,000 each. In the second year of the program, the number of CDA positions having annual salaries of \$15,000 or more was reduced to only two--the administrator (formerly director) at \$20,788 and the principal planner at \$17,160.

We discussed the CDA organizational structure and salary scale with city officials and were told that CDA included a number of positions

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during the first action year that were not essential to the operation and administration of the program. For example, the first action year positions of executive assistant for administration and deputy for fiscal affairs--each paying \$17,000 a year--were eliminated after the city reviewed the CDA organizational structure.

We found that salaries paid to the principal officials of the operating agencies varied. The executive director of an economic development project and his deputy, for example, were paid annual salaries of \$17,500 and \$16,000 a year, respectively. Under another project--rehabilitation of delinquent youths--the director was paid \$15,000 a year (\$5,000 from Model Cities funds and \$10,000 from a private source). Under a health-care project, the director received an annual salary of \$12,950 and his administrative assistant received \$10,758.

The positions and the salary schedules for operating agency employees that were included in the first action year plan of the Model Cities Program were reviewed and approved by HUD in June 1970. As outlined in the plan, CDA, for the most part, used existing Federal, State, and local agencies to administer Model Cities projects during the first action year. Only in one case--the economic development program--did CDA contract with a new agency to administer the projects.

With regard to your concern over the level of salaries paid to key employees of CDA, city officials said that, during the first action year, a number of CDA employees received salaries in excess of those paid to city and county employees who held comparable positions. For example, the deputy director of CDA received an annual salary of \$17,000 whereas the salary for an assistant manager of a city division was about \$14,000 to \$15,000. The annual salary of the CDA assistant administrator (formerly deputy director) was reduced by the city to \$14,090 for the second action year.

In April 1971, prior to the start of the second action year, the city

--eliminated certain CDA positions and

--reduced the salaries of certain CDA employees.

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Also the city strengthened its control over the CDA organizational structure and salary scale by requiring that future changes in the level of staffing and salaries paid to CDA employees be approved by the city's Department of Administration.

With regard to the day-to-day duties of key CDA employees, we noted that such employees were performing the duties and responsibilities outlined in their job descriptions. Principal officials of the operating agencies covered by our review also were performing their assigned duties and responsibilities in administering CDA-established projects.

We did not obtain written comments from the parties involved in this review; however, this report was based on information furnished by them and was discussed with them.

Sincerely yours,



[Deputy] Comptroller General
of the United States

The Honorable Andrew Jacobs, Jr.
House of Representatives