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RELEASED



*REPORT OF THE  
COMPTROLLER GENERAL  
OF THE UNITED STATES*

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090050

Answers To Questions  
On Certain Activities  
Surrounding The Tenure  
Of The Director,  
Bureau Of The Census

Department of Commerce

GGD-76-57

APRIL 15, 1976

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

B-183465

The Honorable John E. Moss  
The Honorable Patricia Schroeder  
House of Representatives

In response to your joint letter of March 14, 1975, and subsequent discussions with your offices, we reviewed certain activities surrounding the tenure of Mr. Vincent P. Barabba, Director, Bureau of the Census. These activities included matters relating to travel; training; employee morale; contracting and funding; and the Director's association with his former firm, Decision-Making Information, Inc., Santa Ana, California. We found no evidence that Mr. Barabba acted in any way to discredit the Census Bureau.

As you know, the controversy surrounding Mr. Barabba's tenure was publicized in the Federal Times newspaper on February 19, 1975. The article charged that Mr. Barabba had

- used his influence to promote Decision-Making Information, Inc.;
- given his former firm preferential treatment at the Census Bureau;
- traveled extensively; and
- caused consternation among Census Bureau professionals.

The matters discussed in the article were similar to those in an anonymous memorandum dated January 21, 1975. Neither our review nor the Department of Commerce studies identified the author or the recipient of this memorandum. Its authenticity was never established.

We examined documents at the Department of Commerce, the Social and Economic Statistics Administration, the Bureau of the Census, and Decision-Making Information, Inc. We discussed the matters with Commerce Department and Census Bureau officials; former Census Bureau employees; representatives of Decision-Making Information, Inc.; and selected clients and competitors of this firm.

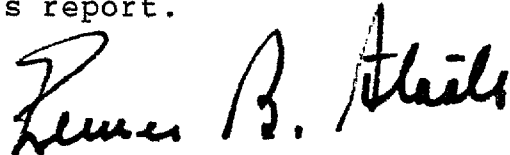
We also considered comments or reports prepared by Mr. Barabba; Mr. Edward Failor, former Administrator of the Social and Economic Statistics Administration; and the

Commerce Department's Office of Investigation and Security. Until it was abolished on July 16, 1975, the Social and Economic Statistics Administration provided administrative services for the Bureau. The Office of Investigation and Security, responsible for internal security affairs, was requested by the Department's General Counsel to conduct an investigation after learning of the contents of the anonymous memorandum.

We have provided background on Mr. Barabba's relationship with Decision-Making Information, Inc., and the Census Use Study in appendixes I and II, respectively, because these matters directly relate to your questions. Appendix III answers your questions in detail.

During the review, we discussed the contents of this report with Commerce Department officials and Mr. Barabba, and we have included their comments where appropriate. The Department's comments on this report are included as appendix IV.

We will be in touch with your offices in the near future to arrange for release of this report.

A handwritten signature in black ink, reading "James B. Atchley". The signature is written in a cursive style with a large initial "J".

Comptroller General  
of the United States

MR. BARABBA'S RELATIONSHIP WITH  
DECISION-MAKING INFORMATION, INC.

Decision-Making Information, Inc. (DMI), a market research and polling firm in Santa Ana, California, has four corporate officers and about 50 full-time and 250 part-time employees. Clients include private corporations; universities; Government agencies; and persons involved in Federal, State, and local government.

Former President Richard M. Nixon nominated Mr. Vincent P. Barabba, then Chairman of the Board of DMI, as Director, Bureau of the Census. The Senate approved the nomination on July 24, 1973, and the appointment became effective on August 1, 1973.

By a voting trust agreement dated April 27, 1973, Mr. Barabba relinquished all control over his financial interest in DMI. Decisions concerning stockholders' rights were vested in a trustee.

Further, a DMI resolution adopted on April 20, 1973, stated that DMI would not enter into any contracts with the Department of Commerce during Mr. Barabba's employment at the Census Bureau. DMI's intent was reportedly to avoid the appearance of conflicts of interest.

CENSUS USE STUDY

In preparation for the 1970 census, the Census Bureau's Geography Division developed a computerized coding system which inventoried city blocks with their street names and address ranges, with codes identifying specified geographic areas. This system, known as an Address Coding Guide, was designed for internal Bureau use to code the 1970 census addresses.

Simultaneously, a demonstration project, the Census Use Study (CUS), was funded by several Federal agencies using Census Bureau personnel to show that coordinated use of local and specially collected data with decennial census data would benefit local agencies. CUS personnel soon learned that a key part of the demonstration project was to code local records in the same way the Census Bureau coded its records with the Address Coding Guide. It explored ways to apply Address Coding Guides locally and developed the Dual Independent Map Encoding (DIME) technique, a method of representing map features numerically for computer processing.

In 1968 the Census Bureau Executive Staff decided to continue developing Address Coding Guides for the 1970 census and to allow CUS to continue its research but to have no involvement with the 1970 census.

With the development of the DIME technique, CUS personnel conducted workshops, seminars, and demonstration projects to persuade numerous Federal, State, and local agencies to use this new technology. Management was informed of DIME's potential in planning and analysis, and computer technicians who attended such sessions learned how to implement the system. CUS contracted on a reimbursable basis with many Government agencies not only to demonstrate the DIME system but also to build a data base for future Census Bureau surveys. This is an important aspect of DIME, for once the DIME data base is incorporated into a State or local government's computer system, the data can be readily corrected and expanded for use in census taking.

The program gradually expanded and, by 1974, over 200 cities in the United States and abroad had been exposed to CUS technology.

On July 2, 1974, the Bureau Director changed the organization and staffing of CUS. In effect, CUS was to continue its research activities and report to an associate director, while another division assumed responsibility for many of CUS' former functions.

ANSWERS TO QUESTIONS ON CERTAIN  
ACTIVITIES SURROUNDING THE TENURE OF  
THE DIRECTOR, BUREAU OF THE CENSUS

HAS MR. BARABBA PROMOTED HIS PRIVATE POLLING FIRM,  
DECISION-MAKING INFORMATION, INC.,  
OF SANTA ANA, CALIFORNIA,  
WHILE CENSUS DIRECTOR?

HAS MR. BARABBA ACTED AS DMI'S SOURCE  
OF REFERRAL BUSINESS, WORKING THROUGH  
MR. LANCE TARRANCE, A FORMER CENSUS  
OFFICIAL NOW EMPLOYED BY DMI?

Our review of Mr. Barabba's relationship with DMI since his appointment as Director did not indicate that he has referred business to, or otherwise promoted, the firm or that he used Mr. Tarrance as a point for referrals.

Mr. Tarrance was employed by the Census Bureau as a confidential assistant to a former Bureau Director from November 1969 to August 1973. He stated that he had resigned from the Bureau to attend the John F. Kennedy Institute of Politics at Harvard University during the 1973-74 academic year. He added that he had had very few contacts with Mr. Barabba since joining DMI in December 1973 and that Mr. Barabba had not referred business to DMI.

We interviewed Census Bureau personnel who attended conferences with Mr. Barabba outside the Washington, D.C., area. These persons were unaware of any instances of Mr. Barabba referring business to, or otherwise promoting, DMI.

We examined DMI sales invoices issued since Mr. Barabba's appointment and selectively reviewed project information reports. We could not identify any projects or clients which could be related to Mr. Barabba's tenure as Director. Further, DMI officials denied any improper involvement with Mr. Barabba.

To further test for possible involvement of the Director in promoting his former firm, we contacted three clients who contracted with DMI after Mr. Barabba became Director. They could not identify any role by Mr. Barabba in their relationship with DMI. In two cases, the officials were not aware that Mr. Barabba had been associated with DMI.

We also contacted officials of two competitors of DMI. They could not provide information that Mr. Barabba had promoted or given unfair advantages to his former firm.

The Department of Commerce's Office of Investigation and Security also looked into this matter and found no indication that Mr. Barrabba referred business to DMI while Census Bureau Director.

HAS MR. BARABBA ACCEPTED FOR HIMSELF  
OR HIS FAMILY ANY GIFTS OR PAYMENTS  
FOR EXPENSES OR TRIPS PAID FOR BY  
NON-GOVERNMENT INTERESTS?

WAS ONE SUCH OFFER OR ACCEPTANCE,  
INVOLVING VISITS TO MOSCOW AND LONDON,  
UNDERWRITTEN BY UNIVAC,  
A MAJOR CENSUS BUREAU CONTRACTOR?

Mr. Barabba accepted honorariums and/or payments for travel expenses eight times from his appointment in August 1973 through June 30, 1975. These acceptances, with minor exceptions, conformed with Department of Commerce Administrative Order 203-9, which sets forth conditions for accepting gifts and bequests of funds, property, and services, including gifts and bequests to pay, or reimburse, in whole or in part, the travel expenses of Department of Commerce employees in approved official travel. This order requires that:

--A "record of gift or bequest" be prepared and approved in all cases in which services in kind are provided in connection with travel expenses of employees.

--Moneys accepted be deposited in a special Treasury fund established for this purpose.

Mr. Barabba submitted records of gift or bequest five times. We verified that, when money was received, it was placed in the special Treasury fund.

<u>Date received</u>	<u>Gift</u>	<u>Donor</u>	<u>Value</u>
9-25-73	Lodging and meals	Discover America Travel Organization, Inc., Lake Placid, N.Y.	\$ 80
4-29-74	Honorarium for magazine article: "Social Observation"	Claremont Men's College, Claremont, Calif.	100
5-28-74	Printing--certificates of appreciation	A. C. Nielson Co., Northbrook, Ill.	500

<u>Date received</u>	<u>Gift</u>	<u>Donor</u>	<u>Value</u>
3-18-75	Air fare, lodging, and meals, National University Extension Association Conference, San Juan, Puerto Rico, Apr. 27-30, 1975	National University Extension Association, Washington, D.C.	\$273
4-17-75	Honorarium for speaking engagement	Rutgers, The State University, New Brunswick, N.J.	500

In the following instances, Mr. Barabba accepted gifts but did not submit records of gift or bequest.

--The Canadian Government forwarded \$400 to the Census Bureau to cover travel costs and incidental expenses incurred by Mr. Barabba and his wife while attending a senior management seminar conducted in Montreal on June 13 through 15, 1974. Mr. Barabba submitted the \$400 to the Social and Economic Statistics Administration (SESA) Finance Division but did not file a record of gift or bequest. SESA deposited the \$400 in the special Treasury fund and, when total expenditures were determined, returned the unexpended balance (\$70.38) to the Canadian Government.

--On November 27, 1973, Mr. Barabba addressed the Greater San Antonio (Texas) Builders Association. Lodging for one night was provided by this group. Mr. Barabba noted this fact on his travel voucher and thereby did not request reimbursement in Federal funds for these accommodations.

--On June 17, 1974, Mr. Barabba drove from his residence in Tantallon, Maryland, to Painted Post, New York, to address the Corning Glass Company's President's Marketing Council. The company provided lodging for Mr. Barabba and his family. Mr. Barabba noted this on his travel voucher, and we verified that lodging was provided at no expense to the Government. Mr. Barabba claimed \$75.60 for mileage and \$17.50 per diem for 1-3/4 days at \$10 a day. The claim was approved by the responsible Commerce Department organizational unit.



On several occasions, transportation between airport and hotel was provided to Mr. Barabba while on official business. These instances were also noted on his travel vouchers, and he did not request reimbursement.

Mr. Barabba, at the completion of our review, stated that he was not specifically aware of the Commerce Department's requirement to fill out the record of gift or bequest and that he depended upon the SESA Finance Division to provide him with this form when its completion was required.

Members of Mr. Barabba's family accompanied him on six trips. He personally paid their expenses during trips to Vienna, Austria; Los Angeles, California; and New York City, while the Department paid his expenses. Travel expenses were provided by other sources on the trips to Montreal and Painted Post (as discussed above) and to Los Angeles.

Concerning the Los Angeles trip, Mr. Barabba had been invited to conduct a seminar as part of the University of Southern California's School of Public Administration Distinguished Visiting Professor Series held on August 7 through 10 and 14 through 17, 1974. The university provided round trip air fare valued at \$829 for Mr. Barabba's family in lieu of direct compensation to Mr. Barabba and in consideration of his reluctance to be away from his family for the length of the seminar. The university stated that Mr. Barabba would normally receive \$1,500 plus travel and per diem expenses for his participation. Since the seminar was considered to further Census Bureau goals, Mr. Barabba's travel and expenses were provided for by the Government.

Before the trip, Mr. Barabba requested a legal opinion on this arrangement from the attorney advisor for the Bureau. The advisor informed Mr. Barabba that he could see no reason why Mrs. Barabba should not accept the university's offer since the arrangement was between Mrs. Barabba and the university and because there apparently were no legal or ethical prohibitions to such an arrangement.

In commenting on this matter, the Department of Commerce stated that advice given by the Bureau's attorney advisor was predicated on a legal memorandum outlining circumstances in which it would be proper and permissible for an outside organization to pay the travel expenses of an employee's spouse. The Department, however, pointed out that the attorney's advice was misapplied in this instance and that, if the question had been presented to the Department's General Counsel by the Bureau's attorney advisor, he would not have allowed Mr. Barabba to accept from the university his family's travel expenses to California.

The Department concluded that it believed that this matter should be considered closed since (1) Mr. Barabba did seek in advance and rely upon a legal opinion of the Bureau's attorney, (2) there were no other aspects of conflict in his relationship with the university, and (3) he was later admonished by the Department's General Counsel not to accept such gifts in the future. (See app. IV.)

#### Visits to Moscow and London

In December 1974, Sperry Univac, a division of Sperry Rand Corporation, invited Mr. Barabba to be the keynote speaker at a Sperry Univac-U.S.S.R. seminar on data management systems sponsored by the U.S.S.R. Committee on Science and Technology. On the basis of advice from a Commerce Department lawyer, Mr. Barabba requested approval of the trip and of Sperry Univac's offer to pay expenses, believing that there would be no conflict of interest even though Univac equipment was used extensively at the Census Bureau. SESA, on the advice of its legal advisor, denied approval of the trip, citing Mr. Barabba's management position over all Bureau activities, including procurement of computers. SESA indicated that the trip would be approved if undertaken at Government expense because there would be a mutual and beneficial exchange of information between the Governments.

According to Mr. Barabba, he disagreed with the legal advisor's opinion. He said that he had no involvement with Census Bureau procurement of computers, except for insisting that the computers be able to handle a more sophisticated computer language than had been previously possible. He added that other top officials from SESA and the Census Bureau made all decisions concerning the source and model of computers bought for Bureau operations.

Mr. Barabba participated in the Univac-U.S.S.R seminar in January 1975, discussing Census Bureau operations and uses of computers with Russian officials via a Univac linguist. On the return trip, he stopped in London to meet with an official of the Central Statistical Office. The total cost of the trip was \$2,007, all at Government expense.

HAS MR. BARABBA TRAVELED EXTENSIVELY  
ON OFFICIAL CENSUS BUREAU BUSINESS  
AROUND THE NATION AND ABROAD?

HAVE THESE TRIPS BEEN SOLELY INVOLVED  
WITH SUBSTANTIVE AGENCY AFFAIRS,  
HAVING NO DISCERNIBLE CONNECTION  
WITH DMI'S PRIVATE CLIENTS?

Mr. Barabba was appointed Special Assistant to the Assistant Secretary for Economic Affairs on May 1, 1973. He served as Acting Director of the Census Bureau until his appointment as Director was confirmed by the Senate, effective August 1, 1973. Between May 1, 1973, and June 30, 1975, he traveled outside the Washington, D.C., area 61 times at a cost to the Government of \$18,121. Eight of these trips were made to locations outside the continental United States.

We found no indication that Decision-Making Information, Inc., clients benefited from any of these trips. Discussions with Mr. Barabba, Census Bureau and DMI personnel, DMI clients and competitors, and lecture attendees and a review of Mr. Barabba's speeches and travel records indicate that all trips involved Census Bureau activities or new statistical concepts and uses.

HAS HE PERSONALLY CAUSED CENSUS BUREAU  
PROFESSIONALS TO PROVIDE TRAINING  
FOR DMI CLIENTS AND PERSONNEL?

Mr. Barabba directed CUS personnel to invite an employee from his former firm, DMI, to a CUS DIME workshop held in Pacific Grove, California, from September 30 through October 5, 1973. This person was not aware that Mr. Barabba initiated this invitation. After receiving the brochure describing the workshop, the individual decided not to attend. Another DMI employee enrolled in his place, filed the application form, and paid the required fees.

Mr. Barabba believes that (1) this invitation was proper in that representatives from other firms, including DMI competitors, had attended other CUS workshops and (2) DMI should not be favored or penalized in dealing with the Bureau during his tenure as Director.

Mr. Barabba also provided lists of potential participants, including DMI clients and former associates, to the coordinators of the Houston, Texas, and Pacific Grove, California, executive seminars. Mr. Barabba believed that these persons would add credibility to the program and would publicize the benefits of DIME technology.

We could not compile a complete list of potential participants suggested by Mr. Barabba because of the time elapsed after the seminars were held. However, we were told that few of the persons whom Mr. Barabba listed actually attended.

We spoke with several persons who attended the Pacific Grove seminar. They saw no connection between the seminar activities and DMI.

HAVE BUREAU PROFESSIONALS CONDUCTED SESSIONS  
ON NEW USES FOR COMPUTER SOFTWARE  
DESPITE PRESENCE OF MANY FIRMS AND UNIVERSITIES  
IN THE COMPUTER TRAINING FIELD?

ON THIS SCORE, HAVE THERE BEEN  
COMPLAINTS TO THE CONGRESS AND/OR  
COMMERCE DEPARTMENT OFFICIALS?

Census Bureau professionals have conducted a series of workshops to explain to decisionmakers in government and in the private sector a new technology developed by CUS. Workshop objectives were to provide participants with an understanding of the creation, use, and maintenance of DIME techniques. DIME is a method whereby census data and local data may be correlated to provide a better basis for decision-making. Planners can use DIME for determining locations of child care centers, organizing carpool systems, and many other uses.

For many years, DIME expertise rested with CUS personnel; therefore, they were the only persons capable of instructing potential DIME users.

Department of Commerce and Census Bureau officials could not identify any complaints to the Congress concerning these workshops or other Census Bureau training sessions. We reviewed Bureau correspondence control files, including correspondence referred by Members of Congress to the Department or directly to the Bureau. We were unable to find any complaints by or referred through a Member of Congress in 1973, 1974, or the first 6 months of 1975.

HAS THERE BEEN DEMORALIZATION OR LARGE-SCALE  
RESIGNATIONS AMONG BUREAU PROFESSIONALS,  
PARTICULARLY IN RESEARCH AREAS, AS A RESULT  
OF THESE ACTIVITIES? (THIS QUESTION  
APPEARS TO RELATE TO MATTERS  
RAISED IN THE PRECEDING TWO QUESTIONS.)

We found no indication of large-scale demoralization or resignations within the Census Bureau. However, several resignations had occurred within CUS.

Information received from the Bureau Personnel Division indicated an overall voluntary separation rate for professionals of 8.5 and 8.4 percent in fiscal years 1974 and 1975, respectively. We contacted representatives of several Bureau divisions or offices which experienced voluntary separation rates of 10 percent or higher during either of these years. Except for CUS, the representatives described employee morale as high and

could not identify large-scale resignations which resulted from Census Bureau training sessions or other causes.

The concurrent resignations of five CUS personnel in February 1975 were not related to Census Bureau training sessions. Three of these persons said they resigned to seek better opportunities in the private sector. Personnel action forms for the five employees indicated the same or similar reasons. Additional resignations in early 1975 by CUS personnel, including consultants and administrative staff, do not appear related to the training sessions.

Staff morale in the Center for Census Use Study (present title for CUS) was described as low by Census Bureau officials due to the reassignment or resignation of some staff members and uncertainty surrounding the future of the program after the Bureau reorganization. (See app. II, p. 2.) Bureau officials believe Center for Census Use Study staff morale will be boosted now that a division chief has been named and as the program regains its momentum.

HAS MR. BARABBA'S REMOVAL OF TWO LONG-TIME  
BUREAU EXECUTIVES CONTRIBUTED TO ANY DEFERRAL  
OF FUNDING FOR VITAL REIMBURSABLE PROJECTS  
TO WHICH THE BUREAU IS ALREADY COMMITTED?

IS THERE ANY SHORTAGE IN THIS AREA  
ANYWHERE NEAR THE SUM OF \$1 MILLION?

We believe this question refers to two Bureau executives reassigned during the past year. These reassignments did not bring about a deferral of funding for reimbursable projects to which the Census Bureau was committed.

The Chief, Public Information Office, was reassigned because of what Mr. Barabba considered were disruptive actions concerning the community relations program. A subsequent grievance filed against Mr. Barabba concerning this reassignment was later withdrawn. The Public Information Office is not involved in reimbursable projects.

CUS was involved in several reimbursable projects with other Government agencies at the time Mr. Barabba reassigned the project director of this group. The reasons for this reassignment related to Mr. Barabba's dissatisfaction with the project director's efforts to accomplish revised goals for CUS. (See app. II, p. 2.) SESA, having administrative responsibilities over the Census Bureau, denied a grievance filed against Mr. Barabba concerning this reassignment after an investigation by a Commerce Department official.

CUS expended all Government agency funds received for reimbursable projects by January 1975, although several projects had not been completed. The Census Bureau absorbed the additional costs, estimated at between \$340,000 and \$500,000, needed to complete the remaining projects.

As agreed with your offices, we did not complete our review on CUS funding and reimbursable projects.

HAS THERE BEEN ANY SPECIAL CONTRACT ENTERED INTO BETWEEN DMI AND MR. TARRANCE AND THE BUREAU INVOLVING DATA ON ORANGE COUNTY, CALIFORNIA, WHERE DMI IS LOCATED?

WHAT DOES SUCH A CONTRACT INVOLVE?

DOES IT VIOLATE ANY ETHICAL RULES GOVERNING SUCH RELATIONSHIPS WITH A FEDERAL AGENCY?

The Census Bureau was not involved in any contracts with Mr. Lance Tarrance and/or DMI concerning data on Orange County. The Bureau did agree in February 1974 to purchase data files from the Orange County Tax Assessor's office to conduct a tax assessing and land use study, but this purchase agreement did not involve DMI. Further, the agreement was canceled on March 25, 1975, because no work was performed.

Currently, Orange County is considering a Joint Statistical Agreement with the Census Bureau. The objectives of this agreement are to give the county a corrected map series and to update the county's Geographic Base (DIME) File, a data file which translates geographic attributes of an area into computer readable form. The map series and corrected data file would be used by Orange County agencies for decisionmaking, management, planning, and analysis and by the Census Bureau to assign accurate geographic classification to the data collected during major Bureau surveys.

The only involvement between the Bureau and DMI during the past 5 years has been DMI's role as a 1970 Census Summary Tape Processing Center and its purchase of Bureau data. DMI became a summary tape processor before Mr. Barabba came to the Census Bureau. Summary tape processors, numbering over 200, buy unpublished census data and then sell it to universities, researchers, advertisers, etc. During censuses the Bureau obtains unpublished census data which is not normally published in reports, pamphlets, or magazines but is commercially available to the public. The Bureau recognizes these processors as providing a service to data users and will render technical assistance if necessary. Official procedures were followed in DMI's application and acceptance as a Summary Tape Processing Center.

SINCE MR. BARABBA BEGAN HIS TENURE,  
HAS CENSUS ENTERED INTO ANY CONTRACTS  
WITH THE REUBEN DONNELLEY CO.?

IF SO, DO SUCH AGREEMENT(S) INVOLVE  
USE OF UNPUBLISHED CENSUS DATA WHICH  
THE PRIVATE COMPANY MAY BE MARKETING?

The Census Bureau has not awarded any contracts to the Reuben H. Donnelley Corporation since Mr. Barabba began his tenure as Director. In the late 1960s, Donnelley signed three contracts with the Bureau, all dealing with preparation for the 1970 census. The contracts were modified through 1972 and completed in January 1973.

During Mr. Barabba's tenure, the Bureau purchased three items from Donnelley--two subscriptions for airline guides and a Columbus, Ohio, delivery address list. The Bureau will use the latter list to test old address registers before the 1980 census. Donnelley purchased a 1970 census summary tape and other items from the Bureau over the past several years. These and similar items are available for purchase by the public, and many companies bought the same or similar information.

We found no evidence that Donnelley has obtained an unfair advantage over industry competitors in its dealings with the Census Bureau. Many companies, including Donnelley, obtain unpublished census data. As noted earlier (see p. 11), such data refers to information obtained by the Bureau during censuses and surveys which is not normally published in reports, pamphlets, or magazines. It is stored on computer tapes and is commercially available to all requestors.

HAS MR. BARABBA APPLIED TO THE  
COMMERCE DEPARTMENT FOR EXPANSION  
OF HIS DISCRETIONARY FUND?

IS SO, WHAT WERE HIS REASONS AND WHAT RESPONSE  
WAS MADE BY HIS SUPERIORS AT COMMERCE?

The Administrator, SESA, advised the Commerce Department that "There was not, and is not, a discretionary fund even after Mr. Barabba's request for such a fund."

On July 3, 1974, Mr. Barabba recommended to the Administrator, SESA, that (1) the overhead charge on work performed for other agencies be revised, (2) a portion of the increase, estimated to be \$200,000 in fiscal year 1975, be earmarked for "miscellaneous data use activities," (3) expenditures from this \$200,000 be authorized only by the Census Bureau Director,

and (4) a level of authorization be established below which he could proceed with urgent or short-term projects without the usual review and approval procedure.

This proposal was discussed during a July 23, 1974, meeting. SESA and the Census Bureau generally agreed that the overhead charge should be revised and that funds should be reserved for miscellaneous data use activities. However, before the July 23 meeting, Mr. Barabba withdrew his recommendation that a level of authorization be established below which he could proceed with urgent and short-term projects without the usual review and approval procedure. Therefore, the usual procedure was continued.

Beginning in fiscal year 1976, the overhead charge was revised, but it was not necessary to earmark funds for miscellaneous data use activities because SESA was abolished in the interim and the authority to approve final use of any funds obtained from overhead charges was returned to the Bureau.

WHAT HAS BEEN THE FULL RANGE OF DEALINGS  
BETWEEN DMI AND THE BUREAU UNDER MR. BARABBA?

DO THESE INVOLVE ANY IRREGULARITIES  
OR VIOLATIONS OF ACCEPTED BEHAVIOR STANDARDS?

We found no evidence indicating improper dealings between DMI and the Census Bureau since Mr. Barabba's appointment.

On April 20, 1973, the DMI Board of Directors resolved that DMI, to avoid any possible conflict-of-interest situations for Mr. Barabba, would not enter into contracts of any nature with the Department of Commerce.

DMI's sensitivity for its relationship with the Census Bureau during Mr. Barabba's tenure was apparent in our discussion with DMI president, Dr. Richard B. Wirthlin. Dr. Wirthlin indicated that DMI withdrew from bidding activities on a Department of Labor Manpower Administration contract when it learned that the Census Bureau would conduct the survey for the project. When Mr. Barabba became aware of Department of Labor contracts with DMI, he removed himself from the decisionmaking and delegated responsibility for the Bureau's role in this project to the Deputy Director.

During August 1974, Mr. Barabba conducted a course, "Avoiding Future Shock . . . Social Observatories and Social Indicators" as part of the Distinguished Visiting Professor Series at the University of Southern California's School of Public Administration. Mr. Barabba invited Dr. Wirthlin to



address the course because Mr. Barabba believed that Dr. Wirthlin was qualified and should not be barred from participating because of Mr. Barabba's position. Dr. Wirthlin stated that he addressed the course as a favor to Mr. Barabba.

As discussed previously, DMI has also requested and received information from the Census Bureau which is available to other private sector firms (see p. 11), and a DMI employee attended a CUS workshop (see p. 8).

HAVE CENSUS EMPLOYEES PERFORMED  
ANY WORK AT MR. BARABBA'S HOME?

We found no evidence that Census Bureau employees performed work at Mr. Barabba's home. However, employees from the Bureau's Engineering Division performed work for Mr. Barabba on one occasion, involving construction of a table to serve as a base for Mr. Barabba's jigsaw. According to an Engineering Division official, the table was suggested by a retired engineer, it was built at the Census Bureau with scrap materials during workload lags over a 2- to 4-month period, and about 12 to 16 hours were spent building it.

A legal advisor in SESA indicated that the construction of the table violated 15 C.F.R. 0.735-14. This regulation prohibits use of Government time or property for nonofficial activities.

In commenting on this matter (see app. IV), the Department acknowledged that the requirements of 15 C.F.R. 0.735-14 were applicable in this situation. The Department, however, believed that no further action is warranted with respect to this incident in view of (1) Mr. Barabba's unfamiliarity with the requirements of 15 C.F.R. 0.735-14, (2) the fact that minimal scrap material was used during workload lags, and (3) the fact that the employees and Mr. Barabba were admonished not to indulge in such activities in the future.



**UNITED STATES DEPARTMENT OF COMMERCE**  
**The Assistant Secretary for Administration**  
 Washington, D.C. 20230

Mr. Victor L. Lowe, Director  
 General Government Division  
 U. S. General Accounting Office  
 Washington, D. C. 20548

March 8, 1976

Dear Mr. Lowe:

As indicated in my January 21, 1976, letter, the Department of Commerce has now completed a review of the General Accounting Office draft report concerning Census Bureau Director Barabba.

There does not appear to be any substantial variance between the conclusions in the GAO draft report and the findings developed in a similar investigation conducted earlier by this Department's Office of Investigations and Security.

The draft report (App. III pp. 9-10) states that the Department is studying further the decision given by the Census Bureau's legal adviser to Mr. Barabba prior to his Los Angeles trip to conduct a seminar at the University of Southern California.

Had the question been presented to the Department's General Counsel by the Bureau's legal adviser, the answer would have been that Mr. Barabba should not accept from USC the funding of his family's travel expenses to California. The Department's rules covering employee responsibilities and conduct (Department Administrative Order 202-73, 15 CFR §0.735) provide that "no employee shall receive compensation or anything of monetary value": (1) other than that to which he is duly entitled, for the performance of any activity which is within the scope of his official responsibilities (15 CFR §0.735-12(b)), or (2) for any consultation, lecture, discussion, writing, or appearance, the subject matter of which is devoted substantially to the responsibilities, programs, or operations of the Department (15 CFR §0.735-12(c)(2)).

The seminar which Mr. Barabba conducted at USC was substantially devoted to programs and operations of the Bureau of the Census, and Mr. Barabba's participation in the seminar was considered to be within the scope of his official responsibilities. As such, the Census Bureau paid his travel and subsistence expenses while he attended the seminar.



(The Bureau did not seek reimbursement from USC for Mr. Barabba's expenses under the Department's statutory gift authority, 15 U.S.C. 1522-1524, and implementing rules, Department Administrative Order 203-9; 15 CFR §0.735-11(f).)

There are circumstances when it would be proper and permissible for an outside organization to pay the travel expenses of an employee's spouse. Generally, these instances occur when the sponsor believes it is desirable that the spouse participate in the particular event, and the Department decides that the spouse's participation would be expected to aid or facilitate some part or aspect of the Department's work. The payment of a spouse's expenses in these circumstances is considered to be in effect a donation to the Department to be utilized by the employee, and not compensation to the employee. (The advice given to Mr. Barabba by the Bureau's then legal adviser was predicated on a legal memorandum discussing the aforesaid fact situation, and was misapplied in this instance.)

The criteria in the preceding paragraph do not apply in Mr. Barabba's case. The presence of his spouse (and children) was unrelated to the seminar itself, and was consequent to his personal preference not to leave them at home. It might be argued that but for their accompanying him, he would not have conducted the seminar, and that his participation was so significant to the Department (as well as the sponsor) that the Department would have thereby considered their presence as benefiting or facilitating the Department's work.

However, such a decision is conjectural at this point, and would not conform to Departmental decisions to the contrary made in similar cases. The general ruling has been that if an employee decides that his spouse or family shall accompany him on an official trip, it is to be at his own expense and not that of the sponsor. Were a sponsor to defray such expenses in these circumstances, the employee would be improperly benefiting by receiving in effect compensation for engaging in an activity within the scope of and involving his official responsibilities, contrary to the rules of conduct described hereinabove.

In conclusion, the Department believes that this matter should be considered closed without further action since (a) Mr. Barabba in this instance did in advance seek and rely upon a legal opinion of the Bureau's attorney;


(b) there were no other conflict of interest aspects in his relationship with the university; and (c) he was subsequently admonished for the future by the Department's General Counsel.

The draft report (App. III p. 27) also states that Department officials are studying the possible violation of 15 CFR §0.735.14 in connection with the construction of a work table for Mr. Barabba by employees of the Census Bureau's Engineering Division.

That particular rule does apply to the situation noted in the report. However, in view of Mr. Barabba's unfamiliarity with the rule, the fact that minimal scrap material was used during workload lags, and the admonition for the future given to the employees and to Mr. Barabba, the Department considers that no further action is warranted with respect to this incident.

Thank you for giving this Department the opportunity to comment on the draft report.

Sincerely,

  
Joseph E. Kasputis  
Assistant Secretary for Administration

GAO note: Page references in this letter may not correspond to page numbers in the final report.