

CDGM  
CHILD DEVELOPMENT GROUP of MISSISSIPPI  
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Rev. James F. McRee  
Chairman  
Board of Directors

John H. Madd  
Director

ACCUSATIONS AND ANSWERS

1. Charge - CDGM last year misspent \$500,000 which was forgiven by OEO.

Reply - The allegation last fall that government investigations, initiated by Senator Stennis, had uncovered \$500,000 of mismanaged funds were proven wide of the mark by more than \$485,000. The funds in dispute finally amounted to approximately \$14,000 - or less than 1% of CDGM's budget - none of which involved the intentional misuse of funds, fraud, or payment for political activity. The \$14,000 was not "forgiven," but was reimbursed to OEO through a privately raised escrow fund.

2. Charge - There is a "significant relationship" between CDGM and the militant "Black Power" movement.

Reply - The evidence presented is hardly sufficient to warrant let alone prove the charge. The charge is only possible by the strained use of guilt by association: the actions of a few individuals are tied to prominent events and then assumed to speak for the more than 30,000 citizens of Mississippi associated with CDGM. Evidence that would be inadmissible in court is being presented in our trial by the press.

3. Charge - R. Hunter Morey is the link between CDGM and SNCC, as his business card shows. He also opposed the hiring of an OEO suggested management consulting firm.

Reply - R. Hunter Morey, who incidentally is a white resident of Mississippi, is affiliated with SNCC, although he is not currently an active member of their staff. Morey discontinued using his SNCC connection...

in our files for a new business card (without the SNCC address) proves. He did not oppose the hiring of a "professional management firm" suggested by OEO, but rather assisted in finding a firm which would meet with OEO's approval. Morey, along with the Board of Directors and the entire central staff, object to the hiring of General Electric, which was first suggested and contacted by CDGM personnel not OEO. GE, which would have provided middle level personnel from a missile test facility (being phased out), was rejected because they lacked the experience and services immediately appropriate to the needs of a large poverty program. Instead, the highly respected firm of Klein and Saks, with prior service to government, other poverty agencies, numerous volunteer groups, was employed. Neither Morey's action in this matter nor his letter to the Board of Directors, which the article quotes, indicate a "close association" to the "Black Power" movement.

4. Charge - The CDGM board met with SNCC director Stokley Carmichael several times prior to the Meredith March.

Reply - The CDGM board has never met with Stokley Carmichael at any time. Several board members, as individuals on their own time, did meet with him and other march leaders while the march was in their community. This activity or any other which is legal should not be an issue of propriety or lawfulness subject to government inquiry, as Senator Stennis seems to make it. On this point, Sargent Shriver has been quite explicit. Testifying last fall before a Senate appropriations subcommittee hearing, at which Senator Stennis was present, Mr. Shriver said:

The impression...has been created that something un-American has been going on here (in CDGM), because somebody, when they are not working in the child development center, has participated in some civil rights activity.... So far as I am concerned, I didn't know that there was something un-American or illegal about participating on your own time in activities

of that type. Frankly, I have done this on my own time...

5. Charge - The same director, manager, and virtually the same personnel have been retained by CDGM despite OEO's insistence that the headquarter's office be moved from Mt. Beulah (headquarters for the Delta Ministry) to Jackson.

Reply - CDGM - in moving to Jackson - did not retain the same director and manager. Of its central staff, excluding secretaries and clerks, virtually everyone is a new employee who did not work during the summer program last year. This change of personnel had nothing to do with the move to Jackson, was not a part of that requirement, and was not done at the request of OEO.

6. Charge - CDGM's cost per child is \$627.50, \$450 more than OEO's estimated national cost figure of \$170.

Reply - CDGM's cost per child is in fact lower than OEO's estimated national cost figure. On the basis of a 25 week \$5,644,000 program for 12,000 children, CDGM's cost per child per week is actually \$19. (It would be even less if the anticipated grant surplus at the end of the program were taken into account.)

The OEO estimate is for a seven week program and reduces to a cost per child per week figure of \$24.

The allegation is in error on simple mathematical grounds: \$627.50 and \$170 are not immediately comparable figures because they refer to different time periods.

The \$170 figure, which assumed that Head Start facilities would be donated by public school systems contrary to much later practice, was also estimated in April 1965 before any programs were operating. The figure has been revised upward twice since then.

7. A petition with more than 100 signatures of workers and community residents accused CDGM's Richmond Grove center of nepotistic control "by two inter-related families" accused to "control the center".

persons."

Reply - The petition, on file in CDGM's central office, is a misleading document of doubtful validity. 20% of the signatures on the petition belong to children; 75% to persons outside the community being served. 50% of the names were signed by a total of eight persons. Four names occur twice on the petition and four persons, whose names appear, insist they never signed it.

The Richmond Grove center is operated by two inter-related families because virtually the entire population of Richmond Grove consists of those two families, who founded the community and, over the generations, intermarried and grew in number. CDGM's hiring policy in this regard, which is more stringent than OEO's regulations, requires that no more than one member of an operating household unit (as opposed to a family) be employed by the organization.

The petition was started and circulated by a nearby resident after her daughter was fired on legitimate grounds from the center's staff.

8. Charge - A boycott in Canton was led by CDGM's board chairman, Rev. James McRee and C.O. Chinn, who transports CDGM children to centers.

Reply - Rev. McRee and Mr. Chinn, who were not the only leaders of the boycott, were acting as individuals on their own time, not as representatives of CDGM. The boycott was neither conceived nor carried out in CDGM's name.

9. Charge - C.O. Chinn, who receives \$4,000 a month for transporting children to CDGM centers, used his busses to haul some of the participants of the Meredith March.

Reply - Mr. Chinn transports more than 600 children to CDGM centers in the Canton area under a \$4,000 a month contract which is based on OEO-approved guidelines. His cost per child is considerably under the \$2 per week per child CDGM average which is comparable to transportation costs for the public school systems in the state. He

automobiles as well as pay the salaries of five hired drivers.

Mr. Chinn's activities in the Canton boycott and on the Merideth March have never conflicted with his contractual obligations to transport CDGM children. What he does with his busses having met that obligation is his own business.

10. Charge - CDGM has an average of one employee for each 3.9 children

Reply - On the basis of the given figures there is, in fact, one employee for every 4.3 children. Actually, CDGM runs centers for 12,000 children with full OEO approval. Thus there is one employee for every 5.2 children. Either figure is well under the bounds of student/employee ratios suggested by OEO.

11. Charge - Some persons have rented their own homes to CDGM for considerably more than the rent on better quarters into which they have subsequently moved.

Reply - There is no known case where such an arrangement involves fraud, dishonesty, or excessively high rents paid by CDGM. There are numerous reasons why such an arrangement would be perfectly justified and honestly based. Some of the more common reasons would be: the greater depreciation of a building used by school children than of a lived-in home; the generally higher rent structures for buildings put to commercial or public use as opposed to private or individual use; the understanding that a major portion of the rent payments would be spent on improvements such as landscaping or building additions to benefit the centers' operations.

In addition, some persons have rented their own homes for CDGM centers because other owners refused to rent their buildings out of fear of harrassment, or worse, by hostile whites. It was generosity tempered with courage, not the profit motive, which moved them.

12. Charge - Check-writing authority has been delegated by CDGM

in at least one instance, forged the signatures of the chairman.

Reply - There is no known case of checks having been forged or written by unauthorized persons with criminal intent. In the rare instance where such an act might be committed, it is the individual involved and not CDGM as an organization which should be indicted.

Every authorized check-signer in CDGM communities is not only bonded to the amount of the imprest account, from which he buys food for the centers, but must sign a signature card against which the bank compares the check signature. Most importantly, all funds reimbursed to the local bank accounts are pre-audited by the central business staff. This entire arrangement has met with the approval of bankers across the state.

13. Charge - CDGM is administered by "outsiders" according to Senator Stennis.

Reply - CDGM personnel files show that 98.9% of CDGM employees are native Mississippians. There are probably less "outsiders" working for CDGM than for any other poverty program in the state. In any case, there are numerous "outsiders" in business firms, colleges, and resorts across the state.

14. Charge - Cooking facilities in CDGM centers were used to prepare food for participants in the Meredith March.

Reply - Of the one case where this occurred, CDGM classes were neither halted or disrupted. In no instance was food, intended for CDGM children or purchased with CDGM funds, used to feed marchers. CDGM does not own classroom facilities or cooking equipment but rents them. How their owner uses them beyond any contractual obligations to CDGM is his own business.

It is no more improper that church facilities in Canton, which CDGM rents for part of the day, were used to feed marchers, than that a Catholic school, which houses STAR (basic education) class part

15. Charge - Although CDGM's accounting system was supposedly centralized, 120 separate bank accounts were established around the state.

Reply - CDGM's account system and fiscal controls were devised by the Jackson branch of Ernst and Ernst, an internationally respected auditing firm, and commended by OEO officials as a model for poverty agencies. The 120 separate bank accounts are imprest accounts, subject to rigorous centralized controls by the business manager and Ernst and Ernst-supplied comptroller. Any knowledgeable businessman would not see a contradiction between centralizing fiscal operations and decentralizing the otherwise immensely difficult task of food purchasing for 12,000 children.

16. Charge - "Black Power" signs are prominently displayed in some CDGM centers.

Reply - Some buildings used by CDGM during the day serve as community centers which host a number of different activities during the evening, ranging from political meetings to teen dances. It would in no way reflect on CDGM for "black power" signs to be displayed in such a building in connection with the other organizations in the community the building serves.