

**NOMINATIONS OF HALE CHAMPION, THOMAS D.
MORRIS, AND ARABELLA MARTINEZ**

HEARINGS
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

**THE NOMINATIONS OF
HALE CHAMPION, UNDER SECRETARY-DESIGNATE OF HEALTH,
EDUCATION, AND WELFARE; THOMAS D. MORRIS, INSPECTOR
GENERAL-DESIGNATE OF HEALTH, EDUCATION, AND WEL-
FARE; AND ARABELLA MARTINEZ, ASSISTANT SECRETARY-
DESIGNATE OF HEALTH, EDUCATION, AND WELFARE**

MARCH 8, 9, AND 10, 1977

Printed for the use of the Committee on Finance



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1977

85-728 O

5361-8

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NOMINATION OF HALE CHAMPION

TUESDAY, MARCH 8, 1977

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 9 a.m., in room 2221, Dirksen Senate Office Building, Hon. Russell B. Long [chairman of the committee] presiding.

Present: Senators Long, Nelson, Curtis, and Hansen.

The CHAIRMAN. Today we will hear Hon. Hale Champion who has been nominated for Under Secretary of Health, Education, and Welfare.

Mr. Champion, I will ask you to take the witness seat. For the record, I will insert your very fine professional and military background which is certainly a credit to you.

[The material referred to above follows:]

BIOGRAPHY OF HALE CHAMPION

Born.—August 27, 1922, Coldwater, Mich., Graduated from Ann Arbor High School, 1939.

Education.—University of Michigan, 1939-42, B.A., Stanford University, 1952.

Military.—U.S. Army, 1942-45, discharged as sergeant.

Employment

Financial Vice President, Harvard University, July 1971-January 1977. One of four vice presidents in the administration of President Derek C. Bok, Champion oversaw budgets totaling \$280 million. He directed financial and physical planning, assisted in financial matters of the 43 major budgetary units of the University, helped assess future needs and resources, and advised the President and Fellows on financial policy.

Vice President of Finance, Planning and Operations at the University of Minnesota, September 1969-June 1971. He was in charge of a budget of \$250 million covering five campuses with 51,000 students.

Director, Boston Redevelopment Authority, January 1968 to September 1969. He directed a \$1 billion renewal program.

Director of Finance, State of California, 1961-1967. He was responsible for a budget of \$5 billion. As director, he also served as chairman of the State Public Works Board and the Lands Commission.

Fellow of the Kennedy Institute, Harvard University, 1966-1967.

Press, Executive Secretary to Governor Edmund G. Brown, California, 1958-1960.

Reporter, San Francisco Chronicle, 1952-1958.

Nieman Fellowship in Journalism, Harvard University, 1956-57.

Legislative Assistant, Rep. Andrew J. Stemmler (Democratic, Milwaukee), 1949-50.

Reporter on various other journals.

Other professional

Participant on Presidential task forces on the reorganization of the Federal Government and the role of the University in urban society. In 1975, Chairman of Massachusetts State Commission on Federal Base Conversion.

Lecturer at the Kennedy School of Government and chairman of a faculty seminar on campaign finance reform.

Past Director, Harvard Community Health Plan, the Harvard Management Company, and the Economic Development and Industrial Corporation of the City of Boston.

Married.—Marie Tift, 2 children—Thomas and Katherine.

The CHAIRMAN. I would like to ask you a few questions about some matters of interest. In the first place, have you discussed with our staff any potential conflict of interest that might exist in this position for which you are being nominated?

Mr. CHAMPION. Yes, Mr. Chairman. I am on leave from Harvard University. I have disqualified myself from acting on anything that is in the Department from Harvard University.

The CHAIRMAN. So as far as you are able to determine, there is no conflict of interests?

Mr. CHAMPION. That is right, sir.

The CHAIRMAN. When Secretary Califano was here in January for the hearing on his nomination, he stated that the problem of social security financing would be one of the first things that he would look at. I wonder when we could expect the administration to send its proposal to address this problem.

Mr. CHAMPION. We hope to send it to you the first week in April.

Senator NELSON. I have a meeting on the Ethics Committee. This is one of the things we are working on. I wonder if I might interrupt just long enough to welcome Hale Champion here.

I just want to say, Mr. Chairman, that I have known Mr. Champion since 1947 when he was a United Press reporter in the capital city of Wisconsin, Madison. Since then he went to the Milwaukee Journal, and then, worked with Governor Brown in California.

He has had a very distinguished career both in the private sector as a reporter, and in the public sector, as an aid to Governor Brown of California, and as a member of the staff of the University of Minnesota and Harvard University.

I think it is very apparent that we are very pleased to see Mr. Champion here today.

I regret I can't stay for the hearing because I have another meeting. Thank you.

The CHAIRMAN. During the last administration, this committee had a dispute with the Department of Health, Education, and Welfare. It was our position that the employees should be able to provide technical assistance and information to the committee members and staff without there being a representative of the Secretary present at all times.

Eventually, we got the Department to accept our position. Would you agree that the committee members and the staff members working under the direction of the committee members should have technical assistance available to them without providing political interference?

Mr. CHAMPION. The exact departmental positions are up to the Secretary, Mr. Chairman. I, certainly, see no problem.

The CHAIRMAN. You might want to review what the dispute was about, but basically, it seemed to us it was political in some respects.

There are experts in the Department that can provide us with valuable information in trying to do our job, and informing our staff of the facts that can be used in developing future legislation.

It seemed that the Department wanted somebody present when they made information available. From my point of view, that meant they wanted to monitor the presentation of the information.

What I am saying is that to me, if something is true, the truth will make you free. If you have some knowledge that should help solve the problem, it should be available. If you have expertise that might be useful, that should be available to us.

It is all right for any department to try to keep up with what its employees know, but the idea of a quasicensorship when the fellows down in the department know something but don't let those people on the Hill know it—to me that is contrary to the concept of the Government.

You are entitled to know what the facts are and so are we, and if your people have an opinion down there, we are entitled to know what your people know. We try to see that you know what we are thinking up here. Does that make sense?

Mr. CHAMPION. I have never discussed this matter with the Secretary, but I know his feeling is that Congress ought to have all information, and we hope to provide it.

The CHAIRMAN. We are not trying to take advantage of anybody. We just want to know what the truth is, and if you have an opinion, we would like to know it.

One thing does concern me a little bit, in the area of child support. I gain the impression that in some quarters there is not the efficiency and there is not the cooperation that we ought to be having. I have in mind the State governments even more than the Department of HEW, but I think it exists in both ends. There is not the interest we should we have in making the father responsible for the support of his children.

We estimate that in the next fiscal year we will have to spend more than \$200 million just for making fathers do their duty. But the more important thing involved in that, Mr. Champion, is that every time that we catch one of these fathers who is making somewhere between \$10,000 and \$20,000, and is well able to support his children, but who is not doing so, we make other fathers understand that they better go ahead and do their duty toward their children—because if they don't do what is right, we are going to track them down, and we are going to use the legal process to make them do their duty toward their children.

I don't see how we can have a welfare program that excuses fathers from doing their duty toward their children without giving all fathers the same consideration under the law.

In other words, if those 90 percent of the fathers who are doing their duty toward their children see the 10 percent who are going to be excused from doing their duty, and the 90 percent have to pay the taxes to support the children of the 10 percent who escape their duty toward their families, then I would think that there would be increasing num-

bers of fathers not doing their duty. But on the other hand, if people know that they are going to be made to do their duty toward their children, they won't try to escape their duty.

Does that line of argument appeal to you?

Mr. CHAMPION. Yes. As a matter of fact, I think that in the last year some of the efforts that you have been involved in have been productive, and we hope that that proposal will be continued and improved.

The CHAIRMAN. I think we can make some headway, and that a lot can be done in that regard.

I think any discussion of welfare reform ought to proceed on the assumption that we are going to make fathers do their duty. We haven't done it as well as we might. It is within our power to do it.

We argue about the right of privacy, but I think that a man who is fully able to support his children and is seeking to escape that duty and push it off on other citizens of this country has no right to hide himself from society.

It is the duty of the tax collection people to tell the Welfare Department where he is, or the Federal Government to tell the State, or the State to tell the Federal Government. I don't think there is any basis for his using the argument of privacy to escape his duty to do what the law requires him to do. Do you agree with that concept?

Mr. CHAMPION. Yes, I do, and I think that we are now pursuing that concept in vigorous fashion.

The CHAIRMAN. Well, others who had a similar responsibility to yours in that department have told me in years gone by, right up to a few days ago, that their experience generally was that in the department, there is not much sympathy for that attitude; that people like to send a check out to somebody; they like to play Santa Claus, but they don't like to have to put on a policeman's uniform, and go out and make somebody do something that the law requires.

It is lots more fun to give somebody a check, to hand out money, than to do a policeman's job, and try to make somebody pay something back, but we have to have both functions.

It is the sad task of this committee to put taxes on people, to make them pay your salary, my salary, and everybody else's, who works for the government, and those of use who have to pay that tax take the view that it is not fair to be taxing citizens to pay to support someone else's children—just because someone else has escaped doing his duty to society when we had no business letting him get away with that.

Mr. CHAMPION. Mr. Chairman, I think we ought to perform the same way you are suggesting to us.

Chairman LONG. What we have sought to do, and we have now succeeded, is to make Internal Revenue Service tell us where these people are.

It used to be that a fellow could be making \$20,000, and maybe paying nothing to support his children, and the Internal Revenue Service didn't want to tell us where he was. They took the attitude that they would only collect taxes. That was the beginning and the end of their job.

We finally convinced them that we are all part of one Government. They are working for the same Government that you and I are working for. We finally got that problem ironed out.

I have some questions that Senator Talmadge would like to ask. I would like to ask that you answer these in writing for the record, hopefully, before the day is out.

Mr. CHAMPION. I would be glad to do that, Senator.
[The material referred to follows:]

SENATOR TALMADGE'S QUESTIONS TO THE NOMINEE

Question. John Walsh, former senior investigator of the Senate Subcommittee on Investigations, abruptly resigned as Director of the HEW Office of Investigations. Can you tell us why he resigned or what you know about his resignation?

Answer. Mr. Walsh resigned after conversations with Secretary Callfano and myself in which he was asked to keep the Department's Acting General Counsel informed of his activities and was further informed that he would be directly responsible to the new Inspector General authorized by the last session of Congress as soon as that office is organized.

Question. Do you or the Secretary intend that proposed investigations be reviewed or cleared by the General Counsel?

Answer. No. Indeed Mr. Walsh was not asked to clear his work with the General Counsel's office, only keep that office informed of his activities and conversations with Federal, State and local law enforcement authorities until such time as the Inspector General was installed. In the meantime, his reporting responsibility was to continue to be to the Under Secretary's office. He indicated that he did not at first understand that, but the misunderstanding was cleared up as soon as it surfaced—a matter of just a few days.

Question. Home Health and Homemaker Service Agencies in California, of which the principals are Flora Souza and Peter C. Gottheiner, have been the subject of a joint investigation by the House Ways and Means Committee and the Senate Committee on Aging. In fact, those committees are holding joint hearings on the subject today and tomorrow. Have you discussed with anyone, or to your knowledge has Secretary Callfano discussed with anyone, any HEW investigations proposed or underway in that State? If so, please describe what transpired and with whom?

Answer. Yes. Both Secretary Callfano and I have been informed of the current investigation of Home Health and Homemaker Service agencies and we have instructed everyone in the Department to cooperate fully in that investigation and any others of its kind. Our information came from Mr. Walsh, from the Social Security Administration, from conversations of HEW staff with House and Senate staff, and a trip to California to confer with Federal authorities by Mr. Peter Bouxsein of the General Counsel's office.

Question. Do you know Flora Souza or Peter C. Gottheiner?

Answer. I do not know Flora Souza or Peter C. Gottheiner.

Questions. Was Mr. Walsh advised by either you or Secretary Callfano of displeasure with his investigation of the Home Health Agency operations of Mrs. Flora Souza or any other investigation?

Answer. No, as a matter of fact, our only concern has been that this and other investigations have not been pursued more vigorously by the Department as a whole as a matter of policy.

The CHAIRMAN. Senator Hansen.

Senator HANSEN. Thank you. Mr. Champion, we appreciate this opportunity to hear your views. I know that as Under Secretary, you will be involved in the development of the welfare reform program for the President.

What is your view of the relation between welfare and employment?

Do you see a relationship between the two?

Mr. CHAMPION. I think there has to be. I am not, at the moment, deeply involved in that. I feel certain that there is a relationship, particularly in the difficulties involved when employment results in less, or very little more pay than welfare, and clearly, that is one of the central problems of devising an adequate welfare reform system so it would provide adequate work incentives.

Senator HANSEN. Well, you know, in my part of the country, there is a growing conviction among a lot of people that the people who are working, young folks, particularly, those raising families who are trying to make ends meet, are becoming increasingly frustrated with the conviction that if you want to take a job and you want to pay taxes, that is all right, but a growing number of people have been able to develop a lifestyle that is based primarily on not working, and they are either on unemployment compensation or on welfare.

I live in a part of the West that has quite a lot of resort activity. It is a recreation area, and it is not uncommon at all to hear people there say that we have two groups of people, those who plan on working in the wintertime, skiing activity and the like, that sort of thing, and spend the summer backpacking; and another group who work in the summertime, and spend the winter skiing.

And there are certainly evidences to suggest that that is exactly the way the thing works. A lot of young people I have talked with feel that because of the loose administration of welfare, and because of the seemingly endless desire on the part of some people to extend unemployment compensation benefits, it is not too difficult.

It is becoming easier all the time to use these two mechanisms so as to make it possible to get by working about half a year at a time.

A number of times I have talked with people who are packers and outfitters in wilderness areas, and they tell me that a great number of young people hike up there in the summertime. The most commonly found things cast off alongside of the trails are containers in which welfare food has been packaged. That is what these young folks are carrying along with them aside from living off the fat of the land, as we say, fishing and maybe taking small birds or small animals that they are able to eat, and if they carry anything in the backpack, it is apt to be food that has been packaged for welfare recipients.

Would you take it upon yourself to examine this situation very closely, and see what might be done to tighten up that system?

Mr. CHAMPION. Yes, and as you may know, the Department has taken the lead in the Federal Government in the welfare reform efforts which, among others, include consultation with members of the staff of this committee, and are designed to look at all of these programs which would include the food stamp program, which would include all of the other elements that have been involved and created.

I think everyone, almost universally, believes that there is a great need for welfare reform, and we are committed to producing such a program, to bring it to the President and on to the Congress for action in this year because we do feel that there are a large number of areas of this kind that do need examination, do need revision, not only in the way in which they are administered, but in the legislation because we now have a number of relatively unrelated programs which go into creating the problem we have today.

Senator HANSEN. I appreciate what you say there. I think we have not supported many of the efforts that have been made to extend unemployment compensation benefits for a period for as long as 65 weeks.

It seems to me that that is prostituting the whole actuarial base of welfare and of unemployment compensation when we try to do that.

I am not unsympathetic to people out of a job, but I can say that there are a lot of working people who are darned unsympathetic to the people that they see getting by without doing anything while their taxes are going into the system.

Let me, if I may, Mr. Chairman, underscore one further point. I agree completely with the chairman in his concern and determination that something must be done about picking up these fathers who take off and abandon a wife and a houseful of kids, and go outside of a political subdivision, and are aided and abetted, and I use those words. I think, advisedly, by some governmental agencies.

It seems to make no sense to me that we tolerate, that we permit, that we condone that sort of attitude on the part of the Government, to say we will put up with your adamant refusal to give information to law enforcement officials with which they could get a finger on a person, and make him face up to his responsibilities. I just wanted you to know that I agree completely with my chairman.

The CHAIRMAN. Let me give an illustration of what I believe to be very important to consider in designing a welfare reform proposal. We found one lady in Louisiana who was on welfare under 18 different names. I would think that there should be a concept of only one welfare check to a customer. There ought to be one concept of welfare reform that you are entitled only one time, not under 18 names, but one time under one name. We have found a great number of cases of people who are under more than one name.

It took a long time for us to get the Department to begin to do something about that kind of situation.

Governor Mandel of Maryland told me that some time ago, his State wanted to do something to better identify welfare recipients. They changed the rules to require that those who draw welfare checks have identification pictures just like on a driver's license in order to get the welfare benefits. When the recipient comes to get his check and get other benefits, he would be required to have an identification card with his picture.

Eleven percent of the people on the rolls never came in to even have their picture taken. Imagine how the taxpayers feel about finding that 11 percent of all the people that they have been supporting have so little claim to it that they wouldn't have their picture taken just to carry around an identification card.

I carry two pictures of me, one to identify myself when I try to get down there inside one of the White House gates or to get into the Capitol Building at night, and another one to identify me if a traffic cop stops me.

These people, though, found it too big a burden to be asked for their picture to be taken once.

I just don't think that the people of this country approve the idea of going so far overboard to try to protect someone's right of privacy, that literally millions of people can be on the rolls under more than one name.

You don't approve of that, I take it, do you?

Mr. CHAMPION. No, I do not.

The CHAIRMAN. It seems to me that welfare reform ought to mean that you put as many people into some kind of useful work as you can even though it might be marginal.

Do you agree with the concept that it is far better to have a person in a job, however marginal it might be, than to have a person doing absolutely nothing?

Mr. CHAMPION. I do, indeed.

The CHAIRMAN. I hope we can have some recommendations from you and some of your associates up there in the Department to help carry out that kind of concept, because some of us believe that a good welfare reform system is needed, not one that will double the cost of welfare.

It might even reduce the cost by shifting over more and more people into the work force, doing something productive.

Senator CURTIS. I am sorry I was late. I was interested in what the chairman said in regard to identification in cutting down welfare rolls. We have many problems. I hope we can have the help, the active help of HEW on this matter.

A doctor in Nebraska, in whom I have the utmost confidence, told me, within the last 2 weeks, that one-half of the people for whom an appointment is made at his office under medicaid do not show up. That is a startling figure, and should be very disturbing to those who administer this program.

Are you going to be dealing directly with welfare reform?

Mr. CHAMPION. No. I am not participating in that task force. While I have general responsibilities under the Secretary, I think early on, I will be working primarily in the areas of social security and health.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Senator Hansen.

Senator HANSEN. Your most recent response to Senator Curtis's question probably makes my question less relevant than would otherwise be the case.

I am concerned about the growing difficulty that young people have in getting started in the work force someplace.

We have had hearings. We have heard from a number of experts, and I think it is generally agreed that people who have few work skills, people who have had no working experience are going to be further disadvantaged if the application of a minimum wage, which likely and in all probability will go higher, is made to have full force and effect on them.

My question is, just as a matter of philosophy, with teen-age children yourself, do you think that the average parent in this country would rather have his youngster get started working at less than a minimum wage, or do you think it would be better, to be more specific say, at \$2 an hour, or the present minimum wage, \$2.30 an hour, or to have him unemployable, for all practical purposes, at \$2.30 an hour.

I must say, as a rancher, we have had a number of people ask if we couldn't give their kids something to do. Agriculture happens to be one of the industries that is exempt from the application of a minimum wage, as you likely know. What is your feeling?

Mr. CHAMPION. Senator, I am a believer in the minimum wage. I come from urban areas. I am not familiar with agricultural employment, but I have had a son who for several years, between schools, has gone and found a job at the minimum wage, and I was glad he was making the minimum wage.

I think one of the initial problems in this area, and I have been somewhat involved in that in the last year or so, and this is a problem for the Department of HEW, which is that there should be a better connection between the school experience and the work experience.

Schools have not done a good job in this area, in many cases, and as we examine that, we find that we are able to bring people where they can earn the minimum wage, deserve it, produce adequately to have that, a proper price, but I do believe in the minimum wage.

Senator HANSEN. Thank you.

The CHAIRMAN. Thank you very much.

If there are no further questions, that will conclude this hearing. I would hope to vote on this nomination next Tuesday. Thank you very much.—

Mr. CHAMPION. Thank you very much.

The CHAIRMAN. That concludes this hearing.

[Thereupon, the public hearing on the nomination of Hale Champion was concluded at 9:28 a.m.]

NOMINATION OF THOMAS D. MORRIS

WEDNESDAY, MARCH 9, 1977

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 9:40 a.m., in room 2221, Dirksen Senate Office Building, Hon. Clifford P. Hansen presiding.

Present: Senator Hansen.

Senator HANSEN [presiding]. The committee will be in order.

Is Mr. Thomas D. Morris here?

Mr. MORRIS. I am, sir.

[The biography of Mr. Morris follows:]

BIBLIOGRAPHY OF THOMAS D. MORRIS

Work experience

March 1976-January 1977—Brookings Institution, Senior Staff, Advanced Study Program. Conducted educational programs for senior Federal and business executives on public policy issues.

November 1975-February 1976—Assistant Secretary for Administrative Services, Department of Health and Rehabilitative Services, Florida. Assisted in reorganization of 30,000 employee department.

1970-75—Assistant Comptroller General of the United States. Served in two different capacities: (1) oversight of internal management programs for the 5,000 member staff of the General Accounting Office; (2) oversight of Government-wide audits concerned with financial management, personnel practices, contracting and property management.

1970—Vice President, Dart Industries, Los Angeles. Ran production facility which was in trouble.

1969—Vice President, Litton Industries, Los Angeles. Coordinated merger of four newly-acquired machine tool companies, with \$200 million in sales, into the corporate structure.

1961-1968—Assistant Secretary of Defense. Served in two different capacities: (1) oversight of all manpower programs, (both for military and civilian personnel—4 million in total); and (2) oversight of purchasing, warehousing, transportation, communications, construction, overhaul and repair activities, and operation of bases and installations world-wide.

1960—Assistant Director for Management and Organization, United States Bureau of Budget. Coordinated Government-wide programs to improve organization and management, and to reduce costs.

Employment prior to 1960

Assistant to the President, Champion Paper and Fiber Company, Hamilton, Ohio, 1968-59.

Deputy Assistant Secretary of Defense, Supply and Logistics, 1966-57.

Partner in the management consulting firm of Cresap, McCormick and Paget, 1946-56. Served as senior staff member on both first and second Hoover Commissions.

Navy Department, Office of Secretary, Management staff. Attained rank of Lieutenant Commander, 1942-45.

Carnegie-Illinois Steel Corp. (U.S. Steel) Methods and Procedures Specialist, 1940-42.

Other

BA, University of Tennessee, 1934
Born April 19, 1913, Knoxville, Tenn.

Senator HANSEN. Mr. Morris, would you please sit down?

I would like to announce that Senator Long apologizes for not being here. He has asked that the hearing begin. He is attending a Democratic conference meeting that was called after this hearing had been set.

I know that as soon as that meeting is concluded, he will join us.

We are pleased to have you here, Mr. Morris. Mr. Morris has been nominated for the post of Inspector General, Department of Health, Education, and Welfare. Do you have a statement you would like to make, Mr. Morris?

Mr. MORRIS. No, sir. I would like to respond to questions, if I may. Senator HANSEN. All right, sir.

The statute creating the job of Inspector General contemplates that he would be completely independent. I understand that you are a long-time associate and friend of the current Secretary of Health, Education, and Welfare. How do you expect to be able to maintain this independent role envisioned by the Congress?

Mr. MORRIS. Sir, this will, of course, be a new and unusual experience for any person. I respect the fact that I must report both to Congress and to my Secretary. I expect to maintain complete objectivity, be my own man; to demonstrate high integrity and show good results.

These are my intentions, as I enter upon this undertaking.

Senator HANSEN. Are you familiar with the reorganization plan announced by Secretary Califano yesterday?

Mr. MORRIS. I am, sir.

Senator HANSEN. In the press release announcing the reorganization, Secretary Califano said:

The savings for the U.S. taxpayer related to the reorganization initiative, especially those involving efforts to eradicate fraud and abuse, will be at least \$1 billion over the next 2 years.

He also said that:

The savings realized by the reorganization initiative will not result in any individual loss of employment.

How will the \$1 billion worth of savings be achieved?

Mr. MORRIS. Sir, all the savings that he referred to are program dollars, those that we pay out to the States and other beneficiaries. It is by reducing error rates, detecting abuse, instituting more efficient systems of claims review and payment, and by rooting out fraud and misuse of those funds that we expect to make that billion dollars of savings.

Senator HANSEN. What actions do you think that your Office and the Department of Health, Education, and Welfare can undertake to decrease fraud and abuse in the program of aid to families with dependent children?

Mr. MORRIS. Sir, the current error rate experienced in that program has been running about 8 percent. We are looking to the possibility through increasing the application of quality controls and inspection procedures, of decreasing that experience to 3 percent.

This, we estimate, would save on the order of \$300 million, if it can be achieved.

Senator HANSEN. When did you retire from the Federal Government?

Mr. MORRIS. November 1975, sir.

Senator HANSEN. What direct experience did you have with HEW programs during your Federal career?

Mr. MORRIS. Sir, my career, over the last 40 years, has included 20 in private practice, largely management consulting, which was largely for the Federal Government, and for a period I did spend some months consulting with HEW on its organizational structure in the mid-1950's.

Senator HANSEN. Will you clear investigations in advance with any Department officials?

Mr. MORRIS. No, sir.

Senator HANSEN. Will you clear subpoenas in advance?

Mr. MORRIS. No. That is authority which is vested in me, as I understand it.

Senator HANSEN. The law requires that there be a separate health investigative unit of full-time personnel in the Office of Inspector General. These people were to be trained investigators, attorneys, and auditors, who would serve as investigative flying squads to assist, as needed, regular investigative activities of Federal and State agencies.

How many additional people will you have in that unit?

Mr. MORRIS. Sir, our final plans for organization and staffing still have to be worked out, once I have the responsibilities. If the current supplemental budget for 1977 is approved, I will have 110 spaces. Previously, they were earmarked for various audit and investigation tasks prior to the passage of this bill.

I plan to freeze all of those spaces and to make use of them in the most productive way, as soon as I can assess priorities. A substantial number would be earmarked for this requirement which is set out in the law.

Senator HANSEN. You may have anticipated my next question, which is: How do you propose to organize that unit? Do you have any further comments?

Mr. MORRIS. I am planning at this time, sir—and I would like to discuss this with the committee and its staff—to create a third Assistant Inspector General for Health Care and Systems Reviews. I would like to broaden the coverage beyond health and cover education and other of our key programs with the special staffing of the type that you suggested.

As I say, I am planning to set up the unit for health care, in any event. I would like to discuss the feasibility of expanding that coverage.

Senator HANSEN. Has the Secretary committed himself to immediately supporting the securing of all necessary additional personnel?

Mr. MORRIS. Sir, he has said publicly that he expects this entire function to grow in its staffing as required. We have not tried to discuss precise numbers of potential growth.

Senator HANSEN. I have no further questions, Mr. Morris.

It may very well be because of the other responsibilities that individual Senators face that there may be, indeed, other questions. It would be my observation that the hearing record might be kept open in order that those not present, members of the committee, would have an opportunity to submit in writing questions to you and your responses also, written, could be included in the hearing record.

Mr. MORRIS. I would be very pleased to do that, sir.

Senator HANSEN. Thank you very much. We will probably have further questions for you.

[Thereupon, at 9:50 a.m. the committee proceeded to other business.]

NOMINATION OF ARABELLA MARTINEZ

THURSDAY, MARCH 10, 1977

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 9:55 a.m., in room 2221, Dirksen Senate Office Building, Hon. Russell B. Long [chairman of the committee] presiding.

Present: Senators Long, Curtis, and Danforth.

The CHAIRMAN. The committee will come to order.

Ms. Martinez, would you come up?

Would you please outline for the committee the areas for which you will be responsible as Assistant Secretary of Health, Education, and Welfare?

Ms. MARTINEZ. Under the reorganization, in addition to the current programs, we will be responsible for the title XX programs as well as title IV (b), and also what is left of IV (a).

The CHAIRMAN. One unresolved issue in social service programs is the appropriate day care staffing ratio. This issue has been much debated, for the higher the staffing requirement, the higher the cost of providing day care and the lower the number of children that can be provided day care.

What are your views on staffing requirements?

Ms. MARTINEZ. I have not quite formed my views on that point. We are looking at a lot of material. We have had several meetings to discuss it.

I am concerned about the staffing and the general day care standards. I hope that we can develop standards that are reasonable, reflecting concern about the children and the families.

The CHAIRMAN. As Assistant Secretary, you will be responsible, among other things, for the social services grant program. The basic grant program under title XX of the Social Services Act has had a \$2½ billion authorization for 5 years now; it has not been increased.

Do you think it would be appropriate to raise that authorization?

Ms. MARTINEZ. I think, in terms of inflation, that might be appropriate. I have not really looked at title XX since it just has come into my shop. I think we might need to look at it, because the inflation rate has been quite high in the last 5 years.

The CHAIRMAN. Can you tell us what your thoughts are with regard to the foster care program?

Ms. MARTINEZ. I think there are entirely too many children in foster care. Part of the problem is that there are not alternative homes for them, especially adoption. I think that we need to look into that whole

area of foster care, because I think kids grow up to be better adults if they are with people who are their parents, even adoptive parents.

The CHAIRMAN. It is my understanding that studies have shown that preventive services and services to reunite children with their families can save a great deal in the foster care area. I take it you would favor an expansion of those services.

Ms. MARTINEZ. The programs to reunite the children with their families, yes, I would.

The CHAIRMAN. Does the HEW reorganization giving social services to your agency and cash assistance to the Social Security Administration represent a further step in isolating the neediest people from those services that meet needs not adequately addressed by cash assistance?

In other words, has not the SSI program shown that this is the major problem for the aged and disabled, who frequently do not learn about services that are available from state welfare agencies?

Ms. MARTINEZ. No, I do not believe that the reorganization is going to prohibit the neediest target groups from receiving those services. In fact, I think it will be just the opposite.

The CHAIRMAN. I am going to ask that the record contain a summary of the background and experience of Ms. Martinez.

[The material referred to follows:]

BIBLIOGRAPHY OF ARABELLA MARTINEZ

Experience

Ten years of experience in the social work field of social planning and community development. From 1966-1968 served as the Executive Director of the Valley Communities Economic Opportunity Organization, a community action agency in the Livermore-Amador Valley in California. During the years 1969-1974 served as the Executive Director of the Spanish Speaking Unity Council, Inc., a Ford Foundation sponsored community development corporation in Oakland, California.

The Council's programs include a new community services center which houses ten different public and private social service and educational agencies, a FHA 236 housing project for 61 low and moderate income families, a manpower program with ESL, pre-employment and vocational training components, a supported work program for the severely disadvantaged, business development efforts and the initiation and support of a wide range of community improvement and development activities.

Since late 1974 provided consulting services for such clients as the Ford Foundation, the Spanish Speaking Unity Council, the Peralta Services Corporation, the Chicago Alliance of Drug Abuse Programs, Chicanos Por La Causa and the University of Houston Graduate School of Social Work. Prior to graduate school, from 1959-1964 worked as a case worker for several county welfare departments and on a special assignment with the State of California Welfare Department.

Recent consultation services

Developed a comprehensive management system for the Spanish Speaking Unity Council but it has applicability for other non-profit organizations, private corporations and governmental agencies. The system is incorporated in a management manual of several hundred pages which is divided into three major sections: planning and program development management; organization and staffing management; and the management of the program, personnel, fiscal, property, records and office components.

For one of the Ford Foundation's grantees, the Arizona Job Colleges, a comprehensive family rehabilitation and manpower program, developed and implemented a resource development plan and provided management assistance which resulted in two years of funding totalling over three quarters of a million dollars.

Assisted the University of Houston Graduate School of Social Work with the conceptualization of the curriculum for its Social Services Administration/Social Planning/Community Organization course of study.

Education and skills

Masters of Social Welfare, 1966, University of California, Berkeley, Calif.

Bachelor of Arts, 1959, University of California, Berkeley, Calif.

General Skills: Organizational, program and community analysis; general and fiscal management; program and resource development; and social planning and community development.

Language other than English: Spanish

Awards and fellowships

John Hay Whitney Fellowship, 1965-66.

Rosalie M. Stern Award, University of California Alumni Award, 1974.

Organizational affiliations

National Association of Social Workers (ACSW).

The Drug Abuse Council, Inc., Washington, D.C. (Board Member).

Association for Democratic Action (Board & Executive Committee Member).

City Center Federal Savings & Loan Association, Oakland, Calif. (Director) (first Chicano Savings & Loan in Oakland).

Association of Latin American Women, Oakland, Calif.

University of California Alumni Association, Berkeley, Calif.

Common Cause.

National Congress of Hispanic American Citizens.

Professional employment history

November 1974-January 1977—Self-employed Social Program Consultant to such organizations as the Ford Foundation, University of Houston Graduate School of Social Work, Spanish Speaking Unity Council, Chicano Alliance of Drug Abuse Programs, and Peralta Services Corporation.

January 1969-October 1974—Executive Director of the Spanish Speaking Unity Council, a community development corporation, in Oakland, Calif.

September 1966-October 1968—Executive Director of the Valley Communities Economic Opportunities Organization, an anti-poverty agency, in Livermore, Calif.

August 1964-June 1966—Graduate Student—unpaid Field Work Placement:

September 1964-June 1965—Caseworker in the International Institute in San Francisco two days per week. September 1965-June 1966—Community Organizer in the City of Berkeley's Social Planning Division three days per week. June 1965-September 1965—Research Assistant in the Graduate School of Social Welfare at the University of California in Berkeley.

August 1959-August 1964—Caseworker: August 1959-December 1962—Old Age Security, Aid to Needy Blind, Aid to the Disabled (all now under SSI); and Aid to Families of Dependent Children (single parent and unemployed parents), Alameda County in Oakland, Calif. September 1963-May 1963—State of California Department of Welfare: Special AFDC Study. August 1963-August 1964—Contra Costa County Social Services Department.

The CHAIRMAN. Are there any further questions from members of the committee?

Senator DANFORTH. I have no questions.

Senator CURTIS. I have no questions.

The CHAIRMAN. Thank you very much, Ms. Martinez. Under our rule, we will have to wait for 2 days before we can vote. Thank you very much.

Ms. MARTINEZ. Thank you so much.

The CHAIRMAN. I know of no opposition to the nomination.

Ms. MARTINEZ. Thank you.

[Thereupon, at 10 a.m. the committee proceeded to other business.]