

SOCIAL-WELFARE "JUNGLE"

How a Government Department Grows and Grows

Soaring costs of relief and other U. S. "social concerns" are compelling Congressmen to take a searching look at what is going on in the Department of Health, Education and Welfare—a huge and expanding force in today's America.

Reaching across the nation in the 1970s is the long arm of an agency that is on its way to becoming the biggest spender in any government of any time in history.

Its name: the Department of Health, Education and Welfare.

Launched only 17 years ago—under a Republican Administration—it now spends about 60 billion dollars a year, second only to the 73 billions being laid out by the Department of Defense.

HEW, expected to become the Government's top spender by the mid-70's, already is becoming "Super Agency, U.S.A."

Impact on life. HEW's payroll comes to little more than 100,000 persons—far fewer than the 1.2 million civilians working for the Defense Department or the 741,000 employees in the Post Office Department.

As the chart on page 31 suggests, however, never have so few people reached so deeply into the intimate concerns of so many people—all the way from cradle to grave.

HEW is responsible for two institutions of higher learning—Gallaudet College and Howard University, both in Washington, D. C.—scores of hospitals and clinics, the American Printing House for the Blind, and dozens of research laboratories.

HEW scientists tell people what drinks, drugs, foods and cosmetics are unsafe. HEW's National Clearinghouse for Smoking and Health bombards the media with anticigarette advertisements and literature.

Except for Social Security, the large bulk of departmental spending is in grants to States, localities, universities, school systems, hospitals, laboratories and foundations.

In these grants there is something for almost everybody.

HEW finances day care for infants, hot lunches for toddlers, counseling for troubled teen-agers, the "pill" for im-

poverished housewives and welfare for the aged.

In one corner or another of the nation, at any hour of the day, HEW-financed research delves into national and personal woes—suicides, drug addiction, headaches, delinquency, racial antagonisms and "hard-core" poverty.

Programs attacked. Despite this, or perhaps because of it, the Department finds itself continually under fire.

For instance—

- At the present time, HEW's Food and Drug Administration is being accused by the American Medical Association of "trying to regulate the practice of medicine" because the agency has limited the prescribed use of certain medicines.

- Office of Education "guidelines" for desegregation of school systems applying for HEW grants have brought the Department into continuing conflict with administrators across the South—and trouble is developing in the North, too.

- HEW's Social and Rehabilitation Service is getting much of the blame—along with court rulings and the "war

on poverty"—for liberalized welfare rules that have sent relief rolls skyrocketing. Recipients nationwide have doubled in five years. In some States, aid to dependent children has increased by 50 per cent or more in the last year.

Looking at this Department's performance in a broader light, some critics see the beginnings of a "social-industrial complex" of Government and private groups that are pushing for bigger outlays out of differing motivations, ranging from selfish to idealistic. Yet HEW, in the continuing exercise of its powers, is building a lot of political muscle, too.

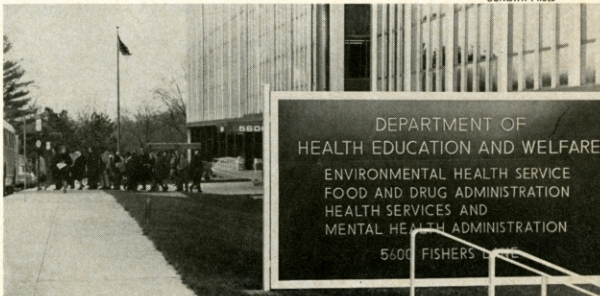
An explanation comes from Representative Daniel J. Flood (Dem.), of Pennsylvania. He says: "Congress is sensitive to pressure and we get the kind of pressure that counts—not canned petitions, but letters written in pencil on sheets of copybook paper."

Extracts from mail reaching the desk of HEW Secretary Elliot L. Richardson reflect the impact that this Department is having on the lives of Americans:

"I have asthma, wish you would do something about pollution." . . . "My

HEW's many buildings, such as this one in the Washington, D. C., area, show the growth of a social-welfare agency whose powers have multiplied in past 17 years.

—US&WR Photo



mother has remarried an unlearned man and we need shoes and clothes and food—can she get on relief? . . . "My teenage son is on drugs and needs help." . . . "My Social Security checks keep coming in late and payments are less than they should be. Can you do something about it?"

In the beginning.—The amazing story of this "superagency" goes back to 1953.

At that time, several independent agencies of Government which operated in the broad field of "human concerns" were merged into the Department of Health, Education and Welfare.

The new Department started out with almost 37,000 employees and an annual operating budget of slightly less than 2 billion dollars.

Today, HEW's first Secretary, Mrs. Oveta Culp Hobby of Houston, recalls: "I knew it would become bigger. You could see it. Growth was inevitable because its programs touched so many lives."

HEW employs now are triple the original number. Its operating budget, exclusive of Social Security payments, has gone up 8 times. Even larger gains in spending and power are foreseen in years just ahead.

In an interview beginning on page 35, Secretary Richardson points out that federal outlays on aid to families with dependent children—now reaching 8.3 million recipients—will go to 15 or 16 million recipients by 1976, when Americans celebrate 200 years of independence.

Federal spending on education also is headed for bigger things. One forecast in Congress is that the tightening squeeze on State and local finances will raise HEW's share of the nation's total spending on education from the present figure of 7 per cent to about 25 per cent by 1980.

Causes of expansion. Why has HEW grown so fast? Social historians suggest these reasons:

- Educational outlays began multiplying after Russia's early successes in space convinced many Americans that deficiencies in U. S. schools were responsible—and that shortcomings could be cured only by vast infusions of federal aid to schools and institutions of higher learning.

- Social problems such as urban decay, racial conflict, youth unrest and others forced their way close to the top of national concerns. These problems, for the most part, came within the range of HEW's responsibilities when calls arose for Government action.

- The "war on poverty," among other things, gave the poor a voice—and legal weapons—for making their wants known to politicians and bureaucrats. This accelerated the push toward medicare, medicaid, bigger welfare payments

with fewer restrictions, and special aid to students and schools in poverty areas.

- Dramatic gains in medicine since World War II produced widespread expectation of longer and healthier lives for all—and widespread demands for massive, Government-backed programs of research to perform more "miracles."

Some successes. To its admirers, HEW today is seen by many as having solid achievements to its credit.

Three of its scientists have won Nobel prizes. Latest one to do so, Dr. Julius Axelrod of the National Institute of Mental Health, this year was a co-winner of the prize for his basic research on the nervous system.

HEW, in recent years, has conducted or subsidized research that brought big advances in cancer treatment, the first vaccine against rubella—German measles—and the first laboratory synthesis of a gene, the unit of heredity.

Departmental grants have helped build classrooms and laboratories by the thousands in this country. Federal loans and grants have enabled hundreds of thousands of students to get a college degree. Social Security and welfare payments have gone a long way toward wiping out the road that once led "over the hill to the poorhouse."

Protests on rulings. To its critics, HEW is something else—confused, sometimes wasteful and always hungry for more power.

Scientists of the Food and Drug Administration this year ruled that cyclamates, used, among other purposes, as artificial sweeteners, should be banned entirely because they caused cancer in some laboratory animals. When manufacturers angrily objected to the ban, the FDA said cyclamates could be used in diet foods. Then, in another about-face, it banned them entirely again.

Departmental regulations attached to HEW grants stir continuing protest and argument.

The State of Oklahoma is contesting an HEW regulation requiring five nurses on the staff of each nursing home. Unless this rule is rescinded, said Governor Dewey Bartlett, it will force 40 per cent of the State's nursing homes to close.

Similarly, Ohio officials grumble about an HEW rule requiring a bachelor's degree for all social workers employed in projects getting departmental money. Said Ohio's director of public welfare, Robert B. Canary:

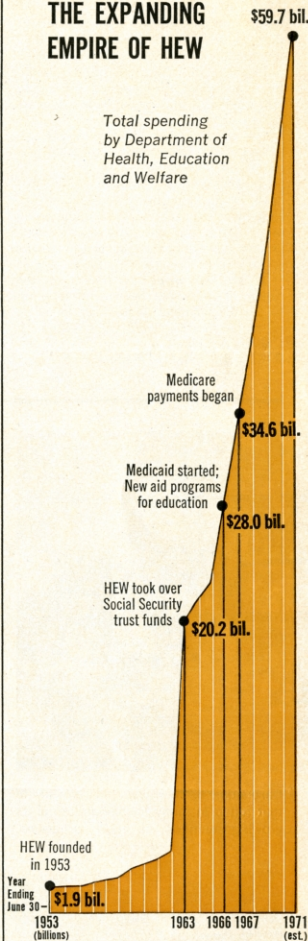
"That rule is a constant problem for us. Yet all that HEW will tell us is that the change is being considered.

"The biggest single problem is that the people in the regional offices of HEW don't know how far they can go. We are constantly being told HEW is going to decentralize—but they don't make that possible in Washington."

In the process of growth, HEW has

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THE EXPANDING EMPIRE OF HEW



Total employment	
1953	36,742
LATEST	113,482

Source: U. S. Office of Management and Budget; Treasury Dept.; House-Senate Committee on Federal Expenditures

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undergone mutations and reshufflings that—to some critics—have made it a jungle more impenetrable than ever.

Departmental files tell of one small-town podiatrist who applied for a \$2,600 grant to train nursing-home workers in care of feet.

He waited eight months to get approval, only to receive word that the grant had been denied.

A more serious problem, many believe, is the Department's failure, so far, to achieve the goal of 1953—elimination of rivalries and overlapping programs among governmental agencies in the social fields.

A shared goal. It has been the dream of successive Secretaries to bring to the Department a common focus on what a former Secretary, Wilbur J. Cohen, described not long ago as "improving the quality of life for all Amer-

icans, increasing their options and so their freedoms."

After 17 years, such a goal remains elusive.

Within the Department, for example, medicine is in one agency and Medicaid in another. Both are outside HEW's major health agencies.

The Department operates 260 programs today—and overlap is far from cured.

Secretary Richardson, an outspoken critic of this situation, recently noted that five programs offer public-library grants, seven offer medical-library grants, and vocational-education grants can be obtained in 15 ways.

Not only grant applicants but also administrators find the going hard in this bureaucratic jungle. One congressional critic recently termed the Department "as ungovernable as New York City."

Arising, from time to time, is the suggestion that the Department be dismembered. Said Senator Abraham Rib-

coff (Dem.), of Connecticut—himself a former HEW Secretary:

"No one Secretary, no matter how conscientious and how brilliant, can give each function the time that is necessary. . . . Health and education programs are scattered through Government."

What HEW's Secretary actually is providing over, say some observers, is a feudal confederation of operating agencies—each with its own tradition of independence, its own personnel policies, its own press relations and its own favorite Congressman to push its cause.

To some extent, the Department also is described as a house divided by professional pride and jealousies.

HEW administrators find themselves dealing at every turn with scientists, medical men, psychologists, anthropologists, sociologists and other professionals. Admitted one HEW official:

"The farther down you go in some of these agencies, the more clamorish it becomes, to the point where HEW is just a name and so is the Secretary."

MORE THAN A DOZEN THINGS HEW IS DOING IN A MIDWESTERN TOWN—

CARBONDALE, ILL.

You get a look, in this southern Illinois town of 22,500 persons, at the impact that the Department of Health, Education and Welfare is having on the lives of America's communities.

Often through State or local agencies, HEW money is everywhere and doing everything—from killing rats to trying to find a cure for cancer.

HEW spent at least 7.5 million dollars here in the last fiscal year alone, on more than a dozen programs.

One reason is that Carbondale has one of Illinois' four "model cities" projects, which, Mayor David Keene says, "gives us a sharper knife to cut through all that bureaucracy."

Like most local officials, Mayor Keene described Carbondale's relations with

the federal agency as "excellent." HEW's contribution to the "model cities" project includes \$32,000 granted this year to help finance a day-care center supervising about 50 children a day—in many cases permitting their parents to hold jobs.

A departmental grant of \$100,000 also is helping pay for a comprehensive health-care program for more than 400 families from the "poverty pocket," largely inhabited by Negroes, in the northeastern section of the city.

About half of these families have incomes below the official "poverty level" of \$3,000 a year. Many lacked adequate medical care and did not qualify for either Medicare or Medicaid.

Another HEW grant of \$13,000 is being used largely in the "model cities" area to help rid the community of an estimated 25,000 rats.

Close to 1,000 residents of this town benefit from HEW-subsidized welfare payments adding up to nearly 1 million dollars a year.

In the last fiscal year, HEW gave city schools \$95,000 to help educationally deprived children, \$90,000 for vocational training and career guidance, \$2,800 for special educational materials and \$2,500 to improve libraries.

The Department also provided money to help day care, foster care and protective services for about 600 area children with physical or emotional handicaps.

Superintendent William T. Holder of the Carbondale high-school district said



Carbondale's downtown is typical of that found in many towns—and so is its growing number of HEW programs.



Preschool learning for small children is financed by HEW money as one of several contributions by the Department to Carbondale's "model cities" program, which is being carried out in a low-income area.

Contributing to top-level woes is the growth of a "new breed" of young and militant bureaucrats—many of them professionals in the social field—whose aim is to reshape the nation with departmental resources.

Recently formed by a group of employees was the "HEW Action Project," with a full-time co-ordinator.

Its goal: to organize opposition within the Department to the war in Southeast Asia, and to gain a voice in departmental policy making on social issues.

Dissension within the Department has kept it in the headlines all year.

Welfare demonstrators and HEW militants staged an eight-hour "sit-in" at Robert H. Finch's office when he was Secretary.

The Secretary scheduled, then canceled on grounds of illness, a "confrontation" with representatives of HEW employees to discuss his alleged lack of "liberalism."

Mr. Finch then resigned to take a job as White House aide. But this was

only one of many personnel crises that have hit the Department in recent months.

In February, Leon E. Panetta, director of the Office for Civil Rights, and two of his aides were eased out of their jobs allegedly for pushing too vigorously on desegregation of Southern schools.

Commissioner of Education James E. Allen, Jr., openly attacked the invasion of Cambodia, next resigned—attributing his departure to a dispute over educational policies.

Today, at least a half dozen top jobs in the Office of Education are vacant. The nomination of Sidney P. Marland, former superintendent of schools in Pittsburgh, Pa., to succeed Dr. Allen is being held up by Senators who accuse him of anti-labor bias.

Last year senatorial opposition forced the Administration to withhold the nomination of Dr. John H. Knowles, administrator of Massachusetts General Hospital, to be Surgeon General and supervisor of HEW's health agencies.

Among charges leveled at him was that of being in favor of "socialized medicine."

Despite such turbulence, HEW keeps moving onward—and upward.

Attempts at cost reduction. Congressmen grumble about escalating costs of social welfare, and often they try to do something about the problem—with frustrating results.

In 1962, legislators voted more intensive services to the poor—help in day care, supplementary food allowances and other aid—in hopes of getting more families off relief rolls.

Welfare recipients continued to increase sharply in numbers.

In 1965, Congress approved Medicaid for the needy. Original estimate of its cost was 238 million dollars. Medicaid's cost today: almost 5 billion.

In 1967, lawmakers instituted the Work Incentives program and put a freeze on federal payments to State relief rolls, hoping to push the new pro-
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Exterminators are being paid partly by HEW money to rid "model cities" neighborhood of an estimated 25,000 rats.

these funds eventually touch most of the 4,500 children in schools.

"The educationally deprived can come from wealthy families as well as poor ones," Mr. Holder said. "We've noticed a marked improvement in the children covered by these programs."

Mr. Holder admitted to occasional "annoyance" with HEW's paper-work requirements. He said:

"But then I stop and realize the extent to which this school district depends on these programs, and I keep my temper. All in all, the regulations are not unreasonable."

Southern Illinois University, just outside Carbondale, is the town's largest industry and a major recipient of HEW funds.

Last year alone the Department spent more than 3 million dollars for campus programs. At least 2,000 of the 24,000 students got direct HEW aid, and university officials estimate that one in four students depends to some extent on federal money of all types.

HEW money also helps pay the salaries of about 500 faculty members and graduate assistants.

Other campus projects getting HEW subsidies include the work-study programs helping 1,100 students earn their way through school, a loan program for 900 students, help for 541 handicapped students, and grants to 450 students from low-income families. HEW money helped the university's talent-search center seek out 3,000 impoverished students of high potential and enroll them in various colleges.

Research grants from the Department last year aided work by Southern Illinois faculty members on projects ranging from behavior of prison inmates to a search for a possible cancer virus.

Said a university official:

"The Department gives us a fairly free hand. My only gripe is that it takes our accountant three or four days just to fill out a program application."

The biggest windfall of all from HEW is found among Carbondale's "senior citizens."

Nearly 10 per cent of the population gets something from Social Security—and total benefits average about 2.4 million dollars a year. Except for the university, this makes Social Security the biggest payroll in town.

In Carbondale, as in most communities, HEW is becoming a big business.



—Photos: Southern Illinois University, Rip Stokes, Ja-Dec
Southern Illinois University has gotten millions from HEW for buildings such as biological sciences-graduate studies center.

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gram. But WIN—code name for the program—never really got off the ground, nor did the freeze ever go into effect. The Department itself has had no luck with cost-reducing ideas.

New approach. Congress has stalled this year on approving an Administration plan to offer aid to working poor whose earnings are below the poverty line.

Known as the Family Assistance program, it would add about 4 billion dollars to federal welfare costs in the first year—though HEW spokesman held that work incentives tied to the proposal would save taxpayers money in the long run.

Despite its difficulties, many welfare theorists maintain that this program, or some other "minimum income" plan like it, is the next big step in federal relief—with no certainty that it will solve the spiraling costs of that relief any more than past attempts.

Even without the Family Assistance program, federal relief policies are being liberalized.

Promulgated in 1968 was a departmental "recommendation" that States take caseworkers off eligibility check-ups and fraud cases so they could spend their time on social services aimed at rehabilitating relief families.

Backing up this recommendation is an HEW rule: Federal funds will pay 75 per cent of the cost of a State's social services in welfare programs. But the proportion drops to 50 per cent if the caseworker is making payments and eligibility determination.

Behind this policy is belief that savings on paper work will more than compensate for occasional cases of fraud slipping past "spot checks" on applications—and that social services will be vastly improved.

The improvements. Critics of rising costs in HEW programs note what they see as some changes for the better.

Auditing procedures have been tightened. Even medical research, long favored by health-conscious Congressmen, is getting closer scrutiny to put an end to what one congressional aide described as "projects that are little more than boarding houses for researchers."

Under HEW's Secretary Richardson, pressure is increasing on the bureaucracy to modernize its procedures and fields of authority, and probe the effectiveness of HEW programs.



NEARLY EVERY AMERICAN IS AFFECTED BY HEW

The Department of Health, Education and Welfare is a "conglomerate" of operating agencies supervised by a "corporate headquarters"—the Secretary and his staff—which sets broad policies and tries to co-ordinate the workings of the agencies.

The major agencies, with branch offices over the country—

Social Security Administration runs Social Security and medicare programs, paying benefits to more than 26 million people.

Social and Rehabilitation Service handles welfare and medicaid operations, involving more than 12 million beneficiaries; runs vocational rehabilitation programs that train a million people; directs youth development and delinquency projects.

Office of Education conducts research and makes loans and grants—for construction and teaching materials—that help more than

1 million college students and 2.7 million grade and secondary-school children. It also insures private loans to 1.1 million college students, provides special help for schools educating 7.9 million low-income children, is responsible for vocational education involving 7 million pupils and finances the training of 93,000 teachers in specialized fields.

National Institutes of Health conduct research and finance almost half of all other medical research in the United States. Now NIH is starting a drive to increase medical manpower throughout America.

Health Services and Mental Health Administration is a big and growing offspring of a 1968 merger of the National Institute of Mental Health and several other offices, including the Center for Disease Control in Atlanta. The agency finances construction of

In programs reviewed so far, the Department claims to have eliminated or shortened 32 of 46 reports required of States and other grantees. Also claimed is abolition of 15 different project-review committees formerly involved in the grant-review process.

In still another move to clear out some of the HEW jungle of bureaucracy, the Department is pushing for more use of "block" grants to States for broad purposes. Aim is to give grantees greater flexibility in using federal funds where most needed.

Along the same lines, streamliners are trying to eliminate much of the red tape that now ensnarls applicants seeking grants from several agencies for a multipurpose project such as a campaign against delinquency. This is to be tied in—hopefully—with moves to give more decision-making authority to HEW's regional centers.

State and local officials are divided in their estimates of how all this streamlining will work out in practice.

Some see it as "just another reorganization." Others find actual evidence that decentralization of HEW's authority and loosening of procedures is speeding up things.

What all are agreed upon is this: In its seventeenth year, this "super-agency" is here to stay, and grow—reaching more and more deeply into the lives of more and more Americans.

hospitals, staffs many federal hospitals and is involved in family planning for 1.9 million low-income people, child-health programs for 2.9 million, studies of drug abuse and antismoking campaigns.

Environmental Health Service sets antipollution standards for States that seek federal grants to enforce standards. EHS also finances studies on methods of combatting pollution.

Food and Drug Administration sees to it that producers of food, beverages and cosmetics carry out tests of their products to provide proof of safety and effectiveness.

Office for Civil Rights works mainly on getting school districts, especially those located in the South, to comply with desegregation guidelines.

Office of Child Development runs Head Start program, which now has 250,000 young children in full-time classes.