



Department of Justice

STATEMENT

OF

PAUL MICHEL
ASSOCIATE DEPUTY ATTORNEY GENERAL
U.S. DEPARTMENT OF JUSTICE

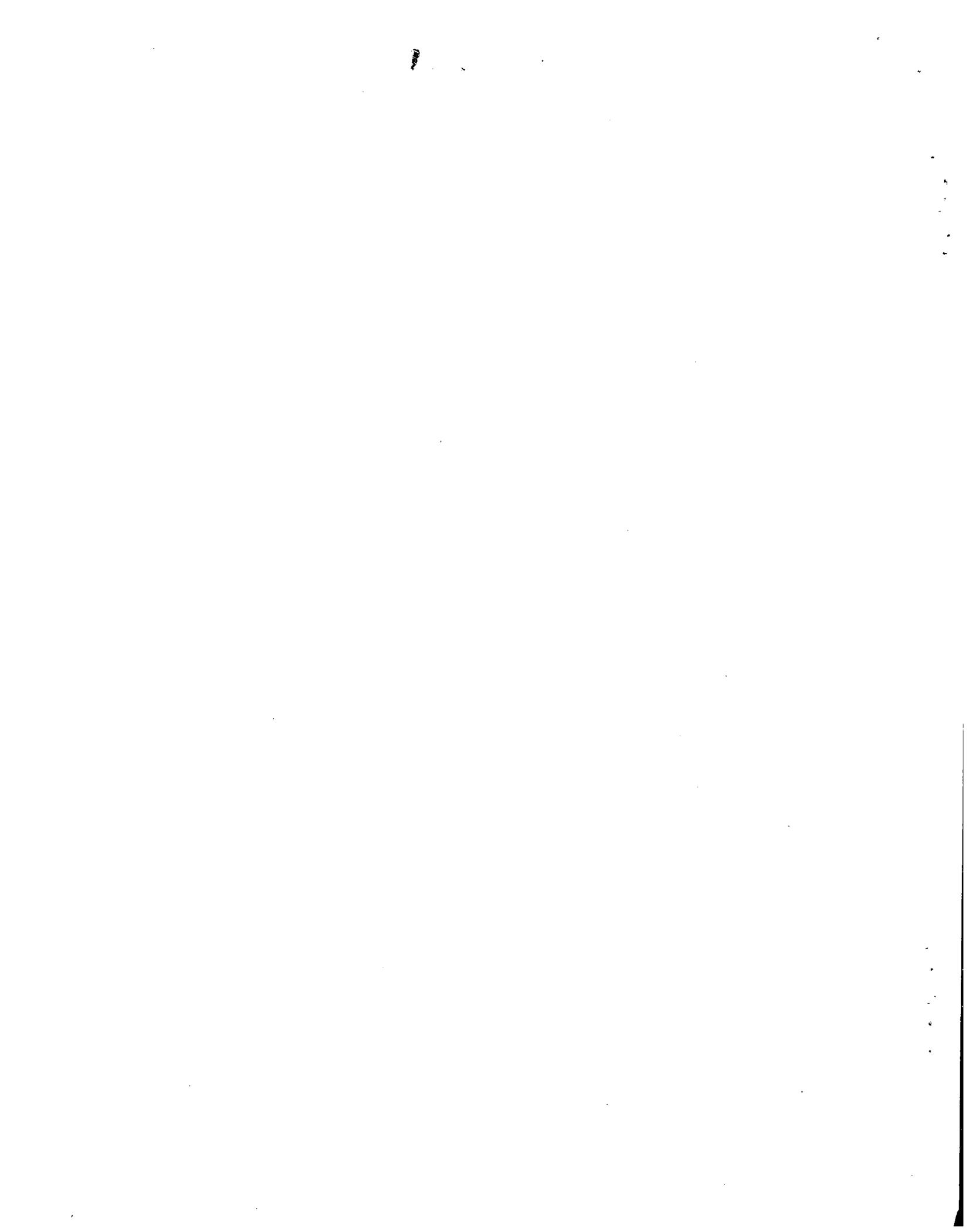
BEFORE THE

SUBCOMMITTEE ON CRIME
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

CONCERNING

PHASE DOWN
OF THE
LAW ENFORCEMENT ASSISTANCE PROGRAM

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The Department welcomes this opportunity to discuss with the Subcommittee tentative plans now under review within the Department for responding to the changes in the Justice System Improvement Act (JSIA) program that may be required as a result of fiscal year 1981 budget decisions.

In late March of this year, the President prepared a revised fiscal year 1981 budget for the JSIA agencies. This budget reflected a dramatic shift from the one originally submitted by the President in January. It resulted from a decision by the President to seek a balanced budget for fiscal year 1981. It proposed the elimination of all funding for the Part D Formula Grant Program, the Part E National Priority Grant Program, the Part F Discretionary Program, and the Crime Prevention Program.

While action on the FY 1981 budget is not complete, it appears probable that the JSIA appropriation will be significantly reduced. The Department is fully cognizant of the severe and widespread impact of such an action on personnel and programs at all levels of government. In order to minimize hardships, and to provide for an orderly and responsible phase down of the LFAA program, the Department deemed it both prudent and critical to begin to identify those actions that must and should be taken, if these budgetary changes are enacted.

As a result, the Deputy Attorney General directed the Office of Justice Assistance, Research and Statistics to coordinate the development of a short and long range contingency plan. The planning process has involved all JSIA agencies, Department officials and State and local representatives. It has attempted to begin to deal with the adverse impact of the budget reductions

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on State and local governments, other grant recipients, and Federal personnel. Underscoring the planning effort has been the growing recognition that termination of the LEAA program encompasses a substantial workload, is staggeringly complex, and has multiple effects.

More than \$1 billion of Federal funds is involved. The jobs of approximately 30,000 State or local employees working on programs in every State and major unit of local government will ultimately be affected by these decisions. At least 500 Department of Justice employees are now being directly affected by the decisions being made.

From a policy standpoint, closure of and accountability for a Federal grant program with the greater part of three years' funding still unexpended is a major new action for the Federal Government. It is a significant responsibility and challenge for the Department of Justice.

As of May 1, 1980, about \$600 million in criminal justice formula funds remain active at the State and local level. The \$600 million includes funds in about 15,000 active formula grant projects. Of the \$600 million, about one-half remains available for expenditure in these projects that are in various stages of activity. Another \$200 million of juvenile justice formula monies are also active. In short, there is more than three-quarters of a billion dollars in formula monies "in the pipeline" -- money for which the Federal Government is responsible.

This problem stems, in part, from the three year funding cycle under which the LEAA program has operated. In accord with long standing LEAA-OMB-Congressional policies, the expenditure periods for the funds run from the year of award plus two additional years. Thus, Fiscal Year 1978 money must be expended by 12/31/80; Fiscal Year 1979 by 12/31/81; and Fiscal Year 1980 money by 12/31/82.

The funding cycle is essentially the same in all States. The whole system is geared toward long-range changes in State and local criminal justice activities, stability so that staff may be hired with reasonably long term employment commitments, and consistency with State and local fiscal year periods so that the grant system may be incorporated into State and local budget cycles. Any other system would lead to funding of short--term projects. Most often these short--term projects would be of an equipment purchase nature. The use of this system for the past 12 years has created a fairly stable program and resulted in high rates of State and local cost assumption. Primarily because the projects are all in the State and local budget processes, the expectation, at the initiation of the project, is that the State or local government will eventually make the project a permanent State or local activity.

As a result of this system, State outlay projections (exclusive of juvenile justice) are nearly \$300 million in 1980; over \$200 million in 1981; and almost \$100 million in 1982. Thus, approximately \$600 million of \$936 million awarded for FY 1978, 1979, and 1980 is still "in the pipeline," and the Department of Justice and LEAA are responsible for all of these funds.

In addition, there are 1,217 active categorical grants, with another 400 to be awarded by September 30, 1980. These are grants to which the agency is already committed for publicly announced programs and for which applications are now being reviewed. There is a total of about 2,000 categorical grants that are active or nor closed out. These grants account for more than \$500 million in federal monies, and, as in the formula program, some will not expire until 1982. There is another \$128 million in 142 contracts that must be closed out.

Until all these grants and contracts are closed out, it will not be possible to determine if funds have been properly expended, if property has been accounted for, or if funds have been misused. In addition, some funds will be returned when grants are closed out and unexpended monies are deobligated from LEAA's accounts.

In short, the residual administrative responsibilities to assure an orderly phase down of the program are complex and immense. Each of the remaining grants and contracts must be monitored to assure compliance with Federal law and regulations and guard against fraud and abuse. Reports must be filed, audits conducted, and close-out activities completed.

Proper stewardship over these Federal funds is the Department's responsibility, and we are committed to taking every action necessary to assure that funds are legally expended and that unused monies are returned to the Treasury. This fundamental principle underscores all our contingency planning efforts.

The most immediate effect of the pending FY 81 budget would be to provide no funding to State and local governments for fiscal year 1981 and beyond for the cost of administering the LEAA program. Since State and local administrative costs, like Federal salaries, are funded on an annual basis, such an action would seriously jeopardize the continued existence of the State and local agencies which play a pivotal and vital role in administering the criminal and juvenile justice formula grant programs, and assuring that accountability requirements are met.

As a result, we are taking immediate steps to insure to the extent possible that these agencies have sufficient administrative funds to phase out their activities in a responsible manner. The Department's Office of Legal Counsel has provided an opinion that concludes that LEAA may modify its grant agreements with the States to allow the use of unexpended action funds for administrative purposes. A letter from OJARS director Henry S. Dogin and LEAA Administrator Homer F. Broome, Jr., to the State Criminal Justice Council directors informed them of this decision. A subsequent letter to the Council directors from LFAA provided additional guidance and asked the States to submit a reprogramming request by August 29, 1980 which details the process to be employed to administer the LEAA formula program in FY 1981. It should be clear that States will be reprogramming only unobligated or reverted monies; no action projects will be terminated solely for the purpose of providing administrative funds.

In addition to this authority to reprogram, LEAA will provide relief to the States and localities through the distribution of formula grant monies that are available for reversion to the Federal Government. LEAA, once the needs of the States have been determined, will utilize these prior year monies to help meet the minimum level resource requirements of the States and to insure an equitable distribution of funds.

We believe these actions will enable most States and localities to continue their administrative operations in FY 1981, although at reduced staff levels in many instances. This will allow these agencies to (1) assure that funds are expended legally, efficiently and effectively; (2) maintain records and accounts and file reports of expenditures; (3) conduct audits; and (4) close out grants.

In addition, the reprogramming authority will help States continue their administration of the juvenile justice program, as the amount of monies available for administrative purposes under the Juvenile Justice Act alone are insufficient. The Department is considering requesting an amendment to the juvenile justice reauthorization bill now before the Congress in order to allow Governors discretion to designate another State agency to administer the juvenile justice program.

The Department is also reviewing various proposals for reorganizing the JSIA program to reflect new budget realities. These proposals are, of course, dependent on final Congressional action on the Department's reauthorization bill and the FY 81 budget. However, our current thinking envisions:

- o an LEAA structure that will efficiently and responsibly bring the State/local assistance program to a close;
- o an independent NIJ and BJS;
- o a framework for an independent OJJDP, should that be the result of pending legislative action;
- o the devolution of OJARS service functions to these independent units by September 30, 1981.

The reorganization options under consideration require the balancing of several, often competing, demands for increasingly limited JSIA resources. The significant remaining grant workload necessitates an OJARS/LEAA structure that can carry out the administrative tasks necessary to responsibly phase down. At the same time, on-going programs (research, statistics, juvenile justice, public safety officers benefits) must have the staff they need to carry out their continuing program responsibilities. Complicating this already

difficult assignment is a growing imbalance in grade and skill mix. Persons with highly marketable skills, such as accountants and secretaries, are leaving the agency in great numbers.

Let me outline the general directions we are now considering. The LEAA structure in fiscal year 1981 would focus on remaining grants administration duties for the criminal justice assistance programs. This would entail management of existing grants and closeout activities.

All remaining criminal justice categorical funds are now being awarded, in accordance with previously announced programs. These monies are predominately for continuation projects. No new awards would be made in FY 81, as all funds have been committed.

The juvenile justice program, which has been chronically understaffed, would be strengthened. To meet the immediate needs of this program, OJJD is now commencing recruitment from within JSIA agencies to fill 30 positions.

OJARS would continue in fiscal year 1981 to provide much of the administrative services integral to the phase down effort -- accounting, information systems, audit and legal assistance. Civil rights compliance

will be a major area of emphasis. It is the Department's position that every effort must be made to investigate civil rights complaints in order to carry out the strong non-discrimination provisions of the JSIA. Whether or not there is to be continued LEAA funding, we owe complainants a duty to investigate their complaints to the point of making a finding. The Department is reviewing the personnel needs of the Office of Civil Rights Compliance, including needs for additional staff and training, in order to insure that all complaints are investigated before the program is phased out.

The Justice System Improvement Act calls for strengthened and independent research and statistics programs. Implementing this statutory mandate has also been a key requirement of our planning activities.

The National Institute of Justice has responsibility for the Federal leadership role in justice research. NIJ carries out a program of basic and applied research, testing and training, information dissemination, and evaluation.

A recurring issue has been how to make NIJ -- as well as BJS -- independent within the constraints of existing personnel ceilings and legislation. One approach to this problem would be an immediate and partial decentralization of support services to NIJ. Positions for grants administration, personnel management, public information and congressional liaison would be transferred to NIJ by October 1, 1980. Within a year, additional support functions and staff would be reassigned.

The Bureau of Justice Statistics has a broadened justice statistics collection and analysis mandate. In order to assure its independence, a similar phased decentralization of support services, would be undertaken for BJS. In order to achieve this decentralization of staff and support functions, it may be necessary to seek an amendment to the Justice System Improvement Act to raise the BJS/NIJ authorization level.

Remaining program administration duties require an OJARS and LEAA structure during the upcoming fiscal year. However, these duties will diminish overtime. By fiscal year 1982, support services would be decentralized to NIJ and BJS, as well as to OJJDP if it is made an independent agency. Other functions, such as audit, may be transferred to the Department. Only a small, residual capability would be needed to handle final close out of the LEAA program. Therefore, there may no longer be a need for OJARS or for LEAA, as distinct organizational entities.

Finally, the Department is fully aware the impact these possible changes would have on personnel within OJARS and LEAA. That is why the Department is committed to a planned and orderly reduction in personnel that is centered around normal attrition, aggressive outplacement, and early retirement opportunities.

In closing, let me stress that the Department is only considering these reorganization options. The issues are difficult, and the consequences far reaching. We anticipate continued exploration of alternatives and thorough consultation in the weeks ahead.

As part of this process, we welcome the Subcommittee's interest. Phasing down the LEAA program in a responsible manner is a complex and significant task. Your help and guidance are appreciated.

Mr. Dogin, Mr. Broome, and I will be pleased to respond to any questions you and the members of the Subcommittee may have.

