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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION,
AND WELFARE APPROPRIATIONS FOR 1965

GOVERNMENT
Storage

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
EIGHTY-EIGHTH CONGRESS
SECOND SESSION

SUBCOMMITTEE ON DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND
WELFARE, AND RELATED AGENCIES APPROPRIATIONS

JOHN E. FOGARTY, Rhode Island, *Chairman*

WINFIELD K. DENTON, Indiana
JOHN LESINSKI, Michigan

MELVIN R. LAIRD, Wisconsin
ROBERT H. MICHEL, Illinois

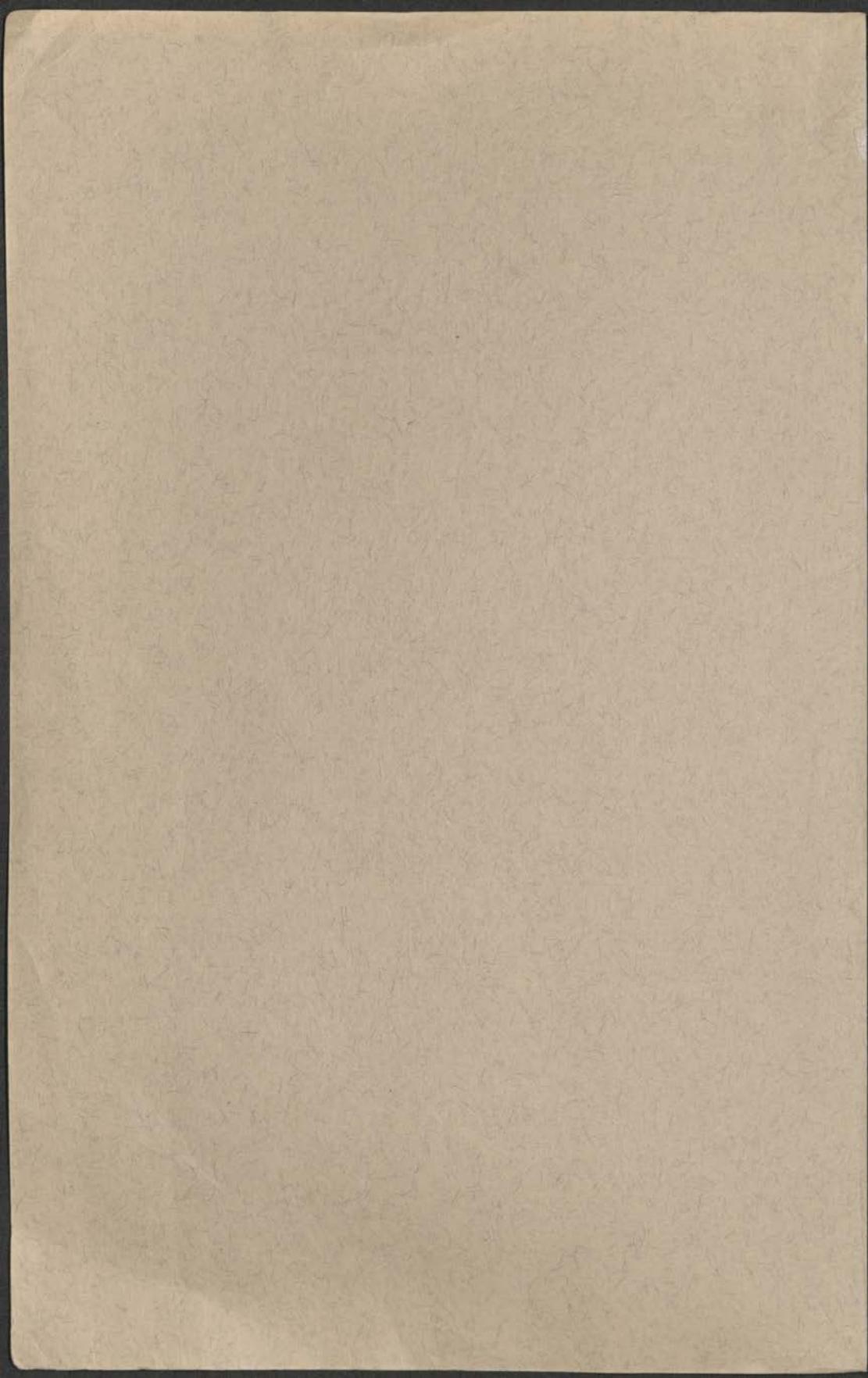
ROBERT M. MOYER, Staff Assistant to Subcommittee

- DEPARTMENT OF LABOR
FEDERAL MEDIATION AND CONCILIATION SERVICE
INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN
NATIONAL LABOR RELATIONS BOARD
NATIONAL MEDIATION BOARD
NATIONAL RAILROAD ADJUSTMENT BOARD
RAILROAD RETIREMENT BOARD
UNITED STATES SOLDIERS' HOME

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WASHINGTON : 1964

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(11)



DEPARTMENTS OF LABOR AND HEALTH, EDUCATION,
AND WELFARE APPROPRIATIONS FOR 1965

TUESDAY, FEBRUARY 11, 1964.

U.S. SOLDIERS' HOME

WITNESSES

GEN. WADE H. HAISLIP, GOVERNOR
BRIG. GEN. JOHN F. CASSIDY, DEPUTY GOVERNOR
COL. COLEMAN ROMAIN, QUARTERMASTER
RAYMOND A. GRITTON, BUDGET ANALYST
STUART H. D. FREED, BUDGET ANALYST, OFFICE OF COMPTROLLER
OF THE ARMY

LIMITATION ON OPERATION AND MAINTENANCE AND CAPITAL
OUTLAY

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| U.S. SOLDIERS' HOME | | | |
| 11 Personnel compensation: | | | |
| Permanent positions..... | 4,025 | 4,227 | 4,427 |
| Positions other than permanent..... | 66 | 69 | 70 |
| Other personnel compensation..... | 172 | 213 | 202 |
| Total, personnel compensation..... | 4,263 | 4,509 | 4,699 |
| 12 Personnel benefits..... | 306 | 321 | 338 |
| 21 Travel and transportation of persons..... | 1 | 1 | 1 |
| 22 Transportation of things..... | 2 | 2 | 2 |
| 23 Rent, communications, and utilities..... | 124 | 133 | 133 |
| 24 Printing and reproduction..... | 4 | 4 | 5 |
| 25 Other services..... | 356 | 409 | 431 |
| 26 Supplies and materials..... | 1,053 | 1,181 | 1,254 |
| 31 Equipment..... | 99 | 162 | 96 |
| 32 Lands and structures..... | 340 | 223 | 68 |
| 41 Grants, subsidies, and contributions..... | 1 | 1 | 1 |
| Subtotal..... | 6,549 | 6,946 | 7,028 |
| Deduct quarters, subsistence, and laundry charges..... | 136 | 140 | 140 |
| Total, U.S. Soldiers' Home..... | 6,413 | 6,806 | 6,888 |
| ALLOCATION TO DEFENSE—CIVIL, ARMY | | | |
| 11 Personnel compensation: | | | |
| Permanent positions..... | 24 | 25 | ----- |
| Other personnel compensation..... | 1 | 1 | ----- |
| Total, personnel compensation..... | 25 | 26 | ----- |
| 12 Personnel benefits..... | 2 | 2 | ----- |
| 25 Other services..... | 29 | 18 | ----- |
| 32 Lands and structures..... | 351 | 64 | ----- |
| Total, Defense—Civil..... | 407 | 110 | ----- |
| Total obligations..... | 6,820 | 6,916 | 6,888 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| U.S. SOLDIERS' HOME | | | |
| Total number of permanent positions..... | 1,055 | 1,084 | 1,087 |
| Full-time equivalent of all other positions..... | 10 | 11 | 11 |
| Average number of all employees..... | 1,027 | 1,066 | 1,085 |
| Employees in permanent positions, end of year..... | 1,021 | 1,071 | 1,074 |
| Employees in other positions, end of year..... | 52 | 54 | 54 |
| Average GS grade..... | 3.8 | 3.7 | 3.7 |
| Average GS salary..... | \$4,793 | \$4,964 | \$5,017 |
| Average salary, grades established by Board of Commissioners, U.S. Soldiers' Home..... | \$1,375 | \$1,631 | \$1,631 |
| Average salary of ungraded positions..... | \$4,632 | \$4,562 | \$4,752 |
| ALLOCATION TO DEFENSE—CIVIL, ARMY | | | |
| Total number of permanent positions..... | 3 | 3 | ----- |
| Average number of all employees..... | 3 | 3 | ----- |
| Employees in permanent positions, at end of year..... | 4 | ----- | ----- |
| Employees in other positions, end of year..... | 0 | 0 | ----- |
| Average GS grade..... | 7.8 | 7.8 | ----- |
| Average GS salary..... | \$7,270 | \$7,809 | ----- |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Medical care..... | 2,769 | 3,043 | 3,102 |
| 2. Domiciliary care..... | 1,366 | 1,505 | 1,599 |
| 3. Administration and central services..... | 2,064 | 2,074 | 2,187 |
| 4. Permanent improvements..... | 621 | 294 | ----- |
| Total obligations..... | 6,820 | 6,916 | 6,888 |
| Financing: | | | |
| Unobligated balance brought forward..... | -1,074 | -453 | -159 |
| Unobligated balance carried forward..... | 453 | 159 | 150 |
| Unobligated balance lapsing..... | 73 | ----- | ----- |
| Limitation..... | 6,272 | 6,622 | 6,888 |

STATEMENT BY SUBCOMMITTEE CHAIRMAN

Mr. FOGARTY. The committee will be in order. This will begin our hearings on the 1965 budget. Our schedule calls for completing action on the bill in about 2 weeks less time than last year. In addition, we will hold hearings on several important supplemental requests during this period. Since we may have to move a little faster on some items than we usually do, we will follow the practice of some of the other subcommittees and place the formal justifications in the record for most of the appropriation requests as we reach them in the course of these hearings.

General do you have your statement on the 1965 request?

General Haislip. I have a statement, sir.

Mr. FOGARTY. You may proceed.

GENERAL STATEMENT

General Haislip. It is my pleasure as Governor of the U.S. Soldiers' Home, to appear before this committee to justify the funds required for operation of the home during fiscal year 1965. Operation of the home is financed from a trust fund, not from the general revenues of the Treasury. Although the annual appropriation request is for-

warded to Congress with the President's budget, the amount is carried in the trust fund section and not charged to the taxpayer.

PURPOSE OF THE HOME

The U.S. Soldiers' Home was established in 1851 to provide a home for the relief and support of certain old, invalid, or disabled soldiers of the Regular Army. Applicability of the laws governing the home was extended to include airmen in 1947. Enlisted women of both services are eligible. The home is a place where members can live out their lives independent of public assistance, and with a sense of pride in the knowledge that they have helped make this home possible through their personal contributions to its support. In this way, its original mission of providing a permanent residence for certain enlisted personnel has been continued for over a century without cost to the taxpayer.

A 1940 report of a subcommittee of the Senate Committee on Military Affairs contained the following statement indicative of the reason why the home has been able to perpetuate the intent of original legislation for so many years without major statutory change:

Your committee are of the opinion that the whole legislative idea of the National Soldiers' Home was so well and so carefully worked out by our ancestors specifically in the act of 1851 and 1883, that it is believed that even in the light of present-day changes throughout the world it would be difficult indeed to improve upon the statutory provisions made for the comfort, care, and protection of the members.

ADMISSION CRITERIA

Membership in the home is a terminal benefit for former warrant officers and enlisted personnel of the Regular Army and Air Force, with the following qualifications:

1. Honest and faithful service for 20 years or more;
2. A service-connected disability rendering them unable to earn a livelihood; or
3. A non-service-connected disability rendering them unable to earn a livelihood, who have had some service during any war.

These criteria characterize the home's principal mission to care for the professional or career soldier and airman, and recognize and reward his service in peace and in war.

ADMINISTRATION

The general supervision of the home is placed by Congress in a Board of Commissioners, now consisting of the Governor of the home, six officers of the Army, and three officers of the Air Force, ex officio. Subject to approval by the Secretary of the Army, this Board has the authority to establish regulations for the general and internal direction of the home. As Governor, I am responsible to this Board for the administration of the home.

FINANCING

The act of 1851 provided that the Home be financed from a trust fund and not from the general revenues of the Treasury. The fund balance is now \$98.3 million. The Congress annually appropriates

from this trust fund, money for the operation of the Home. The income to this fund, prescribed by law, is from the following principal sources:

1. A contribution at the rate of 10 cents per month made by each enlisted member of the Regular Army and Air Force;
2. Fines and forfeitures imposed upon these enlisted personnel by sentence of courts-martial; and
3. Interest of 3 percent per annum on the fund balance in the U.S. Treasury.

The current size of the permanent fund stems from the great number of courts-martials during World War II and Korea. Although gains in membership and increases in prices have steadily required increases in operating funds and have required expansion, income has generally exceeded costs. However, article 15 of the Uniform Code of Military Justice was amended in January 1963 to authorize commanding officers to impose forfeitures of pay as non-judicial punishment. These fines will not accrue to the permanent fund. It is too soon to accurately predict the loss of income, but it will obviously cause a loss of a large portion of it and have an impact on the future of the home.

In addition, in January 1963, the Department of Defense took steps designed to establish an airmen's home in about 5 years. An agreement has been reached on a method of establishing Air Force equity in the fund against the time when the Air Force withdraws from the Soldier's Home. Such withdrawal is, of course, subject to the final approval of the Congress, but in preparation for the eventuality, the home will continue to maintain its accounts to show that part of the trust fund belonging to the Air Force.

PHYSICAL PLANT

A new 560-bed domiciliary building authorized by the fiscal year 1960 appropriation was completed and occupied a little over a year ago and eliminated the use of substandard spaces. The capacity of the domiciliary area is 2,016 beds; and occupancy stands at 1,871. Although plans provide that two wings, with 340 beds, will eventually be added to this building, no plans for this expansion are contemplated until disposition of the Air Force proposal to withdraw is made. The fiscal year 1960 appropriation also provided for a 70-bed addition to the hospital ward wing. This job is nearly complete, raising hospital bed capacity to 500 beds, 85 of which must remain unassigned on a permanent basis to provide flexibility required to accommodate members returning from specialized care at other hospitals or from leave, for placing certain patients in isolation, and to provide for peakloads and epidemics. Occupancy of the hospital now stands at 365 patients.

MEMBERSHIP

There were 2,421 members on the rolls as of December 31, 1963, not all of whom required bed space, as some were away on leave, while others were being treated in special hospitals serving the home on a reimbursable basis. The average membership during fiscal year 1963 was 2,240; this year the membership is expected to average 2,460; the fiscal year 1965 budget is based on an average of 2,710. It is believed that the accelerated growth, already being felt, will continue

as the mass enlistments of the early 1940's are reaching the 20-year retirement age.

ANNUAL REPORT

The law provides that a comprehensive report of the home's activities be submitted to the Congress at the close of each fiscal year. Included therein, is a report by the Inspector General of the Army, who by law, is required to annually inspect the home and report the results to Congress. The following portion of his report on the past year is quoted below to furnish the record with objective proof that the home is managed in an efficient and outstanding manner.

I. GENERAL

3. The Governor and his staff were accomplishing the mission of the home in an outstanding manner. The officers and employees of the home were dedicated to their tasks of promoting the health, welfare, and safety of the members, and a spirit of helpfulness and cooperation was noticeably evident throughout. Their high morale was manifested by the many expressed remarks on the part of the members of their well-being and satisfaction with home life. Care and attention provided to members in the hospital were thorough and the attitude of helpfulness of the entire hospital staff was noted. The Sisters of Charity continued to perform their nursing duties with quiet efficiency and devotion to duty. The sanitation and police of the entire installation was worthy of note. Command emphasis judiciously mixed with individual interest served to perpetuate among members of the home the highest traditions of the service. Friendly assistance, respect and identification with active U.S. Army and U.S. Air Force provided a significant career incentive for enlisted personnel of those services.

APPROPRIATION REQUEST

The home budget now before this committee has followed the same budgetary procedures as other Government agencies, with the exception that it will be financed from the Soldiers' Home permanent fund. The original mission of the home has remained basically unchanged for 113 years, therefore each budget is based on past experience, anticipated changes in membership, and the maintenance problems inherent with an establishment of this age. I personally review each item during the formulation of the budget, and each expenditure requires my signatory approval.

In addition to the expenditure of annual funds for day-to-day expenses, each year certain expenditures are made against prior-year appropriations for capital improvements.

The chart below shows the effect that this type obligation has on the overall budget program:

[In thousands of dollars]

| | 1964 | 1965 | Difference |
|---|---------|---------|------------|
| Operating expenses (annual appropriation)..... | \$6,622 | \$6,888 | +\$266 |
| Capital improvements (prior-year appropriations)..... | 294 | 0 | -294 |
| Total obligations..... | 6,916 | 6,888 | -28 |

The \$294,000 brought forward to fiscal year 1964 will complete the new domiciliary building, expansion of the hospital ward wing, conversion of a former home theater into a chapel, construction of a parking area, and modernization of the home's electrical system. In

addition, the fire marshals of the Corps of Engineers and the Military District of Washington have inspected the home and recommended changes necessary to correct existing fire hazards. The Bureau of the Budget and Secretary of the Army have approved the use of \$93,500 of surplus funds from the construction of the domiciliary building to do the job.

Therefore, on a total obligation basis, we show a total reduction of \$28,000, whereas the appropriation request now before you is actually \$266,000 greater than the one presented for operation this year. This increase is composed of the following:

Additions amounting to \$353,000, are as follows:

To annualize in fiscal year 1965, \$98,000, the following items authorized by the fiscal year 1964 appropriation: 29 additional positions (\$64,000); phase II of the classified pay raise effective January 1964 (\$23,000); member pay increases (\$11,000).

An apparent increase (\$96,000) for wage board pay increases which are carried in the fiscal year 1965 budget, but which are proposed for later transmission in fiscal year 1964.

For additional supplies and rations for the increasing membership, \$74,000.

For an increased maintenance program, \$41,000, which varies each year depending on the size and area of buildings scheduled for painting, roof repairs, and similar upkeep.

For three new positions, \$16,000; an occupational therapist, a clerk, and a maintenance man to assist in the round-the-clock watch on machinery throughout the home.

For the home's contributions to personnel benefit funds due to pay increases and additional positions, \$11,000.

For miscellaneous increases including an extra holiday (Inauguration Day), more contract nursing services, and an increase in the daily rate at St. Elizabeths Hospital, \$17,000.

Reductions amounting to \$87,000, as follows:

Included in the fiscal year 1964 appropriation for initially equipping the expanded section of the hospital ward wing, \$67,000. No funds are required for this purpose in fiscal year 1965.

For 1 less day for salaries, since 1964 is a leap year, \$20,000

I have appeared before this committee annually for a number of years, and I wish to again express my gratitude for your response to our requirements. The members of the home appreciate greatly your interest.

Mr. FOGARTY. Thank you, General. I think the committee is unanimously in agreement that you are doing a good job out there.

1965 PERSONNEL INCREASES

This looks like a very modest increase. The membership of the home is estimated to go up over 10 percent, but the increase in average employment is up less than 2 percent.

General HAINSLIP. That is right.

Mr. FOGARTY. Are you cutting any corners that will reduce the quality of service?

General HAINSLIP. No, sir; we constantly study the necessity for our jobs. We are holding down severely additional employment until it is absolutely apparent that we have to have it.

Mr. FOGARTY. You are not going to reduce services, are you?

General HAISLIP. No, sir. When an additional employee is requested, it must first be justified to me before it ever goes in the budget. If the Congress allows it, I freeze it, and the department head has to again prove the necessity for that employee before I release it. I think we are getting along all right.

Mr. FOGARTY. If it turns out that you have not asked for enough employees and the services are going down, they can blame you and no one else; is that right?

General HAISLIP. They can blame me.

ACTION OF BUREAU OF THE BUDGET

Mr. FOGARTY. Did the Bureau of the Budget make any reduction in your request?

General HAISLIP. They made two very small changes Mr. Chairman. First, they added \$8,000 to raise the daily rate at St. Elizabeths Hospital over what we requested. Second, they made a reduction of \$17,000 as follows: They disallowed \$11,000 for continuation of price increases included for medical supplies, based on past experience, and allowed \$4,000 less than requested for medical supplies on the basis of a different method of computation than used by the home. The home extends the supply requirement on the basis of members present for treatment, and the Bureau extends the requirement on the basis of patients present for treatment. They rounded off \$2,000 from the electric current request. They made, therefore, only a net reduction of \$9,000.

Mr. FOGARTY. Are you satisfied with that?

General HAISLIP. Yes, sir. I think we have established a standing with the Bureau of the Budget now where we work out our budget together, and there is nothing under the table anywhere.

PHYSICAL PLANT

Mr. FOGARTY. What is the current situation with regard to the physical plant?

General HAISLIP. The physical plant is in very fine shape. The maintenance is splendid and everything is operating at a very high standard, I think.

Mr. FOGARTY. Do you have all the buildings you need?

SEPARATE AIR FORCE HOME

General HAISLIP. Mr. Chairman, the Secretary of Defense has directed the Air Force to develop plans for its own home within 5 years. We do not want to build now. There are about 500 airmen in the Soldiers' Home. When the Air Force builds their home, that will leave us with vacancies that will take 3 or 4 years to fill.

Mr. FOGARTY. What was the reasoning behind the Secretary's thinking on this?

General HAISLIP. Before World War II the Regular Army, which included the Air Service, was around 125,000 men. The minute war came, the size of the Regular Army went up to between 500,000 and 600,000 volunteers, and the Air Force, which got its own independence,

had almost a million. The Regular Army went from a base of around 125,000 men to a new base of around 10 times that much.

The Army during the war could maintain volunteers at between 500,000 and 600,000 men, and they still do through all these years. The Air Force has always been voluntary. They have run up almost to a million men. We have that enormous base of men who are staying in. They are beginning to complete their 20 years. With all the encouragement of earlier retirement, a lot of them are retiring and coming into the home. There are on the streets today, so to speak, around 150,000 men that we feel are entitled to come in the home if they want to. Fortunately, most of them will not come in. But the base is so large now and the retirements are going to be so great that apparently the Defense Department felt the job was too big to handle in one place.

Mr. FOGARTY. Mr. Denton.

CHANGE IN COURT-MARTIAL LAWS

Mr. DENTON. I did not understand this change in the court-martial laws. All forfeitures of pay went to the home?

General HAISLIP. Yes, sir.

Mr. DENTON. What change was made in 1963?

General HAISLIP. The law specified that fines and forfeitures of courts-martial would come to the home. The change in the Uniform Code prescribed that instead of courts-martial, commanders could, by administrative action, fine a man.

The Comptroller General of the United States ruled that that money could not go in the fund because it actually was not court-martial fines or forfeitures.

Mr. DENTON. They give the man a forfeiture and he has the right to ask for a court-martial instead of taking it, is that right?

General HAISLIP. At the time a man is charged, he has the option of a court-martial or punishment by his commanding officer.

SIZE OF ARMY UP TO WORLD WAR II

Mr. DENTON. How big did you say the Army was up to World War II?

General HAISLIP. Roughly 125,000 men, including 17,000 men in the air service.

Mr. DENTON. It was that small?

General HAISLIP. It went up and down, but generally through the years it stayed around 125,000. We were living on hope in those days.

FACILITIES FOR NEXT 5 YEARS

Mr. DENTON. The 4 or 5 years before the Air Force builds their own home you are going to have to take care of the airmen. What sort of facilities do you have to take care of them? Are you badly crowded?

General HAISLIP. No, sir; we will be able to run for the next couple of years, I hope, and then we will have to stop men coming in except to fill vacancies that occur. We lose about 170 or 180 men a year by death, and many men ask for discharge. Our home is of great value to the Government because it costs thousands of dollars to train a man

for his first job, either in the Army or Air Force, as they have all become so technical. Any man that we can encourage to adopt the military as a career, saves that training money that would have to be spent if this man went out. We actually save the Government many millions of dollars a year.

Mr. FOGARTY. Thank you very much, General.

JUSTIFICATION MATERIAL

(The formal justifications follow:)

JUSTIFICATION OF ESTIMATES FOR THE U.S. SOLDIERS' HOME, FISCAL YEAR 1965—OPERATION AND MAINTENANCE

Standard classification schedule for direct obligations

[In thousands of dollars]

| By objects of expenditure | Estimate, 1964 | Estimate, 1965 | Increase (+) or decrease (-) |
|---|-------------------|-------------------|------------------------------------|
| 11 Personnel compensation..... | 4,509 | 4,699 | +190 |
| 12 Personnel benefits..... | 321 | 338 | +17 |
| 21 Travel and transportation of persons..... | 1 | 1 | — |
| 22 Transportation of things..... | 2 | 2 | — |
| 23 Rent, communications, and utilities..... | 133 | 133 | — |
| 24 Printing and reproduction..... | 4 | 5 | +1 |
| 25 Other services..... | 409 | 431 | +22 |
| 26 Supplies and materials..... | 1,181 | 1,254 | +73 |
| 31 Equipment..... | 162 | 96 | -66 |
| 32 Lands and structures..... | 333 | 68 | -265 |
| 41 Grants, subsidies and contributions..... | 1 | 1 | — |
| Deduct quarters, subsistence and laundry..... | -140 | -140 | — |
| Total direct obligations..... | 6,916 | 6,888 | -28 |
| Minus obligation of prior-year funds (see p. 14)..... | -294 | — | +294 |
| Estimate or appropriation..... | 1 6,622 | 6,888 | +266 |

¹ Does not include \$120,000 proposed supplemental appropriation for wage board pay increases.

Summary of direct obligations by projects

[In thousands of dollars]

| Project | Purpose of project | Actual obligations, fiscal year 1963 | Estimated obligations, fiscal year 1964 | Estimate, fiscal year 1965 | Increase (+) or decrease (-) |
|---------|---|--|---|----------------------------------|---------------------------------|
| | (1) | (2) | (3) | (4) | (5) |
| 1 | Medical care..... | 2,769 | 3,043 | 3,102 | +59 |
| 2 | Dormitory care..... | 1,366 | 1,505 | 1,599 | +94 |
| 3 | Administration and central services..... | 2,064 | 2,074 | 2,187 | +113 |
| 4 | Permanent improvements..... | 621 | 294 | — | -294 |
| | Total obligations..... | 6,820 | 6,916 | 6,888 | -28 |
| | Minus obligation of prior-year funds (see p. 14)..... | -621 | -294 | — | +294 |
| | Unobligated balance lapsing..... | 73 | — | — | — |
| | Total estimate or appropriation..... | 6,272 | 1 6,622 | 6,888 | +266 |

¹ Does not include \$120,000 proposed supplemental appropriation for wage board pay increases.

Distribution of membership

[All figures are averages]

| | Fiscal year 1963 | Fiscal year 1964 | Fiscal year 1965 | Increase |
|--------------------------|---------------------|---------------------|---------------------|----------|
| Domiciliary: | | | | |
| Present..... | 1,631 | 1,798 | 1,991 | +193 |
| Absent..... | 190 | 220 | 250 | +30 |
| Total domiciliary..... | 1,821 | 2,018 | 2,241 | +223 |
| Hospital: | | | | |
| Present..... | 346 | 368 | 394 | +26 |
| Contract hospitals..... | 54 | 55 | 55 | ----- |
| Absent..... | 19 | 19 | 20 | +1 |
| Total hospital..... | 419 | 442 | 469 | +27 |
| Total membership: | | | | |
| Present..... | 1,977 | 2,166 | 2,385 | +219 |
| Contract hospitals..... | 54 | 55 | 55 | ----- |
| Absent..... | 209 | 239 | 270 | +31 |
| Total membership..... | 2,240 | 2,460 | 2,710 | +250 |

Note.—Domiciliary bed requirements are based on approximately 76 percent of total membership. Hospital bed requirements are based on "Hospital: Present" plus approximately 20 percent of this category for flexibility and peak periods.

Project 1.—Medical care

[Dollars in thousands]

| Objects of expenditure | Actual obligations, fiscal year 1963 | Estimated obligations, fiscal year 1964 | Estimate, fiscal year 1965 | Increase (+) or decrease (-) |
|--|---|--|----------------------------------|------------------------------------|
| (1) | (2) | (3) | (4) | (5) |
| SUMMARY | | | | |
| 11 Personnel compensation..... | \$2,089 | \$2,208 | \$2,304 | +\$96 |
| (Average employment)..... | (457) | (469) | (485) | (+16) |
| 12 Personnel benefits..... | \$158 | \$168 | \$173 | +\$5 |
| 25 Other services..... | \$215 | \$237 | \$247 | +\$10 |
| 26 Supplies and materials..... | \$336 | \$398 | \$408 | +\$10 |
| 31 Equipment..... | \$30 | \$95 | \$33 | -\$62 |
| Deduct quarters, subsistence, and laundry..... | -\$59 | -\$63 | -\$63 | ----- |
| Obligations incurred..... | \$2,769 | \$3,043 | \$3,102 | +\$59 |

EXPLANATION OF PROJECT CHANGES

11 Personnel compensation, +\$96,000

Annualization in fiscal year 1965, of 27 additional positions authorized by fiscal year 1964 appropriation, \$62,000.

Apparent increase due to fact that fiscal year 1965 obligations include latest wage board rates, whereas funds for these new rates for fiscal year 1964 are proposed for later transmission, \$23,000.

Annualization in fiscal year 1965, of phase II of a classified pay raise granted in fiscal year 1964, \$8,000.

Cost of additional occupational therapist to supervise activities to be initiated in an unused space in one of the older hospital buildings, \$6,000.

Payment to employees of 1 extra holiday (Inauguration Day), \$3,000.

Annualization in fiscal year 1965, of member pay increase authorized by the fiscal year 1964 appropriation, \$1,000.

Funds for 1 less day will be required in fiscal year 1965 since fiscal year 1964 is a leap year, -\$7,000.

12 Personnel benefits, +\$5,000

Increased agency contributions directly attributable to pay increases and new positions, \$3,000.

Apparent increase due to fact that fiscal year 1965 obligations include agency contributions based on latest wage board rates whereas funds for this purpose for fiscal year 1964 are proposed for later transmission, \$2,000.

25 Other services, +\$10,000

To increase the amount of nursing services in accordance with standards set by the Joint Commission on the Accreditation of Hospitals, \$8,000. The average number of contract nurses in fiscal year 1964 is set at 26; the average required for fiscal year 1965 is 30.

To provide for an increase in the daily rate at St. Elizabeths Hospital from \$11.44 per patient day in fiscal year 1964 to \$11.91 in fiscal year 1965, \$2,000.

26 Supplies and materials, +\$10,000

The entire increase (\$10,000) is to provide for the anticipated increase in patients (from 368 to 394 rations per day). Actual ration cost in fiscal year 1963 was \$1.03. The unit cost for both fiscal year 1964 and fiscal year 1965 is estimated at \$1.03.

31 Equipment, -\$62,000

Funds were provided in fiscal year 1964 for initially equipping the expanded section of the hospital ward wing. Nothing is required for this purpose in fiscal year 1965; -\$67,000.

Increase required to purchase more costly equipment in fiscal year 1965, \$5,000.

Project 2.—Domiciliary care

(Dollars in thousands)

| Objects of expenditure (1) | Actual obligations, fiscal year 1963 (2) | Estimated obligations, fiscal year 1964 (3) | Estimate, fiscal year 1965 (4) | Increase (+) or decrease (-) (5) |
|---|--|---|---|---|
| SUMMARY | | | | |
| 11 Personnel compensation | \$827 | \$913 | \$939 | +\$26 |
| (Average employment)..... | (282) | (305) | (305) | |
| 12 Personnel benefits | \$51 | \$53 | \$58 | +\$5 |
| 26 Supplies and materials | \$518 | \$569 | \$630 | +\$61 |
| 31 Equipment | \$17 | \$18 | \$20 | +\$2 |
| 41 Grants, subsidies, and contributions | \$1 | \$1 | \$1 | |
| Deduct quarters, subsistence, and laundry | -\$48 | -\$49 | -\$49 | |
| Obligations incurred | \$1,366 | 1,505 | \$1,599 | +\$94 |

EXPLANATION OF PROJECT CHANGES

11 Personnel compensation, +\$26,000

Apparent increase (\$20,000) due to fact that fiscal year 1965 obligations include latest wage board rates, whereas funds for these new rates for fiscal year 1964 are proposed for later transmission.

Annualization in fiscal year 1965 of member pay increase authorized by the fiscal year 1964 appropriation, \$8,000.

Annualization in fiscal year 1965 of phase II of a classified pay raise granted in fiscal year 1964, \$4,000.

Payment to employees of one extra holiday (Inauguration Day), \$2,000.

Funds for 1 less day will be required in fiscal year 1965 since fiscal year 1964 is a leap year, -\$8,000.

12 Personnel benefits, +\$5,000

Increased agency contributions directly attributable to pay increases, \$4,000.

Apparent increase due to fact that fiscal year 1965 obligations include agency contributions based on latest wage board rates whereas funds for this purpose for fiscal year 1964 are proposed for later transmission, \$1,000.

26 Supplies and materials, +\$61,000

The entire increase (\$48,000) is to provide for the anticipated increase in members (from 1,260 rations per day in 1964 to 1,397 in fiscal year 1965). Actual ration cost in fiscal year 1963 was \$0.99. The unit cost for both fiscal year 1964 and fiscal year 1965 is estimated at \$0.99.

Increase (\$13,000) to provide more dormitory, recreation, and mess supplies for anticipated increase in members.

31 Equipment, +\$2,000

Increase to provide for more costly equipment purchases in fiscal year 1965, \$2,000.

Project 3—Administration and central services

[Dollars in thousands]

| Objects of expenditure (1) | Actual obligations, fiscal year 1963 (2) | Estimated obligations, fiscal year 1964 (3) | Estimate, fiscal year 1965 (4) | Increase (+) or decrease (-) (5) |
|---|--|---|---|---|
| SUMMARY | | | | |
| 11 Personnel compensation..... (Average employment)..... | \$1,347 (288) | \$1,388 (292) | \$1,456 (295) | +\$68 (+3) |
| 12 Personnel benefits..... | \$97 | \$100 | \$107 | +\$7 |
| 21 Travel and transportation of persons..... | \$1 | \$1 | \$1 | ----- |
| 22 Transportation of things..... | \$2 | \$2 | \$2 | ----- |
| 23 Rent, communications, and utilities..... | \$124 | \$133 | \$133 | ----- |
| 24 Printing and reproduction..... | \$4 | \$4 | \$5 | +\$1 |
| 25 Other services..... | \$141 | \$172 | \$184 | +\$12 |
| 26 Supplies and materials..... | \$199 | \$214 | \$216 | +\$2 |
| 31 Equipment..... | \$52 | \$49 | \$43 | -\$6 |
| 32 Lands and structures..... | \$126 | \$39 | \$68 | +\$29 |
| Deduct quarters, subsistence, and laundry..... | -\$29 | -\$28 | -\$28 | ----- |
| Obligations incurred..... | \$2,064 | \$2,074 | \$2,187 | +\$113 |

EXPLANATION OF PROJECT CHANGES

11 Personnel compensation, +\$68,000

Apparent increase due to fact that fiscal year 1965 obligations include latest wage board rates whereas funds for these new rates for fiscal year 1964 are proposed for later transmission, \$47,000.

Annualization in fiscal year 1965, of phase II of a classified pay raise granted in fiscal year 1964, \$11,000.

Cost of two additional employees: one equipment maintenance mechanic to assist in the round-the-clock maintenance of machinery, and one clerk-typist for the maintenance engineer's office to help in the processing of work orders, answering phones, typing reports, and similar office chores which have increased with the expanding of facilities over the years, \$10,000.

Annualization in fiscal year 1965, of member pay increase authorized by the fiscal year 1964 appropriation, \$2,000.

Annualization in fiscal year 1965 of two additional positions authorized by the fiscal year 1964 appropriation, \$2,000.

Payment to employees of one extra holiday (Inauguration Day), \$1,000.

Funds for 1 less day will be required in fiscal year 1965 since fiscal year 1964 is a leap year, -\$5,000.

12 Personnel benefits, +\$7,000

Increased agency contributions directly attributable to pay increases and new positions, \$4,000.

Apparent increase due to fact that fiscal year 1965 obligations include agency contributions based on latest wage board rates whereas funds for this purpose for fiscal year 1964 are proposed for later transmission, \$3,000.

24 Printing and reproduction, +\$1,000

To provide for the use of a greater variety and number of forms than used heretofore, \$1,000.

25 Other services, +\$12,000

The maintenance and repair program under this object class is divided into the following recurring categories, the cost of which varies according to area, building size, and facilities scheduled each year:

| | Fiscal year 1963 | Fiscal year 1964 | Increase (+) or decrease (-) | Fiscal year 1965 |
|---|---------------------|---------------------|------------------------------------|---------------------|
| Service contracts on equipment..... | \$39,024 | \$41,735 | +7,565 | \$49,300 |
| Painting..... | 15,233 | 78,261 | -15,419 | 62,842 |
| Roofing..... | 21,214 | 27,350 | -3,500 | 23,850 |
| Flooring..... | 31,258 | 5,510 | +4,340 | 9,850 |
| Masonry..... | 16,033 | 14,750 | +14,610 | 29,380 |
| Miscellaneous..... | 18,212 | 4,500 | +4,682 | 9,182 |
| Total, maintenance and repair program.. | 140,974 | 172,106 | +12,278 | 184,384 |

26 Supplies and materials, +\$2,000

One-half of this increase (\$2,000) is for administrative supplies to provide for additional reporting and more detailed recordkeeping. The other half is for maintenance supplies required for the upkeep of the expanded facilities and grounds.

31 Equipment, -\$6,000

Less expensive equipment is required for fiscal year 1965, -\$6,000.

32 Lands and structures, +\$29,000

The maintenance and repair program under this object class is divided into the following broad categories, some recurring, and others nonrecurring or "phased" over several years. The table below shows the nature and cost for the past, current, and budget years:

| | Fiscal year 1963 | Fiscal year 1964 | Increase (+) or decrease (-) | Fiscal year 1965 |
|--|---------------------|---------------------|------------------------------------|---------------------|
| Road and walk repairs..... | \$30,160 | \$13,000 | -\$5,300 | \$7,700 |
| Landscaping..... | 5,000 | 6,000 | | 6,000 |
| Plumbing, heating, and air conditioning..... | 23,620 | 20,000 | +26,300 | 46,300 |
| Windows and frames..... | 43,317 | | | |
| Plans for correction of fire hazards..... | 22,615 | | | |
| Bird evictor system..... | 1,580 | | +8,000 | 8,000 |
| Total, maintenance and repair program.. | 126,292 | 39,000 | +29,000 | 68,000 |

Project 4. Permanent improvements (no new obligational authority required for fiscal year 1965)

[In thousands of dollars]

| Objects of expenditure | Actual obligations, fiscal year 1963 | Estimated obligations, fiscal year 1964 | Estimate, fiscal year 1965 | Decrease (-) |
|------------------------------|--|---|----------------------------------|--------------|
| SUMMARY | | | | |
| 32 Lands and structures..... | \$621 | \$294 | | -\$294 |
| Obligations incurred..... | 621 | 294 | | -294 |

EXPLANATION OF PROJECT CHANGES

32 *Lands and structures, —\$294,000*

Obligations for fiscal years 1963 and 1964 are incurred against prior-year appropriations. The table below shows the items being accomplished:

| | Fiscal year 1963 | Fiscal year 1964 | Fiscal year 1965 | Decrease |
|--|---------------------|---------------------|---------------------|------------|
| A. Construction of domiciliary building and expansion of hospital ward wing..... | \$452,019 | \$140,741 | ----- | —\$140,741 |
| B. Demolition of old barracks and construction of parking area on site..... | 7,740 | 20,000 | ----- | —20,000 |
| C. Conversion of former theater to chapel..... | 92,693 | 22,307 | ----- | —22,307 |
| D. Modification of electrical system..... | 68,244 | 17,576 | ----- | —17,576 |
| E. Correction of fire hazards..... | ----- | 93,500 | ----- | —93,500 |
| Obligations incurred..... | 620,696 | 294,124 | ----- | —294,124 |

Item A: Construction of domiciliary building and expansion of hospital ward wing

This phase of the expansion of the home should be completed by the end of fiscal year 1964. Therefore, with no obligations estimated for fiscal year 1965, a decrease is reflected.

Items B through E: Demolition of old barracks and construction of parking area on site; conversion of former theater to chapel; modification of electrical system; correction of fire hazards

These items have been or are being accomplished with surplus funds resulting from a favorable contract for the domiciliary building construction and the hospital expansion. Use of these surplus funds has been approved by the Bureau of the Budget from time to time in prior years, and obligations in past budgets to Congress have reflected the accomplishment of these items. The one exception is item E, "Correction of fire hazards," which is appearing as a fiscal year 1964 obligation for the first time in this budget. The item has been approved by the Bureau of the Budget, including financing from surplus funds.

Since these items should all be completed by the end of fiscal year 1964, and no obligations for these purposes are included in fiscal year 1965, a decrease is reflected.

TUESDAY, FEBRUARY 11, 1964.

NATIONAL MEDIATION BOARD

WITNESSES

NATIONAL MEDIATION BOARD

FRANCIS A. O'NEILL, JR., CHAIRMAN
 HOWARD G. GAMSER, BOARD MEMBER
 THOMAS A. TRACY, ASSISTANT EXECUTIVE SECRETARY

NATIONAL RAILROAD ADJUSTMENT BOARD

GERALD ORNDORFF, BOARD MEMBER
 H. K. HAGERMAN, BOARD MEMBER
 LELAND HOWARD, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 824 | 900 | 929 |
| Positions other than permanent..... | 633 | 599 | 599 |
| Other personnel compensation..... | | 6 | 3 |
| Total personnel compensation..... | 1,457 | 1,505 | 1,531 |
| 12 Personnel benefits..... | 71 | 78 | 78 |
| 21 Travel and transportation of persons..... | 221 | 234 | 233 |
| 23 Rent, communications, and utilities..... | 41 | 48 | 48 |
| 24 Printing and reproduction..... | 69 | 48 | 44 |
| 25 Other services..... | 8 | 15 | 15 |
| 26 Supplies and materials..... | 13 | 14 | 14 |
| 31 Equipment..... | 8 | 8 | 7 |
| Total obligations..... | 1,888 | 1,950 | 1,970 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Total number of permanent positions..... | 104 | 104 | 104 |
| Full-time equivalent of other positions..... | 24 | 23 | 23 |
| Average number of all employees..... | 123 | 126 | 126 |
| Employees in permanent positions, end of year..... | 99 | 104 | 104 |
| Employees in other positions, end of year..... | 41 | 43 | 43 |
| Average GS grade..... | 8.6 | 8.6 | 8.6 |
| Average GS salary..... | \$8,094 | \$8,618 | \$8,728 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Mediation..... | 610 | 688 | 691 |
| 2. Voluntary arbitration and emergency disputes..... | 438 | 460 | 460 |
| 3. Adjustment of railroad grievances..... | 840 | 802 | 819 |
| Total program costs, funded—obligations ¹ | 1,888 | 1,950 | 1,970 |
| Financing: | | | |
| Unobligated balance lapsing..... | 51 | | |
| New obligational authority (appropriation)..... | 1,939 | 1,950 | 1,970 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$14,000; (1963 adjustments, \$16,000); 1963, \$30,000; 1964, \$30,000; 1965, \$30,000.

Mr. FOGARTY. We have now the National Mediation Board. Mr. O'Neill, do you have a statement for the committee?

GENERAL STATEMENT

Mr. O'NEILL. Yes, Mr. Chairman. We appreciate this opportunity to again be before your committee in support of our budget for fiscal 1965. We have a statement which we ask be made a part of the record.

Mr. FOGARTY. We shall put it in the record at this point and you may summarize it.

(The statement follows:)

NATIONAL MEDIATION BOARD

The Railway Labor Act which is administered by the National Mediation Board provides a method for handling labor relations in the railroad and airline industries. The act as originally passed in 1926 applied only to railroads; subsequently, in 1936, the airline industry was brought within the coverage of the act.

The general purposes of the act include the prompt and orderly settlement of all disputes concerning rates of pay, rules and working conditions, and the interpretation or application of agreements covering rates of pay, rules, or working conditions so as to avoid any interruption to commerce or to the operations of carriers engaged in commerce.

The National Mediation Board, operating with a total authorized staff of 40 employees, including three Board members, handles representation cases to determine who shall represent the employees in their negotiations with the carriers. The Board also handles mediation cases in which it assists labor and management in making and revising agreements relating to rates of pay, rules, and working conditions.

Arbitration and emergency boards are financed through the appropriation for the National Mediation Board. Arbitration boards provide a voluntary method for handling major disputes to a conclusion. Section 10 of the act provides that if the mediation and arbitration procedures fail to settle a dispute and if in the judgment of the Board, the dispute threatens substantially to interrupt commerce to a degree such as to deprive any section of the country of essential transportation service, the Board shall notify the President who may thereupon in his discretion create an emergency board to investigate and report its recommendations as to the dispute.

The National Railroad Adjustment Board operating with four divisions provides a medium by which disputes in the railroad industry pertaining to the interpretation or application of agreements are resolved.

The proposed estimate to carry out these activities in fiscal 1965 is \$1,970,000. This is an increase of only \$20,000 over the amount authorized for the current fiscal year. The increase is solely for the purpose of meeting the requirements due to the recent pay legislation. It is anticipated that the number of permanent employees will not be increased. Summarized by activity, the Board is requesting \$691,000 for mediation activities, an increase of \$3,000 over the current year; for arbitration and emergency boards \$460,000, the same as this year; and for the Adjustment Board \$819,000, an increase of \$17,000. In total, \$1,970,000 is requested for fiscal year 1965.

NATIONAL RAILROAD ADJUSTMENT BOARD

While most of the members of the committee are familiar with this Agency, we believe a brief statement of the establishment and operation of the Board will bear repeating. The National Railroad Adjustment Board was created by act of Congress, approved June 21, 1934, for the adjudication of disputes between an employee or group of employees and a carrier or carriers, growing out of grievances or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions. The disputes are first handled locally on the property, and if not adjusted there, are processed through successive steps up to and including the chief operating officer of the carrier designated to handle such disputes. If not adjusted in this manner, they are then referred to the appropriate division of the Adjustment Board for settlement.

The Board is composed of 36 members, 18 selected and paid by the carriers and 18 selected and paid by organizations of railway employees which are national in scope. The act provides for four divisions of the Adjustment Board, each of which has jurisdiction over disputes involving certain groups of employees. For example, the first division has jurisdiction over disputes involving train and yard service employees, the second division, shop crafts; the third division clerical forces, maintenance-of-way men, dispatchers, etc.; and the fourth division, water transportation and miscellaneous.

There are 10 members, 5 labor and 5 carrier, on each the First, Second, and Third Divisions, and 6 members, 3 of each labor and carrier, on the Fourth Division. Since the labor and carrier members are equally divided, they frequently deadlock on cases, in which event they attempt and many times do agree upon a neutral, or referee, to sit with the Division as a member and make an award. If the Division fails to agree upon and select a referee, that fact is certified to the Mediation Board, which Board then selects the referee.

The establishment of a number of special boards on individual properties has somewhat reduced the backlog of cases. In the meantime, new cases continue to be received almost as fast or perhaps faster than disposition is made of old ones. There has been a decided increase in the number of cases submitted by the nonoperating employees. Causes for increases are the amendment to the Railway Labor Act permitting the union shop and resulting subsequent agreements; changes in agreements including the adoption of the 40-hour workweek; the national agreement covering vacations, pay for holidays, and time limit for submitting cases.

In order to reduce the large backlog of Third Division cases, following an agreement of the parties, there has been established a supplemental board of 10 members, which it is hoped will materially reduce the number of pending cases within a comparatively short time. Salaries of these members are likewise paid by the parties they represent.

It might be pertinent to point out that there are some 20 standard railroad labor organizations and hundreds of railroads; and it is estimated there are about 5,000 agreements in effect between these carriers and labor organizations covering rates of pay, hours of service, working conditions, etc. It is these agreements with which we deal.

During the last fiscal year, the 4 divisions of the Board received and docketed 1,901 cases and closed 1,552, but a backlog of 6,810 remained as of June 30, 1963. Many of these cases may involve hundreds of thousands of dollars.

The estimate for the fiscal year 1965 is \$819,000, which is \$17,000 more than for the current year, due to the statutory pay increase. We should like to stress the fact that the salaries of the members of the Board and Third Division supplemental Board are paid by the labor organizations and the carriers. It is estimated that this amounts to about \$800,000 per year. In addition, both labor organizations and the carriers furnish research and technical assistance to some of their members. Thus, these two parties bear more than half the cost of operation of the Board.

Mr. Chairman, that concludes my statement, but we shall be glad to answer any questions the committee may want to ask.

INCREASES REQUESTED FOR 1964

Mr. O'NEILL. The proposed estimate to carry out these activities in fiscal 1965 is \$1,970,000. This is an increase of only \$20,000 over the amount authorized for the current fiscal year. The increase is solely for the purpose of meeting the requirements due to the recent pay legislation. It is anticipated that the number of permanent employees will not be increased.

Summarized by activity, the Board is requesting \$691,000 for mediation activities, an increase of \$3,000 over the current year; for Arbitration and Emergency Boards, \$460,000, the same as this year; and for the Adjustment Board \$819,000, an increase of \$17,000. In total, \$1,970,000 is requested for fiscal year 1965.

Mr. FOGARTY. The appropriation for 1964 was \$1,950,000 and the request for 1965 is \$1,970,000, an increase of only \$20,000?

Mr. O'NEILL. That is correct.

Mr. FOGARTY. There is no proposed change in your staff?

Mr. O'NEILL. No sir.

BACKLOG OF GRIEVANCE CASES

Mr. FOGARTY. The thing we spent the most time on in hearings last year was the big backlog of grievance cases before the Adjustment Board. Do you think the steps you have taken will solve this problem?

Mr. O'NEILL. I think that definitely progress has been made, Mr. Chairman. On May 31, 1963, carriers and nonoperating organizations entered into agreements which will implement the so-called supplemental Third Division. They are going to take out of the Adjustment Board cases involving national agreements and send them to Disputes Committees. In addition to that, there is a procedure whereby if a General Chairman has a group of cases before the Adjustment Board, he will seek conferences with the individual railroad and try to adjust them back on the properties. If they cannot adjust them, they will send them to a special Board of Adjustment.

The supplemental Third Division has increased its output of cases. I believe the members of the Adjustment Board will be prepared to give the actual figures on that. We definitely feel there has been progress in working on this backlog.

Mr. FOGARTY. You had better tell us what progress has been made. Has the backlog been decreased? If so, how much?

Mr. O'NEILL. Mr. Howard, can you answer that?

Mr. HOWARD. For the last 6 months—you have the record, Mr. Chairman, for the last fiscal year, which I believe showed some increase—for the last 6 months there has been a decrease of a hundred cases. While this is a small decrease, we hope that is a trend that will be continued and accelerated.

Mr. FOGARTY. What is your total backlog?

Mr. HOWARD. The backlog at the end of December was 6,717 cases.

Mr. FOGARTY. That decrease of a hundred is not very significant, then.

Mr. HOWARD. No.

Mr. FOGARTY. How long do you estimate it will take to get the backlog of the Third Division down to the number that can be handled in less than 1 year?

Mr. HOWARD. I think Mr. Orndorff would be in a better position to answer that, Mr. Chairman.

Mr. ORNDORFF. Again that depends. We have had no real experience yet with the Supplemental Board, or the Disputes Committee I should say.

Mr. FOGARTY. This is not a good situation, is it, to have a backlog of about 7,000 cases?

Mr. ORNDORFF. No, it is not desirable, and we are not happy with it. We feel that with the Disputes Committee and the urging that we have done with the railroads and the organizations to reexamine their cases, that it will help considerably.

Those things are both getting underway. It seems that the parties had so many other irons in the fire that they were not as fast on getting the Disputes Committee working as they had hoped. We have seen some improvement by way of reexamination of cases.

They settle them on the property, and when they do that, they notify us they want it withdrawn from the Board.

Just how long it is going to take to get the backlog down to a reasonable and workable level, I think I would have to say, as I did last year, it depends on the degree to which they can dispose of some of them in the field.

Mr. FOGARTY. I hope you do not have to come back next year with the same answer you did this year and last year.

Mr. ORNDORFF. I hope not.

Mr. FOGARTY. Do you have any unusual situations coming up, Mr. O'Neill?

RULES CASE

Mr. O'NEIL. By way of information to the committee, we sincerely hope that this big rules case will be settled within the near future. If that is accomplished, we believe that the dam is going to break on mediation cases that have been held up pending the disposition of that matter, because there are many, many notices outstanding throughout the country, both by the railroads and by the unions, in which the answer is, well, that is tied up with the big case in 1959, and we cannot handle it now. When that is out of the way, we expect a tremendous increase in our mediation activity.

Mr. FOGARTY. The trainmen deciding to go it alone; is that a right impression?

Mr. O'NEIL. The carriers replied to that letter and have suggested that the only feasible solution is an agreement with the five organizations. The trainmen have again replied to that—we just got the letter yesterday—still asking for the meeting with the carriers separately.

The rules that are left open on the so-called secondary issues involve all five of the organizations. Agreement with one, the carriers say, would not do them much good, they have to have agreement with all in order to make it work.

Mr. FOGARTY. Mr. Denton.

BACKLOG OF CASES BEFORE ADJUSTMENT BOARD

Mr. DENTON. Are you testifying both about mediation and adjustment?

Mr. O'NEILL. No, sir. The representatives of the Adjustment Board are here. The principal problem seemed to be this backlog of cases, which is how we got into that field.

Mr. DENTON. That disturbs me, too. You expect to have more cases, 200 more cases, at the end of this year than you had at the end of last year. You had about 300 more in 1964 than you had in 1963, and 400 more in 1963 than you had in 1962. What would you suggest we do to bring that up to date?

Mr. HOWARD. I believe, as Mr. Orndorff touched on, that with this Disputes Committee and their different procedures adopted to try to get the parties in the field to settle more of the cases, that we feel progress is being made.

Mr. DENTON. Of course, the record does not show that.

Mr. HOWARD. Of course, some of these things are comparatively recent in origin. That is, the Disputes Committee has not been in

existence so very long. The Supplemental Board to the Third Division has not been in existence so very long.

RAILROAD WORKING CONDITIONS

Mr. DENTON. We had this dispute between the railroads and the brotherhoods about working conditions, and we passed some legislation on that. How is that coming?

Mr. O'NEILL. The legislation provided for the setting up of an Arbitration Board to dispose of two issues, the so-called fireman-helper issue and the crew consist. That Arbitration Board has issued its award, and the unions are now challenging the award in court.

The other issues, which were not handled in the legislation, but the Congress directed that intensive mediation efforts be held to try to iron them out, Assistant Secretary Reynolds and myself have been working on that constantly since January 2. We have been meeting almost every day on it. The law by its terms will expire February 24.

Mr. DENTON. Thank you.

JUSTIFICATION MATERIAL

(The formal justifications follow:)

NATIONAL MEDIATION BOARD

DIGEST OF ESTIMATE OF APPROPRIATION, 1965

FUNCTION OF THE BOARD

The National Mediation Board administers the Railway Labor Act governing labor relations in the railroad and airline industries. The general purposes of the act are as follows:

1. To avoid any interruption to commerce or to the operation of any carrier engaged therein.
2. To forbid any limitation upon freedom of association among employees or any denial, as a condition of employment or otherwise of the right of employees to join a labor organization.
3. To provide for the complete independence of carriers and of employees in the matter of self-organization.
4. To provide for the prompt and orderly settlement of all disputes concerning rates of pay, rules, or working conditions.
5. To provide for the prompt and orderly settlement of all disputes growing out of grievances or out of the interpretation of application of agreements governing rates of pay, rules, or working conditions.

These general purposes are implemented through the activities of the National Mediation Board, Arbitration and Emergency Boards, and the National Railroad Adjustment Board.

PROGRAM AND PERFORMANCE

1. *Mediation.*—The Board mediates labor disputes and determines collective-bargaining representatives for the 700 carriers and 1.25 million employees in the railroad and airline industries.

| Mediation cases | 1962 actual | 1963 actual | 1964 estimate | 1965 estimate |
|-----------------------------|----------------|----------------|------------------|------------------|
| Pending, start of year..... | 271 | 281 | 310 | 300 |
| Received during year..... | 295 | 301 | 350 | 350 |
| Closed during year..... | 285 | 272 | 360 | 360 |
| Pending, end of year..... | 291 | 310 | 300 | 290 |

2. *Voluntary arbitration and emergency disputes.*—When mediation fails, the parties are urged to submit their differences to arbitration or special adjustment boards, including neutral members paid from this account. If neither mediation nor voluntary arbitration are successful, the President, when notified of disputes which threaten seriously to interrupt service, may appoint an emergency board to investigate and report on the dispute as a basis for agreement.

| | Number of boards | | | |
|--------------------------------|------------------|-------------|---------------|---------------|
| | 1962 actual | 1963 actual | 1964 estimate | 1965 estimate |
| Arbitration boards..... | 10 | 7 | 10 | 10 |
| Special adjustment boards..... | 98 | 122 | 125 | 125 |
| Emergency boards..... | 11 | 5 | 10 | 10 |

3. *Adjustment of railroad grievances.*—Railroad employee grievances resulting from application of collective bargaining contracts may be brought for settlement to the 36-man Board composed of 4 divisions. Each division has an equal number of carriers and union representatives paid by the parties and handles the grievances of a particular type of employee. The appropriation provides clerical assistance to the Board and neutral referees to sit with divisions of the Board when they are deadlocked.

| | Workload | | | |
|---------------------------------|----------------|----------------|------------------|------------------|
| | 1962 actual | 1963 actual | 1964 estimate | 1965 estimate |
| Pending, beginning of year..... | 5,968 | 6,461 | 6,810 | 7,160 |
| Received during year..... | 1,873 | 1,901 | 1,950 | 2,000 |
| Closed during year..... | 1,380 | 1,552 | 1,600 | 1,800 |
| Pending, end of year..... | 6,461 | 6,810 | 7,160 | 7,360 |
| Referee days of service..... | 2,411 | 2,785 | 2,349 | 2,350 |

Schedule of funds available for obligation and an analysis of obligations by uniform object class

| Standard classification | Estimate, 1964 | Estimate, 1965 | Increase (+) or decrease (-) |
|--|-------------------|-------------------|------------------------------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | \$906,099 | \$932,389 | +\$26,290 |
| Positions other than permanent..... | 599,000 | 599,000 | |
| Total personnel compensation..... | 1,505,099 | 1,531,389 | +26,290 |
| 12 Personnel benefits..... | 77,500 | 77,500 | |
| 21 Travel and transportation of persons..... | 233,701 | 232,911 | -790 |
| 22 Transportation of things..... | 200 | 200 | |
| 23 Rent, communications, and utilities..... | 48,000 | 48,000 | |
| 24 Printing and reproduction..... | 48,500 | 44,500 | -4,000 |
| 25 Other services..... | 14,500 | 14,500 | |
| 26 Supplies and materials..... | 14,000 | 14,000 | |
| 31 Equipment..... | 8,500 | 7,000 | -1,500 |
| Total obligations..... | 1,950,000 | 1,970,000 | +20,000 |

Program and financing

[In thousands]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Program by activities: | | | |
| 1. Mediation | \$610 | \$688 | \$691 |
| 2. Voluntary arbitration and emergency disputes | 438 | 460 | 460 |
| 3. Adjustment of railroad grievances | 840 | 802 | 819 |
| Total obligations ¹ | 1,888 | 1,950 | 1,970 |
| Financing: Unobligated balance lapsing | 51 | | |
| New obligational authority | 1,939 | 1,950 | 1,970 |
| New obligational authority: Appropriation (adjusted) | 1,939 | 1,950 | 1,970 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$14,000; (1963 adjustment +\$16,000); 1963, \$30,000; 1964, \$30,000; 1965, \$30,000.

ORGANIZATION AND ACTIVITIES

ACTIVITY: MEDIATION

The amended Railway Labor Act administered by the National Mediation Board is the culmination of more than 60 years of experience in the field of Federal legislation dealing with the relationship of employer and employee in the transportation industry. This history commenced with the passage of the Newlands Act by the Congress in 1898, and through several successive steps of legislative action, has finally resulted in the present Railway Labor Act, passed in 1926 and amended in 1934. The airline industry was placed under this law by the Congress in 1936.

The basic aims of the present act are to promote the settlement of all disputes concerning rates of pay, rules, and working conditions by negotiation and agreement between the duly authorized and designated representatives of management and the employees. This is accomplished through the process of collective bargaining between the representatives of the rail and air carriers and their employees. Representatives for this purpose may be chosen by each party without interference, influence, or coercion of either party on the other.

The primary obligation imposed by the act on both parties is that of making agreements to govern rates of pay, rules and working conditions and to reduce strife in the industry.

The act also imposed the definite obligation on both sides to confer and make every reasonable effort to adjust their differences through negotiation and agreement. When this is not found possible the mediation services of this Board may be invoked by either party and the Board then exerts its best efforts in mediation to bring about an adjustment. Should these efforts be unsuccessful, the law then makes it the duty of the Board to urge the parties to submit their differences to final and binding arbitration. As a last resort the Board may certify to the President emergencies which threaten to interrupt interstate commerce to a substantial portion of the country, and the controversy may then be considered by an emergency board.

The Mediation Board also determines representation disputes arising among various crafts or classes of railroad and airline employees, by conducting secret ballot elections or checking signed authorization cards, and certifies the names of the chosen representatives to the carriers. In addition, the Board appoints referees to sit with the various divisions of the National Railroad Adjustment Board on deadlocked cases, and, when requested to do so appoints neutral arbitrators to sit with arbitration boards set up under the act; and appoints neutrals to work with special boards of adjustment on the rail carriers and with system boards of adjustment on the airlines.

Approximately 1,250,000 rail and airline employees are under the jurisdiction of this Board and the act.

The Mediation Board has 3 members who are Presidential appointees, and 37 employees, making a total staff of 40. All of the staff, with the exception of the Board members, are under the classified civil service.

STATUS OF WORK OF BOARD

At the start of the fiscal year the Mediation Board had a backlog of 281 mediation disputes awaiting mediator services and at the close of the year the backlog amounted to 310 cases. The caseload of the Board remains relatively stable. There was during the past fiscal year a slight decline in the number of applications received and cases closed. It is not anticipated that this trend will continue. As major pending disputes involving rules in the railroad industry and the crew complement issue in the airline industry are resolved, it is expected that the requests for the Board's services will increase.

The following table shows the estimated and actual caseload figures for 1962 and 1963, and estimated figures for 1964 and 1965 based on experience for the past 4 years. This table is divided to show cases pending at start of year, cases docketed, cases closed, and cases on hand at the end of each fiscal year. The estimated workload for 1965 is based on analysis of cases received for the past 3 years.

Mediation cases

| | 1962 actual | 1963 actual | 1964 estimate | 1965 estimate |
|----------------------------------|-------------|-------------|---------------|---------------|
| Cases pending start of year..... | 271 | 281 | 310 | 300 |
| Cases received during year..... | 295 | 301 | 350 | 350 |
| Cases closed during year..... | 285 | 272 | 360 | 360 |
| Cases pending end of year..... | 281 | 310 | 300 | 290 |

AIRLINE CASES

Title II of the Railway Labor Act, placing the airlines of the United States thereunder, was approved April 10, 1936. During the first few years thereafter, very few cases arose among airline employees requiring the mediatory services of this Board, or its services in connection with representation disputes. Organizational activity among certain employee groups in the airline industry is still in progress and numerous individual labor organizations are involved.

Recent introduction of heavier and faster planes generally results in approaches by the flight personnel for revised rules and increased compensation. The pilots' organization has continued its efforts to secure larger compensation for its members on the theory that they should participate to a greater extent in the potential earning capacity of the larger and faster planes. These efforts have been stepped up to a marked degree with the introduction of jet planes in transport service.

Other classes of airline employees including the clerical, communications, and mechanical crafts or classes have also pressed their demands for higher pay scales, the union shop, increased shift differentials, more holidays, and similar benefits.

The establishment of new routes or changes in established routes has resulted in approaches for changes in agreements, which included rules and rates for handling joint routes and interchange service.

Consolidation of established airlines by purchase and merger has resulted in disputes involving the status of the personnel of the affected units including integration of seniority lists, severance pay formulas, etc. The airline industry although expanding is still in a "shakedown" period of mergers and consolidations under authority of the Civil Aeronautics Board, and many problems will arise in connection with this phase of airline operations.

Except for the pilots, who are represented by a single labor organization, other groups on the airlines are represented by many different organizations, which has resulted in a divergence in the terms of agreements on rates and rules. Many of the classes of ground service employees are still unrepresented, and with organizing campaigns in progress among them by various organizations, we do not anticipate a decline in the number of representation disputes among airline employees.

REVIEW OF OPERATIONS

During the past fiscal year activities in the railroad industry have been dominated by the report and recommendations of the Presidential Commission pertaining to the operating employees as well as the movement among various non-operating organizations to obtain job security benefits for their members. No final pattern has emerged as to the direction these trends will finally take but it is anticipated that the services of the Board will be utilized on many of the smaller

carriers as major settlements are achieved. In the airline industry the crew complement issue continued to dominate. However all organizations continued to press for more favorable contracts covering job security issues, union shop and wage increases. The Board does not anticipate any decline in its workload but rather expects an increase as the organizations' efforts are directed to smaller carriers.

PERSONAL SERVICES

The Board is requesting a total of \$490,389 for personal services, an increase of \$9,290 over the amount required for the prior fiscal year 1964. This entire increase is necessary to meet the obligations incurred due to the passage of Public Law 88-793.

For personal benefits the Board is requesting the same amount, \$36,000, as allocated in the previous fiscal year.

Promotions and adjustments in GS-salary grades are made in accordance with the Board's promotion policy and approved by the Civil Service Commission. The average grade and salaries for employees are as follows:

| | 1963 | 1964 | 1965 |
|-------------|----------|----------|----------|
| Grade..... | 11.2 | 11.2 | 11.2 |
| Salary..... | \$10,974 | \$11,716 | \$11,866 |

Analysis of travel 1963

| Year | Total travel days | Cost per travel day | Total | Number cases closed | Travel days per case | Number of travelers | Travel days per traveler |
|-----------|-------------------|---------------------|-----------|---------------------|----------------------|---------------------|--------------------------|
| 1961..... | 4,708 | \$21.25 | \$100,053 | 325 | 14 | 25 | 188.0 |
| 1962..... | 4,516 | 24.53 | 110,776 | 285 | 16 | 25 | 181.0 |
| 1963..... | 4,637 | 25.27 | 117,169 | 272 | 17 | 25 | 185.4 |
| 1964..... | 5,100 | 26.00 | 133,000 | 360 | 15 | 26 | 200.0 |
| 1965..... | 5,100 | 26.00 | 133,000 | 360 | 15 | 26 | 200.0 |

OTHER OPERATING EXPENSES

The Board anticipates a reduction of \$6,290 from the amount expended in 1964 in other operating expenses in fiscal 1965.

SUMMARY

The amount requested for this activity \$691,000 represents an increase of \$3,000 over the amount available for fiscal 1964. This increase is due to mandatory increases.

Activity analysis by object classification—Activity, mediation

| Standard classification | Estimate, 1964 | Estimate, 1965 | Increase (+ or decrease (-)) |
|--|----------------|----------------|------------------------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | \$481,099 | \$490,389 | +\$9,290 |
| Positions other than permanent..... | | | |
| Total personnel compensation..... | 481,099 | 490,389 | +9,290 |
| 12 Personnel benefits..... | 36,000 | 36,000 | |
| 21 Travel and transportation of persons..... | 133,901 | 133,111 | -790 |
| 23 Rent, communications, and utilities..... | 20,000 | 20,000 | |
| 24 Printing and reproduction..... | 7,000 | 3,000 | -4,000 |
| 25 Other services..... | 1,500 | 1,500 | |
| 26 Supplies and materials..... | 6,000 | 6,000 | |
| 31 Equipment..... | 2,500 | 1,000 | -1,500 |
| Total obligations..... | 688,000 | 691,000 | +3,000 |

ACTIVITY: VOLUNTARY ARBITRATION AND EMERGENCY DISPUTES

Despite the labor unrest in the industries subject to the Railway Labor Act, the number of legal work stoppages in the airline and railroad industries has been relatively few as compared to other industries. While there have been many incidents which potentially threaten to interrupt rail and air traffic, the Board feels that the whole record of its performance indicates that its efforts have, in the main, succeeded in keeping the wheels of the transportation industry moving. In many instances the efforts of the members and staff of the National Mediation Board are successful in achieving peaceful settlements of labor disputes through the procedures financed under this activity establishing emergency and arbitration boards as well as special boards of adjustment.

A total of \$460,000 is requested for this activity to finance operations in the fiscal year 1965. This is the same amount as available for the fiscal year 1964 and for which a total of \$438,000 was expended in fiscal 1963.

Emergency board.—Under the terms of section 10 of the Railway Labor Act, if a dispute between a carrier and its employees is not adjusted through mediation or the other procedures prescribed by the act, and should, in the judgment of the National Mediation Board, threaten to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service, the Board shall notify the President, who may thereupon, in his discretion, create an emergency board to investigate and report to him respecting such dispute. Any emergency board may be composed of such number of persons as the President designates, and persons so designated shall not be pecuniarily or otherwise interested in any organization of employees or any carrier. The compensation of emergency board members is fixed by the President. An emergency board is created separately in each instance, and is required to investigate the facts as to the dispute and report thereon to the President within 30 days from the date of its creation.

During the past fiscal year there were five emergency boards appointed by the President. Two boards created in the previous fiscal year completed their work in fiscal year 1963. A total of \$82,749 was obligated for emergency boards in fiscal 1963.

Arbitration board.—Section 5, 3(a), of the Railway Labor Act provides in the event mediation of a dispute is unsuccessful, the Board shall endeavor to induce the parties to submit their controversy to arbitration under the provisions of section 7 of the act. Generally, arbitration boards consist of three members, a representative of the carrier and of the organization and a third neutral member. The compensation of the neutral member is fixed by the Mediation Board.

During the past fiscal year seven arbitration boards were agreed to, three boards created in the prior fiscal year met during the past year while three of those created had not convened; thus seven boards were financed during the past fiscal year. For this a total of \$7,955 was obligated.

Special boards of adjustment.—Special boards of adjustment, a form of arbitration, may be created during mediation by carriers and organizations as a procedure to dispose of claim and grievance dockets, or in many instances, by voluntary agreement between rail carriers and organizations. The latter procedure has continued to increase during the past year as a result of the decision of the U.S. Supreme Court, *BRT v. CRI RR Co.* (352 U.S. 864) which held in effect that compulsory arbitration applies to grievance matters. Another factor which encourages the parties to resort to this procedure for disposing of grievances is the fact that special boards of adjustment can be set up promptly to dispose of disputes which if sent to the adjustment board in Chicago would be held for a considerable period of time before adjudicated. This has a salutary effect on employee morale and permits the carrier to adjust practices which if continued may impose a heavy financial burden.

In this past fiscal year 52 new special boards of adjustment were created and during this period a total of 122 boards convened. This represents an increase from the number, 48, of boards created in fiscal year 1962, and the number, 98, of boards which convened in that year. A total of \$332,354 was obligated for these boards in fiscal 1963.

It is not possible to forecast precisely the total expenditures needed for this activity nor to determine exactly the amount needed for the various types of boards established. The estimate is based on past experience, knowledge of the industry

problems, and a reasonable reserve for contingencies. In summary the expenditures for 1963 were as follows:

| | |
|-----------------------------------|----------------|
| Emergency boards..... | \$82,749 |
| Arbitration boards..... | 7,955 |
| Special boards of adjustment..... | 332,354 |
| Communication services..... | 9,693 |
| Taxes and assessments..... | 5,283 |
| Total..... | 438,034 |

Activity analysis by object classification—Activity, voluntary arbitration, and emergency disputes

| Standard classification | Estimate, 1964 | Estimate, 1965 | Increase (+) or decrease (-) |
|--|----------------|----------------|------------------------------|
| 11 Personnel compensation: Positions other than permanent..... | \$364,000 | \$364,000 | ..... |
| 12 Personnel benefits..... | 6,500 | 6,500 | ..... |
| 21 Travel and transportation of persons..... | 60,000 | 60,000 | ..... |
| 23 Rent, communications, and utilities..... | 15,000 | 15,000 | ..... |
| 24 Printing and reproduction..... | 4,500 | 4,500 | ..... |
| 25 Other services..... | 10,000 | 10,000 | ..... |
| Total obligations..... | 460,000 | 460,000 | ..... |

Emergency boards, 1963

| No. | Carrier and organizations | Salaries | Per diem | Rents and utility | Printing | Other contract service | Total |
|-----|--|------------------|------------------|-------------------|-----------------|------------------------|-------------------|
| 148 | New York Central—ORT..... | \$6,625.00 | \$1,568.36 | \$138.76 | \$398.40 | \$629.75 | \$9,567.30 |
| 149 | American Airlines—TWU..... | 350.00 | 189.67 | ..... | ..... | 3.00 | 547.18 |
| 150 | Belt Ry. Co., Chicago—BLE..... | 6,250.00 | 2,989.49 | ..... | 76.13 | 447.90 | 9,943.52 |
| 151 | Southern Pacific Co.—BRC..... | 23,500.00 | 6,359.79 | ..... | 468.95 | 2,055.90 | 33,066.24 |
| 152 | Pan American World Airways—TWU..... | 4,800.00 | 516.69 | ..... | ..... | 86.70 | 5,500.27 |
| 153 | REA—IBT..... | 6,250.00 | 1,929.88 | 882.88 | 353.45 | 898.63 | 10,430.93 |
| 154 | E, W, SE Conference Committee—Oper. Org..... | 10,600.00 | 3,601.36 | 603.61 | 144.00 | 60.50 | 15,393.72 |
| | Total..... | 58,375.00 | 17,155.24 | 1,595.25 | 1,440.93 | 4,182.98 | 184,449.16 |

¹ Includes Agency's contribution to FICA.

Arbitration boards, 1963

| No. | Carrier and organization | Salaries | Per diem | Print- ing | Other contract service | Total |
|-----|--|-----------------|-----------------|--------------|------------------------|------------------|
| 168 | E, W, SE Conference Committee—BLE, BLF&E and ORCB..... | \$3,000.00 | \$626.48 | ..... | ..... | \$3,735.22 |
| 269 | NYC—BRT..... | ..... | ..... | ..... | \$5.58 | 5.58 |
| 272 | Baltimore & Ohio—ORT..... | ..... | ..... | ..... | 9.00 | 9.00 |
| 273 | REA—IAM..... | 1,400.00 | 175.06 | \$33.00 | 12.00 | 1,620.06 |
| 275 | Chicago & Northwestern—ORT..... | ..... | ..... | ..... | 149.60 | 149.60 |
| 276 | Pittsburgh & Ohio Valley—USW..... | 900.00 | 32.63 | ..... | 52.00 | 984.63 |
| 277 | Southern Pacific—BRC..... | 700.00 | 515.99 | ..... | 342.88 | 1,558.87 |
| | Total..... | 6,000.00 | 1,350.16 | 33.00 | 571.06 | 18,062.96 |

¹ Includes Agency's contribution to FICA.

Special boards of adjustment, 1963

| Number | Parties | Referee | Selected by— | Total days | Average number of days per case | Number of cases disposed of | Salaries | Per diem | Total |
|--------|---|-------------|--------------|------------|---------------------------------|-----------------------------|----------|------------|-------------|
| 18 | Southern Pacific—Big A | Mabry | Parties | 118 | 0.91 | 128 | \$11,800 | \$1,127.20 | \$11,800.00 |
| 41 | Southern Pacific—BRT | Ferguson | NMB | 44 | .90 | 49 | 4,400 | 125.00 | 5,527.20 |
| 71 | Missouri Pacific—BRT | Robertson | Parties | 7.5 | .19 | 40 | 750 | 570.93 | 875.00 |
| 73 | Pittsburgh & Lake Erie—BRT | Gilden | do | 93 | .79 | 118 | 9,300 | 570.93 | 9,870.93 |
| 88 | Texas & New Orleans—B.L.F. & E. | do | do | 10.25 | .49 | 21 | 1,025 | 616.55 | 1,641.55 |
| 105 | Pittsburgh & Lake Erie—BLE | do | do | 49 | 5.44 | 9 | 4,900 | 313.94 | 5,213.94 |
| 140 | Chicago, Milwaukee, St. Paul & Pacific—ORCB & BRT | do | do | 17 | .34 | 137 | 4,700 | 316.03 | 4,700.00 |
| 140 | do | do | do | 44 | 1.06 | (1) | 1,400 | 316.03 | 1,716.03 |
| 148 | Kansas City Southern—BRT | Ferguson | NMB | 33 | 1.06 | 31 | 3,300 | 678.83 | 3,978.83 |
| 169 | St. Louis Midwestern—BRC | Wykoff | Parties | 11.5 | 1.64 | 7 | 1,150 | 488.48 | 1,638.48 |
| 175 | Chicago, Milwaukee, St. Paul & Pacific—ORCB & BRT | Robertson | do | 12.5 | 1.64 | (1) | 1,250 | 301.69 | 1,611.69 |
| 179 | Missouri Pacific—BRT | Douglass | do | 16 | .43 | 37 | 1,600 | 259.80 | 1,859.80 |
| 180 | Southern Pacific—BLE | Mabry | do | 33 | 1.94 | 17 | 3,300 | 319.46 | 3,600.00 |
| 192 | H. & O.—BRC | Robertson | do | 38.5 | 2.54 | 23 | 3,850 | 306.76 | 4,156.76 |
| 195 | Grand Trunk Western—BRT | Douglass | do | 12.25 | .95 | 31 | 1,225 | 306.76 | 1,531.76 |
| 197 | Delaware, Lackawanna & Western—BLE & BLEF | do | do | 58.5 | 1.57 | 102 | 3,800 | 311.29 | 4,111.29 |
| 227 | Great Northern—SUNA | Gilden | do | 19 | 1.80 | 5 | 1,800 | 185.42 | 1,985.42 |
| 231 | New York Central—BRT | Guthrie | do | 19.5 | .88 | 40 | 2,200 | 605.09 | 2,805.09 |
| 235 | Chicago & Northwestern—BRT | Douglass | do | 22.5 | 1.63 | 23 | 2,200 | 605.09 | 2,805.09 |
| 238 | Missouri Pacific—O.R.C. & B. | Murphy | do | 17.25 | 1.63 | 104 | 17,125 | 2,697.85 | 19,782.85 |
| 239 | Missouri Pacific—BRC | Robertson | do | 9 | .45 | 21 | 1,400 | 225.00 | 1,625.00 |
| 241 | Terminal Railroad Association, St. Louis—BRT | Coffey | do | 11 | .82 | 14 | 1,100 | 259.85 | 1,300.00 |
| 248 | Erie-Lackawanna—BRT | Gilden | do | 16.75 | .64 | 26 | 1,177 | 479.49 | 1,400.85 |
| 251 | Chicago River & Indiana—BRT | Robertson | do | 32.5 | .33 | 63 | 3,250 | 415.21 | 3,675.49 |
| 252 | Western Pacific—BRC | Coffey | do | 14.25 | 3.56 | 8 | 1,425 | 306.43 | 1,731.43 |
| 267 | Texas & Pacific—B.L.F. & E. | Douglass | do | 14.5 | 1.81 | 8 | 1,425 | 306.43 | 1,731.43 |
| 279 | Missouri Pacific—BMWE | Whiting | do | 22 | .63 | 35 | 2,300 | 616.28 | 2,916.28 |
| 280 | St. Louis Southwestern—BMWE | Beley | do | 19 | .57 | (1) | 1,900 | 232.65 | 2,132.65 |
| 283 | Washington Terminal—BRT | Robertson | do | 12 | .87 | 21 | 1,200 | 277.12 | 1,327.12 |
| 285 | Reading Co.—BMWE | Baier | do | 13 | .95 | 15 | 1,300 | 277.12 | 1,327.12 |
| 288 | New York Central—B.L.F. & E. | Shugrue | NMB | 18 | .55 | 19 | 1,800 | 365.25 | 1,800.00 |
| 289 | New York Central—BRT | Donaldson | Parties | 5.5 | 1.60 | 5 | 550 | 365.25 | 915.25 |
| 290 | B. & O.—BLE | Robertson | do | 128.5 | 1.60 | 10 | 800 | 365.25 | 800.00 |
| 312 | Chicago & Northwestern—B.L.F. & E. | O'Gallagher | do | 26.5 | .68 | 166 | 12,850 | 1,368.10 | 12,850.00 |
| 317 | Boston & Maine—BRT | Gilden | do | 1 | .20 | 27 | 2,650 | 1,368.10 | 4,018.10 |
| 324 | New York Central—BRT | Gilden | do | 3 | 1.00 | (1) | 100 | 100.00 | 100.00 |
| 330 | Texas & Pacific—O.R.C. & B. | Douglass | do | 14.5 | 1.20 | (1) | 300 | 129.40 | 400.00 |
| 331 | Union Pacific Railway Co.—BRT | Stone | do | 28 | 372.28 | (1) | 2,800 | 372.28 | 3,172.28 |
| 333 | Do. | Beley | do | 7 | .70 | (1) | 700 | 700.00 | 700.00 |
| 334 | Orden Union Depot—BRT | Guthrie | do | 6.5 | .73 | 9 | 650 | 116.43 | 766.43 |
| 337 | Central of Georgia—B.L.F. & E. | Guthrie | do | | | | | | |

NATIONAL RAILROAD ADJUSTMENT BOARD, CHICAGO, ILL.

DIGEST OF ESTIMATE OF APPROPRIATION, 1965

FUNCTION OF THE BOARD

1. The Board was created for the adjudication of disputes between railroad labor and the carriers.
2. The 18 carrier members and the 18 labor members are selected and paid by the parties they represent. This also applies to the five carrier and five labor members of the regional or supplemental board set up to reduce the backlog of cases of the Third Division. It is estimated this amounts to about \$800,000 per year.
3. The Government's portion of the cost of operation of the Board is for office personnel, referees, travel, printing and reproduction, and other miscellaneous expenses.

Appropriation, "Salaries and expenses"

1. The estimate of \$819,000 for 1965 is only \$17,000 more than the \$802,000 appropriated or estimated for 1964.
2. The item personal services, office personnel, contemplates the same number of employees as for the current year. The increase of \$17,000 is due to statutory pay increases.
3. Carrier and labor members are equally divided on each division; and in case of a deadlock, a referee is appointed to sit as a member to make an award. The estimate of \$235,000 in the item of personal services, positions other than permanent, is for salaries of these referees.
4. In the other items, no change is expected.

Testimony before the House Appropriations Committee

1. Members who represent the Board will testify as to the creation, operating, and policies; and the administrative officer will testify as to any details in the estimate of appropriation. They will answer any questions that may arise in connection with the foregoing.

JUSTIFICATION OF ESTIMATES AND STATEMENT OF PROPOSED EXPENDITURES FOR THE FISCAL YEAR 1965

General statement

The National Railroad Adjustment Board was created by act of Congress, approved June 21, 1934, 45 U.S.C. 153, for the adjudication of disputes between an employee or group of employees and a carrier or carriers, growing out of grievances or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions, which are handled in the usual manner up to and including the chief operating officer of the carrier designated to handle such disputes; but, if not adjusted in this manner, the disputes are then referred to the appropriate division of the Adjustment Board for settlement.

The Board is composed of 36 members, 18 selected and paid by the carriers and 18 selected and paid by organizations of railroad employees which are national in scope. The act provides for four divisions of the Adjustment Board, each of which has jurisdiction over disputes involving certain groups of employees. For example, the First Division has jurisdiction over disputes involving train and yard service employees; the Second Division, shop crafts; the Third Division, clerical forces, maintenance-of-way men, dispatchers, etc.; and the Fourth Division, water transportation and miscellaneous.

The establishment of a number of special boards on individual properties has been helpful in reducing the backlog of cases, and there may be some further reduction in this manner during the year. In the meantime, however, new cases continue to be received about as fast or faster than disposition is made of old ones. During the past few years there has been a decided increase in the number of cases submitted by the nonoperating employees. Causes for increases are the amendment to the Railway Labor Act permitting the union shop and resulting subsequent agreements; changes in agreements including the adoption of the 40-hour workweek; the national agreement covering vacations, pay for holidays, and time limit for submitting cases.

In order to reduce the large backlog of Third Division cases, following an agreement of the parties, there has been established a supplemental board of 10

members, which it is hoped will materially reduce the number of pending cases within a year or so.

The estimate for the fiscal year 1965 is \$819,000, which is virtually the same as is available for the current year. We wish to stress the fact that the salaries of the members of the Board, as well as for the Third Division supplemental board, estimated at about \$800,000 per year, are paid by the carriers and the labor organizations, and the Government pays the salaries of the employees of the Board, as well as supplies and other incidental expenses. It may, therefore, properly be pointed out that a large portion of the cost of operation of the Adjustment Board is borne by the carriers and the labor organizations.

The Board has now been in existence about 29 years, and the estimate for 1965 is based largely upon past experience, by which we endeavored to anticipate future requirements. We feel that conditions fully justify the amount requested.

There follows a statement showing the number of cases received, docketed, and disposed of by the various divisions during the fiscal years 1961, 1962, and 1963.

| | Number pending July 1 | Number received | Total | Number closed | Number pending June 30 |
|--------------------------|-----------------------|-----------------|-------|---------------|------------------------|
| Fiscal year 1961: | | | | | |
| 1st Division | 3,104 | 823 | 3,927 | 999 | 2,928 |
| 2d Division | 365 | 216 | 581 | 293 | 288 |
| 3d Division | 2,399 | 733 | 3,132 | 486 | 2,646 |
| 4th Division | 89 | 98 | 187 | 81 | 106 |
| Total | 5,957 | 1,870 | 7,827 | 1,859 | 5,968 |
| Fiscal year 1962: | | | | | |
| 1st Division | 2,928 | 687 | 3,615 | 377 | 3,238 |
| 2d Division | 288 | 287 | 575 | 196 | 379 |
| 3d Division | 2,646 | 773 | 3,419 | 1,688 | 2,731 |
| 4th Division | 106 | 126 | 232 | 119 | 113 |
| Total | 5,968 | 1,873 | 7,841 | 1,380 | 6,461 |
| Fiscal year 1963: | | | | | |
| 1st Division | 3,238 | 809 | 4,047 | 254 | 3,793 |
| 2d Division | 379 | 217 | 596 | 241 | 355 |
| 3d Division | 2,731 | 779 | 3,510 | 1,912 | 2,598 |
| 4th Division | 113 | 96 | 209 | 145 | 64 |
| Total | 6,461 | 1,901 | 8,362 | 1,552 | 6,810 |

¹ 3d Division, 416; supplemental, 272.

² 3d Division, 483; supplemental, 429.

TUESDAY, FEBRUARY 11, 1964.

FEDERAL MEDIATION AND CONCILIATION SERVICE

WITNESSES

WILLIAM E. SIMKIN, DIRECTOR
 ROBERT H. MOORE, DEPUTY DIRECTOR
 HERBERT SCHMERTZ, SPECIAL ASSISTANT TO THE DIRECTOR
 L. E. EADY, DIRECTOR, ADMINISTRATIVE MANAGEMENT
 JAMES J. DINNENY, ASSOCIATE DIRECTOR, ADMINISTRATIVE MAN-
 AGEMENT
 JOHN G. FLANAGAN, CHIEF, BUDGET DIVISION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 4,003 | 4,389 | 4,750 |
| Positions other than permanent..... | 45 | 57 | 82 |
| Other personnel compensation..... | 6 | 41 | 25 |
| Total personnel compensation..... | 4,054 | 4,487 | 4,857 |
| 12 Personnel benefits..... | 299 | 332 | 351 |
| 21 Travel and transportation of persons..... | 415 | 477 | 517 |
| 22 Transportation of things..... | 21 | 25 | 25 |
| 23 Rent, communications, and utilities..... | 181 | 195 | 200 |
| 24 Printing and reproduction..... | 8 | 10 | 10 |
| 25 Other services..... | 35 | 23 | 25 |
| Services of other agencies..... | 33 | 55 | 30 |
| 26 Supplies and materials..... | 28 | 30 | 30 |
| 31 Equipment..... | 68 | 53 | 55 |
| Total obligations..... | 5,142 | 5,687 | 6,100 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Total number of permanent positions..... | 393 | 405 | 415 |
| Full-time equivalent of other positions..... | 4 | 5 | 6 |
| Average number of all employees..... | 389 | 404 | 416 |
| Employees in permanent positions, end of year..... | 390 | 405 | 415 |
| Employees in other positions, end of year..... | 8 | 20 | 20 |
| Average GS grade..... | 10.9 | 10.9 | 11.0 |
| Average GS salary..... | \$10,540 | \$11,322 | \$11,610 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Mediation and conciliation of labor disputes..... | 4,594 | 5,095 | 5,422 |
| 2. Ad hoc boards, panels, mediators, and consultants..... | 63 | 86 | 125 |
| 3. Administration..... | 466 | 516 | 549 |
| Total program costs, funded..... | 5,123 | 5,697 | 6,096 |
| Change in selected resources ¹ | 19 | -10 | 4 |
| Total obligations..... | 5,142 | 5,687 | 6,100 |
| Financing: Unobligated balance lapsing..... | 47 | | |
| New obligational authority..... | 5,189 | 5,687 | 6,100 |
| New obligational authority: | | | |
| Appropriation..... | 5,195 | 5,690 | 6,100 |
| Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728 and 77 Stat. 436)..... | -6 | -3 | |
| Appropriation (adjusted)..... | 5,189 | 5,687 | 6,100 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$24,000 (1963 adjustments, -\$7,000); 1963, \$36,000; 1964, \$26,000; 1965, \$30,000.

GENERAL STATEMENT

Mr. DENTON. We have the Federal Mediation and Conciliation Service. Mr. Simkin, do you have a statement?

Mr. SIMKIN. I have a statement which has been submitted.

Mr. DENTON. It will be made a part of the record and you may summarize it.

(Mr. Simkin's statement follows:)

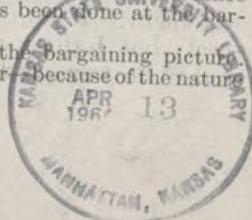
The details of our fiscal year 1965 budget estimate and the justifications for our request have already been submitted to you. Because of this fact and your familiarity with our operations, I will not discuss many details here. Of course, we will be glad to answer any questions you may wish to raise.

Our Labor-Management Panel, established by the Taft-Hartley Act but long dormant, was reactivated by President Kennedy last May at my request. Several meetings of the panel have been held with our staff and 9 of the 11 active members participated for 1 or more days at our two training seminars for all mediators just concluded in Chicago. In addition, a total of 16 other truly outstanding labor, management, and public representatives participated in our Chicago meetings. In almost every respect, all of these distinguished men support a number of our own conclusions that I will try to summarize.

The negotiation of a typical labor agreement today is very substantially more difficult than was the case only a few years ago. Automation, a high level of unemployment, more intensive domestic and foreign competition, changing composition of the work force, mergers, consolidations, and plant relocations—all these and other factors in a variety of mixtures—create stresses and strains of increasing complexity. In a host of cases, negotiations start in an atmosphere of head-on collision between understandable desires of workers for job security and legitimate needs of management for improved efficiency. Wages, the traditional principal bargaining issue, very often assume a minor role in the totality of issues and problems to be solved.

I am continually amazed and gratified by the resourcefulness of the bargainers on both sides of the table. Those who say that collective bargaining is an institution that is dead or that has outlived its usefulness simply don't know what they are talking about. When we couple the fact of most difficult bargaining problems with a continuous 4-year record of the lowest incidence of strike time losses since World War II, it is evident that a generally good job has been done at the bargaining table.

But, it is just as clear that there are dark spots in the bargaining picture. Strikes are fewer but those that do occur tend to last longer—because of the nature



of the problems that cause the strikes. In some few instances, it must be said that collective bargaining has failed.

Resourceful mediation is needed today more than at any time in our collective-bargaining history, and the need will not diminish. We believe that the Federal Mediation and Conciliation Service has been taking and is taking the necessary steps to meet the challenge. We would not presume to take sole credit or even primary credit for the excellent 4-year strike loss record. But, we do know of literally hundreds of cases where strikes have been averted that would have happened in the absence of mediation or where a strike has been shortened materially. We need make no apologies to the taxpayers for the costs of our small agency.

What is needed to maintain and improve mediation effectiveness?

The first obvious requirement is to do more with the manpower that we have. Without any boasting, I can assure you that that is being done. Our continuing operations audit guides us in the most effective dispersion and location of staff. Seminars, training for needed new skills, better supervision, and other procedures such as increased use of mediation panels have produced a harder hitting team effort of our experienced staff. Special care in selection of new mediators and a higher level of qualified applicants have resulted in new men who are already on the job and who are upgrading the general level of staff competence.

But, the great need for more resourceful mediation cannot be met solely by increased efficiency of existing staff. Unlike many agencies, our work is not done indirectly. It is performed by men "on the firing line," in direct contact with the parties and at times dictated by the parties.

In preparing our 1965 budget, we projected real and immediate need for 260 field mediators, an increase of 20 above our 1964 authorization, plus 20 additional supervisory and clerical support positions. In short, we asked for a total of 40 additional positions.

In our view of President Kennedy's original mandate to limit Federal employment severely and President Johnson's strong reaffirmation of that position, we had further discussions with the Budget Bureau. As a result of those discussions, we reluctantly agreed to limit staff expansion to 10 more field mediators. In short, we have reduced our original request of 40 additional positions down to 10, all of these new positions to be active field mediators.

For reasons already discussed, crisis mediation activity in fiscal 1965 is almost certain to require more manpower than in fiscal 1964. In fiscal 1965, we expect major activity in the aerospace, automobile, meatpacking, oil refining, chemical, farm equipment, and longshore industries, to mention only a few major situations. We expect continuation of the trend of more meetings per active case and more need to use mediation panels. Especially in aerospace, we may need extensive help of ad hoc mediators, working with our regular staff.

What we have called preventive mediation—postnegotiation committees, various types of labor-management committees, and prenegotiation committees along the lines of the Human Relations Committee in steel—represent a significant and substantial trend that is made necessary by present-day bargaining problems. Our mediators are in a key position to sponsor, encourage, and assist these developments. Since we appeared before you last year, we have more than doubled our activities in these areas and we will need to show the same degree of growth again in fiscal 1965 to fulfill our obligations in these areas.

The breakdown of our revised request, approved by the Budget Bureau and the President, shows that the total increase of \$413,000 is required almost solely for the following purposes:

- (1) Addition of 10 field mediators with minimum additional amounts for travel, communications, and other items needed for these 10 positions and for generally increased activity of the entire staff.
- (2) Mandatory salary increases due to the January 6, 1964, pay increases and step rate increases that cannot be absorbed.
- (3) Some expected increase in use of ad hoc labor relations experts, notably in 1965 aerospace negotiations.

It is our sincere belief that the full amount requested is needed to fulfill our obligations.

Mr. SIMKIN. We have also submitted our full budget in the previous statement which you have. I will not try to repeat the details in that statement. I want to talk on what may be generalities in some respects but I think they are important ones. Of course we will be glad to answer questions on any details.

TRAINING SEMINARS

We have just concluded our training seminars in Chicago. We had at those seminars 9 out of the 11 members of our Labor-Management Panel that President Kennedy reactivated last May after I had suggested that that be done.

We also had some 16 very outstanding labor, management, and public men at our seminars. The whole theme of the discussion, we heard from all segments—our Labor-Management Panel, our other representatives—tends, I am sure, to support most of the things that we have concluded ourselves over the past 2 or 3 years and that I will try to summarize.

DIFFICULTY OF NEGOTIATIONS

The first and fairly obvious thing to all of us in this area of work is that a typical labor agreement today is much more difficult to negotiate than was the case just a few years ago. We are all familiar with the problems of automation, our high level of unemployment, more intensive domestic and foreign competition, changing composition of the work force, mergers, consolidations, and plant relocation. All these factors and a variety of others create great stresses and strains in the collective-bargaining process. In a very large number of cases what we find is not the traditional dispute where wages are the principal issue but where the real issues are boiled down to a head-on collision between understandable desires of employees for job security and real needs in many cases of management for improved efficiency.

Mr. DENTON. What are some of the issues?

NONWAGE ISSUES

Mr. SIMKIN. There is a whole host of issues—fringe benefits, severance pay, questions about work assignments, matters of that kind are the dominant issues, not wages.

I might illustrate that by a case in which I happened to be personally involved for parts of a couple months. You may have noted something about the long strike at the Shell Refinery in Houston, Tex.; a refinery and chemical plant, where a strike persisted for almost a year before it was cleaned up.

In that case wages had not been an issue since before the strike. The key issues were how men are to be assigned to work. The effects of automation had resulted over a period of about 5 years in the reduction of the work force from about 2,800 to about 2,200. The company was insisting for competitive reasons over and above the requirements of automation, that mechanics do some work across craft lines and that the operators do some maintenance work which they had not done in the past. These were the issues in that particular case.

It took a long struggle, including this 11½-month strike and meetings with our mediators, in which I myself participated for parts of 2 months. We had a total of 80 or 90 meetings in that case before the matter was finally resolved.

I am not suggesting that this particular one is typical. It is extreme. But we are getting just literally dozens and hundreds of

cases around the country where this type of problem, this general type of problem, is the key problem. I am emphasizing that fact only to show that the negotiations are more difficult.

APPRAISAL OF COLLECTIVE BARGAINING

On the other side of the coin there has been a lot of, what I consider to be, loose talk lately about failure of collective bargaining. Frankly, on the basis of our reports and what I myself have seen, I am really gratified at the resourcefulness that is being shown by labor and management today in many situations. It is not an easy problem. It is an extremely rough problem. But resourcefulness is being shown. On the whole, the bargaining process is doing a good job.

I think when we look at our low incidence of strike losses now, which have been consecutive for the last 4 years, and relate that record to the magnitude of the problems that the parties face, bargaining is doing, I think, a tremendous job. But it is quite clear that there are some dark spots in the picture and there are a few situations where bargaining has broken down.

Another tendency, even though strikes tend to be fewer, they do tend to be a little longer these days. The statistics show the average strike is running a little longer because of the magnitude of these problems.

VALUE OF MEDIATION

Because of all this, we have long since concluded—I have said this before to this committee—that more resourceful mediation is needed, in my judgment, than at any time in our history. This was a theme that was picked up, quite without prompting, by our own Labor-Management Panel and by the other labor and management people who met with us. We would not, as a Service, presume to take sole or even primary credit for this excellent low strike record of the last 4 year. But we do know literally dozens and hundreds of cases where strikes have been averted or where they have been shortened materially as a result of resourceful mediation. I think we need make no apologies to the American taxpayer for the costs of our small agency. I would not presume to put a statistical figure on the value, but we are confident that it is there.

STAFF TRAINING PROGRAMS

What do we need to both maintain and improve our effectiveness? Obviously, the first requirement is to do more with the manpower that we now have. I think we are making great steps in that area through the seminars that we have just concluded. These training seminars and plans for training mediators for new and added skills in such areas as job evaluation, pensions, health and welfare programs will be of great value. New areas of labor-management committees are developing—special training programs of that sort we believe are necessary to improve and upgrade the skills of the men we already have on our staff.

We are taking special care and time for selection of new mediators. We do find a much higher level of applicants than has been true in the past. We sincerely believe that the level of the caliber and compe-

tence of the new men who have been employed is adding to and upgrading our total level of staff competence.

INCREASE IN STAFF

We do believe that our present staff is not adequate to do the job that is ahead for 1965. When we prepared our 1965 budget, and without any padding, we projected at that time a very real need for a total of 260 field mediators, which would have been 20 above our present staff level. We projected a need for additional supervisory and support positions, some clerical, resulting in a total request to the Bureau of the Budget for 40 additional positions.

However, in view of President Kennedy's original mandate to limit Federal employment severely and, of course, President Johnson's strong reaffirmation of that position, we had some further discussions with the Bureau of the Budget.

We reluctantly, but in complete understanding of the President's program, agreed to cut down our request from the original 40 to 10. We are asking, for fiscal year 1965, only 10 more positions than our authorization for 1964. Because we have made such a substantial cut in our request, and because we feel that these 10 must be men on the firing line, in direct contact with the parties, our request is that these additional 10 be field mediator positions. Obviously, this is going to put a squeeze on our supervisory and clerical staff but we are willing to undertake that because in this time of obvious need to limit manpower increases we feel that the 10 field mediator positions are the best place to use additional personnel.

BARGAINING IN 1965

All of the signs we are able to discern indicate that fiscal 1965 will be an even rougher bargaining year than fiscal 1964. In fiscal 1965 we expect major activity of our Service to be in the aerospace, automobile, meat packing, oil refining, farm equipment, chemical, and longshore industries; to mention only a few of the major situations. Furthermore, we expect there will be a continuing trend as shown in the last 2 or 3 years of more meetings per active case and more need to use mediator panels. That is, more than one man on a single case in a particularly difficult one.

Furthermore, we expect there will be increasing need to use ad hoc outside expert mediators in particular situations more than has been necessary in 1964 or even in 1963. We have some plans that are not yet finalized but we are already working on 1965 aerospace negotiations which were so difficult last time. It is probable, if not certain, that we will need to use some additional people working with our mediators at a fairly early date in connection with those negotiations.

If it is possible, and I think it is possible, we want to avoid a repetition of 1962 even though we did get through the 1962 aerospace negotiations without any appreciable strike time lost. It was a long, tough problem and we intend this time to try to get most of that out of the way before the contract deadlines, instead of after.

PREVENTIVE MEDIATION

We have talked over the years to this committee about a program we call preventive mediation. You are familiar with it. You are familiar with the more recent developments that are illustrated by the human relations committee in the steel industry.

We believe that in almost equal priority to our crisis mediation, there is a major job to be done in this area all across the country, not only in the large plants but in many of the smaller and medium-sized plants. Increasingly, these difficult bargaining problems are just not capable of resolution in the few days or hours before a strike deadline. We find the parties are susceptible in many, many situations to setting up of joint committees where some of these problems can be tackled on a longrun basis and away from the crisis atmosphere. This endeavor, although it is difficult to summarize, can be broken down into about three types of committees or their equivalent.

Sometimes in a negotiation, some particular problem is set aside for a postnegotiation committee to clean up the problem after the contract is signed. One illustration would be a case where a sum of money, let us say half a cent per hour, is set aside for correction of intraplant inequities, where a committee will then conclude that job in the months and the weeks following negotiation.

Then there is a sizable number of situations where the mediator finds that the parties know their grievance procedure is all out of whack and they are having too much arbitration or threats of wildcat strikes. By reason of his knowledge of the situation and his acceptability to the parties, the mediator may get into that situation to help the parties straighten out the grievance procedure; not to mediate individual grievances as such, but to assist in the development of a sound grievance procedure.

Then there is the more publicized type of activity like the human relations committee in the steel industry where, on certain specific subjects, such as pensions, health and welfare, job evaluation, and some of the repercussions of automation, the parties can sit down 6 months or a year before the negotiation crisis and begin to develop ideas as to ways in which these problems can be solved.

This is a type of work we do not at this time even pretend to evaluate statistically in terms of mediator time. We feel, in our small agency, that it is both too difficult and a waste of too much paper to try at this point to make a clear statistical evaluation. In terms of numbers of cases and numbers of situations in which our mediators are actively promoting and helping develop some of these longer-range programs, we can say with assurance that our activity in the last year has more than doubled what it was the year before. We believe that in 1965, we will have to double our activity again realistically in order to fulfill our responsibilities in this area. We must keep ahead of the parade instead of behind it in terms of the developments of collective bargaining.

SUMMARY OF 1965 BUDGET INCREASES

Mr. Chairman, you have the breakdown of our revised request as approved by the Budget Bureau and the President. The total increase requested is \$413,000 which is required almost solely for three purposes:

First, for the salaries of the 10 additional field mediators I mentioned, with minimum additional amounts for travel, communications, and so forth for those 10 men, and with a little additional money for travel and communications for the intensified activity of the remainder of the staff. That is the first chunk of the requested increase.

Then there is an amount of approximately equal size, and it may even be slightly larger, in the total, called for by mandatory salary increases that, of course, became effective January 1 of this year and step rate increases which we cannot absorb.

Then there is a small additional amount for our expected use of ad hoc outside labor relations experts, such as Jim Healy and Dr. Taylor and Dave Cole and John Dunlop and others of that character. We expect our use of these men in 1965, particularly in aerospace, will necessarily be heavier than it was this year.

Those are the three major items that make up the \$413,000 we are requesting over and above our 1964 allocation.

In conclusion, it is our sincere belief that the full amount is really needed to fulfill the obligations we have assumed.

Mr. DENTON. Thank you very much.

MAN-HOURS LOST BECAUSE OF LABOR DISPUTES

I was glad to hear you say the man-hours lost because of labor disputes had decreased over the last 4 years. I have read a great deal about that in the papers but do you have a table to put in the record to show how they have decreased?

Mr. SIMKIN. Yes, sir; I do not have it with me but we can supply it.

Mr. DENTON. Supply it for the record.

Mr. SIMKIN. Yes, sir.

(The requested information follows:)

Percentage ratio of time lost in work stoppages to total time worked, calendar years 1946 to 1963, inclusive

| Calendar year: | Percentage ratio, time lost to total time worked | Calendar year—Continued | Percentage ratio, time lost to total time worked |
|----------------|--|-------------------------|--|
| 1946..... | 1.43 | 1955..... | 0.26 |
| 1947..... | .41 | 1956..... | .29 |
| 1948..... | .37 | 1957..... | .14 |
| 1949..... | .59 | 1958..... | .22 |
| 1950..... | .44 | 1959..... | .61 |
| 1951..... | .23 | 1960..... | .17 |
| 1952..... | .57 | 1961..... | .14 |
| 1953..... | .26 | 1962..... | .16 |
| 1954..... | .21 | 1963..... | .15 |

Source: Bureau of Labor Statistics.

Mr. SIMKIN. The figures have varied in the last 4 years beginning in fiscal 1960, 1961, 1962. Rather, they are calendar years. They vary from fourteen-hundredths of 1 percent to seventeen-hundredths of 1 percent of the total time worked. Those figures are the lowest figures since World War II. It is the first time we have had a consecutive 4-year period of this kind.

Normally, if you look at the figures in previous years, there will be high peaks and the average for the period since the war up until 1960 was approximately twice this average for the last 4-year period.

CAUSES OF STRIKES

Mr. DENTON. Of course, you have a period of fairly good employment and that tends to prevent strikes. It is when there is increasing unemployment that you run into strikes; is that right?

Mr. SIMKIN. That is one of the causes of strikes; not the only one by any means.

Mr. DENTON. I was interested in what you said about the cause of strikes. It has been some time since I had anything to do with this, but when I was practicing law it seemed to me that all disputes were caused by situations like this. A new method was established for a workman to do a certain amount of work, either by some efficiency expert or by a machine. Then he produced a good deal more than he did before and there was always the question whether he got the benefits of that increase or whether the employer did. There was always that controversy.

Mr. SIMKIN. That is still a major controversy.

Mr. DENTON. I do not know the answer to it yet but it was always an argument.

BUDGET INCREASE, 1965

Your appropriation for 1964 is \$5,690,000?

Mr. SIMKIN. Right.

Mr. DENTON. Which provides for 405 permanent positions. The request for 1965 is \$6.1 million and 415 positions. That is an increase of \$410,000 and 10 positions.

Did you say \$413,000? That is due to a small transfer of funds?

Mr. SIMKIN. That is correct.

Mr. DENTON. What would happen if you did not get those 10 additional positions?

Mr. SIMKIN. I do not think we could do the job we need to do, particularly in this area of long-range work with the parties that we have projected and that is, in my judgment, absolutely essential.

Mr. DENTON. You use them in strike prevention methods you spoke about?

STAFF DEPLOYMENT

Mr. SIMKIN. We do not separate our staff by function. In other words, we do not have mediators who work only on crisis bargaining and others who work solely on what we call preventive mediation work. We do not specialize, in other words, and the reason is this: The mediator who works in a tough crisis bargaining situation gets acquainted with the parties and knows what their problems are and perhaps more important knows the parties and has attained their confidence. That particular individual is the man who then can move in after the bargaining is concluded and work constructively with them during the course of time prior to the next bargaining session. He is the man who has the natural entree into the case and that is our reason for not specializing. We are doing various things with our entire staff to increase their competence in working on this. What, to some of them, is a relatively new area of work, I might add, although our better mediators for years have done this sort of thing in an informal way.

PERSONNEL REVIEW

Mr. DENTON. Some departments and agencies have been asked since the budget was prepared to again review their personnel with a view to cutting back. Did you get such a request?

Mr. SIMKIN. We did. We discussed the matter again with the Budget Bureau and we concluded that the 10 we are asking for are the bare minimum. To my knowledge, the Budget Bureau has agreed with us. We have had numerous discussions with the Budget Bureau over this period of time. The Budget Bureau agreed with us we were down to the bare minimum.

MANDATORY PAY COSTS

Mr. DENTON. You discussed the mandatory pay costs but will you place in the record a table on that?

Mr. SIMKIN. Yes, sir. We can take care of that.

(The information follows:)

Increased costs due to mandatory salary increases

| | |
|--|------------|
| Mandatory full-year cost of step 2 of pay increase pursuant to Public Law 87-793----- | \$221, 000 |
| Part-year cost (Jan. 5-June 30) included in fiscal year 1964 expenditures----- | 106, 000 |
| Increase in fiscal year 1965 over 1964----- | 115, 000 |
| Mandatory increased cost of within-grade advancements effective during fiscal year 1965----- | 49, 800 |
| Mandatory cost of agency contributions to retirement and life insurance funds----- | 11, 500 |
| Total increased costs due to mandatory salary increases----- | 176, 300 |

NATIONAL LABOR-MANAGEMENT PANEL

Mr. DENTON. The National Labor-Management Panel was re-activated in May 1963. What have they done since then?

Mr. SIMKIN. We have had four meetings, 1- or 2-day meetings, most of them 2-day meetings, with the panel. These meetings were here in Washington. Then, as I indicated at the outset of my paper, 9 of the 11 men who are now active have spent anywhere from 1 to 2 days with us at our seminars in Chicago. They appeared on our program and they worked informally with us, so that means a total of five meetings of our panel. Our next meeting is scheduled for the middle of March, a 2-day session.

Mr. DENTON. How many members are there on the panel?

Mr. SIMKIN. Twelve men.

Mr. DENTON. How many represent management and how many represent labor?

Mr. SIMKIN. Six for management and six for labor.

Mr. DENTON. Does the Government participate?

Mr. SIMKIN. No. There are no so-called public members on this particular panel. As you will recall, this is provided for in the Taft Hartley Act back in 1947; but it never really got off the ground.

Mr. DENTON. Their purpose is to try to improve management-labor relations?

Mr. SIMKIN. Their purpose is to advise us as to ways we can improve our service and promote the mediation process generally, and with particular reference to emergency disputes, but not, by any means, limited to emergency disputes.

Mr. DENTON. What is the estimated annual cost of this and are these costs all included in your budget?

Mr. SIMKIN. These are included.

Mr. DENTON. How much is the cost?

Mr. SIMKIN. Could you give us a breakdown on that?

Mr. EADY. The payroll cost for the panel for 1965 will amount to \$3,000.

Mr. SIMKIN. The reason for that is that most of these men do not accept compensation. Compensation under the Taft-Hartley Act is specified at \$25 a day so it is not a magnanimous amount. In any event, most of these industry and labor people do not accept the \$25 but do accept expenses.

Mr. DENTON. In my home town of Evansville, we have had a labor-management committee. They had representatives of labor unions on it and employers. They met every so often to discuss their problems.

Mr. SIMKIN. I think Ed Windes is there as our representative.

Mr. DENTON. Yes. It has been very successful.

LABOR-MANAGEMENT ACTIVITIES IN THE SERVICE AND IN THE DEPARTMENT OF LABOR

Secretary of Labor Wirtz was in Evansville Thursday. At that time he said the Labor Department had set up a similar committee. Do you know about that?

Mr. SIMKIN. Yes, I do. The Labor Department has set up—and they will, of course, be talking with you tomorrow on what they call this—a Labor-Management Services Division. I would prefer for them to discuss their own program.

Their exact plans could in some respects be considered similar to ours but I think they are significantly different.

Mr. DENTON. That is what I wanted to get at, how they are different.

Mr. SIMKIN. They may in certain specific instances tend to overlap, but our plans for a committee being activated, as I indicated earlier, develop directly out of the situations where a mediator is familiar with the problem and works through and follows through after the crisis bargaining. The Department of Labor's plans are of a more general nature and without that kind of preliminary contact.

I might mention another one right in your own State. Our two mediators, Chet Ralston and George Hupp in South Bend, were very active in the development of a special labor-management committee. I have forgotten its exact name.

Mr. MOORE. Mishawaka-South Bend area.

Mr. SIMKIN. Congressman Brademas is familiar with this. They had a meeting here just this last month.

Our two mediators in that instance are the two cochairmen of the committee. They were very prominent in promoting it.

SERVICE'S RELATIONSHIP TO THE DEPARTMENT OF LABOR

Mr. DENTON. Last year we had considerable discussion of what seemed to be an overlapping of your activities and those of the Department of Labor. Has there been any change or clarification of the relationship of these activities since last year?

Mr. SIMKIN. I would say that our relationship with the Secretary and with the Department has been excellent. I am not saying this in any way of boasting, but if we look at the disputes within our jurisdiction, outside the railroad area, in which the Secretary has been involved since about approximately a year ago, there are no disputes to my knowledge except a couple of maritime matters in which the Secretary has been involved since the newspaper and longshore situations of approximately a year ago.

Mr. DENTON. You had the railroad strike, the Northwestern?

Mr. SIMKIN. There have been a number of railroad strikes or threatened strikes. The railroads and airlines, as you know, are not within our jurisdiction. They are within the jurisdiction of the National Mediation Board.

Mr. DENTON. The reason I asked the last question is that the Department of Labor established a new activity this year they call industrial relations services. That has five positions and they want to expand this to 19 next year. The justifications made it sound very much like some of your activities. What is the difference?

COOPERATION BETWEEN SERVICE AND DEPARTMENT OF LABOR

Mr. SIMKIN. Perhaps I can illustrate by one specific type of project we are working on and working in cooperation with them.

I mentioned committees like the Human Relations Committee, but there are a lot of others; the Kaiser Committee, and the Armour Automation Committee. There is the agreement between the Pacific Maritime Association and the longshoremen on the west coast. These are well-publicized developments, and there are many others less well publicized. We intend to promote and work with the parties on this kind of development.

COOPERATION ON RESEARCH

We have asked Jim Reynolds who heads up this new program for the Labor Department, suggested to them and they have tentatively agreed that they do the research work which we believe would be helpful in pulling together in one single document a critical analysis of all of these multitude of plans. We could take that research work and that analysis and put it into the hands of our mediators to assist them in developing similar programs in specific spots around the country.

In other words, as we envision it, the Department of Labor would do the research activity and we would do the fieldwork. We just do not have a research staff. As far as I am concerned, we do not intend to develop a research staff that would undertake that kind of an endeavor. Right now we use the BLS in getting occasional statistics in important industry disputes.

We used BLS in 1962 for aerospace. This new department or new division of the Department of Labor is designed to correlate and co-

ordinate all of the Department of Labor activities. When we need some particular assistance on a dispute or on one of these preventive programs, we can go to one source to get it.

MEDIATION BY THE SECRETARY OF LABOR

Mr. DENTON. Of course, they have mediated some disputes. A year ago there were quite a number of the Labor Department intervened in?

Mr. SIMKIN. In the 3 years I have been on the job, there have been a few disputes in which I say either the Secretary of Labor or the Assistant Secretary have been involved in a mediation capacity.

To repeat, that number has been virtually nonexistent for the past year.

SEPARATION OF CONCILIATION SERVICE AND DEPARTMENT OF LABOR

Mr. DENTON. This Conciliation Service used to be in the Department of Labor, I believe?

Mr. SIMKIN. It was until 1947.

Mr. DENTON. Then the Taft-Hartley Act was passed and it was set up as a separate agency. Now we find them both doing the same things. The Labor Department is still doing the same thing?

Mr. SIMKIN. I still do not think it is the same thing.

Mr. DENTON. Anyhow, there is a great danger of overlapping, let us put it that way.

Mr. SIMKIN. There is some possibility of overlapping, I would not deny that.

Mr. DENTON. I think that is all.

Mr. LESINSKI?

Mr. LESINSKI. Would it not be proper to combine them into one unit then?

Mr. SIMKIN. I do not think so. I think the Mediation Service can be much more effective as an independent agency than as a subdivision of the Department of Labor. I think it is important to maintain our independent status.

Mr. LESINSKI. Could a guideline be drawn up better for a separation of duties?

Mr. SIMKIN. I do not really think we have a major problem on separation of duties. I am frank to confess, or concede, there is a possibility of a problem. I just do not think we have a major problem today in that area.

NEED FOR FEDERAL GOVERNMENT MEDIATION

Mr. LESINSKI. In your testimony, I believe you stated both labor and management are dependent on the Federal Government to settle their differences; otherwise, labor will say, "The Government so and so is there and we have to go along." Is that true?

In other words, you are used as a so-called hedge or as a means of escape?

Mr. SIMKIN. Of course, in the majority of contracts that are bargained or a substantial majority of the contracts that are bargained in this country each year, there is no direct activity of our

Service or any other Government service. In that portion of the bargaining where mediation help is needed, our labor-management panel and all of the people in the labor industry with whom we talk agree on the general premise that some mediation assistance is more likely to be needed today than at any time in the past. Our mediation efforts are solely of a persuasive nature.

Of course, we have no authority to tell anybody what to agree to.

Mr. LESINSKI. The point I am driving at is this—

Mr. SIMKIN. We do not want that.

Mr. LESINSKI. The point I am driving at is that while this cat and dog fight is going on, you are called into the picture to kind of smooth things over?

Mr. SIMKIN. Not only to smooth things over but also to provide some resources to make suggestions to the parties in some of these tough problems where they themselves may not come up with an answer that is acceptable. So we have to be continually more resourceful in thinking of alternative solutions and suggestions which will help bring about a peaceful resolution of the problem.

Mr. LESINSKI. Since you cut your own request, it makes it easier on us to determine whether you are right or wrong although, before, this was not so. However, I am very happy that you made a definite effort to control your exuberance in trying to get more money.

Thank you. That is all, Mr. Chairman.

Mr. DENTON. Mr. Laird?

TIME LOST ON MISSILE BASES

Mr. LAIRD. We have been reading in the newspapers that the Secretary of Labor claims there have been fewer strikes, especially in missile bases in 1963, than in other years. Do you agree with his statement?

Mr. SIMKIN. The fact of fewer or less strikes generally, there is no question about that. The total time lost in strikes in the country generally has been not only less last year, but for the preceding 3 years.

Mr. LAIRD. He made quite a point of this missile base situation in 1963. I have seen several allusions to it.

We have a strike going on right now at Cape Kennedy.

Mr. SIMKIN. I know about that.

Mr. LAIRD. Your figures do not bear out the statement that the Secretary made as far as time lost is concerned.

Mr. SIMKIN. Time lost on missile bases for fiscal year 1963 contrasted with that—contrasted with the calendar year I should say—were very low. I think this is on page 14 of our statement. These figures for June 1962 to June 1963 are correct figures for that period of time.

I did not bring the figures with me but there has been a bit of an increase prior to this Canaveral incident.

Mr. LAIRD. I am talking about 1962 and 1963 and I would think the figures would be higher in 1963.

Mr. SIMKIN. They are a little higher for the last half of 1963; that is correct.

With this thing we have at Canaveral involving as many men as it does involve, this is going to throw our figures for February on the high side. I did not bring those figures month by month with me

but the ratio of days worked to days lost is not as good as for the last 6 months in 1963. It was excellent in January of this year.

As I remember, we had something roughly like 100 days, man-days, lost in the whole country in January. Our February figures are not as good.

Mr. LAIRD. It seems to me these figures justify optimism as far as industry generally is concerned, but in this missile base area that does not seem to be the case during the last 6 months.

Mr. SIMKIN. The fact that the figures have been high has been due to two or three strikes. The picture in all other sites has been good. The present problem down at Cape Kennedy is a difficult one. We have a commission meeting scheduled for Friday and we are taking some other steps in the meantime in connection with that.

If you exclude two or three substantial strikes, the picture otherwise has been as good or better than in preceding years.

(NOTE.—The following was subsequently submitted to the committee:)

MISSILE SITE STRIKE RECORD

Supplementing the data on page 14 of our budget estimate (congressional submission) and Mr. Laird's questions and my answers on pages 45 and 46 of the February 11 transcript, the attached summary of lost time June 1963 through January 1964 provides more detail.

This most recent 8-month period was not quite as good as the June 1962 to June 1963 period (one day lost to 800 days worked in contrast to one day lost to 1,288 days worked). However, it was better than the national average, very substantially better than the construction industry generally and infinitely better than missile site experience during the period prior to establishment of the Commission.

This week's stoppage (February 10-12) for which detailed figures are not yet available and the September 1963 incident at the cape were, of course, caused by the expansion of the Florida East Coast Railroad dispute to the cape.

Missile sites lost time summary, June 1963 through January 1964

| Month | Man-days worked | Man-days lost | Percent lost |
|---------------------|-----------------|---------------|--------------|
| June 1963..... | 945,700 | 261 | 0.028 |
| July 1963..... | 949,500 | 555 | .058 |
| August 1963..... | 982,000 | 318 | .032 |
| September 1963..... | 918,700 | 12,627 | .286 |
| October 1963..... | 955,700 | 21,363 | .142 |
| November 1963..... | 846,900 | 3,679 | .434 |
| December 1963..... | 736,400 | 38 | .005 |
| January 1964..... | 850,000 | 129 | .015 |
| Total..... | 7,184,900 | 8,970 | .124 |

¹ During September, 2,123 man-days were lost at Cape Kennedy when the building trades honored the railroad union pickets.

² During October, 878 man-days were lost at Cape Kennedy by IATSE and building trades during negotiation of new contract between IATSE and RCA.

³ During November, 3,425 man-days were lost at Cape Kennedy by IATSE and building trades in continuation of IATSE-RCA contract negotiations.

⁴ Estimated.

NOTE.—During these 8 months there were 800 man-days worked for each 1 lost due to a labor dispute. The remainder of the losses were due to minor disputes for the most part arising out of grievances of the usual nature.

TENDENCY TO AVOID STRIKES

Mr. LAIRD. Generally, there has been a tendency industrywide to avoid strikes.

Mr. SIMKIN. Yes, that is correct.

Mr. LAIRD. With the peaceful contract agreements in the electrical industry, such as GE and Westinghouse and others, that were settled

without strikes in 1963, and the trucking industry agreement of a month or so ago, would you agree there has been a tendency to avoid strikes?

Mr. SIMKIN. I certainly would agree; yes, sir. In fact, I would make a point of it.

DEPARTMENT OF LABOR'S INCREASE IN LABOR-MANAGEMENT ACTIVITIES

Mr. LAIRD. Are you aware—and I know that you are from the comments that you made to Mr. Denton—that the Department of Labor has asked for a substantial budget increase which was approved by the Bureau of the Budget for the Office of Industrial Relations Services and for their Office of Labor-Management Policy Development?

SERVICING AD HOC COMMITTEES

Are they going to service these ad hoc committees that are set up in the Department of Labor?

Mr. SIMKIN. Our budget includes, and since I have been in office they have serviced them under the Taft-Hartley law. We have also serviced all of the boards including Presidential Boards within our jurisdiction. Of course, this is excluding railroads and airlines.

Mr. LAIRD. You have taken care of that and we funded those programs. We have given you the money to do that over a period of the last few years?

Mr. SIMKIN. That is correct.

Mr. LAIRD. You have money in this budget to continue that kind of service?

Mr. SIMKIN. We have money in this budget and we intend to continue it.

Mr. LAIRD. You intend to retain that responsibility?

Mr. SIMKIN. That is correct.

Mr. LAIRD. You do not intend to transfer that to the Department of Labor?

Mr. SIMKIN. We do not.

Mr. LAIRD. You think it should be transferred to the Department of Labor?

Mr. SIMKIN. I do not.

DEPARTMENT OF LABOR JUSTIFICATION

Mr. LAIRD. I have the Department of Labor's justifications, and I would like to read to you from activity 1, Employee-Management Relations Services. When I get down here to the narrative description of the program and the justification for almost doubling their appropriation in this particular area for fiscal year 1965, I find this in the justifications:

* * * Providing staff support to the Secretary and the Administrator in discharging the Department's responsibilities in the labor-management area in relation to various interagency activities; and providing assistance in particular dispute situations and servicing ad hoc commissions and boards established to deal with specific labor-management relations matters.

The Office will serve as the focal point in the Department's relations with other labor-management relations agencies of the Government, particularly FMCS, NMB, and the NLRB. Upon the request of such agencies, or the Secretary, the Office will proceed in advance of emergencies or collective bargaining

deadlines to assess the character and dimension of potential areas of controversy and gather and supply information from within the Department, other Government agencies, and private sources, which will be of assistance in resolving collective bargaining problems. * * *

At the outset, information will be developed on the mechanics of establishing joint labor-management "human relations" type committees for use of the FMCS in appropriate cases. This service will give aid and assistance to these ad hoc committees.

I read over this justification of the Department of Labor and it seems to me to be a justification for work that you should be performing.

Mr. SIMKIN. I would rather not comment on that. I suspect you will be talking with the Department of Labor on that.

Mr. LAIRD. Were you aware of this justification?

Mr. SIMKIN. I have not examined the details on that, no. There is one big project the Department of Labor is presently engaged in and that is the big Longshore study. It is a Department of Labor study.

Mr. LAIRD. That is a different matter entirely.

Mr. SIMKIN. I am not aware, but perhaps some others on my staff will know how the big Railroad Commission thing was financed. I do not know whether that was financed out of Department of Labor funds or not.

Mr. MOORE. Could I make a comment?

Mr. SIMKIN. Yes.

RESEARCH COORDINATION SERVICE IN DEPARTMENT OF LABOR

Mr. MOORE. Congressman Laird, perhaps this distinction will clarify the apparent overlap which I do not think exists. It is our understanding—

Mr. LAIRD. I never found a Government witness from any agency who thought any overlap existed so far as his agency was concerned.

Mr. MOORE. I say there could be an apparent overlap. We have had many discussions with the Department of Labor and Jim Reynolds, Nelson Bortz, and others engaged in this particular area of operations. It is our understanding that we both have a common approach. The Department of Labor approach they are discussing here is primarily research and making available such specialized information material as the parties and we may need to use to carry out and meet particular problems. It has never been their intention to mediate or to take care of specific problems themselves in the sense of following through in the field.

It has been their intention to make this material available as the parties need it, to coordinate the information from a variety of sources as we and the parties ask for it to implement our mediation efforts in the field, or the parties direct collective bargaining, but not the mediator or not to handle field work.

It is a research coordination service operation rather than mediation. That is our understanding.

Mr. LAIRD. Perhaps the person who wrote this budget justification is a little overexpansive.

Is your understanding the same as Mr. Moore expressed?

Mr. SIMKIN. I would subscribe to what you say, Bob. Perhaps it could be added that there was, as some of you will recall, a couple of

special boards appointed and one that illustrates that is the Fine-singer Board in the airlines dispute that met over a long period of time.

This was a Board appointed by the Secretary in the airline controversy. It is my understanding that that Board was financed by the Department of Labor.

My comments relate only to those industries that are within our jurisdiction.

I do not know whether the Department of Labor has paid the expenses and has serviced both—

Mr. LAIRD. This is handled in a different section of these justifications.

DEPARTMENT OF LABOR LABOR-MANAGEMENT RELATIONS ACTIVITIES

I am trying to deal now with the work that seems, according to these justifications, to be work you have responsibility for.

Mr. SIMKIN. The only thing I can think of—and I would like for my members of the staff to add anything they wish—the only special board I know of within our jurisdiction that was financed outside is this special Longshore Study.

I am not sure whether the Morse Board was not financed with our funds.

I do not know whether that was the Department of Labor or what source.

Mr. LAIRD. The activity covered by the justifications I read is just being started in the Department of Labor in the last quarter of fiscal 1964. That is being done through a reprogramming of funds in the Department of Labor where they take money that was appropriated by Congress for another purpose and set up this particular office. As I understand it, they are out recruiting staff at the present time.

According to the Department of Labor's description of these two offices, much of their time will be spent in trying to minimize collective bargaining disputes. They make quite a point that they are trying to move in early. That sounds much like the preventive mediation work you just talked about. This justification reads to me much the same as the justification we have had for many years for the Federal Mediation and Conciliation Service. Maybe they have got one of your writers over there writing their justifications this year.

Mr. SIMKIN. I do not think so.

NEED FOR INCREASED FUNDS

Mr. LAIRD. If we consider the fact that the general aura of labor-management peace seems to be pretty good right now, according to your testimony and according to what the Secretary of Labor said, except for the missile area, it makes it even more difficult to see why we need a competing agency here wanting more funds to do a job similar to what your agency is doing.

It is pretty difficult, I think, to justify an additional quarter of a million dollars in fiscal year 1965 for both yourself and for this new service in this area.

Mr. SIMKIN. Obviously, all I can speak for is our own experience, but I am completely convinced that it is needed. I am not in any sense knocking the Labor Department's program because we have

worked cooperatively with them. We have the field staff to do the job and any development beyond the research area and putting together of necessary information, any development of these long-range programs in terms of labor-management committees and the human relations-type committee, has to be done on the spot with the people who are involved. It has to be done by a field staff.

It is slow development work. There are numerous cases where our mediators have worked over a period of months.

It is a problem of trying to get an idea planted and nurturing it until it develops to the point of acceptance. We are not going out ringing doorbells. We move in only where we see the likelihood of a real development as a result of our own knowledge of the particulars of that situation.

AUTHORIZATION LANGUAGE REGARDING GRIEVANCE DISPUTES

Mr. LAIRD. I can understand that. I thought perhaps the Department of Labor was moving into this because you did not think you had the authority to do this.

Mr. SIMKIN. There never has been any question about our authority

Mr. LAIRD. What about the language of the statute? The final sentence of section 203(d) details the functions of your services and it states:

The Service is directed to make its conciliation and mediation services available in the settlement of such grievance disputes only as a last resort in exceptional cases.

Do you think entering a case 2 or 3 months earlier than customary is complying with the language "as a last resort"?

Mr. SIMKIN. We do not enter many situations—as a matter of fact it is rare that we ever enter a grievance situation—as such. There is a very limited number of cases where we mediate a particular grievance.

Mr. LAIRD. The Department of Labor seems to have the impression your language is very limited. I was given that language over in the Department. Your authorizing legislation provides that you can enter a dispute only as a last resort.

Mr. SIMKIN. No. The "last resort" applies only to grievances.

The broader language, and I didn't bring a copy of the act with me, provides clearly that we—

Mr. LAIRD. I am not trying to make a case for the Department of Labor, but I would like the question answered one way or the other. I get conflicting information as to where your responsibility is and where their responsibility will begin. They feel they can begin earlier than you.

Mr. SIMKIN. The broader language of the act provides clearly that not only are we to be active in crises but also to prevent disputes.

As I understand it, in the legislative history of the Taft-Hartley Act, Senator Ives particularly made a special point of that with respect to the language talking about prevention of disputes as well as the mediation of a crisis dispute.

Mr. SCHMERTZ. The act makes a distinction between grievances and disputes. I do not have the act before me, but it talks about the avoidance and prevention of disputes. It clearly—

Mr. LAIRD. It talks about grievance disputes.

Mr. MOORE. Grievance disputes growing out of interpretation of existing collective-bargaining agreements and is in no sense applicable to disputes over contract terms. These are the problems we are talking about, restrictive language only, applicable to grievances growing out of the application and interpretation of existing agreements.

Mr. SIMKIN. In this connection it is important to get some background. I happened to be Deputy Secretary to the Truman Labor-Management Committee which convened right after the war. While their accomplishments in terms of agreements were not too great they agreed unanimously on one thing, and that was on the promotion of arbitration of grievances, over interpretation of existing contracts. This was the unanimous recommendation of that Committee.

There was also a recommendation that the Conciliation Service discontinue its arbitration function, and it was this background of that Labor-Management Committee report dealing both with the old Conciliation Service and the promotion of grievance arbitration which preceded the writing in the Taft-Hartley Act of this provision that we should mediate grievances only as a last resort.

Mr. LAIRD. You do not enter these disputes, these grievance disputes, 2 or 3 months early?

Mr. SIMKIN. No. As a matter of fact, we don't get into most grievance disputes at all. The only ones we have gotten into are two or three automobile cases we have been active in, one in American Motors and one in Ford over grievance matters not subject to arbitration according to those contracts.

There have been a few places scattered around the country where parties had a provision in their contract providing for mediation of grievances as a step prior to arbitration. Even as late as this they have not corrected those contracts in response to the provisions of the act.

There are a couple States—in Michigan, for example, there are some contracts providing for that, and also in Missouri.

Our number of mediated grievances is very small compared to our disputes mediation or our preventive program.

(NOTE.—The following letter was subsequently sent to the subcommittee chairman:)

FEDERAL MEDIATION AND CONCILIATION SERVICE,
Washington, D.C., February 12, 1964.

Re supplement to the statement of William E. Simkin, Director, Federal Mediation and Conciliation Service.

HON. JOHN E. FOGARTY,
Chairman, Labor, Health, Education, and Welfare Subcommittee of the House Committee on Appropriations, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN FOGARTY: During the hearing on February 11, certain questions arose concerning the jurisdiction of the Federal Mediation and Conciliation Service vis-a-vis the activities of the new division in the Department of Labor known as the Labor-Management Services Administration.

I should like to amplify my views as to the statutory basis for the jurisdiction of this agency.

Section 202(d) of the Labor-Management Relations Act of 1947, as amended, transferred to the Federal Mediation and Conciliation Service—

"All mediation and conciliation functions of the Secretary of Labor or the United States Conciliation Service under Section 8 of the Act entitled 'An Act to create a Department of Labor' * * * and all functions of the United States Conciliation Service under any other law * * *".

That section also establishes that:

"The Director and the Service shall not be subject in any way to the jurisdiction or authority of the Secretary of Labor or any official or division of the Department of Labor."

Section 203(a) of the above-mentioned act mandates that:

"It shall be the duty of the Service, in order to *prevent* or *minimize* interruptions of the free flow of commerce growing out of labor disputes, to assist parties to labor disputes in industries affecting commerce to settle such disputes through conciliation and mediation." [Italic supplied.]

There is no proscription on the Service from a time standpoint as to precisely when it should or should not provide mediatory assistance. Furthermore, you will note that the above-quoted subsection uses the word "prevent." This creates a responsibility in this agency to develop programs and activities designed to make work stoppages unnecessary. This is the purpose of our preventive program.

There was some discussion at our hearing concerning mediation of grievance disputes. In section 203(d), Congress established the policy with regard to grievances arising out of the interpretation and application of existing collective bargaining agreements that:

"Final adjustment by a method agreed upon by the parties is * * * the desirable method for settlement * * *" of such disputes. Section 203(d) goes on to say:

"The Service is directed to make its conciliation and mediation services available in the settlement of such grievance disputes only as a last resort and in exceptional cases."

It is clear that this congressional direction is limited solely to grievances arising over the interpretation or application of existing collective bargaining agreements. Congress distinguished grievance disputes from the Service's activities with regard to disputes over the negotiations of new contracts or contract renewals. In the latter situations the Service, as noted above, may proffer its assistance at any time it deems advisable.

A minimal amount of previous appropriations has been expended by the Service in the mediation of grievance disputes, and none of the increased program or appropriation is sought for this type of mediation. Rather than increasing the Service activity in the mediation of specific grievance disputes, the activity of the Service in this type of mediation is declining. Less than 1 percent of our mediation assignments concerns specific grievances.

Very sincerely yours,

WILLIAM E. SIMKIN, *Director*.

MEDIATION BY THE DEPARTMENT OF LABOR

Mr. LAIRD. Congress set up your agency as an independent agency.

Mr. SIMKIN. That is right.

Mr. LAIRD. You have testified before the committee on several occasions in response to questions about the Labor Department duplicating the work of your Office, that your Service was independent, and you seemed to indicate although it was independent you were a realist about this, and have not objected when there were certain times the Department of Labor did move in.

Mr. SIMKIN. There have been a few times. As you say, I am a realist. I do not think there has been any administration to my knowledge since 1947 wherein at least a limited number of instances the Secretary of Labor has not become involved.

I suppose the outstanding case was the 1959 steel case where you are all aware that both the Secretary of Labor and the Vice President got involved.

Mr. LAIRD. Are there many?

Mr. SIMKIN. It is not large. The number is really small. It is quite contrary to general impression.

Mr. LAIRD. As you go back over 1963 I cannot think of too many that were involved except perhaps the District of Columbia Stadium

dispute with the hotdog vendors. The White House seemed to move in on that right away.

Then there was the dispute between the National Symphony Orchestra and the Musicians' Union. I don't know whether the dispute with the Metropolitan Opera Company was in that year—

Mr. SIMKIN. 1961.

Mr. LAIRD. But it was in that general time period. Those were of such extreme national interest, I imagine, that it was necessary for the White House to move in. Was there a national emergency involved with regard to the hotdog vendors' dispute?

Mr. SIMKIN. I think you came in after I talked about this earlier.

Mr. LAIRD. You talked about the hotdogs earlier?

Mr. SIMKIN. I didn't talk about the hotdogs. In 1963 the instances in which the Secretary or the Assistant Secretary have been involved in matters within our jurisdiction were the newspaper case, concluded early in 1963; the longshore dispute; the hotdog vendors; and a couple of maritime disputes involving the *Maximus* and the *Savannah*.

Mr. LAIRD. What about the National Symphony?

Mr. SIMKIN. We had a mediator on the National Symphony.

The problem in the National Symphony case was not really a labor dispute as we normally think of one. The problem there was to get some public support to raise some more funds for the orchestra, and it was considered that the Cabinet member involved in it would be more likely to produce funds for the orchestra than the Mediation Service.

I think that should be off the record. This is the reality of that case.

The hotdog dispute was a situation where the real question was whether the President was going to be put in the position of going through a picket line or refusing to go through a picket line and not toss out the first ball. That was considered to be important. In this particular case it is a sport and nothing we should consider as a typical illustration.

Mr. LAIRD. That is all I have.

Mr. DENTON. Thank you very much, gentlemen.

Mr. SIMKIN. Thank you.

JUSTIFICATION MATERIAL

(The formal justifications follow:)

Federal Mediation and Conciliation Service salaries and expenses, comparative budget estimate, fiscal year 1965 over fiscal year 1964

| Description | Fiscal year 1964 | | Fiscal year 1965 | | Increase (+) or decrease (-) over 1964 estimate | |
|--|------------------|-----------|------------------|-----------|---|----------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| Personnel compensation: | | | | | | |
| Office of the Director..... | 10.0 | \$127,619 | 10.0 | \$129,992 | ----- | +2,373 |
| Office of Mediation Activity..... | 7.0 | 88,004 | 7.0 | 89,607 | ----- | +1,603 |
| Office of the General Counsel..... | 6.0 | 46,530 | 6.0 | 47,590 | ----- | +1,060 |
| Office of Special Activities..... | 9.0 | 81,660 | 9.0 | 83,597 | ----- | +1,937 |
| Office of Administrative Management..... | 32.0 | 225,014 | 32.0 | 229,820 | ----- | +4,806 |
| Total departmental..... | 64.0 | 568,827 | 64.0 | 580,606 | ----- | +11,779 |
| Total field..... | 341.0 | 4,032,912 | 351.0 | 4,253,430 | +10.0 | +220,518 |
| Total permanent..... | 405.0 | 4,601,739 | 415.0 | 4,834,036 | +10.0 | +232,297 |
| Deduct lapses..... | 5.6 | 64,977 | 4.8 | 51,610 | +-.8 | +13,367 |
| Net savings due to lower pay scales for part of year..... | | 147,762 | | 32,426 | | +115,336 |
| Net permanent..... | 399.4 | 4,389,000 | 410.2 | 4,750,000 | +10.8 | +361,000 |
| Part-time and temporary..... | | 57,000 | | 82,000 | | +25,000 |
| Payment above basic rates..... | | 6,000 | | 6,000 | | ----- |
| Regular pay above 52-week base..... | | 35,000 | | 19,000 | | -16,000 |
| Total personnel compensation..... | | 4,487,000 | | 4,857,000 | | +370,000 |
| Other objects: | | | | | | |
| Personnel benefits..... | | 332,000 | | 351,000 | | +19,000 |
| Travel and transportation of persons..... | | 477,000 | | 517,000 | | +40,000 |
| Transportation of things..... | | 25,000 | | 25,000 | | ----- |
| Rent, communications, and utilities..... | | 195,000 | | 200,000 | | +5,000 |
| Printing and reproduction..... | | 10,000 | | 10,000 | | ----- |
| Other services..... | | 78,000 | | 55,000 | | -23,000 |
| Supplies and materials..... | | 30,000 | | 30,000 | | ----- |
| Equipment..... | | 53,000 | | 55,000 | | +2,000 |
| Total other objects..... | | 1,200,000 | | 1,243,000 | | +43,000 |
| Total estimated obligations..... | | 5,687,000 | | 6,100,000 | | +413,000 |
| Financing: | | | | | | |
| Appropriation..... | | 5,600,000 | | 6,100,000 | | +410,000 |
| Transfer to "Operating expenses, Public Building Services,"..... | | -3,000 | | ----- | | +3,000 |
| Appropriation (adjusted)..... | | 5,687,000 | | 6,100,000 | | +413,000 |
| Total obligations..... | | 5,687,000 | | 6,100,000 | | +413,000 |
| COMPARATIVE ESTIMATE BY ACTIVITIES | | | | | | |
| 1. Mediation and Conciliation of Labor Disputes..... | | 5,085,000 | | 5,426,000 | | +341,000 |
| 2. Ad hoc boards, panels, mediators, and consultants..... | | 86,000 | | 125,000 | | +39,000 |
| 3. Administration..... | | 516,000 | | 549,000 | | +33,000 |
| Total estimated obligations..... | | 5,687,000 | | 6,100,000 | | +413,000 |

BUDGET ESTIMATE, FISCAL YEAR 1965, SALARIES AND EXPENSES

SUMMARY OF 1965 ESTIMATE

The program goals of the Service briefly stated are (a) to provide adequate, timely, and aggressive mediation assistance to prevent strikes and to shorten those that do occur (crisis mediation), and (b) to encourage and assist the development of newer bargaining methods and devices designed to avoid crises (preventive mediation).

The indications are that crisis mediation requirements in fiscal year 1965 will be greater than in the current fiscal year. In terms of newly developing types of issues, numbers of labor contract renewals, and number of employees involved, it is clear that a difficult bargaining and mediation year lies ahead. Equally im-

portant is the need for continued development of the preventive mediation program, particularly in prenegotiation contacts and consultations by the mediator staff with management and union representatives, and in the fostering and sponsoring of labor-management committees designed to maintain a continuous type of discussion on mutual problems away from the crisis atmosphere of the bargaining table. Mediators are also responsible for continuing postnegotiation contacts and consultations where appropriate. This type of program holds promise for meeting successfully the complexities of today's collective bargaining.

A total appropriation of \$6,100,000 is proposed for the budget year, an increase of \$413,000 over the current year's available funds. The only increase in full-time positions is 10 new mediators. A modest increase (\$39,000 total) is proposed for ad hoc boards, panels, and experts. Also included are funds for annualization of step II of the 1962 pay increase, mandatory within-grade salary advancements, annualization costs of positions filled for only a portion of 1964, and upgrading of new mediators who entered on duty in 1964 and who successfully complete the usual 1 year probationary and training period. Other increases of a supporting nature are for personnel benefits, travel, and communications. In short, the bulk of the requested increase is for items necessary to continue the level approved by the Congress for fiscal year 1964. (See table on p. 1.)

The proposal for 1965 will provide for 415 full-time positions distributed organizationally as follows:

1. A national office staff of 64 positions.
2. Seven regional director and seven assistant regional director positions.
3. A nonsupervisory field mediator complement of 250 positions, an increase of 10 over the current year.
4. A regional and field office administrative, stenographic, and clerical staff of 87 positions.

I. STATUTORY AUTHORITY

The Labor Management Relations Act, 1947, established the Federal Mediation and Conciliation Service as the statutory Federal agency having direct responsibility for providing assistance in labor-management disputes and related activities, exclusive of railroads and airlines, having an effect on interstate commerce.

Executive Order 10946, dated May 26, 1961, placed additional responsibilities on the Service in connection with labor-management relations and disputes at missile sites. Mediators employed by the Service (with coordinating functions in the national office) serve as the field operations arm of the President's Missile Sites Labor Relations Commission.

II. ORGANIZATION

Organization of the Service is dictated by the fact that the need for mediation exists throughout all 50 States. A small staff of skilled mediators is employed on a full-time basis and stationed within the larger industrial communities. Despite the necessary geographical dispersion and the small size of the agency, 60 percent of the total personnel are full-time employed mediators. In addition, many of the national office staff members, all regional directors and assistant regional directors participate actively in mediation cases in addition to their regularly assigned supervisory responsibilities. Approximately two-thirds of total agency staff is available for direct mediation work.

The following chart shows the regional organization consisting of 7 regional offices, 63 field offices, and 6 field station locations. The national office has its headquarters in Washington, D.C.

III. WORK PROGRAM

The program administered by the Service is outlined under the principal areas of activity:

- A. Dispute mediation.
- B. Preventive activity.
- C. Missile sites labor commission activity.
- D. Boards of inquiry and other ad hoc boards and panels.
- E. Arbitration services.
- F. National Labor-Management Panel.
- G. Mediator training.

A. Dispute mediation

The primary function of the Service is to assist the parties in collective bargaining negotiations when assistance is required. Some 100,000 labor agreements are negotiated and signed each year, not including railroad and airline agreements. In about 80 percent of the total, agreements are reached between the parties without Government participation. In approximately 13 percent the mediation function includes a direct working relationship with the parties other than participation at the bargaining table.

In only about 7 percent of the contracts negotiated each year is it necessary for a Service mediator to participate to the extent of conducting at least one joint meeting. It is in this "active" caseload area (7,013 cases in the last fiscal year) that the Service concentrates the major part of its mediator manpower and other resources. The primary objective in these negotiations is to resolve them without the use of the strike or the lockout. In this regard, strike data from the Bureau of Labor Statistics confirms that time lost due to work stoppages continues relatively low. For calendar year 1961, the ratio of time lost to time worked was at a record low since World War II at 0.14 percent; in 1962 the comparable ratio was 0.16 percent; and for 1963 the comparable figure was 0.15 percent. It is our judgment that effective mediation has contributed substantially to the achievement of this fine record.

The following table A shows a comparison of dispute mediation workload for the fiscal years 1960 through 1963. The workload data is exclusive of missile site activity and preventive mediation activities.

TABLE A.—Comparison of disputes mediation workload (number of cases exclusive of missile site and preventive mediation activities), fiscal years 1960-63

| | A 1960 | B 1961 | C 1962 | D 1963 |
|---|-----------|-----------|-----------|-----------|
| A. Case totals: | | | | |
| 1. In process start of year..... | 4,470 | 4,231 | 5,058 | 4,900 |
| 2. Assignments..... | 19,931 | 19,058 | 21,218 | 19,987 |
| 3. Total workload..... | 24,401 | 23,289 | 26,276 | 24,887 |
| 4. In process end of year..... | 4,231 | 5,058 | 4,900 | 5,014 |
| 5. Cases closed..... | 20,170 | 18,231 | 21,376 | 19,873 |
| B. Analysis by types of mediation activity: | | | | |
| 1. Joint conference cases..... | 6,475 | 6,211 | 7,313 | 7,013 |
| 2. Separate conference cases..... | 1,087 | 651 | 472 | 338 |
| 3. No conference cases..... | 11,233 | 9,886 | 11,673 | 10,772 |
| 4. No mediation activity..... | 1,375 | 1,483 | 1,918 | 1,749 |
| 5. Cases closed..... | 20,170 | 18,231 | 21,376 | 19,872 |
| C. Mediator manpower available: | | | | |
| 1. Total mediator man-years available..... | 198 | 199 | 212 | 229 |
| 2. Man-years assigned to missile sites activity.. | 1 | 4 | 9 | 5 |
| 3. Net man-years available for regular disputes mediation and preventive mediation..... | 197 | 195 | 203 | 224 |

The 7,013 cases in which there was active participation by the mediators jointly with both parties is the second highest on record since the Service became an independent agency. In these cases a total of 25,433 conferences, 22,404 jointly with both parties and 3,019 with each of the parties separately, were held.

The first 6 months of the current fiscal year (July-December 1963) show a continuation of the high level of mediation activity of the past few years. In this period a total of 3,775 joint conference cases was closed compared with 3,632 cases closed for the comparable period of the preceding year.

B. Preventive mediation and related activities

Preventive mediation activity is the general term used to describe various work assignments of the mediator staff in addition to the immediate mediation of an existing dispute situation. These activities complement the dispute mediation effort, and together they constitute the concept of total mediation. The twofold purpose of preventive activity is to (a) identify and eliminate disruptive elements in specific labor-management situations, aside and apart from issues arising as a part of current contract negotiations, and (b) improve the overall labor-management relationship with the objective of eliminating or reducing serious bargaining crises.

The number of completed assignments rose from 789 in fiscal year 1962 to 1,356 in fiscal year 1963.

Many preventive assignments are identified and develop out of dispute cases during the mediation period. The mediator becomes aware of particular trouble-causing factors and is able, after conclusion of negotiations, to persuade the parties to try constructively to eliminate the sources of friction and trouble. This type of activity is known specifically as preventive mediation. Included in this specific area of activity are continuing personal contacts and consultations by the mediator with management and union representatives, joint management-labor committees, joint discussion sessions, grievance handling pointed toward identifiable problems, foreman and steward leadership training, prenegotiation contacts with the parties, and the furtherance of contacts and knowledge related to the collective bargaining relationship. Preventive mediation, as can be noted, bears a resemblance to the type of continuing discussion and negotiation developing in some of the major industries as mentioned heretofore. The possibilities for productive effort in this area of activity are manifold, the principal retarding factor being the lack of manpower resources to exploit fully the possibilities for accomplishment. These types of assignment to be productive require considerable time and continuous effort not only to get the programs underway but thereafter to maintain necessary followup with the parties.

The Service is convinced in light of the new bargaining concepts coming into being that the preventive activities portion of the total mediation program, particularly in the continuing liaison and in the joint labor-management committee areas, must be accelerated sharply to keep pace with the new collective bargaining tempo. The increase in mediator manpower proposed for 1965 is directed largely toward this objective.

C. Missile Sites Labor Commission activity

Construction work was in progress during the past year (June 1, 1962-June 1, 1963) on 21 missile sites. The Service had mediators assigned to each site representing the Service and the Missile Sites Labor Commission. Only at Cape Kennedy is the assignment on a full-time basis. At all other missile sites, the mediator maintains continuing liaison with the parties, performs his normal mediation functions in specific dispute situations, and as chairman of the local Missile Sites Labor Relations Committee works, as required, in the more general area of jurisdictional and related types of problems.

The program objective is a stoppage-free labor relations climate at all missile sites. The data below indicates a marked degree of success in the accomplishment of the objective. The period covered is the year June 1, 1962, to June 1, 1963.

Summary of missile site activity, June 1, 1962-June 1, 1963

| | |
|--|--------------|
| Number of stoppages..... | 62 |
| Man-days lost..... | 10, 653 |
| Man-days lost per stoppage..... | 171 |
| Duration of stoppages: | |
| Less than 1 day..... | 22 |
| 1 to 2 days..... | 26 |
| 3 to 5 days..... | 12 |
| 5 days or over..... | 2 |
| Total man-days worked..... | 13, 721, 000 |
| Ratio of man-days worked to man-days lost..... | 1,288 to 1 |

Missile sites activity will continue in the future although on less of a "crash" basis than heretofore. Modernization and repairs at the sites will insure continuing construction activity, and every effort will be made to insure that work at the sites will be completed without worktime loss. In addition, although not directly a part of the missile sites operations, the Service has established effective liaison with the Moonshot program and will give priority to any labor dispute difficulties that may develop during the life of the program.

D. Boards of inquiry and other ad hoc boards and panels

The Service will provide, as in the past, full mediatory and other administrative assistance to boards of inquiry appointed by the President under section 206 of the Labor Management Relations Act. Funds for compensation and expenses of these boards are included in the Service's appropriation.

Also, full use will continue to be made of especially qualified and well-known impartial labor relations experts, individually or in panels, in dispute cases of significant and special national interest. The President's Aerospace Board, the Boeing Aerospace Board, the Temco Aerosystems Panel, the Aerojet Corp. dispute, the Las Vegas, Nev., test site dispute, the northern California (46 counties) construction employers dispute, and the Pacific-Northwest ironworkers dispute, are examples in the past fiscal year of this type of expert and ad hoc mediation activity. Its usefulness has been well demonstrated and its continuation in the future is logical and well warranted. Temporary appointment of such personnel takes place only after the Director of the Service determines that Service mediation efforts must be supplemented. Thereafter the mediators assigned to the cases continue to work in cooperation and close concert with the individuals and/or ad hoc board members.

All indications point to continued use of ad hoc boards and experts in the future, and an increase of \$39,000 is included in the 1965 estimate for the expansion of this ad hoc activity.

E. Arbitration services

Arbitration is now well established in collective bargaining as an effective means of adjudicating grievance disputes arising out of the application or interpretation of the labor contract.

The Service encourages a policy of voluntary arbitration and maintains a roster of well-qualified arbitrators in helping the parties to identify an impartial arbitrator or arbitration chairman to decide the issues in dispute.

The choice of arbitrator is made by the parties themselves from a listing or panel supplied by FMCS. In a relatively few instances the Service is jointly asked to make a specific designation. Expenses and fees of the arbitrator are paid by the parties. The following tabulation shows the very substantial growth of the arbitration workload.

Arbitration workload

| Processing requests for panels | Fiscal year | | | | |
|--|-------------|-------|-------|-------|----------------------|
| | 1960 | 1961 | 1962 | 1963 | 1964 (July-December) |
| Number of requests received..... | 2,835 | 3,174 | 3,548 | 4,279 | 2,293 |
| Number of panels issued..... | 2,993 | 3,347 | 3,808 | 4,497 | 2,447 |
| Number of selections made by the parties..... | 1,988 | 2,185 | 2,303 | 2,719 | 1,451 |
| Number of direct appointments made by the Service at request of the parties..... | 51 | 46 | 52 | 38 | 17 |

The rate of arbitration service volume will continue to expand. The number of requests received for the first 6 months of the current fiscal year represents an increase of 16.6 percent over the same period in the past fiscal year.

F. National Labor-Management Panel

The National Labor-Management Panel was reactivated by the President in May 1963. This 12-man body—6 from labor and 6 from management—works in an advisory capacity with the Director of the Services "in the avoidance of industrial controversies and the manner in which mediation and voluntary adjustment (of disputes) shall be administered, particularly with reference to controversies affecting the general welfare of the country."

The Panel met on July 16 for its first meeting which was largely organizational in nature. A second meeting was held on August 26; and additional meetings were held in October and December. Even at this early date, it is evident that with their accumulated experience, their broad knowledge of industrial relations and collective bargaining, and their obvious interest in the mediation process and its effective operation, the Panel will be of more than nominal assistance to the Service.

In the first few meetings there has been broad discussion of many general problems affecting collective bargaining and mediation. In future meetings, it is anticipated that concrete suggestions for improving the effectiveness of the mediation and preventative mediation functions of the Service will be developed. The Panel, on its own determination, will operate in an informal manner and its discussions shall be essentially private. Of particular value, will be their availability for consultation with the Director on specific labor relations matters.

Funds for continued operation of the Panel are included in the 1965 budget estimate.

G. Mediator training

The Service in its training program aims to encourage and stimulate the constant growth and self-development of its entire staff. This is in keeping with its major objective of constructive contributions to the improvement of labor-management relations. Orientation and training of new mediators is a first essential and the first year of new mediator employment is a combination probationary-training period. Quarterly progress reports are made by the regional directors during the first year on the progress and development of the new men. At the end of the year's period, assuming successful completion of the probationary-training period, the new mediators advance to the "journeyman" stage, and the close degree of supervision of the first year is somewhat relaxed.

The conduct of mediator workshop seminars is also an important portion of the overall training program. The principal objective is to improve the professional skill and abilities of the whole mediator staff in the broad area of labor relations and collective bargaining. Emphasis is placed on the self-development aspect of improvement. Each mediator participates in one seminar each year, the duration of which is 5 days. In the past fiscal year seminars were conducted in San Francisco, and at the adult education centers of the University of Oklahoma (Norman), the University of Georgia (Athens), and the University of Chicago. The major theme of the series of seminars was the preventive aspect of mediation work, and what in the matter of specifics could be done to advance the development and acceptance of the program.

In the current year an innovation is to be tried in that only two seminars (instead of the usual four) will be held, and both of these will be conducted at the University of Chicago Adult Education Center. The major theme for this series will be the mediation of problems and issues of job security, manpower utilization, and management prerogatives at the bargaining table. The magnitude, complexity, and increasing importance of these issues in collective bargaining warrant this special effort and detailed treatment. Members of the National Labor-Management Panel and other experts in labor relations are participating in these training seminars.

For the fiscal year 1965 a continuation of the mediator workshop seminars is proposed.

IV. MANPOWER AND FINANCIAL REQUIREMENTS

1. Mediator manpower increase

The estimate for 1965 proposes a total of 250 full-time, nonsupervisory mediator positions, an increase of 10 above those budgeted. This is the only increase requested in full-time positions. All other positions will remain at the 1964 level.

The proposed increase is for the purpose of strengthening the role of mediation in collective bargaining and particularly to permit more development and exploitation of the possibilities in preventative mediation. More and more frequently, the negotiating parties are not disposed to wait until the last few days or hours prior to contract termination before getting down to serious bargaining. Rather, in many instances they are engaging in what amounts to around-the-calendar meetings and negotiations. This type of continuous meeting and bargaining effort now exists in the steel, electrical, automobile, rubber, meatpacking, shipping, longshore, and airframe industries. Similar developments in other industries and plants, both large and small, are reasonably certain in the future. The con-

tinuation and successful development and acceptance of this new concept may well constitute a major "breakthrough" in the search for improved collective bargaining and labor relations.

These developments obviously have a significant impact on the Service and the functions it performs. For the most part, the principal task of the Service in the past has been to act in a firefighting capacity in the days and hours just prior to a contract termination, a strike deadline, or after a strike has started. This will continue to be the major task of the Service for the immediate future, but some modifications in procedures and adjustments to the new developments are necessary if the Service is to meet fully its program responsibilities. In many instances it is becoming more essential for the mediators to make earlier entry into the negotiations simply because of the complexity of the issues involved and the time required for the mediator to grasp and understand the positions of the parties on the complex issues. Furthermore, as a natural response to the new developments, the Service is convinced that a heavier emphasis is logically called for in the closer blending of the dispute mediation and preventive mediation functions. The interdependence of the two and the complementary features of each are becoming more evident; and the prospect for more fruitful developments in the preventive area of labor relations appears very bright. This policy of strengthened mediation and intensified effort in dispute situations and in the preventive mediation area will constitute the keynote of the mediation program in 1965.

The dispute caseload in each of the past 2 fiscal years, it should be noted, was the heaviest of any years since the Service became an independent agency. Nor are there any current indications to the effect that Service participation will lessen in the future; to the contrary it can be reasonably assumed in view of the present state of labor-management relations and collective bargaining that this participation and the total work program in 1965 will exceed that of any previous period. The modest manpower increase will give additional strength and impetus to the intensified mediation and preventive mediation programs.

2. Ad hoc boards, panels, and experts increase

A total increase of \$39,000 (from \$86,000 to \$125,000) is included in the 1965 estimate for this type of ad hoc mediation activity. With many major agreements coming up for negotiation in fiscal year 1965, including automobile, farm implement, meatpacking and most of the predeadline work for the entire aerospace industry, utilization of ad hoc mediation to bolster and complement the regular mediation effort must be expected. Its successful utilization in major dispute situations in the past fiscal year argues for its continued availability, when and if needed, in the coming fiscal year. The determination as to need for this supplemental mediation effort in specific cases is made by the Director of the Service.

3. Other nonmanpower increases

Other nonmanpower increases totaling \$66,000 are related to personnel benefits (\$19,000), travel (\$40,000), communications (\$5,000), and equipment (\$2,000). There is an offset of \$23,000 in other contractual services against this total increase making a net increase requirement of \$43,000.

The personnel benefits increase is related to and computed on the basis of additional personnel compensation cost for 1965.

The travel increase consists of \$12,000 for ad hoc boards and panels, \$5,000 for the 10 new mediator positions, and \$23,000 for increased travel in dispute and preventive mediation activity in regions.

The communications increase of \$5,000 is related to ad hoc boards and panels (\$1,000) and the general increased field activity (\$4,000).

The increase of \$2,000 in equipment is related to the new positions.

TUESDAY, FEBRUARY 11, 1964.

NATIONAL LABOR RELATIONS BOARD

WITNESSES

FRANK W. McCULLOCH, CHAIRMAN
 ARNOLD ORDMAN, GENERAL COUNSEL
 OGDEN W. FIELDS, EXECUTIVE SECRETARY
 DOMINICK L. MANOLI, ASSOCIATE GENERAL COUNSEL
 H. STEPHAN GORDON, ASSOCIATE GENERAL COUNSEL
 CLARENCE S. WRIGHT, DIRECTOR, DIVISION OF ADMINISTRATION
 EDWARD GOODSTEIN, ASSISTANT DIRECTOR, DIVISION OF ADMINISTRATION
 MORRIS MILLER, PROGRAM PLANNING OFFICER, DIVISION OF ADMINISTRATION
 EDMUND D. EDELMAN, SPECIAL ASSISTANT TO THE GENERAL COUNSEL

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 16,253 | 17,588 | 19,886 |
| Positions other than permanent..... | 52 | 47 | 34 |
| Other personnel compensation..... | 117 | 239 | 179 |
| Total, personnel compensation..... | 16,422 | 17,874 | 20,099 |
| 12 Personnel benefits..... | 1,197 | 1,317 | 1,461 |
| 21 Travel and transportation of persons..... | 1,232 | 1,258 | 1,467 |
| 22 Transportation of things..... | 53 | 49 | 56 |
| 23 Rent, communications, and utilities..... | 634 | 637 | 700 |
| 24 Printing and reproduction..... | 445 | 420 | 503 |
| 25 Other services..... | 555 | 439 | 464 |
| Services of other agencies..... | 59 | 60 | 87 |
| 26 Supplies and materials..... | 230 | 209 | 228 |
| 31 Equipment..... | 154 | 121 | 184 |
| 42 Insurance claims and indemnities..... | | 12 | 8 |
| Total costs..... | 20,981 | 22,396 | 25,257 |
| Change in selected resources..... | -77 | 26 | -7 |
| Total obligations..... | 20,904 | 22,422 | 25,250 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Total number of permanent positions..... | 2,056 | 2,065 | 2,275 |
| Full-time equivalent of other positions..... | 5 | 5 | 4 |
| Average number of all employees..... | 1,990 | 2,014 | 2,235 |
| Employees in permanent positions, end of year..... | 1,967 | 2,065 | 2,252 |
| Employees in other positions, end of year..... | 15 | 11 | 13 |
| Average GS grade..... | 9.1 | 9.3 | 9.2 |
| Average GS salary..... | \$8,441 | \$9,089 | \$9,024 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Program by activities: | | | |
| 1. Field investigation..... | 13,042 | 13,891 | 15,853 |
| 2. Trial examiner hearing..... | 1,762 | 1,944 | 2,083 |
| 3. Board adjudication..... | 2,874 | 3,129 | 3,388 |
| 4. Securing compliance with Board orders..... | 3,303 | 3,432 | 3,933 |
| Total program costs, funded..... | 20,981 | 22,396 | 25,257 |
| Change in selected resources ¹ | -77 | 26 | -7 |
| Total obligations..... | 20,904 | 22,422 | 25,250 |
| Financing: Unobligated balance lapsing..... | 62 | | |
| New obligational authority..... | 20,966 | 22,422 | 25,250 |
| New obligational authority: | | | |
| Appropriation..... | 21,029 | 22,460 | 25,250 |
| Transfer to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728 and 77 Stat. 436)..... | -63 | -38 | |
| Appropriation (adjusted)..... | 20,966 | 22,422 | 25,250 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$203,000 (1963 adjustments, -\$7,000); 1963, \$119,000; 1964, \$145,000; 1965, \$138,000.

Mr. DENTON. We have the National Labor Relations Board next.

PREPARED STATEMENT OF BOARD CHAIRMAN

Mr. McCulloch, you have a statement.

We shall insert that in the record.

(Mr. McCulloch's statement follows:)

I wish to thank the committee for this opportunity to appear on behalf of the National Labor Relations Board and to support its budget request for fiscal year 1965.

THE AGENCY REQUEST

The request for 1965 is for \$25,250,000 or \$2,790,000 more than the \$22,460,000 appropriated for 1964. In employment the request is for 2,275 positions, or 210 more than 1964.

The additional appropriation is necessary to handle conservatively estimated increases in the agency's case intake of 10 percent in unfair labor practice situations and 7 percent in representation matters. It will also be used to decrease pending caseloads which are preventing the agency from providing the timely service which is so important in the field of labor relations. The request provides for the additional manpower necessary to assure that the twin objectives of expeditious case handling and concern for the parties' rights and protections under the law are equitably balanced in compliance with the committee's express statement that each and every charging party shall have his "day in court."

Of the 210 requested additional positions, 180 are in field offices, 12 in Board members, trial examiners, and related offices, and 18 in operations, appeals, and administrative staffs supporting fieldwork.

In line with the request of the President and the Bureau of the Budget and our own determination to effectuate the greatest possible economies, the agency's request has been reduced very substantially below what the anticipated caseload might reasonably bear. It is based on assumptions of increased productivity and efficiency which will take the utmost from the staff, the Board members, and the General Counsel to achieve.

RISING INTAKE

As this committee knows, the workload which gives rise to our budget request is not a matter which the agency can control. It results from the actions of private parties filing unfair labor practice charges or representation petitions.

Past experience

The picture of our rising intake today and what we expect for the next fiscal year can only be understood against the background of the agency's intake experience since 1958. This rise has been phenomenal both in unfair labor practice situations and in representation cases. The following table illustrates this rise:

| | Unfair labor practice situations | Representation cases |
|--|----------------------------------|----------------------|
| 1958..... | 7,673 | 7,488 |
| 1963..... | 12,719 | 11,205 |
| Increase (1958-63)..... | 5,046 | 3,717 |
| Total rate of increase (percent)..... | 66 | 50 |
| Annual average rate of increase (percent)..... | 13 | 10 |

Current intake

Similarly in the first 6 months of fiscal 1964 the percentage of rise has been very high.

| | Unfair labor practice situations | Representation cases |
|---------------------------------|----------------------------------|----------------------|
| 1963 (1st 6 months)..... | 5,880 | 5,058 |
| 1964 (1st 6 months)..... | 6,664 | 5,590 |
| Increase..... | 784 | 532 |
| Rate of increase (percent)..... | 13 | 10 |

Estimates

For 1964 we estimated an unfair labor practice rise of 8 percent and a representation rise of 5 percent. As indicated above, intake thus far has amounted to a 13-percent increase in unfair labor practice situations and a 10-percent increase in representation matters.

For 1965 we have estimated a 10-percent increase in unfair labor practices and a 7-percent increase in representation matters. We believe that these are conservative and valid estimates, in accord with past and current experience. Case intake indicators, discussed below, as well as the opinion of our staff based on their experience would appear to justify even higher estimates than those budgeted.

FACTORS AFFECTING INTAKE

Economic factors

We have often been asked the question, "Why does the agency's intake keep rising each year no matter whether the dominant economic pattern in the country is prosperity or recession?" I think the answer is that in large measure the agency's work intake depends on the factor of change in economic activity rather than a distinct or predominant pattern in one direction or another.

If an area is growing economically, there will be new plants, more workers, and labor organizing activity; this will result in representation filings and related unfair labor practice cases. It is important to note that this type of economic activity brings both types of filings.

On the other hand, an area which is threatened by loss of jobs brings struggles to protect job rights and, when jobs are actually lost, charges of discrimination. Here it should be noted that unfair labor practice filings are prevalent with few representation petitions.

Since our country really consists of many, many small industrial areas and a smaller number of large industrial areas, conflicting forces are always at work, even in single areas, giving rise to both types of circumstances.

Although we are aware that each of these circumstances gives rise to case filings, it is very difficult, if not impossible, to foretell what will happen in any one area in the next fiscal year, let alone in the Nation as a whole.

We base our predictions on experience, the evaluations of experienced staff members, and on general economic forecasts. Our estimates for 1965, for example, are based on estimates of rising economic activity and the fact that we have a high rate of unemployment, the composition of which is constantly changing.

Those areas where unemployment is threatening or has been rising for a short period are most likely to increase their filings of unfair labor practice charges. Areas where recession has existed for extended periods of time, as, for example, in the pockets of poverty currently being discussed, do not give much work of any kind to our agency.

Labor organizing activity

Our estimates include recognition of current labor organizing activity. It is difficult to prophesy what this level of activity is going to be in the future. However, union sources have made it clear that very strong efforts are planned and in motion. Early in 1963, the AFL-CIO began a major organizing effort in Los Angeles. Another has now begun in the Baltimore-Washington area. Filings in these areas, and in others where the industrial union department of the AFL-CIO is making its own independent organizational efforts, have risen and will continue to do so.

In general, as we pointed out last year, the labor movement has been losing ground in recent years in terms of the proportion that union membership bears to the total work force. Spokesmen for the labor movement have made it clear that increased membership through additional organizational effort is a primary and most important objective.

Automation and unemployment

Automation and unemployment are related forces working to create many uncertainties in the minds of labor, management, and individual employees. Management turns to the processes of automation to develop improvements in productivity. Organized labor sees the threat to jobs, the changes in the nature of the work force, and the loss of potential for further unionization. Individual employees are concerned with being declared "excess," with job security, and the effect on work standards.

While we are not able to prove any specific and direct connection between these forces at work in the economy and the increase in filings, it is our belief that the impact of automation and unemployment has boosted the number of difficulty of cases filed because the processes of the agency provide a possible form of assistance to parties who are directly or indirectly affected.

Improved services to the public

The agency believes that its sustained record of improvement in the quality of the service it renders has resulted in a broader recognition and use of the orderly processes of the act. This recognition has taken the form of—

- (a) Settlements in three-fourths or more of unfair labor practice cases found to have merit.
- (b) Compliance with orders swiftly, effectively, and normally by agreement.
- (c) Fewer tactical and more meritorious charges filed.

Workload

The agency's workload picture is not complete if our considerations deal only with the volume of intake. The work significance, or the amount of effort required by the case, depends, not only on the volume of charges and petitions filed, but also on the type of disposition necessitated by, and the content of each case.

As indicated previously under services to the public, we are getting more meritorious cases. As a matter of fact, the proportion of meritorious cases rose by 10 percent in fiscal 1963. This is a good sign because, with more meritorious charges being filed, we are spending less time proportionately on charges that ultimately prove to be without merit. However, it also means more work effort is necessary per charge filed because the average meritorious case requires much greater effort.

I wish to emphasize the fact that, while the increased findings of merit are based upon the Board's interpretation of the statute, the courts are in substantial agreement with the Board's determinations. As a matter of fact, during the last calendar year, the proportion of Board decisions enforced in full or in part by the courts of appeals rose above all recent experience. Over the past 6 calendar years the Board has had a high, although somewhat varying degree of acceptance in the circuit courts, as follows: 1958, 70 percent; 1959, 70 percent; 1960, 74 percent; 1961, 69 percent; 1962, 73 percent; 1963, 77 percent.

Simultaneous with the increase in merit, there has been a rise in the need for compliance activity necessitating a large work increase in backpay computations, hearings, and agreements. At the same time, we have also experienced a serious

rise in the proportion of objections and challenges in election cases. Although we do not create a separate statistic, the average objection and challenge matter in an election case is the equivalent of an additional unfair labor practice case in terms of work effort requirements, since these matters require a careful and thorough additional investigation and a separate decision that must frequently be based upon a very difficult and "charged" hearing. We have evaluated this extra work to be the equivalent of a 4 percent additional rise in caseload.

The current workload problem

The combination of a sharply rising intake, far above estimate, and an increase in the workload content per case have temporarily raised the pending workload and time service indexes to levels which are uncomfortably above the operational standards we have established for efficient and high-quality agency performance.

For example, in the stages of case processing, for which the Board is directly responsible, the following has occurred:

Unfair labor practice hearing stage

The shift to more formal work, which accelerated in the second half of fiscal year 1963, resulted in an increase in cases set for hearing from 235 on June 30, 1962, to 317 on June 30, 1963. The increase in intake, added to the shift to formal work, resulted in the calendar increasing again from 317 on July 1, 1963, to 363 on December 31, 1963.

For the 6 months ending December 31, 1963, it required 53 days to process a case from complaint to hearing, or 8 days above the internal target.

Trial examiner decisions

As a result of the increase in hearings held during the last 6 months, cases awaiting trial examiner decision have increased from 148 on June 30, 1963, to 245 on December 31, 1963.

For the 6 months ending December 31, 1963, it required 77 days to process a case from close of hearing to trial examiner decision, 17 days above the internal target.

Board decisions

Similarly, contested cases awaiting Board decision have risen from 252 on June 30, 1963, to 301 on December 31, 1963.

For the 6 months ending December 31, 1963, it took 123 days from trial examiner decision to Board decision. Although this was in line with the 120-day target, we are concerned that time-service in this area may deteriorate as a result of the increase in cases awaiting Board decision.

The agency productivity and management improvement program

Our response to the workload burden just outlined, after careful study of the total situation, calls for a limited amount of additional employment coupled with an agencywide program of productivity increases and management improvements. The additional manpower requirements which the requested budget will support include (a) for the Board, 5 positions in Board members' offices, 2 in the Executive Secretary's office, and 5 in the Division of Trial Examiners; (b) for the General Counsel, 180 positions in the field staff, and 18 in operations, appeals, and administrative staff—for a total of 210.

But this will be adequate only if a program of substantial productivity and management improvements is carried out. Our budget request is based on such a plan. Highlights of this program with particular reference to areas for which the Board has direct responsibility are:

Unfair labor practice hearing stage

The Board requested the chief trial examiner and his associates to compress the trial calendar (cases set for hearing) from a 9-week spread to a 4-week spread. This was done at the beginning of fiscal year 1964, compressing the trial calendar to about 5 weeks and increasing hearings held by 27 percent in fiscal year 1964 as compared to the same 6 months in fiscal year 1963. Despite this great effort, with the workload problems I have already described, the trial calendar continued to rise from 317 on June 30, 1963, to 363 at the end of December.

Trial examiner decisions

The Board wanted to make every effort to prevent the piling up of cases pending trial examiner decision. Therefore, in consultation with the trial examiners, it raised the annual minimum number of decisions that it would expect from each trial examiner, with the express understanding that failure to meet the minimum requires a complete explanation in each case.

Board decisions

In order to improve its ability to handle the increased flow of cases to the Board, higher standards were set for the Board's staffs of legal assistants.

To provide for improvement in its remedies and better understanding of the actual effects of its decisions, the Board is continuing with its operational analysis studies as first discussed with this committee last year. The Board feels that it is extremely important that it have available information, elicited by studies now underway or being planned, when it must make its decisions on the complex problems coming before it. The General Counsel will discuss the remainder of the program as it affects his operations.

SUMMARY

Some of the difficulties ahead of us in fiscal year 1965 have a familiar ring in terms of backlog and service standards. Some are arising out of an urgent need to consider and act upon the new and more difficult problems caused by the tremendous changes going on in the social and economic life of our country.

With your help and understanding as in previous years, we intend to meet and deal with these problems as effectively and skillfully as we can, bearing in mind at all times the responsibilities laid on us by the Congress.

STATEMENT OF THE GENERAL COUNSEL

Mr. DENTON. Mr. Ordman, you have a statement for the record. Let us insert that.

(Mr. Ordman's statement follows:)

This is the first time I have had the privilege of appearing before you in support of the agency's budget request.

Because I have been General Counsel of the agency only since last May, I think it proper to familiarize the committee very briefly with my background and experience prior to my appointment to that post.

I was born and raised in New England and received my college and law school training there. I received my law degree from Harvard in 1936 and engaged in the private practice of law in Salem, Mass., until 1942. The next 3 years were spent in the U.S. Navy, where I served as signal officer aboard the U.S.S. *New York*.

Late in 1945, I came to the NLRB and have been with the agency uninterrupted since that time. I have had the good fortune to serve in almost every post in which a lawyer for the agency could function. I have prepared and investigated unfair labor practice cases. I have conducted elections. I have argued cases before the Board itself, and in the Board's behalf before every Federal court of appeals in the country. I also spent 2 years as a trial examiner. In short, I have had the good fortune to be personally familiar with virtually all of the functions for which, as General Counsel, I am now responsible and which are detailed in this budget request.

The request is for \$25,250,000 and represents an increase in appropriation of \$2,790,000 and an increase of 210 positions and 221 average employment. Approximately 90 percent of the increase is for the area over which the General Counsel exercises general supervisory authority either by statute or by delegation from the Board. This includes the Division of Operations which supervises the field offices, the Division of Litigation, which handles court litigation and appeals, and the Division of Administration.

The funds and employment included in this request are designed to meet two major objectives:

1. To take care of an increasing caseload of unfair labor practice cases and representation petitions.
2. To improve the quality of the service we provide for those who are involved in the cases brought before our agency.

In explaining our needs for 1965, I find my own experience of the last 6 months very helpful. Our statistics are based on fiscal and calendar years, therefore the appropriate period is that from July 1, 1963, to December 31, 1963.

MY FIRST HALF YEAR IN OFFICE

During the first 6 months of the current fiscal year this agency found itself, once again, fighting the twin evils of backlog and time delay. Unfair labor practice situations filed in these 6 months were 13 percent higher than intake

during the same 6 months of the preceding year. Because of a continuing rise in the percentage of cases found to have merit, merit dispositions were even higher than intake. Complaints issued were 14 percent above the previous year and unfair labor practice hearings completed were 27 percent above the previous year. As against the 14-percent increase in complaints issued, however, we achieved a 16-percent increase in settlements and adjustments. Significantly, all of this tremendous increase in case disposition was accomplished with only 3 percent more professional manpower than was used for the corresponding period during the previous year.

Our settlement program was effective not only in unfair labor practice processing, but also in the handling of representation cases. During my first 6 months we were able to increase our agreements for consent election by about 17 percent, to the point where the number of representation hearings actually declined 6 percent, despite a 10-percent rise in the filing of petitions and despite an additional 10-percent rise in findings of merit. It is also noteworthy that during this period we handled 10 percent more elections, 3,897 for the 6 months, and were able to process a further increase in objections and challenges. In 16.8 percent of elections held in calendar year 1963, the results were affected by challenges or objections.

Our Division of Litigation was very busy in calendar year 1963. In order to provide better service and a more complete review I have included in the Division the Office of Appeals which handles appeals from dismissals by regional directors, of unfair labor practice charges.

The Office of Appeals handled 1,346 appeals in 1963. This was an 8-percent increase over calendar year 1962. In addition, in almost 10 percent of these appeals requests for oral argument were granted. There were 126 oral arguments heard, an increase of 25 percent from those heard in 1962. Furthermore, the rulings of the regional directors were reversed in 8 percent of appeals cases decided an increase from the 6 percent reversed in 1962. As you can see we are doing our best to see to it that every charging party gets his "day in court," as this committee has expressed it.

The Appellate Branch of the Division of Litigation filed petitions with the courts of appeals in 255 cases in 1963. This work has grown tremendously since 1958 when 52 petitions were filed. As a matter of fact the Board is the most active agency of the Federal Government having cases that come before the courts of appeals. The 1963 fiscal year report of the Director of the Administrative Office of the U.S. Courts shows that the Board was the source of more cases in the courts of appeals than any other board or commission and including the Tax Court. Furthermore, excluding the Tax Court, the Board is the source of more cases than all the other boards or commissions put together.

The Division has been very successful in the court cases it has participated in. In the courts of appeals it received favorable decisions in whole or in part in 77 percent of the cases decided in calendar year 1963. In the district courts, requests for injunction were granted in 88 percent of decisions issued in calendar 1963.

PROBLEMS OF BACKLOG AND DELAY

We are very proud of the job the regional offices have done. However, we paid a price and will continue to pay the price so long as we have to handle this high a workload with our present staff. The average time has increased to the point where it took 56 days to issue a complaint and 53 days from complaint to close of hearing. This is a total of 109 days from filing to close of hearing, 19 days more than our goal for this phase of case handling.

Section II of the table attached shows the number of overage cases during the first 6 months of this fiscal year as compared to the first 6 months of the last fiscal year. Overage cases have more than doubled during this fiscal year; these are cases which have remained in a substage longer than our internal targets permit. We face the next 6 months with the determination and hope that the situation will grow no worse.

THE NEED FOR QUALITY INVESTIGATIONS

In addition we hope to accomplish another important undertaking during the coming fiscal year. As you know we have continuously faced the problems of backlog and timely service since 1958. Today we know how to deal with these problems for the most part, and we expect to be able to control situations such as the one that built up during the past 6 months.

The problems of backlog and timely service have been handled and are being handled by setting time targets for the handling of cases and working hard to

meet those time targets. However, any administrative device or technique can be abused if it is inflexible and if it disregards special situations. This is particularly true in cases such as those handled by this Agency. They frequently involve not only complex economic problems but complex human relationships. The answer is to maintain, or even reduce, time targets on an overall basis; to retain the flexibility which enables disposition of simple cases in less than the average timespan and, more important, to allow adequate time for quality handling of the more difficult cases. This flexibility was, unfortunately, not observed in a number of instances to the detriment of parties and to public policy because of the stress on the otherwise laudable objective of reducing backlog and eliminating timelag.

The Agency was specifically apprised of this problem in the report of the Pucinski committee. Thereafter, this committee, in its report on the Agency's 1963 appropriation, expressed its concern on this matter in the following language:

"The Board and the General Counsel have made a substantial record in the past year in solving the problem of delays by reducing the Board's backlog, and improving procedures in the handling of both unfair labor practice and representation cases. The committee's attention has been called, however, to the fact that at times overemphasis on speed in case handling in the regional offices has resulted in inadequate concern for rights and protections to which parties are entitled under the law. The committee believes that it is of the utmost importance that persons who allege that their rights have been infringed or that they have been denied protection to which they are entitled shall have their 'day in court.'"

Since my appointment I have made the committee's recommendation a paramount objective in our Agency program. We believe a flexible program such as I have outlined will enable us to furnish a quality product without forfeiting time targets on an overall basis.

Pursuant to this objective and in contemplation of our proposed budget for 1965, I discussed this matter with the Board and with our staff. It was agreed that the Agency would incorporate plans described hereafter for assuring quality investigations into our 1965 budget plans. Although we realized that the high intake and the shift to more formal dispositions were causing significant operating problems for the Agency, nevertheless we felt that we could cope with these problems and in addition assure quality investigations. We knew that we were undertaking a difficult job, yet we felt that we could no longer say in good conscience, that this need could not be met.

FISCAL YEAR 1965 WORK PLAN OBJECTIVES

A. Performance improvements in case processing

Field offices.—A shift to more formal dispositions which accelerated in the second half of fiscal year 1963, resulted in an increase in cases pending on June 30, 1963, of 983 as compared to June 30, 1962. The high intake during the first 6 months of fiscal year 1964, previously noted temporarily increased the pending load even further. Taking advantage, however, of the November-December seasonal decrease, the field offices brought pending back to June 30, 1963 levels. The price that was paid, as previously indicated, was a sharp increase in overage cases. Average age of case pending under preliminary investigation increased from 22 days to 26 days. Processing time from filing to complaint increased from 49 the year before, to 56 days; processing time from complaint to close of hearing increased from 51 to 53 days.

The operating plan for the field offices in 1965 provides for an average employment increase of 188.3 man-years. This will be used to process the increased workload including problems caused by the shift to formal. It provides for reduction of pending to June 30, 1962, levels, with the object of meeting time service standards established for field processing. It includes man-years for handling injunction work in the field offices and the additional costs of overhead for regional offices opened in 1964. Finally, and significantly, it includes the necessary man-years for assuring quality investigations: 18.6 man-years are for reducing pending load; 11.4 man-years are transferred from the Washington office to the field for injunction work; 15 man-years are required for new regional office overhead; 34.9 man-years are included for quality investigations. The remaining 108.4 is an 8.4-percent increase over the 1,287.3 man-years budgeted for the field in 1964 for handling a 9½-percent increase in new workload units.

The work plan described above, comprehensive as it appears, is not the whole story. It does not account for the extra work caused by the shift to formal dispositions, nor does it account for the increased work above estimate being received in 1964. The Agency is making every effort to absorb this work at no extra cost to the Government. The field is doing its part by a prodigious attempt

to increase productivity by 10 percent in 1964 and by further increasing productivity another 2 percent in 1965. We look upon this as a 2-year program and fully expect to accomplish it in these 2 years. Consequently, the 1965 plan includes the accomplishment of that portion of the extra work which is not absorbed by the end of 1964.

Injunction work.—The injunction function which had been centralized in Washington and had required 34 man-years in 1963, was decentralized on a trial basis in October 1963, and only 20.4 man-years are left in the 1964 Washington budget for this function. We are extremely happy with the results thus far, and will make the decentralization permanent, assigning only 9 man-years in Washington in 1965 for advice work for this function with normal routine injunction handling assigned to the field offices.

Appellate courtwork.—The appellate court area has developed a backlog problem as a result of the increase in Board decisions and our emphasis on compliance. In order to handle increased intake and ease the backlog problem, the budget provides an increase of 8.2 man-years or 11 percent and a productivity increase of 3 percent in order to accomplish 23 percent more work in 1964 than in 1963. For 1965, the budget provides an increase of 3.2 man-years and a productivity increase of 4 percent in order to accomplish a 10-percent increase in work.

Appeals.—The handling of appeals from regional director dismissals is expected to increase from 1,249 in 1963 to 1,480 in 1964 and 1,587 in 1965. In addition, requests for oral argument are being heard in almost 10 percent of the appeals. A 3-percent increase in productivity has been budgeted in the area for both 1964 and 1965. No increased employment has been budgeted for the area in 1965.

Summary of 1965 plan.—I have tried to emphasize the fact that very little increase in employment has been budgeted for our Washington offices, and that every effort has been made to improve productivity. The main employment increases in the requested budget for 1965 are in the field offices and in the administrative staffs supporting the field offices. The field offices have faced a tremendous burden in this fiscal year and have performed magnificently. They need these increases to carry out the plans we have described for 1965.

B. Case processing objectives

Case processing objectives which are equal in importance to those listed above but which provide substantial manpower savings are our settlement and compliance programs. Our caseload depends upon a variety of substantive factors beyond our control. Furthermore, every single charge and representation petition must be investigated. This Agency has no workload which can be characterized as paper work and to which assembly line operations can be applied. However, the costs of extended litigation can be avoided by continuing emphasis on voluntary settlement and compliance.

Settlement.—As mentioned, settlements have been increasing strongly both in unfair labor practice cases and in agreements for consent election in representation matters. These increases have been at a higher rate than was estimated and have resulted in reducing the numbers of hearings, both in C and R cases, expected from the cases filed. However, since actual filings in fiscal year 1964 are higher than expected, actual hearings are higher than expected as previously pointed out. We will continue to emphasize the settlement program. To further underline its importance we estimate that the settlement program saved the Agency over three times the cost of the quality investigation program.

Compliance.—Our compliance program is designed to achieve compliance with decisions and orders as quickly and effectively as possible. By convincing respondents to comply rather than litigate we benefit everyone. We emphasize the compliance program through compliance officers in each region and through the leadership and supervision of the Division of Operations in Washington. Backpay received by discriminatees was almost \$3 million in calendar year 1963 alone.

C. Agency improvement program

In our formal justifications we gave you details of our decentralization of the injunction effort in order to make our operations more efficient and more economical. We also pointed out how assistant general counsels in the Division of Operations are providing closer liaison between the General Counsel and the regional offices for transmitting improved management ideas to the offices, helping to standardize operations, and providing better communication, service, and interchange of ideas and techniques among the regional offices and between the regional offices and Washington. The thrust of the agency improvement program is to delegate more authority and develop more initiative in the field offices where the bulk of the work is handled and correspondingly to contract and streamline supervisory and administrative apparatus required at the Washington level.

Other efforts we are making to improve operations involve programs of exchange of staff between Washington and the regional offices to help develop professionals with a better overall understanding of the agency's work. We have been emphasizing a career development program designed to provide the leadership the agency needs to continue its efficient and devoted service. We have secured the agreement of the Civil Service Commission to create a labor management relations series for our field examiners putting them on a par, in terms of career opportunities, with our field attorneys, thus providing recognition for the important work they are doing, especially in settlement and compliance.

SUMMARY

Over the years my personal experience with the agency from different vantage points permits me to tell you how much I have appreciated your concern with and effective response to our problems. I am certain that there are many things which I have left unsaid which could have been included. I would therefore, very much appreciate your assistance in letting us know what more I can tell you about my work or the agency. Thank you.

TABLE I.—July through December 1963: Unfair labor practice work accomplished

| | | |
|--|--|--------|
| A. ULP situation intake: | | |
| Current 6 months (up 13 percent) | | 6, 664 |
| Same period last year | | 5, 880 |
| B. Settlement and adjustment: | | |
| Current 6 months (up 16 percent) | | 1, 552 |
| Same period last year | | 1, 343 |
| C. Complaints issued: | | |
| Current 6 months (up 14 percent) | | 917 |
| Same period last year | | 803 |
| D. Hearings completed: | | |
| Current 6 months (up 27 percent) | | 463 |
| Same period last year | | 366 |
| E. Professional staff in field: | | |
| Current 6-month average (up 3 percent) | | 771 |
| Same period last year, average per month | | 752 |

TABLE II.—Overage case comparisons

A. OVERAGE CATEGORY

| | Current 6 months ¹ | Number of cases same period last year ¹ |
|------------------------------------|-------------------------------|--|
| 30-day category ² | 73-145 | 14- 44 |
| 45-day category ³ | 114-202 | 46-100 |
| 90-day category ⁴ | 124-147 | 62-129 |

B. AS OF DEC. 31

| | 1963 | | 1962 | |
|-------------------------------------|---------------|---------|---------------|---------|
| | Cases overage | Pending | Cases overage | Pending |
| 30-day category ² | 110 | | 23 | |
| 45-day category ³ | 202 | | 69 | |
| 90-day category ⁴ | 143 | | 129 | |
| Total | 455 | 2, 100 | 221 | 1, 950 |
| Percentage overage to pending | 22 | | 11 | |

¹ Range of overage cases pending at the end of each month during the 6-month period.

² The 30-day category includes cases in which initial determination has not been made. The agency goal is to have this done within 30 days.

³ The 45-day category includes cases in which complaint has been authorized but not issued. The agency goal is to have the complaint issued in 45 days.

⁴ The 90-day category includes cases in which complaint issued but hearing has not yet closed. The agency goal is to have the hearing closed in 90 days.

SUMMARY STATEMENT OF BOARD CHAIRMAN

Mr. McCULLOCH. The General Counsel and I appreciate this opportunity to be with you. We have with us and available for answering questions, Mr. Clarence Wright, the Director of the Division of Administration; Mr. Edward Goodstein, the Assistant Director; Mr. Morris Miller, Program Planning Officer; Dominick Manoli, Associate General Counsel; Mr. Gordon, who is the Associate General Counsel in charge of operations; Mr. Fields, the Executive Secretary, and Mr. Edelman, Special Assistant to the General Counsel.

INCREASES FOR 1965

The request of the agency this year is for \$25,250,000. This is an increase of \$2,790,000 over the 1964 figure.

The employment that this request would support is 2,275 positions, or an increase of 210 over 1964.

The additional appropriation, summarizing the major categories first, are to handle increased case intake which we estimate at 10 percent for the unfair labor practices cases and 7 percent for our representation cases.

In the second place it is to handle the need to decrease our backlogs, shorten our time delays, and to improve our investigations.

The positions—the 210 additional positions which this appropriation would support—are in 6 out of 7 cases in our field offices. In other words, 180 of the 210 positions are outside Washington; of the remaining 30, 12 are in Board members, trial examiners, and related offices, and 18 others are in operation, administrative, and appeal work, supporting our field work.

I would like to say very candidly to the committee that the requested increase is in line with the request of President Johnson and the Bureau of the Budget, and our own determination to effectuate every possible economy in handling our work. In truth, the agency's request has been reduced very substantially below what the anticipated caseload might reasonably require. It is based on assumptions of increased productivity and efficiency which will take the utmost from the staff, Board members, and General Counsel to achieve.

INCREASED WORKLOAD

If I may, I would like to sketch in a little more detail the items making up the increased workload which is the fundamental basis of our request to this committee.

First there is the matter of the Board case intake. As members of this committee know, the workload which gives rise to our budget request is not subject to our control. It results from the actions of private parties in filing their unfair labor practice charges and in filing their petitions. It is something like the rain which falls upon us and which we cannot turn off.

Mr. DENTON. There are five members of the Board?

Mr. McCULLOCH. That is right.

LAW CLERKS

Mr. DENTON. How many law clerks do you have?

Mr. McCULLOCH. Twenty.

Mr. DENTON. Every member has 20?

Mr. McCULLOCH. This is the approximate number. It varies a little depending on the attrition rate at any particular time, who happens to be jumping to jobs outside or who may be moving to enforcement or into the field because we have people whose career development leads them to seek varying experience.

REORGANIZATION PLAN

Mr. DENTON. That seems like a very bad situation. Obviously with the number of cases you have an awful lot of this work being done by the law clerks. It seems to me if you could decide those cases out in the regions as you do representation cases, and then there were something like certiorari so that the Board would pick out only the important cases, it would cut down the workload tremendously and make it much more logical.

Mr. McCULLOCH. I agree. This was part of the logic behind the reorganization plan which President Kennedy sent up in 1961.

Mr. DENTON. It did not go through.

Mr. McCULLOCH. Unfortunately it didn't.

Mr. DENTON. There was a fear they would not have their case passed on by the Board members. It is obvious the Board members cannot personally be passing on all these cases with the number that are involved.

Mr. McCULLOCH. Yet it is true that we as Board members have to pass on the cases that come to the Board.

CASELOAD

Mr. DENTON. Right on that point would you insert in the record something about the caseload, number of cases filed, both representation and unfair labor practices; then give us those that go to the regional office and those which go to you.

Mr. McCULLOCH. I would be glad to do that. I would like also, if the chairman would permit it, to put into the record a chart which shows the disposition of those cases.

Mr. DENTON. That would be fine.

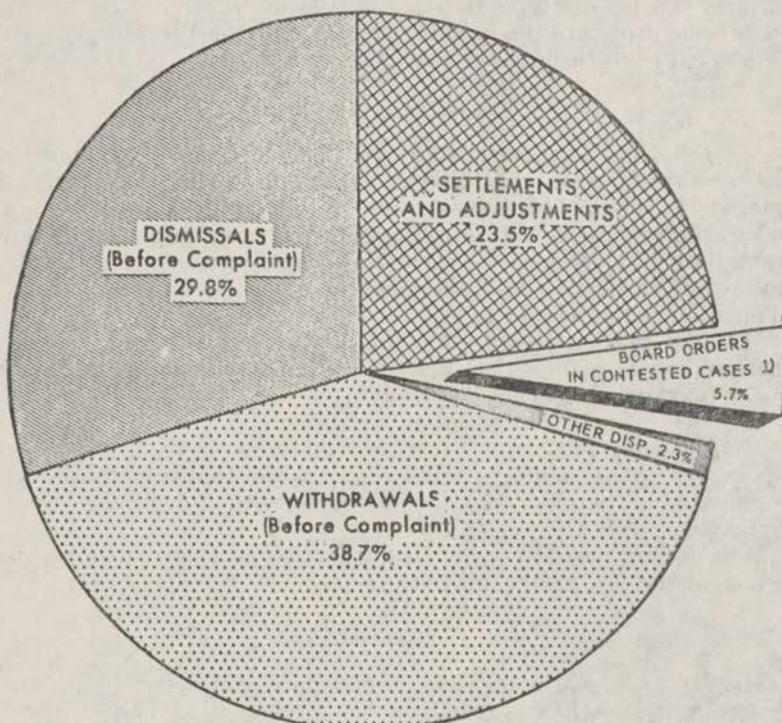
Mr. McCULLOCH. This chart appears in the annual report and is part of the information we try to furnish Congress and all those who follow the work of the Board.

(The chart and statement referred to follows:)

DISPOSITION PATTERN FOR UNFAIR LABOR PRACTICE CASES

(BASED ON CASES CLOSED)

FISCAL YEAR 1963

^{1/} CONTESTED CASES REACHING BOARD MEMBERS FOR DECISIONS

UNFAIR LABOR PRACTICE AND REPRESENTATION INTAKE AND AGENCY DISPOSITIONS

UNFAIR LABOR PRACTICES SITUATIONS

In fiscal year 1965 we estimate that a total of 16,800 unfair labor practice cases, or 15,125 situations will be filed by the parties with the National Labor Relations Board. All charges are filed with the regional offices which perform the initial investigation and make the necessary initial determinations.

As the accompanying chart shows, most cases are closed in the regional offices by withdrawal, dismissal, or settlement. Of the 15,125 situations, we estimate that only 1,930 proceedings will remain for initial formal action requiring at least the issuance of a formal complaint.

After formal action has been initiated, in the course of preparation for and conduct of formal hearing before trial examiners and after hearing, many addi-

tional case settlements are secured by the regional office staff. In addition, of all trial examiner decisions issued, approximately one-fourth never require a contested Board decision because the regional office is able to secure compliance by the parties with the trial examiner decision or because none of the parties file exceptions to the trial examiner decision with the Board.

Therefore, a total of 637 proceedings will require a contested decision by the Board out of the total of 16,800 unfair labor practice cases or 15,125 situations estimated to be filed during fiscal year 1965.

REPRESENTATION PETITIONS

In fiscal year 1965 we estimate that a total of 12,600 representation petitions will be filed by the parties with the agency. All petitions are filed with the regional offices which perform the initial investigation, make the necessary determinations, and under statutory delegation issue decisions and directions of election subject to limited review by the Board.

Most cases are closed in the regional offices by withdrawal, dismissal, consent or stipulated election agreements, or by a hearing and regional director decision and direction of election. Of the 12,600 petitions we estimate that only 2,635 proceedings will require a hearing and formal action, of which 2,385 will become regional director decisions, and 234 will go on to the Board for its decision.

WORK OF THE GENERAL COUNSEL

Mr. DENTON. Many of the cases are disposed by the General Counsel before they get to the Board?

Mr. McCULLOCH. That is right. The Board handles only about 6 percent of the cases in the unfair labor practice field which are actually filed.

The figures in this chart to which I have just referred show nearly 39 percent disposed of by withdrawals after investigation; nearly 30 percent disposed of by dismissals, and 23½ percent disposed of as settlements and adjustments. Were it not for this very able disposition by the field staffs serving under the General Counsel, the Board would be completely inundated. In addition the Board has maintained the high level of complaint case production reported to you last year. We turned out 611 contested decisions in complaint cases in the fiscal year just passed.

RESPONSIBILITY OF THE BOARD

This is a heavy caseload but the Board members have to take responsibility for them. While we are grateful to the legal assistants for the supporting work they do, we have to take the responsibility for these decisions.

Mr. DENTON. I appreciate that, but there is a great deal in writing that case, too. The way it is written can have a strong influence on the decision.

WORKING TECHNIQUES OF THE BOARD

I wonder how the office works with 100 law clerks and 5 commissioners and how much consideration is given to each case by the Board members. You couldn't possibly read the records. There is not enough time in the day to read the cases you decide.

Mr. McCULLOCH. That is right. The Board members cannot individually read every record. But it is surprising to note the number of times they go into the record. We have a kind of ascending procedure depending on the difficulty of the case, where we check on each other. In most cases it is a panel of three members which is deciding, and it often requires a good bit of careful writing and revising for a member to get a draft which the panel or the Board will sign.

Mr. DENTON. You have 100 law clerks passing on these cases, which they have to do up to a point. I do not think it is a healthy situation.

Mr. McCULLOCH. All Board members would agree on this—the basic decision has to be that of the Board members. If the cases fall into familiar patterns then it is not difficult, but there are many that raise an apparently familiar issue with some slight variations, and then there are factual variations that are so great that to determine the correct finding and applicable legal principles can be very taxing. We try to do our best.

(Discussion held off the record.)

GENERAL TEST OF BOARD MEMBERS' ACTIONS

Mr. McCULLOCH. There is one general test of what the Board members do. The parties have available to them court review of our action. Later in my remarks I was going to refer to the fact that the Board, despite this great increase in the work it is turning out, in our complaint case decisions—

Mr. DENTON. You have a limited review.

Mr. McCULLOCH. That is true. Yet the courts look at the fact-finding as well as the legal conclusions.

Mr. DENTON. They go back and look at the facts?

Mr. McCULLOCH. Yes. They review the records of the cases brought there. Fortunately these are a small proportion of the total.

Mr. DENTON. They say the finding of facts will not be disturbed if they are substantiated at all.

Mr. McCULLOCH. I think the acceptance by the courts of our findings of fact and conclusions of law has been relatively high. As a matter of fact, this past year it is at the highest level since 1958. This is perhaps one test of whether or not we are giving proper care to the decisions.

Mr. DENTON. Go ahead.

THE 1965 INCREASES

Mr. McCULLOCH. The increased appropriation for which we are asking is in our view amply justified. We ask the committee to approve it because of the great increase in the case intake in the first place.

As we look at a 5-year trend or pattern of the Board's work the increases have averaged annually, in complaint cases 13 percent per year; in representation cases 10 percent per year over the past 5 years. This appears in the table on page 2 of my statement.

REPRESENTATION CASES

Mr. DENTON. Representation cases do not get to you, do they?

Mr. McCULLOCH. Many do. The regional directors handle them in the first instance. In some cases they refer them to us; others come to us on request for review of their decisions. This amounts to about 20 percent of their decisions.

Then also in postelection matters relating to objections and challenges we get a fairly heavy load of cases, usually the tough ones.

The intake experience of the last 6 months compared with the same 6 months of the prior year reflect the same increase of 13 percent in unfair practice cases and 10 percent in the representation cases.

It is against that background that I point out to the committee that our estimate for the coming fiscal year, namely increases of 10 and 7 percent, is conservative. It is 3 percent below what these long-range trends and our most recent experience would seem to suggest.

OTHER FACTORS INFLUENCING WORKLOAD

The second group of factors influencing our workload you might want to look at very briefly, and which we attempted to sketch in our justification and in my statement, are economic growth, economic change, labor organizing activity which has been highly intensified, and changes resulting from automation and unemployment. Perhaps even the factor of increased and improved Board services may bring some people to the Board who otherwise might feel it is hopeless and say, "Let us not bother about this and have recourse to our own economic power."

MERIT FACTOR

A third matter we have pointed out to the committee is that in the cases filed in the last year to a year and a half we have detected an increase in the so-called merit factor. A bigger proportion of the cases seem to have been well charged, and the General Counsel is finding this merit factor has increased by 10 percent. As a result we get a factor within the volume increase which increases the amount of work called for from the staff. We estimate this calls for a 4-percent increase in the staff time and investigative work.

BACKLOG AND DELAY PROBLEM

A fourth matter to which we call the committee's attention is the necessity of dealing with the backlog and delay problem. At this point I want to say to the committee that because our current intake is running once again above the estimates on which our current fiscal year budget was based, because the cases coming in right now are above that level, we have been faced with a building up of the backlog at several points. We sketch this first in terms of the cases that are on the trial examiners' calendar which has increased from 235 on July 1 of 1962, to 317 on July 1, 1963, and to 363 on January 1, 1964.

Mr. DENTON. Pending now to be reassigned to what?

Mr. McCULLOCH. Scheduled for and awaiting hearing. These are cases where complaints were issued —

Mr. DENTON. How long have they been waiting?

Mr. McCULLOCH. Our trial examiners' calendar has been cut back from a period of about 9 weeks, which it was some 6 months ago, to about 5 weeks now.

Mr. DENTON. I cannot think of any place where you need prompt action more than in labor relations.

Mr. McCULLOCH. I agree.

Mr. DENTON. Or you will have labor difficulties.

Mr. McCULLOCH. We have stressed this in our prepared statement.

TRIAL EXAMINER DECISIONS

The next point at which this delay factor and buildup shows is in cases awaiting trial examiner decisions. While the trial examiner corps and Chief Trial Examiner have responded to the Board's wish to reduce their calendar from 9 weeks to 5 weeks, at the same time they have had something of a buildup of the cases awaiting trial examiner decisions.

Mr. DENTON. Do you have that in your record?

Mr. McCULLOCH. Yes, under the heading "Trial Examiner Decisions" in my statement.

PENDING CASES BEFORE THE BOARD

A third backlog point I would mention is that with the Board itself there has been some buildup in the pending cases from about 252 as of the end of the last fiscal year—that would be July 1, 1963—to January 1 of 1964 of about 50 additional cases.

Mr. DENTON. We gave you extra money over the years to increase your staff in order to cut down in the backlog. I am very disappointed it has continued to build up. I wish you would give us some information on what we can do to cut it down. It is important we cut down this delay.

Mr. McCULLOCH. From the point of view of the progress the agency has made in 2 to 3 years, the reduction in backlog is most substantial; we have cut it in half. What I am describing to you now is a slight increase which has taken place in the last 6 months as a result of the cases coming in beyond what we expected.

Mr. DENTON. Off the record.

(Discussion held off the record.)

UNFAIR LABOR PRACTICE SITUATION

Mr. McCULLOCH. We are currently running over 13,000 unfair labor practice situations a year.

Mr. DENTON. Most of those are taken care of in the field by the General Counsel?

Mr. McCULLOCH. As they are taken care of in the field many are taken care of with just the swiftness you want them to be handled. The bulk of them disappear before the Board has to deal with them. These are disposed of by the field offices and you never hear of them.

Mr. DENTON. The fact there is a delay causes some people to take advantage of it.

Mr. McCULLOCH. There are others who take their cases to us because they believe they have rights.

Mr. DENTON. I grant you that.

Mr. McCULLOCH. And they sincerely believe the Board and General Counsel are wrong and they are entitled to their day in court.

Mr. DENTON. The fact there is a delay is sometimes an incentive for taking an appeal.

Mr. McCULLOCH. We have to accord all parties their due process even though we think their motives may be as you have described them.

Mr. DENTON. That is right. Go ahead.

MEETING THE PROBLEMS OF BACKLOG AND DELAY

Mr. McCULLOCH. The Board, in facing up to the problem presented, by the growing case intake, by the increase in the merit cases, and by the backlog and time delay factor, has felt it must carry through more promptly and efficiently and constantly has been working on means to improve its case productivity and management of its personnel. We have an agencywide program for productivity increases and for management improvements.

It is to bring this about in the face of the workload problem we have that we make the request for these increased positions.

Mr. DENTON. I am afraid increased positions will not solve the problem. We tried that before. I know you tried to get reorganization approved and that didn't work. Congress didn't approve it.

I wish there were some solution to cut down this backlog. In the last analysis the five members of the Board have to pass on every case. That has to be a bottleneck, regardless of the law clerks you have.

Mr. McCULLOCH. Because of the great gains in the past 3 years, we confidently hope the agency can get over this problem of both backlog and time delay.

REDUCTION IN TIME DELAY

Although we have not presented this in great detail you will find in the justifications on page 12 an indication of the reduction in time delay.

It indicates a great improvement in the time factor, from 464 days in 1958 to 309. That is cutting off a third of the time.

Mr. DENTON. That is very good but still too long.

Mr. McCULLOCH. Still too long, but yet the downward trend is an improvement.

In addition, on representation cases since we delegated decisional responsibility to the regional directors we have cut in half the time from the filing of the representation petition to the directors decision, from a period of time that was roughly 87 to 88 to about 43 days.

Mr. DENTON. There used to be considerable complaint about those representation cases being too long in deciding; 43 days is doing quite well.

Mr. McCULLOCH. We think so. That should be part of the picture, too. While we are crying to you about the needs that arise from the increasing intake, we are proud of the fact the field staffs have done this fine job.

NUMBER OF CASES HANDLED PER YEAR

Mr. DENTON. I don't see how you can get around the bottleneck of five Board members having to make the ultimate decision. It is too heavy a load for five men to dispose of.

How many cases do you dispose of per year?

Mr. McCULLOCH. The number of unfair labor practice complaint contested decisions last year was 611.

Mr. DENTON. How many representation?

Mr. McCULLOCH. The number of election decisions in all—

Mr. DENTON. Before they got up to you.

Mr. McCULLOCH. Mr. Fields?

Mr. FIELDS. 266 issued by the Board.

Mr. DENTON. 900 cases for 5 men. That would be 180 cases each on an average, and 365 days a year and we have to take off some Sundays and holidays. I don't see how you can possibly do justice to them in that time.

Mr. McCULLOCH. We like to think the answer is that we have been doing it and Congress has greatly helped us.

Mr. DENTON. You have many cases where you decide the same thing over and over again. I realize that.

However, it seems you should be passing on new and important questions just as the Supreme Court passes on cases in certiorari.

Mr. McCULLOCH. We have been helped by the provision of the statute of 1947 which permits the Board to act through three-member panels. Many decisions are issued by three members. This means we are not all participating in every one of those cases.

BOARD'S PROCEDURE FOR HANDLING CASES

Mr. DENTON. What percentage of those 900 cases have oral argument?

Mr. McCULLOCH. Very, very few. In order to handle the volume in the last fiscal year almost none, and this is a matter of regret to us.

Mr. DENTON. You meet as a panel and somebody reads an opinion on each case which has been assigned to you? How do you handle that?

Mr. McCULLOCH. We have various ways of handling it. We meet as a panel when the case seems to be one which does not require full Board attention. We meet as a full Board when it is a case meriting full Board attention.

Mr. DENTON. A clerk hands you an opinion. What procedure do you follow?

Mr. McCULLOCH. We have had prepared for us a case memorandum more frequently than a case decision. The case memorandum seeks to set forth the facts and the issues of fact and law raised by the exceptions and to outline the legal arguments and authorities on both sides. The Board members then consider those issues and decide them, and then under the direction of the member to whom the case was assigned the writing proceeds after the panel or the Board has met.

Mr. DENTON. Each of you read those 900 cases?

Mr. McCULLOCH. No, we cannot possibly read every one. Each of us reads the decisions to which his name is attached. We also have a clearance system for the others.

Mr. DENTON. Does this law clerk give you a written opinion along with this memorandum he gives you?

Mr. McCULLOCH. Ordinarily not. In some cases that is prepared if the case is a simple one, where the attorney on the staff of the Board member to whom the case is first assigned, his supervising attorney, and the supervising attorneys from two other Board members' staffs have together initially considered the matter and it seems to be one that is more routine.

There may then be a draft opinion prepared and a very brief case memorandum goes with that opinion if the Board member responsible for the draft authorizes and approves it. This happens in the cases which you were describing as routine cases, run-of-the-mill cases.

If any of those senior legal assistants to a Board member reviewing the trial examiner's decision and the draft in behalf of his Board member feels that his member would have some doubt, either about factual conclusions drawn by the trial examiner or any of the legal issues raised by the exceptions, he may ask for a fuller memorandum, a fuller consideration of the record and briefs, and something further than the draft will be prepared.

Mr. DENTON. On that question the law clerk decides it and not the Board member. Is that right?

Mr. McCULLOCH. Only on the preparation of the draft materials for the Board member's consideration. But it has to come to the Board member to determine whether those recommended materials are ready for the panel or the Board or whether the recommended decisions were correct.

Mr. DENTON. Some never get to the Board member?

Mr. McCULLOCH. I see the cases that I sign, Congressman. I frequently will also pass upon cases where I am not on the three-member panel, but where it is the judgment of my assistants or the judgment of other Board members that there are matters at issue which I should clear or review.

I don't know whether Mr. Fields, who as Executive Secretary of the Board has observed the Board's decisional procedures for a long time, can be more helpful in describing the procedures than I have been but I wanted you to know how we move the volume.

Mr. FIELDS. Basically I think over 85 percent of unfair labor practice cases are issued by panels.

Mr. DENTON. You mean three members?

Mr. FIELDS. That is right. Copies of the proposed decisions are sent to the other two members of the Board for their clearance, and the general procedure in that situation—

NUMBER OF DECISIONS PER YEAR

Mr. DENTON. 900 decisions a year for their clearance?

Mr. FIELDS. No; 900 decisions a year for determination. The average Board member will participate in 60 percent of those.

Mr. DENTON. 540 opinions?

Mr. FIELDS. That is right.

It is perhaps more than that because about 15 percent of the cases involve all the Board members, either more difficult cases that go to the full Board, or—

LENGTH OF CASE RECORDS

Mr. DENTON. How many pages do those records run? Are we talking about printed or typed pages?

Mr. McCULLOCH. Typed.

Mr. FIELDS. I think the average record is around 250 pages of testimony.

Mr. McCULLOCH. Mr. Fields, I think it is a little longer than that.

Mr. FIELDS. Yes, sir.

Mr. McCULLOCH. I looked at the most recent monthly reports. They seem to be running between 400 and 450.

Mr. DENTON. You decide two of those a day per man. I can see an obvious need for some kind of improvement in procedure if we are ever going to break that backlog.

I think what you proposed before was the best solution, but Congress turned it down.

Mr. McCULLOCH. So we are trying to develop within our own agency improved procedures. We have asked our trial examiners to lift their minimum requirements—

Mr. DENTON. I think you are doing fine in the field.

Mr. McCULLOCH. I do, too.

UNFAIR LABOR PRACTICE CASE DECISIONS

Mr. DENTON. I am satisfied with your representation cases but I am not satisfied with the handling of unfair labor practice cases.

Mr. McCULLOCH. I hope we can demonstrate to you eventually we are doing a good job with what we have.

Mr. DENTON. It will be about a year's time before they are decided.

Mr. McCULLOCH. About 300 days is the median time, 10 months.

Mr. DENTON. We speak of improving labor-management relations. We have two specific appropriations to try to improve those relations. This thing right here, disposing of unfair labor practice cases promptly, is the best way in the world to improve labor-management relations.

Mr. McCULLOCH. If we are persuading parties to withdraw their charges or dismissing or settling 90 to 94 percent of the cases in the unfair labor practice field—

Mr. DENTON. You are doing very well on that.

Mr. McCULLOCH. Then the hard core of the bitterly contested cases follow. When the parties seek to utilize all their rights, putting in a long record, making every point they can before the trial examiner, and then filing voluminous exceptions to the trial examiner's decision with the Board itself, filing lengthy briefs, I don't think they can expect us to decide that in a few days.

Mr. DENTON. I don't see how you can. What I complain about is too heavy a load on five men.

INCREASED PRODUCTIVITY

Mr. McCULLOCH. We deeply appreciate your concern, and we share it. But my colleagues and our staff members are working hard. I am proud of the results that they get.

Mr. DENTON. You would have to work awfully hard to accomplish these results. That is obvious, too.

Mr. McCULLOCH. We keep hoping and searching to find ways of improving our procedures. When we look back over 6 to 7 years we find that our work units, those which are being turned out, are perhaps $2\frac{1}{2}$ times what they were in 1958. This is an estimate for the coming fiscal year, and with the personnel which your appropriation would enable us to have, our staff will be about two times the 1958 level. In other words, our yearly increase in productivity has steadily continued.

BACKGROUND OF GENERAL COUNSEL

Mr. DENTON. I do not believe you have been here before, Mr. Ordman. Tell us a little about yourself, your background, where you went to school, what you have done, where you came from.

Mr. ORDMAN. I would like to do that, if I may. I was appointed to this position as General Counsel, with the advice and consent of the Senate, in May of 1963.

My early years were all spent in New England. I was born in New Hampshire, raised in Massachusetts. I received my law degree from Harvard Law School in 1936. I entered into the private practice of law and practiced for some 5 years in Salem, Mass., where I remained until 1942.

At that time, the matter of World War II intervened. I wanted to, and did, enter the U.S. Navy. I spent $3\frac{1}{2}$ years in the Navy, most of it aboard the U.S.S. *New York* as signal officer, first in the Atlantic and then in the Pacific.

After I came back at the end of the war in 1945, I came to the National Labor Relations Board.

Mr. DENTON. When was that, what year?

Mr. ORDMAN. That was late in 1945. I have been with the National Labor Relations Board ever since that time, roughly 18 years. I have been lucky in a way. I think I have personally performed almost every job that a lawyer can perform in the National Labor Relations Board. I have spent a little time in the field. I have investigated unfair labor practice cases. I have conducted elections. I have argued cases before the Board and I have argued cases for the Board before every circuit court of appeals in the United States. I have a number of briefs on file with the Supreme Court of the United States. I was a trial examiner for 2 years.

In essence, I would say that I have performed about every function for which as General Counsel I have responsibility at the present time and the functions which this budget comprises.

SUMMARY STATEMENT OF THE GENERAL COUNSEL

Mr. DENTON. You have put your statement in the record. Now give us a summary.

SYSTEM OF EXCEPTIONS

Mr. ORDMAN. My statement was submitted for the record and I will summarize it briefly. But may I note first that my varied experience with the agency has served me in good stead in many respects. For example, in one respect it relates to the question you just raised with the Chairman as to the scope and magnitude of the Board's decisional function. All our unfair labor practice hearings come before trial examiners, or virtually all of them. Except where there are stipulated records, they come before the trial examiner in the first instance. Under the rules and regulations of the agency, as provided for in the statute, the complete case does not come before the Board, but there is a system of exceptions. In other words, I as General Counsel, when I do not prevail before the Board, may file exceptions just as respondents may file exceptions.

Mr. DENTON. Do you not take the record up?

Mr. ORDMAN. The record does go up, but the particular fact or the legal findings to which the parties before the trial examiner take issue are the ones they pinpoint to the Board.

Mr. DENTON. It is no different from ordinary equity practice of law where they make special findings and take exceptions.

Mr. ORDMAN. Precisely. In many cases the Board does not have to read the whole record insofar as the record contains findings not excepted to. So the record is pinpointed. They are only required to review that part of the record to which exceptions are taken.

Mr. DENTON. If the exception is that there is no evidence to sustain the finding, how else can you determine it except by reading the record?

1965 INCREASES

Mr. ORDMAN. You are correct. But that is not the typical situation. Now, if I may summarize briefly my statement, which has already been submitted, our budget request, as the Chairman told you, is roughly \$25¼ million and includes a requested increase of roughly \$2¾ million and an increase of 210 positions.

ORGANIZATIONAL STRUCTURE

Approximately 90 percent of this budget covers the area over which I as General Counsel have jurisdiction. I have, in essence, three departments. There is the Division of Litigation, which handles all courtwork and appeals from General Counsel's rulings. That is headed by Mr. Manoli, who is seated on my far left.

There is the Division of Operations, which takes in all our field operations and that part of the administrative staff in Washington responsible for the field operations. That is headed by Mr. Gordon at my far right.

The Division of Administration sees to it that we toe the mark in accord with all relevant Government regulations and that we operate within the boundaries of such budgets as the Congress is kind enough to allot. Mr. Clarence Wright, seated to my immediate left, is in charge of that Division.

JUSTIFICATION OF INCREASES

The funds and employment we ask for are designed to meet just two major objectives. The first objective is the handling of an increasing caseload. As the Chairman has told you, that caseload is running presently at the rate of 13 percent in unfair labor practice cases and 10 percent in representation cases over our case intake for fiscal year 1963. As the Chairman has also told you, we do not control this. The amount of business we get is determined by how many people come in the front door of our regional offices with a complaint of unfair labor practice or with a representation petition. We have no programs of our own. There is nothing provided for in our statute, so we can initiate nothing. We have to take the caseload as it comes to us.

Our other basic objective is to improve the quality of the service we provide. That is extremely important to us. That is part of the objective Congress has designated us to achieve.

INCREASE IN WORKLOAD

During the first 6 months of the current fiscal year, from July 1 to December 31, 1963, which is really the part that I have the most familiarity with, our unfair labor practice situations which constitute the bulk of our work, rose 13 percent.

UNFAIR LABOR PRACTICE SITUATIONS

The percentage of merit factor rose also. I will explain these terms. We talk about unfair labor practice situations and merit factor. By unfair labor practice situations we mean this. We frequently get a number of unfair labor practice charges. Assume 20 people have been discharged in the same allegedly illegal discharge. Each of them files a separate charge. It would be very encouraging if we added up the number of charges to establish the enormity of our caseload. But we have been wholly candid with the committee for years. If we have 20 charges which relate to one situation, we qualify that. We report that as one unfair labor practice situation, not as 20 cases.

MERIT FACTOR

The merit factor is this. When we investigate a case and we find it has merit—namely, that we will proceed—we issue a complaint. We call that the merit factor. The number of merit factor situations we have are those charges which turn out to be meritorious and on which we engage in further proceedings.

Not only has our situation count increased but our merit proportion of cases has increased. I think that is in some substantial part due to the fact that overall in the agency and particularly in the field we move fast. We are getting less of what I think you may have referred to in a hearing that preceded ours as tactical maneuvers, tactical charges. The delay factor is now worth considerably less, and we move faster. We dismiss faster in those cases where we do not have merit. Parties are recognizing this and are not now filing tactical charges as they did before.

Correspondingly, our representation case merit factor has also risen. That has increased about 10 percent. With this substantial increase in unfair labor practice intake and in representation case intake, we have a major problem, but we have been able to cope with it with no buildup of backlog.

PERFORMANCE IN HANDLING WORKLOAD

Primarily, we have been able to increase our settlement rate in unfair labor practice cases. Our settlement rate has gone up several percentage points higher than it ever was before. We think that a case which is settled is good for the parties, is good for the public, and is good for the Government because it involves no more expenditure of funds and energy and because an amicable settlement is better than litigation. Our settlement rate has gone up.

INCREASE IN TIME SPENT ON AVERAGE CASE

We have done wonderfully well also in the field of getting representation elections settled by consent of the parties instead of going through a long hearing. In sum, we are rather proud of the operation of our field office. The picture is not, however, unsullied; it is not perfect. We have managed not to pile up a backlog in our field operations. What we have had to do, because of this unprecedented increase in cases, which went over our budget estimate last year—

Mr. DENTON. You are going to put the figures in?

Mr. ORDMAN. The figures are in our narrative statement and in our justification. We have had to expand a little in the time we have spent on handling the average case. In other words, it has gone up now from the time of filing until close of hearing to about 109 days. Our objective is to get that figure down to 90. We have had to have that stretchout to accommodate this increased caseload, an increased caseload which I just told you amounts to about 10 and 13 percent, respectively, in representation and unfair labor practice cases; but we have done this with only a 3-percent increase in personnel.

In other words, we have absorbed through increased productivity that extra 10 percent. The price we have paid is there has been a little stretchout in number of days we have had to handle any given case. That stretchout we do not think is severe now, but we are deeply concerned as to the future. We want to inform the committee that if the caseload keeps increasing at the present rate and we do not get help, we will have either a stretchout or backlog, and that is the basis of our appeal for the increase, which is principally for our field operation, where we have been able to eliminate backlog and accomplish speed.

ORGANIZATION FOR APPEALS

Our Division of Litigation, which I told you handles appeals, handled more last year than in 1963, about an 8-percent increase over 1963. That is the process by which if a party is dissatisfied with a dismissal by the General Counsel of his case, he gets a review. He can appeal from that finding.

I have made a change since I came into that office. I have a unit in the Division of Operations or the regional office itself which makes

the initial recommendation as to whether to issue or not to issue a complaint. I have set up a completely separate unit in our Division of Litigation so if a party feels aggrieved, he gets a review by a completely new set of people. We are anxious to see that our parties get their "day in court," if they feel the initial determination is wrong. To insure a fresh determination, I have made that special appeal procedure. I have delegated a different group to handle the appeal.

Actually last year the original determination not to issue a complaint was reversed in 8 percent of the cases, which indicates that this appeal is not merely a nominal or paper procedure, it is a real review.

CASES BEFORE COURT OF APPEALS

In addition, the Litigation Branch handles appellate litigation. We had in the last calendar year 255 cases in the Federal courts of appeal in the United States and a half dozen or more in the Supreme Court of the United States. I am not counting approximately 300 cases in the district courts of the United States where we handle injunction and miscellaneous litigation matters by order of the statute.

Again, this is not an instance where we are bringing cases to the courts of appeal. As you are aware, under our statutory scheme our orders are not self-enforcing. If the respondent refuses to comply, the only way we can get enforcement of our orders is to bring him to the court of appeals.

Also, incidentally, the parties aggrieved or allegedly aggrieved by our orders have their choice, and they can bring the case to the court of appeals. We are carrying a larger appellate court caseload than any agency in Government including the Tax Court.

Mr. DENTON. You have 255 enforcement cases for injunction?

Mr. ORDMAN. Yes, sir.

Mr. DENTON. How many are appealed?

Mr. ORDMAN. I take it the question is how many parties sue us rather than our bringing the enforcement cases.

Mr. DENTON. Yes.

Mr. MANOLI. Currently approximately 40 percent of the cases pending in the court of appeals are being brought on petitions to review.

Mr. DENTON. Forty percent of what?

Mr. MANOLI. Of the 255 cases that Mr. Ordman referred to. We can move to enforce the Board's order. Approximately 60 percent of the Board cases in the courts of appeals are brought there by the Board itself on petition to enforce its order.

Mr. DENTON. Forty percent are reviews and the other are injunctions?

Mr. ORDMAN. They are cases we bring because the respondent refuses to comply and we cannot make him comply without bringing him to court to get a court decree.

Mr. LAIRD. Will you yield, Mr. Chairman?

Mr. DENTON. Yes.

DUPLICATION BY COURTS AND THE BOARD

Mr. LAIRD. In this whole area it seems to me that it must be possible for the Board to avoid litigation in cases where another remedy is available to the parties who bring the charges before the Board. I

notice that you are asking the Board to issue an order requiring the United Aircraft Corp., case No. 1-CA-3355, to reinstate and to give backpay to about 3,800 employees who struck and at the end of this strike were not recalled to work.

At the very same time the unions which filed the charges have also filed actions with the U.S. district court under section 301 of the Taft-Hartley Act alleging that the company's failure to reinstate these same employees violated the terms of the strike settlement agreement which had been entered between the company and the charging union at the end of the strike.

The very same issue is before the Board and is before the district court. As a consequence of this, you have the Government being put to expense, which we are covering here in this bill, the expense of the National Labor Relations Board, and also the expense of the U.S. district court. They are attempting to adjudicate the very same thing. They are adjudicating the rights, if any, of these 3,000 strikers to be recalled to work and to be made whole for any loss of wages that they have suffered.

Is it necessary to go both roads? I would like to get your opinion on this. This is something that I just do not understand.

Mr. ORDMAN. I am very happy to give you this answer. I do not want to draw any legal niceties. Basically, the union is seeking the same relief in both cases. There are different legal theories, but your statement is correct that they are seeking the same kind of relief in both cases.

In this case the union in Connecticut filed an unfair labor practice charge with us a long time ago which was presented to my predecessor. My predecessor concluded that there was reasonable ground to believe that an unfair labor practice had occurred. Where a charge is filed alleging an unfair labor practice and there is reasonable grounds to believe it has occurred, the General Counsel's Office issues a complaint.

The other suit is one brought in the Federal Court, which the then plaintiff—the union here is the charging party, there it is the plaintiff—filed under 301, under title III of the act whereby the Taft-Hartley Act gave them the authority to sue for breach of contract in the courts.

SUPREME COURT DECISION

Only about a year ago—Mr. Manoli may correct me—the Supreme Court decided a case where this kind of issue was squarely presented. The contention was made that where a case is an unfair labor practice and it involves a violation of a contract, the Board has exclusive jurisdiction and we alone should proceed. The Supreme Court in the case of *Smith v. The Evening News* said both avenues were open to the aggrieved party. This is a matter which is governed completely by a Supreme Court decision and by our own statute. It is not a matter which we can control.

JUSTIFICATION FOR GOING BEFORE THE BOARD

Mr. LAIRD. The National Labor Relations Board has come in here each year giving us information that their caseload was going up. For a number of years you have asked for an increased appropriation to cover this caseload. In the main, the justification has been each year that the caseload had continued to increase.

It seems to me here that a determination could be made, that if a case is in the district court, then you would not have to take the responsibility to also follow through and take this matter up with the Board and take their time on it.

Mr. ORDMAN. I think there may be a misunderstanding. In the cases I am talking about, Congressman, in which we go to the court of appeals, those are cases where the Board has issued a cease-and-desist order as a result of an unfair labor practice finding. Because that order is not self-enforcing, we must bring it—

Mr. DENTON. There is nothing in the act to prohibit your taking a case because there is another remedy.

Mr. ORDMAN. That is right.

Mr. LAIRD. You are taking this before the Board, not before the court of appeals.

Mr. ORDMAN. I am taking this before the Board because a charge has been filed and we have reasonable grounds to believe an unfair labor practice has occurred. The question you are raising, Congressman, I submit is something we cannot cure. It would have to be cured by Congress because in the present state of the law, plus the Supreme Court decision—

ACTION REQUIRED BY LAW

Mr. LAIRD. You have to do this according to the law? Is that the answer? I just want the answer.

Mr. ORDMAN. That is correct.

Mr. LAIRD. You are required by law to take this to the Board?

Mr. ORDMAN. That is correct. That is provided in section 10 of our act.

Mr. LAIRD. You have no other course to follow?

Mr. ORDMAN. No other recourse.

Mr. LAIRD. It seems strange to me that when this is before our Federal judiciary, the National Labor Relations Board should be asked to rule on the same matter.

Mr. ORDMAN. I have to bring this as an unfair labor practice because where I have a reasonable cause to believe an unfair labor practice exists, this has to be presented before the Board. The parties have their right to sue also under breach of contract.

COURT RULES WHEN OTHER FORUMS ARE AVAILABLE

Mr. McCULLOCH. May I inject with this one other point?

The Board was asked to file its views in *Smith v. Evening News*, to which Mr. Ordman just referred. We filed with the Supreme Court a brief indicating that it was our view that the Board should not have exclusive jurisdiction in these matters where there is a breach of contract, that also may arguably be an unfair labor practice, and we argued that the Supreme Court should uphold the jurisdiction of the court as well.

To the degree we could, we sought to uphold the right of the parties to go to another forum. We did not seek to hold this to ourselves exclusively. We were doing all we could to encourage utilization of other forums.

Mr. MANOLI. You might add the *Westinghouse* case, too.

Mr. McCULLOCH. Yes. Would you describe that, please?

Mr. MANOLI. In the *Westinghouse* case the question was whether a union could go to a court to enforce a contract provision requiring arbitration. Because of the special nature of the problem—I will not go into it—the argument was made that the Board had exclusive jurisdiction in this area and that neither the State nor Federal court had jurisdiction to entertain a petition to force the parties to go to arbitration in cases of this kind.

The matter went up to the Supreme Court. In that case the Board took the position that the courts did have jurisdiction to handle this problem, that it was not exclusively within the jurisdiction of the Board. I think this illustrates further the point Chairman McCulloch was making.

Mr. DENTON. That is what the Supreme Court held anyhow, is it not? That was the decision?

Mr. MANOLI. That was the decision. The decision came down in January of this year, in which the Court held that the Labor Board did not have exclusive jurisdiction of this kind of issue, that the courts also had jurisdiction over that type of issue.

EXPENSE OF PURSUING TWO REMEDIES

Mr. LAIRD. It seems to me the responsibility should be one place or the other. I cannot understand what is going to happen here over a period of time if we use the Federal judiciary and also use the National Labor Relations Board for the same cases. I should think the expense in some of these cases could run up to where it could almost break the parties involved.

Mr. DENTON. The court costs will be paid by the parties.

Mr. LAIRD. That is what I am talking about.

Mr. DENTON. The parties themselves pay the court costs.

Mr. LAIRD. Who pays the cost of the National Labor Relations Board?

Mr. DENTON. That is different.

Mr. LAIRD. The employer will have to pay one side of this.

Mr. ORDMAN. We do not pay the respondent's cost. We pay the charging party's cost. As a practical matter, however, where there is Court review sought, as a practical matter you generally find the agency necessarily under Court rules is carrying the bulk of the bill in printing the record before the Court, which is a major cost in any court procedure.

Mr. DENTON. That is not an unusual situation to have two or three remedies to pursue.

Mr. ORDMAN. This is not peculiar to administrative law. It is quite true in the common law courts.

SUMMARY OF POSITION OF BOARD AND GENERAL COUNSEL

Mr. ORDMAN. To round out the picture, the Board itself and the General Counsel and his office have made every effort in much of this area to avoid duplication. Where there is an arbitration proceeding pending which involves the same issue that the Board has. The Board and the General Counsel—again responsive to the statute, which in title II encourages resort to arbitration—have stayed their

hand in cases where an arbitration proceeding is going on, so long as the arbitration proceeding is fair to the parties and reaches a result not antithetical to the policies of the act. We try where we can not to duplicate.

Mr. DENTON. Where they have two remedies they can only collect once.

Mr. ORDMAN. The Supreme Court did not resolve all issues, but it pointed out where there was a conflict in remedies, it was assumed that some action would be taken. I think the tacit premise is that the Board would control in a situation like that.

Mr. DENTON. I was thinking of the workmen's compensation cases where there is a third party; wrongdoer. Of course, our courts held you can bring a suit in workmen's compensation court or at law. You could only collect once, however.

I am pleased with the work you are doing in the field. I think our difficulty is those hard core appeal cases. There is too much work for five men.

IMPORTANCE OF SWIFT ACTION

Mr. ORDMAN. I think the chairman has pointed out the bulk of those are resolved in the field. I cannot stress any more effectively than you, Congressman Denton, have already stressed the importance of swift action in our cases. We stress that. That is why we are in this situation where we are asking for more money and more positions because we have to give that swift action.

To the employee who is unlawfully discharged, a wage earner and his family, a slow remedy is not very good if within the process he has lost his home, his car, and his insurance policies.

Mr. DENTON. Not only that, the Taft-Hartley law provides where there is an unfair labor practice you must try the employer's unfair labor practice before the employee's.

Mr. ORDMAN. That is right.

Mr. DENTON. That puts the employee back further still.

Mr. ORDMAN. By the same token, the small businessman who is oppressed by an unlawful picket line needs quick relief, too. As you point out, however, in many cases, in the latter case at least, there is a means frequently for quick mandatory injunctive relief.

We have on the other side of the coin a provision for discretionary injunction which we are trying to utilize much more fully to avoid the counterpart evil.

Mr. DENTON. There is a case again—of the unlawful picket line—there you have a remedy in the courts also.

ADMINISTRATIVE TECHNIQUE TO SPEED ACTION

Mr. ORDMAN. That is right. What we have tried to do, however, is this: We have found that we have worked out time targets in our operation, in the agency's operation, to insure that we get this speed. However, we found that time targets are an administrative technique. Any administrative technique can be abused if it is inflexible.

Unfortunately, I believe there have been instances in the past when

in a perfectly laudable desire to get speed an individual case was handled unjustly. In order to meet the time target in a complex case and with a fixed-time target of 30 or 45 days, it was said, "let us get rid of this one because we have not been able to develop all leads, and cannot justify issuance of a complaint."

We have made an effort to cure that. We have not abandoned speed as our objective or time target as our objective. What we are trying to do is to enable ourselves to reach an overall time target and keep this speed, but keep it flexible enough so a special case can get more consideration. This is basically why we need this increase. Because of the growing caseload and to achieve quality case handling is why we need the additional manpower.

DECENTRALIZATION

As we pointed out, these increases are principally for the field. We are carrying through a decentralization program. We have been and will continue to strip some of the administrative staff in the General Counsel's Office in Washington and delegate more responsibility and more initiative to the field where 90 percent of the work is done. We have been doing it already. We have been getting effective results. We plan to continue to do that very thing.

I will not trouble the committee any more with all aspects of our agency improvement program but I think we have been doing a good job. However, we are being pressured by this increasing intake.

We have got to service this increasing caseload and we are trying to do a quality job.

At present, our outlook is ominous unless we get help.

Thank you.

INCREASE FOR 1965

Mr. DENTON. The appropriation for 1964 was \$22,460,000 and the request for 1965 is \$25,250,000. That is an increase of \$2,790,000; over 12 percent.

About how much of this increase is for mandatory cost items and how much is for the expansion of the agency?

Mr. ORDMAN. May we supply that, Mr. Chairman?

Mr. DENTON. Just put that in the record.

Mr. ORDMAN. Yes, sir.

(The information follows:)

The estimate includes \$907,400 for mandatory costs out of the total \$2,790,000 increase for 1965 over 1964. This includes provision for extension of the second phase (January 1964) of the Pay Act (Public Law 87-793) to a full-year basis in fiscal year 1965; for extending to a full year those grade and within-grade promotions effective in fiscal year 1964; and for the within-grade promotions effective in fiscal year 1965, which cannot be absorbed by turnover.

JUSTIFICATION FOR BUILDUP IN YEAREND EMPLOYMENT

Mr. DENTON. According to the budget, the 1964 appropriation would support an average of 2,014 positions. You expect to build up to 2,065 by the end of the year.

You could not possibly support this number without an increase in the appropriation next year, could you?

Mr. McCULLOCH. That is correct.

Mr. DENTON. I am sure you realize agencies have been severely criticized for doing this same thing. What is your answer if you are accused, as others have been in similar circumstances, of violating the spirit of the Anti-Deficiency Act?

Mr. ORDMAN. Maybe this is based upon undue hopefulness, but we have a special problem of recruiting. Our special problem of recruiting is attributable to the fact that we have in the agency, because of the nature of our work, a disproportionate amount of lawyers and a disproportionate amount of what we call field examiners, investigators.

We get them off college campuses and that is the only way we can get these people. I think the Congressmen are familiar with the fact that right now times have changed since I was in college and one out of eight of us was guaranteed a job when we graduated. At the present time corporations, law firms, and every outfit of any responsible size is on a college campus in November, December, January, and February looking for promising young graduates.

We want high caliber staff and we try to get them. We have to recruit them and be able to commit ourselves within reason to hire them in June. If we do not, we do not get them. I think the Government suffers. That is why we have tried to explain to the Bureau of the Budget and the Bureau of the Budget has understood our unique problem in having to have high level personnel. At the end of June we have to commit ourselves to these people or we lose them.

If we have to wait until the end of the school year to recruit people we do not get the good ones.

Mr. DENTON. Thank you.

APPRAISAL OF PERFORMANCE UNDER CURRENT CONDITIONS

I wish you would give thought to some change you could recommend that would overcome that bottleneck, because 900 cases for 5 men is just too heavy a load. I do not care how many law clerks you have for five men, you cannot get rid of this backlog and it is bound to get worse. There are just not enough days in the week for five men to do that.

Mr. McCULLOCH. I know that, and the members of the Board as well appreciate your sensitive consideration for the decision problems we face.

We have felt that the President appointed us and the Congress gave us a statute to administer or to try to administer and we just had to do the best job we could. I think my colleagues are giving unstinting service. They have found ways with their staffs of getting the work cut down to an almost manageable size. We are going to continue to try to do this job until some other form of reorganization is enacted. We shall be glad to participate with you or the appropriate committees in examining that at any time.

In the meantime, we just have to do the best that we can and we will do it.

Mr. DENTON. I am an old-fashioned country lawyer and I do not like the idea of deciding cases on a mass production basis.

Mr. McCULLOCH. Frankly, we too are restive under the necessities of this caseload. But there is a satisfaction in it because it makes a contribution to the national welfare and the important policies that

Congress has given us to carry out. The quality of what we are doing we submit, does not compare unfavorably with the time when the volume was much less, at least by any objective test that we can bring to it. The speed of decision does not reach the level we would like it to reach, but we have substantially cut down the time. We have reduced the backlog in half from what it was just a short 2½ years ago. So we believe we are making progress in the direction you want us to move but it does take a lot of straining to do it.

Mr. DENTON. Mr. Lesinski?

Mr. LESINSKI. Parallel with what the chairman has been talking about, you have decided many cases but we have to decide, or you say, about 10,000 cases a year. I wonder if the chairman would suggest we are overworked, too? We have to cut corners and I appreciate the position you are in because we are also in the same position and you are doing a good job.

That is all.

Mr. DENTON. Mr. Laird?

Mr. McCULLOCH. I appreciate that, Mr. Lesinski.

QUESTION OF FEDERAL CONTROL OR COOPERATION

Mr. LAIRD. I was interested in this article that appeared in the Evening Star, by Charles Bartlett, dated December 12. He quotes President Johnson to the effect that he feels the regulatory agencies should concern themselves with new areas of cooperation before they concern themselves with new areas of control. He spoke out against this and I quote:

* * * The heavy hand of complacent and static regulation * * *.

Do you feel the National Labor Relations Board has reached out for new areas of control?

Mr. McCULLOCH. No, and I believe that from top to bottom we are doing everything possible to encourage areas of cooperation. This is most possible in the field because the field has direct contact with the parties, the parties who bring the charges, file the petitions, and the respondents. I cannot say enough about that.

We on the Board feel, if we are apprised of situations such as Mr. Ordman has suggested or where unofficial adjustments are imminent, we will withhold our hand and if we can in any way help to encourage voluntary methods of settlement, we do it.

JURISDICTION OVER FOREIGN-FLAG SHIPS

On the question of reaching out for control, one case where we were indeed upset by the Supreme Court was where the Board asserted jurisdiction or sought to assert jurisdiction over foreign-flag ships, owned by American owners, which had a substantial degree of contact with this country so they could be considered in the commerce of this country. This was a decision made by the Board before I came to serve on it. I think it was probably in 1959 or 1960 when we made that first decision. I agreed with it, however, and joined in subsequent decisions to the same effect.

The Supreme Court held we were wrong in those decisions and so in that aspect of jurisdiction which we sought to assert—and all of us

sincerely in the belief we were carrying out the mission Congress gave us—as to this jurisdiction, the courts said we did not have it.

Other than that, it seems to me the Board has conscientiously been trying on the one hand to make available to the parties the processes, and to protect the rights, which Congress set up; and on the other hand, to encourage the parties to do as much themselves by way of voluntary adjustment as they possibly can.

That is my philosophy and I think that conforms to the Board's procedures.

JURISDICTION OVER COUNTRY CLUBS

Mr. LAIRD. Mr. McCulloch, we have heard quite a bit about the increase in caseload. Is it not true that the Board has gone about increasing this caseload by asserting control over new areas? You mentioned the maritime problem which the Court has ruled on, but within the not too distant past you went out and took jurisdiction of a labor matter at a country club.

It is difficult for me to imagine anything further removed from the proper area of interstate commerce than the activity at a country club. This seems to me to be just going in the opposite direction mentioned in this article of Mr. Bartlett's where he says the President of the United States is encouraging regulatory agencies to avoid new areas of control where at all possible.

Mr. McCULLOCH. I wish we could balance with that some of the cases in which we have declined jurisdiction. The theory, of course, there was that—

Mr. LAIRD. I am talking about this country club.

Mr. McCULLOCH. I do not have the essential facts of it clearly enough in mind. I am sure that the decision was based upon a determination that, as a result of what the record showed in terms of goods moving across State lines, there was some impact on commerce. The Congress itself, in 1959, inserted a new provision in the law in the proviso to section 14(c) directing the Board not to decline jurisdiction in certain broad categories of cases, like the hotel cases where the Board had earlier declined jurisdiction only to be upset in the courts. We were told we could not do this.

After the hotel case decision in July 1959 the Board then had handed down, within the discretion which the Congress gave it, certain guidelines as to the cases over which it would assert jurisdiction and the monetary levels which would be a kind of indication as to the substantial impact on commerce below which the Board would not go.

The Congress then in 1959 wrote into the law that the Board should not refuse jurisdiction in labor disputes from that time on, over which it would assert jurisdiction under the standards prevailing on August 1, 1959.

Mr. LAIRD. Do you think they were talking about country clubs and golf courses?

Mr. McCULLOCH. I do not suppose that was in anybody's mind and it was not in our mind until some petitioners came to us and said that they wanted to have the protection of the law and of their rights to organize. Then they made a showing in the record as to the goods that flowed across State lines and we thought the showing they made was sufficient under our discretionary standards.

LOCATION OF REGIONAL OFFICES

Mr. LAIRD. Do you think the Board could accomplish any substantial savings to help pay for this increased personnel by looking over its regional office situation? Let us take the east coast. We find you have a regional office in New York City and you have one in Newark. You also have one in Philadelphia. These are all regional offices within about a 90-mile radius of one another.

I have always thought of regional offices—and maybe I do not understand the concept of regional offices—I have always thought they were to serve a region. It seems to me when you have a regional office in Newark and one in Philadelphia and one in New York City you are getting awful close together with your regional offices.

Mr. McCULLOCH. I would like the General Counsel to address himself to that. However, I want to say a word about it before he does; this is primarily within his jurisdiction but we have had many discussions of it with him at the Board level as well.

RESPONSIBILITY OF REGIONAL DIRECTOR

As you have heard in Mr. Ordman's outline of the functions being performed in the regions, the regional directors' first decision after reviewing the evidence disclosed by the field investigation is whether to issue a complaint under the unfair labor practices provisions of the act, subject to review and the appeal procedure of the General Counsel in Washington. This is almost a quasi-judicial decision in itself.

Second, the regional director has by delegation of the Board, under congressional authority, the power and the responsibility to decide representation cases in the first instance.

Mr. LAIRD. I understand that, Mr. McCulloch, but I am talking about the location now.

Mr. McCULLOCH. I believe the conclusion as to location flows from what I am saying. If we are to maximize the opportunities for settlement, for withdrawal, and for dismissal, or for consent or stipulated representation elections someone with top authority in that regional office must be in a position to know a great deal about every case that comes to him. If you have to cover the whole eastern part of the United States as a regional director, this is impossible.

If you have a small enough chunk of these cases so you can know the issues involved, the parties there, your own staff—

Mr. LAIRD. Newark is just across the river, is it not?

Mr. McCULLOCH. It is not a question of geographical distance. It is a question of volume and the complexity of the legal issues and knowing the parties involved.

Let Mr. Ordman give us a little more light on that.

Mr. LAIRD. I imagine you have people working in the New York office who live in Newark and people who work in the Newark office who live in New York. These are two regional offices just across the river from each other. I do not quite understand the need for both.

Mr. ORDMAN. May I explain this? I think the important thing to know about our agency is that there is no part of our agency which can really be characterized as a paper shuffling operation. We talk about the percentage of cases where there are dismissals, for example.

When a party comes in to us with a complaint, that case has to be investigated.

We cannot, by looking at the paper, say it is no good.

Mr. LAIRD. You have to go out and investigate and this has to be done out of your regional office?

Mr. ORDMAN. We also have to keep in mind the people to whom we delegate final responsibility; we are not delegating it way down the line. There is no clerk who can look this over and decide this is a good case or a bad case. We have delegated the responsibility to responsible people and those responsible people have to make the ultimate determination on the judicial or quasi-judicial issue. They must have a knowledge of what is involved because we are delegating this responsibility to them.

For example, in some of our midwestern offices where the caseload is spread out and we do not have too much intake, one man can cover a lot of geographical territory. In a place as concentrated as New York, you are going to have a terrific influx of cases and there is a limit as to how much one man or the top people in the office can take responsibility for.

There is a distribution of population and it is not a question of geography but it is what your case intake is in a particular area and who are the responsible people to whom we delegate the power to make the determinations in those cases.

If you take it on a population basis, you will find that our distribution of regional offices—the term “regional” may be misleading—if you take it in terms of population and case intake, you will find that distribution is reasonable.

RECOMMENDATION OF MANAGEMENT FIRM

Mr. McCULLOCH. May I add one other factor?

In 1958 and 1959, by arrangement with the Bureau of the Budget—and I am sure with the approval of this committee, although I was not there at the time so I do not know what the arrangements were for handling the expense—a management consultant firm called the McKinsey Co. made a study of the Board and made many suggestions about our case handling.

Congressman Laird, the McKinsey firm suggested to us the optimum level of work units to be performed in a region is much less than the work we are now performing. They would have suggested quite a few more regional offices than we have. We have not endorsed that because we think we certainly do not have to go to that level. They suggested 1,000 work units per regional office, which would be about the optimum. The New York office in the last fiscal year was carrying 4,600 of those work units.

I think we should frankly say—

Mr. DENTON. Would you yield to me?

Mr. LAIRD. Yes.

Mr. DENTON. Do you remember the situation we had in Indiana which was more or less general over the country? We had a sub-regional office in Indiana and they had to go first to Indianapolis to have a trial. Then they went to Cincinnati. As an economy measure we established a number of regional offices in place of those sub-regional offices.

Mr. ORDMAN. Because by the subregional office concept and by items like travel we were able to give the parties speed. The necessity of speed has been emphasized by this committee.

Mr. LESINSKI. At that point, Mr. Chairman, may I say the New York office is across the river but what area does the New York office handle?

Mr. ORDMAN. The New York office is presently handling—I think we have a chart showing that. Frankly, the present New York office is creating the same kind of problem we have been talking about. We have been contemplating and have initiated moves—again I was not present at the last committee hearing where this, I understand, was considered—but we are contemplating the establishment of a Brooklyn office to try to subdivide that caseload to the point where we can guarantee the kind of efficient handling and personal service which we have to give. We are also contemplating opening new regional offices in Milwaukee, Wis., and in California for the same reasons.

CAUSES OF INCREASED CASELOAD

We are dealing always not only with complex economic problems but complex human relationships. Our objective is to give that kind of service in New York just as we have to give it in Indiana; so, we find although the space involved is not great, the case intake is tremendous and growing. We have a situation all over the country with our case increase and with organizational drives and the like; we have a case increase in Los Angeles recently going to 22 percent over the caseload we formerly had. These are creating further problems for us.

We are doing some long-range thinking about the way we are going to meet this because essentially we are dealing not with geography but with economics.

This is the kind of thing we have got to do.

RELATIONSHIP OF UNION MEMBERSHIP TO INCREASED CASES

Mr. LESINSKI. If the gentleman will yield further, Mr. Ordman, what is the primary caseload that you handle? What type of cases?

Mr. ORDMAN. We handle two kinds of cases; unfair labor practice charges where there are charges somebody has violated the unfair labor practice provisions of the act.

Mr. LESINSKI. Discrimination?

Mr. ORDMAN. Discrimination cases or failure to bargain collectively. Or, on the other side of the chart, we have representation cases.

As you know, an unfair labor practice case involves a contested hearing and the like and it takes three to four times as much effort and time in every respect than the usual representation case.

We find that the tendency has been for more unfair labor practice cases and that complicates our caseload.

Mr. LESINSKI. What you are telling us is that this is a complicated area where there is a large influx of minority groups and you have more cases?

Am I correct?

Mr. ORDMAN. Is your statement, "where we have a minority group"?

Mr. LESINSKI. Where certain minority groups exist, you have large numbers of cases?

Mr. ORDMAN. I would not adopt that.

Mr. LESINSKI. May I say that the matter of union membership is the big problem there.

Mr. ORDMAN. Precisely that, and that is the big problem. That is the bulk of our cases.

EXCESSIVE UNION CHARGES AGAINST MEMBERS

Mr. LAIRD. Mr. Chairman, I would like to call your attention to this article dealing with membership in SIU costing workers \$412. This is the Seafarers International Union of Canada. It is an article about how the union costs have gone up in Canada and have been going up at a very high rate. It uses this Seafarers International Union as an example of how high the costs of union membership are at the present time.

Recent statistics that have been given to us by the Department of Labor show that union membership is on the decline.

In particular industries there actually is a decrease not only with the projections made several years ago, but an actual decrease in the numbers of men and women belonging to unions. There have been allegations from time to time that some unions were becoming super-hiring halls or employment agencies. Certainly the practice set forth in this article would indicate that this has happened in Canada.

Has the Board given any study at all to the problem of excessive union charges against members here in the United States?

Mr. McCULLOCH. We have done it when a case has been brought before us but that is the only time we can do it.

My own recollection in the nearly 3 years I have been on the Board is that there has been only one such case that has come to the Board level. I recall we found the union violated our statute, a section of which is 8(b) (5) which says it is an unfair labor practice to require of employees covered by a union shop agreement the payment of a fee in an amount which the Board finds excessive or discriminatory under all the circumstances.

This is very seldom brought to us.

Mr. LAIRD. I think this article does not have to do with an American union.

Mr. McCULLOCH. I understand.

Mr. LAIRD. It appeared in a local paper here in Washington and it has to do with costs in this connection in Canada. I was quite amazed when I read how high some of these costs were for getting union membership in Canada.

Mr. McCULLOCH. If it were brought to us, the Board would act. Mr. Miller has shown me the figure in our annual report that reveals out of nearly 14,000 charges brought to us only 28 in fiscal 1963 involved this claim of an exorbitant fee.

Mr. ORDMAN. I am sure in this matter, as in many other areas, Congress has already considered and dealt with this problem and has given us our charter. Where there is a union shop and too much money is involved, it costs too much money to become a member—

Mr. LAIRD. I did not realize you had gotten into that. When I saw this article—and the article did not mention anything about American

unions—when I read the high costs of union membership in Canada, it was a little shocking.

Mr. McCULLOCH. We all understand we cannot take the initiative in making a study and go out and slap somebody down. We have to wait until somebody complains to us and then we will act.

RIGHTS OF EMPLOYERS AND UNIONS UNDER SECTION 301 OF THE LABOR
MANAGEMENT RELATIONS ACT

Mr. LAIRD. In the *Sinclair* case the Supreme Court decided that the right of a union to insist on arbitration of a dispute is not matched by a company right to insist on the same thing by having a court compel termination of a strike over a dispute which is subject to arbitration.

The reason for this seemingly disparate treatment was the Court's view that Congress did not intend section 301 of the Taft-Hartley Act to exclude the operation of Norris-La Guardia in this area. In your opinion does this suggest that employers will be at a disadvantage in respect to the resolution of disputes unless Congress rectifies the situation by legislation, or can you suggest other means by which employers will be able to cope with this apparently superior right of the unions?

Since we are running a little late just put the answer in the record. (The information follows:)

Question No. 1 asks whether the Supreme Court's decision in the *Sinclair* case calls for congressional amendment of the Norris-La Guardia Act in order to redress what some parties have deemed to be an "inequitable gap" between the rights of employers and unions under section 301 of the Labor Management Relations Act. You are no doubt aware that this issue has split the labor bar. The Labor Relations Law Section of the American Bar Association divided into three groups on legislative proposals to deal with that phase of *Sinclair*. The various proposals and the resolution adopted by the Labor Law Section are summarized at 53 LRRM 54.¹ The Board, of course, does not administer section 301 of the Labor Management Relations Act and thus does not have the specialized experience with respect to that provision which it does with respect to those provisions of the Labor Act which the Agency does administer.

ACTION BY ABA LABOR LAW UNIT OF REPORTS, RESOLUTIONS

* * * * *

SINCLAIR REFINING COMMITTEE

The committee appointed to report on the Sinclair Refining decision produced three reports, one signed by the employer attorneys, one signed by the union attorneys, and the third signed by the neutral members. The reported resolution reads:

"Resolved, That in view of the recent decision of the U.S. Supreme Court in *Sinclair Refining Company v. Atkinson*, the section on labor relations law of the American Bar Association urgently recommends that Congress enact a modification to section 4 of the Norris-La Guardia Act to permit the issuance of a restraining order, temporary or permanent injunction by a court of the United States in any action brought therein pursuant to section 301 of the Labor Management Relations Act of 1947, as amended, for the purpose of filling the inequitable gap which exists in the law relating to the mutual enforcement of collective bargaining agreements as provided by the Congress under section 301 of the Labor Management Relations Act of 1947, as amended."

The employer members of the committee supported the proposal as drafted. The union members were opposed both to the resolution as drafted and to the

¹ For your convenience, attached hereto is the relevant excerpt from 53 LRRM.

"principle it represents." The neutral members took the position that injunctive relief should be available to employers in cases involving strikes in violation of contracts only where the underlying dispute is arbitrable. They also expressed reservations concerning the wisdom of taking up only one of the "many related problems which might be considered in need of legislative reform."

The report of the employer members was presented by cochairman Jay S. Siegel of Hartford; the report of the union members was presented by cochairman David Previant of Milwaukee. Siegel moved the adoption of the resolution, explaining that the employer members wanted enforcement of the no-strike commitment as bargained for.

Feller's motion that the resolution be amended to provide that no injunction may be issued unless the court finds that the strike is clearly in violation of the contract and the issues involved are arbitrable was defeated. He then proposed a second amendment to provide that no injunction may be issued except on notice and hearing. This amendment and the resolution were approved.

UNCERTAINTY IN THE LAW

Mr. LAIRD. No. 2. Businessmen continue to complain about not only the trend of decisions in labor law but also the continuing confusion which sometimes impose on a business decision a potential liability of ruinous proportions. For example, the rights and limitations on a company contracting out the performance of certain work have been the subject of a line of decisions by both the NLRB and the courts, sometimes running in seemingly opposite directions. The Board, for instance, has ruled on the one hand that contracting out without bargaining with the union was an unfair labor practice, and on the other hand that union insistence on a contract clause prohibiting certain types of contracting out violated the Landrum-Griffith Act. Another example is the recent reversal by the court of appeals of a Board decision to the effect that a company could not go completely out of business to avoid dealing with a union. Under these circumstances the questions which are raised are whether the economy is being adversely affected by this situation and whether there are ways in which Congress or the Board can relieve the situation.

Please place the answer to that in the record also.
(The information follows:)

Question No. 2, in general raises the recurring problem of uncertainty in the law generally, and in the Labor Act, specifically, and the consequences which may flow from a "wrong guess" as to what the law requires. This is often unavoidable where the statutory provisions are phrased in general terms or are novel and the courts have not yet definitively resolved the scope and application of such enactments. Uncertainty no doubt works a hardship on all parties. But, of course, this is not peculiar to labor law. Under our scheme of Government, uncertainty in the area of labor law (as well as in other areas of the law) is normally resolved through the process of litigation and ultimately by the Supreme Court. Until that Court has spoken there will be an element of uncertainty in some areas of the law, and all parties must necessarily conduct themselves as best as they may on the basis of their informed judgment. Society in general, and employers and employees, in particular, have operated under this system for many years apparently without serious dislocation or prejudice.

The cases to which you refer illustrate this process. These cases arise under broadly phrased provisions or recent amendments of the Labor Act which, as the course of litigation demonstrates, have given rise to substantial disagreements over their interpretation. One of the issues presented by these cases (employer's duty to bargain over subcontracting) is presently before the Supreme Court; a second (whether employer may shut down to avoid bargaining with union) is about to be submitted to that Court; and the third issue (prohibition against certain kinds of no-subcontracting agreements) is presently being litigated in the courts of appeals and will undoubtedly reach the Supreme Court either this or the next term.

DELAY IN REACHING DECISION IN PARTICULAR CASE

Mr. LAIRD. My last question is—and the answer may also be placed in the record—I note that in Teamsters Local 820 (case No. 2-CB-2621; 145 NLRB No. 25) the trial examiner report was issued on January 29, 1961. Just last month on December 2, 1963, you issued your decision. This is almost 4 years. Why did you take so long?

(The information follows:)

Re *Armored Car Chauffeurs and Guards Local Union No. 820, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (United States Trucking Corp.)* case No. 2-CB-2621, 145 NLRB No. 25

The following information is furnished in response to Congressman Laird's request for an explanation as to the delay involved in the instant case.

The Board did take an inordinate length of time to reach its decision. The elapsed time, however, was, of course, not typical. During the period that the case in question was pending before the Board (January 1961–December 1963), the Board issued decisions in 1,717 contested unfair labor practice cases; the median elapsed time from trial examiner's decision to Board decision was approximately 5 months. Thus the time elapsed in the instant case represented truly abnormal and exceptional delay.

There were many unfortunate and complicating factors which made it most difficult to have reached an earlier resolution of the issues in this case. Principally, the case presented novel and complex legal issues which were also present in other cases being considered by the Board at the same time. However, because the other cases presented the issues more squarely, it was necessary to decide them first. Thus, the final disposition of the case in question was held up until these other cases were decided.

Briefly, the case involved these facts. The Board, in upholding the trial examiner, found that the respondent union had not violated the National Labor Relations Act, as amended, by attempting to cause the U.S. Trucking Corp. to refuse regular employment to Charles T. O'Donohue because he was not a regular union member.

O'Donohue had worked for the employer part time as an auxiliary employee, prior to his retirement as a fireman; on retirement, he applied for full-time work as a regular employee. The union refused to clear him, however, pointing to contract language that "auxiliary employees shall have no right or claim to promotion to the category of regular or extra employees irrespective of any change in their availability."

The Board affirmed the examiner's finding that the union's objection to O'Donohue's regular employment was based on its desire to enforce the contract. The Board said there was no showing that this professed reason was a pretext, or that the union was motivated by a desire to discriminate against him because of union considerations. There was nothing arbitrary or irrelevant about the union's putting such language in the contract, nor was its conduct inconsistent with its duty to represent all employees fairly.

In conclusion, the delay, of course, was far too long no matter what the reason. The Board is acutely aware that "justice delayed is justice denied." In considering the Board's vast caseload, however, it seems that atypical cases arise in spite of our earnest efforts to avoid them. It is rare indeed, however, when circumstances combine to delay a case as long as this one.

VOLUME OF TESTIMONY IN CASES BEFORE BOARD

Mr. FIELDS. Mr. Chairman, I now have more precise answers to questions you asked earlier. The average number of pages of testimony in unfair labor practice cases pending before in the Board as of February 1, 1964, is 447 pages.

In 145 representation cases pending before the Board as of February 1 the average record is 233 pages.

Last month, 90 percent of the unfair labor practice cases were decided by panels and 77 percent of representation cases were decided by panels.

That is illustrative of a typical month.

Mr. McCULLOCH. You have been very fine in going over this and we appreciate your attention.

Mr. DENTON. Thank you, gentlemen.

JUSTIFICATION MATERIAL

(The formal justifications follow:)

TABLE I.—Comparison of 1964 and 1965 positions and annual salaries for the organizational units of the agency

| Organizational unit | Fiscal year 1964 estimate | | Fiscal year 1965 estimated request | | Change from 1964 estimate to 1965 estimated request | |
|--|---------------------------|---------------|------------------------------------|---------------|---|---------------|
| | Positions | Annual salary | Positions | Annual salary | Positions | Annual salary |
| Board members' offices and related units: | | | | | | |
| Board members' offices and legal assistants..... | 157 | \$1,796,314 | 162 | \$1,879,415 | +5 | +\$83,101 |
| Office of the Executive Secretary..... | 34 | 251,367 | 36 | 266,239 | +2 | +14,872 |
| Office of the Solicitor..... | 4 | 44,678 | 4 | 46,031 | ----- | +1,353 |
| Division of Trial Examiners..... | 110 | 1,516,027 | 115 | 1,578,332 | +5 | +62,305 |
| Office of the Security Officer..... | 4 | 31,158 | 4 | 32,063 | ----- | +895 |
| Division of Information..... | 13 | 105,103 | 13 | 106,725 | ----- | +1,622 |
| Subtotal, Board members and related units..... | 322 | 3,744,647 | 334 | 3,908,795 | +12 | +164,148 |
| General Counsel and staff: | | | | | | |
| Office of the General Counsel..... | 7 | 82,430 | 7 | 84,406 | ----- | +1,976 |
| Division of Operations: | | | | | | |
| Departmental staff..... | 68 | 653,285 | 74 | 718,667 | +6 | +65,382 |
| Field staff: | | | | | | |
| Regional directors and regional attorneys..... | 64 | 1,104,771 | 64 | 1,115,608 | ----- | +10,837 |
| Field attorneys..... | 420 | 4,306,372 | 454 | 4,741,402 | +34 | +435,030 |
| Field examiners..... | 306 | 3,314,482 | 374 | 3,894,991 | +68 | +580,509 |
| Field clericals..... | 533 | 2,865,469 | 611 | 3,238,394 | +78 | +372,925 |
| Subtotal, field staff..... | 1,323 | 11,591,094 | 1,503 | 12,990,395 | +180 | +1,399,301 |
| Subtotal, Division of Operations..... | 1,391 | 12,244,379 | 1,577 | 13,709,062 | +186 | +1,464,683 |
| Division of Litigation: | | | | | | |
| Office of the Associate General Counsel..... | 4 | 48,256 | 4 | 48,922 | ----- | +666 |
| Supreme Court Branch..... | 4 | 41,019 | 4 | 41,684 | ----- | +665 |
| District Court Branch..... | 10 | 113,817 | 9 | 104,145 | -1 | -9,672 |
| Appellate Court Branch..... | 78 | 704,475 | 79 | 729,786 | +1 | +25,311 |
| Office of Appeals..... | 30 | 299,269 | 32 | 309,544 | +2 | +10,275 |
| Legal Research and Special Projects Branch..... | 17 | 164,404 | 17 | 167,086 | ----- | +2,682 |
| Subtotal, Division of Litigation..... | 143 | 1,371,240 | 145 | 1,401,167 | +2 | +29,927 |
| Division of Administration..... | 202 | 1,296,889 | 212 | 1,388,802 | +10 | +91,913 |
| Subtotal, General Counsel staff..... | 1,743 | 14,994,938 | 1,941 | 16,583,437 | +198 | +1,588,499 |
| Total permanent for the agency..... | 2,065 | 18,739,585 | 2,275 | 20,492,232 | +210 | +1,752,647 |

Summary of positions

| | Fiscal year 1964 estimate | Fiscal year 1965 estimated request | Change from 1964 estimate to 1965 estimated request |
|---|------------------------------|--|---|
| Total permanent, departmental..... | 742.0 | 772.0 | +30.0 |
| Total permanent, field..... | 1,323.0 | 1,503.0 | +180.0 |
| Total permanent, departmental and field..... | 2,065.0 | 2,275.0 | +210.0 |
| Deduct lapses..... | -55.5 | -43.9 | +11.6 |
| Net permanent, departmental and field..... | 2,009.5 | 2,231.1 | +221.6 |
| Obligations from "Advances and reimbursements"..... | .5 | .5 | ----- |

Summary of salaries

| | Fiscal year 1964 estimate | Fiscal year 1965 estimated request | Change from 1964 estimate to 1965 estimated request |
|--|------------------------------|---|---|
| Total permanent, departmental..... | \$7,148,491 | \$7,501,837 | +\$353,346 |
| Total permanent, field..... | 11,591,094 | 12,990,395 | +1,399,301 |
| Total permanent, departmental and field..... | 18,739,585 | 20,492,232 | +1,752,647 |
| Deduct lapses..... | -685,285 | -590,832 | +88,453 |
| Deduct net decrease due to lower pay scale for part of year..... | -456,700 | ----- | +456,700 |
| Net permanent, departmental and field..... | 17,597,600 | 19,895,400 | +2,297,800 |
| Intermittent employment..... | 46,700 | 34,000 | -12,700 |
| Regular pay above 52-week base..... | 131,000 | 72,800 | -58,200 |
| Payments above basic rates..... | 71,500 | 67,200 | -4,300 |
| Compensation of witnesses..... | 36,200 | 39,100 | +2,900 |
| 11 Personnel compensation..... | 17,883,000 | 20,108,500 | +2,225,500 |
| Obligations from "Advances and reimbursements": 11 Personnel compensation..... | 9,300 | 9,300 | ----- |

TABLE II.—Comparison of costs by object for 1964 and 1965 fiscal years

| Object classification | Fiscal year 1964 estimate | Fiscal year 1965 estimated request | Change from 1964 estimate to 1965 estimated request |
|--|------------------------------|---|---|
| 11 Personnel compensation..... | \$17,873,700 | \$20,099,200 | +\$2,225,500 |
| 12 Personnel benefits..... | 1,317,300 | 1,460,200 | +142,900 |
| 21 Travel and transportation of persons..... | 1,258,300 | 1,466,900 | +208,600 |
| 22 Transportation of things..... | 48,800 | 56,000 | +7,200 |
| 23 Rent, communications and utilities: | | | |
| Communication services..... | 601,100 | 638,700 | +37,600 |
| Rents and utilities..... | 36,000 | 61,700 | +25,700 |
| 24 Printing and reproduction..... | 430,200 | 502,700 | +82,500 |
| 25 Other services..... | 437,800 | 463,500 | +25,700 |
| Services of other agencies..... | 61,000 | 87,500 | +26,500 |
| 26 Supplies and materials..... | 209,259 | 227,931 | +18,672 |
| 31 Equipment..... | 120,800 | 184,400 | +63,600 |
| 42 Insurance claims and indemnities..... | 11,741 | 8,269 | -3,472 |
| Total costs..... | 22,396,000 | 25,257,000 | +2,861,000 |
| Change in selected resources..... | +26,000 | -7,000 | -33,000 |
| Total obligations..... | 22,422,000 | 25,250,000 | +2,828,000 |
| Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728; 77 Stat. 436)..... | 38,000 | ----- | -38,000 |
| Appropriation or estimate..... | 22,460,000 | 25,250,000 | +2,790,000 |
| Obligations from "Advances and reimbursements": 11 Personnel compensation..... | 9,300 | 9,300 | ----- |

TABLE III.—Comparison of 1964 and 1965 estimated average employment for the organizational units of the agency

| Organizational unit | Estimated average employment | | |
|---|------------------------------|------------------------------------|---|
| | Fiscal year 1964 estimate | Fiscal year 1965 estimated request | Change from 1964 estimate to 1965 estimated request |
| Board members' offices and related units: | | | |
| Board members' offices and legal assistants..... | 146.1 | 157.7 | +11.6 |
| Office of the Executive Secretary..... | 32.0 | 34.5 | +2.5 |
| Office of the Solicitor..... | 4.0 | 4.0 | ----- |
| Division of Trial Examiners..... | 107.3 | 112.5 | +5.2 |
| Office of the Security Officer..... | 4.0 | 4.0 | ----- |
| Division of Information..... | 12.8 | 13.0 | + .2 |
| Total, Board members' offices and related units..... | 306.2 | 325.7 | +19.5 |
| General Counsel and staff: | | | |
| Office of the General Counsel..... | 6.7 | 7.0 | + .3 |
| Division of Operations: | | | |
| Departmental staff..... | 68.8 | 75.1 | +6.3 |
| Field staff: | | | |
| Regional directors and regional attorneys..... | 58.0 | 64.0 | +6.0 |
| Field attorneys..... | 411.5 | 451.8 | +40.3 |
| Field examiners..... | 298.8 | 357.3 | +58.5 |
| Field clericals..... | 516.0 | 599.5 | +83.5 |
| Subtotal, field staff..... | 1,284.3 | 1,472.6 | +188.3 |
| Subtotal, Division of Operations..... | 1,353.1 | 1,547.7 | +194.6 |
| Division of Litigation: | | | |
| Office of the Associate General Counsel..... | 3.1 | 4.0 | + .9 |
| Supreme Court Branch..... | 4.0 | 4.0 | ----- |
| District Court Branch..... | 20.4 | 9.0 | -11.4 |
| Appellate Court Branch..... | 74.3 | 77.5 | +3.2 |
| Office of Appeals..... | 31.0 | 29.2 | -1.8 |
| Legal Research and Special Projects Branch..... | 18.4 | 17.1 | -1.3 |
| Subtotal, Division of Litigation..... | 151.2 | 140.8 | -10.4 |
| Division of Administration..... | 192.3 | 209.9 | +17.6 |
| Subtotal, General Counsel and staff..... | 1,703.3 | 1,905.4 | +202.1 |
| Total, permanent for the agency ¹..... | 2,009.5 | 2,231.1 | +221.6 |
| Summary: | | | |
| Total, permanent, departmental..... | 725.2 | 758.5 | +33.3 |
| Total, permanent, field..... | 1,284.3 | 1,472.6 | +188.3 |
| Net, permanent for the agency..... | 2,009.5 | 2,231.1 | +221.6 |
| Obligations from "Advances and reimbursements"..... | .5 | .5 | ----- |

¹ Excludes man-years for when actually employed:

| | |
|--|----|
| Fiscal year 1964 estimate..... | 5 |
| Fiscal year 1965 estimated request..... | 4 |
| Change from 1964 estimate to 1965 estimated request..... | -1 |

TABLE IV.—Comparison of program and financing by activities for 1964 and 1965 fiscal years (cost basis)

| Description | Fiscal year 1964 estimate | Fiscal year 1965 estimated request | Change from 1964 estimate to 1965 estimated request |
|--|---------------------------|------------------------------------|---|
| Program by activities: | | | |
| 1. Field investigations..... | \$13,891,100 | \$15,853,500 | +\$1,962,400 |
| 2. Trial examiner hearings..... | 1,944,000 | 2,083,400 | +139,400 |
| 3. Board adjudication..... | 3,128,800 | 3,387,600 | +258,800 |
| 4. Securing of compliance with Board orders..... | 3,432,100 | 3,932,500 | +500,400 |
| Total program cost, funded..... | 22,396,000 | 25,257,000 | +2,861,000 |
| Change in selected resources ¹ | 26,000 | -7,000 | -33,000 |
| Total obligations..... | 22,422,000 | 25,250,000 | +2,828,000 |
| Financing: Proposed new obligational authority..... | 22,422,000 | 25,250,000 | +2,828,000 |
| New obligational authority: | | | |
| Appropriation (adjusted)..... | 22,422,000 | 25,250,000 | +2,828,000 |
| Transfer to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728 and 77 Stat. 436)..... | 38,000 | ----- | -38,000 |
| Total appropriation or estimate..... | 22,460,000 | 25,250,000 | +2,790,000 |
| Obligations from "Advances and reimbursements": 2. Trial examiner hearings..... | 12,000 | 12,000 | ----- |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$195,800; 1963, \$119,000; 1964, \$145,000; 1965, \$138,000.

NARRATIVE JUSTIFICATION OF ESTIMATE FOR FISCAL YEAR 1965

SALARIES AND EXPENSES, NATIONAL LABOR RELATIONS BOARD

APPROPRIATION REQUEST FOR 1965

An appropriation of \$25,250,000 is requested for fiscal year 1965. This appropriation request will support 2,275 positions and 2,235 average employment. The requested new obligational authority for 1965 is also \$25,250,000 and is an increase of \$2,828,000 over the new obligational authority of \$22,422,000 in the 1964 appropriation. The new obligational authority for 1964 is \$38,000 less than the appropriation because of an estimated transfer of that amount of funds to the General Services Administration for necessary additional office space rentals outside of Washington; no similar estimated transfer of funds is identified for 1965.

The appropriation request of \$25,250,000 for 1965 is an increase of \$2,790,000 over the 1964 appropriation of \$22,460,000 authorized by Congress. The 1965 request will provide the following increases: 210 permanent positions, 221 average employment, and 187 end-of-year employment in permanent positions.

The request for increased appropriations and authorized positions has been necessitated by conservatively estimated increases in the agency's case intake of 10 percent in unfair practice situations and 7 percent in representation matters. Of the 210 requested additional positions, 180 are in field offices, 12 in Board Members, Trial Examiners and related offices, and 18 in operations, appeals and administrative staffs supporting field work.

Based on congressional action on our 1964 request, the agency has reduced the original request for 2,117 permanent positions down to 2,065. Ordinarily, this would have meant that end-of-year employment in permanent positions would have been reduced from a request of approximately 2,100 down to about 2,050. However, the Bureau of the Budget recognized that, if the Congress approves the 1965 appropriation request, the agency has a sizable recruitment problem to meet. We must rely upon the June 1964 graduating classes of the law schools and universities throughout the country for recruitment of our young professional employees which constitute the bulk of our recruitment needs. A large proportion of the best qualified graduates want to begin work almost immediately after graduation in June, and, if we are to secure many of the better qualified graduates, we must be ready to offer June appointments to some of them. For this reason the Bureau of the Budget set the employment target for June 30, 1964,

at the maximum position strength Congress authorized in our current appropriation and we are requesting the concurrence of Congress to this approach.

PURPOSE AND SCOPE OF THE APPROPRIATION

The appropriation, "Salaries and Expenses, National Labor Relations Board," provides funds to the agency for fulfilling its responsibilities under the National Labor Relations Act, as amended. It covers all operating costs of the agency including all field and departmental activities of the Office of the General Counsel and all functions under the Offices of the Board Members.

INTAKE

Experience since 1958

Table I below shows the actual intake experience since 1958 and compares recent agency intake estimates with actual experience.

The agency has had a steady and continuing trend of substantial increases in intake every year since 1958. For example, the 12,719 unfair labor practice situations filed in 1963 were two-thirds higher than the 7,673 filed in 1958, or an average of 13 percent increase per year since 1958. Representation cases, similarly, rose from 7,488 in 1958 to 11,205 in 1963; this is 50 percent higher, or an average of 10 percent increase per year since 1958.

Current estimates

Many of our field representatives and Washington officials are fully convinced that the high rate of rise experienced over the past 5 years, i.e., 13 percent and 10 percent, will continue. However, the agency has attempted to be objective in its study of the intake experience and prospects and conservative in its projection of experience into current budget estimates. Our estimate for 1964 is that unfair labor practice situations will rise 8 percent over 1963, and that representation cases will rise 5 percent. Our 1965 request is predicted on an estimated rise of 10 percent in unfair labor practice situations from 13,750 estimated for 1964 to 15,125 for 1965 and a rise of 7 percent in representation cases from 11,800 in 1964 to 12,600 in 1965.

TABLE I.—Comparison of recent case intake experience with budget estimates for fiscal years 1961, 1962, 1963, 1964, and 1965

| | Unfair labor practices | | Representa- tion cases ¹ |
|---|------------------------|------------|--|
| | Cases | Situations | |
| A. Actual recent experience for: | | | |
| 1. Fiscal year 1958..... | 9,260 | 7,673 | 7,488 |
| 2. Fiscal year 1959..... | 12,239 | 9,061 | 9,394 |
| 3. Fiscal year 1960..... | 11,357 | 9,128 | 10,170 |
| 4. Fiscal year 1961..... | 12,132 | 10,592 | 10,559 |
| 5. Fiscal year 1962..... | 13,479 | 11,877 | 11,369 |
| 6. Fiscal year 1963..... | 14,166 | 12,719 | 11,205 |
| 7. Fiscal year 1964 (July-December 1963)..... | 7,359 | 6,664 | 5,590 |
| B. Budget estimates for fiscal year 1961: | | | |
| 1. As estimated in 1961 budget..... | 11,400 | 9,450 | 10,425 |
| 2. Original estimate in 1962 budget..... | 11,275 | 9,470 | 11,100 |
| 3. Revised estimate in 1962 budget..... | 12,100 | 10,500 | 10,550 |
| 4. Actual intake..... | 12,132 | 10,592 | 10,559 |
| C. Budget estimates for fiscal year 1962: | | | |
| 1. Original estimate in 1962 budget..... | 11,275 | 9,470 | 11,100 |
| 2. Revised estimate in 1962 budget..... | 12,700 | 11,000 | 11,100 |
| 3. Revised estimate in 1963 budget..... | 13,100 | 11,500 | 11,250 |
| 4. Actual intake..... | 13,479 | 11,877 | 11,369 |
| D. Budget estimates for fiscal year 1963: | | | |
| 1. Original estimate in 1963 budget..... | 14,000 | 12,200 | 11,800 |
| 2. Revised estimate in 1963 budget..... | 14,600 | 12,750 | 12,300 |
| 3. Revised estimate in 1964 budget..... | 14,600 | 13,000 | 12,590 |
| 4. Actual intake..... | 14,166 | 12,719 | 11,205 |
| E. Budget estimates for fiscal year 1964: | | | |
| 1. Original estimate in 1964 budget..... | 16,000 | 14,200 | 13,600 |
| 2. Revised estimate in 1964 budget..... | 15,500 | 13,750 | 13,200 |
| 3. Current estimate in 1965 budget..... | 15,300 | 13,750 | 11,800 |
| F. Budget estimate for fiscal year 1965: Original estimate in 1965 budget..... | | | |
| | 16,800 | 15,125 | 12,600 |

¹ Includes union decertification cases.

Estimates versus experience

While the estimation of future case filings is very difficult, we believe that our experience over the past several years supports the reasonableness of our estimates (see table I, comparison of experience with budget estimates for fiscal years 1961-63). The experience so far this fiscal year clearly demonstrates the conservative nature of our current estimates.

While the budget estimate for 1964 predicts an 8 percent rise in unfair labor practice situations during the entire fiscal year, our experience for the first 6 months has been a rise of 13 percent, from 5,880 in the first half of fiscal 1963 to 6,664 for the first half of the current (1964) fiscal year. Similarly, our budget estimate predicts a rise of 5 percent for representation cases during 1964, whereas our experience during the first half of the year shows a rise of 10 percent from 5,058 for the first half of fiscal 1963 to 5,589 for the first half of fiscal 1964.

In essence, therefore, a rise of only 4 percent in unfair labor practice situations and of only 1 percent in representation cases during the next 6 months (January-June 1964), over the same 6-month period in 1963, will mean that we will meet our budget estimates for the entire fiscal year. Such a minor rise in filings during this last half of fiscal 1964 is inconceivable at this time.

SUBSTANTIVE FACTORS AFFECTING INTAKE

In many respects the National Labor Relations Board is unique in that the bulk of its work has to do with vital human relationships in the critical area of labor-management relations, so that the agency is concerned always with the adjustment of actual or potential labor disputes either by way of investigation and informal settlement or by way of representation elections and quasi-judicial proceedings. Congress created the agency in 1935 because such labor disputes can and did threaten the successful operation of our economy. In 1947 and in 1959 Congress reaffirmed the need for the agency and increased the scope of its regulatory powers. The growing caseload reflects the growing work force of the Nation, the effect of legislative broadening of agency regulatory powers, and the Nation's increasingly tight and competitive economy.

Nation's expanding economy

All forecasts are in agreement that 1964-65 will witness continuation of the rising volume of the gross national product. A high level of economic activity brings business expansion, a higher level of employment, and labor organizing activity which normally results in increased representation petitions and related unfair labor practices charges.

Union organizing activity

The promise of greater economic activity also coincides with a mounting drive for membership on the part of the AFL-CIO. This began last year in Los Angeles. Our Los Angeles region increased its charge intake by 22 percent in 1963. It is our understanding that a similar drive will begin in the Baltimore-Washington area during the 1964 fiscal year and will continue over into the 1965 fiscal year. At the same time, the Industrial Union Department of the AFL-CIO is starting separate drives, additional to the efforts being put forth by the AFL-CIO itself. These drives have begun in several major industrial areas, and we expect to see intake mounting as a result. Unaffiliated unions like the Teamsters are also very active. Our best information indicates that these and other organizing efforts will continue in fiscal year 1965. The work force keeps rising, but the percent of unionization has been dropping. The unions have made it clear that they are determined to reverse this trend.

Automation and unemployment

The impact of automation and improved technology on management and labor in the face of foreign competition needs no emphasis. Management must "automate" to survive. Labor for its part is greatly concerned by this prospect because of the threat to the jobs of employees, the changes in the nature of the work force, and the challenge to the potential for further unionization. Recently, Deputy Associate Commissioner Peter Henle, of the Bureau of Labor Statistics, said: "The fact that many workers have come face to face with the prospect that technology might make them 'excess' has become perhaps the single most important force in employee motivation, management personnel policies, union bargaining objectives, and Government domestic economic program."

Similarly, continuing high levels of unemployment from other causes also sharpened the concern over job security, work standards, and the conditions for self-organization.

The impact of automation and unemployment boosted the cases filed and it is also raising many new legal problems. Cases involving subcontracting and related (plant removal and termination) issues, such as *Fibreboard* which is now on the Supreme Court docket for decision, and *Miranda Fuel* which raised questions as to a union's duties of representation and the proper disposition of grievances, cause many other similar cases to be filed, testing the unexplored areas of the developing law. These cases are highly time consuming. They often involve a regional office request for advice, appeals after dismissals, and difficult legal issues when tried.

Improved remedies

Material improvements in the nature of remedies available to aggrieved parties such as the addition of interest to backpay and provision of backpay in runaway shop situations have also contributed to increases in the rising case-load. Backpay received by discriminatees rose from less than \$1 million in calendar years 1958 and 1959 to \$2½ million in 1962 and to almost \$3 million in 1963 calendar year.

Not only is the Board trying to improve its remedies, but it is also giving greater consideration to requests for discretionary injunction action under section 10(j) of the act. The Board has been persuaded to authorize injunctive action, for example, in cases of wholesale firings during union organization campaigns, and in cases involving dissipation of assets.

Improved agency service

In some measure, the long-range improvements in service to the public by the agency have had an effect on the rising intake. As the public recognizes that reasonably prompt agency services are available, the option of self-help becomes less attractive.

INCREASED WORKLOAD FACTORS FOUND IN CURRENT INTAKE

In fiscal year 1963 the agency noted an important change in the complexion of its workload. There was a decided increase in cases found to have merit, requiring more settlement effort, more formal processes, and more backpay determinations. At the same time, the attitude of charging parties hardened, necessitating more dismissals, and fewer withdrawals, in cases where no merit was found. In addition, there was a rise in objections and challenges in election cases.

The increased merit findings can be traced to greater awareness of the rights protected by the statute and a growing acceptance of the agency's role and to the improved service pattern that has been a significant deterrent to harassing or strategy filings which were subsequently found to have no merit. But the hardening of attitudes as reflected in the rise of dismissals and in the rise of objections may well be a sign of the automation and unemployment problems discussed previously under factors affecting intake.

The general effect of these changes was an increase of work per case. As detailed in table II on the following page, the higher man-hour cost of dismissals and merit dispositions resulted in a 4-percent increase in man-hour requirements for the period studied.

Our experience thus far in fiscal 1964 shows that this trend is continuing. For example, a 13-percent increase in unfair labor practice situations has resulted in a 14-percent increase in complaints. The only redeeming feature, from a substantive as well as a cost-per-case point of view, is the strength of our settlement program. Settlements were up 16 percent during these 6 months.

TABLE II.—Fiscal year 1963 dispositions and employment compared to 1962 base
(for last 6 months of 1963)

| Disposition | 1963 actual | | | 1962 disposition base | | |
|-------------------|------------------------|------------------|---------------------|------------------------|------------------|---------------------|
| | Number of dispositions | Performance rate | Employment required | Number of dispositions | Performance rate | Employment required |
| Before complaint: | | | | | | |
| Withdrawal..... | 2,752 | 69.2 | 39.8 | 2,817 | 69.2 | 40.7 |
| Dismissal..... | 1,937 | 47.9 | 40.4 | 2,084 | 47.9 | 43.5 |
| Settlement..... | 1,210 | 34.3 | 35.3 | 1,083 | 34.3 | 31.6 |
| 10(k)..... | 17 | 20.4 | .8 | 20 | 20.4 | 1.0 |
| After complaint: | | | | | | |
| Adjusted..... | 397 | 10.4 | 38.2 | 311 | 10.4 | 29.9 |
| Hearing..... | 410 | 8.2 | 50.0 | 408 | 8.2 | 49.8 |
| Total..... | 6,723 | | 204.5 | 6,723 | | 196.5 |

Note.—Employment comparison: 1963 (204.5) divided by 1962 base (196.5) equals percentage increase, 4.1 percent.

On the basis of our experience we have assumed for budget purposes that this disposition pattern and the additional increase of 4 percent in true workload from the foregoing factors will continue in 1964 and 1965.

PROBLEMS CREATED BY HIGH WORKLOAD

Delays in service

Service goals were maintained during 1963 despite the 4-percent increase in the built-in workload factors that developed during the last half of the year.

Thus far in 1964, however, the agency has been coping with an unexpectedly high rise in intake in addition to the increase in workload factors previously described. As a result, the agency time service achievements in the processing of unfair labor practice cases have suffered, although we have been able to maintain the processing time improvement in representation cases. See table III on the following page.

Average processing time from filing to complaint has risen to 56 days. The average time from complaint to close of hearing has risen to 53 days. This means that it now takes an average of 109 days from filing of charge to close of hearing or 19 days more than the target the agency has set. Similarly, from close of hearing to trial examiner decision, it now takes 77 days, which is 17 days more than the 60-day average the agency believes appropriate. The Board was able to improve its time record for issuing unfair labor practice decisions during the first half of this fiscal year and had, thus, just about met its service target. However, the volume of cases awaiting board decision right now will probably be reflected in an increase in time delay during the next 6 months.

TABLE III.—Comparison of median time (days) elapsed in processing cases, July-December, fiscal years 1959-63

| Stages | July-December, 1958 | July-December, 1959 | July-December, 1960 | July-December, 1961 | July-December, 1962 | July-December, 1963 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Unfair labor practice cases: | | | | | | |
| From filing to complaint..... | 143 | 63 | 44 | 46 | 49 | 56 |
| From complaint to close of hearing..... | 54 | 71 | 43 | 45 | 51 | 53 |
| From close of hearing to trial examiner decision..... | 73 | 87 | 95 | 65 | 70 | 77 |
| From trial examiner decision to Board decision..... | 194 | 146 | 150 | 176 | 132 | 123 |
| Total, filing to decision..... | 464 | 367 | 332 | 332 | 302 | 309 |
| Representation cases: | | | | | | |
| A. Field processing: | | | | | | |
| From filing to notice of hearing..... | 12 | 11 | 10 | 10 | 10 | 10 |
| From notice of hearing to close of hearing..... | 16 | 15 | 14 | 14 | 13 | 13 |
| Subtotal, filing to close of hearing..... | 28 | 26 | 24 | 24 | 23 | 23 |
| B. Decisional processing: | | | | | | |
| 1. Before decisional delegation to regional director: from close of hearing to Board decision..... | | | | | | |
| | 49 | 52 | 50 | | | |
| Total, filing to Board decision..... | | | | | | |
| | 77 | 78 | 74 | | | |
| 2. After decisional delegation to regional director: | | | | | | |
| (a) By the Board ¹ from hearing to Board decision..... | | | | | | |
| | | | | 112 | 121 | 108 |
| Total, filing to Board decision..... | | | | | | |
| | | | | 136 | 144 | 131 |
| (b) By regional director ¹ from hearing to R.D. decision..... | | | | | | |
| | | | | 20 | 17 | 18 |
| Total, filing to R.D. decision..... | | | | | | |
| | | | | 44 | 40 | 41 |

¹ Fiscal year 1963 the Board issued only 227 decisions while the regional directors issued 2,034 or approximately 90 percent of the total representation decisions.

Buildup in pending caseload

As a result of the increase in workload factors in our intake, pending caseload in the field offices rose from end of fiscal 1962 to end of fiscal 1963. With the sharp rise in intake this fiscal year, the field pending caseload continued to rise from July through October.

Through an extraordinary effort during the past several months, and taking advantage of the normal lower intake in November and December, the field offices, by end of December 1963, have been able to bring the pending caseload back down to the June 30, 1963, level. However, the average age of the cases pending is considerably greater than it was in June. The delay problems are also reflected in the doubling of overage cases during the past calendar year; these are cases which have remained in a substage longer than our internal targets permit. Reattainment of the level and condition of pending caseload that existed on June 30, 1962, is an essential first step toward regular achievement of the agency service targets.

Pending cases in Washington have risen from 1,939 on June 30, 1963, to 2,102 on December 31, 1963. This rise includes significant increases in cases pending trial examiner decisions as well as cases pending Board decision. Ninety-seven out of the total of 163 increase, for example, are awaiting trial examiner decision; this is an increase of almost two-thirds in cases pending at this stage.

Need for high-quality investigations

Field time targets were devised to eliminate the backlog and put the regional offices on a current case processing basis. These time targets were and are essential to the providing of adequate time service to the parties. However, in the course of establishing and achieving these time service goals we have discovered a distinct tendency toward inflexibility that resulted in less than complete investigation and attention to each issue for each and every use. To this extent the salutary objectives in the preamble to the National Labor Relations Act have not been entirely achieved.

This concern was pointed out by the House Appropriations Committee in its report (H. Rept. 1488) on the agency's 1963 appropriation, when it said: "The Board and the General Counsel have made a substantial record in the past year in solving the problem of delays by reducing the Board's backlog, and improving procedures in the handling of both unfair labor practice and representation cases. The committee's attention has been called, however, to the fact that at times overemphasis on speed in case handling in the regional offices has resulted in inadequate concern for rights and protections to which parties are entitled under the law. The committee believes that it is of the utmost importance that persons who allege that their rights have been infringed or that they have been denied protection to which they are entitled shall have their 'day in court.'"

The agency believes that it is now in a good position to accomplish this improvement in operations. During the last few years the agency has learned how to conquer backlog problems, as well as problems of time delay. Today, compared to several years ago, the agency is relatively current and in a position to achieve more fully the objectives of the act by raising the quality of the work product without forfeiting productivity or service. President Johnson also stressed quality in the following words in a statement to the heads of regulatory agencies: "I speak not in a spirit of criticism but in a spirit of challenge today. You, and I, and the Congress, and the people * * * are challenged today to reexamine, and to reassess, and to reevaluate the regulatory role. We are challenge to elevate our sights, to measure our performance by quality rather than quantity; * * * to take pride in how much we do rather than how much there is to do."

AGENCY MANAGEMENT AND PRODUCTIVITY IMPROVEMENT PROGRAM

Plan for productivity increases

Field offices.—The budget estimate provides for a 2-percent productivity improvement in 1965 in addition to a budgeted 10-percent increase in productivity in 1964 over fiscal year 1963 experience, or a total of 12 percent rise in productivity from 1963 to 1965.

Because the current appropriation provided for practically no increase in personnel in the field in 1964, it became necessary in order to meet workload demands, including a sharp rise in workload factors previously described, to schedule a 10-percent productivity improvement in fiscal year 1964. The intake so far this year, rising even faster than estimated, has compounded the problem. Field performance has been tremendous and the staff has attempted to accept and meet the challenge of a difficult caseload, although time standards have suffered.

The 1965 plan for the field offices, therefore, provides for the elimination of the backlog so that agency time standards can again be attained while providing a better quality level for all investigations.

Trial examiner hearings and decisions.—The budget estimate provides for a 5-percent productivity increase in 1965 in addition to a 10-percent budgeted increase in productivity scheduled for 1964, or a total productivity increase of 15 percent from 1963 to 1965.

The hearing calendar (cases scheduled for and awaiting the opening of a hearing) has risen from 235 at the start of fiscal year 1963 to 314 on June 30, 1963. To accomplish the agency goal of timely processing of hearings, it is necessary to reduce the hearing calendar to 225 by June 30, 1964, and to 123 by June 30, 1965. At the same time, it is estimated that decisions awaiting issuance will be retained at the June 30, 1963, level, which is 148.

Board decisional processing.—The budget estimate provides for a 3-percent increase in productivity by legal assistants to Board members in 1965 in addition to a 3 percent productivity increase in 1964, or a total productivity rise of 6 percent from 1963 to 1965.

The productivity increase is essential if the Board is to meet its increased decisional caseload and to handle the additional work expected to result from the reduction of the trial examiner's pending load.

Appellate court litigation.—The budget estimate provides for a 4-percent increase in productivity in addition to a 3-percent productivity increase in 1964, or a total productivity increase of 7 percent from 1963 to 1965. This performance improvement is designed to process the increased workload which has developed in this area as the result of emphasis on compliance and the expected increase in output of Board decisions.

Management improvement efforts

To insure achievement of the productivity improvements referred to previously, the agency felt that it had to reorganize, consolidate and improve internal management controls.

Decentralization of injunction activities.—During 1963, the ground was prepared for decentralization of injunction work by transfer to the regional offices. The actual decentralization was made effective October 1, 1963. The agency expects to see its injunction work done more quickly and more efficiently, with an eventual savings which may approximate \$100,000.

Reorganization of division of operations.—The Washington headquarters staff for the field organization has been reorganized without any increase in staff to provide better liaison and control between Washington and the regional offices. The assistant general counsels have been assigned additional duties. Each has been given coordinate responsibility for a group of from five to seven regional offices, seeing to it that policy determinations are carried out by those offices. Each assists his regional offices to operate in the most efficient manner by providing technical assistance and advising them on weaknesses disclosed by operational analyses and on-site reviews. The analyses are the work of a time and performance branch established several years ago to study and analyze the operation and performance of regional offices and to suggest improvements.

Manpower utilization standards.—In order to improve productivity and cope with the large increase in trial examiner hearings and decisions and to establish a standard for this activity, the Board requested the Division of Trial Examiners to compress the trial calendar from a 9-week spread to a 4-week schedule. At present the calendar has been reduced to 5 weeks. In addition, in consultation with trial examiner representatives, the Board raised the annual minimum number of decisions that it would expect from each trial examiner; failure to meet the minimum requires a complete explanation in each case.

At the same time the Board has established higher operational goals for its own legal assistants in order to improve their productivity and make certain that the Board itself will be able to process the trial examiner decisions it expects to receive.

A major clerical utilization study is also underway covering all clerical personnel in the agency's Washington headquarters with a view to eliminating clerical waste time and determining the most efficient manner in which our clerical staff can be employed.

Employee incentives

Some of the bases on which the agency relies for improved morale and higher employee incentive are the actions of the Congress relating to employee pay.

The comparability principle built into the last Federal pay act has been of great assistance to this agency. We were losing many of our young attorneys to law firms and to industry. However, the rate of turnover declined greatly after the adoption by Congress of the comparability principle in the recent pay act. It is our belief that continued adherence by Congress to this principle will help to keep these young men with us so that greater productivity and value will result from our extensive training efforts.

Similarly, the action of the Civil Service Commission in setting aside for hearing examiners 100 supergrade positions authorized by the last pay act, provided upgrading and recognition for more than 30 of our hearing examiners. This action and the implicit promise of recognition for the remainder of our hearing examiners has been of great assistance in our efforts to retain and secure better performance from our hearing examiners. Similar recognition of the balance, more than half, of our regional directors working below supergrade level would likewise enhance the performance of their functions which are so crucial to agency operations.

The authority conferred by this same pay act to withhold in-grade promotions or to grant additional in-grades for quality work has also been used to advantage. The quality in-grade has been used to reward highly competent people when it was inappropriate to give them grade increases. The denial of the regular in-grade promotion to employees who were not performing at an acceptable level of performance resulted in improving such performance where possible or in convincing people who could not reach acceptable levels of performance, that perhaps they were not suited for the work of the agency. In several such cases, the employees found more suitable work out of the agency.

Operations analyses studies

It is too early to report concrete results of the program you authorized last October. However, several efforts have been made to encourage such studies in academic institutions outside the Government and considerable interest has been generated. It is hoped that students in the field can be induced to make some of these studies particularly where more is required than a straightforward analysis of the agency's own records. In addition, several studies involving the agency's records have been started with agency personnel on a limited basis.

Settlement

The agency's major approach to effective labor management relations is that peaceful labor relations jointly arrived at by the parties must take the place of litigation wherever possible. Therefore, a major substantive activity of the agency has been its settlement program. In addition to contributing to industrial peace, it is estimated that, in approximately 4 years, this program saved the agency and the Government over a million dollars a year in litigation cost without counting the incalculable benefits accruing to the parties as a result of having settled rather than litigated a controversy. Approximately three-quarters of all charges found to have merit are now being handled in this manner. The agency will continue to emphasize settlement rather than litigation.

SUMMARY

The agency is very grateful to the Congress for its recognition of the goals and financial needs of the agency to help keep up with the increased volume of work and to carry out the responsibilities laid upon it by Congress in the National Labor Relations Act, as amended. The agency firmly believes that on the basis of demonstrated results it can continue the record of improvements in public service and will make every effort to do so.

TUESDAY, FEBRUARY 11, 1964.

INTERSTATE COMMISSION ON THE POTOMAC RIVER
BASIN

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: Contribution to the Commission (costs—obligations) (object class 41)..... | 5 | 5 | 5 |
| Financing: New obligational authority (appropriation)..... | 5 | 5 | 5 |

Mr. DENTON. Mr. Carl Johnson, Executive Director of the Interstate Commission on the Potomac River Basin, would have been here today except for an important meeting in Harrisburg in which he is participating.

GENERAL STATEMENT

This meeting was set up several weeks ago, and since the amount of this appropriation request is quite small and it is a program which has been in operation for several years, and so well known to the committee, we shall simply place his statement in the record.

(The information referred to follows:)

STATEMENT BY CARL J. JOHNSON, EXECUTIVE DIRECTOR

I shall make a brief presentation with respect to the work of the Interstate Commission on the Potomac River Basin for which the Bureau of the Budget has recommended a contribution of \$5,000, the same as last year.

We have a total annual budget of approximately \$60,000. The full-time staff consists of two professional workers and one secretary.

Constant educational efforts and factfinding procedures have resulted in outstanding progress toward pollution reduction over the entire Potomac Basin in recent years. In January 1963 we reported that, of a total population of 2,067,606 served by sewers, 1,839,935 were served by secondary-type treatment plants which provide 80- to 90-percent removal of the wastes and is considered high degree of waste treatment.

During 1963 several West Virginia communities started treatment plant construction. Arlington, Va., voters approved a bond referendum to provide for a secondary-type waste treatment plant, and construction of the Potomac interceptor was completed. These projects will provide secondary-type treatment to approximately 150,000 people plus the Dulles Airport for a grand total of nearly 2 million. This will leave only about 50,000 of the sewer population without secondary-type treatment.

The industrial picture is nearly as good. Only two major plants do not have facilities and in each instance are constructing them.

While this outstanding progress has been made, rapidly increasing populations, particularly in the Washington metropolitan area, require constant surveillance and continuing plant expansion. High degrees of waste treatment also tend to create secondary pollution during periods of low riverflows and high temperatures. Sediment arising from soil erosion in both rural and urban areas is a major form of pollution in the Potomac estuary. Also there are indications that water runoff from agricultural lands may be the cause of rising bacterial counts in certain reaches of the river.

In order to combat these problems the Interstate Commission on the Potomac River Basin is active in several ways.

1. We have just completed "Teamwork on the Potomac," a 25-minute sound, color movie, to be used in our educational program.

2. We maintain a 79-station cooperative water sampling network.

3. We are providing leadership and support for research to combat secondary pollution, particularly in the Potomac estuary.

4. During 1963 we published two reports aimed at reducing soil erosion and sediment pollution in urban areas.

5. We are entering initial stages of a short-term research project above Great Falls to determine whether or not water runoff from agricultural lands is the source of rising bacterial counts, and if so, to determine what general areas are the source of such pollution.

6. We conduct at least three public meetings each year to pinpoint problem areas and to point out ways to solution. One such meeting in 1963 was in the form of a public hearing at Cumberland, Md., and has stimulated considerable activity on the part of the municipalities in the North and South Branches of the Potomac.

7. We publish a monthly newsletter with circulation of 3,000.

We will appreciate your continued support for our commission.

WEDNESDAY, FEBRUARY 19, 1964.

RAILROAD RETIREMENT BOARD

WITNESSES

HOWARD W. HABERMEYER, CHAIRMAN

A. E. LYON, LABOR MEMBER

FRANK J. MCKENNA, CHIEF EXECUTIVE OFFICER

MICHAEL RUDISIN, DIRECTOR OF BUDGET AND FISCAL OPERATIONS

LIMITATION ON SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 7,089 | 7,400 | 7,678 |
| Positions other than permanent..... | 66 | 62 | 62 |
| Other personnel compensation..... | 134 | 207 | 185 |
| Total personnel compensation..... | 7,289 | 7,669 | 7,925 |
| 12 Personnel benefits..... | 544 | 572 | 594 |
| 21 Travel and transportation of persons..... | 212 | 218 | 218 |
| 22 Transportation of things..... | 18 | 18 | 18 |
| 23 Rent, communications, and utilities..... | 1,317 | 759 | 708 |
| 24 Printing and reproduction..... | 69 | 52 | 52 |
| 25 Other services..... | 179 | 209 | 226 |
| Services of other agencies..... | 135 | 682 | 697 |
| 26 Supplies and materials..... | 97 | 98 | 98 |
| 31 Equipment..... | 13 | 695 | 23 |
| Total obligations..... | 9,873 | 10,972 | 10,560 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Total number of permanent positions..... | 1,179 | 1,130 | 1,113 |
| Full-time equivalent of other positions..... | 17 | 16 | 16 |
| Average number of all employees..... | 1,108 | 1,086 | 1,078 |
| Employees in permanent positions, end of year..... | 1,087 | 1,068 | 1,062 |
| Employees in other positions, end of year..... | 7 | 5 | 5 |
| Average GS grade..... | 6.7 | 7.0 | 7.0 |
| Average GS salary..... | \$6,544 | \$7,085 | \$7,216 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Maintenance of earnings accounts..... | 313 | 375 | 252 |
| 2. Processing claims..... | 7,153 | 7,917 | 7,755 |
| 3. Maintenance of beneficiary rolls..... | 1,197 | 1,303 | 1,219 |
| 4. Hearings and appeals..... | 64 | 76 | 80 |
| 5. Actuarial services..... | 257 | 297 | 265 |
| 6. Administration..... | 908 | 1,004 | 989 |
| Total program costs, funded..... | 9,892 | 10,972 | 10,560 |
| Change in selected resources ¹ | -19 | | |
| Total obligations..... | 9,873 | 10,972 | 10,560 |
| Financing: Unobligated balance lapsing..... | 33 | 93 | |
| Limitation..... | 9,906 | 11,065 | 10,560 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$30,000; 1963, \$11,000; 1964, \$11,000; 1965, \$11,000.

Mr. FOGARTY. The committee will come to order. We have before us the Railroad Retirement Board. Mr. Habermeyer, do you have a statement for the committee?

GENERAL STATEMENT

Mr. HABERMEYER. Yes, sir.

Mr. FOGARTY. Go right ahead.

Mr. HABERMEYER. Mr. Chairman and members of the committee, the Railroad Retirement Board administers the Railroad Retirement Act and the Railroad Unemployment Insurance Act. One act provides a system for the payment of annuities for age and disability and benefits for survivors. The other act provides a system for the payment of unemployment, maternity, and sickness benefits to qualified railroad workers and an employment service for placing unemployment benefit claimants in jobs.

STRUCTURE OF THE RAILROAD RETIREMENT BOARD

The Board is composed of three members appointed by the President with the advice and consent of the Senate—one upon the recommendation of representatives of employees, one upon recommendation of representatives of carriers, and one, the Chairman, without designated recommendation. The Board's administrative organization is designed to integrate the administration of the programs conducted under the two acts without duplication of facilities or operations.

FINANCING THE RAILROAD UNEMPLOYMENT AND SICKNESS BENEFIT PROGRAMS

Funds for the support of the unemployment and sickness insurance system are paid by employers only. Contributions are required on an employee's earnings up to \$400 a month. The regular maximum contribution rate was increased from 3.75 percent to 4 percent by Public Law 88-133, approved October 5, 1963, to provide additional funds to improve the financial condition of the system. Also, the amount set aside from contributions for the payment of the administrative expenses of the system was increased from 0.20 percent to 0.25 percent of the taxable payroll.

It is expected that 4 percent contribution rate will provide sufficient funds not only to pay current unemployment and sickness benefits but also to permit the gradual repayment of amounts which were borrowed from the railroad retirement account under the authority contained in the 1959 amendments to the Railroad Unemployment Insurance Act. When Congress was considering the 1959 amendments, the balance in the railroad unemployment insurance account was insufficient to pay all benefits due in the months ahead. Railroad management and railroad labor organizations agreed that authority was needed to permit the Board to borrow money from the railroad retirement account in order to pay benefits, and Congress included such authority in the 1959 amendments. The borrowing authority was used first in July 1959, and additional sums have been borrowed since that time because of heavy unemployment in the railroad industry. As of January 31, 1964, a total of \$471,460,000

had been borrowed from the railroad retirement account; \$153,261,000 had been repaid, plus interest amounting to \$23,411,348; and the balance due was \$318,199,000 plus interest of \$5,420,561.

FINANCING THE RAILROAD RETIREMENT PROGRAM

Taxes for the support of the railroad retirement system are paid equally by employers and employees. To improve the financial condition of the system, the 1963 amendments increased the maximum amount of earnings subject to tax from \$400 to \$450 monthly. Railroad retirement taxes are paid on these earnings at a combined rate of 14½ percent. The retirement taxes are deposited in the railroad retirement account (trust fund) and are invested in special Government obligations. The interest rate applicable to these special Government obligations was changed by the 1963 amendments from 3 percent to a rate equal to the average market yield on medium- and long-term U.S. securities. The railroad retirement system also has a reinsurance arrangement of annual financial interchanges with the social security system so as to place these systems in the same position in which they would have been if railroad employment had been included in social security coverage. Also, appropriations are made to the railroad retirement account for military service creditable under the Railroad Retirement Act. Funds required for the administrative expenses of the railroad retirement system are derived from the railroad retirement account in amounts specifically authorized by Congress.

PAYMENT FOR MILITARY SERVICE CREDITS

The President's budget includes the Board's appropriation request of \$13,834,000 in payment for military service credits.

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. The Government is obligated to pay the railroad retirement account amounts as provided in section 4(n) of the Railroad Retirement Act for creditable military service. Thus far, Congress has appropriated funds for creditable military service performed through June 30, 1948. The amount of \$13,834,000 is requested to pay the first of 10 yearly installments on the amount still due the railroad retirement account for creditable military service during the period from July 1, 1948, through December 31, 1962.

LIMITATION ON SALARIES AND EXPENSES (TRUST FUND)

The Board also requests authorization to derive \$10,560,000 from the railroad retirement account to cover the administrative expenses of the railroad retirement system for fiscal year 1965. This request is \$505,000 less than the \$11,065,000 authorized for fiscal year 1964. The various cost factors accounting for the change in requirements are itemized on page 7 of our budget justifications. Notwithstanding an expected overall increase in workloads, increased productivity will make it possible for the Board to reduce employment moderately from 1964 to 1965. This decrease represents a continuation of the reduction in employment effected each year since 1959, when 1,339 man-years were expended, which is 243 man-years more than estimated for 1965.

Mr. Healy is a little late on a train coming in from Chicago, but we have with us Mr. Lyon, the labor member of the Board, and we have Mr. McKenna, the Chief Executive Officer, and Mr. Rudisin, the Director of Budget and Fiscal Operations, who are prepared to answer any questions which members of the committee may wish to ask.

Mr. FOGARTY. Thank you, Mr. Habermeyer.

I am glad to see Mr. Lyons with us this morning. He happens to be an old friend of mine. Mr. Harper, I think, did a real good job for the brotherhoods here. He was never very bashful in speaking up on behalf of the people he represented.

I know, because of your background and experience, Mr. Lyons, that you are going to do a real good job also.

SUMMARY OF BUDGET

The appropriations for 1964, \$11,065,000 and the request for 1965 is \$10,560,000, or a reduction of \$505,000.

Now, this looks as though you are going to absorb all of your mandatory costs and on top of that reduce the number of positions by 17; is that right?

Mr. HABERMEYER. That is about right, sir; yes.

Mr. FOGARTY. Your workload is going up at the same time?

Mr. HABERMEYER. Slightly.

Mr. FOGARTY. I would think the President would make you a special assistant in charge of his economy drive.

MILITARY SERVICE CREDITS

The budget includes your request for \$13,834,000 to pay the first of 10 yearly installments on the amount still due the trust fund for military service credits. This amount is due the trust fund by law; isn't it?

Mr. HABERMEYER. Yes, sir.

Mr. FOGARTY. I am sure the committee will look with favor upon it.

Is there anything you would like to say, Mr. Lyons?

Mr. LYONS. I think not, Mr. Chairman. I think everything is going in an excellent way as far as the Board's administration.

Mr. FOGARTY. All right. Thank you, gentlemen.

JUSTIFICATION MATERIAL

(The formal justifications follow:)

PAYMENT FOR MILITARY SERVICE CREDITS

| | Estimate, 1964 | Estimate, 1965 | Increase (+) or decrease (-) |
|--|-------------------|-------------------|------------------------------------|
| Program by activities: Payment to railroad retirement account..... | | \$13,834,000 | +\$13,834,000 |
| Financing: New obligational authority (appropriation)..... | | 13,834,000 | +13,834,000 |

JUSTIFICATION OF ESTIMATES

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. Under the provisions of section 4(n) of the Railroad Retirement Act, the Government is obligated to pay to the railroad retirement account the combined employer-employee payroll tax on \$160 for each month of military service performed after 1936 and before 1957 during war-service periods. For service after 1956 and before July 1, 1963, the Government is required to pay the difference between the combined taxes on \$160 and the combined social security taxes actually paid with respect to the military service involved. The 1963 amendments to the Railroad Retirement Act changed the method of financing of creditable military service performed after June 30, 1963, from a tax basis to a cost basis.

Thus far, Congress has appropriated funds for military service performed through June 30, 1948. Amounts are still to be appropriated for creditable military service after that date. The amount of \$13,834,000 is requested for payment of the first 10 yearly installments on the amount still due the railroad retirement account for creditable military service for the period from July 1, 1948, through December 31, 1962. Subsequent installments will include amounts due for creditable military service after 1962 and will include interest allowances to place the railroad retirement account in the same position in which it would have been if the amounts owed for military service had been made available when they became due.

The amounts due for military service were developed from comprehensive studies conducted with the cooperation of the military departments. The statistical methodology employed in these studies was approved by the Bureau of the Budget.

SALARIES AND EXPENSES

Statement relating appropriation estimate to current appropriation

| | | |
|--|-----------|--------------|
| A. Current appropriation: | | |
| 1964 appropriation in annual act..... | | \$11,065,000 |
| Less estimated unobligated balance..... | | 93,000 |
| | | <hr/> |
| Total obligations for 1964..... | | 10,972,000 |
| B. Deductions: | | |
| Decrease due to purchase of electronic equip- ment in 1964..... | \$671,000 | |
| Estimated savings from improvement in produc- tivity..... | 89,000 | |
| Decrease in computer rentals..... | 80,000 | |
| Decrease for 1 less compensable day..... | 29,000 | |
| | | <hr/> |
| | | 869,000 |
| | | <hr/> |
| Subtotal..... | | 10,103,000 |
| C. Additions: | | |
| Increase for pay act costs..... | 180,000 | |
| Increase in workloads..... | 87,000 | |
| Increase for within-grade salary advancements... | 85,000 | |
| Increase for projection to annual basis of cost of reclassifying various positions in accordance with new standards issued by the Civil Service Commission..... | 45,000 | |
| Increase in rent and maintenance of buildings... | 29,000 | |
| Increase cost of maintenance of electronic equip- ment..... | 10,000 | |
| Additional postage on increased volume of bene- fit checks..... | 9,000 | |
| Other increases..... | 12,000 | |
| | | <hr/> |
| | | 457,000 |
| | | <hr/> |
| D. 1965 estimate..... | | 10,560,000 |

Itemization of estimates

| | 1964 estimate | | 1965 estimate | | Increase (+) or decrease (-) | |
|--|---------------|------------|---------------|------------|------------------------------|------------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| Program by activities: | | | | | | |
| 1. Maintenance of earnings accounts..... | 33 | \$375,000 | 30 | \$252,000 | -3 | -\$123,000 |
| 2. Processing claims..... | 892 | 7,917,000 | 882 | 7,755,000 | -10 | -162,000 |
| 3. Maintenance of beneficiary rolls..... | 70 | 1,303,000 | 66 | 1,219,000 | -4 | -84,000 |
| 4. Hearings and appeals..... | 7 | 76,000 | 7 | 80,000 | ----- | +4,000 |
| 5. Actuarial services..... | 26 | 297,000 | 25 | 265,000 | ----- | -32,000 |
| 6. Administration..... | 102 | 1,004,000 | 102 | 989,000 | ----- | -15,000 |
| Total obligations..... | 1,130 | 10,972,000 | 1,113 | 10,560,000 | -17 | -412,000 |
| Financing: Unobligated balance lapsing..... | | 93,000 | | | | -93,000 |
| Limitations..... | 1,130 | 11,065,000 | 1,113 | 10,560,000 | -17 | -505,000 |
| Obligations by object: | | | | | | |
| 11 Personal compensation: | | | | | | |
| Permanent positions..... | | 7,400,000 | | 7,678,000 | ----- | +278,000 |
| Positions other than permanent..... | | 62,000 | | 62,000 | ----- | ----- |
| Other personnel compensation..... | | 207,000 | | 185,000 | ----- | -22,000 |
| Total-personnel compensation..... | | 7,669,000 | | 7,925,000 | ----- | +256,000 |
| 12 Personnel benefits..... | | 572,000 | | 594,000 | ----- | +22,000 |
| 21 Travel and transportation of persons..... | | 218,000 | | 218,000 | ----- | ----- |
| 22 Transportation of things..... | | 18,000 | | 18,000 | ----- | ----- |
| 23 Rents, communications, and utilities..... | | 759,000 | | 709,000 | ----- | -50,000 |
| 24 Printing and reproduction..... | | 52,000 | | 52,000 | ----- | ----- |
| 25 Other services..... | | 209,000 | | 226,000 | ----- | +17,000 |
| Services of other agencies..... | | 682,000 | | 697,000 | ----- | +15,000 |
| 26 Supplies and materials..... | | 98,000 | | 98,000 | ----- | ----- |
| 31 Equipment..... | | 695,000 | | 23,000 | ----- | -672,000 |
| Total obligations..... | | 10,972,000 | | 10,560,000 | ----- | -412,000 |
| Personnel summary: | | | | | | |
| Total number of permanent positions..... | 1,130 | ----- | 1,113 | ----- | -17 | ----- |
| Full-time equivalent of other positions..... | 16 | ----- | 16 | ----- | ----- | ----- |
| Average number of all employees..... | 1,086 | ----- | 1,078 | ----- | -8 | ----- |
| Employees in permanent positions, end of year..... | 1,068 | ----- | 1,062 | ----- | -6 | ----- |
| Employees in other positions, end of year..... | 5 | ----- | 5 | ----- | ----- | ----- |
| Average GS grade..... | 7 | ----- | 7 | ----- | ----- | ----- |
| Average GS salary..... | | \$7,085 | | \$7,216 | ----- | +\$131 |

DETAILED JUSTIFICATION OF ESTIMATES

General

The detailed justifications of the budget estimates for administrative expenses of the Board for fiscal year 1965 follow in several sections.

The estimates of administrative expenses are justified initially by activities of the Board. The justification by activities deals primarily with man-year requirements and their relationship to workloads. Limited reference is made to personal service unit costs since such costs change in the same proportion as changes in man-year productivity, except as modified by pay increases, position reclassifications, by within-grade salary advancements, and by changes in the proportions of various grades of employees as staffs are adjusted for changes in workloads and programs.

The justification by activities is followed by a justification of costs by object of expense. Miscellaneous expenses are justified by object of expense since comparisons of such costs by activity on a unit-cost basis are not completely valid because such costs do not necessarily fluctuate in the direct proportion to changes in workloads.

The appendix contains supplementary tables relating to the administrative expenses of the Board. These include comparative statements on productivity and personal service costs by organization units.

DETAILED JUSTIFICATION OF OBLIGATIONS BY ACTIVITY

1. Maintenance of earnings accounts

The maintenance of earnings accounts includes the work of processing of employers' reports of employees' compensation and service for use in making claims payment determinations. Information must be accumulated for every railroad employee to identify the actual calendar months worked and the creditable earnings from January 1937 to date. In addition, railroad service rendered prior to 1937 also must be developed when claimed, since such service usually is creditable under the act.

The workload for maintaining wage accounts of railroad employees fluctuates with the level of employment in the railroad industry, rates of turnover, and similar factors. The best single workload item to use to measure the level of activity in this work is the number of accounts in which earnings have been recorded, which also represents the total railroad employment in the preceding calendar year. This basic work unit is used in the following table to show relative productivity in the years under comparison:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|----------------------------|-----------------|-------------------|-------------------|
| Accounts posted..... | 1,028,000 | 1,000,000 | 970,000 |
| Man-year requirements..... | 35.0 | 32.2 | 30.2 |
| Units per man-year..... | 29,400 | 31,100 | 32,100 |

When this work was converted to electronic processes in 1961, productivity increased by 33 percent in that year from the previous year. Since then there have been improvements in processing and savings resulting from arrangements made with employers for submission of wage reports on magnetic tape and from the conversion of additional employers from quarterly to annual reporting. These developments have made it possible to achieve further increases in productivity of 9.8 percent in 1962 and 5.4 percent in 1963 and to plan on additional productivity increases of 5.8 percent in 1964 and 3.2 percent in 1965.

2. Processing claims

The requirements for this activity have been subdivided into the three categories of (a) development of claims, (b) certification of compensation, and (c) claims inquiries; with each of the categories being handled separately in the explanations that follow.

Development of claims.—This activity includes the development, adjudication, and initial certification for payment of claims under the Railroad Retirement Act.

The workloads relating to the development of claims are as follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|------------------------------|-----------------|-------------------|-------------------|
| Claims dispositions: | | | |
| Employee annuity claims..... | 65,335 | 65,600 | 65,800 |
| Spouse claims..... | 29,095 | 30,900 | 31,100 |
| Survivor claims..... | 83,951 | 82,500 | 82,900 |
| Total..... | 178,381 | 179,000 | 179,800 |

There is a moderate increase in claims dispositions estimated for 1964 and 1965 compared to the load handled in 1963. However, in view of the unsettled conditions in the railroad industry the estimates for 1964 and 1965 may prove to be low.

The scheduled productivity and the man-year requirements for the development of claims in the years under comparison are as follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|----------------------------|-----------------|-------------------|-------------------|
| Claims dispositions..... | 178,381 | 179,000 | 179,800 |
| Man-year requirements..... | 720.3 | 719.5 | 717.5 |
| Units per man-year..... | 247.7 | 248.8 | 250.6 |

Only a relatively moderate gain in productivity is expected from 1963 to 1965 in claims development work. The large amount of manual work in developing the claims at the field office level and evaluating proofs and evidence in headquarters militates against the type of spectacular increases possible where operations are highly mechanized and a breakthrough occurs in mechanical processing. Also continued emphasis will be given in 1964 and 1965 to improving the accuracy of claims determinations and to shortening the time required to develop and adjudicate the claims.

The man-year estimates shown for claims development work in 1964 and 1965 represent the minimum requirements to handle the estimated loads in an efficient and economical manner and still provide the service to which railroad workers and their families are entitled.

Certification of compensation.—This activity includes certification of compensation for use in making claims payment determinations in all cases payable under the Railroad Retirement Act and for cases payable under the Social Security Act where railroad service is involved.

Workloads for certifying records of compensation are as follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|--------------------------------------|-----------------|-------------------|-------------------|
| Type of wage certification: | | | |
| Annuity claims, Railroad Board..... | 48,883 | 51,400 | 51,600 |
| Social security account claims..... | 304,135 | 311,000 | 315,000 |
| Survivor claims, Railroad Board..... | 47,986 | 47,900 | 48,200 |
| Total..... | 401,004 | 410,300 | 414,800 |

The workloads estimated for 1964 and 1965 are in line with recent experience. The man-year and productivity data for wage certification work are as follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|----------------------------|-----------------|-------------------|-------------------|
| Wage certifications..... | 401,004.0 | 410,300.0 | 414,800.0 |
| Man-year requirements..... | 73.3 | 72.8 | 71.3 |
| Units per man-year..... | 5,470.7 | 5,636.0 | 5,817.7 |

When this work was converted to electronic processes in 1962, productivity increased by 17 percent in that year from the previous year. Since then there have been other improvements in processing which have made it possible to achieve a further increase in productivity of 16 percent from 1962 to 1963 and to plan on an additional productivity increase of 6 percent from 1963 to 1965.

Claims inquiries.—The man-years allocable to claims inquiries include time spent in field offices answering general inquiries from beneficiaries or potential beneficiaries as well as inquiries handled at headquarters. Man-year requirements are estimated to increase from 76.8 in 1963 to 78.7 in 1964 and 79.4 in 1965, in line with the estimated increase in claims receipts.

3. Maintenance of beneficiary rolls

This activity covers the maintenance of the monthly rolls of retirement and survivor beneficiaries, including the issuance of benefit checks.

The volume of monthly benefit payments tends to grow steadily larger as the system ages. This growth will continue until the retirement system reaches maturity, a number of years hence.

The costs of this activity have been subdivided into the three categories of (a) accounting and disbursing activities, (b) investigations of continuing eligi-

bility, and (c) service activities, with each of the categories being handled separately in the explanations that follow.

Accounting and disbursing activities.—In addition to performing the usual accounting work associated with the maintenance of the monthly beneficiary rolls, the Board also had been issuing the benefit checks since fiscal year 1954 under a delegation of authority from the Treasury Department. Effective July 1, 1963, the check-writing authority was revoked and the work was transferred back to the Treasury Department.

With the Treasury Department performing work in 1964 and 1965 which had been handled by the Board in 1963, a comparison of manpower usage in the Board for these 3 years gives no basis for evaluating effectiveness of performance for this activity. Instead, since the Board reimburses the Treasury Department for the work it performs, we have tabulated below the total direct costs incurred by the Board plus payments made to the Treasury Department, to produce the unit costs per payment in fiscal years 1963, 1964, and 1965.

[In thousands]

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|--|-----------------|-------------------|-------------------|
| Accounting and disbursing costs: | | | |
| Direct costs of the Board..... | \$346.7 | \$199.6 | \$189.9 |
| Payments to Treasury for writing checks..... | 3.3 | 162.0 | 165.0 |
| Total..... | 350.0 | 361.6 | 354.9 |
| Cost of mailing checks..... | 369.4 | 429.0 | 437.0 |
| Grand total..... | 719.4 | 790.6 | 791.9 |
| Number of payments..... | 10,204,819 | 10,489,000 | 10,684,000 |
| Cost per payment: | | | |
| Accounting and disbursing..... | \$0.034 | \$0.034 | \$0.033 |
| Postage..... | .036 | .041 | .041 |
| Total..... | .070 | .075 | .074 |

¹ Adjusted to include cost of check stock and envelopes ordered in 1962 but used in 1963.

As indicated in the preceding table, it is estimated that the unit cost for accounting and disbursing work will decrease moderately from 1963 to 1965, even though basic salary rates are higher in 1965 than in 1963.

The Board's practice of mailing both a wife's monthly benefit check and a husband's check in the same envelope causes the low average mailing cost per check. Except for this, postage costs per payment would have been \$0.045 in fiscal year 1963 (a postage rate change occurred in midyear) and \$0.05 in 1964 and 1965.

Investigation of continuing eligibility.—Until fiscal year 1962, the principal method used by the Board to check on the eligibility of beneficiaries to continue to receive monthly benefits was through the use of annual questionnaires. With the installation of the computer, plans were made to develop a more comprehensive program of checking Social Security Administration records for disqualifying data by means of magnetic tape. In fiscal year 1963, the Board and the Social Security Administration had in operation an electronic program for exchanging information for use in coordinating the activities of both agencies and for policing beneficiaries on their respective rolls. Under this program, each agency earmarks its master tape record to indicate the data required by the other. Periodically, each agency notifies the other of the occurrence of events which would affect the benefits payable by the other agency.

This program brought about a significant expansion in the number of individuals policed for disqualifying events. However, it was incomplete in that it did not cover any beneficiary who did not have a social security account number of his own reflected in Board records. To close this gap, a project was started in 1963 which entailed the release of more than 250,000 questionnaires to beneficiaries with no social security account number. The Board then furnished the Social Security Administration with identifying data derived from the questionnaires to have the information included in SSA's national employee index file. When SSA completes its work on this in 1964, it will make it possible for SSA to notify the Board if any RRB beneficiary is issued a social security

number in the future. Also, SSA will notify the Board if any of these RRB beneficiaries file a social security application where eligibility is on the basis of some other person's wage records.

The electronic policing program will be improved still further in 1964 by providing for an exchange of magnetic tape with SSA on a quarterly rather than an annual basis. This change will shorten the time lapse between the occurrence of an overpayment event and its discovery.

The requirements for the investigation of the eligibility of beneficiaries to continue to receive benefits are as follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|-------------------------|-----------------|-------------------|-------------------|
| Man-years..... | 35.8 | 36.6 | 34.4 |
| Cases policed..... | 635,000 | 891,000 | 913,000 |
| Cases per man-year..... | 17,737.4 | 24,344.3 | 26,540.7 |

The introduction of electronic processes into the policing program has resulted in a very sharp rise in productivity, if measured by relating the man-years expended to the number of cases subject to verification under the policing program. This expanded policing program, of course, is producing large savings to the trust fund. The tape exchange program alone has disclosed overpayments of \$4.4 million to date. More important, the expanded program reduces hardship to beneficiaries, because disqualifying events now are disclosed sooner, preventing large accumulations of overpayments for subsequent collection.

Service activities.—Requirements for service activities decreased from 8 man-years in 1963 to 2.8 man-years in 1964 and 1965. Except for 1963, the man-years charged to this activity are minor. The 8 man-years shown for 1963 include 5.2 man-years for work performed in converting the Board's checkwriting operation from an addressograph plate system to an electronic system preparatory to the transfer of the checkwriting work back to the Treasury Department.

4. Hearings and appeals

Individuals whose claims for annuities or benefits are disallowed or who dispute the award have the right to appeal to the Board's appeals council and subsequently to the Board itself, prior to the judicial review afforded by section 11 of the Railroad Retirement Act.

The workloads and the man-year requirements for this activity are as follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|------------------------|-----------------|-------------------|-------------------|
| Number of appeals..... | 313 | 365 | 365 |
| Man-years..... | 6 | 7 | 7 |

The load of the appeals council increased from 241 appeals in 1962 to 313 in 1963. In 1964 and 1965 it is estimated that approximately 365 appeals will be filed. Apparently this continuing increase in the appeals load stems from the continuing contraction in railroad employment which now is affecting a greater number of longer service employees. After exhausting rights to benefits under the Railroad Unemployment Insurance Act, economic necessity compels some longer service employees to apply for retirement or disability benefits where prospects for eligibility are doubtful. A high proportion of appeals results in cases where benefits are denied.

An increase of 1 man-year is needed from 1963 to 1964 and 1965 to deal with the increased workload.

5. Actuarial services

This activity includes the work of preparing actuarial valuations of assets and liabilities of the railroad retirement system as required by law; preparing projections, cost estimates, and other reports relating to the existing benefit program as well as proposed amendments to either the Railroad Retirement Act or the Social Security Act; conducting studies relating to mortality, disability, and other actuarial factors; and conducting studies for the financial interchange

with the social security system. These latter studies determine the amounts for transfer between the social security trust funds and the railroad retirement account to place each trust fund in the same position in which it would have been if service as an "employee" under the Railroad Retirement Act after December 31, 1936, had been "employment" under the Social Security Act from that date. The importance of these studies, which are required annually, can best be realized from the fact that hundreds of millions of dollars are involved in the financial interchanges.

The files of statistical data compiled for analytical and actuarial purposes also have great administrative value. They have been used to give rapid effect to changes in benefits under amendments and to identify those beneficiaries who come under the several policing programs. The savings accruing to the Board over the years from these files has been very great.

The requirements for this activity were 26.2 man-years in 1963 and are estimated to be the same in 1964 and 1965.

6. Administration

This activity embraces the functions of executive direction and general administration, including activities such as personnel, fiscal, property management, budgeting, administrative planning and control, and other similar activities.

The requirements for this activity were 98.5 man-years in 1963 and are estimated to be 99.8 man-years in 1964 and 99.7 man-years in 1965. Contributing to the lower level of man-years in 1963 were a number of vacancies of varying duration in key positions. The necessity for filling these key positions accounts for the moderate increase in man-years for administration from 1963 to 1964 and 1965.

Comparative statement of obligations by object, fiscal years 1963, 1964, and 1965

| Object classification | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|---|-----------------|-------------------|-------------------|
| 10 Personal services and benefits: | | | |
| 11 Personnel compensation..... | \$7,289,000 | \$7,609,000 | \$7,925,000 |
| 12 Personnel benefits: | | | |
| Employer's contribution to retirement fund..... | 458,000 | 485,000 | 506,000 |
| Payments to employees' health benefit pro- gram..... | 50,000 | 50,000 | 50,000 |
| Employer's life insurance contribution..... | 23,000 | 24,000 | 25,000 |
| Employee suggestion awards..... | 11,000 | 11,000 | 11,000 |
| Social security taxes..... | 2,000 | 2,000 | 2,000 |
| 20 Contractual services and supplies: | | | |
| 21 Travel and transportation of persons..... | 212,000 | 218,000 | 218,000 |
| 22 Transportation of things..... | 18,000 | 18,000 | 18,000 |
| 23 Rent, communications, and utility services: | | | |
| Communication services..... | 67,000 | 67,000 | 67,000 |
| Postage costs..... | 495,000 | 133,000 | 134,000 |
| Rent and maintenance of buildings..... | 430,000 | 442,000 | 471,000 |
| Rent of equipment..... | 325,000 | 117,000 | 37,000 |
| 24 Printing and reproduction..... | 69,000 | 52,000 | 52,000 |
| 25 Other services: | | | |
| Payments to Treasury Department..... | 126,000 | 674,000 | 689,000 |
| Payments to other agencies..... | 9,000 | 8,000 | 8,000 |
| Fees and compensation..... | 150,000 | 153,000 | 160,000 |
| Repair and maintenance of equipment..... | 17,000 | 41,000 | 52,000 |
| Miscellaneous contractual services..... | 3,000 | 5,000 | 5,000 |
| 26 Supplies and materials..... | 97,000 | 95,000 | 98,000 |
| 30 Acquisition of capital assets: | | | |
| 31 Equipment..... | 13,000 | 695,000 | 23,000 |
| Total obligations..... | 9,873,000 | 10,972,000 | 10,560,000 |

JUSTIFICATION OF OBLIGATIONS BY OBJECT

Justifications are given below of the requirements for each type of expense listed in the preceding table, except personal services. Personal services are justified on a man-year basis in the preceding section.

Employer's contribution to retirement fund

The increase in payments to the civil service retirement fund from \$458,000 in 1963 to \$485,000 in 1964 and \$506,000 in 1965 stems from the increases in personal service costs caused by within-grade salary advancements, grade increases resulting from new classification standards of the Civil Service Commission, and increases in basic pay rates.

Payments to employees' health benefit program

Costs of the health benefit program were \$50,000 in 1963 and are expected to be the same in 1964 and 1965.

Employer's life insurance contributions

Costs of the life insurance program were \$23,000 in 1963 and are expected to be \$24,000 in 1964 and \$25,000 in 1965 in line with increased coverage resulting from higher pay rates.

Taxes

Social security taxes were \$2,000 in 1963 and are expected to be the same in 1964 and 1965.

Employee suggestion awards

Payments under the incentive awards program were \$11,000 in 1963 and are expected to be the same in 1964 and 1965.

Travel

Requirements for travel for fiscal years 1963 through 1965 are as follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|--------------------------|-----------------|-------------------|-------------------|
| Departmental travel..... | \$39,000 | \$41,000 | \$41,000 |
| Field travel..... | 173,000 | 177,000 | 177,000 |
| Total..... | 212,000 | 218,000 | 218,000 |

Increased travel requirements of the office of management control account for the increase of \$2,000 in departmental travel in 1964 and 1965. The pressure of other work curtailed planned field audits of that office in 1963 which held down travel costs to an abnormally low level.

Increased participation of field personnel in the development of claims, the increased claims load, and an increased number of investigations resulting from the expanded policing program account for the \$4,000 increase in travel costs for the field in 1964 and 1965.

Transportation of things

Costs of transportation of things were \$18,000 in 1963 and are expected to be the same in 1964 and 1965.

Communication services

Communication costs were \$67,000 in 1963 and are expected to be the same in 1964 and 1965.

Postage costs

An analysis of postage costs for fiscal years 1963, 1964, and 1965 follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|--------------------------------|-----------------|-------------------|-------------------|
| Mailing of benefit checks..... | \$369,000 | | |
| Special mailings..... | 8,000 | | |
| Regular mailings..... | 118,000 | \$133,000 | \$134,000 |
| Total..... | 495,000 | 133,000 | 134,000 |

Costs for this expense classification represent payments made to the Post Office Department for mailings made by the Board. With the transfer of the check-writing work of the Board to the Treasury Department effective July 1, 1963, that Department will mail the Board's benefit checks and pay the Post Office Department for the cost of such mailings. The Board, in turn, will reimburse the Treasury Department for the amount paid to the Post Office Department. Accordingly, the cost of mailing benefit checks in fiscal years 1964 and 1965 is dropped from this expense classification and included in the expense classification of "Payments to Treasury."

The \$8,000 shown as special mailings in 1963 represent postage costs incurred in sending out questionnaires to beneficiaries on the rolls to close a gap in the Board's policing program. These costs do not project into 1964 and 1965.

The increase of \$15,000 in the cost of regular mailings from 1963 to 1964 results principally from a projection to an annual basis of the postage rate increase in effect for only half of fiscal year 1963. The moderate increase of \$1,000 from 1964 to 1965 results because of workload increases.

Rent and maintenance of buildings

An analysis of the cost of rent and maintenance of buildings for fiscal years 1963, 1964, and 1965 follows:

| | Actual, 1963 | Estimate, 1964 | Estimate 1965 |
|-------------------|-----------------|-------------------|------------------|
| Headquarters..... | \$349,000 | \$358,000 | \$387,000 |
| Field..... | 81,000 | 84,000 | 84,000 |
| Total..... | 430,000 | 442,000 | 471,000 |

The General Services Administration has provided for the air conditioning of the Board's headquarters building. The air conditioning will be in operation in the latter part of fiscal year 1964. The increase in water, oil, gas, and electricity for air conditioning and increased salary costs of building maintenance personnel account for the increase of \$9,000 from 1963 to 1964. Maintenance costs in 1965 increase by \$29,000 from a projection of these added costs to a full annual basis.

The portion of field office rentals chargeable to this appropriation is expected to increase by \$3,000 from 1963 to 1964 and 1965 based on rentals now in effect.

Rent of equipment

The requirements for machine rentals by type of equipment are as follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|-----------------------------|-----------------|-------------------|-------------------|
| Electronic equipment..... | \$280,000 | \$78,000 | ----- |
| Conventional equipment..... | 45,000 | 41,000 | \$37,000 |
| Total..... | 325,000 | 117,000 | 37,000 |

The electronic equipment which the Board has been renting was scheduled for purchase July 1, 1963. However, purchase could not be made until the 1964 appropriation bill, which included the funds for the purchase, had cleared both Houses of Congress. Thus, it was necessary to continue to rent the equipment for a part of 1964.

Rental costs of conventional equipment continue to decline as work is shifted to electronic equipment.

Printing and reproduction

Requirements for printing and reproduction are classified by principal purpose in the following table:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|---|-----------------|-------------------|-------------------|
| Blank checks and check envelopes..... | \$21,000 | ----- | ----- |
| Punchcards, forms, and other envelopes..... | 44,000 | \$44,000 | \$44,000 |
| Informational material..... | 1,000 | 5,000 | 5,000 |
| Annual report..... | 3,000 | 3,000 | 3,000 |
| Total..... | 69,000 | 52,000 | 52,000 |

With the Treasury Department performing checkwriting work for the Board effective July 1, 1963, the \$21,000 cost of blank checks and check envelopes ordered in 1963 does not project into 1964 and 1965.

Cost of punchcards, forms, and other envelopes were \$44,000 in 1963 and are expected to be the same in 1964 and 1965.

Provision is made for an increase of \$4,000 from 1963 to 1964 and 1965 for informational material, including a revised booklet on questions and answers on the Railroad Retirement Act. This informational material is needed to answer effectively the inquiries received from interested organizations and individuals regarding the various provisions of the act. Little information material was printed in 1963 because it would have become obsolete upon enactment of the amendments to the acts then being considered by Congress. These amendments were enacted into law in October 1963.

Payments to Treasury Department

Details on payments to the Treasury Department are as follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|---|-----------------|-------------------|-------------------|
| Payments to Office of Treasurer..... | | | |
| Payments to Disbursements Division: | \$82,000 | \$84,000 | \$87,000 |
| Cost of preparing checks..... | 3,000 | 162,000 | 165,000 |
| Cost of mailing checks..... | | 428,000 | 437,000 |
| Nonrecurring payment for conversion work..... | 41,000 | | |
| Total..... | 126,000 | 674,000 | 689,000 |

Payments to the Office of the Treasurer are for work in reconciling paid checks with checks issued, and related services. The cost increases from 1963 to 1964 and 1965 result from increases in pay rates and the increase in the number of checks for processing.

The Disbursements Division resumed the issuance of administrative checks for the Board during fiscal year 1963 and the issuance of retirement benefit checks at the start of fiscal year 1964. Payments for the cost of preparing checks are based on the following cost data:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|---|-----------------|------------------------|------------------------|
| Number of benefit checks for preparation..... | | | |
| Unit cost..... | | 10,489,000 ×\$0.015 | 10,684,000 ×\$0.015 |
| Total cost for benefit checks..... | | \$157,335 | \$160,260 |
| Cost of preparing administrative checks..... | \$3,000 | 4,665 | 4,740 |
| Total cost of preparing checks..... | 3,000 | 162,000 | 165,000 |

Payments for mailing checks are based on the following computations:

| | Estimate, 1964 | Estimate, 1965 |
|--|----------------------|----------------------|
| Number of benefit checks for issuance..... | | |
| Number of wives' checks mailed in envelope containing husband's check..... | 10,489,000 | 10,684,000 |
| Number of mailings..... | 1,929,000 | 1,944,000 |
| Cost per mailing..... | 8,560,000 ×\$0.05 | 8,740,000 ×\$0.05 |
| Cost of mailing checks..... | \$428,000 | \$437,000 |

The nonrecurring payment of \$41,000 in 1963 was for work performed by the Treasury Department in punching cards to transfer data contained in addressograph plate files to magnetic tape in connection with the conversion of checkwriting to electronic processes.

Payments to other agencies

Payments to other agencies for reimbursable services were \$9,000 in 1963 and are expected to increase moderately to \$10,000 in 1964 and \$11,000 in 1965, principally because of higher salary rates.

Fees and compensation

The amounts shown as fees and compensation represent costs of medical examinations required in administering the disability provisions of the Railroad Retirement Act. A tabulation of the data underlying the amounts for the years under comparison follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|---------------------------------------|-----------------|-------------------|-------------------|
| Estimated number of examinations..... | 8,280 | 8,280 | 8,280 |
| Average cost..... | \$19.17 | \$19.60 | \$20.41 |
| Total cost..... | \$158,700 | \$163,000 | \$169,000 |

Costs increase from \$158,700 in 1963 to \$163,000 in 1964 and \$169,000 in 1965 because of increases in the average cost per examination. The average cost per examination is continuing to increase because of a number of factors. First, costs are increasing because of the decreasing amount of free medical service being furnished to the Board by railroads. Also, increasing difficulty is being encountered in getting doctors in certain areas to perform certain types of examinations at scheduled rates, thus requiring the authorization of higher fees.

Repair and maintenance of equipment

Costs for the repair and maintenance of equipment were \$17,000 in 1963 and are expected to increase to \$41,000 in 1964 and \$52,000 in 1965. The increase of \$24,000 in 1964 provides for the cost of a service and maintenance contract covering the electronic equipment purchased after the start of fiscal year 1964. The further increase of \$11,000 in 1965 provides for the projection of the service contract to an annual basis and allows for the higher service charges because of the older age of the electronic equipment and because of the greater use of the equipment in 1965.

Miscellaneous contractual services

Requirements for miscellaneous contractual services represent minor amounts of \$3,000 in 1963, and \$5,000 in 1964 and 1965.

Supplies and materials

Requirements for supplies and materials increase moderately from \$97,000 in 1963 to \$98,000 in 1964 and 1965, because of workload increases.

Equipment

Requirements for the purchase of equipment are as follows:

| | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|---------------------------|-----------------|-------------------|-------------------|
| Electronic equipment..... | | \$672,000 | |
| Other equipment..... | \$13,000 | 23,000 | \$23,000 |
| Total..... | 13,000 | 695,000 | 23,000 |

The expenditure of \$672,000 in 1964 represents this appropriation's share of the cost of buying electronic equipment formerly on rental, as provided by the 1964 appropriation authorization.

Requirements for other equipment are principally for such items as file cabinets and replacements of typewriters, adding machines, dictaphones, equipment, and miscellaneous office furniture. Expenditures of \$13,000 in 1963 were at an abnormally low level, when it is noted that expenditures in the 4 preceding years ranged from \$23,000 to \$31,000. The \$23,000 included for 1964 and 1965 provides for an orderly and moderate program for the replacement of old equipment.

WEDNESDAY, FEBRUARY 12, 1964.

DEPARTMENT OF LABOR

WITNESSES

HON. W. WILLARD WIRTZ, SECRETARY OF LABOR
 JOHN F. HENNING, UNDER SECRETARY OF LABOR
 V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
 RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION
 LEO WERTS, ADMINISTRATIVE ASSISTANT SECRETARY

Mr. FOGARTY. We have before us this morning the Secretary of Labor.

GENERAL STATEMENT OF THE SECRETARY

Mr. Secretary, do you have a statement for the committee?

Secretary WIRTZ. Yes, Mr. Chairman, I have, and would suggest the possibility of my filing the statement with the committee and my making then a fairly brief summary of it here and moving as directly as you choose to the questions which you may have about it if that is satisfactory.

Mr. FOGARTY. Very well.

(Secretary Wirtz's statement follows:)

STATEMENT OF SECRETARY OF LABOR W. WILLARD WIRTZ ON THE DEPARTMENT OF LABOR BUDGET ESTIMATES FOR 1965 AND PROPOSED SUPPLEMENTAL ESTIMATES FOR 1964

Mr. Chairman, I wish to express my appreciation for the privilege of presenting to the subcommittee the Labor Department budget for 1965 and supplemental estimates for 1964.

I would like to begin by giving you a summary of the total dollars requested for 1965 and the major distribution and purposes for which they are requested.

Financial resources

| | Amount | Percent |
|--|---------------|---------|
| For benefit payments and allowances..... | \$545,631,000 | 47.8 |
| For State agency administration..... | 496,107,200 | 43.5 |
| For Federal administration..... | 99,341,800 | 8.7 |
| Total..... | 1,141,080,000 | 100.0 |

This total includes an increase over the revised estimate for 1964 (which consists of enacted appropriations plus proposed supplementals for which legislative authority has been enacted) of \$246,367,346. The increase is allocated to the following purposes:

Newly enacted legislative items:

| | |
|---|---------------|
| MDTA amendments..... | \$232,074,946 |
| Equal pay amendment to FLSA..... | 391,000 |
| Expansion of existing programs (net)..... | 13,901,400 |
| Total..... | 246,367,346 |

An analysis by program functions breaks down as follows:

| | Total 1965 | Percent | Change over 1964 | Percent |
|----------------------------------|---------------|---------|------------------|---------|
| Basic research..... | \$18,388,000 | 1.6 | \$2,095,000 | .85 |
| International labor..... | 863,000 | .1 | 26,100 | .01 |
| Manpower..... | 1,022,995,000 | 89.7 | 248,938,846 | 101.04 |
| Labor-management..... | 8,527,000 | .7 | 265,200 | .11 |
| Wage and labor-standards..... | 81,956,000 | 7.2 | -4,685,700 | -1.90 |
| Legal activities..... | 4,989,000 | .4 | 403,800 | .16 |
| Departmental administration..... | 3,362,000 | .3 | 644,100 | .26 |
| Nonrecurring CPI..... | | | -1,320,000 | -.53 |
| Total..... | 1,141,080,000 | 100.0 | 246,367,346 | 100.0 |

To summarize, 91.3 percent of the total estimate is for benefit payments or training allowances to individuals and to State agencies for administration of these programs and for the nationwide system of public employment security agencies, and 8.7 percent is for Federal administration. From the standpoint of functional activities, 89.7 percent is for manpower programs where our emphasis must be focused.

FEDERAL EMPLOYMENT

The 1964 enacted appropriation authorized 8,481 jobs. Through proposed administrative adjustments (to which I will refer later) this has been reduced to a new base of 8,444.

Supplemental appropriations for 1964, if authorized as requested, will bring this figure up to 8,622.

The estimate for 1965 provides for 8,542 or 80 less positions than we will have in 1964.

In spite of increased workloads and new functions added by recent legislation I am confident that it will be possible to perform all essential functions on an adequate basis through increased productivity of employees and a variety of management improvement programs.

STATE EMPLOYMENT

Approximately 57,000 people are employed in the States from funds made available through the training programs or from funds made available for the operation of the State employment security programs.

PROGRAM HIGHLIGHTS

Bureau of Labor Statistics

In line with the national concern over continuing unemployment in a period of prosperity and high economic growth, the estimates for the Bureau of Labor Statistics again emphasize the implementation of recommendations for the improvement of information on employment and unemployment made by the President's Committee To Appraise Employment and Unemployment Statistics. This becomes even more urgent because of vastly increased numbers of young people entering the labor market in 1965.

Other proposals of the Bureau of Labor Statistics are designed to throw light on the crucial issue looming in the country concerning hours of work; with the need for maintaining and improving information on prices; and with providing accurate and adequate comparisons of Federal pay scales with similar occupations in private employment.

Bureau of International Labor Affairs

In the international area, I am not requesting program expansion. I expect to give increasing emphasis to the programs in the Alliance for Progress, and to the possible impact of foreign trade on U.S. workers. Our primary objective is to further trade expansion and, to the extent possible, provide for the trade needs of developing nations. It will be our purpose to do this with minimum disruption to industry and our own labor force.

Manpower development and training, area redevelopment and trade expansion activities

During the past year I have established a Manpower Administration to provide coordination and integration of program operations of the Bureau of Employment

Security, the Bureau of Apprenticeship and Training, the Office of Manpower, Automation, and Training, and the Office of Trade Adjustment Assistance. The Under Secretary of Labor is discharging the responsibilities of the Manpower Administrator.

I am happy to report that both the Manpower Development and Training Act and the Area Redevelopment Act are providing training and preparing thousands of unemployed American workers for new job opportunities. Under the Manpower Development and Training Act program, since its inception in September 1962, projects have been approved for some 125,000 trainees and since the inception of the Area Redevelopment Act program in October 1961, projects have been approved involving 28,400 trainees. We are very gratified by the results of these programs. In both programs approximately 70 percent of those completing training have been placed in profitable employment.

For 1965 in the Manpower Development and Training Act program, we are requesting a total of \$411 million—the new level of efforts which the Congress recently authorized and which we now estimate will provide training for 275,000 unemployed and underemployed workers. The Congress also provided, through amendments to original act of 1962, some new tools which will permit us to better meet the training needs of the hard-core unemployed. The amendments which Congress enacted will enable thousands to become trained workers who previously could not even participate in occupational training because they lacked the basic education which is prerequisite to occupational training. The amendments also provide for the expansion of the youth training programs, for pilot relocation projects, for increased allowance payments and other modifications in eligibility requirements. Finally, the amendments postponed the State matching requirement until 1966 when the States will be better able to participate in a matching program.

I have been greatly encouraged by the speed with which the States and localities have been developing projects, and I am confident that we can achieve the program levels projected for 1965 if the funds are appropriated. Certainly there is no question about the need for the program. I have also been very pleased with the close working relationships which exist between the Department of Health, Education, and Welfare and the Department of Labor. It is a relationship which is mutually beneficial and essential to the achievement of the objectives of the program.

I wish also to comment of the Department's responsibilities under the Trade Expansion Act of 1962. Under the act, the Department is responsible for analyzing the probable effects on domestic employment of possible tariff concessions, and for advising with respect to negotiations. This advice is given both preparatory to the actual negotiation when the U.S. position on specific commodities is developed and during negotiations when proposals made by our trading partners are made. The estimate for trade adjustment activities does not include any funds for worker adjustment allowances. All petitions by workers, firms, and industries which have been made thus far under the law have been denied by the Tariff Commission and there are no petitions pending for decision. Should the need arise for such allowances in 1965, the Department will request consideration of a supplemental estimate.

Bureau of Apprenticeship and Training

In the face of the persistent shortage of job opportunities, more than 5,000 new apprentice jobs were created and filled during fiscal 1963 in programs registered with the national apprenticeship program. The total of such jobs rose from 151,000 on June 30, 1962, to 157,000 on June 30, 1963, and the total of apprentice hires during fiscal 1963 reached almost 47,000. I expect that there will continue to be an upward trend during 1964 and 1965.

Bureau of Employment Security

During 1965 the Bureau will begin implementing recommendations of the President's Committee To Appraise Employment and Unemployment Statistics, and to expand and improve financial management procedures and automatic data processing techniques.

State employment security operations.—In 1965 the employment service will continue emphasis on the employment problems of youth, older workers, persistent unemployment, employers and workers affected by automation and rural communities with high unemployment. Administration of the unemployment insurance program will be improved by continuing progress in modernizing methods of operation and by correcting more serious deficiencies in supervision of local claims offices.

Mexican farm labor program.—Authorization for this program has been extended to December 31, 1964. We expect to bring in about 93,000 workers in the first half of 1965, to continue a vigorous enforcement program and to wind up this operation as expeditiously as possible.

Labor-Management Services Administration

The grouping of the Department's labor-management functions which was discussed with the committee last year has been accomplished. The two units that separately administered the welfare and pension plans and labor-management reporting and disclosure laws have been consolidated within the organizational framework of the Labor-Management Services Administration which was established for this purpose.

The consolidation of the reporting and disclosure activities has resulted in economies and increased efficiency. The Congress action on the 1964 appropriation required certain initial savings in positions and funds as a result of merging these activities, and relied on further savings in this area to provide positions and funds for the other activities with which the Administration will be concerned. The 1965 proposal, which includes expansion of staff for industrial relations services, is largely offset by further anticipated savings in the reporting and disclosure activities.

Bureau of Veterans' Reemployment Rights

We will continue to place primary emphasis on more effective assistance to ex-servicemen and on reducing the complaint case backlog.

Bureau of Labor Standards

The Bureau of Labor Standards will continue its program of working with the States for improvement of labor laws and their administration; in promoting safety in Federal establishments; in the maritime industry and private establishments; and for the development of appropriate child labor standards to protect the health and well-being of children.

Women's Bureau

New emphasis and priorities for the Women's Bureau program have been established by the recommendations of the President's Commission on the Status of Women in its report, "American Women." The Bureau is intensifying its program to provide assistance to the disadvantaged woman worker and in the stimulation of training programs for household workers and inclusion of women workers in other training areas.

Following the conclusion of the work of the President's Commission on the Status of Women in October 1963, the late President Kennedy on November 1, 1963, established the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women. Using the facilities of the Labor Department under my direction as Chairman of the Committee and Assistant Secretary of Labor Esther Peterson as Executive Vice Chairman, these two organizations will provide continued leadership in advancing the status of women and in coordinating the efforts of the Federal agencies in this field.

Bureau of Employees' Compensation

The Bureau will continue administration of the Federal workmen's compensation laws covering more than 3 million employees in public and private employment. Approximately 200,000 injuries and illnesses were reported during fiscal year 1963.

Wage and Hour Division

The programs of the Wage and Hour Division will provide substantial help to the people at the low end of the wage scale.

The enactment of the Fair Labor Standards Act was a first step in raising the economic level of a large group of disadvantaged workers employed in the lowest paid industries in the country. While workers who are paid the minimum wage under the Fair Labor Standards Act are still in the "forgotten fifth of our Nation"—those earning less than \$3,000 a year—they have been raised through the various amendments to the act over the past quarter of a century from the lower end of the poverty scale to its upper reaches.

Effective September 3, 1964, the minimum wage for about 3,600,000 employees in 200,000 establishments brought under the Fair Labor Standards Act by the 1961 amendments will increase from \$1 to \$1.15 per hour, and at the same time these employees become entitled to the payment of at least time and one-half the regular rate of pay after 42 hours of work in a workweek, instead of 44 hours, as has been required since September 1963.

We will continue to direct our investigation activities to those industries and areas where a strong possibility of violations exist, and continue to help employers to achieve compliance with the law. I have assigned basic responsibility for administering the Federal equal pay legislation to this Division.

Office of the Solicitor

The Office of the Solicitor will continue to be responsible for legal activities involved in all Department programs and in 1965 will take on added responsibilities for the legal aspects of the Federal equal pay law.

THE 1964 SUPPLEMENTAL ITEMS

For manpower development and training activities

We are proposing a supplemental estimate of \$55 million for 1964. At this point we are unable to approve the training projects that we now have. It is urgent that we get favorable action soon. At the moment we have over 135 projects involving about 7,000 people and about \$12 million in training costs in over 20 States which have to be held up pending availability of additional funds. The States have built up quite a momentum in developing training proposals and there will no doubt be a slowdown if we have to withhold approval for very long. In addition, the recently enacted amendments cannot be made effective until additional funds are available and we may have to proceed more slowly than is desirable with the program for assisting selective service rejectees.

For unemployment insurance benefits

We have an item of \$42 million for uncontrollable added costs due to an increase in average weekly benefit payment rates and for a higher volume of weeks of compensation than was contemplated by the estimate for 1964.

For the employee compensation fund

This item of \$5 million is also uncontrollable and is due largely to increased benefit and medical costs.

The staff of the Department will be available, of course, to testify on the details of all of these items, but I think I should speak specifically on the following subjects.

THE 1964 ADMINISTRATIVE ADJUSTMENTS

There is a basic administrative problem which arises inevitably and which requires changes to be made in congressional appropriation enactments after the fact. In this connection I would like to direct the committee's attention to attachment I.

From an administrative point of view the time gap between the initial development of estimates and the final authorization by Congress can and often does result in many new developments that make changes in authorizations necessary. These changes should of course be explained to the Appropriation Committee and approval sought for the actions proposed and that is what I would like to do now.

A specific case in point is described in detail in attachment I. In essence it involves a net reduction of 37 positions (an increase of 78 offset by decreases of 115 in 8 of the 19 appropriation accounts). This has been caused by a number of different factors that were not known in time to be made available for consideration by the Congress prior to final authorization of funds for 1964.

I have not taken any action to place into effect instances where additional jobs are involved but I have acted to reduce jobs in other areas. I would like very much to have the subcommittee's approval of my proposals and am prepared to discuss this now if you wish in order to move ahead.

Attachment II describes a situation which does not involve any change in total positions but does involve a shift in positions between organization units.

CENTRAL ADMINISTRATIVE SERVICES

This operation provides a host of administrative housekeeping services to all Bureaus of the Department. It is financed through reimbursement to a working capital fund by the Bureaus for services received.

The details of the cost of the operation and the history of its growth have been submitted to the committee.

In 1964 Bureau accounts lack about \$1,100,000 of the funds needed to pay for services rendered.

We are proposing increases in various Bureau accounts for 1965 to fund about one-half of this cost and the Bureaus will absorb the remaining half.

In this and in future budgets the financing of these administrative services will be reflected and properly identified.

Key retirements

In closing I would like to call to the committee's attention that it seems likely we will lose the services of a group of outstanding career service people who have devoted many years of faithful service and carried out their responsibilities in a highly commendable manner.

I refer to Mr. McCauley, Mr. Goshen, and Mr. Motley all of whom will testify—perhaps for the last time—on their programs.

Thank you very much, Mr. Chairman.

I will answer any questions the committee may have or if preferred I can move on to the appropriation item for the Office of the Secretary.

Attachment I]

U.S. DEPARTMENT OF LABOR

Comparison of 1964 estimated, authorized and established Federal positions

| Account | 1964 estimate (1) | Congressional final action (2) | Labor Apportionment requested (3) | Change col. 3 to col. 2 (4) |
|--|----------------------|-----------------------------------|--------------------------------------|--------------------------------|
| Salaries and expenses: | | | | |
| Bureau of Labor Statistics..... | 1,521 | 1,376 | 1,299 | -77 |
| Consumer Price Index..... | 151 | 151 | 147 | -4 |
| Bureau of International Labor Affairs..... | 81 | 71 | 71 | ----- |
| Area redevelopment activities..... | 45 | 45 | 62 | +17 |
| Manpower development and training activities..... | 600 | 585 | 625 | +40 |
| Bureau of Apprenticeship and Training..... | 559 | 559 | 540 | -19 |
| Mexican farm labor program compliance..... | 164 | 164 | 164 | ----- |
| Bureau of Veterans' Reemployment Rights..... | 77 | 76 | 76 | ----- |
| Bureau of Labor Standards..... | 317 | 317 | 309 | -8 |
| Office of Welfare and Pension Plans ¹ | 707 | 660 | 660 | ----- |
| Bureau of Labor-Management reports ¹ | 543 | 541 | 541 | ----- |
| Bureau of Employees' Compensation..... | 84 | 84 | 84 | ----- |
| Women's Bureau..... | 1,818 | 1,818 | 1,839 | +21 |
| Wage and Hour Division..... | 495 | 495 | 495 | ----- |
| Office of the Solicitor..... | 37 | 12 | 12 | ----- |
| Trade adjustment activities..... | 246 | 219 | 212 | -7 |
| Office of the Secretary..... | | | | |
| Subtotal, salaries and expenses..... | 7,445 | 7,173 | 7,136 | -37 |
| Trust fund authorizations: | | | | |
| Bureau of Employment Security..... | 1,186 | 1,141 | 1,141 | ----- |
| Mexican farm labor program, salaries and expenses..... | 160 | 160 | 160 | ----- |
| Longshore rehabilitation..... | 7 | 7 | 7 | ----- |
| Subtotal, trust..... | 1,353 | 1,308 | 1,308 | ----- |
| Total, Department of Labor..... | 8,798 | 8,481 | 8,444 | -37 |

¹ Combined into the new Office of Labor-Management Services.

Attachment I-2]

THE 1964 PROPOSED ADMINISTRATIVE CHANGES IN POSITION AUTHORIZATION

Budget estimates which finally become a part of the President's annual budget are formulated almost 8 months in advance of the submission to Congress or nearly 12 to 18 months in advance of the fiscal year for which the appropriation is authorized.

During this period of time many factors may arise which makes it desirable to make administrative adjustments in budgets on which we testified and for which appropriations were authorized. The current fiscal year is no exception. We have two kinds of changes which I feel need to be called to your attention.

One involves the redistribution of positions to other activities or functions or the redistribution of money among personal service and nonpersonal service items all within an appropriation.

The other involves the need for adding positions over and above the total number authorized by Congress.

With respect to both kinds of administrative adjustment I have required that they be essential, justifiable and capable of being financed on an annual basis within the 1964 appropriation for the account affected.

None of these changes will involve any proposals to "annualize" the costs in the Department's 1965 estimate.

While the net result of these changes is a reduction of 37 jobs below what was authorized there are some offsetting increases described as follows:

AREA REDEVELOPMENT ACTIVITIES (17)

This account covers money for Federal positions for HEW, BAT, and BES. The positions for BES were shown in the estimate to be 27, whereas, as a matter of fact, the Bureau actually had employed in 1963 a total of 44 or 17 more than reflected in the 1964 budget.

The congressional authorization for 1964 will allow for approximately the same level of financing as in 1963.

The 44 positions were apparently authorized by OMAT (which prior to creation of the Manpower Administration administered the Act) for both 1963 and 1964. For some unknown reason the correct employment was not reflected in the budget and the Department's own budget office did not catch the discrepancy between employment and positions because it was using total position figure which included positions for HEW, BES, and BAT which added to 45.

The failure to reflect the proper employment in the budget was a gross error of the Department of Labor and not of the Bureau—it was not an attempt to present an erroneous justification to Congress.

The 44 positions were financed out of the same amounts shown as allocated for the 27 positions and will continue to be so financed in 1964 and 1965.

Since the positions are all filled and are needed and have been used for the ARA program the Department of Labor does not propose any reduction in force at this time. The correct employment figure is now shown in the 1964 and 1965 budgets.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES (40)

The 1964 budget estimate on which Congress acted did not reflect the organizational changes that came at a later date and are required by the orders of the Secretary which established a Manpower Administration to integrate and coordinate all of the manpower activities of the Department of Labor. This includes organization units of the OMAT, BES, and BAT.

In addition there are other desirable changes growing out of basic operating experience of this new program, which were not foreseeable at the time of developing the 1964 estimate.

These two factors make it desirable to reapportion the dollars and positions authorized by Congress for 1964 and to establish certain new positions.

These changes do not affect the \$99.9 million authorized for training costs and allowance payments or for State and local operations or the number of trainees estimated to be derived from the authorization. Nor will they affect HEW allocations.

Nor will the changes involve any annualization of costs in the 1965 estimate. All changes will be accomplished within 1964 dollars.

There are two kinds of changes involved—(1) reallocation of positions between organizational units reflected in the estimate, and (2) creation of additional positions which do not involve annualization in 1965.

The dollars we will use to accomplish this will be derived from funds in the estimate for the Office of Manpower Automation and Training (OMAT) of \$6,992,000 and 324 positions. We propose to reduce the 324 positions by 48 and the money by \$975,000 and use it for the following purposes:

(a) *Reallocation of positions which does not involve new positions (48)*

Eight positions will be transferred from OMAT to BES regional offices to perform functions previously performed by OMAT—approval of training project functions.

The Office of Financial and Management Services, with 40 positions formerly in OMAT performing administrative functions will be established as a separate Office reporting directly to the Manpower Administrator (the Under Secretary).

(b) Establishment of new positions (40)

1. *Twenty-two of these are for the Bureau of Apprenticeship.*—All for the field to develop more on-the-job training projects. A recent development in the field on-the-job training involves the entering into of agreements with State apprenticeship agencies and provide these States with funds to add State staff to produce more on-the-job training. Contracts have been signed with California, Hawaii, Puerto Rico, and Wisconsin. Contracts are in process with Oregon and Vermont. We feel that this approach plus the addition of Federal apprenticeship staff in the field will yield big dividends. Through June 30, we had projects for 1,555 on-the-job trainees. Between July 1 and January 15, a total of 5,256 new trainees have been added and the year being paid wages of over \$6 million by employers.

2. *Two new Assistant Manpower Administrators will be added.*—One to handle special assignments and one to coordinate all youth activities. Both of these will report directly to the Manpower Administrator. Each will have an assistant and two clerk-stenographers or a total of eight new positions.

3. To strengthen our legal review of contracts entered into for special demonstration projects we will add two positions for the Office of the Solicitor. At present there are 39 such contracts involving approximately \$6,700,000 in payments to the contractors.

4. For the newly established Office of Financial and Management Services we are adding 8 positions to the 40 transferred from OMAT. There is a definite need for developing better financial control, for providing faster financial data, and for management analysis of not only the program but also of ARA and BES and BAT or which the Manpower Administrator has responsibility.

WAGE AND HOUR DIVISION (21)

This involves an addition of 21 Federal investigator positions in North Carolina to perform investigations formerly performed by the State Labor Department of North Carolina under a reimbursable agreement. The North Carolina agreement had been financed from nonpersonal service money but the 21 positions will be financed from personal service money. This has been done with the complete concurrence of the State and with the knowledge of the State Delegation in Congress. We took over all of the State employees who had been performing these investigations in the State.

[Attachment II]

LABOR-MANAGEMENT SERVICES ADMINISTRATION

This account covers the new combined appropriation under the heading of "Office of Labor Management Relations Services" for \$7,500,000. The Senate report said that the consolidation would afford the Secretary of Labor with an organization method for better coordination, direction, and control of a variety of activities in the Department.

The reorganization of these activities was accomplished by Secretary of Labor's Order No. 24-63, dated August 8, 1963.

As a result of action by Congress we estimated that we would be able to finance 660 positions for pension-welfare and labor-management reporting activities.

We are distributing the 660 approved positions as follows:

(a) Five to an Office of Industrial Relations services which will be responsible for day-to-day relationship with the FMCS, NMB, NLRB, Atomic Energy Labor Panel, the Missile Sites Labor Commission, and to work on such special dispute problems as railroads, airlines, aerospace, longshore, and maritime.

(b) Twelve to an Office of Labor Management Policy Development which will be responsible for continuing review and assessment of collective-bargaining practices and policies and of particular situations in order to advise on prospective issues and develop and recommend policies and actions in the broad area of collective bargaining and industrial relations. This Office also will be responsible for undertaking and coordinating necessary research and studies in the broad area and in specialized fields, that will assist and advise the several other functions of the LMSA as well as the Administrator and the Secretary.

(c) Three to an Office of Federal Employee-Management Relations which will execute the Secretary's responsibilities to provide guidance, assistance, and specific services to other Federal agencies under Executive Order 10988, and to perform the designated functions of the Secretary under the order.

(d) Seventy-five to an Office of the Administrator which will provide the executive direction, coordination, and information services to the Labor-Management Services Administration.

(e) The balance of the jobs—565—are allocated to the labor-management and welfare-pension plan reporting programs.

Secretary WIRTZ. I should like to say, too, that I have been out of town the last 2 days. Circumstances are such that I shall have to refer some of the questions to some of the others who are here with me, and they include the Under Secretary, Mr. John Henning, the Administrative Assistant Secretary, Mr. Leo Werts, and Mr. Hudson, with all of whom you are familiar.

1965 BUDGET BY BROAD FUNCTIONS

The picture in general is this: Our proposal is for a budget which can be broken down roughly into three items—"Benefit payments and allowances," an item of \$545,631,000, and that represents 47.8 percent of the whole; for "State agency administration," \$496,107,200, 43.5 percent; and the figure for "Federal administration" is \$99,341,800, 8.7 percent.

In terms of relationship to the previous budget this represents an increase of \$246,367,346 which is broken down as follows:

The great part of it is to cover the Manpower Development and Training Act amendments. That item represents an increase of \$232,074,946.

There is the equal pay amendment to the Fair Labor Standards Act which goes into effect shortly after the start of the next fiscal year. That item is \$391,000.

The figure for increase resulting from expansion of existing programs shows a net of \$13,901,400.

I have included in the presentation an analysis by program functions of the breakdown, both in the proposed budget and in the present budget to provide a basis for comparison.

To summarize, this means 91.3 percent of the total estimate is for benefit payments or training allowances to individuals and to State agencies for administration of these programs and for the nationwide system of public employment security agencies, and 8.7 percent for Federal administration.

From the standpoint of functional activities, 89.7 percent is for manpower programs, where our emphasis must be focused.

FEDERAL EMPLOYMENT

In terms of jobs, and speaking about Federal employment, the picture is as follows: The 1964 enacted appropriation authorized 8,481 jobs. There were administrative adjustments proposed, and I shall refer to them later, which have the effect of reducing that to a base of 8,444 jobs.

There is an item of supplemental appropriation for 1964, which, if authorized as requested, would bring the 1964 figure to 8,622 jobs.

The estimate for 1965 provides for 8,542 jobs, which means 80 less positions than we will have in 1964.

Just to identify the State employment dimension of this problem, we are talking about State employment services, which include approximately 57,000 people, so the State program is much larger than the Federal part of it.

PROGRAM HIGHLIGHTS

My written statement includes reference to the program highlights in the various bureaus. I can summarize this quite quickly. On the basis of the previous knowledge of this subcommittee I can say there are very few major changes of any kind so far as the various bureaus are concerned. It seems to me that unless there are specific questions about it it is probably not important to the committee to go into an overall summary of that.

BUREAU OF LABOR STATISTICS

So far as the Bureau of Labor Statistics is concerned, we propose to continue the implementation of the recommendations that were made 2 years ago by the President's Committee to appraise employment and unemployment statistics and which you authorized us to start on this year.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

So far as the Bureau of International Labor Affairs is concerned, that program continues along the directions previously marked out with increasing emphasis on the development of certain Alliance for Progress programs involving projects in South America.

MANPOWER DEVELOPMENT AND TRAINING

With respect to the manpower development and training, the area redevelopment, and trade expansion activities, what I would report to the committee would be the carrying on further of the consolidation of these functions under a Manpower Administrator which is presently being carried out by the Under Secretary.

We have talked about that before and there are no substantially new developments so far as that is concerned except for one which I should like to bring to the subcommittee's attention.

We have been trying in recent weeks to pull together more completely the various Department programs which involve the youth activities of one kind or another. You know our programs for youth are spread to some extent among various offices and bureaus in the Department. On January 18, I issued a memorandum within the Department which has the purpose of bringing the youth activities together within the Manpower Administration and under the direct guidance of an associate or deputy. We call him an Assistant Manpower Administrator. You might want some further information on that.

What it comes down to is that the programs which I have discussed here before about consolidation of the manpower programs are now substantially complete, and with the addition of the consolidation of the youth activities I think it will be relatively satisfactory.

One of the remaining questions in this area has to do with the administration of affairs under the Trade Expansion Act of 1962. I should call your attention to the fact that one part of that program has not materialized along the lines we expected. The applications for adjustment assistance from industries, from companies, from workers

which have been made to the Tariff Commission have all been turned down. None has been approved so there have been no adjustment assistance allowances approved.

On the other hand there is an active program going on now in connection with the so-called Kennedy round of tariff negotiations, very active consideration of a number of adjustments in tariffs, and we have a staff unit working with the other departments on that:

BUREAU OF APPRENTICESHIP AND TRAINING

So far as the Bureau of Apprenticeship and Training is concerned, despite a persistent shortage of job opportunities, in the building trades particularly, more than 5,000 new apprentice jobs were created and filled during the fiscal year 1963, under registered programs.

The total of those jobs rose from 151,000 in June of 1962 to 157,000 a year later, and the total of apprentices hires during fiscal 1963 reached almost 47,000.

I should like to say that my general impression of the apprenticeship program is that despite the difficulties which have been encountered in connection with that program during the last year relating to questions which have been raised about the equal employment opportunities aspects of the apprenticeship program, despite all those things I think the apprenticeship program is firmer than it was a year ago, that the Government's participation in it is on a more constructive basis than it was a year ago, and I mention this because there has been adverse comment which I think to some extent conceals the progress which has been made.

There are no particular items of change so far as the Bureau of Employment Security is concerned.

There is the prospect of change involving the Mexican farm labor program, with the expectation now quite general that the so-called bracero program is in the windup stage and will not be continued beyond this year although I should make it clear there are still unresolved questions about that and we are not in a position to be sure about it.

LABOR-MANAGEMENT SERVICES

I want to bring to the committee's attention developments in the Labor-Management Services. We have talked with you, Mr. Chairman, and with the members of the subcommittee about what we are doing insofar as the Labor-Management Services is concerned. This is the first time there has been an opportunity to present formally the picture of what is being done there. It is in general that we are bringing together the Labor-Management Services activities in the Department in the same way that we had previously brought together the manpower programs in the Department. This is being done with no expansion of personnel; in fact, it provides the basis for some contraction of personnel, although right now there is no particular development on that.

We are trying to complete the process which was instituted by my two predecessors—Secretary Mitchell and Secretary Goldberg—of making the Department of Labor a department instead of a loosely knit confederacy of bureaus, and it is essential we combine the related functions to do this.

Therefore in the presentation to you this year we are reflecting the bringing together of the Labor-Management Services.

BUREAUS OF LABOR STANDARDS AND VETERANS REEMPLOYMENT RIGHTS

There are no major developments or changes so far as the Bureau of Veterans Reemployment Rights are concerned or the Bureau of Labor Standards, except that there is the change which is involved in taking some of the youth activities from that Bureau and putting them into the Manpower Administration.

WOMEN'S BUREAU

There is no major change insofar as the Women's Bureau is concerned. I want to be sure that you are advised about what has happened so far as the status-of-women operation is concerned.

There was the Presidential Commission on the Status of Women established by President Kennedy which finished its work in October of 1963. What has happened on that is that now, by Executive order, the President—it was President Kennedy at the time—in November of 1963 established an Interdepartmental Committee and also a Citizens Advisory Committee on the Status of Women.

I am Chairman of the Interdepartmental Committee made up of Cabinet members and heads of agencies.

Then there is a citizens advisory committee, which, as a matter of fact, is meeting today for the first time and which will advise the Interdepartmental Committee.

In summary, the work of that Commission on the Status of Women has been carried on and a permanent basis is now laid for it by the Executive order of November 1, 1963.

No basic changes are involved in the Bureau of Employees' Compensation programs.

WAGE AND HOUR DIVISION

Then with respect to the Wage and Hour Division we have a continuation of the activities with which you are familiar. You realize that the program established by statute in 1961 was a step-and-stage program and that is still in the process of being carried out so we are still in this period when additional industry groups of workers are being brought at certain periods under the minimum wage and also under the overtime coverage of the act. That stage process goes on until September of 1965 at which time all the provisions of the 1961 act will become effective.

There is no major change insofar as the Office of the Solicitor is concerned.

SUPPLEMENTAL ITEMS

That is in general about the work of the Department. Now, there are several supplemental appropriation items which I should call to your attention. Would it be your preference we go into this matter of supplementals at this point or would you prefer I stop for consideration of the matter which already has been covered?

Mr. FOGARTY. I believe it would be best for you to go ahead on the supplementals now.

MANPOWER DEVELOPMENT AND TRAINING SUPPLEMENTAL

Secretary WIRTZ. So far as the supplemental items are concerned there is one of major concern to us and that is this matter of the Manpower Development and Training Act. The record and history on that is this: The authorization in the original Manpower and Training Act is \$165 million for fiscal 1964.

When we brought this matter to you a year ago you asked our best advice as to whether we could use the whole of the \$165 million. We answered as candidly as we could that the experience we had already had seemed to us to suggest we probably could use most of it but we weren't sure and said so candidly.

My recollection is that we suggested the figure of \$140 million reflecting our own questions as to whether we had had enough administrative experience to ask you for the whole amount.

It is my recollection that the action of the House Appropriations Committee was to allow \$140 million.

Then when it went to the Senate they cut that down and the eventual result was that the appropriation came out at \$110 million, with a specific suggestion in the report that if experience proved that that was inadequate we would come back and tell you about it.

I can only say, Mr. Chairman and members of the committee, that we certainly underestimated the capacity of the States to bring forward programs of the kind that they have and the long and short of it is that as of right now we are out of money so far as this program is concerned.

As of yesterday we have programs submitted by the States which we would approve because they satisfy all of the requirements, and which total in amount about ten and a half million dollars. We have left at this time only about \$5 million so that the question before me is how to distribute the last \$5 million, and if I do it will have to be on the basis of allocating it between projects, all of which we would otherwise approve if we had additional funds.

Stated shortly, we have exhausted the appropriation. As nearly as I can estimate it—we have to be blunt about it—from here on out any delay so far as approving these programs is concerned will mean about 5,000 people a week who will not get training which they would otherwise get. In our judgment this is an extremely serious matter. Our situation is that we are hearing daily now, almost hourly, from States and local groups about this matter. These are firm programs which they have submitted. It is a shame to see this program stopped.

There is a supplemental appropriation before you, a request for the additional \$55 million. I am very much concerned about the time factor which is involved in it. I would hope it was possible to do something to expedite action on this item.

I should say that I have brought this matter directly to the attention of the chairman of the Appropriations Committee. I have advised him of it. I have not taken action beyond that.

However, this program has now stopped at a point where it is most unfortunate to have it stop and it is costing us seriously insofar as the carrying on of the program is concerned.

I urge as strongly as I can the supplemental appropriation of the \$55 million.

UNEMPLOYMENT COMPENSATION SUPPLEMENTAL

There is another item, a supplemental item for unemployment insurance benefits of \$30 million. There is pending at the Bureau of the Budget an amendment to increase this to \$42 million. This is one of the noncontrollable added cost items. It is due to an increase in average weekly benefit payment rates and a higher volume of weeks of compensation.

There is another uncontrollable item of \$5 million for the employee compensation fund. That is due to the increased benefit and medical costs.

ADMINISTRATIVE ADJUSTMENTS FOR 1964

Then there are, with respect to the 1964 fiscal year, several administrative adjustments which I must call to your attention.

We face this matter of changes which seem appropriate in the light of experience which has developed since we made our budget presentation to you before. These are only the natural developments which hindsight now permits.

Our situation on that is this, and the figures are not large: It looks to us now, in fact it is quite clear to us, that there are 115 decreases in positions and 78 increases in positions which are appropriate in the light of later experience, so I should like to bring to your attention and would hope it was possible to get your approval of shiftings of positions which involve a net reduction of 37 positions. The statement includes an identification of where those would be.

Our major items are these: It appears there are an additional 40 positions needed in the manpower development and training activities; an additional 17 in the area of redevelopment activities; an additional 21 in the Wage and Hour Division.

On the reduction side it appears there are 77 in the BLS, 4 in the Consumer Price Index, 19 in BAT, 8 in the Bureau of Labor Standards, and 7 in the Office of the Secretary. So we are suggesting an adjustment there which would involve a net reduction of 37 employees.

There is another matter with respect to the central administrative services. On this the various 1964 Bureau accounts lack about \$1,100,000 of the funds which are needed for the services rendered. On this we are proposing increases in various bureau accounts for 1965 to fund about half of this cost and the bureaus to absorb the remaining half.

PROSPECTIVE RETIREMENT OF THREE CAREER SERVICE PEOPLE

That is about it, Mr. Chairman, except I should note at this point the prospective retirement of three of our career service people with whom you and the members of this committee are familiar—Mr. McCauley, Mr. Goshen, Mr. Motley. They have been with us a very long time. They have devoted many years of faithful service to the work of the Government. They will be appearing here before you in these next 2 or 3 days in connection with their Bureau presentations. They are all reaching the retirement age and I call your attention to the fact that this is perhaps the last time they will be appearing before the committee.

Thank you, Mr. Chairman.

MANPOWER DEVELOPMENT AND TRAINING SUPPLEMENTAL

Mr. FOGARTY. In regard to the supplemental for manpower training, I assume if we wait for this to come in a supplemental bill it will be some time late in March or April before you get money.

Secretary WIRTZ. That is right.

Mr. FOGARTY. If that happens and the Senate gets into a filibuster on civil rights, you may not get a supplemental bill this year.

Secretary WIRTZ. That is right.

Mr. FOGARTY. What would be the situation with regard to this program if you do not get money this year?

LOSS OF TRAINING WITHOUT THE SUPPLEMENTAL

Secretary WIRTZ. In terms of people, and I have tried to figure it out, it will mean the loss of about 3,000 a week.

Mr. FOGARTY. What do you mean by that?

Secretary WIRTZ. There will be 3,000 fewer people trained for each week that this is postponed. Their training will be postponed. If we do not get the money, it will simply mean a loss of that much training.

I can put it differently. If there should be no supplemental appropriation, I think it would mean a failure to train—talking about whether we are or are not to train—about 60,000 people. We are talking about whether we will or will not train about 60,000 people. It is just that serious.

Mr. FOGARTY. What are the chances of those 60,000 getting jobs?

Secretary WIRTZ. If they are trained, 70 percent of them; over 70 percent according to our present experience will be getting jobs. What we are talking about is no jobs for about 42,000 people.

It is even worse than that. I was in Chicago the day before yesterday spending the day looking at the training program out there. They are at this point: They have one of these pretraining programs. They are bringing in 500 to 1,000 boys and girls. They are those who need it first and they are trying to route them into training programs.

They will bring them in, interview them, counsel them, test them, and then there will be no training program.

COST OF DELAY IN SUPPLEMENTAL

Mr. FOGARTY. These 42,000 who would be provided jobs between March and July 1—have you any statistics as to how much would be saved in unemployment compensation, how much the Federal Government might gain through these people being employed?

Secretary WIRTZ. As a rule of thumb it comes out about this way. It is costing us about \$1,200 to train an individual. If we do not train him it costs us about \$1,000 a year in unemployment insurance, in institutional payments of one kind or another.

If you take the best evidence on the Federal-State-local and private costs of carrying a fellow on our backs it is about \$1,000 a year. The answer to your question is this: In my judgment if we do not train these people the cost to us in one form or another is \$1,000 a year as long as they stay in this condition. That is the loss to us for each one of them.

Mr. FOGARTY. What is the total? What will it cost if we do not give you more money for this program? How much will it cost by not providing training for these 60,000 people?

Secretary WIRTZ. If we assume that these people as a result of this lag just do not get trained, which is a fair assumption, it would be 42,000. My round figure answer to that is that we are talking about a cost of \$50 million a year for the work lives of this group of people, which you can estimate at 40 years. Our failure to do this will cost us \$50 million a year for the next 40 years. That amounts to some \$2 billion.

Mr. FOGARTY. How would the Government gain?

Secretary WIRTZ. The gain to the Government if we do this training will come in reduced unemployment insurance benefits. It will come in reduced aid to dependent children benefits. It will come to the State and local governments in reduced welfare payments of one kind or another. It will come in reduced juvenile delinquency institutional payments of one kind or another, and it will come in the reduction in the load which families and private charities have to carry.

I should add that not only will these people, if they are trained, stop being losses but they will also start being taxpayers.

I am not exaggerating a bit, but I think the return on every dollar spent on this supplemental appropriation will be in the neighborhood of a 20-to-1 return on a tax dollar, in reduced costs and in gained taxes.

Mr. FOGARTY. The Office of Vocational Rehabilitation has been telling us for some years now that every Federal dollar we put up for rehabilitation the Federal Government gets back \$10.

Secretary WIRTZ. I said 20 to 1. My figures would reflect that same situation. I said 20-to-1 return and I included the others, both public and private, State, local, and private costs and losses. In the figure I gave you I was assuming about the same 10-to-1 return concerning the Federal tax dollar.

Mr. FOGARTY. If you were to get the funds by the first of March, could you efficiently spend \$55 million?

Secretary WIRTZ. My present estimate is that we would be out of money again—let me put it this way. If we get the full supplemental we will pace ourselves for the rest of the year.

If the question is whether we can use it up, and by using it up I mean use it up on sound programs submitted by the States, the answer is yes without any qualification. We will have to pace ourselves.

Mr. FOGARTY. Have you plans already submitted, approved plans?

Secretary WIRTZ. We have on our desk right now plans submitted for immediate approval of over \$10 million.

USE OF \$5 MILLION BALANCE

Mr. LAIRD. May I find out why you are not spending the \$5 million you now have?

Secretary WIRTZ. Yes, sir. I have held it deliberately for the last 10 days, held it because there are several programs which it seems to me are entitled to priority attention, one of which is this "third of a nation" Selective Service rejectee program which we are just getting started. We are trying to get started within the next

4½ months, with 35,000 of these boys who are being busted out on their tests. We figure they are probably the most serious cases we have.

I will broaden out the answer to your question. In December the Congress passed amendments to the act which say, in effect, take the hard cases as well as the easy ones. In many of these pending projects we have are the regular type training programs and not enough of the hard core unemployed in it. I think it is incumbent upon me to hold onto as much of the \$5 million as I can for these hard cases that I know are coming in.

Frankly, unless there is a different reaction, my feeling will be within the next week or so to use up most of that, one way or the other, either on the regular training programs that are in or on these experimental, hard core programs. I cannot justify holding onto it very long.

REPROGRAMING OF 1964 APPROPRIATIONS

MR. FOGARTY. You did mention a little bit about the reprograming of 1964 funds. Also you sent me a letter regarding this matter on November 21. We will place that letter in the record.

(The letter referred to follows:)

NOVEMBER 21, 1963.

HON. JOHN E. FOGARTY,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN FOGARTY: As you know, budget estimates which finally become a part of the President's annual budget are formulated almost 8 months in advance of the submission to Congress or nearly 12 to 18 months in advance of the fiscal year for which the appropriation is authorized.

During this period of time many factors may arise which makes it desirable to make administrative adjustments in budgets on which we testified and for which appropriations were authorized. The current fiscal year is no exception. We have two kinds of changes which I feel need to be called to your attention.

One involves the redistribution of positions to other activities or functions or the redistribution of money among personal service and nonpersonal service items all within an appropriation.

The other involves the need for adding positions over and above the total number authorized by Congress.

With respect to both kinds of administrative adjustment I have required that they be essential, justifiable and capable of being financed on an annual basis within the 1964 appropriation for the account affected.

None of these changes will involve any proposals to annualize the costs in the Department's 1965 estimate.

The 1964 appropriation authorized a total of 8,481 positions. Under the criteria referred to above I consider it necessary to add 81 new positions and to eliminate 107 others for a net reduction of 26 positions.

The circumstances which justify this action are described in the attachments for each program affected.

I hope this will meet your approval and if you desire I will be happy to discuss the proposals with you personally.

Yours sincerely,

_____, Secretary of Labor.

U.S. DEPARTMENT OF LABOR

Comparison of 1964 estimated, authorized, and established Federal positions

| Account | 1964 estimate (1) | Congressional final action (2) | Department of Labor apportionment requested (3) | Change—column 3 minus column 2 (4) |
|--|----------------------|-----------------------------------|--|---------------------------------------|
| Salaries and expenses: | | | | |
| Bureau of Labor Statistics..... | 1,521 | 1,376 | 1,299 | -77 |
| Consumer Price Index..... | 151 | 151 | 147 | -4 |
| Bureau of International Labor Affairs..... | 81 | 71 | 71 | ----- |
| Area redevelopment activities..... | 45 | 45 | 62 | +17 |
| Manpower development and training activities..... | 600 | 585 | 625 | +40 |
| Bureau of Apprenticeship and Training..... | 559 | 559 | 540 | -19 |
| Mexican farm labor program compliance..... | 164 | 164 | 164 | ----- |
| Bureau of Veterans' Reemployment Rights..... | 77 | 76 | 76 | ----- |
| Bureau of Labor Standards..... | 317 | 317 | 309 | -8 |
| Office of Welfare and Pension Plans ¹ | 707 | 660 | 660 | ----- |
| Bureau of Labor-Management Reports ¹ | 543 | 541 | 541 | ----- |
| Bureau of Employees' Compensation..... | 84 | 84 | 84 | ----- |
| Women's Bureau..... | 84 | 84 | 84 | ----- |
| Wage and Hour Division..... | 1,818 | 1,818 | 1,839 | +21 |
| Office of the Solicitor..... | 495 | 495 | 495 | ----- |
| Trade adjustment activities..... | 37 | 12 | 12 | ----- |
| Office of the Secretary..... | 246 | 219 | 212 | -7 |
| Subtotal, salaries and expenses..... | 7,445 | 7,173 | 7,136 | -37 |
| Trust fund authorizations: | | | | |
| Bureau of Employment Security..... | 1,186 | 1,141 | 1,141 | ----- |
| Mexican farm labor program, salaries and expenses..... | 160 | 160 | 160 | ----- |
| Longshore rehabilitation..... | 7 | 7 | 7 | ----- |
| Subtotal, trust..... | 1,353 | 1,308 | 1,308 | ----- |
| Total, Department of Labor..... | 8,798 | 8,481 | 8,444 | -37 |

¹ Combined into the new Office of Labor-Management Services.

BUREAU OF LABOR STATISTICS

The congressional authorization allowed 1,376 positions. This is to be reduced to 1,299 positions or 77 under the authorization to accommodate the following items:

(a) Thirteen positions to provide for intermittent and temporary employment in lieu of full-time positions and for overtime costs more nearly related to actual 1963 experience.

(b) Eighteen positions reduced to cover the cost of within-grade promotions and reclassifications not included in the estimate.

(c) Forty-six positions to provide for nonpersonal service costs related to rental of additional IBM equipment and other central services to more nearly reflect the 1963 costs of nonpersonal service items.

These actions involve changes in base program operations but not for the program areas of increase authorized by Congress for 1964.

REVISION OF CONSUMER PRICE INDEX

The reduction of four full-time positions is proposed to convert full-time employment to part-time, intermittent, and temporary employment.

AREA REDEVELOPMENT ACTIVITIES

This account covers money for Federal positions for HEW, BAT, and BES. The positions for BES were shown to Congress to be 27, whereas, as a matter of fact, the Bureau has employed in 1963 a total of 44 or 17 more than disclosed to Congress.

The congressional authorization for 1964 will allow for approximately the same level of financing as in 1963.

An analysis of the background for the Department of Labor's failure to disclose the existence of 44 positions, instead of 27, seems to be a comedy of errors for which the Department of Labor has no valid excuse.

The 44 positions were apparently authorized by OMAT (which prior to creation of the Manpower Administration administered the act) for both 1963 and 1964. For some unknown reason the correct employment was not reflected in the budget and the Department's own budget office did not catch the discrepancy between employment and positions because it was using total position figure which included positions for HEW, BES, and BAT which added to 45.

We have reevaluated BES staffing requirements for this ARA program and have the attached material which describes the activities being currently performed.

The failure to reflect the proper employment in the budget was a gross error of the Department of Labor and not of the Bureau—it was not an attempt to present an erroneous justification to Congress.

The 44 positions were financed out of the same amounts shown as allocated for the 27 positions and will continue to be so financed in 1964.

Since the positions are all filled and are needed and have been used for this purpose the Department of Labor does not propose any reduction in force at this time, but wishes to be allowed to present its case in detail with the 1965 estimate.

JUSTIFICATION OF AUTHORIZED POSITIONS FOR ARA-LABOR FUNDS

UNEMPLOYMENT INSURANCE SERVICE

We have reviewed the continuing needs for ARA positions in the Unemployment Insurance Service during fiscal year 1964, and we have concluded that a minimum of eight positions will be required to perform the functions assigned to the Unemployment Insurance Service. Six of the eight positions are presently located in and should be continued in the Office of Federal UI Programs and Training Allowances which, in order to carry out its responsibilities for administration of section 17 of the Area Redevelopment Act, must:

(a) Continue to develop and maintain procedural guides for the operation of the retraining payment program by the State agencies;

(b) Review State agency procedures to make certain that they are in conformity with the act, Secretary's regulations and recommended Bureau procedures;

(c) Develop and/or revise evaluation outlines and evaluation procedures to be used by Bureau national and regional office staff to review State agency ARA operations;

(d) Conduct evaluations of State agency operations and recommend changes in procedures for smoother, more efficient and more economical operations;

(e) Review and determine the weekly benefit amount and the maximum total dollar amounts to be allocated for each approved project for retraining subsistence payments;

(f) Review State requests for funds for administration and recommend the amounts to be allocated;

(g) Prepare certificates of grants for retraining subsistence payments;

(h) Maintain statistical and historical data necessary for proper review and determination of the average weekly benefit payments and other related functions.

Two positions will continue to be required in the Office of Program Development and Legislation where income maintenance research and evaluation activities encompass a review of the provisions of ARA, other Federal laws and State laws. Generally, the work covered by these two positions involves the review of the ARA program, particularly with respect to the nature and adequacy of the subsistence benefits paid to those persons in ARA training programs. Also, they relate income maintenance under ARA to income maintenance provisions of MDTA and TEA as well as State unemployment insurance laws. This review has developed, in part, into a plan for a comprehensive analysis and evaluation of all specialized income maintenance aspects of the various programs now in progress which involve depressed areas and the problem of long-term unemployment. In addition, specific plans are being drawn for the analysis of operating and research data out of the unemployment insurance program pertaining to local labor market areas. These analyses involve mainly insured unemployed characteristics, results from special studies of workers who exhaust unemployment insurance, and the very large body of information obtained on the characteristics and work history of long-term unemployed workers under the temporary extended unemployment compensation program of 1961-62. Arrangements are being made for further collection of such data on an area basis through ongoing statistical reporting programs and special studies. Finally, these positions are needed for

work involved in the estimation of average weekly wages in Guam and the Virgin Islands as a basis for setting an ARA weekly training benefit amount necessitated by the absence of regular unemployment insurance programs in these areas.

The following positions will be required to carry out the work described above:

Office of Federal UI Programs and Training Allowances:

- 1 GS-13 social administration specialist
- 2 GS-12 social administration specialist
- 1 GS-9 social administration specialist
- 1 GS-5 secretary
- 1 GS-4 statistical clerk

Office of Program Development and Legislation:

- 1 GS-12 social insurance research analyst
- 1 GS-4 clerk-typist

U.S. EMPLOYMENT SERVICE

1. *Division of Area Redevelopment Assistance*

To meet the new responsibilities assigned to the Bureau by the Secretary of Labor under the Area Redevelopment Act, the Division of Area Redevelopment Assistance was established to provide guidance and technical assistance to the 54 affiliated State employment service agencies. This Division has been responsible for the development of instructions and technical materials used by the State agencies in programing and developing ARA training projects, including necessary guides for developing labor market surveys, area skill surveys, etc. In addition, the Division is responsible for reviewing and evaluating the actual training proposals developed and submitted by the State agencies for conformance with the act and regulations, Bureau and departmental policies, etc. The Division prepares and submits Bureau recommendations for the Secretary's approval or disapproval. The Division advises the regional office and State agencies of any changes or modifications required for approval of pending programs, provides special technical field assistance to regional offices and State agencies in the development or modification of specific training proposals, meets with special groups such as local technical training committees, local or State advisory manpower committees, special committees established by Governors, State vocational education personnel, etc., either in promoting new programs or to assist in actual program development. In fiscal year 1963 approximately 80 field trips were made by Division staff.

The Division develops policy recommendations and operating techniques to carry out area manpower training programs, including those applicable to local technical training committees, educational institutions, educators, applicants for training, etc. In addition, the Division develops standards for the continuous evaluation of training programs and the effectiveness of these programs in meeting the overall program objectives of increasing employment opportunities and stimulating area economic growth, solving problems of selection, exchange of school information, reduction of the dropout rate, etc. The Division provides technical assistance and guidance to the State agencies in the development of research projects concerned with the substantive aspects of the ARA training programs, as well as with the gathering of pertinent evaluative data. The Division analyzes and evaluates the data provided by the State agencies for technical adequacy and prepares and publishes comprehensive reports and economic studies related to training under ARA. Technical assistance is provided to other Federal agencies, universities and non-Government institutions in research studies relating to various aspects of training under ARA. In addition, the Division coordinates all ARA activities performed by other divisions of the U.S. Employment Service.

Out of the 11 positions in the Office of the Assistant Director for Area Manpower Activities which are financed under section 16 of the Area Redevelopment Act, 4 are in the Division of Area Redevelopment Assistance. These are:

- 1 GS-14 Chief of Division
- 1 GS-13 Chief of Branch of Training Proposals Evaluation
- 1 GS-11 manpower development specialist
- 1 GS-9 manpower development research analyst

From November 1961 through August 1963, 512 ARA training projects for 24,563 trainees have been approved at a cost of \$13,730,000. During fiscal year 1963 317 projects for 13,905 trainees were approved.

2. Statistical Unit

The Statistical Unit assigned to the Office of the Assistant Director for Area Manpower Activities records and tabulates reports on ARA training submitted by State agencies for administrative use. This data consists of information concerning the characteristics and labor market experience of persons selected and enrolled in ARA training programs, those who have completed the courses and the employment results after training. Obviously, such information is needed for any kind of effective evaluation.

Two positions are financed by section 16 funds. These are:

- 1 GS-4 clerk-typist
- 1 GS-4 secretary

3. Division of Community Employment Development

The Community Employment Development Division is responsible for two programs which advance the purposes of the Area Redevelopment Act:

(1) The community employment program, operating through 1,900 local offices of the Employment Service, is directed toward stimulating job-generating economic growth and community improvement—the fundamental purpose of the ARA.

(2) The smaller communities program was developed to extend employment services to rural areas and specifically to provide to such areas those services which the Secretary of Labor is authorized to undertake under section 16(a) of the act, including the recommendation of training programs needed in the areas.

Through these two employment development programs a range of promotional and training material is developed and widely disseminated to promote community efforts to increase local employment opportunities through both the manpower training and the industrial and public facilities loans and grants aspects of the ARA. The Division prepares instructions and operating procedures for the use of State and local employment service offices; provides technical assistance through visits to the field; conducts training sessions; and handles many inquiries on all facets of ARA from the general public, other Government agencies and Congressmen.

Positions in the Division financed by section 16 funds are:

- 1 GS-13 employment service adviser
- 1 GS-12 manpower development specialist
- 2 GS-11 manpower development specialist
- 1 GS-4 clerk-stenographer

4. Division of Occupational Research and Publications

The occupational analysis work done for ARA is of fundamental importance to the implementation of this program. It involves a wide range of basic occupational research and analysis. Since ARA training is focused on particular occupations, it follows that thorough job analyses are mandatory. This entails research on the specific tasks included in a job, the preparation of dictionary definitions, the assignment of occupational classifications, and the development of program letters to disseminate the information to all States. Content of ARA courses is built on data resulting from occupational analyses of this type. Where a new plant facility is being installed in a given community, it is necessary to provide training for a group of occupations necessary to the type of operation involved. When this type of situation arises a field study is organized to study the occupations in a similar type establishment in another community; e.g., the study of 20 selected jobs in the manufacture of technical tape in a plant in New York for use in setting up a similar operation in Illinois.

Frequent requests are received for information from Division files. This requires the provision of information on industrial trends, process descriptions, organization structure, staffing patterns, and educational and training requirements of jobs—both general and specific. Such information has been supplied for a variety of industries and processes; for example, fresh fruit and vegetable processing, or wooden box manufacturing.

Identification of worker requirements for adequate performance of particular jobs is an integral part of the research. This includes consideration of related physical demands, aptitudes, skills, knowledge, interests, etc. Such information is vital in selection of trainees for ARA courses.

In addition to file research, field visits, and correspondence, a considerable amount of internal and outside negotiation and conference work are required to

carry out the above activities. Continuous liaison must be maintained with individuals in other U.S. Employment Service Division, other bureaus (e.g., OMAT), and other departments (e.g., HEW)—as well as private organizations and associations. Further, the range of industries and occupations involved is widespread and diversified.

Five positions are unquestionably needed to accomplish the above objectives. Actually, two additional positions could advantageously be deployed to enhance the scope and quality of the work.

Presently financed positions are:

- 1 GS-12 occupational analyst
- 2 GS-11 occupational analysts
- 1 GS-9 occupational analyst
- 1 GS-5 secretary

5. Division of Occupational Test Development

One of the provisions of the Area Redevelopment Act is that, when possible, USES tests are to be used to select local employment service office applicants who are to be referred to ARA training programs. Since USES tests are not available for many of the occupations for which training is to be conducted under the ARA, this Division is engaged in the development of USES aptitude test batteries for such occupations. During fiscal year 1963, USES tests were developed for various occupations pertinent to ARA training programs, including the occupations of cook, custodian, draftsman, electronics technician, general salesperson, and occupational therapy attendant. Much work remains to be done to develop aptitude test batteries to meet the needs for selection tests for additional occupations, particularly those which might be suitable for hard core unemployed persons with little education.

Two GS-9 research psychologist positions in this Division are financed by section 16 funds.

6. Division of Placement Services

The placement of trainees in gainful employment is the ultimate goal of Government-sponsored training programs. The subject positions are therefore justified because of the professional and clerical time required to:

(a) Develop and revise instructional procedures and operating techniques for the use of local office interviewers in selecting and placing trainees, developing jobs for unplaced trainees, and insuring that adequate staff and controls are employed to increase trainee placement opportunities;

(b) Review procedures on such activities as followup studies, program evaluation, and activity-reporting forms and instructions, prepared by other Divisions which affect placement and placement-rated operations.

(c) Provide technical assistance in the area of placement operations, analyze reports and statistics on placement of trainees to detect deficiencies and ways of combating them, and to develop releases suggesting improvement as well as experimental methods for increasing such placements.

If we should lose these positions, we will no longer be able to give adequate emphasis to this activity and provide the technical assistance so necessary for its success.

These positions are:

- 1 GS-12 employment service adviser
- 1 GS-4 clerk stenographer

7. Division of Counseling and Testing Services

Many prospective trainees considered for selection and referral under the Area Redevelopment Act are unaware of their own vocational strengths and weaknesses and need help in evaluating their skills, knowledge, abilities, and potentialities and in relating them to suitable goals, in which training under the Area Redevelopment Act may be the initial step. This requires a considerable amount of employment counseling and aptitude testing by the various local offices of the State employment services across the Nation.

The U.S. Employment Service has the responsibility of assisting the States in carrying out this activity by developing and revising procedures and techniques for counseling, testing, selection, and referral of applicants to the various training courses under the Area Redevelopment Act. This responsibility involves reviewing and analyzing reports and statistics of these activities, making field visits to participate in the planning and review of specific projects, evaluating local office operations with respect to counseling, testing, selection, and referral to training under the Area Redevelopment Act, devise needed changes

and improvements, and prepare appropriate releases on the subject to the various States.

One GS-12 employment service adviser in the division of Counseling and Testing Services is charged to section 16 funds to provide the necessary direction and technical assistance to the States in carrying out the Area Redevelopment Act program.

8. *Division of Program Budget Requirements*

There have been delegated to the U.S. Employment Service by the Bureau Director certain responsibilities for allocating and controlling funds for the Area Redevelopment Act program. It is necessary to utilize one GS-7 Employment Service adviser (trainee) to assist in carrying out the following responsibilities.

(a) Reviewing State agency budget request and approving personal service amounts for local office employment service project activities.

(b) Providing recommendations on nonpersonal services items as requested by the Director of Administration and Management.

(c) Advising the Administration and Management Service by memorandum of all determinations and recommendations for allocations.

(d) Maintaining records of approvals by State and by project and furnishing the Director of Administration and Management with summary data.

9. *Division of Special Worker Services*

In the process of providing leadership and assistance to State agencies in the fuller utilization of disadvantaged applicant groups such as older workers, the handicapped, and the minority groups, the Division of Special Worker Services promotes the use of methods, tools and techniques for increasing the proportion of such persons in the existing and anticipated Area Redevelopment Act training programs.

These activities require the services of at least one full-time professional person and the full-time services of one clerk. While it has not been possible to assign the additional professional item needed in carrying out these activities (which have had to be absorbed by regular office staff), one GS-4 clerk-stenographer is being used to carry out the clerical duties related to the professional activities described above.

FARM LABOR SERVICE

Division of Domestic Activities, branch of special programs

Two positions:

1 GS-12 agricultural employment specialist

1 GS-4 clerk-stenographer

Work performed.—The following activities have been carried on in the Area Redevelopment Act program and will continue:

(a) A series of regional and State meetings in cooperation with Area Redevelopment Administration, U.S. Department of Agriculture, and Employment Service personnel were held throughout the Southeast with representatives of low income groups and educators to determine training needs and to plan the development of appropriate training projects.

(b) Regional farm labor directors and their staffs have been provided with information concerning training needs obtained from State agencies and have been instructed to work with regional Employment Service staff to arrange for inclusion of training needs in Area Redevelopment Act areas in statewide training plans.

(c) Area Redevelopment Act areas are included in an overall plan for expansion of training programs in rural areas being worked out with Employment Service and the U.S. Department of Agriculture.

The above activities will be expanded in volume and will necessitate field trips for staff trainees, technical assistance and evaluation activities.

REGIONAL OFFICES

Area Redevelopment Administration positions in the regional offices:
8 positions:

1 GS-5 secretary;

7 GS-4 clerk-stenographers.

The Bureau of Employment Security relies on its regional offices to provide leadership and to stimulate State agencies in the development of Area Redevelopment Act training. Experience has shown that close liaison is required between

the State agencies and BES regional offices to insure smooth operation of Federal training activities. Clerical help is necessary to absorb the additional clerical functions necessary for proper administration of Area Redevelopment Act training. These eight positions provide that necessary clerical support.

ADMINISTRATION AND MANAGEMENT

Office of Fiscal Policy and Management

3 positions:

- 2 GS-11 budget examiners;
- 1 GS-9 budget examiner.

These positions have been used to maintain fiscal control of approved projects and recommend action to the Administrator; consolidate budget approvals for State office personal service and nonpersonal service costs for the overall Area Redevelopment Act administration; and coordinate all budget and fiscal activities between OAAS, Office of Financial and Management Services, Manpower Administration, and the services within the Bureau.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

The budget estimate on which Congress acted never did reflect the organizational changes required by the orders of the Secretary which established a Manpower Administration to integrate and coordinate all of the manpower activities of the Department of Labor. This includes organization units of the OMAT, BES, and BAT. See attached orders which reflect actions below and which were made subsequent to appropriation action.

In addition there are other desirable changes growing out of basic operating experience of this new program, which were not foreseeable at the time of developing the 1964 estimate.

These two factors make it desirable to reapportion the dollars and positions authorized by Congress for 1964 and to establish certain new positions.

These changes do not affect the \$99.9 million authorized for training costs and allowance payments or for State and local operations or the number of trainees estimated to be derived from the authorization. Nor will they affect HEW allocations.

Nor will the changes involve any annualization of costs in the 1965 estimate. All changes will be accomplished within the 1964 dollars.

There are two kinds of changes involved (1) reallocation of positions between organizational units reflected in the estimate, and (2) creation of additional positions which do not involve annualization in 1965.

The dollars we will use to accomplish this will be derived from funds in the estimate for the Office of Manpower Automation and Training (OMAT) of \$6,992,000 and 324 positions. We propose to reduce the 324 positions by 48 and the money by \$975,000 and use it for the following purposes:

A. Reallocation of positions which does not involve new positions (48)

Eight positions will be transferred from OMAT to BES regional offices to perform functions previously performed by OMAT—approval of training project functions.

The Office of Financial and Management Services, with 40 positions formerly in OMAT performing administrative functions, will be established as a separate Office reporting directly to the Manpower Administrator (the Under Secretary).

B. Establishment of new positions (40)

1. Twenty-two of these are for the Bureau of Apprenticeship—all for the field to develop more on-the-job training projects. A recent development in the field of on-the-job training involves the entering into of agreements with State apprenticeship agencies and provide these States with funds to add State staff to produce more on-the-job training. Contracts have been signed with California, Hawaii, Puerto Rico, and Wisconsin. Contracts are in process with Oregon and Vermont. We feel that this approach plus the addition of Federal apprenticeship staff in the field will yield big dividends. Through June 30, we had projects for 1,535 on-the-job trainees. Between July 1 and October 30, a total of 2,900 new trainees have been added and they are being paid wages of over \$4 million by employers.

2. Two new Assistant Manpower Administrators will be added—one to handle special assignments and one to coordinate all youth activities. Both of these will report directly to the Manpower Administrator. Each will have an assistant and two clerk-stenographers or a total of eight new positions.

3. To strengthen our legal review of contracts entered into for special demonstration projects we will add two positions for the Office of the Solicitor. At present there are 27 such contracts involving approximately \$3,400,000 in payments to the contractors. The Department of Labor's lack of experience in negotiating contracts leaves much to be desired and the need for a thoroughly exhaustive review of contract proposals is essential.

4. For the newly established Office of Financial and Management Services we are adding 8 positions to the 40 transferred from OMAT. There is a definite need for developing better financial control for providing faster financial data and for management analysis of not only the program but also of ARA and BES and BAT for which the Manpower Administrator has responsibility.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, February 19, 1963.

Secretary's order No. 3-63.

Subject: The Establishment of a Manpower Administration and the Delegation of Authority to the Manpower Administrator.

1. Purpose

This order establishes the Manpower Administration and delegates authority vested in the Secretary of Labor for manpower programs.

2. Authority and Directives Affected

a. The order is issued pursuant to the Act of March 4, 1913 (37 Stat. 736; 5 U.S.C. 611) R.S. 161 (5 U.S.C. 22), Reorganization Plan No. 6 of 1950 (15 F.R. 3174; 64 Stat. 1263, 5 U.S.C. 611, Note).

b. Secretary's Orders No. 6-61, 7-61, and General Orders 91 and 109 are canceled. Secretary's Orders 1-62, 17-62, paragraph 5a of Secretary's Order No. 28-62, General Orders No. 44, 56, 59, 69, 79, and 96 until canceled are modified to the extent that all authority delegated thereunder is subordinate and subject to the direction of the Manpower Administrator. All other orders, instructions and memoranda of the Secretary of Labor or other officials of the Department of Labor are superseded to the extent that they are inconsistent herewith.

3. The Manpower Administration

There is established in the Department of Labor a Manpower Administration which shall be composed of the Office of Manpower, Automation and Training (OMAT), the Bureau of Employment Security (BES), and the Bureau of Apprenticeship and Training (BAT). The Manpower Administration shall be headed by a Manpower Administrator who shall be the Under Secretary of Labor, assisted by the officials occupying the following existing or hereby established positions:

- a. The Deputy Manpower Administrator for Planning, Research and Evaluation, who shall also be the Director of OMAT.
- b. The Deputy Manpower Administrator for Program Operations, who shall also be the Administrator of BES.
- c. The Administrator of BAT.
- d. The Assistant Manpower Administrator (Special Assignments), redesignated from Deputy Assistant Secretary for Employment and Manpower.
- e. The Assistant Manpower Administrator (Trade Adjustment Assistance).
- f. The Assistant Manpower Administrator (Youth Programs), redesignated from Special Assistant to the Secretary for Youth Programs.
- g. The Director of Financial and Management Services redesignated from Assistant Director, Office of Administration and Finance, OMAT.
- h. The Information Specialist assigned to the Manpower Administrator by the Director of Information, Publications and Reports.

4. Delegation of Authority and Assignment of Responsibilities

a. The Manpower Administrator is hereby delegated authority and assigned responsibility for:

(1) The Department's manpower programs and activities, including the functions to be performed by the Secretary of Labor under:

(a) The trade adjustment assistance provisions of the Trade Expansion Act of 1962, and Executive Order 11075 of January 18, 1963.

(b) The Manpower Development and Training Act of 1962.

(c) The Area Redevelopment Act 1961, except that the Solicitor of Labor is authorized to perform the functions vested in the Secretary of Labor by Section 21 of the Area Redevelopment Act with respect to the determination of prevailing rates of wages.

(d) The Public Works Acceleration Act of 1962.

(e) Title V of the Agricultural Act of 1949, as amended, and the Migrant Labor Agreement of 1951, as amended.

(f) The Wagner-Peyser Act of 1933, as amended.

(g) Executive Order 11000 of February 16, 1962, as related to manpower and contained in Section 2 (a), (d), (e), (g), and (j); Section 3; and Section 4(a) of the order.

(h) Titles III, IX, XII, and XV of the Social Security Act of 1935, as amended.

(i) The Federal Unemployment Tax Act.

(j) The Immigration and Nationality Act of 1952.

(k) Title IV of the Servicemen's Readjustment Act of 1944.

(l) Public Law 815, 81st Congress.

(m) The National Apprenticeship Act of 1937.

(n) Public Law 387, 79th Congress (D.C. Apprenticeship Act).

(o) Executive Order 10366 of June 26, 1952.

(2) Directing and supervising, setting objectives, reviewing and evaluating the performance of the officials listed in paragraph 3 above.

(3) Providing functional supervision and coordination of the manpower activities of all bureaus and offices and coordinating such activities to insure integration in a comprehensive Manpower Program.

(4) Reviewing the approvals or disapprovals of training programs and projects when requested by government agencies, labor and employer groups.

b. The Manpower Administrator is authorized to redelegate the authority given to him by this order except that with respect to the review of approvals or disapprovals of training programs and projects (paragraph 4(a)(4) above). The authority redelegated by the Manpower Administrator pursuant to this order shall be exercised under his general direction and control.

5. *Effective Date*

This order is effective immediately and will remain in effect for four years unless canceled or superseded earlier.

W. WILLARD WIRTZ,
Secretary of Labor.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, March 1, 1963.

Secretary's order No. 4-63.

Subject: Delegation of Authority and Assignment of Responsibilities under the Department's Manpower Program.

1. *Purpose*

This order redelegates authority assigned to the Manpower Administrator for performing Manpower Program functions vested in the Secretary of Labor.

2. *Authority and directives affected*

a. This order is issued pursuant to Secretary's Order 3-63, which delegates authority vested in the Secretary of Labor for Manpower Programs to the Manpower Administrator and authorizes the redelegation of this authority by the Manpower Administrator.

b. Secretary's Orders 1-62, 17-62, paragraph 5a of Secretary's Order No. 28-62, General Orders No. 44, 56, 59, 69, 79 and 96 are canceled. All other orders, instructions and memoranda of the Secretary of Labor or other officials of the Department are superseded to the extent that they are inconsistent herewith.

3. *Background*

a. A comprehensive Manpower Program is needed to meet the manpower problems of a changing and expanding economy and the manpower problems of national emergencies that might occur. The complexity of these problems and of the techniques and methods for dealing with them require a marshalling of the Nation's best resources for manpower planning, development, utilization, and distribution. A fuller understanding of the nature and scope of a compre-

hensive Manpower Program is needed. Improvement is needed in the utilization of the public and private agencies in the development and administration of a comprehensive Manpower Program.

b. A comprehensive Manpower Program includes:

(1) Manpower Forecasting and Research:

(a) Estimating manpower supply.

(b) Estimating manpower requirements.

(c) Determining unmet requirements, for the short and long range, by occupation within enterprises, labor market areas, industries, and for the country as a whole; to provide information; to assist individuals, employers and union groups, other private institutions, professional groups, and government agencies in taking appropriate actions with respect to manpower and the employment market.

(d) Anticipating labor market, industrial and general economic developments affecting manpower and employment.

(e) Conducting research essential to the above functions and for program development, operation, and evaluation.

(2) Manpower Development:

(a) Developing Manpower through (1) employment, (2) retraining those employed and under employed whose skills and occupations are becoming obsolete, and (3) retraining the unemployed attached to the labor market.

(b) Developing and preparing new generations of workers (1) for entrance into the labor force, and (2) to be effective in occupations that will exist in the future.

(3) Manpower Distribution:

(a) Assisting individuals to choose an occupation.

(b) Providing a local and national labor market exchange service for all types of employers and employees, including professional, managerial, technical, clerical, skilled craftsmen, semiskilled, and unskilled workers.

(c) Placing the individual in work that will utilize and develop his highest skills.

(4) Manpower Utilization:

(a) Assisting in the efficient utilization of occupational skills that are in short supply.

(b) Contributing to the maintenance and increase of job opportunities, and finding constructive ways of utilizing unemployed and underemployed manpower.

(5) Manpower Administration:

(a) Developing policy, objectives, programs, and operating procedures.

(b) Developing and operating institutions to carry out the various aspects of a comprehensive manpower program including:

(1) Educational preparation (technical, vocational, professional).

(2) On-the-job training and development.

(3) Testing and counseling.

(4) Placement.

(5) Determining occupational supply, demands and unmet requirements.

(c) Developing and improving the techniques, methods, procedures, and organization needed to execute a comprehensive Manpower Program and its several parts.

(d) Evaluation of results in relation to objectives.

(6) Manpower Program Support: Marshaling the participation and cooperation of all groups in the processes of manpower planning, development, distribution, utilization and administration as a desirable and necessary means of achieving understanding and support of a comprehensive Manpower Program.

4. Delegation of Authority and Assignment of Responsibilities

a. *The Deputy Under Secretary.*—Subject to the direction of the Under Secretary, the Deputy Under Secretary shall have responsibility for (1) determining and interpreting policy with respect to the farm labor programs and activities, and (2) coordinating the farm labor activities of Department of Labor bureaus.

b. *The Deputy Manpower Administrator for Planning, Research, and Evaluation and the Director of the Office of Manpower, Automation and Training.*—Subject to the direction of the Manpower Administrator, the Deputy Manpower Administrator for Planning, Research, and Evaluation shall have responsibility for:

Manpower Planning

(1) Developing and recommending plans for a comprehensive manpower program that will (a) guide and make possible the coordination of decisions and activities of the Department of Labor, and (b) provide guidelines for other Federal agencies, employers, labor unions, professional organizations, state and

local governments (including those engaged in educational activity), private educational institutions and others in making and executing manpower decisions.

(2) Preparing materials for the President's and the Secretary of Labor Annual Manpower Reports and recommendations.

(3) Participating in deliberations concerning national economic problems in order to make known the manpower issues in economic policy and the need for actions to provide additional employment opportunities and to more effectively utilize all manpower resources.

Forecasting

(4) Providing leadership in and coordinating the forecasting for the national labor market, of manpower supply, demand, and unmet requirements, including forecasts during defense mobilization or emergency periods.

(5) Promoting and guiding efforts to improve methods and techniques for estimating manpower supply, demand and unmet requirements.

Policy, Objectives and Standards

(6) Preparing and recommending general policies, objectives and standards that will achieve an integration of the several elements of a comprehensive manpower program, including those manpower programs for defense mobilization, the Area Redevelopment Act, the Manpower Development and Training Act, the worker adjustment assistance provisions of the Trade Expansion Act or other specialized programs.

(7) Preparing and recommending general policies, objectives, criteria and standards for:

(a) Vocational and on-the-job training, testing, counseling and placement.

(b) Determining the specific occupations for which training as provided for under the Area Redevelopment Act, the Manpower Development and Training Act and the worker adjustment assistance provisions of the Trade Expansion Act, should be undertaken.

(c) Approving training programs and projects undertaken under the Area Redevelopment Act, the Manpower Development and Training Act and the worker adjustment and assistance provisions of the Trade Expansion Act.

(d) Paying training, relocation, subsistence and transportation allowances under the Area Redevelopment Act, the Manpower Development and Training Act and the worker adjustment assistance provisions of the Trade Expansion Act.

(e) Assisting enterprises in dealing with manpower problems growing out of technological changes, changes in the market, and related problems.

(f) Assisting enterprises to make maximum utilization of skills in short supply.

(g) Assisting communities in developing and designing jobs to employ the unemployed and others, including youth, minority groups, older workers, handicapped, etc.

(h) Assisting local groups composed of representatives of management, labor and the public to develop programs to deal with community economic problems.

(i) General manpower programs for the aging and minority groups and the handicapped.

(8) Coordinating the program planning and development activities of the Department of Labor bureaus and offices providing manpower programs for the aging, minority groups, the handicapped and youth.

(9) Providing staff work and representation on committees that are developing policy and programs for the aging, minority groups and others such as the President's Council on Aging.

(10) Subject to the functional direction of and in cooperation with the Assistant Secretary for Labor Standards:

(a) Preparing and recommending policy, objectives and standards for manpower programs that take into account the occupational interests, circumstances and aspirations of women in the labor force.

(b) Coordinating the planning and development activities of Department of Labor bureaus and offices providing manpower programs to insure that these programs take into account the occupational interests, circumstances and aspirations of women in the labor force.

MANPOWER RESEARCH

(11) Providing leadership in planning an overall program of manpower research and statistics, conducting research and arranging for bureaus, other government agencies and private agencies to conduct research and related statistics programs.

(12) Identifying the many ramifications and the dimensions of the manpower problems of the Nation and seeking through research adequate solutions to these problems.

(13) Providing leadership in developing a program for anticipating the benefits and problems created by automation, technological progress and other changes in the structure of production and demand, and evaluating the impact of these developments on the use of national manpower resources; and with operating bureaus developing solutions to these problems.

(14) Developing and making necessary arrangements to carry out a national occupational outlook problem.

(15) Planning a program to increase and expand knowledge of how occupational competence is achieved.

(16) Coordinating, through evaluation and advice, the manpower research and development activities of Department of Labor bureaus to:

(a) Insure consistency with the comprehensive manpower program.

(b) Eliminate duplication and unnecessary overlapping.

(c) Insure observance of priorities and emphasis in order to make the best use of limited resources.

(17) Making maximum use of the resources and facilities of the Department of Labor bureaus and avoiding duplication of the activities that are performed under the assigned mission of other bureaus.

Understanding and Support of the Program

(18) Providing leadership and guidance to the National Advisory Committee established by the Manpower Development and Training Act and the Specialized Personnel Committee which advises on specialized personnel for national emergencies.

(19) Providing policy and guidelines for use by operating bureaus and offices in the establishment and use of regional, state, and local manpower advisory committees.

(20) Providing technical manpower information to the public, professional groups, unions, employers, and government agencies on the nature of manpower problems and programs including:

(a) Providing a clearinghouse of technical and research information on manpower, automation and training.

(b) Developing a plan for and coordinating the publication of technical material in the field of manpower, automation, and training.

Evaluation of the Manpower Program

(21) Evaluating plans, programs, progress, and results of the elements of the comprehensive manpower program; examining and reporting on special difficulties or obstacles which interfere with the achievement of the general objectives.

(22) Maintain an adequate staff of field personnel for carrying out the necessary planning, research, and evaluation functions.

(23) Prescribing the basic information that will be provided for the evaluation of programs.

(24) Including in the materials prepared for the President's and the Secretary's Annual Report a general appraisal of the adequacy of programs to meet foreseeable manpower needs.

International

(25) Under the functional direction and in cooperation with the Assistant Secretary for International Affairs:

(a) Providing technical training and technical assistance for administrators of overall manpower programs from developing countries.

(b) Developing comparative information on overall manpower programs and the administrative arrangements.

(c) Developing materials for U.S. technicians and foreign visitors.

(d) Training U.S. advisers to assist other countries in developing overall manpower programs and administration.

(e) Reviewing and recommending technical assistance programs in the several activities that make up a comprehensive manpower program so that

balanced programs and resources are available to foreign technicians and U.S. technicians working abroad.

Review of Training Programs and Projects

(26) Reviewing, as requested by the Manpower Administrator, approvals or disapprovals of training programs supported by Federal funds and advising concerning their disposition.

Administration and Management

(27) Preparing and recommending standards and guidelines for apportioning and reapportioning the Manpower Development and Training Act funds among the States.

(28) Developing and presenting the Office of Manpower, Automation and Training's budget request.

(29) Recommending policy and program guidelines for preparing the program and financial aspects of the budget for carrying out the provisions of the Area Redevelopment Act, the Manpower Development and Training Act, and the worker adjustment assistance provisions of the Trade Expansion Act, and for making the allotments of these monies to Department of Labor bureaus, other agencies and to State agencies.

c. The Deputy Manpower Administrator for Operations and the Administrator of the Bureau of Employment Security. Subject to the direction of the Manpower Administrator, the Deputy Manpower Administrator for Operations shall have responsibility for:

Operations Planning

(1) Taking the initiative and establishing with the Bureau of Apprenticeship and Training and the Department of Health, Education, and Welfare and other bureaus and agencies a mutually agreeable plan of operations at the regional, state, and local level where joint or cooperative action is required.

(2) Developing and promulgating plans and programs for a national (Federal-State) employment security system that will:

(a) Guide the State governments in developing and providing a service that will meet the needs of workers and employers.

(b) Meet the needs of the economy and economic growth.

(c) Provide the basic labor market services needed in a comprehensive manpower program.

Policy, Objectives, and Standards

(3) Consulting with the Deputy Manpower Administrator for Planning, Research, and Evaluation and based on operating experience advising on the feasibility of recommendations on policy, plans, and objectives for manpower programs.

(4) Developing and recommending policies, regulations, and Federal legislation with respect to the various employment security activities.

Research

(5) Performing research needed to improve the program and operations of the Employment Service and conducting appropriate activities to implement research programs at the state and local levels consistent with and related to the overall manpower research program.

(6) Gathering and contributing information, developed as a byproduct of operations, to the Manpower Administration's overall research program on the impact of automation and other technological changes in the use of the Nation's manpower resources.

(7) Planning, preparing, and carrying out a program of occupational analysis and local occupational outlook activities.

(8) Participating in programs to increase and expand knowledge of how occupational competence is achieved.

Techniques, Methods, and Procedures

(9) Developing techniques, methods, and procedures that carry out established policies, objectives, and standards.

(10) Developing and making available to local employment security offices technical tools and aids necessary for carrying out the responsibilities assigned to them including:

(a) The development of tests and counseling techniques.

(b) The development of methods for the use of tests and counseling techniques and the preparation of manuals and materials to guide state and local offices.

(c) The development of other methods and techniques needed in the operation of a local employment service and a Federal-State system of employment services.

(d) The development of methods and principles of operation, management, and organization of local employment offices.

Operations

(11) Directing and coordinating Department of Labor manpower program operations including those under defense mobilization, the Area Redevelopment Act, Manpower Development and Training Act, the worker adjustment assistance provisions of the Trade Expansion Act and the Public Works Acceleration Act and other manpower programs.

(12) Supervising the Directors of the United States Employment Service (including Veterans Employment Service), Unemployment Insurance Service, the Administration and Management Service, the Office of Farm Labor Service and the Regional Bureau of Employment Security Administrators (who are also representatives of the Manpower Administrator).

(13) Providing a program of placement, interarea clearance, counseling and testing for applicants for work in all occupations, including agricultural, industrial, commercial, and professional.

(14) Negotiating all agreements with State employment security agencies for operations assigned to such agencies under Federal legislation.

(15) Administering a program of forecasting manpower supply, demand and unmet requirements within local labor markets, and of determining locally, through State and local employment service facilities, the specific occupations for which training should be recommended, the number of workers to be trained, the relevance and adequacy of training to the skills and knowledge required for competence in the job for which the individual is being trained; and the initiation of training proposals with appropriate participation of local officials and community groups.

(16) Classifying labor market areas on the basis of the adequacy of labor supply and recommending appropriate areas for designation under the Area Redevelopment Act, the Public Works Acceleration Act, and similar acts and for preferential treatment under Federal procurement and loan programs; analyzing, reviewing, preparing, and transmitting recommendations on manpower aspects of the overall economic development programs submitted by redevelopment areas.

(17) Approving or disapproving for the Manpower Administrator at the site of the headquarters of the State employment security agencies and the State vocational agencies, proposed institutional training programs and projects, including those under the Manpower Development and Training Act but excluding those under the Area Redevelopment Act.

(18) Submitting to the Manpower Administrator for review and redetermination those training programs and projects when requested by government agencies, labor unions, or employer representatives.

(19) Developing and carrying out a program for testing, counseling, and selecting individuals for referral to employment or for occupational training (a) on the job, and (b) in institutions.

(20) Preparing and providing programs at the local level for:

(a) Assisting enterprises in dealing with manpower problems growing out of technological changes, changes in the market, and related problems.

(b) Assisting enterprises to make maximum utilization of skills in short supply.

(c) Assisting communities in developing and designing jobs to employ the unemployed giving special attention to youth, minority groups, older workers, and the handicapped.

(d) Assisting local groups composed of representatives of management, labor, and the public to develop programs to deal with community employment problems.

(21) Providing a program of placement, counseling, testing, and other services for youth and women in the labor force.

(22) Providing a program of placement, counseling, testing, and other services for minority groups, older workers, and the handicapped.

(23) Carrying out the operating responsibilities of the Department of Labor under the Public Works Acceleration Act.

(24) Providing programs for the referral of other individuals qualified for training programs to enable them to acquire needed skills (within the priority of selection and referral and to the maximum extent possible).

(25) Providing programs for special placement and counseling services to individuals completing training provided by the Area Redevelopment Act, the Manpower Development and Training Act, and the worker adjustment assistance provisions of the Trade Expansion Act.

(26) Directing and coordinating a program for providing more continuous employment for domestic farmworkers and for certifying the need for the importation of foreign farm labor when conditions require augmentation of the domestic labor supply.

(27) Coordinating the defense readiness activities of all regional office components of the Manpower Administration for emergency manpower mobilization.

(28) Determining and making payments of appropriate allowances, such as those for training, subsistence, readjustment, transportation, and relocation to unemployed individuals selected for training or other special services, through State employment security agencies, as prescribed by Federal legislation.

(29) Assisting State and local employment security agencies to conduct, under defense mobilization conditions, those employment service and unemployment payments activities essential to effective management of the Nation's manpower.

(30) Carrying out the authority and functions conferred upon the Secretary of Labor with respect to the Immigration and Nationality Act.

Understanding and Support of the Program

(31) Maintaining the Federal Advisory Council on Employment Security, and prescribing standards for the formation and administration of similar advisory councils for State employment security agencies.

(32) Providing instructions to guide regional, state, and local employment security offices in establishing and using manpower advisory committees.

(33) Developing and carrying out a program to provide to other governmental agencies and the public information on the operations and activities of the employment security system.

Evaluation of Employment Security and other Bureau of Employment Security Programs

(34) Evaluating all activities performed by the Bureau and the State employment security agencies, including on-site evaluation of operating activities under worker adjustment assistance and training programs established by Federal legislation.

(35) Maintaining a reporting system covering all activities of State employment security agencies, including the reporting of data and information necessary to evaluate training programs established under Federal legislation; such data to include the number of persons trained and the number, types, and quality of training activities under such legislation; the number of persons who have secured full-time employment as a result of such training and the nature of such employment and the need for continuing training programs.

(36) Providing statistics and analysis needed for planning, research and evaluation.

(37) Providing technical services for an evaluating organization and management of State employment security agencies.

International

(38) Under the functional direction of and in cooperation with the Assistant Secretary for International Affairs:

(a) Providing training and technical assistance for Employment Service and Unemployment Insurance Service Administrators and technicians from other countries.

(b) Developing comparative information on employment service and unemployment insurance programs and organization and recommending programs for specific countries where appropriate.

(c) Developing material that will insure adequate resources for United States and foreign technicians.

(d) Training United States technicians to assist developing countries to develop employment service and unemployment insurance programs and administrations.

Administration and Management Activities

(39) Assisting in developing standards for the apportionment or distribution of funds under the Area Redevelopment Act, the Manpower Development and Training Act and the worker adjustment assistance provisions of the Trade Expansion Act and recommending reapportionment of allocated funds.

(40) Allocating funds appropriated under Federal training programs to State employment security agencies in accordance with regulations of, and the determinations made by the Manpower Administrator.

(41) Reimbursing States for unemployment compensation paid to persons eligible for allowances under the Manpower Development and Training Act and the worker adjustment assistance provisions of the Trade Expansion Act in accordance with the regulations of the Manpower Administrator.

(42) Maintaining records of obligations and expenditures of funds allocated to the States under legislation establishing occupational training and worker adjustment assistance programs by and in accordance with the regulations of the Manpower Administrator, and submitting appropriate periodic financial reports on such programs.

(43) Developing and presenting the Bureau of Employment Security's budget request for all activities to be performed by the Bureau of Employment Security and the State employment security agencies; developing and prescribing standards and policies for preparing State employment security budgets; and reviewing and approving such budgets.

(44) Developing and maintaining budget and financial controls, systems, and procedures, and allocating funds to State employment security agencies; prescribing and administering policies and standards governing the obligation and expenditure of such funds; and conducting necessary financial audits.

(45) Providing personnel and training technical services for State agency staffs and prescribing and administering merit system standards.

(46) Operating and maintaining an integrated program of Bureau personnel management, employee development, administrative management, and management analysis.

d. The Administrator of the Bureau of Employment Security. Subject to the direction of the Manpower Administrator, the Administrator of the Bureau of Employment Security shall have responsibility for developing and recommending both broad and operating policy with respect to unemployment insurance programs and for carrying out Department of Labor responsibilities for these programs.

e. The Administrator of the Bureau of Apprenticeship and Training. Subject to the direction of the Manpower Administrator, the Administrator of the Bureau of Apprenticeship and Training shall have responsibility for:

PLANNING APPRENTICESHIP AND ON-THE-JOB TRAINING PROGRAMS

(1) Developing with the Deputy Manpower Administrator for Operations and the Department of Health, Education, and Welfare a mutually agreeable plan of operations at the regional, state, and local level where joint or cooperative action is required.

(2) Developing and promulgating plans for a comprehensive apprenticeship program as an integral part of a comprehensive manpower program.

(3) Developing and promulgating plans for on-the-job training programs as an integral part of a comprehensive manpower program.

Policy, Objectives, and Standards

(4) Providing policies with respect to the promotion and operation of the apprenticeship program, such as those dealing with:

- (a) Non discrimination.
- (b) Criteria for apprenticeable occupations.
- (c) Standards for registration.
- (d) Providing adequate information to all groups in the community.

(5) Preparing policies with respect to the Bureau of Apprenticeship and Training's participation in on-the-job training programs consistent with the policies developed to guide the comprehensive manpower program.

(6) Preparing policies and standards to guide State apprenticeship agency participation in on-the-job training programs consistent with overall policy and standards.

Research

(7) Performing research designed to improve the techniques, and methods of apprenticeship and on-the-job training.

(8) Gathering and contributing information, developed as a byproduct of training operations, to the Manpower Administration's overall research program on the impact of automation and other technological changes on the use of the nation's manpower resources.

(9) Developing and providing information on the quantity and the characteristics of the apprenticeship or other on-the-job training underway in the nation, by region, industry, and occupation; and contributing to the knowledge of how occupational competence is achieved.

Techniques, Methods, and Procedures

(10) Developing and promulgating techniques, methods, and procedures needed by regional, state, and local representatives to effectively operate apprenticeship activities.

(11) Providing procedures based upon the Manpower Administrator's policies with respect to training and apprenticeship to guide regional, state, and local representatives.

Operations

(12) Identifying and defining apprenticeable occupations, promoting and developing apprenticeship systems and apprenticeship standards, and providing continuous consultative service in the administration and operation of apprenticeship programs.

(13) Assisting labor and management to identify training needs within the enterprise and providing technical assistance in meeting such needs.

(14) Providing promotional and technical assistance in the development and establishment of specialized training programs for retraining and upgrading skills of workers and of preparatory training for young workers on the job.

(15) Negotiating agreements with State apprenticeship agencies for operations assigned to them under Federally supported programs.

(16) Approving, for the Manpower Administrator, proposed on-the-job training programs and projects supported by Federal funds

(17) Inspecting the on-the-job training programs and projects supported by Federal funds under the Area Redevelopment Act, the Manpower Development and Training Act, and the worker adjustment assistance provisions of the Trade Expansion Act.

(18) Cooperating with and maintaining liaison with State apprenticeship and training agencies and Federal agencies concerned with manpower development and training

(19) Cooperating and maintaining liaison with vocational education at the national, state, and local levels.

(20) Providing on-the-job and related training programs during defense mobilization periods.

Understanding and Support of Training Programs

(21) Maintaining appropriate liaison and cooperative relationship between labor and management concerned with apprenticeship and other training.

(22) Providing technical assistance to committees and other groups and organizations in the establishment of systematic training programs for apprenticeable and other occupations as a part of overall community manpower planning.

(23) Providing leadership and service to the Federal Committee on Apprenticeship.

Evaluation of On-The-Job Training

(24) Appraising apprenticeship programs in relation to the objectives established for the programs.

(25) Collecting, preparing and providing reports, data, and other information within employing establishments relating to training systems, successful training practices, types and extent of training being conducted, and numbers of workers in training; making reports available to the Office of Manpower, Automation, and Training to use in connection with evaluation of the manpower program.

International

(26) Under the functional direction of and in cooperation with the Assistant Secretary for International Affairs:

(a) Providing training and technical assistance for foreign technicians wishing to learn about apprenticeship and on-the-job training.

(b) Making comparative studies of apprenticeship and on-the-job training programs and organization.

(c) Developing materials for U.S. and foreign technicians.

(d) Training U.S. technicians to assist developing countries to develop apprenticeship and on-the-job training programs and organization.

Administration and Management

(27) Preparing the budget request for all activities to be performed by the Bureau of Apprenticeship and Training.

(28) Operating and maintaining an integrated program of Bureau personnel management, employee development, administrative management, and management analysis and improvement.

f. The Assistant Manpower Administrator (Special Assignments): Subject to the direction of the Manpower Administrator, the Assistant Manpower Administrator shall have responsibility for assisting the Manpower Administrator in:

- (1) Carrying out his responsibilities.
- (2) Carrying out, on a continuing basis, special responsibilities as assigned.
- (3) Maintaining liaison with other agencies.

(4) Coordinating manpower mobilization activities including assisting with the activities of the National Labor-Management Manpower Policy Committee.

g. The Assistant Manpower Administrator (for Trade Adjustment Assistance): Subject to the direction of the Manpower Administrator, the Assistant Manpower Administrator for Trade Adjustment Assistance shall have responsibility for:

(1) Assisting the Manpower Administrator in directing the Department's worker adjustment assistance program and activities under the Trade Expansion Act.

(2) Reviewing and approving for the Manpower Administrator policies, objectives, and standards with respect to worker adjustment assistance programs.

(3) Evaluating requests for adjustment assistance; analyzing data and information provided by firms and workers and by the Office of Manpower, Automation and Training, the Bureau of Labor Statistics, and the Bureau of Employment Security; and determining the eligibility or ineligibility of groups of workers.

(4) Serving as the alternate of the Under Secretary of Labor on the Interagency Adjustment Assistance Advisory Board and its constituent subcommittees, and providing the Adjustment Assistance Advisory Board with data as required.

(5) Maintaining liaison with the Tariff Commission and the Department of Commerce on matters affecting the eligibility or ineligibility of firms and workers for worker adjustment assistance.

(6) Coordinating worker adjustment assistance activities with the Bureau of International Labor Affairs.

(7) Approving the program and financial aspects of the budget for worker adjustment assistance.

(8) Developing with the assistance of the Bureau of Employment Security, the Office of Manpower, Automation, and Training, and the Office of the Solicitor specifications for such regulations as may be necessary to carry out the worker adjustment assistance provisions of the Trade Expansion Act.

(9) Determining, in cooperation with the Office of the Solicitor, the Director of Financial and Management Services, the Office of Manpower, Automation, and Training, and the Bureau of Employment Security, the scope and content of agreements to be made between the Secretary of Labor and State agencies.

h. The Director of the Financial and Management Service. Subject to the direction of the Manpower Administrator, the Director shall have responsibility for:

(1) Preparing the program and financial aspects of the budget document and recommending allotments based upon the requests presented by bureaus and offices of the Department of Labor and of the Department of Health, Education, and Welfare for carrying out the provisions of the Area Redevelopment Act, the Manpower Development and Training Act, the worker adjustment assistance provisions of the Trade Expansion Act, the Public Works Acceleration Act, and other Federal training and worker readjustment legislation, consistent with the policy and program guidelines provided by the Deputy Manpower Administrator for Planning, Research, and Evaluation as approved by the Manpower Administrator.

(2) Coordinating the preparation of the budgets of bureaus and offices in the Manpower Administration.

(3) Preparing and recommending apportionments and necessary reapportionments to be made to State employment security, State vocational and other agencies, in accordance with the formulas provided in the Manpower Development and Training Act.

(4) Developing, with cooperation of the Deputy Manpower Administrators and the Office of the Solicitor, the scope and content of the general agreements to be made between the Secretary of Labor and State agencies.

(5) Prescribing standards and procedures for accounting for obligations and expenditures of monies made available under the Area Redevelopment Act, the

Manpower Development and Training Act, the Trade Expansion Act, the Public Works Acceleration Act, and other Federal training and worker adjustment legislation.

(6) Establishing procedures for holding operating bureaus and the Department of Health, Education, and Welfare accountable for funds allocated to them under the Area Redevelopment Act, the Manpower Development and Training Act, the worker adjustment provisions of the Trade Expansion Act, and the Public Works Acceleration Act.

(7) Paying enterprises and establishments for on-the-job training projects operated according to the conditions and standards of the contract with the Manpower Administrator or his representative.

i. *Information.*—The Director of the Office of Information, Publications, and Reports shall appoint an Assistant Director for Manpower Information, who, subject to the direction of the Manpower Administrator, shall have responsibility for:

(1) Developing, coordinating, and providing functional supervision of a comprehensive information program designed to keep the public currently informed concerning the Department's manpower program policies, plans, and activities.

(2) Providing technical advice and assistance on the broad informational and public relations aspects of the various phases of the manpower programs.

j. The Commissioner of Labor Statistics. In close coordination with the Deputy Administrator for Planning, Research, and Evaluation, the Commissioner of Labor Statistics shall have responsibility for:

(1) Developing and carrying out:

(a) Programs of statistics, research, and analysis in areas of the Bureau's existing responsibilities, developed with a view to meeting the needs of the Department's manpower programs including:

(1) A program of manpower and employment studies, including projections of manpower requirements and supply in various occupations and industries.

(2) Research regarding manpower statistics and other programs and practices in foreign countries.

(b) A program of studies of the mobility of workers from job to job, and of the practices of employers and unions affecting mobility.

(c) A program of occupational outlook studies within national occupational outlook program including activities to increase and expand knowledge of how occupational competence is achieved.

(d) A program of studies for evaluating the impact of and benefits and problems created by automation, technological progress, and other changes in the structure of production and demand on the use of the national manpower resources and the ways in which employers and unions adjust to these changes.

(2) Providing statistics and analysis needed in the preparation of the President's and the Secretary's annual manpower reports and for other purposes.

(3) Conducting research on special topics as suggested by and worked out as a part of the manpower research program.

(4) Providing consultative services with respect to the planning and organization of research activities.

(5) Participating in defense mobilization planning and developing programs to assure manpower data and analysis in time of emergency, including consultation with the National Resources Evaluation Center.

k. The Director of the Bureau of Labor Standards. Subject to the direction of the Assistant Secretary for Labor Standards and in close coordination with the Manpower Administrator, the Director of the Bureau of Labor Standards shall have responsibility for:

(1) Providing advice to training agencies concerning safety practices on the job so that workers entering new occupations can be made aware of the hazards of the occupation.

(2) Providing advice concerning conditions of work which should prevail when on-the-job training is conducted under the Area Redevelopment Act, the Manpower Development and Training Act and other programs.

l. The Deputy Director of the Women's Bureau. Subject to the direction of the Assistant Secretary for Labor Standards, and in coordination with the heads of other bureaus as appropriate, the Deputy Director of the Women's Bureau shall have responsibility for:

(1) Advising on appropriate conditions of work for on-the-job training for women.

(2) Providing statistical and other factual data relating to women's employment.

(3) Providing advice and assistance on community action programs aimed at promotion of objectives of the manpower program.

(4) Providing assistance in developing guidelines for women's work for use of state, regional, and local manpower advisory committees.

m. The Administrator of the Wage and Hour and Public Contracts Divisions, Subject to the direction of the Assistant Secretary for Labor-Management Relations and in close coordination with the Manpower Administrator, the Administrator of the Wage and Hour and Public Contracts Divisions shall have responsibility for:

(1) Providing advice to training agencies concerning the application of the Fair Labor Standards Act and related acts to certain types of vocational training, and participating in the development of special vocational programs, so as to prevent inadvertent noncompliance with the provisions of these acts.

(2) Providing information and forecasts to the Deputy Manpower Administrator for Planning, Research, and Evaluation with respect to economic effects of wage-and-hour legislation on employment opportunities in lower wage industries and occupations.

(3) Providing data and information to the Assistant Manpower Administrator for Trade Adjustment Assistant relating to the effects of foreign competition on employment in industries under the Fair Labor Standards Act with special reference to the Trade Expansion Act.

(4) Consulting with the Manpower Administrator to relate activities of the Wage and Hour and Public Contracts Divisions to the other programs of the Department so as to prevent the curtailment of employment opportunities for special groups as provided by Section 14 of the Fair Labor Standards Act, and to facilitate opportunities for the suitable employment of youth.

n. The Director of the Bureau of Veterans' Reemployment Rights. Subject to the direction of the Assistant Secretary for Labor-Management Relations, the Director of the Bureau of Veterans' Reemployment Rights shall participate with the Deputy Manpower Administrator in recommending plans and operating procedures that will make available to ex-service personnel, counseling, testing, retraining, and placement services that will complement and supplement the usual reemployment activities.

o. The Solicitor. The Solicitor shall serve as legal adviser to those officials of the Department who are charged with responsibility for the administration of manpower programs. He shall have the responsibility for rendering all legal services with respect to these programs and the laws which govern them.

p. The Chairman of the President's Committee on Employment of the Handicapped. The Chairman and his staff will alert the President's Committee, the Governors' and Mayors' Committees of the policy that training opportunities shall be available to the handicapped on the basis as to the able-bodied, and particularly, that physical standards for acceptance of trainees under this program shall not bar otherwise qualified handicapped applicants.

5. Effective Date. This order is effective immediately and will remain in effect for four years unless canceled or superseded earlier.

JOHN F. HENNING,
Manpower Administrator.

BUREAU OF APPRENTICESHIP AND TRAINING

The congressional authorization of 559 positions and 531 man-years will be reduced to 540 and 521 respectively to accommodate the costs of within grade promotions and salary reclassifications not reflected in the 1964 budget.

This does not affect the congressional authorization for the various objects of expenses.

BUREAU OF LABOR STANDARDS

Two changes have been made involving the addition of three positions to be financed on a continuing basis by reduction of amounts authorized for nonpersonal services. The positions added are as follows:

One full-time clerical position has been added in lieu of two part-time people which had been provided for in the 1964 budget. The part-time people resigned when the Bureau moved out of the main labor building.

Two full-time clerical people have been added to the staff of the President's Committee for Employment of the Handicapped primarily because of increased efforts to promote placement for the mentally retarded and to prepare for the annual meeting of this organization. These positions will be financed from reductions in travel and printing costs.

LABOR-MANAGEMENT SERVICES ADMINISTRATION

This account covers the new combined appropriation under the heading of "Office of Labor Management Relations Services" for \$7,500,000. The Senate report said that the consolidation would afford the Secretary of Labor with an organization method for better coordination, direction, and control of a variety of activities in the Department.

The reorganization of these activities was accomplished by Secretary of Labor's Order No. 24-63 dated August 8, 1963.

As a result of action by Congress we estimated that we would be able to finance 660 positions for pension-welfare and labor-management reporting activities.

We are distributing the 660 approved positions as follows:

(a) Five to an Office of Industrial Relations services which will be responsible for day-to-day relationship with the FMCS, NMB, NLRB, Atomic Energy Labor Panel, the Missile Sites Labor Commission, and to work on such special dispute problems as railroads, airlines, aerospace, longshore, and maritime.

(b) Thirteen to an Office of Labor Management Policy Development which will be responsible for continuing review and assessment of collective bargaining practices and policies and of particular situations in order to advise on prospective issues and develop and recommend policies and actions in the broad area of collective bargaining and industrial relations. This Office also will be responsible for undertaking and coordinating necessary research and studies in the broad area and in specialized fields, that will assist and advise the several other functions of the LMSA as well as the Administrator and the Secretary.

(c) Two to an Office of Federal Employee-Management Relations which will execute the Secretary's responsibilities to provide guidance, assistance, and specific services to other Federal agencies under Executive Order 10988, and to perform the designated functions of the Secretary under the order.

(d) Seven to an Office of the Administrator which will provide the executive direction, coordination, and information services to the Labor-Management Services Administration.

(e) The balance of the jobs—633—are allocated to the labor-management and welfare-pension-plan reporting programs.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, D.C., August 8, 1963.

Secretary's Order No. 24-63.

Subject: The establishment of a Labor-Management Services Administration and the delegation of authority and assignment of responsibility for labor-management programs

1. Purpose

This order establishes the Labor-Management Services Administration, delegates authority vested in the Secretary of Labor for labor-management programs, and assigns responsibility for the performance of labor-management functions.

2. Authority and directives affected

a. This order is issued pursuant to the act of June 13, 1888 (23 Stat. 60), the act of March 4, 1913 (37 Stat. 736; 5 U.S.C. 611) R.S. 161 (5 U.S.C. 22), Reorganization Plan No. 6 of 1950 (15 P.R. 3176; 69 Stat. 1263, 5 U.S.C. 611 note).

b. Authority delegated herein shall be exercised in a manner consistent with Secretary's Order 28-62, delegation of authority and assignment of responsibility to the top staff in the Department of Labor.

c. Secretary's Orders 9-61 and 15-62, and General Order 102 are canceled. All other orders, instructions, and memorandums of the Secretary of Labor are superseded to the extent that they are inconsistent herewith.

3. Background

Among the most important of the duties and responsibilities of the Secretary of Labor are those which are related to serving as the primary adviser to the President and spokesman to the Congress on matters of labor-management relations. In addition, the Secretary's responsibility for administering programs in the labor-management relations area has been substantially broadened by recent legislation and Executive orders.

As a consequence, the Department of Labor requires a comprehensive labor-management relations program which will better provide staff assistance to the

Secretary and which will marshal and make available to labor and management research data and other resources needed to improve the climate of labor-management relations.

4. *The Labor-Management Services Administration*

(a) There is established in the Department of Labor a Labor-Management Services Administration which shall be headed by a Labor-Management Services Administrator who shall be the Assistant Secretary for Labor-Management Relations.

(b) The Labor-Management Services Administration shall consist of the following offices which shall be headed by directors:

- (1) Office of Industrial Relations Services.
- (2) Office of Labor-Management Policy Development.
- (3) Office of Federal Employee-Management Relations.
- (4) Office of Labor-Management and Welfare-Pension Reports.
- (5) Office of Administration and Management.

5. *Delegation of authority and assignment of responsibilities*

(a) The Labor-Management Services Administrator is hereby delegated authority and assigned responsibility for labor-management programs and activities, including the authority to—

(1) Perform functions of the Secretary with respect to labor-management relations matters under:

- (a) Act of March 4, 1913 (37 Stat. 736; 5 U.S.C. 611).
- (b) Labor-Management Reporting and Disclosure Act of 1959.
- (c) Welfare and Pension Plans Disclosure Act of 1958, as amended.
- (d) Executive Order 10988 (Federal employee-management relations).

(2) Issue such rules, regulations, and interpretations as are required to carry out the responsibilities delegated herein. The procedures for preparing rules, regulations, and interpretations will be worked out by the Administrator with the Solicitor.

(3) Recommend the bringing of legal proceedings in the courts.

(4) Execute other responsibilities assigned to the Secretary of Labor or the Department of Labor in the labor-management relations areas.

(5) Provide functional supervision and coordination of the labor-management relations activities of all bureaus and offices of the Department of Labor to insure integration into a balanced and comprehensive labor-management relations program.

(b) The Labor-Management Services Administrator is authorized to redelegate the authority given to him by this order except the authority to issue, rescind, or amend rules and regulations. The authority redelegated by the Labor-Management Services Administrator pursuant to this order shall be exercised under his general direction and control.

(c) Reservation of authority: The following functions shall be performed by the Secretary of Labor.

(1) The submission of reports and recommendations to the Congress.

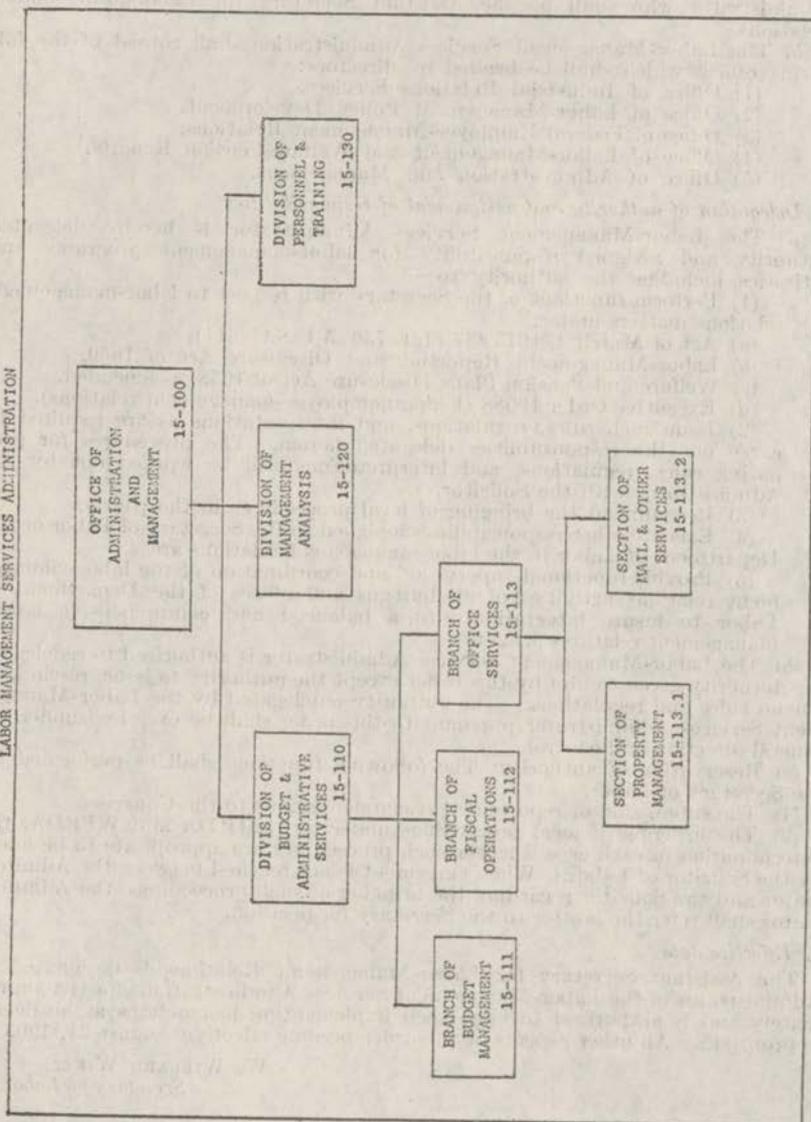
(2) The bringing of legal proceedings under the LMRDA and WPPDA, the determination in each case whether such proceedings are appropriate to be made by the Solicitor of Labor. When agreement is not reached between the Administrator and the Solicitor regarding the bringing of such proceedings, the Administrator shall refer the matter to the Secretary for decision.

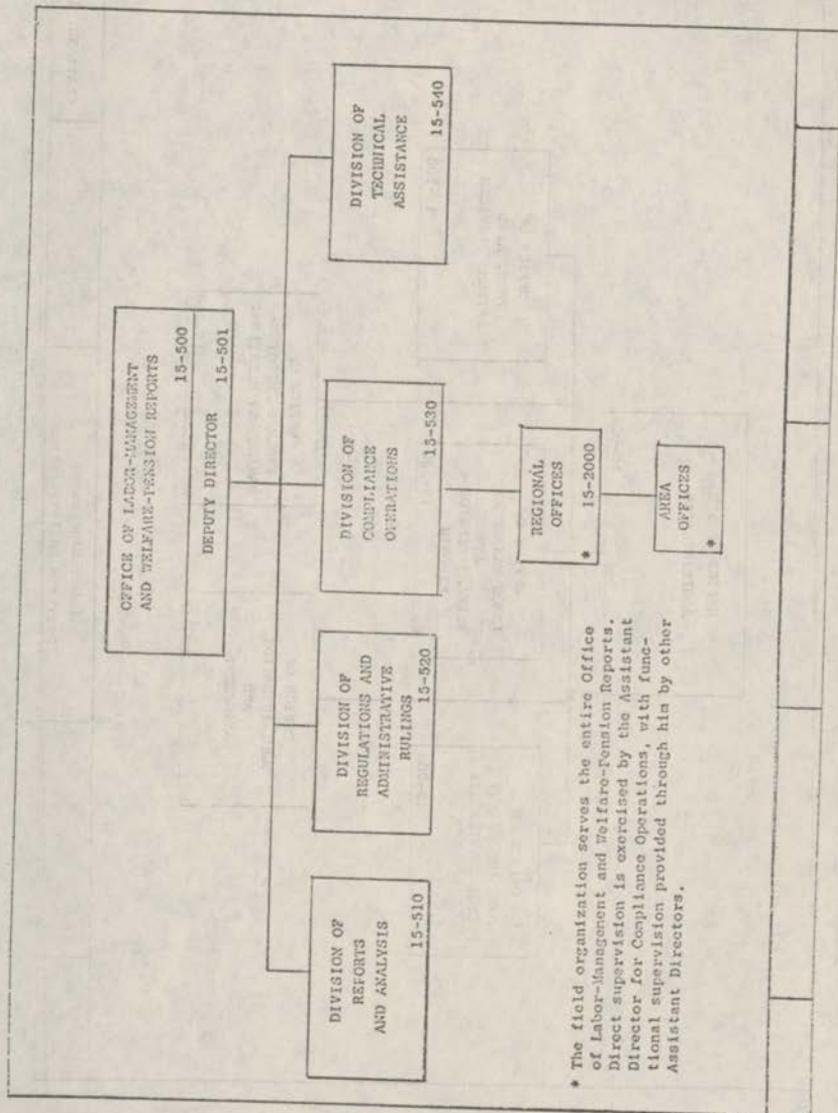
6. *Effective date*

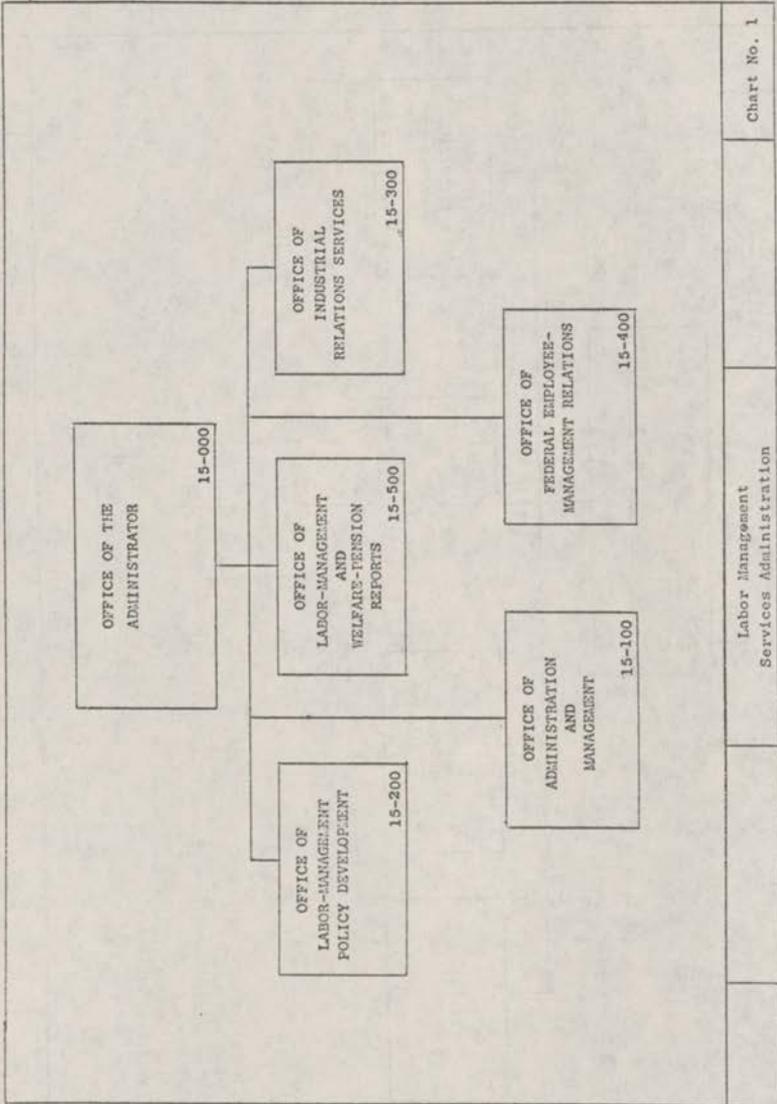
The Assistant Secretary for Labor-Management Relations is designated as Administrator of the Labor-Management Services Administration effective immediately and is authorized to issue such implementing instructions as he deems appropriate. All other aspects of the order become effective August 21, 1963.

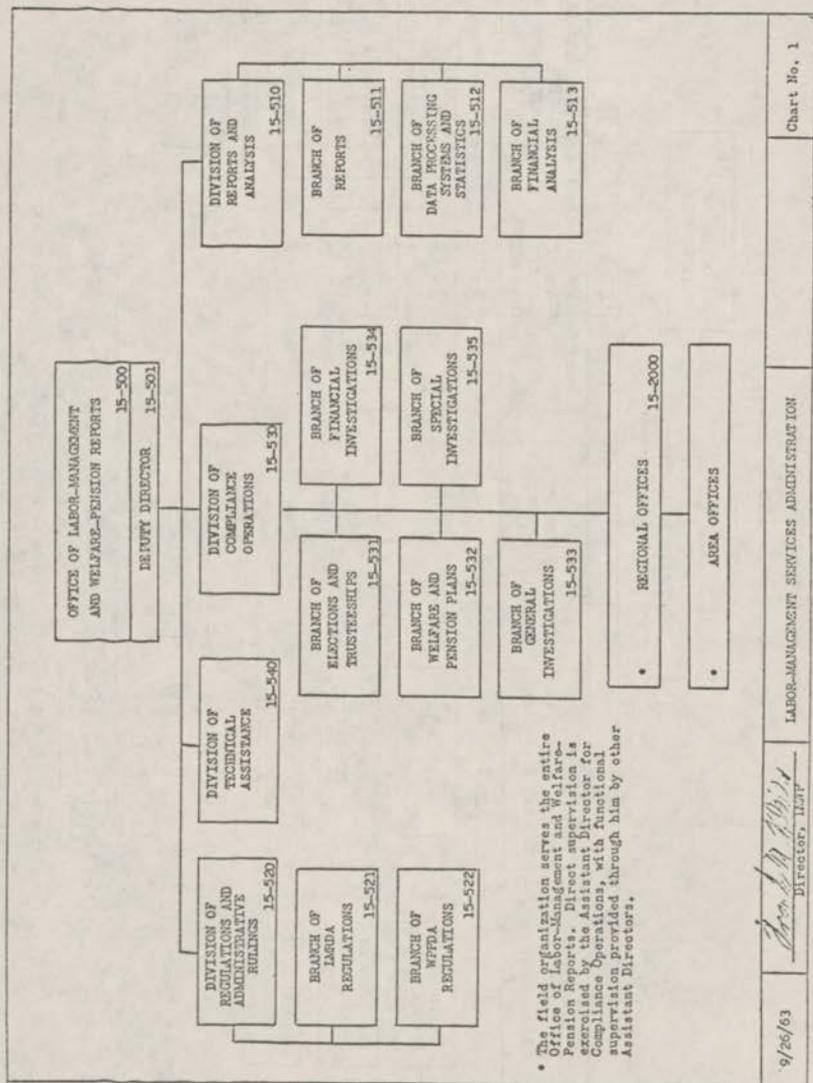
W. WILLARD WIRTZ,
Secretary of Labor.

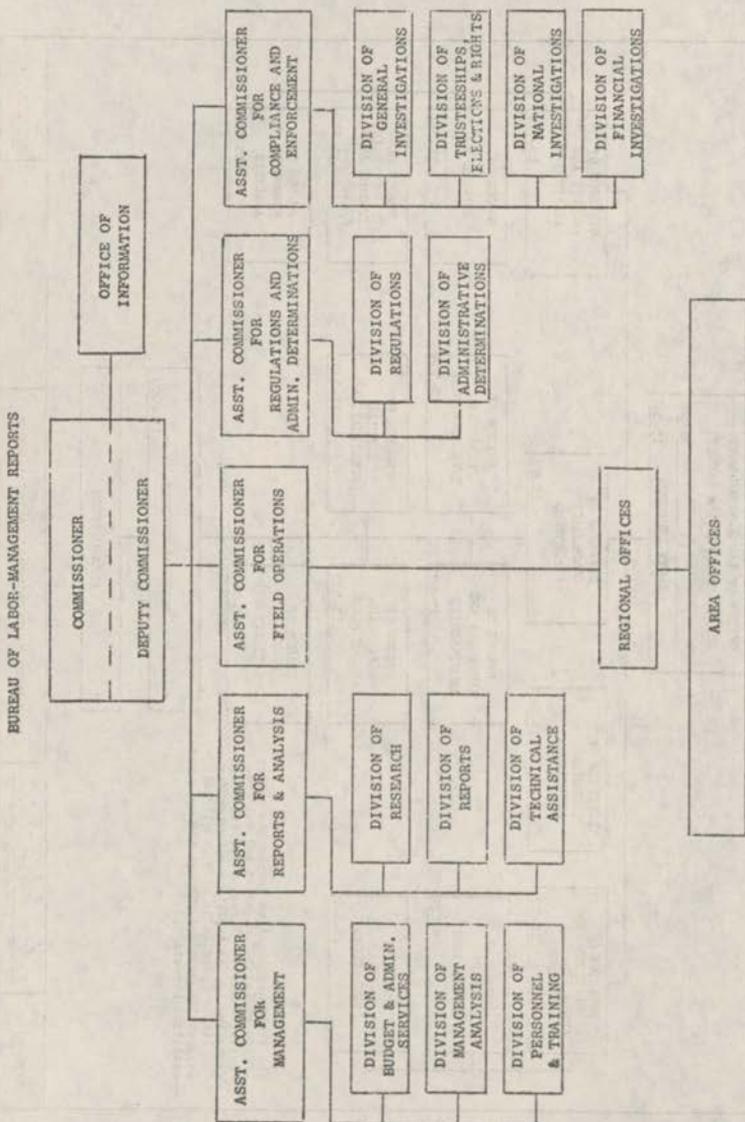
LABOR MANAGEMENT SERVICES ADMINISTRATION



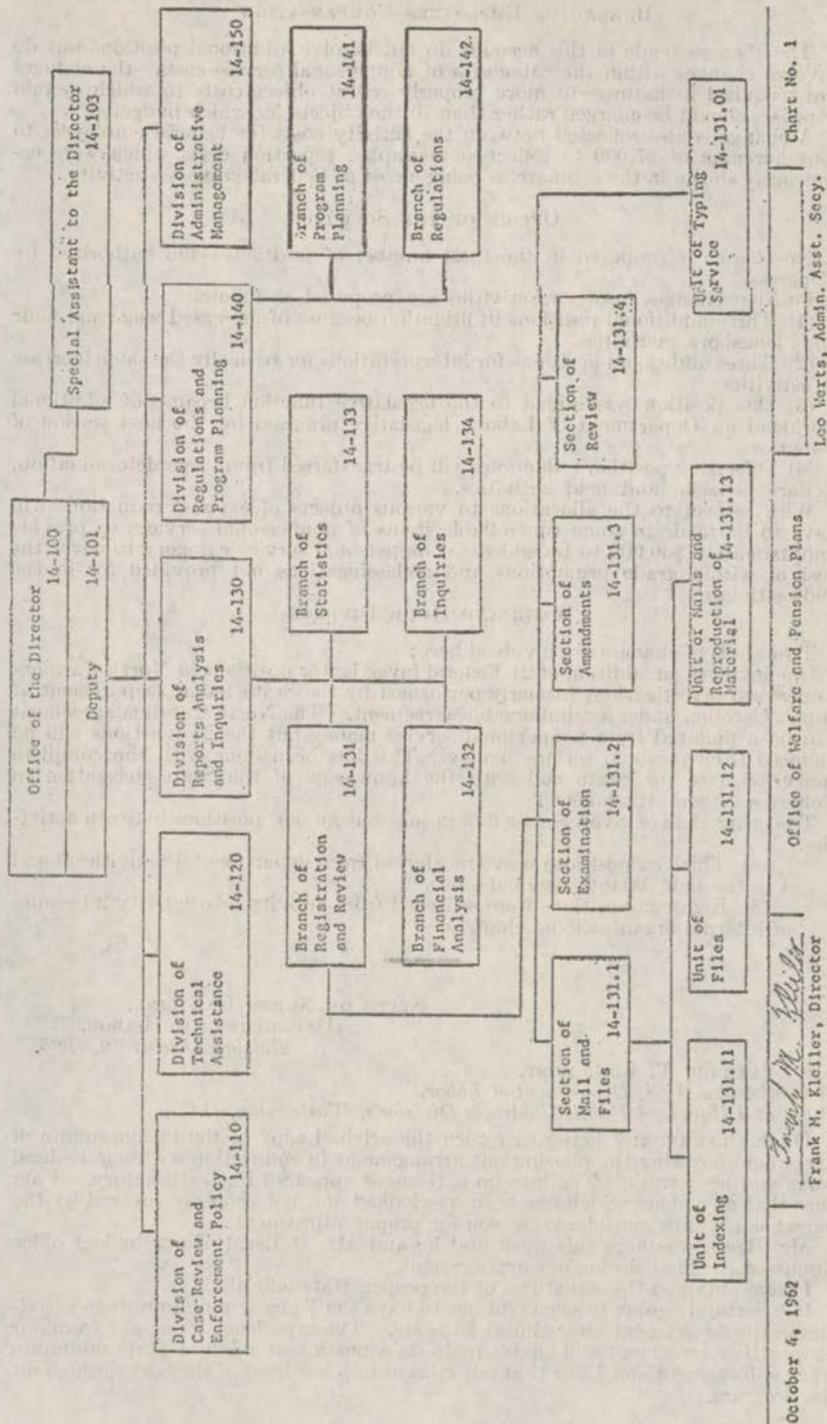








Organization Chart 112. - USDL Bureau of Labor-Management Reports (3/83)



BUREAU OF EMPLOYEES COMPENSATION

The changes made in this account do not involve additional positions but do involve changes within the categories of nonpersonal service costs—the changes are technical in nature—to more properly reflect object costs to which certain expenses should be charged rather than to the objects for which budgeted.

A change is also reflected between the activity costs for Federal employees to longshoreman of \$7,000 to reflect stenographer reporting costs which were erroneously shown in the estimate as being a cost of Federal employee activity.

OFFICE OF THE SOLICITOR

No change is proposed in the total number of positions—495 authorized by Congress.

Position changes between activities are proposed as follows:

- (1) Three additional positions in litigation because of increased wage and hour and longshore activities.
- (2) Three additional positions for interpretations for basically the same increase in activities.
- (3) One position was added to the legislative function because of additional workload on Department of Labor's legislative program for the next session of Congress.
- (4) Offsetting position reductions will be transferred from wage determination, welfare pension, and field activities.

With respect to the allocations to various objects of expense reductions will have to be made in some controllable items of nonpersonal services to provide approximately \$60,000 to be added to the personal service category to cover the cost of within grade promotions and reclassifications not provided for in the 1964 estimate.

WAGE AND HOUR DIVISION

Two kinds of changes are involved here:

One involves an addition of 21 Federal investigator positions in North Carolina to perform investigations formerly performed by the State Labor Department of North Carolina under a reimbursable agreement. The North Carolina agreement had been financed from nonpersonal service money but the 21 positions will be financed from personal service money. This has been done with the complete concurrence of the State and with the knowledge of the State delegation in Congress. (See attachment.)

The other change involves a switch in jobs but no new positions between activities.

- (a) Thirteen positions were transferred from departmental activities 3 and 4 to the new Atlanta regional office.
- (b) Eighteen positions were switched from activity 3 to activity 2 because of internal organizational changes.

STATE OF NORTH CAROLINA,
DEPARTMENT OF LABOR,
Raleigh, October 10, 1963.

MR. CLARENCE T. LUNDQUIST,
Administrator, U.S. Department of Labor,
Wage and Hour and Public Contracts Divisions, Washington, D.C.

DEAR CLARENCE: I herewith return the original copy of the memorandum of agreement covering the phasing out arrangement in connection with our Federal wage and hour work. The interim agreement appears to be satisfactory. I am sure that any phase which has been overlooked and not properly covered by the agreement will be considered by you for proper adjustment.

Mr. Reece was here this week and he and Mr. DeLegal of our budget office discussed the final closing out arrangement.

I have obtained the signatures of the proper State officials.

It is certainly going to seem odd not to have the Federal minimum wage activities in the department after almost 25 years. The experience we gained from our cooperative agreement will enable us to do a much better job in State minimum wage enforcement and I feel that our relationship has been of the best throughout the program.

I want to thank you for your personal attention and consideration in helping us to have a fine program and excellent relationship.

Sincerely,

FRANK CRANE, *Commissioner.*

MEMORANDUM OF AGREEMENT

This will serve to confirm arrangements for the temporary extension of the fiscal year 1963 agreement between the North Carolina Department of Labor and the Administrator of the Wage and Hour and Public Contracts Divisions, U.S. Department of Labor made by letter, copy attached, from Clarence T. Lundquist, U.S. Department of Labor to Frank Crane, commissioner, North Carolina Department of Labor. It is agreed, however, that the total expenditures by the State of North Carolina under the extension of this agreement will not exceed \$70,000, and that there will be no reimbursement for expenses incurred after October 15. This memorandum will also serve to extend the 1963 agreement formally for a terminal period beginning July 1, 1963, until October 15, 1963.

FRANK CRANE,

Commissioner of Labor, North Carolina Department of Labor.

CLARENCE T. LUNDQUIST,

Administrator, Wage and Hour and Public Contracts Divisions, U.S. Department of Labor.

This memorandum is valid in the form as executed, under the laws of the State of North Carolina.

Approved:

T. W. BRUTON,

Attorney General of the State of North Carolina.

Approved:

W. WILLARD WIRTZ,

Secretary of Labor, U.S. Department of Labor.

Approved:

TERRY SANFORD,

Governor and Director of State Budget.

October 10, 1963.

AUGUST 29, 1963.

Mr. FRANK CRANE,
*Commissioner, North Carolina Department of Labor,
Raleigh, N.C.*

DEAR MR. CRANE: This will confirm the arrangements discussed with you concerning the temporary extension of the fiscal year 1963 cooperative agreement. When these arrangements have been completed, a formal terminal agreement paper will be prepared for the period beginning July 1, 1963, and ending December 31, 1963, unless terminated sooner by mutual consent.

Appointments of State personnel requesting transfer to the Federal service were made effective September 1, 1963, except for one or two individuals. Therefore, Federal wage-hour operations will in substance start on September 3, 1963, at which time it is expected that responsibility for the overall planning, direction, and administration of the Division's enforcement effort in North Carolina will come under National Director Henry A. Huettner of the Division's regional office in Atlanta, Ga. It is anticipated that Federal office space for the two proposed wage-hour field offices in Raleigh will become available on or about October 1, 1963.

During the period of transition prior to formal termination of the agreement (i.e., after September 3), it is contemplated that we will continue to utilize personnel and services of your department with the understanding that such utilization will be phased out after September. For administrative purposes, \$70,000 is being allocated for reimbursement of State expenditures incurred during the period of the terminal agreement. However, all appropriate expenses will be reimbursed. In addition to the payment of vouchers submitted for the months of July and August, this sum should provide for the following expenditures of your department:

1. Investigation Supervisor Harrington's services until October 1, 1963.
2. Investigator Beam's services for a period ending on or before December 3, 1963.
3. Continuation of Investigator Parker's pay status.

4. Payment of our present proportional share of Mr. DeLegal's salary for the period of the terminal agreement.
5. Messenger-Clerk Haywood's services until October 1, 1963.
6. Reimbursement for your own official travel performed under the agreement.
7. Lump sum payments for accrued leave of State personnel transferring to the Federal service.
8. Adjustment of various housekeeping matters, such as use of leased office space at field locations, use of telephone and telegraph services and other miscellaneous expenses during the period of the terminal agreement.

Sincerely yours,

CLARENCE T. LUNDQUIST,
Administrator.

OFFICE OF THE SECRETARY

Congress authorized dollars to finance 219 positions in the regular budget of the Office of the Secretary. This total of 219 positions will be reduced to 212 positions.

Innumerable adjustments had to be made to accommodate as many of the positions needed by the Secretary as possible. In essence (1) some higher grade positions were preserved and lower grade positions moved off the Secretary's payroll to other accounts; (2) lapses were adjusted to provide a more realistic relation between positions and man-years; (3) some small amounts will be transferred from personal service costs to nonpersonal service categories.

There will probably be one other change to be reflected in the 1965 budget which will involve decentralization of personnel functions to the Bureaus and to the field. Final decisions as to implication of this action on appropriation accounts have not been determined at this time.

GRANTS TO STATES

For 1964 the final appropriation authorized by Congress was \$425 million, to which we add the 1963 unobligated balance of \$495,000 (earlier reported as being \$562,000), making a total available for obligation of \$425,495,000.

The Bureau has received the States' requests for 1964 funds. A tabulation of these requests indicates that certain costs have increased beyond those anticipated in the budget estimate. In order to finance the \$2,730,000 of additional salary costs and \$3,335,000 in additional nonpersonal services requested by the States, none of the \$3,047,000 in program increases approved by Congress can be authorized and an additional 470 man years and \$3,018,000 will have to be taken from current operations.

In the Bureau's estimate for 1964 the average annual salary rate was estimated to rise from the \$5,126, allocated to the States in 1963 to \$5,301 in 1964, and would cost an additional \$10,938,000 above the amount available in 1963. The actual average for 1963 was, however, \$5,169, some \$43 above the rate allocated. Based on this recent experience and the rates now anticipated by the States, we now feel that the rate will average \$5,347 in 1964 and will cost an additional \$13,668,000, \$2,730,000 above the original request.

The increase of \$3,335,000 in mandatory nonpersonal services costs is primarily in the rents of premises category. As leases expire and are renewed, the agencies are required to pay the higher rents brought about by the general rise in prices; new space acquired by the agencies to place their offices in more suitable locations is naturally more costly than the old locations; and new buildings being constructed with title III funds and paid for through rental purchase plans raise the total cost of space for all agencies.

The attached tables reflect changes in various categories of expense.

Bureau of Employment Security grants to States—Comparison of 1963 actual experience with 1964 apportionment request

| | Fiscal year 1963 experience | Fiscal year 1964 apportionment request | Change |
|--|-----------------------------------|--|-------------|
| Benefit functions..... | 16,094 | 13,791 | -2,303 |
| Tax and wage records..... | 7,659 | 7,671 | +12 |
| Federal unemployment compensation programs..... | 1,070 | 794 | -276 |
| Employment service operations..... | 13,601 | 13,733 | +132 |
| Joint local office services..... | 6,672 | 6,379 | -293 |
| Administrative, staff and technical..... | 5,750 | 5,750 | |
| Farm placement..... | 1,594 | 1,634 | +40 |
| Building maintenance..... | 998 | 952 | -46 |
| Subtotal..... | 53,438 | 50,704 | -2,734 |
| Leave..... | 6,100 | 5,561 | -539 |
| Net personnel equivalents..... | 59,538 | 56,265 | -3,273 |
| Average annual salary rate..... | \$5,169 | \$5,347 | +\$178 |
| Amount..... | 307,741,000 | 300,850,000 | -6,891,000 |
| Retirement and fringe benefits..... | 29,095,000 | 29,214,000 | +119,000 |
| Total personal services costs..... | 336,836,000 | 330,064,000 | -6,772,000 |
| Supplies..... | 7,103,000 | 6,810,000 | -293,000 |
| Communication services..... | 5,508,000 | 5,593,000 | +85,000 |
| Travel..... | 7,374,000 | 7,424,000 | +50,000 |
| Printing and binding..... | 398,000 | 608,000 | +210,000 |
| Rents—equipment..... | 6,906,000 | 6,909,000 | +3,000 |
| Repairs and alterations—equipment..... | 628,000 | 660,000 | +32,000 |
| Rents—premises..... | 28,064,000 | 32,020,000 | +3,956,000 |
| Repairs and alterations—premises..... | 646,000 | 465,000 | -181,000 |
| Heat, light, and water..... | 2,983,000 | 3,167,000 | +184,000 |
| Equipment purchases..... | 1,406,000 | 699,000 | -707,000 |
| Merit system, civil service..... | 947,000 | 1,080,000 | +133,000 |
| Janitor and maintenance service..... | 1,670,000 | 1,914,000 | +244,000 |
| Transportation of things..... | 347,000 | 477,000 | +130,000 |
| Advertising..... | 618,000 | 500,000 | -118,000 |
| Court costs..... | 194,000 | 178,000 | -16,000 |
| Bonding and insurance..... | 80,000 | 114,000 | +34,000 |
| Subscriptions and clipping service..... | 104,000 | 98,000 | -6,000 |
| Services by other State departments..... | 781,000 | 748,000 | -33,000 |
| Other..... | 937,000 | 1,355,000 | +418,000 |
| Total nonpersonal services costs..... | 66,700,000 | 70,811,000 | +4,111,000 |
| Adjustment for deficit incurred by States in 1963 ¹ | | (957,000) | |
| Postage..... | 8,817,000 | 9,125,000 | +308,000 |
| Subtotal..... | 75,517,000 | 79,936,000 | +4,419,000 |
| Unobligated balance of prior year funds ² | | 495,000 | +495,000 |
| Contingency..... | | 15,000,000 | +15,000,000 |
| Total..... | 412,353,000 | 425,495,000 | +13,142,000 |

¹ Deficit will be absorbed by reducing controllable nonpersonal services items in States that incurred deficits.

² This balance will be used to increase equipment purchases in fiscal year 1964.

Bureau of Employment Security—Grants to States, States' expenditures

| | Fiscal year 1962 | | | Fiscal year 1963 | | |
|--------------------------------|-------------------|----------------------|--------------|-------------------|----------------------|---------------|
| | Personal services | Nonpersonal services | Total | Personal services | Nonpersonal services | Total |
| July to September..... | \$70,634,530 | \$22,059,502 | \$92,694,032 | \$76,591,624 | \$24,442,084 | \$101,033,708 |
| October to December..... | 70,452,447 | 21,118,783 | 91,571,230 | 77,022,031 | 22,875,510 | 99,897,541 |
| January to March..... | 73,088,272 | 22,230,940 | 95,319,212 | 77,341,144 | 23,750,851 | 101,091,995 |
| April to June..... | 74,520,406 | 26,378,510 | 100,898,916 | 76,786,182 | 24,726,995 | 101,513,177 |
| Subtotal..... | 288,695,655 | 91,787,735 | 380,483,390 | 307,740,981 | 95,795,440 | 403,536,421 |
| Postage costs..... | | | 8,740,237 | | | 8,816,579 |
| TEUC administration costs..... | | | 14,347,591 | | | |
| Total costs..... | | | 403,571,218 | | | 412,353,000 |

Grants to States for unemployment compensation and employment service administration—Average salary rates by month (fiscal years 1962 and 1963)

| Month | Fiscal year 1962 | Fiscal year 1963 | Month | Fiscal year 1962 | Fiscal year 1963 |
|----------------|------------------|------------------|---------------------|------------------|------------------|
| July..... | \$4,784 | \$5,069 | February..... | \$4,874 | \$5,121 |
| August..... | 4,848 | 5,145 | March..... | 4,930 | 5,154 |
| September..... | 4,894 | 5,161 | April..... | 4,993 | 5,200 |
| October..... | 4,936 | 5,218 | May..... | 5,036 | 5,226 |
| November..... | 4,933 | 5,189 | June..... | 5,029 | 5,225 |
| December..... | 4,914 | 5,172 | National average... | 4,924 | 5,170 |
| January..... | 4,919 | 5,161 | | | |

GRANTS TO STATES—PERSONAL AND NONPERSONAL SERVICES, ADJUSTMENTS FOR 1964 EFFECT OF SENATE ACTION

| | 1964 budget request | Less Congressional requested program increases | 1964 Senate, final action | 1964 apportionment requested | Administrative adjustment from 1964 Senate, final action |
|--|---------------------|--|---------------------------|------------------------------|--|
| Personal services..... | \$310,983,000 | -\$5,673,000 | \$305,310,000 | \$300,850,000 | -\$4,460,000 |
| Retirement..... | 28,641,000 | -552,000 | 28,089,000 | 29,214,000 | +1,125,000 |
| Total personal services..... | 339,624,000 | -6,225,000 | 333,399,000 | 330,064,000 | -3,335,000 |
| CATEGORY | | | | | |
| Supplies..... | 6,864,000 | | 6,864,000 | 6,810,000 | -54,000 |
| Communication services..... | 5,444,000 | -170,000 | 5,274,000 | 5,593,000 | +319,000 |
| Travel..... | 7,431,000 | | 7,431,000 | 7,424,000 | -7,000 |
| Printing and binding..... | 578,000 | | 578,000 | 608,000 | +30,000 |
| Rents—equipment..... | 7,081,000 | | 7,081,000 | 6,900,000 | -181,000 |
| Repairs and alterations—equipment..... | 644,000 | | 644,000 | 660,000 | +16,000 |
| Rents—premises..... | 30,020,000 | -850,000 | 29,170,000 | 32,020,000 | +2,850,000 |
| Repairs and alterations—premises..... | 586,000 | -115,000 | 471,000 | 465,000 | -6,000 |
| Heat, light, and water..... | 3,043,000 | -125,000 | 2,918,000 | 3,167,000 | +249,000 |
| Equipment purchases..... | 1,384,000 | | 1,384,000 | 899,000 | -685,000 |
| Merit system, civil service..... | 1,019,000 | | 1,019,000 | 1,080,000 | +61,000 |
| Janitor and maintenance service..... | 1,754,000 | -85,000 | 1,669,000 | 1,914,000 | +245,000 |
| Transportation of things..... | 304,000 | | 304,000 | 477,000 | +173,000 |
| Advertising..... | 920,000 | | 920,000 | 500,000 | -420,000 |
| Court costs..... | 148,000 | | 148,000 | 178,000 | +30,000 |
| Bonding and insurance..... | 93,000 | | 93,000 | 114,000 | +21,000 |
| Subscription and clipping service..... | 95,000 | | 95,000 | 98,000 | +3,000 |
| Services by other State Departments..... | 482,000 | | 482,000 | 748,000 | +266,000 |
| Other..... | 931,000 | | 931,000 | 1,356,000 | +425,000 |
| Subtotal..... | 68,821,000 | -1,345,000 | 67,476,000 | 70,811,000 | +3,335,000 |
| Postage..... | 9,125,000 | | 9,125,000 | 9,125,000 | |
| Adjustment for deficit incurred by States in 1963 ¹ | | | | (957,000) | |
| Unobligated balance of prior-year funds ² | | +562,000 | 562,000 | +495,000 | |
| Contingency..... | 15,000,000 | | 15,000,000 | 15,000,000 | |
| Total..... | 432,570,000 | -7,008,000 | 425,562,000 | 425,495,000 | |

¹ Deficit will be absorbed by reducing controllable nonpersonal services items in States that incurred deficits.

² This balance will be used to increase equipment purchases in fiscal year 1964.

GRANTS TO STATES, STATE EXPENDITURES, JULY-SEPTEMBER 1963

| | July | August | September | Total |
|----------------------------------|--------------|--------------|--------------|--------------|
| Personal services..... | \$26,552,016 | \$26,073,832 | \$25,233,778 | \$77,859,626 |
| Nonpersonal services..... | 8,648,246 | 8,692,656 | 7,976,108 | 25,317,010 |
| Supplies..... | 896,429 | 533,909 | 511,483 | 1,941,821 |
| Comm. service..... | 467,503 | 491,752 | 461,832 | 1,421,087 |
| Travel..... | 643,039 | 582,333 | 564,057 | 1,789,429 |
| Printing and binding..... | 117,312 | 18,216 | 18,396 | 153,924 |
| Rents, equipment..... | 617,696 | 609,154 | 586,731 | 1,813,581 |
| R. & A, equipment..... | 131,547 | 68,422 | 50,849 | 250,818 |
| Rents, premises..... | 2,635,147 | 2,568,884 | 2,299,386 | 7,503,417 |
| R. & A., premises..... | 26,984 | 26,720 | 49,295 | 102,999 |
| Heat, light, and water..... | 266,920 | 292,645 | 295,528 | 855,093 |
| Equipment purchases..... | 28,737 | 84,255 | 33,404 | 146,396 |
| Miscellaneous: | | | | |
| Merit system..... | 108,411 | 79,968 | 82,990 | 271,369 |
| Retirement: | | | | |
| State..... | 1,495,949 | 2,088,205 | 1,793,100 | 5,377,254 |
| OASI..... | 565,193 | 583,899 | 517,609 | 1,666,701 |
| Workmen's compensation..... | 34,504 | 29,869 | 38,771 | 103,144 |
| UI contribution..... | 69,748 | 87,252 | 87,646 | 244,646 |
| Group insurance..... | 151,126 | 158,141 | 225,524 | 534,791 |
| Janitor and maintenance..... | 144,553 | 148,673 | 150,826 | 444,052 |
| Transportation of things..... | 17,226 | 34,597 | 20,066 | 71,889 |
| Advertising..... | 34,422 | 41,568 | 39,388 | 115,378 |
| Court costs..... | 16,218 | 23,189 | 11,376 | 50,783 |
| Bonding and insurance..... | 16,209 | 7,131 | 5,298 | 28,638 |
| Subs. and clipping..... | 30,459 | 12,989 | 4,841 | 48,289 |
| Services, State departments..... | 85,672 | 67,860 | 69,781 | 223,313 |
| Other..... | 47,242 | 53,025 | 57,931 | 158,198 |
| Total..... | 35,200,262 | 34,766,488 | 33,209,886 | 103,176,636 |
| Personnel equivalent..... | 59,013 | 58,649 | 57,034 | ----- |
| Average salary rate..... | \$5,304 | \$5,324 | \$5,390 | ----- |
| Insured unemployment..... | 1,492,948 | 1,419,200 | 1,261,000 | ----- |

POSTPONEMENT OF PORTIONS OF REPROGRAMING

Mr. FOGARTY. There are many in Congress who are strongly opposed to reprogramming as you know.

Secretary WIRTZ. On that, let me make clear, first, that we have not made these changes. We have not filled those jobs which we felt we could save, but we have waited on the others until we could come here and talk with you about them, except for one group of 17 employees, which in my statement I brought to your specific attention. There was a piece of administrative awkwardness as far as 17 employees in the area redevelopment program are concerned.

I do not like this. I can understand it. That is the ARA program which involves Bureau of Apprenticeship and Training and the Bureau of Employment Security.

Frankly, we got caught in the switches. A mistake was made in not reporting that there were 17 positions put on in previous years over and above the 27 that were authorized. There is no additional expenditure of money. It was all done within the amount of money that was provided.

But that mistake was made. We have made no bones about it.

Aside from that, Mr. Chairman, and the situation in the Wage and Hour Division, we have not made these other changes. We have thought they needed to be made but that we should come here first about them.

INCREASED POSITIONS IN MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

First, the largest one is in connection with the manpower development and training activities. That is basically a matter of trying to keep up with the changed circumstances that we find and particularly with the changes that come with the amendments in December if we are to carry out the different programs envisaged by the amendments in December, with which, as you know, we are thoroughly in accord. We think it means an addition of some 40 positions as far as that goes.

To be specific about it, it is again a matter of Congress saying to us, at your recommendation, so there is no question about it, that we must take more of the hard-core cases. We want to take more of them and it means some administrative reorganization, as illustrated by our proposed concentration on youth unemployment cases and our proposed concentration on some of the area redevelopment activities and the group I was mentioning to you.

INCREASED POSITIONS IN WAGE AND HOUR DIVISION

As far as the Wage and Hour Division is concerned, there has been an increase of 21 employees, and that is because we took over the North Carolina investigation program. For years the State made investigations for us but now with the State's agreement we will conduct the investigations. These 21 people were State employees last year but this year they are Federal employees. We reimbursed North Carolina to make these investigations so that very little additional dollars are involved.

Those are the 3 which we propose to increase, with offsetting decreases in other areas, making a net of 37 fewer.

SHORTAGE IN WORKING CAPITAL FUND

Mr. FOGARTY. You mentioned that the working capital fund is \$1,100,000 short in 1964. What happened to cause this?

Secretary WIRTZ. If I may, I should like to refer that question to Mr. HUDSON.

Mr. HUDSON. Mr. Chairman, the answer is the lack of flexibility of money in the budget document of 1963-64 in various bureau accounts. To continue to finance these costs, there must be money savings in the regular account. We cannot continue to do this.

Mr. FOGARTY. Why was it a million dollars short if they financed it?

Mr. HUDSON. It is short in the sense it is not reflected in the budget for each bureau. It has been financed out of lapsed funds.

Going into 1965, most of the jobs from which lapses come will be filled, and we shall not have these lapses next year. The result is, we have to come in and ask for increased funds. We are asking for an increase for half of it. The bureaus will be absorbing the other half.

Mr. FOGARTY. There was some question in the minds of the committee members when this fund was established. Will it simplify things just to abolish it? Will that help to clear the air a little bit?

Mr. HUDSON. It should not be abolished. These services have to be performed. We have to have telephone services, duplicating services, and so on, which are common services to all bureaus of the Department.

Mr. FOGARTY. Do you still think this working capital fund is a good thing?

Mr. HUDSON. Yes, sir. It has certain advantages. It provides for capitalizing capital expenditures; for example, setting up a reserve for depreciation on equipment. Some of the duplicating equipment is very expensive.

Mr. FOGARTY. Do you think you have saved any money as a result of this fund?

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. Where?

Mr. HUDSON. If it were split up and turned back to the bureaus, we would have a lot of misutilization of personnel. We would have to have equipment in every bureau so they would be self-sustaining, and it would cost more money.

Mr. Chairman, we have prepared a fairly comprehensive statement on this subject that we would be glad to submit for the record if you wish.

Mr. FOGARTY. We shall place it in the record.

(The statement referred to follows:)

STATEMENT RE CENTRAL ADMINISTRATIVE SERVICES FINANCED THROUGH WORKING CAPITAL FUND

I. Attached is a history of this operation since its inception. It was authorized by Congress in 1958 and further extended in 1961.

II. The WCF operates at neither profit nor loss. It is financed by payments from Bureau appropriations based on billings for services performed at the request of bureaus. These services range from the reproduction of offset material to the writing of paychecks—all of which may be characterized as centralized administrative or "housekeeping" services—it covers about nine such different types of services.

III. The staff is 400 of which about 80 are in the field—overhead staff is about 20 or about 5 percent.

IV. Unit costs, where identifiable, are as low or lower than what other agencies or private sources would charge.

V. Staff growth of the WCF since 1958 is not out of line with either new service functions added or with general growth of the D/L during this period.

VI. From our point of view the advantages of this operation are as follows:

(a) More efficient and economical use of specialized and expensive equipment (duplicating for example).

(b) Recovery of depreciation on capital investment.

(c) Improved departmental control and coordination of performance of a variety of services common to all bureaus.

(d) Assignment of cost of operations to the benefiting bureaus by appropriating money there for payment to the fund.

VII. The level of operation for 1965 is not materially higher on an annual basis than that financed by bureau contributions in 1963-64. Costs are anticipated to increase only to the extent that mandatory increases are required.

VIII. The level of operation proposed for 1964 of \$3,760,000 is about \$1.1 million in excess of what the bureaus have reflected in their 1964 budget. We are proposing that this discrepancy be made up by 50-percent absorption and 50-percent new money for 1965.

HISTORY OF DEPARTMENT OF LABOR CENTRAL ADMINISTRATIVE SERVICES FINANCING THROUGH A WORKING CAPITAL FUND

I. BACKGROUND

"Working capital fund: There is hereby established a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of (1) a central reproduction service; (2) a central visual exhibit service; (3) a central supply service for supplies and equipment for which adequate stocks may be maintained to meet in whole or in part the requirements

of the Department; (4) a central tabulating service; (5) telephone, mail, and messenger services; (6) a central accounting and payroll service; and (7) a central laborers' service: *Provided*, That any stocks of supplies and equipment on hand or on order shall be used to capitalize such fund: *Provided further*, That such fund shall be reimbursed in advance from funds available to bureaus, offices, and agencies for which such centralized services are performed at rates which will return in full all expenses of operation, including reserves for accrued annual leave and depreciation of equipment."

During the Senate hearing on the fiscal year 1957 budget, Senator Hill raised the issue of services that were being rendered to all of the bureaus in the Department, but were being reflected only in the Office of the Secretary's appropriation. As a result of the reevaluation of the Department's centralized services arising out of Senator Hill's comments, the working capital fund came into being at the Department of Labor as a device for furnishing service on a centralized basis but with funding decentralized to the actual consumers of the services.

"The addition of this fund to the Department's appropriation structure will enable a more realistic evaluation of the actual cost of each program within the Department since funds will be appropriated directly to the bureaus requiring the services to be financed. At the same time it will remove a distortion from the appropriation for the Office of the Secretary. What, in previous years, might have appeared as an increase in that appropriation actually was the reflection of increased demands made by the other constituent bureaus of the Department." (Justification of the language used in the appropriation estimate request for the working capital fund in the fiscal year 1958 budget before the 1st sess. of the 86th Cong.)

The working capital fund has grown to cover nine different cost centers that in 1964 will have an estimated total expenditure of \$3,760,000. The Department's present working capital fund operates under authority of Public Law 86-703 which was enacted into law on September 2, 1960. It provides for centralization of office services, procurement services, duplicating services, visual services, data processing, financial management, space control and services for the regional offices.

A working capital fund can be defined as an intragovernmental revolving fund. Revolving funds are those authorized specifically by law to finance a cycle of operations, in which the expenditures generate receipts which are available for continuing use without annual reauthorization by the Congress. Intragovernmental revolving funds are distinguished by being composed of federally owned funds with receipts coming primarily from within the Government. In the Department of Labor, specifically, the cash receipts are in the form of semiannual (first and third quarters) advances from the bureaus of the Department. These advances are held in the working capital fund pending the incurrence by the bureaus of obligations for any of the various centralized services funded out of the working capital fund. Charges are applied against the advances as obligations are entered on the books. Thus the cash receipts become earned revenues.

Revolving funds are often favored whenever costs of a common operation are such that they should be financed out of two or more appropriations. This is true in the case of the Department of Labor since the working capital fund can—

1. Remove possible distortions and inflation from the requests for obligational authority and from the expenditures of the Office of the Secretary. This is known as the consumer funding concept—review agencies such as the Bureau of the Budget and Congress can authorize and review funds for central services as a part of the total cost of the benefiting organization while the services can be performed centrally.

2. Permit greater simplicity in the financing and funding structure since numerous and distinct receipt and operating pockets are eliminated.

3. Provide flexibility to meet unforeseen conditions, e.g., the need to seek other sources of obligational authority for contingencies such as increased workload, the need to purchase replacement equipment from depreciation reserves, etc.

4. Provide for more effective management in that costs incurred by bureaus for centralized services can be funded out of a centralized pool of obligational authority.

II. BRIEF NARRATIVE SUMMARY OF GROWTH

In 1958, a total of 118 positions were transferred from the Office of the Secretary and the Bureau of Labor Standards appropriations to working capital fund financing to provide certain central administrative services.

Since then the following new activities and related positions have become a part of the central administrative services complex.

| | <i>Increase</i> |
|--|-----------------|
| (a) Central payroll, auditing, and accounting operations..... | 79 |
| (b) Central warehouse operations..... | 19 |
| (c) Central mail, messenger, shuttle bus, and motor pool operations..... | 16 |
| (d) Printing and reproduction nightshift operations..... | 21 |
| (e) Office of the Solicitor printing and reproduction operations..... | 6 |
| (f) Data processing operations..... | 22 |
| (g) Regional central administrative services..... | 72 |
| Total, new activities..... | 235 |
| Expansion of original activities due to Department of Labor growth..... | 47 |
| Total..... | 282 |

The basic staff growth in central administrative services can be attributed to the following factors:

Organizational changes, 120

These do not affect any net increase in staff in the Department of Labor but reflect a change in financing.

For example, Office of the Solicitor had a duplicating unit of six people. It was transferred to central Department of Labor duplicating unit.

Most all of the Department of Labor payroll units have been centralized and 15 positions which were formerly reflected in bureau staffing is now reflected against the central administrative services account.

Similar actions involve the central warehouse, mail, messenger, and shuttle services.

Improvement in utilization of personnel, 72

This involves basically the establishment of small regional central administrative service operations to provide a variety of services to all bureaus in a region similar to those performed for the District of Columbia bureaus. The purpose is to provide better service and to eliminate use of professional type people to perform clerical-administrative services.

New functions authorized, 22

Under authority set forth in Public Law 86-703, dated September 2, 1960, a small central tabulating unit was created.

Expansion attributed to basic workload, 21

In this area is included the second shift of duplicating operations.

Expansion due to new programs or Department growth, 47

During the period 1958-64, programs expanded from 5,227 to 8,355 or 60 percent. Normally when program functions expand there needs to be an approximate expansion in support services.

The above indicates that while the staff numbers rose from 118 to 400 during this period the portion of growth attributable to bureau program growth numbers only 47 or about 17 percent of the total at a time when the bureau programs grew 60 percent.

Staffing pattern, working capital fund 1958 through 1964

| | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 |
|---|------------|------------|------------|------------|------------|------------|------------|
| Office services..... | 10 | 13 | 28 | 31 | 31 | 32 | 43 |
| Switchboard services..... | 15 | 13 | | | | | |
| Procurement..... | 30 | 32 | 32 | 36 | 36 | 50 | 55 |
| Printing and reproduction..... | 53 | 55 | 57 | 55 | 65 | 79 | 82 |
| Visual exhibits services..... | 10 | 13 | 15 | 17 | 22 | 25 | 24 |
| Regional administrative services offices..... | | 3 | 3 | 3 | 34 | 50 | 72 |
| Space management..... | | | | | | 8 | 8 |
| Data processing..... | | | | | | 20 | 22 |
| Financial management..... | | | | 28 | 48 | 57 | 79 |
| Administrative management..... | | | | | 9 | 12 | 15 |
| Total..... | 118 | 129 | 135 | 170 | 245 | 333 | 400 |
| Overhead staff: | | | | | | | |
| Administrative management..... | | | | | 9 | 12 | 15 |
| Financial management..... | | | | | 3 | 4 | 4 |

III. INFLUENCES OF CHANGES IN SALARY COSTS

The attached table indicates the growth in average salary cost of ungraded positions and graded positions.

In terms of average grade for GS personnel it has moved from 4.7 to 5.7—a one grade change but average salary for this group has moved from \$4,508 to \$5,865 or \$1,357 per person due to changes in pay scale and within-grade promotions.

The average change in ungraded personnel is \$1,090.

These changes account for about \$577,000.

Working capital fund, personnel summary, 1958-64

| Category | 1958 actual | 1959 actual | 1960 actual | 1961 actual | 1962 actual | 1963 actual | 1964 estimate |
|---|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Total number of permanent positions..... | 118 | 129 | 135 | 170 | 245 | 333 | 400 |
| Average number of employees..... | 118 | 126 | 134 | 156.7 | 226 | 299 | 370 |
| Number of employees at end of year..... | 115 | 129 | 143 | 184 | 278 | 343 | 400 |
| Average GS salary..... | \$4,508 | \$4,845 | \$4,696 | \$5,014 | \$5,127 | \$5,757 | \$5,865 |
| Average GS grade..... | 4.7 | 4.7 | 4.7 | 4.7 | 5.0 | 5.7 | 5.7 |
| Average salary of ungraded positions..... | \$4,362 | \$4,637 | \$4,880 | \$5,067 | \$5,061 | \$5,322 | \$5,352 |
| | | | | | At 1957 prices | At 1964 prices | |
| Personnel compensation (400 positions)..... | | | | | \$1,786,501 | \$2,295,396 | |
| Personnel benefits..... | | | | | 103,971 | 172,155 | |
| Retirement..... | | | | | 89,442 | | |
| Insurance..... | | | | | 5,806 | | |
| FICA..... | | | | | 8,723 | | |
| Total..... | | | | | 1,890,472 | 2,467,551 | |

¹ 5.8 percent.

² 7.5 percent.

NOTE.—Increase due to uncontrollable price increases, \$577,079.

Comparison of growth of central administrative services versus program growth, 1957-64

| Year | Program positions | Working capital fund positions | Total positions | Percentage relationship | |
|----------------------|-------------------|--------------------------------|-----------------|---|---|
| | | | | Working capital fund versus program positions | Working capital fund versus total positions |
| 1958..... | 5,227 | 118 | 5,345 | 2.25 | 2.20 |
| 1959..... | 5,423 | 129 | 5,552 | 2.37 | 2.32 |
| 1960..... | 6,133 | 135 | 6,268 | 2.20 | 2.15 |
| 1961..... | 6,404 | 170 | 6,574 | 2.65 | 2.58 |
| 1962..... | 7,509 | 245 | 7,754 | 3.26 | 3.15 |
| 1963..... | 8,502 | 333 | 8,835 | 3.91 | 3.76 |
| 1964 (estimate)..... | 8,355 | 400 | 8,755 | 4.78 | 4.56 |

Comparison of average GS grade, Department of Labor versus working capital fund

| | 1958 actual | 1959 actual | 1960 actual | 1961 actual | 1962 actual | 1963 actual | 1964 estimate |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Department of Labor..... | 7.9 | 8.1 | 8.2 | 8.3 | 8.2 | 8.6 | 8.8 |
| Working capital fund..... | 4.7 | 4.7 | 4.7 | 4.7 | 5.0 | 5.7 | 5.7 |

IV. COMPARISON OF UNIT PRICE COSTS AND BASIS FOR DISTRIBUTING CHARGES TO BUREAU PROGRAMS

It should be noted that the determination of costs is restricted to two approaches: (a) a distribution based on simple formulas or (b) a cost accounting approach. Method (b) requires more staff and has not been used since bureaus agreed to method (a) because it costs less.

The formulas (attached) have been agreed to by the bureaus.

In the 400 positions there are 19 attributed to "overhead" or "top supervision"—less than 5 percent.

Comparative costs—Working capital fund

| Service | Department of Labor | Department of Agriculture | Government Printing Office | Department of Health, Education, and Welfare ¹ |
|---|---------------------|---------------------------|----------------------------|---|
| Offset printing: | | | | |
| 1-side impression: | | | | |
| Per 1st 100 copies (8 by 10½ inches)..... | \$0.81 | \$2.71 | \$3.37 | |
| Additional per hundred copies..... | .81 | .36 | .22 | |
| 2-side impression: | | | | |
| Per 1st 100 copies (8 by 10½ inches)..... | 1.42 | 5.19 | (9) | |
| Additional per hundred copies..... | 1.42 | .49 | (9) | |
| Finishing services: | | | | |
| Assembling (per hundred)..... | (9) | .20 | .22 | |
| Stapling (per hundred)..... | (9) | | .50 | |
| Punching (per hundred)..... | (9) | .10 | .10 | |
| Composition (per hour)..... | 4.40 | 6.25 | 6.00 | |
| Addressing..... | 9.87 | 0.59-1.87 | 4.75 | |
| Stencil reproduction (1-side impression): | | | | |
| Per 1st 100 copies (8 by 10½ inches)..... | .81 | .57 | .55 | |
| Additional per hundred copies..... | .81 | .34 | .20 | |
| Cost per check issued..... | 1.255 | (4) | (9) | ¹⁰ \$0.87 |

¹ The Department of Health, Education, and Welfare administers its central services operation on an industrial fund basis, whereby charges are calculated and levied on the basis of actual material, labor, and time expense incurred for each printing and reproduction job, all of which are variable.

² Includes cost of paper stock in all instances.

³ Cost of paper stock additional for all work.

⁴ Information not available.

⁵ Cost for these services are covered by initial printing charges.

⁶ Per hundred.

⁷ Per hundred depending upon type of material.

⁸ Per hour.

⁹ Not applicable.

¹⁰ Prevailing cost. Proposed cost of \$1 being considered.

Comparative prices—Visual exhibit services versus outside firms

| | Prints (1 to 12 per negative) | | | | Copy negatives | | |
|-----------------------------|---|----------|----------|----------|----------------|---------|----------|
| | 8 by 10 | 11 by 14 | 16 by 20 | 30 by 40 | 4 by 5 | 8 by 10 | 11 by 14 |
| Firm No. 1..... | \$1.00 | \$1.75 | \$2.50 | \$10.00 | \$2.00 | \$2.50 | \$3.00 |
| | 25 percent additional charge for double-weight paper; \$3 additional charge for orders under \$10 (NASA contract price) | | | | | | |
| Firm No. 2: | | | | | | | |
| SW: | | | | | | | |
| First..... | \$3.25 | \$3.25 | | | 3.75 | 5.25 | |
| After..... | 1.75 | 2.25 | | | | | |
| DW..... | 2.75 | 3.00 | | | | | |
| Firm No. 3: | | | | | | | |
| SW..... | 1.25 | 2.00 | | 8.50 | 1.50 | 1.50 | |
| DW..... | 1.50 | 2.25 | | | 2.50 | 2.50 | |
| Labor Photo Lab (SW or DW): | | | | | | | |
| First..... | .75 | 1.00 | 2.00 | 2.00 | 1.50 | 2.00 | |
| Thereafter..... | .50 | | | | | | |

PHOTOGRAPHIC ASSIGNMENTS

| | |
|----------------------|--|
| Firm No. 1..... | \$12.50 per hour, plus transportation and materials. |
| Firm No. 2..... | \$20.00 per hour. |
| Firm No. 3..... | \$10.00 per hour, plus transportation (minimum charge \$15). |
| Labor Photo Lab..... | \$5.50 per hour. |

- ¹ Line.
² Tone.
³ Square feet.
⁴ Line or tone.

Description of cost centers and method of cost proration

Office services, 43 employees.—Costs are accumulated for switchboard rental costs, local message costs, telephone operators, and equipment moving costs. The equipment rental costs, local messages, and telephone operators are charged to bureaus based upon number of instruments in each bureau. Costs of moving equipment are charged to bureaus requesting such moves. Other services consisting of the Secretary's mailroom, departmental mailroom, telephone services and building management services are prorated to bureaus based upon the number of District of Columbia metropolitan area employees in each bureau.

Procurement services, 55 employees.—Costs are accumulated for the shipping and receiving operations, supply storage and issuance operations, property accountability, motor pool operations, preparation and issuance of purchase orders, maintenance of supply inventory records, and custodial laborers. Supplies issued are charged out at inventory costs. Other costs are prorated to bureaus based upon the number of bureau employees in the District of Columbia metropolitan area only.

Duplicating services, 82 employees.—Costs are accumulated for all printing operations including "will wait," electronic addressing and copy preparation and layout. Bureaus are charged for the number of impressions on each requisition at the rate of 81 cents per hundred for single impressions and 71 cents for two-side impressions. Copy preparation and layout work is charged to using bureaus at the rate of \$4.40 per hour.

Regional administrative services, 72 employees.—Costs are prorated to bureaus on the basis of bureau personnel located in the RASO center in the physical building occupied by the RASO operation. Washington headquarters costs are prorated to bureaus based upon the total bureau personnel for all RASO offices.

Data processing, 22 employees.—Costs are accumulated for the rental of tabulating equipment, personnel, and supplies used. Costs are charged to bureaus based upon machine hours spent on each bureau operation. Costs attributable to payroll work are included with the financial management costs and are prorated to the bureaus together with payroll clerk costs, etc.

Space control, eight employees.—Personal services and related benefits cover practically the entire costs of this unit. Bureaus are charged for this service based upon number of bureau employees. (Nationwide bureau personnel.)

Administrative management, 15 employees.—This is the management unit of the Administrative Services Division and includes personnel liaison costs. Personal services and related benefits cover practically the entire costs of this unit. These costs are distributed to the various functions supervised by this office and are part of the operating costs for each such cost center. Proration is on basis of the number of employees allocated to each applicable cost center.

Visual services, 24 employees.—Costs are accumulated separately for visual exhibit work and photo shop activities. Bureaus are charged for the visual exhibit costs at a rate of \$5.50 per hour for the productive hours spent on each job, plus cost of material used for each job. Photo shop work is charged for in accordance with an established price list. The price list takes into consideration type of work performed, size of photo, color, quantity, etc.

Financial management, 79 employees.—Costs are accumulated for operations of the accounting, payroll and voucher examination branches and also includes the systems and procedures division. Personal service costs are chargeable to the bureaus based upon the assignment of bookkeepers and clerks to the bureau book and payrolls. Data processing costs are included here and together with all other operating costs are charged to the bureaus based upon the total bureau personnel, including Washington and offices outside of Washington.

V. NOTIFICATION TO BUREAUS OF CENTRAL ADMINISTRATIVE SERVICES BUDGET REQUIREMENT

Attached are samples of notices given to Bureaus.

Memorandum to Bureau administrative officers dated September 8, 1961 and September 20, 1963.

DEPARTMENT OF LABOR,
OFFICE OF THE ADMINISTRATIVE ASSISTANT SECRETARY,
Washington, September 8, 1961.

To: Bureau administrative officers.

From: V. S. Hudson, Deputy Administrative Assistant Secretary.

Subject: Working capital fund.

Attached is the working capital fund story for 1962—costs by cost center, staffing patterns, comments on cost recapture formulas, new plans for 1962 and 1963.

Pending actual 1962 bureau usage, tentative 1962 distribution to the bureaus is based on the actual 1961 billings using a derived percentage for each to the total.

The estimated cost on annual basis is \$2,443,565 as compared to 1961 of \$1,696,937. Principal elements of the increase are identified below:

Additional staff, existing programs:

| | |
|------------------------------|---------|
| Office services..... | 26, 400 |
| Procurement..... | 18, 300 |
| Duplicating night shift..... | 78, 200 |
| Central warehouse..... | 45, 000 |
| Visual exhibit..... | 10, 000 |

Additional staff, new programs:

| | |
|-----------------------------------|------------|
| Central payroll and accounts..... | \$188, 400 |
| Central field services..... | \$385, 000 |

Actual costs for 1962 depend on timing of (a) the centralization programs at both the departmental and field levels, (b) planned expanded second shift duplicating operations, and (c) the planned central warehouse acquisition.

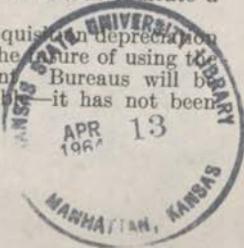
Please note proposed change in duplicating pricings.

It is suggested that in the development of apportionments and budgets for 1963 that the bureaus reflect as nonlabor costs such amounts provided in 1962 budgets as personal services for central accounts and payroll services.

No provision has been made in the attachment for planned bureau program expansions contemplated for either 1962 or 1963 except where we can specifically evaluate impact.

OAAS policy on pricing of cost center services is not firm. We can move from the more general approach to the specific at any time the bureaus indicate a substantial interest for a true cost accounting system.

All bureaus are advised that OAAS plans to move from acquisition depreciation to replacement depreciation and to adopt a firm policy in the future of using the fund to replace instead of acquiring additional equipment. Bureaus will be advised of the implication of this policy as soon as possible—it has not been reflected in the attached estimates.



All and any comments or suggestions for the achievement of more efficient and economical operations are welcomed.

Attachment.

DEPARTMENT OF LABOR,
OFFICE OF THE ADMINISTRATIVE ASSISTANT SECRETARY,
Washington, D.C., September 20, 1963.

Memorandum to: Bureau and office administrative and budget officers.
From: Richard E. Miller, Director, Office of Budget Administration.
Subject: 1965 budget estimates—Working capital fund assessments.

The attached tabulation indicates the amount (last column) that should show in the summary of changes for 1965. Minus items (shortages) will be shown as a program increase—costs of central administrative services not previously identified in prior budgets at this level of expense, but which were financed from savings that resulted from delays in filling positions authorized by Congress.

Plus (overage) items will show as program decreases—previously budgeted at a level not estimated to be needed in this year.

The first column of the tabulation represents the currently estimated operating pattern for fiscal year 1964 and its distribution by bureau. The second column reflects the increases caused by certain fixed charges (e.g., pay increases) but reflecting no increase in the working capital fund level of operation. The third column is based on figures furnished by the bureaus as being in various 1964 budgets. Column 5 is the difference between the estimated assessment for the departmentwide account for 1964 and the amount budgeted by the bureaus.

(NOTE.—The distribution by bureau is for all funds, not just those appropriated to the Department of Labor by Congress. If col. 3 does not include all funds, please notify the Budget Office immediately. If the amount in cols. 4 or 6 can be reduced by application of the shortage to other than appropriated funds, that fact and the amount should be made known to the Budget Office immediately.)

VI. CENTRAL ADMINISTRATIVE SERVICES, 1964 ESTIMATE

The attached tables show the estimates (a) by cost center, (b) by object, and (c) bureau share.

Also attached is a table which compares the estimate with amounts included by the bureaus in their 1964 estimate and the resulting deficit or surplus.

Central Administrative Services, 1964 estimate per cost center

| Cost center | Positions | Amount | Cost center | Positions | Amount |
|--|-----------|-----------|--------------------------------|-----------|-----------|
| Office services..... | 43 | \$614,000 | Visual services..... | 24 | 242,000 |
| Procurement and supply..... | 55 | 619,000 | Financial management..... | 79 | 537,000 |
| Printing and reproduction..... | 82 | 839,000 | Administrative management..... | 15 | 136,000 |
| Regional administrative services office..... | 72 | 511,000 | Total obligations..... | 400 | 3,760,000 |
| Space management..... | 8 | 63,000 | | | |
| Data processing..... | 22 | 199,000 | | | |

Central Administrative Services, 1964 estimate by object

| Object classification: | Amount |
|--|-------------|
| 11 Personnel compensation..... | \$2,231,000 |
| 12 Personnel benefits..... | 157,000 |
| 21 Travel and transportation of persons..... | 21,000 |
| 22 Transportation of things..... | 10,000 |
| 23 Rent, communications, and utilities..... | 541,000 |
| 24 Printing and reproduction..... | 54,000 |
| 25 Other services..... | 179,000 |
| 26 Supplies..... | 507,000 |
| 31 Equipment..... | 60,000 |
| Total obligations..... | 3,760,000 |

Central administrative services 1964 estimate—Bureaus' prorata share

| [In thousands of dollars] | Amount |
|--|--------|
| Bureau of Labor Statistics..... | 878 |
| Bureau of International Labor Affairs..... | 96 |
| Manpower, development, and training activities..... | 193 |
| Bureau of Apprenticeship and Training..... | 187 |
| Bureau of Employment Security..... | 686 |
| Bureau of Veterans' Reemployment Rights..... | 41 |
| Bureau of Labor Standards..... | 163 |
| Labor-Management Services Administration..... | 297 |
| Bureau of Employees' Compensation..... | 115 |
| (ECAB has \$5,000 working capital fund item in 1964 apportionment) | |
| Women's Bureau..... | 60 |
| Wage and Hour Division..... | 453 |
| Office of the Solicitor..... | 297 |
| Office of the Secretary..... | 240 |
| Committee..... | 54 |
| Trade adjustment activities..... | ..... |
| Total..... | 3,760 |

U.S. DEPARTMENT OF LABOR

Analysis of unbudgeted costs of central administrative services, fiscal year 1964

[In thousands of dollars]

| | Working capital fund | | |
|---|-----------------------|--------------------------|--------------------|
| | 1964 operating budget | In bureaus' 1964 budgets | Shortage |
| Bureau of Labor Statistics..... | 878 | 557.0 | -321.0 |
| Bureau of International Labor Affairs..... | 96 | 90.7 | -5.3 |
| Manpower, development, and training activities..... | 193 | 208.5 | ¹ +15.5 |
| Bureau of Apprenticeship and Training..... | 187 | 144.8 | -42.2 |
| Bureau of Employment Security..... | 686 | 356.1 | -329.9 |
| Bureau of Veterans' Reemployment Rights..... | 41 | 27.1 | -13.9 |
| Bureau of Labor Standards..... | 163 | 160.0 | -3.0 |
| Labor-Management Services Administration..... | 297 | 332.1 | ¹ +35.1 |
| Bureau of Employees' Compensation (ECAB has \$5,000 working capital fund item in 1964 apportionment)..... | 115 | 105.0 | -10.0 |
| Women's Bureau..... | 60 | 30.4 | -29.6 |
| Wage and Hour Division..... | 453 | 481.6 | ¹ +28.6 |
| Office of the solicitor..... | 297 | 32.1 | -264.9 |
| Office of the Secretary..... | 240 | 90.0 | -150.0 |
| Committees..... | 54 | 52.2 | ¹ -1.8 |
| Trade adjustment activities..... | ..... | ..... | ..... |
| Total..... | 3,760 | 2,667.6 | -1,092.4 |

¹ Over budgeted.

VII.—THE PROBLEM FOR 1964-65

All of the foregoing should indicate that (a) staffing has not grown like a bureaucracy, (b) that costs are reasonable, and (c) that the bureaus have agreed to the cost distribution formulas.

It would also seem reasonable that the performance of these services on a decentralized basis would only result in increased costs because of the need for providing duplicate facilities and unused or nonproductive machine time or of personnel utilization.

One of the most difficult to prove results of centralization of administrative services is in instances where improved personnel utilization is a factor. This is true of the regional administrative services operation. Studies have shown there existed misutilization of professional staff time to perform clerical work, but this situation has been removed by the program and the enthusiasm of regional bureau officials in having this type of service has been 100 percent.

The problem is that, with the exception of the Wage and Hour Division, Labor-Management Services Administration, and manpower, development, and training

activities, the bureaus have not provided the resources in their budget to finance the services they get.

For the past 2 years bureaus have largely had surplus funds for such financing without disturbing their basic operations but for 1964 this is not true.

Higher June 30, 1963, employment coupled with an influx of about 400 summer students has to a large extent dissipated surplus dollars which might have accrued from lapses arising from late appropriation action.

The Bureau of the Budget in approving the 1965 estimate has accepted the level of operating the central administrative service by (a) allowing an increase to be sought of 50 percent and (b) requiring bureaus to absorb the other 50 percent of the difference between amounts included in Bureau budgets and what should have been included.

EFFECT OF THE TAX CUT ON UNEMPLOYMENT

Mr. FOGARTY. Mr. Secretary, you did not say much about the unemployment situation and the outlook this year. Have you any opinions on this?

Secretary WIRTZ. Yes, I have, Mr. Chairman. My assumptions about the employment futures are these: Given an estimate of the tax bill which now appears to be a virtual certainty, I think it will move unemployment on down toward and perhaps below 5 percent by the end of the calendar year.

I think it will. I do not express this with a degree of certainty at all, but I think that is the most reasonable calculation. I guess on the record that is as far as I can make a prediction.

I do not know if you wish to talk about that informally or not.

Mr. LAIRD. I did not quite follow that.

Secretary WIRTZ. With the enactment of the tax bill, unemployment ought to move down toward or perhaps slightly below 5 percent by the end of the calendar year.

Mr. LESINSKI. May I ask a question, Mr. Chairman?

How can the tax bill raise employment? First of all, it is a rich man's bill. It will give roughly a \$100 increase in spending power to the average individual. How can it help unemployment very much?

Secretary WIRTZ. The total is \$11 billion.

Mr. LESINSKI. Forget the \$11 billion, my dear friend. That goes to industry and those in the higher income brackets. I am talking about the purchasing power of the individual. It gives the average individual roughly \$100 a year in increased purchasing power.

Secretary WIRTZ. I think we are talking about the same thing, but in a different breakdown. The \$100 per individual times the population in the country amounts to the other figure.

Mr. LESINSKI. I am talking about \$100 per family, not per individual. I should have said \$100 per family. That is all it amounts to. In other words, 5 percent of his net income.

Secretary WIRTZ. I do not know whether that is exactly the \$11 billion figure or not, but the total comes out to about that.

Mr. LESINSKI. The bulk of the tax reduction goes to the class of \$100,000 and up. They will get the cuts, but the average individual or lower income group will not.

Secretary WIRTZ. I do not want to appear to be arguing about it. I shall be glad to be as helpful as I can. I would like to say, too, I do not pretend to any mastery of this projection of employment figures. With the amount of additional consumer expenditure, however, it should be expressed, plus the encouragement in capital investment which should come from the reduction in the corporate

tax, I am satisfied with those figures which show it ought to mean about 2 million more jobs than if it is not passed.

That is a different question or it is a different comparison from one which would say 2 million more jobs than we have now. I do not say it will mean 2 million more than we have now. I say I think it will mean 2 million more than we would have if it were not passed. That is as close as I can come.

When you start evaluating the possibility that some of the encouragement of capital investment will result in investment in manpower or labor-saving devices, and so forth, I do not pretend to be able to predict.

Mr. LESINSKI. The main thing is that the purchasing power of the people gears the economy. In passing, I want to state that the tax bill will not help where it should, although it will have some beneficial effect.

EFFECT OF AUTOMATION ON EMPLOYMENT

Mr. FOGARTY. With automation expected to go on and perhaps increase in the future, how would this affect the number of unemployed? Do you see a time in the future when automation will level off?

Secretary WIRTZ. Could I inquire whether you would think that my response to these questions would be more helpful on the record or off the record?

Mr. FOGARTY. I think it should be on the record. We ask similar questions almost every year?

Secretary WIRTZ. My feeling about automation includes these factors: I am cognizant of the evidence which suggests that what we now call automation is only a continuation of what has been going on ever since somebody attached a piece of stone to the end of a piece of wood and we had the first tool. I do not take that point of view. I think we are at the point of virtually a breakthrough as far as technological development is concerned. I think we are probably in the middle of the breakthrough right now.

I think the prospects of increasing effect of technology on manpower are very considerable and very imminent. The figures show that productivity has been going up the last 3 or 4 years 50 percent faster than it went up during the earlier years of this century.

I appreciate that the rate which is applied to that experience is discounted by those who say you cannot evaluate productivity on a short-run basis. I have to say to you frankly, I think we are at the point where the effects of automation and technological development on manpower are severe, extreme, and that they leave no basis for any assurance that we shall not have a real manpower crisis on our hands.

As far as I am concerned, the answer to that is not to curtail technological development in any way. The answer to that is that we must do—privately I hope; publicly to the extent it is not done privately—whatever is necessary to make full use of manpower and machine power.

Mr. FOGARTY. I have been of that belief for some time now. There are many who argue against it. It seems to me automation is on the increase, and more people are being thrown out of work in the last 2 or 3 years than ever before.

UNEMPLOYMENT RATE

I am not so optimistic as you are about the unemployed going down below 5 percent, even with the tax bill. I think the tax bill will produce some jobs. I do not know how many. It appears to me from where I sit that there will not be such a thing as full employment in the foreseeable future; that we shall have a hard core of unemployed with us and that it is likely to increase as the years go on.

Am I right or wrong on that? What do you think?

Secretary WIRTZ. I would like to answer on the record.

Mr. FOGARTY. We have had talk about full employment and a job for everybody, but I do not see how that will happen in the foreseeable future.

Secretary WIRTZ. On the record, I did not indicate I am optimistic about its going below 5 percent. I said I think it will move down toward, perhaps to 5 percent and possibly below 5 percent.

There have been other statements to the same effect, as you know.

Mr. Chairman, I should like very much not to indicate by anything I have said any degree of concern less than that which you have expressed. If I am cautious in this statement, it is because, among other reasons, I think this situation is so potentially serious that any kind of scare element that might be added to it would be dangerous.

I have been hesitant to overpaint the picture for that reason.

Between now and this time tomorrow, machines will have moved 4,000 people out of their jobs. That is the rate at which this thing is going. This year there are 2,600,000 boys and girls reaching the age of 18. It looks as though 1,600,000 of them will come into the work force if the same thing happens as did last year. It looks as though a quarter of a million of them will probably be unemployed if that happens.

TEENAGERS IN THE WORK FORCE

I have been impressed recently with the desirability of cutting down the number of teenagers who are coming into the work force. There are now 3½ million teenagers out of school, 3½ million 14-to-19-year-olds out of school in the work force, 800,000 unemployed and the other 2,700,000 with jobs but most of them not very good jobs, very insecure.

I think one thing we should do is cut that 3½ million figure down by at least 2 million as a start. That would have quite an effect on the unemployment problem you and I are talking about here.

It would mean three things. Those 2 million would be getting the kind of training they need, it would take 2 million worker pressure off the work market, and it would make education the No. 1 industry of the country, which I think it ought to be.

The relevance of what I am saying to what you suggested is that I just feel a concern just as great as the one you have expressed about the possibility that we are facing up to a very real manpower crisis.

Mr. FOGARTY. This is off the record.

(Off the record.)

POSSIBLE ACTION AGAINST FUTURE SERIOUS UNEMPLOYMENT

Secretary WIRTZ. With respect to what can be done about the possibility of serious unemployment in the future, I think one of the first points, following the tax reduction bill, is in trying to change the present situation as far as the teenagers are concerned. Today there are 3½ million 14- to 19-year-olds who are out of school and who are in the labor market. Eight hundred thousand of them are unemployed. Unless we do something about it, they will stay unemployed most of the rest of their lives, and they will cost us \$1,000 a head a year much of the rest of their lives.

We are not thinking enough about the other 2,700,000 teenagers who have left school, who now have jobs, but most of them have taken jobs that require only a minimum of skills. They do not have enough training to take care of themselves in the future.

There is a very real question in my mind whether most of them ought to be in the work market. To be specific, there are presently 3½ million 14-to-19-year-olds in the work market, and I think the number is at least 2 million too high.

If we could cut that number down by 2 million, it would have a three-way effect. It would mean that those 2 million—I am assuming this would happen to them—are in high school or in college or getting advanced vocational education, depending on their needs. So they would be preparing themselves for the future and would be protected against future unemployment.

It would also mean we would take 2 million competitors out of the present job market and would reduce the pressures on jobs which are already in short supply. It would reduce the competition with a good many people, among whom are many breadwinners.

The third thing it would do would be to make education the biggest business in this country, which is what it ought to be. That would have a very direct effect on unemployment.

I note the fact if you look back over this century, every single decade since 1900 has had one of three things. It has had either a war or a depression or a great industrial expansion in some particular industry. Every one of them.

In the first decade, it was really the steel industry that came into its own. In the second decade, we had a war. In the third decade, we had the automobile industry coming all of a sudden. In the thirties we had a depression. In the forties we had a war. In the fifties we had the expansion of the electronics and communications industry, and it is not clear yet what the sixties will bring. It is not a war, I am assuming; not a depression, I am asserting. I think there will be a new industry, and I think it could be made the education industry and it would meet the problem.

Let me state the goal I mentioned in another way. Either to reduce the number of teenagers in the work force by 2 million or to increase the average amount of education that people get in this country by 2 years. It is presently 12.3 years. Raising that 2 years would have the same result I am talking about.

I realize this takes us to the question of ways and means. I think it should be done by the development of a loan program which would mean that any boy or girl would be in a position to obtain a loan which would give her or him as much education, up to the end of a

college education, as that individual is willing and able to use, not just in college but in advanced vocational education or high school, whatever it may be.

I think it is good business. I also think it is a matter of right.

WHO GOES TO COLLEGE

If I may impose on you for one more set of statistics to illustrate the point, it would be this: If you take any high school graduating class, the average high school graduating class, and look at the bottom 30 percent in terms of their parents' income, only 12 percent of that group will go on to college. If you take the top 30 percent of a high school graduating class in terms of their parents' income, 46 percent of that group goes on to college. In my book, it is not fair and it is lousy national business.

If you make the assumption that part of the reason for that is that those in the upper brackets financially have more educational potential, the additional studies that have been made show that is not true, as illustrated by this fact. If you divide high school graduating classes into roughly blue-collar and white-collar as far as their parents are concerned, a higher percentage of the children of white-collar parents, which children are in the bottom half of their class, go on to college than if you take the number of blue-collar parents and children who are in the top half of their class academically. The thing is out of kilter.

ORGANIZATION OF LOAN PROGRAM

I would provide in one form or another a loan program, which would mean that they all have a chance to do it. I would provide for repayment, not as European systems do, during the first 10 years of their working career, because that means on the average about \$50 to \$60 a month, and they cannot afford it. I would spread it out over their work lives, and I would tie it in one way or another to their incomes. In effect, you would have a repayment provision on a graduated basis. If you borrow money and do very well, you repay a larger amount than you repay if you borrow money and do not do so well. Spread over the work life, I do not think it would be a burden.

Let us call it social security in reverse. It involves a provision for the learning years like what we now have for the harvest years or the older years.

EDUCATION AN INVESTMENT

The other thing I would like to point out is that this country has grown to the point it has economically because we have been willing, as far as our physical capital investments are concerned, to use credit. Every large corporation in the country has gotten where it is by the use of credit for the investment in physical capital. I am simply proposing we use the same credit ideas as far as investment in human capital is concerned.

Although it is primarily an educational program, I think it would promote the full employment goal more than any other single thing I know.

TYPE OF TRAINING

Mr. LAIRD. It seems to me this proposal is limited by you to formal-type education.

Secretary WIRTZ. No.

Mr. LAIRD. Do you include on-the-job training opportunities?

Secretary WIRTZ. I would include two other things. The first would be what I have mentioned here as advanced vocational education. There are a good many of these boys and girls who, finishing high school, ought to be going into vocational education programs of one kind or another, I would add, in addition to that, that it would be an important part of any program, a little different from what I am talking about, to build up the on-the-job training program one way or another.

THIRD-OF-A-NATION PROGRAM

On that, I might mention that one of the most interesting things we are doing right now is this third-of-a-nation program to do something constructive to salvage the great number of selective service rejectees. Starting February 17, next Monday, any boy who is found, when he comes up for his Armed Forces qualification test when drafted, to lack the educational or training qualifications for military service will be referred to a local employment office. There we will first give him an hour of general counseling. Then we will give him up to 5 hours of testing. Then we are allocating about 5 hours either to getting him back into school or putting him into an on-the-job training program if we can find one, or doing whatever is necessary. We think we will pick up about 35,000 boys between now and the end of June in that program.

APPRENTICESHIP TRAINING

On-the-job training is every week a larger part of our manpower development and training program than it was the week before.

Mr. LAIRD. The reason I asked the question is, if you look at what is going on in Europe, you find they are going in for more apprenticeship-type opportunities in the industrial plants. The large industries over there seem to be doing more than we are. Why is that?

Secretary WIRTZ. Privately?

Mr. LAIRD. More privately, yes.

Secretary WIRTZ. Frankly, I am not sufficiently familiar with their experience. In terms of the public training program, the Federal training program, if we get the training program next year on the basis that is covered by the authorization and by the appropriation which we have suggested here, we will have our training program up to about the European level as far as percentage of the people is concerned. I am frank to say I do not know about their private on-the-job training programs.

Mr. FOGARTY. On that same question, Mr. Secretary, in Rhode Island the toolmaking industry says that the Manpower Training Act is not the right way to do it; that it should be on-the-job training.

I can see where the tool manufacturing plant could have its own program, but it would be effective only for that one plant. The largest industries in Rhode Island have had their own training program for some years.

Secretary WIRTZ. We will never do much public training of tool and die makers. That is a more advanced form.

EFFECT OF MOBILITY ON APPRENTICESHIP TRAINING

Mr. LAIRD. Cannot one of the requirements be that industry do more? But when you talk to people in industry, they say, "We go ahead and train these people and pretty soon other companies are in raiding us and taking them away."

Over in Europe, I think you will find, once these people are trained, they tend to stay with the company that provided the training. They are not so mobile as we are in the United States.

Secretary WIRTZ. I was in Japan week before last, which I mention because there they carry what you have referred to to the extreme. In Japan they have almost no unemployment. Part of the reason is that they will take on, especially youngsters, at very low wages. They take them on on a kind of on-the-job training basis.

Furthermore, when they do take them on, the assumption is that they will stay there. It is not only an assumption but a well-established practice. They take them on at the early training stage. They do the on-the-job training. The early training is done at very low wages. They keep them on all the way through.

Mr. LAIRD. Is that not true in Europe, too?

Secretary WIRTZ. I know it is true to a larger extent than it is here. There is not in Europe the same degree of identification of the individual with the enterprise that there is in Japan.

However, there is in Europe one practice which has very substantially that effect. There cannot be a layoff or dismissal in most European countries, except after it has gone through a joint determination, a labor-management determination, including frequently a grievance machinery. That has some of the effect that you refer to.

The other reason it is a little difficult to answer is that they have had now for the last 4 or 5 years such a manpower situation in most European countries that they try to hang onto everybody. They have had a manpower shortage.

Mr. FOGARTY. In this country, the apprenticeship program has been a low-wage program, in the building trades, for instance. It is not so bad today as it was when I was young. When I went through my apprenticeship, I got \$18 a week at first, then \$24 and \$30. That was quite a while ago, 1931.

Secretary WIRTZ. Two years later I taught school for \$928 for 9 months' work, the same picture.

Mr. FOGARTY. But you got a long vacation.

Secretary WIRTZ. But I gave it to you on a 9-month basis. On a 12-month basis, I was getting only about \$80 a month.

EMPLOYMENT OPPORTUNITIES FOR OLDER WORKERS

Mr. FOGARTY. What about employment opportunities for older workers? Is it better or worse? It seems to me it is getting worse every year.

Secretary WIRTZ. It is not getting worse as far as numbers are concerned. In fact, it is getting a little better. The number of unemployed among the older workers—I include everybody above 45—is

getting less, comparatively, but it is becoming increasingly true that where there is unemployment, the particular cases are becoming worse and worse so the unemployment goes on for longer and longer periods.

That is a result of several facts. It is the result of the private practices which have developed as far as discrimination, and so forth, are concerned. It is also a result, frankly, of the fact that there is among the older age group in the work force a higher percentage of, frankly, those with almost no education than there is among the younger workers. More older people dropped out of school even before the fifth grade than is true of youngsters today. Automation is hitting them harder.

PRESIDENT'S COUNCIL ON AGING

I should call the subcommittee's attention to the fact that the President released on this last Sunday the report of his Council on Aging. I was a member of that Council. We have made quite a full report on both the figures with respect to the older worker and some 15 recommendations which we are making with respect to handling their problems.

Mr. FOGARTY. I wish you would put those recommendations in the record, because for 18 years now I have been asking what every administration has been doing for the aging, and not many recommendations have been made in the last 18 years that have helped in the overall effort.

Secretary WIRTZ. Mr. Chairman, I will add the recommendations. I would like to say our efforts have fallen pretty far short.

(The requested information follows:)

A. EXPANDING EMPLOYMENT OPPORTUNITIES FOR OLDER WORKERS

1. *Improvement of service to older workers through the U.S. Employment Service*

We recommend that services for older workers in the local offices of the public employment service be improved and expanded by providing for additional counseling and for organization of new job-finding community activities on their behalf.

2. *Establishment of a part-time employment service as a special activity of the U.S. Employment Service*

We recommend that a new service be established in local employment service offices with responsibility for placing individuals in suitable part-time jobs. This service should be concerned with discovering and developing part-time employment opportunities in private business and industry, government, institutions, and other sources of employment, for retirees as well as for youths, housewives, and others seeking part-time jobs, and placing such individuals in those jobs.

3. *Provision of relocation allowances for workers displaced by economic shifts*

We recommend the enactment of legislation to provide payment of actual moving expenses for unemployed workers who have been unemployed for an extended time and for whom no suitable work can be found within commuting distance of their homes, and for whom definite jobs are available elsewhere. These allowances would be available to qualified workers of all ages. Special consideration would be given to those who complete training courses under the Manpower Development and Training Act and the Area Redevelopment Act.

4. *Expansion of training and educational opportunities for older workers*

We recommend that retraining opportunities be opened fully to older workers; that basic education be made available where necessary to qualify them for re-

training or employability; and that demonstration projects be increased to develop special forms of training and related services beneficial for particular groups of older workers.

5. *Measures to ease the impact of layoffs on the older workers*

We recommend measures to encourage better manpower planning, the use of reassignments, plant retraining and broader seniority districts, to avoid layoffs of older workers, and early notification of layoffs when they occur. Steps to develop or maintain employment opportunities for older workers can and should be taken by management and labor, as part of personnel actions or through collective bargaining:

(a) Better manpower planning to find job opportunities for older workers, in advance of major plant changes, including reassignment and retraining, and company-paid relocation allowances where reassignment involves geographic moves.

(b) Adapting seniority and other rules to facilitate the reassignment of older workers within plants or between plants when there are major permanent shutdowns. This is a problem, of course, that involves both the protection of the interests of older workers and the equities of all of the workers who may be involved.

(c) Early notification of impending layoffs, to unions, employees, and the Employment Service, to facilitate adjustments, the finding of other jobs, or the arrangement of retraining.

B. ENDING AGE DISCRIMINATION IN EMPLOYMENT

6. *Extension and improvement of State laws prohibiting age discrimination in employment*

We recommend that States which have not yet done so be encouraged to enact legislation prohibiting discrimination in employment because of age, and that all States which have such legislation provide adequate funds and staff for implementation of enforcement and educational campaigns.

Seventeen States and Puerto Rico, with almost half of the U.S. population, now have such laws; all but three enacted since 1954.

7. *Executive order establishing a Federal policy against discrimination in employment by Federal contractors*

We recommend that an Executive order be issued containing a statement with respect to employment by Government contractors and subcontractors, declaring it to be contrary to public policy to discriminate in employment on account of age except where age limitations are based on bona fide occupational qualifications or statutory requirements. Procurement regulations for the Department of Defense, General Services Administration, and other Federal contracting agencies would be revised to include this statement.

C. PUBLIC SERVICE EMPLOYMENT

8. *Provision of public service employment opportunities for the aged*

We recommend enactment of the Senior Citizens Community Planning and Services Act to encourage public service employment by State and local public agencies and private nonprofit organizations, subsidized where necessary by the Federal Government, in order to provide employment opportunities for aged workers who cannot be absorbed in the competitive labor market.

D. JOB ADJUSTMENT ASSISTANCE

9. *Severance pay on the basis of years of employment*

We recommend the general provision of severance pay, on the basis of years of service, such as the 1-week-for-each-year-of-service plan which has become fairly typical of severance pay plans in American industry.

This is a matter for collective bargaining and management policy, but there is also a national interest involved which would be furthered by the widest adoption of this practice.

E. ADJUSTMENT TO RETIREMENT

10. *Adoption of gradual retirement programs*

We recommend the adoption of programs in private industry and in public service which permit a voluntary tapering off of employment prior to full retire-

ment, as a means of easing adjustment between full employment and full retirement.

11. Measures to stimulate programs of preparation for retirement

We recommend the general adoption of effective programs of preretirement planning and counseling, both in private industry and in the public service, to assist individuals approaching retirement to prepare adequately for it.

We further recommend that the Federal Government give increased leadership and effort to the stimulation and development of preretirement programs, and provide technical assistance on a continuing basis to employers and unions in initiating and conducting such programs.

As an initial step, a study group should be formed to develop a comprehensive guide on preretirement planning and counseling to assist employers and unions in establishing adequate preretirement programs.

12. Expansion of opportunities for volunteer service

We recommend the establishment of a community volunteer service bureau in all major communities that do not now have one, and a significant expansion of this service in communities that do have such bureaus, in order that maximum opportunities for volunteer service may be developed for interested older persons in the community.

13. Improving social security system

We recommend that the Advisory Council on Social Security Financing give early attention to measures to improve the adequacy and coverage of old-age survivors and disability benefits.

We also recommend that the Advisory Council look into ways by which benefits for workers who are unemployed for long periods of time (and registered for work) can be kept from decreasing because of such periods.

F. ADMINISTRATION

Several of the above recommendations necessitate the strengthening of existing organizations or functions in the Federal Government, as specifically noted. For more effective overall development of programs for employment of older workers and their coordination with related manpower programs, the following suggestions to improve administration at the Federal, State, and local levels are made.

14. Special Assistant to the Manpower Administrator for Older Workers

We recommend the appointment in the Department of Labor of a Special Assistant to the Manpower Administrator for Older Workers to develop, promote, and coordinate programs, both public and private, to assure older workers equal and adequate opportunities for employment.

1. Use of State and area manpower advisory committees

We recommend that the system of State and local manpower advisory committees established by the Department of Labor under the Manpower Development and Training Act of 1962 be utilized on a broad basis to recommend and stimulate programs to deal with current and anticipated manpower problems in States and areas.

The employment problems of older workers should be given special attention among the activities to be stimulated.

A program and the necessary guides for action to improve employment opportunities for all job seekers, including older workers, should be developed by the departments and agencies concerned, with the advice and assistance of the National Manpower Advisory Committee. These guides should be supplied to State and area manpower advisory committees for implementation.

Adequate staff support for this purpose should be supplied to State and area manpower advisory committees by the State employment services on a part-time basis.

Mr. FOGARTY. You consider the older worker to be 45, on?
Secretary WIRTZ. Yes.

WAGE EARNERS OVER 65 WITH FAMILIES

Mr. FOGARTY. One of the worst problems we have in considering the overall poverty program is not these rejectees from the service, but the people who are still wage earners with families, 65 and over, whose annual income is way down, is it not? I have been told that.

Secretary WIRTZ. I shall be glad to supply for the record the information that we have on the annual family and individual income of workers 65 and over.

MOTHER AS THE FAMILY WAGE EARNER

Mr. FOGARTY. And also, will you supply information on another problem area which I understand is really bad, the one where the mother is the wage earner for the family? That average wage is pretty low, I understand.

Secretary WIRTZ. Yes.

(The requested information follows:)

FAMILY INCOME, 1962

Median total money income of families in which the head was 65 years old or over in 1962 was \$3,204 for full-time, part-time, and unemployed persons as compared with a median of \$6,237 for all families. In the families whose aged (65 years old or over) head was employed full time, full-year-median income was \$5,712. Such families constituted only 15.1 percent of the total with aged heads.

Family income in families whose head was a woman, 1962

In families whose head was a woman, the median income in 1962 was only one-half of that of families with male heads—\$3,131 as compared with \$6,263.

One-third (33.3 percent) of the families headed by women had incomes of under \$2,000 as compared with less than one-tenth (8.8 percent) of the families headed by men.

PERSONAL INCOME, 1962

The median personal income in 1962 was \$1,753; for those who were 65 years of age and over, it was \$1,248. More than three-fourths (77.2 percent) of these elderly citizens had incomes of less than \$2,000; more than one-third (36.8 percent) had incomes of less than \$1,000.

For persons who were employed full time the year round (32.9 percent of the total) in 1962 median income was \$4,113 as compared with \$2,778 for those 65 years of age and over (only 7.6 percent of the age group).

Source: CPR Consumer Income, series P-60, No. 41, October 1963.

EFFECT OF EMPLOYMENT SERVICES ON PLACEMENT OF OLDER WORKERS

Mr. FOGARTY. The employment services did make some progress in placing older workers during the last 2 or 3 years. They did increase job placement to some extent.

Secretary WIRTZ. Yes. We have been emphasizing it. One of the recommendations of the President's Council on the Aging is that we do still more in that direction. I think there is something more to be done administratively.

I could answer your question shortly. We have been able to make some improvement in it, but I am not inclined to exaggerate the degree.

PART-TIME WORK FOR THE AGED

One of the most interesting developments which affect this problem is the increasing amount of part-time work which is going on in the economy. I do not mention this as an unqualified good. In fact, I

am quite concerned about it. It does bear quite directly on the problem of work for older people, because one of the sets of recommendations made by the President's Council on the Aging is that there should be more opportunity for part-time work for them, and that the employment services should set up a special system of routing them to part-time service. I say to you quite frankly, I propose to take that recommendation gingerly, because I am just not sure that the overall good is improved by emphasizing part-time employment for certain groups. I am not at all convinced of that.

Mr. FOGARTY. I do not think it is good as far as some who live in St. Petersburg on \$1,500 a year and in order to supplement their income work for 40 cents an hour.

Secretary WIRTZ. We are talking about the same problem.

PLACEMENTS BY EMPLOYMENT SERVICES

Mr. Chairman, in view of your question, I should probably put into the record an excerpt from a publication "Key Facts in Employment Security Operations."

Mr. FOGARTY. We will put that in the record.

(The requested information follows:)

Selected employment service activities for workers age 45 and over, United States,¹ 1958-62

[In thousands except as noted]

| Period | New applications | | | Initial counseling interviews | | | Nonagricultural placements | | | |
|-----------------|--------------------|---------------------------------|-----------|-------------------------------|--|-----------|----------------------------|--------------------|--|-----------|
| | Older worker total | Percent of all new applications | Older men | Older worker total | Percent of all initial counseling interviews | Older men | Older handicapped | Older worker total | Percent of all non-agricultural placements | Older men |
| Calendar years: | | | | | | | | | | |
| 1958..... | 2,045.9 | 19.6 | 1,403.9 | 112.4 | 12.0 | 74.7 | 45.9 | 1,007.0 | 19.6 | 528.0 |
| 1959..... | 1,676.8 | 18.1 | 1,088.6 | 119.2 | 11.6 | 77.4 | 49.4 | 1,185.2 | 19.4 | 643.5 |
| 1960..... | 1,822.6 | 18.0 | 1,174.8 | 117.7 | 11.4 | 76.1 | 48.3 | 1,158.7 | 19.9 | 627.3 |
| 1961..... | 1,955.7 | 18.6 | 1,266.8 | 120.0 | 11.0 | 76.2 | 47.7 | 1,167.0 | 19.8 | 638.1 |
| 1962..... | 1,887.9 | 17.5 | 1,180.4 | 138.2 | 11.4 | 80.1 | 51.6 | 1,316.5 | 19.6 | 731.0 |
| Fiscal years: | | | | | | | | | | |
| 1958..... | 2,014.2 | 19.3 | 1,388.9 | 111.6 | 12.4 | 74.4 | 45.4 | 1,019.5 | 19.5 | 534.9 |
| 1959..... | 1,723.5 | 18.4 | 1,136.9 | 115.7 | 11.5 | 76.1 | 48.1 | 1,103.4 | 19.3 | 592.1 |
| 1960..... | 1,726.7 | 18.0 | 1,112.4 | 121.1 | 11.6 | 78.5 | 50.3 | 1,205.5 | 19.8 | 650.0 |
| 1961..... | 1,976.1 | 18.6 | 1,290.4 | 114.4 | 11.0 | 73.2 | 45.8 | 1,114.8 | 19.9 | 606.9 |
| 1962..... | 1,857.4 | 17.8 | 1,175.3 | 132.3 | 11.3 | 83.0 | 51.3 | 1,269.9 | 19.5 | 700.9 |

¹ Includes Guam, Puerto Rico, and Virgin Islands.

Secretary WIRTZ. It is dated April 1963. It came out in July 1963. Frankly, it shows as far as the applications to the employment service the applications by workers 45 and over have been going down instead of up.

Mr. FOGARTY. This is applications?

Secretary WIRTZ. This is applications. But it also shows that as far as counseling interviews are concerned, they have been going up quite sharply, from 112,000 in 1958, for example—to 132,000 in 1962. This is initial counseling interviews and what I gave you was on a calendar year basis. It also shows that as far as nonagriculture placements are concerned, where an older worker's total was 1,007,000 in

1958, it was 1,316,000 in 1962. This would seem to indicate that I perhaps answered with too much reservation your earlier question and that more was accomplished than we might have realized.

Mr. FOGARTY. We are going to have more counselors in the employment offices, aren't we?

Secretary WIRTZ. Yes; We are moving very rapidly to improve these services.

PROGRAMS TO ELIMINATE POVERTY

Mr. FOGARTY. What is your definition of poverty?

Secretary WIRTZ. We have taken as a working definition a family situation, a situation in which the family income is \$3,000 a year or less. Wherever we have used it we have tried to be careful to indicate that there is no single sign of poverty; \$3,000 would obviously carry a single individual a considerable way through the year on a reasonable basis. To answer your question we have been using for purposes of discussion \$3,000 a year family income.

Mr. FOGARTY. What is the objective in the attempt to end poverty in this country as you know it, or as the President has set it forth.

Secretary WIRTZ. The President has indicated transmitting a message on this shortly and so I should like my answer on the record to be limited to that part of this situation with which I am most familiar. The objective as far as I am concerned is full employment. Poverty in my book is simply a lack of income and with the importance which can attach to a lot of other things—

ELIMINATION OF SLUMS

Mr. FOGARTY. I think we are all interested in trying to do something about it but, as I look at it, this is a tremendous undertaking. I think something should be done about it. We ought to make a start. I think a plan should be developed to eliminate all slums in the country. It seems to me the hard core of unemployed today has its start in the slum areas; that many of our people who are sick and handicapped were born in slum areas. Many of our unwed mothers come from slum areas. Many of the juvenile delinquents in the country have a problem that originated in the slum areas. Many of these basic problems go right back to the so-called slum area. I would think we should raze all the slums in the country and build new homes, new housing projects for all of these people and try to convince them all to go to school. That is what I mean by a start.

Secretary WIRTZ. I take exactly the same view. It is not just the urban slums.

Mr. FOGARTY. The point about going to school is good, but I think these two go together.

I am as convinced as you are, that unless our young people get a decent education they are not going to be able to compete for jobs.

POVERTY AN URBAN AND RURAL PROBLEM

Secretary WIRTZ. I would add one thing to what you have said: To the extent what you have said sounds in term of the urban problem I think we have got to take account of the fact that it is almost equally a rural and an urban problem and that you have got the rural counter-

part in the single shack someplace, the rural counterpart of the urban slum. About half of this poverty is there.

Mr. FOGARTY. Many Members of Congress do not agree with that statement. I tried to make the same point a few times on the floor and I was laughed down by some Members who live out in these rural areas.

Secretary WIRTZ. The evidence is becoming pretty clear. May I say this, if by my answer to the earlier question about education I left any misimpression on the comparative importance of the two, I would like to clear it up.

ROOTS OF POVERTY

I think the roots of poverty are unemployment and education and that the leadtime on education is about 5 to 10 years. We cannot wait that long. Therefore, I would move in on poverty through the employment route, the full employment route, most immediately, and the education at the same time, but recognizing that it has got a 5- or 10-year leadtime on it. I would agree completely.

Mr. FOGARTY. How are we going to get started unless we get these people out of the slum areas, rat-infested tenement houses, and give them a decent place to live?

EFFECT OF TAX CUT ON POVERTY

Secretary WIRTZ. I hope, Mr. Chairman, that with the tax bill, the private economy will pick up in its job production. I am sobered by the realization that in the last 5 years there has not been enough increase in the number of full-time jobs produced by the private economy. When I say that, you know from previous discussions that it is not as a basis for suggesting any other kind of program. It is a basis for suggesting the imperative need of doing anything that can be done to make the private economy produce that additional number of full-time jobs.

If that does not happen, then I think there has got to be a square facing up to the implications of your question, which I take it to be that there must be that cooperative community, and that means Government activity, about slums, et cetera, that you have suggested.

You will appreciate the fact that we are banking, and without qualification, right now on stimulating the private economy through the tax program with the hope that it will do what it needs to do to supply full employment. If it does not, I think we have got to face some other alternatives.

Mr. FOGARTY. I think we might as well face that right now.

Mr. LAIRD. Mr. Chairman, it seems to me that the Secretary is looking for the tax bill to take the administration through the next election period and I grant that this will have quite an effect as far as a temporary shot in the arm is concerned, but I think you have to look beyond the 1964 election. It seems every time when we talk to the witnesses from the administration, they put all their reliance on this tax bill. It just seems to me that we are putting too many eggs in one basket. What is your comment on that, Mr. Secretary?

Secretary WIRTZ. I am not sure how much comment I have, Mr. Laird. The comment would be constructive only in terms of—

ALTERNATIVES TO TAX BILL

Mr. LAIRD. What you say is geared to this tax bill.

Secretary WIRTZ. To this alternative. If the alternative is Federal spending of one kind or another, we have taken our position for better or for worse right clearly on that. I do not mean to fudge that position one single bit, not a single bit. Therefore, I do not mean to say anything that could even be misinterpreted as supporting an enlarged Federal expenditure program. You know how hard we have been pressed, as matters of housekeeping and everything else, and I subscribe to that program completely, so that whatever extent the alternatives would involve that, I do not propose them.

TRAINING PROGRAM

Short of that, there are these things that can be done which I think come very close to it. I count a training program almost an employment program. For the period of the program it does fulfill the function of an employment program and if it can move into an on-the-job training program and then into employment, then I think it is entitled to consideration in those terms.

Mr. LAIRD. I think that is more important than the tax program, myself.

Secretary WIRTZ. The two seem to me have to come together. I spent Monday of this week in Chicago looking at these two projects. One was a bunch of girls taking typing and shorthand, et cetera, the other was a bunch of boys on filling station operation and automotive mechanics. They are the hard cases. Those things are great success stories right now. They would permit my saying, "Yes, I agree with you, that that is of vital importance and has to be done," but if at the end of that program there are no jobs to send those boys into who are taking this filling station and automotive mechanic work now we are going to be worse than we were when we started. They are going to be completely fed up. I agree that this program is absolutely essential. I agree, or I feel that it is equally essential that at the end of that program there be jobs for them. I hope they come from the private economy.

Mr. FOGARTY. Some of these questions I have asked about poverty may be a little premature.

Secretary WIRTZ. No.

Mr. FOGARTY. Because the President is sending up his message maybe next week or the week after; soon, I understand, but these are basic questions that we have asked about before. This is nothing new, it is just that the word "poverty" has been used in the last 2 or 3 months a great deal.

Secretary WIRTZ. I agree.

FEDERAL EXPENDITURES TO ELIMINATE POVERTY

Mr. FOGARTY. But if we eliminate poverty we are going to be dealing in Federal expenditures not in the millions but in the billions, just in those areas, of slum clearance and education. It isn't going to be a question of millions. It is going to be a question of billions, if we are going to do the job and do it right.

Secretary WIRTZ. I do not consider the questions premature or in any way improper because they are as you state problems that we have been coping with.

Mr. FOGARTY. However, it will probably be a very controversial subject, too, as to how far we are going to go, how far we should go, and what it is going to cost. I think we ought to get facts and find out about how big a problem it is and how much it is going to cost and face up to it. I do not see any full employment the way we are going now.

DEPARTMENT'S ROLE IN MEDIATION AND CONCILIATION

Are you people in the Department of Labor getting into the area of mediation and conciliation any deeper than you were? Some people in the mediation and conciliation field seem to feel you are assuming some of their responsibilities.

Secretary WIRTZ. I think it has probably been the best year we have had yet in terms of minimizing any questions of that kind. I think that there has been no case this year in which there has been that feeling. It did come up in connection with the issuance of my executive order for the setting up of the new Labor Management Services Administration within the Department. There was language in that order which Mr. Simkin or some of his associates thought presented the possibility of misunderstanding as far as outsiders were concerned. We got together in a meeting about that. It eliminated any misunderstanding of that. I believe Mr. Simkin would answer as I do, at least I would make the same statement if he were here that there has been, there is as of now, no—either duplication or conflict with respect to the carrying on of these functions. That is very largely because we do almost none of it.

Mr. LAIRD. I think he was a little concerned about your getting into the hot dog vendors case.

Secretary WIRTZ. So was I.

DEFENSE MOBILIZATION ACTIVITIES

Mr. FOGARTY. Mr. Secretary, I have taken up too much time already, but is there any money in this request before the committee for civil defense or defense mobilization activities?

Mr. HUDSON. No, sir.

PARTICIPATION IN INTERDEPARTMENTAL COMMITTEES

Mr. FOGARTY. Will you place in the record a statement showing each of the Presidential and interdepartmental committees, commissions, et cetera, that you help support showing the amount used in 1963 and estimates for 1964 and 1965 with an indication of the appropriation from which these funds are taken in each case. I think we asked you for that last year, too.

Secretary WIRTZ. We will do that.

(The information requested follows:)

Committee to which Department of Labor contributes

| Committee | 1963 | | 1964 | | 1965 | |
|---|----------|----------|----------|-----------|----------|----------|
| | Amount | Paid by— | Amount | Paid by— | Amount | Paid by— |
| President's Committee on Juvenile Delinquency. | \$45,000 | MDTA... | \$45,000 | MDTA..... | \$45,000 | MDTA |
| President's Committee on Youth Employment. | 32,000 | D/W..... | 32,000 | MDTA..... | 32,000 | MDTA |
| Federal Radiation Council..... | 8,000 | D/W..... | 23,000 | LSB—W—H | 23,000 | LSB |
| President's Council on Youth Fitness. | 15,000 | MDTA... | 15,000 | MDTA..... | 15,000 | MDTA |
| President's Committee on Equal Employment Opportunity. | 35,000 | MDTA... | 40,000 | MDTA..... | 40,000 | MDTA |
| President's Committee on the Arts | ----- | ----- | 5,500 | D/W..... | 5,500 | SEC |
| President's Committee on Status of Women and Citizens Advisory Council. | ----- | ----- | 3,400 | D/W..... | 3,400 | WB |

INTERNATIONAL LABOR AFFAIRS ESTIMATE

Mr. FOGARTY. I notice you were pretty rough on some of the original estimates of some of your bureaus. I thought the Bureau of International Labor Affairs, especially with the Alliance for Progress, was really coming into its own next year, but you cut them quite a bit. They asked for 21 new positions and you just said no to every one of them. You didn't give them one additional position. Hasn't that been working out so good, or what?

(NOTE.—See p. 238 for table used as the basis for the following discussion.)

Secretary WIRTZ. Yes, sir, Mr. Chairman. Every one of those was looked at and we frankly just felt that the circumstances did not warrant increasing the staff.

Mr. FOGARTY. I thought these increases were to help in this Alliance for Progress program in South and Central America, that this is where these people could do the most good. I thought that was some of the testimony developed last year.

Secretary WIRTZ. The Bureau to which you refer has increased as far as appropriations are concerned by 73 percent over the last 3 years. It has been, as you know from my previous testimony, an area of very great personal interest.

Mr. FOGARTY. That is why I am surprised you did not allow one additional position.

Secretary WIRTZ. It is simply a matter of feeling that the growth rate is high enough. I do not mean, Mr. Chairman, that if there were unlimited funds available I wouldn't put some more into that. Of course, I would. There are not unlimited funds. We appreciate it on that basis. I think this is a responsible decision.

MANPOWER DEVELOPMENT TRAINING ESTIMATE

Mr. FOGARTY. The Manpower Development Training people asked you for 172 more jobs and you didn't allow one.

Secretary WIRTZ. We had in mind the injunction of the Congress last year that we should try to cut back.

Mr. FOGARTY. 172 jobs is a big cut, is it not?

Secretary WIRTZ. Yes. But you will remember that our attention was directed in the committee report last year to the desirability of trying to tighten up in that operation as much as possible.

BUREAU FOR APPRENTICESHIP

Mr. FOGARTY. And in the Bureau of Apprenticeship, you hit them rather hard. They asked for 101 jobs and you did not give them any. Then the President cut them back seven more. They really got hit pretty hard. We have always thought that was one of the best programs in the Department of Labor, the apprenticeship and training program. It had the support of both labor and management. They asked for 101 more positions. They ended up with seven less than they have this year. What happened there?

Secretary WIRTZ. Just, again, a feeling that this is responsible. I do not mean to make any bones about the fact—

Mr. FOGARTY. This really helps unemployment, doesn't it?

Secretary WIRTZ. I think we have got to find better—you mean the apprenticeship program helps unemployment?

Mr. FOGARTY. Yes.

Secretary WIRTZ. Yes, sir; without any question.

Mr. FOGARTY. Why did you cut them back?

Secretary WIRTZ. I do not mean to be disingenuous, or ingenuous, whatever it is. We feel among other things it is part of a program initiated by the President, which has my complete support and which proceeds on the basis that the organization of the Government, like any other organization, probably has a tendency to sprawl and that we ought to do whatever is necessary to counteract that. We took none of these steps without checking as thoroughly as we could the individual cases involved to see if we could limit the sprawl some. I am frank to say that I think that this much tightening up will give us a leaner, sparer, stronger, more muscular organization than we had before.

Mr. FOGARTY. I think in some cases you may be right, but I think you are entirely wrong as far as the Bureau of Apprenticeship and Training is concerned.

When they cut them seven positions below what they have in the present year, that is a step backward, I think, in this overall fight on unemployment.

WOMEN'S BUREAU

Now, in the Women's Bureau, what did you do to them?

Secretary WIRTZ. They came in with—

Mr. FOGARTY. They asked for 109 positions and you cut them back to 84.

Secretary WIRTZ. Which is what they had before, I think.

Mr. LAIRD. The President took another whack at them.

Mr. FOGARTY. I thought since the establishment of these committees on the status of women that this was one that might grow a little bit this year.

The President wants to cut them back below what they had this year, about nine positions. If this committee ever did that, we would never have heard the end of it.

Secretary WIRTZ. If there is another millstone between which I would not like to be placed, the President of the United States would be one of those stones, and you would be the other, but I am here with no reservations as far as the responsibility of these proposals are concerned.

Mr. FOGARTY. Do you think the Women's Bureau can get along with this cut?

Secretary WIRTZ. Yes, sir.

Mr. FOGARTY. You do?

Secretary WIRTZ. Yes, sir.

WAGE AND HOUR DIVISION

Mr. FOGARTY. In the Wage and Hour Division, this is what I cannot understand: In the last 7 or 8 years you people have been cutting the requests back—not you, but your predecessors—almost every year. I think this is one of the most important divisions in the Department of Labor, especially with these changes you talk about in the minimum wage law that are going into effect. They asked for 2,267 and you cut them back almost 400 jobs.

Secretary WIRTZ. Below their request.

Mr. FOGARTY. Yes.

Secretary WIRTZ. Yes, sir.

Mr. FOGARTY. That is a tremendous cut. How are you going to enforce the wage and hour laws?

Secretary WIRTZ. I would say this with respect to the point that you make on Wage and Hour: There would be a more direct, tangible relationship between number of people and work actually performed here than in almost any other program we are talking about. It is true there is almost a direct relationship between the number of people employed, the number of inspections made. I would not argue that for a minute. We have done this in general.

Mr. FOGARTY. They make money.

Secretary WIRTZ. That is correct. I would not argue here in the same way that I have in the other.

Mr. FOGARTY. This is false economy. They make money.

Secretary WIRTZ. That is not our only goal.

Mr. FOGARTY. This does not make sense to me, cutting back on the appropriation that makes money.

Secretary WIRTZ. In tangible terms I could not argue here as I would on others and I do not like, frankly, the position I place myself in in making the distinction because I suppose we ought to assume with respect to other programs that there are intangible benefits of a larger staff paralleling these.

Mr. FOGARTY. If we want economy, this is going the other way as far as the Wage and Hour Division is concerned.

OFFICE OF THE SECRETARY

What happened in your office? You only asked for 221.

Secretary WIRTZ. Our positions are seven less.

Mr. FOGARTY. You only asked for 221. They gave you 222.

Secretary WIRTZ. That is seven less than I have now.

Mr. FOGARTY. Yes; but it is one more than you asked for.

Secretary WIRTZ. If there is one more than I asked for, it should be changed, Mr. Chairman.

Mr. FOGARTY. What?

Secretary WIRTZ. If there is one more than I asked for, I would want to have it changed, as a matter of departmental relations, because

you realize it has not been an easy thing for me to do internally, to tighten up, and I had thought that in my own office I had set an example by taking seven less than I had last year.

Mr. FOGARTY. Eight less, as I read it, but then someone felt sorry for you and boosted your estimate.

Mr. HUDSON. This is a part of the transfer of jobs from the bureaus and reducing the bureau appropriations; in transferring these eight jobs into the Secretary's office and making a reduction of seven, a net increase of one resulted.

Mr. FOGARTY. Mr. Denton.

AUTOMATION AND EDUCATION

Mr. DENTON. I just want to ask a few questions.

You were in Evansville last week. You made a very good statement about education. You have spoken to a large extent here, to overcome automation there had to be either a war or some new industry coming along, and you felt that education should be the new industry. You said heretofore when a man dropped out of school it wasn't so serious, because there was work that he could do, but the machines have taken the place of the manual laborers and there is not a place for that man. Do you want to add to that statement that you made today and the one you made the other day in Evansville?

Secretary WIRTZ. I am quite sincere in saying that you have summarized it in this case and in doing so, have done it more effectively than I did, and have covered effectively the real heart of the point. I could only repeat it in this form, perhaps illuminating it in one statement: Right now machines have in general the equivalent of a high school education. You can do by machine most of what most people having no more than a high school education could do.

We also discussed the fact that the machines work at less than a living wage, and therefore they are going to get that kind of work, but really I can only—you have put the thought that was in my mind completely, that from here on out there is just nothing to do for people who don't have some kind of skills.

AUTOMATION AND UNEMPLOYMENT IN EUROPE

Mr. DENTON. Mr. Laird asked you this question. I had a note down to ask you the same thing. In your opinion—in Europe there has been more automation proportionally than there has been in this country. Nevertheless, you find practically no unemployment there. How do you account for that?

Secretary WIRTZ. In two ways: One, that they started from a much lower base than we did. You say there has been proportionately more. That is because they had proportionately so much less. They had so much room to move up. Then I said two ways. I would like to say the second is a candid answer. They have there in these European countries, undertaken a central decisionmaking, so that they have allocated their manpower and their machine power to those which are most needed. It is a planned society. I think everybody would probably agree that if we wanted to pay that price for it, we could put somebody in charge in this country who would immediately put everybody to work. We aren't willing to do that.

Mr. DENTON. Germany is bringing labor in from Spain and Italy.
 Secretary WIRTZ. That's right. If we did the things the chairman mentioned a few minutes ago, to clean out the slums in this country, build the schools, water supply, we would have a manpower shortage.
 Mr. DENTON. They have done a much better job in clearing slums than we have.

USE OF CENTRALIZED GOVERNMENT PLANNING

Secretary WIRTZ. Through the exercise of centralized governmental authority, and through the ravages of war, and that has not been an inconsiderable fact.

Mr. DENTON. Go through London. Where there used to be slums there is just one housing project after another now. Every place you go through they are building housing projects where there were slums.

Secretary WIRTZ. That's right, the same thing in Japan.

EFFECT OF PROTECTIVE TARIFF POLICY ON EMPLOYMENT IN EUROPE

Mr. DENTON. I was on a committee in NATO that dealt with economics. They dealt with the question of coal. I am interested in coal because it is produced in the district I represent. We had some figures there that we could produce coal in the United States and ship it to most every place in Europe for about 80 percent of what they could produce it for.

Some of their seams and operating mines are probably economically not practical, yet they are operating them and they are bringing in mines. The reason your U.S. coal can't get in there is because of tariffs and quotas and other kinds of trade restrictions. Does that have anything to do with their unemployment?

Secretary WIRTZ. I don't believe their unemployment can be attributed to their tariff protective policies. They have helped, as of course they have helped in all countries, but my answer to you would be, Mr. Denton, that I think it is these other things more than it is their tariff policies.

APPRENTICESHIP TRAINING

Mr. DENTON. Talking about toolmakers, while you were in Evansville we went out to the school where they were teaching them to become machine operators. From there they went out to the plant and learned to be apprentice operators.

Secretary WIRTZ. There were two places.

Mr. DENTON. Yes.

It does fit in with the apprenticeship program. It did there very well.

Secretary WIRTZ. That was the picture I had in mind in suggesting earlier that probably in these public training programs we will do more the basic work and the more advanced—in the institutional programs—and the more advanced training will have to be on the job, most of it private, but I suppose conceivably some of it public.

Mr. DENTON. Of course they were working in apprenticeship training?

Secretary WIRTZ. Yes.

UNEMPLOYED OLDER WORKERS

Mr. DENTON. I want to ask a question about the older workers.

We made an investigation some years ago in which we gave the money to the Labor Department and the HEW to make a study of the unemployment of older workers. They brought back reports that were at least 2 or 3 feet high. We passed a bill the other day that provided that the Secretary of Labor was to make reports about the question of the unemployed older workers.

LAWS AGAINST DISCRIMINATION BASED ON AGE

I think we have just about investigated and reported enough. We have laws in a good many States that prohibit discrimination against people on account of age. That was brought up in the House of Representatives the other day. What do you think about those laws?

Secretary WIRTZ. We are very strongly in support of them. They have them now in 17 States, plus Puerto Rico. They have all been passed since 1954. They have them everywhere. Three of them were passed last year in 1963. What experience we have with them so far indicates they will be a considerable help.

Mr. DENTON. We had the amendment in the House of Representatives and I was surprised how many people wanted to make it an offense to discriminate against people because of age. Has there been any thought in the Department of making that a Federal law?

Secretary WIRTZ. Yes. There has not been a suggestion of a Federal statute. One of the recommendations of our Council on Aging to the President, which I presently have under consideration, is an Executive order which would establish it as a matter of policy that there should be no discrimination on the basis of age, and that would be with respect to Government employment and Government contractors, so my answer to your question is that there is a suggestion to do it by Executive order with respect to Government contractors, but there has not been a legislative proposal.

Mr. DENTON. I have had a bill in for a good many years modeled after the Massachusetts law. I never have been able to get a hearing on it or get much consideration of it. I was surprised how many people were for that when it was before the House last week.

DEFINITION OF POVERTY

You say a man with under \$3,000 income is in poverty status? Would you say a woman under \$3,000 is in poverty status?

Secretary WIRTZ. Yes.

Mr. DENTON. How much would it be for a single man?

Secretary WIRTZ. That would be difficult to answer. If he is sick it is not nearly enough.

Mr. DENTON. A single man would need more than half?

Secretary WIRTZ. Yes; for conversational purposes, \$2,000, let's say.

Mr. DENTON. Off the record.

(Discussion off the record.)

LAWS ON DISCRIMINATION AGAINST THE AGING

Mr. FOGARTY. Mr. Secretary, on the State laws you were talking about, I remember when Mr. Mitchell was Secretary we discussed the New York State law at length one day in the hearings. It was the judgment of most people who talked to him at that time that the New York State law had little effect on the employment of these older people.

Secretary WIRTZ. I think it is having more. I think the most frequent effect right now—

Mr. FOGARTY. You just can't legislate that.

Secretary WIRTZ. No. I was going to say I think the most effect right now is in connection with the collective-bargaining consideration working out some way when you move from one job to another you don't lose your job rights. That hits older workers harder than almost anything else.

Mr. FOGARTY. That is a big one.

Secretary WIRTZ. There is a lot of attention privately to handling the pension programs and even seniority on some basis which will cut down the effectiveness.

Mr. DENTON. The hearings showed Massachusetts had it before New York and the employment of older workers was much better in Massachusetts than New York, and New York did pass that law, notwithstanding Mitchell and the labor people in New York being against it. It is in effect there now.

Secretary WIRTZ. I spoke yesterday at the National Council of the Aging in Chicago and talked with them some outside the meeting about this very point. That group, which has been more effective than I think almost any other, has the feeling that although they can't measure it, the State laws have had a significant influence.

Mr. DENTON. I thought when I saw the vote in the House last week and many people from the South, and the many very conservative Members on the other side of the aisle all voted for it, it would have a good chance.

Mr. FOGARTY. Mr. Laird.

IMPORTANCE OF BLS STATISTICS ON UNEMPLOYMENT

Mr. LAIRD. Mr. Secretary, I would like to continue on a few of the questions that the chairman was asking you about with regard to this table which shows the requests of the various departments, your approvals, the President's approvals, and the final budget figure for fiscal year 1965.

First, in the Bureau of Labor Statistics, last year the House allowed more for the Bureau of Labor Statistics than the Senate would approve, but we were able to compromise this out in conference, and the Senate went quite some distance in meeting the figure which the House did approve for the Bureau of Labor Statistics.

Secretary WIRTZ. Yes.

Mr. LAIRD. The President will submit to us within the next few weeks a very detailed message on his proposed action program to combat poverty. This recommendation will set forth, I assume, the sum of \$15 billion that is in this current budget in the area of programs that combat poverty, current programs and increases recommended through new legislation which will be proposed.

The basis on which we draw up these programs really goes back to the figures that are developed to a large extent by the Bureau of Labor Statistics. In the breakdown of this particular budget we find that the Bureau of Labor Statistics is spending slightly over \$2 million to develop our unemployment figures in this country.

With so much resting on these figures, it seems to me that we must give a greater emphasis to the collection of this information so that the statistics cannot be subject to dispute and question.

It seems to me that they are subject to question. On every one of the congressional committees that have studied these matters, you have people disagreeing about the figures here in the United States as compared with Europe and the figures in the United States as compared with Japan. I am for the Bureau of Labor Statistics having enough funds to do their job right. I don't believe it is sound, if we are serious about this poverty program, to cut down on the agency that has the responsibility for developing this very basic, vital information on which this whole program rests.

I can see \$15 billion up here on the top and narrowing down to a very small point, resting on a little over \$2 million for the information on which we are basing this whole program. I don't think that is sound. What is your comment?

Secretary WIRTZ. I have a substantial confidence in the figure as it now stands. We have been fully aware of the fact that there could be a broader check base for that unemployment figure and that it could be prepared in some different ways. The recommendations of that 1961 committee will have been substantially carried out if this appropriation is approved.

There are other programs, frankly, which I would put ahead of an increase in the appropriation for the unemployment figure. I would like, for example, to know more about job vacancies, have a real job vacancy inventory.

Mr. LAIRD. Don't you think we need to know more about our unemployment?

Secretary WIRTZ. Again, as a matter of perfection, of ideal, the answer would be yes. As a matter of the rationing, of limited public funds, no.

Mr. LAIRD. I am going to propose an increase in this particular area because there is so much riding on these figures.

Secretary WIRTZ. Surely.

Mr. LAIRD. In the President's state of the Union message they are referred to many times. You have indicated that the tax bill will probably reduce the unemployment figures for a period of the next 7 to 9 months after the bill is passed. We ought to have the statistics to analyze this.

I personally feel these figures next January, February, and March, as we go into the new calendar year, 1965, are going to be the subject of one of the greatest disputes that we have ever seen in the area and the Department of Labor will have to face up to it. When you are talking now about the decline in unemployment during the remaining portion of this calendar year, I think you will have to admit that those figures are likely to be going up and the percentage figures will be going up in 1965. The Department of Labor is going to have to be ready to face some very severe questioning, because I think they are going to have trouble defending some of these figures because of

the rosy projections that have been made and I want the Department of Labor figures to be right.

Secretary WIRTZ. I know.

Mr. LAIRD. You can say that this isn't a priority item now because the situation is going to be improving, but I think you will have to admit that it isn't going to be improving as we go into 1965.

Secretary WIRTZ. I would be, not just slightly, but very seriously interested in and concerned about any feeling you have about the vulnerability of those figures, because I think they are quite solid, quite substantial figures.

QUESTIONS REGARDING UNEMPLOYMENT FIGURES

Mr. LAIRD. People are beginning to question the large number of 14- and 15-year-olds in these figures.

Secretary WIRTZ. They are questioning the fact that they are there?

Mr. LAIRD. The numbers of them. They are also beginning to question the figures so far as married women are concerned. Many of these women are women who go into the labor market for a particular purpose, for 3 or 4 months. Yet they show up in these unemployment figures when they didn't intend to work more than 3 or 4 months.

These questions are being asked. I think these figures will be subjected to questioning a great deal more in 1965.

This budget covers part of the period when you will start showing an increase in the unemployment figures. At the beginning of the period of this budget you will start showing a decrease, but the remaining portion of this budget will show an increase. Even the projections of the Bureau of Labor Statistics now show that will be the case. Is that correct?

Secretary WIRTZ. There is that possibility. I honestly don't know what will happen after the first of the year.

Mr. LAIRD. But you think there is that possibility?

Secretary WIRTZ. That is right.

Mr. LAIRD. Certainly the projections show they will probably start going up. I can understand why during the period when the figures are going down there is not as much interest, but once you start building up, say to 6, 7, 8 percent, people start paying more attention to it. Is that the history?

Secretary WIRTZ. Yes, but I think what you mention are matters of interpretation rather than matters of the validity of the figures. There is real argument as to what weight should be given an unemployed 14-year-old.

Mr. LAIRD. I don't want to go into detail with you, Mr. Secretary. I intend to go into this later.

When I look at this budget and I see that the overall budget is putting more and more emphasis on combating this unemployment problem, then when I see how little is actually expended upon the development of the figures on which we are waging this so-called war on poverty, it just does not seem to me that that is the way you should be running this business.

Secretary WIRTZ. I cannot bring much vigor to the argument on the other side.

WAGE AND HOUR DIVISION

Mr. LAIRD. I am a little surprised at some of the other actions on this budget, too. For instance, the Wage and Hour Division, which has been given new responsibilities this year, such as the equal pay for women bill which I happened to support in the last session. This committee always has been very generous with the Wage and Hour Division. I cannot recall a single case in recent years when we have made reductions in the Wage and Hour Division from the number of employees that were requested by the Division, and I cannot recall a single time when the Department has made such a drastic reduction in the requests of that Division. As you know, Mr. Secretary, we recently had a change in the minimum wage provision for all covered employees which has been in effect for a very short period of time. Also we have assigned this new equal pay for women responsibility to this Division. I want to be assured that this responsibility can be adequately carried out by the Wage and Hour Division under the terms of this budget as presented.

Secretary WIRTZ. I would give you that assurance. To the best of my judgment the figures suggested do permit the responsible discharge of that function.

REDUCTION IN THE WOMEN'S BUREAU

Mr. LAIRD. Mr. Secretary, we have heard a lot of talk about the increased role we want to give to women in Government, women in industry, and women in business.

I read an interesting article that the President was conducting a survey all over the United States. This is reported in the local paper. He wanted to find 50 women to put into responsible jobs in Government. The Women's Bureau has been carrying on this type of activity for a long period of time, not only encouraging industry but encouraging Government to give proper consideration to women in employment.

I see that the Women's Bureau came up with a modest request for some 109 employees to help with the discharge of their responsibility. I note you felt it was necessary to reduce their level of employment to this year's figure, not hire any new employees in keeping with the feeling of the President, I assume, that employment levels would be held to no more than this year's level. I understand how you have to make such decisions.

I cannot understand, however, why the President would come along and reduce this figure for the Women's Bureau by another 10 percent at the very time that he is putting out press releases throughout this country to encourage women to have a proper role in employment. The Women's Bureau is the only agency of the Government which has been assigned this sole responsibility by the Congress, and here the President is trying to reduce the level of activity of the Women's Bureau in fiscal year 1965.

Can you give me a justification for the President's actions?

Secretary WIRTZ. Yes, sir; the President's action is based solely and completely on my recommendation. My recommendation is based on the distribution of responsibilities throughout the Department, on the fact that the interest of the Women's Bureau is not wholly separate

and apart from the concerns of a number of the others; that a great many of our programs reflect the increased concern about the position of women, that specifically the matter of the equal pay for equal work involves programs in the Wage and Hour Division, in the Solicitor's Office, in others, and it is in a sense true, Mr. Laird, that the diminution in that office is related to the increasing integration of the women's programs with the broader programs of the Labor Department.

Mr. FOGARTY. Mr. Laird makes a good point regarding the Women's Bureau. I remember Mr. Keefe 17 or 18 years ago said we cannot afford to cut back the Women's Bureau by one position. Now the President cuts it back by seven. This is something which never before has happened.

Was not the Chief of this Bureau made an Assistant Secretary?

Secretary WIRTZ. She has been made a special assistant. Esther Peterson is Assistant Secretary of Labor. She is also filling the role of Director of the Women's Bureau in effect. She is also special assistant to the President.

Mr. LAIRD. So much for the Women's Bureau, Mr. Secretary. I wanted the record to show someone else took that responsibility. I am sure we would not want to take the responsibility for that kind of cut. We always thought the Women's Bureau was a very important function of the Department of Labor.

Mr. FOGARTY. There is no slackening off of employment of women, is there?

Secretary WIRTZ. Employment last year went up by almost a million jobs in this country. Nearly 60 percent went to women.

DEPARTMENTAL CONTROL OF GRANTS TO STATES FOR EMPLOYMENT SECURITY

Mr. LAIRD. Our surveys and investigations staff was directed by this committee to make a study of the employment service and unemployment compensation activities funded by the Department of Labor.

In the report of the investigators there was this statement, and I quote:

An official of the Department of Labor advised that the Department's participation in the preparation and presentation of the BES budget consisted primarily of the defining of broad objectives on a national basis and of assuring that the budget as reported gives due consideration to these objectives.

It further states that the Department exercises no control over allocation and spending by individual States.

The Department further advised our investigators, "The responsibility for administration of the program and funds is delegated to and must rest with BES."

It is noted that the Bureau of the Budget has no control over allocations or control over the rate of obligations of allocations on the part of the States. I intend to go into this with Mr. Goodwin at some length.

RELATIONSHIP BETWEEN DEPARTMENT AND BUREAU OF EMPLOYMENT
SECURITY

What I would like to know from you, Mr. Secretary, is whether this is a correct evaluation of the relationships between BES and the Department of Labor.

Secretary WIRTZ. I know about the fact of the investigation. I have not seen the report and I have wondered whether I could be of any value or service to the committee in looking at the report or parts of it which you might consider relevant.

I am not in a very good position to evaluate the reliability of particular statements of the kind you just read. I am surprised at the statements that you just read to me now, but I would not be prepared to say that in their context they were improper.

I will be glad to look at the report if you consider there will be value in that. I hesitate to comment on just isolated statements from it.

Mr. LAIRD. What I wanted to develop here is what the relationship is between the Department of Labor and BES. I intend to direct further questions as to the allocation of State grants and control over expenditures to Mr. Goodwin when he comes here.

Secretary WIRTZ. As between the Department and the Bureau?

Mr. LAIRD. Yes, and between BES and the States. I will get into the fiscal details with him.

Secretary WIRTZ. Yes.

Mr. LAIRD. I see the report indicates there is not much of a control between the Department of Labor and BES.

Secretary WIRTZ. I should not have said that was correct. To whatever extent it is correct it is wrong and I would be very much interested in whatever indication there would be from the report conducted under circumstances which we respect completely. I would be very much interested in a suggestion of that kind, the kind of thing perhaps hardest for us to see. We are so close to it.

I said each year we realize the necessity of building a closely knit department where before there was a loose confederacy. That kind of matter is very much on our minds.

There is no control, although I should not have used that word.

I have the feeling there is the exercise of sufficient responsibility by the Department, particularly through the Office of the Under Secretary, over the program of the BES, and that is much more real today than it was a year ago because of this manpower administration we have set up. That was very much part of the reason for it.

I feel there was that degree of administrative responsibility, but I am answering at length because I am thoroughly aware of the fact that the possibility is that there is room for improvement on that.

DEPARTMENT AND STATE REPORTS ON ACTIVITIES TO INFLUENCE
FEDERAL LEGISLATION

Mr. LAIRD. Mr. Secretary, back in the report of this committee in 1956—and I bring this up because this was also in the investigation report—it went back to the committee's report of 1956 in which the Department was directed to gather certain information from the States designed to show the extent of any State activities in influencing congressional legislation. You also might or might not be aware that in

fiscal year 1956 the Senate Appropriations Subcommittee directed the Department to file certain reports concerning its activities, I mean the Department's activities.

Secretary WIRTZ. Yes.

Mr. LAIRD. The report indicates that for the past few years the Department has been calling upon the States to furnish this information to the Department for the purpose of their supplying to our committee information involved.

The report also indicates that the Department has not honored the directive of the Senate Appropriations Subcommittee with respect to the activities of the Department itself in this field. I wondered if this was something you were aware of.

Secretary WIRTZ. I don't know what the suggestion means. Are you talking about the recent report by the subcommittee staff?

Mr. LAIRD. Yes.

The Bureau of Employment Security is getting figures on the amounts expended in the States for State activities in the area of influencing congressional legislation.

I have never seen the figures that the report alludes to insofar as the Department itself is concerned.

Secretary WIRTZ. No, I would have no identifiable figure. I am not sure one could be obtained.

Mr. LAIRD. You are requesting that from the States. I just wonder if it is a good thing to continue to request or not.

Secretary WIRTZ. I see what you mean. I missed the point.

Mr. LAIRD. I am trying to figure out why you require the States to do it and yet you do not follow through in compliance with the Senate report so far as your Department is concerned.

Secretary WIRTZ. Without answering in terms of following through on the report so far as the Senate is concerned, because I just do not know about that, I now appreciate the question where I did not before, and do not propose to be the least bit timid about the answer to it.

To the extent that the interstate conference has set itself up and has convened meetings and has prepared legislative programs of one kind or another which have involved the expenditure of these funds for trips to Washington, for meetings here, for letterwriting campaigns of one kind or another, I think it is wrong. I just think it is plain wrong. I do not think that is an appropriate use of funds.

I think that this problem of the relationship between the interstate conference and the Department is so much better now than it was 2 years ago that I would not have brought up the matter.

Mr. LAIRD. I have heard that this was asked for by the labor unions in 1956.

Secretary WIRTZ. The union?

Mr. LAIRD. I have heard that they were the ones who really influenced the committee to include that particular section in the report.

Secretary WIRTZ. I didn't know they were behind it in 1956.

I think of this problem in terms of the experience I had with it when the Trade Expansion Act was up before the Congress last year. I found there was a meeting of the interstate conference executive committee convened for the purpose of taking a position on the Trade Expansion Act, brought in here to Washington at Government funds, convened in the Department of Labor for this conference. I thought that was wrong, and I think when they get to that point they step outside appropriate bounds.

I say, again, I also have the feeling that this situation is improving with maturing experience and I should not have raised a question about it.

Mr. LAIRD. Let me hand you for your own information if you want to enlarge upon it a copy of the House report and the Senate report. Secretary WIRTZ. 1956?

Mr. LAIRD. Yes. Perhaps you would like to enlarge upon this.

Secretary WIRTZ. You would like my comment on the degree to which the Department as a Department today satisfies the request made under the 1956—

Mr. LAIRD. Is it necessarily needed now? I realize you are still asking for this information from the States.

Secretary WIRTZ. I understand now.

Mr. LAIRD. You are not supplying the information insofar as the Department is concerned. Is there a need for both of these at the present time? That is all I want.

Secretary WIRTZ. Very good.

(The requested material follows:)

ANNUAL REPORT OF TRAVEL BY STATE EMPLOYMENT SECURITY ADMINISTRATORS TO WASHINGTON, D.C.

The requirement of an annual report of travel by State employment security administrators to Washington, D.C., originated with this committee. I would therefore defer to the judgment of this committee as to whether the report is now needed. I would point out that the report has not revealed any significant misuses of Federal funds in connection with Federal legislative activity although it may have had a deterrent effect. I do not think it is necessary to continue this reporting.

In order that the committee may be fully informed concerning the origin of this report, I am attaching a statement which outlines its history. I believe it appropriate to indicate that the widespread consideration generated by the committee's interest in this subject had a salutary effect by reemphasizing the proper concern of the committee, the Department, and the State administrators in the use of Federal funds to influence Federal legislation.

HISTORY OF REQUIRED REPORT ON ACTIVITIES TO INFLUENCE LEGISLATION

1. House Report No. 228, 84th Congress, 1st session, on 1956 appropriation bill. The House Appropriations Committee expressed concern over alleged lobbying by State employment security administrators and requested an annual report of specified interstate travel performed by State employment security administrators:

(1) First report by May 30, 1955, covering travel performed in calendar year 1954.

(2) Thereafter, a report by January 31 of each year covering the preceding calendar year.

2. House Report No. 228, 84th Congress, 2d session, on 1957 appropriation bill. The House Appropriations Committee noted that it had asked its investigators to review the legislation activities of the Interstate Conference of Employment Security Agencies. It noted further that it "does not believe that Federal funds should be used for developing propaganda or attending gatherings for the purpose of influencing Congress in the formulation of legislation." The committee suggested that the Department send its policy on the use of granted funds for legislative and lobbying purposes to administrators at least once annually and that steps should be taken to insure a more current postauditing of expenditures by State employment security agencies. The committee gave the Department a copy of the report of its surveys and investigations staff, and asked for a report at the next hearing on actions taken on the recommendations contained in the report, our reasons for disagreeing with those recommendations which we did not accept, and our opinion of the value of the report.

3. During the year of 1956 the Department carefully reviewed the report of the committee's surveys and investigation staff. During the same year, the Federal Advisory Council reviewed the relationships of the Bureau and the

interstate conference of employment security agencies. The Bureau, in consultation with the interstate conference of employment security agencies and the Federal Advisory Council, developed a revised standard governing the use of granted funds for Federal legislative activity. The Bureau also adopted a fiscal standard which incorporated this committee's requirement for an annual report of travel by State administrators to Washington.

The Department's actions on the recommendation of your surveys and investigations staff were reported to your chairman in a letter dated February 6, 1957. I am attaching a copy of that letter, of the revised standard on use of granted funds for Federal legislative activity, and of the fiscal standard on the report of travel.

HOUSE REPORT NO. 217, 85TH CONGRESS, 1ST SESSION, ON THE 1955 APPROPRIATION BILL

The committee referred to its request for an annual report of interstate travel by State employment security administrators and noted that the Department had issued regulations requiring an annual report of travel to Washington, D.C., by such administrators. It noted further that the standard would be called to the attention of State employment security administrators each year. The committee noted, finally, that the revised standards "more nearly meet the point which the committee had in mind. Consequently, it will no longer be necessary for the Department to make the report requested in the committee's report on the 1956 appropriation bill."

Hon. JOHN E. FOGARTY,
Chairman, Subcommittee on Labor-HEW,
Committee on Appropriations,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN FOGARTY: During our hearing last year, you gave me a copy of the report of the surveys and investigations staff of the House Committee on Appropriations covering certain activities under the jurisdiction of the Bureau of Employment Security and certain activities of the interstate conference of employment security agencies. You asked me to advise you at our next hearing of the actions taken on the recommendations contained in the report, our reasons for disagreeing with those recommendations which we did not accept, and our opinion of the value of the report.

In this letter I shall summarize our actions on the recommendations concerning the activities of the interstate conference of employment security agencies. I shall state the recommendations in the order in which they were given in the report.

1. *That Bureau of Employment Security annually reiterate its policy on the use of grant funds to ICESA and State administrators of the employment security program.*—The Bureau has accepted this recommendation. During the past year, the Bureau incorporated its policy on the use of granted funds for Federal legislative activity in a fiscal standard which is now included in the Bureau's official Employment Security Manual. The policy in the standard contains the unanimous recommendations of the Federal Advisory Council, which on October 3 last year unanimously adopted a report on Bureau relations with the interstate conference, after an exhaustive study.

The Bureau has also adopted and placed in its official manual a fiscal standard which requires an annual report of trips by State administrators to Washington, D.C. This requirement is also in accord with a recommendation of the Federal Advisory Council.

Before taking these actions, the Bureau distributed its proposed standards to all State employment security administrators for comment. We also discussed them with the executive committee of the interstate conference.

These standards were officially distributed to State employment security administrators in December 1956. They will be distributed on the same date in future years. In addition, we propose to send the standards to each newly appointed State employment security administrator.

We believe that these standards, together with our postaudit program, provide a sound basis for controlling the use of granted funds for Federal legislative activity.

2. *That BES insist on full participation of a BES consultant in meetings of the legislative committee of ICESA.*—The Bureau believes that sound Federal-State

relations require consultation between Federal and State employment security administrators on Federal legislative proposals. The Bureau will continue its practice of consulting with the States on its proposals. The Bureau reserves the right, however, to make its own decisions, and to make them within its own organization.

We believe that full and free consultation between the interstate conference of employment security agencies and the Bureau on Interstate Conference Federal legislative proposals would be mutually advantageous. The interstate conference should, however, have the right to make its decisions with only its own members present.

We do not believe it desirable for the Bureau to "insist on full participation" in meetings of conference committees which deal with Federal legislative matters. If the advantages of having access to all available information on a given question and of a free discussion of all points of view are not sufficient to cause conference committees to invite full Bureau participation, we do not believe that Bureau insistence would produce fruitful results.

3. *That BES confer with ICESA and institute appropriate controls on ICESA's correspondence and communications to prevent misuse of grant funds.*—The Bureau policy on use of granted funds for Federal legislative activities, as described under recommendation No. 1, covers communications. I think that this policy, together with our postaudit program, provides an adequate control over communications.

4. *That BES immediately inquire into any known deviations from its policy as to the use of grant funds and take immediate corrective measures to prevent recurrence.*—The Bureau has reviewed all known deviations from its policy on the use of granted funds and is now presenting them to the States concerned for settlement. Some of the known deviations are difficult to resolve because at the time the deviation occurred Bureau policy had not been incorporated into the official Employment Security Manual. We believe that for the future appropriate corrective action has been taken by the issuance of the Bureau policy. We believe that the publication of the policy will minimize future deviations and, if deviations do occur, will provide the basis for prompt corrective action by the Bureau.

5. *That BES advise ICESA of deviations of its members in this regard and request recommendations from the ICESA for remedial action to be taken.*—As was indicated under recommendation No. 1, the Bureau consulted with the ICESA on its proposed standards for controlling the use of granted funds for Federal legislative activity. The Bureau believes that the enforcement of these standards is a responsibility of the Bureau.

I believe that the report of your Surveys and Investigations staff has been helpful both to the Bureau and the State employment security agencies. The report provided the basis for the thorough study required to resolve a very difficult problem. I hope that you will agree that the actions we have taken constitute a reasonable solution of this problem.

Sincerely yours,

ROBERT C. GOODWIN, *Director.*

EMPLOYMENT SECURITY MANUAL

PART IV—FISCAL MANAGEMENT—1200

EXPENDITURE OF FUNDS—1,000-2,999, DECEMBER 21, 1956

1200-1209 Use of Granted Funds for Federal Legislative Activity

1200 Standard

A. Granted funds may be used to pay the expenses of the following activities, if not inconsistent with applicable State law:

1. Official contact by a State administrator or other duly authorized representative of a State employment security agency to present the views of his State to Members of Congress representing the State in which the agency is located, whether such contact is by request of a Member from that State or is initiated by the agency, and whether such contact is by letter, by telephone, by telegraph, or in person.

2. Official contact by a State administrator or other duly authorized representative of a State employment security agency to present the views of his State to any other Member of Congress at the request of such Member, whether such contact is by letter, by telephone, by telegraph, or in person.

3. Official appearances by a State administrator or other duty authorized representative of a State employment security agency to present the views of his State before a committee of the Congress, if there is a public hearing or if his request has been granted for an appearance before the committee at other than a public hearing.

4. Official communication by a State administrator or other duly authorized representative of a State employment security agency, when acting in the capacity of a representative of other State employment security agencies through the Interstate Conference of Employment Security Agencies or otherwise, to arrange for the introduction of legislation by a Member of Congress in either House, and official appearances in such capacity before a committee of the Congress, provided: (1) that such individual has authorization from such other States to represent them, through a specific authorization from such States, through a resolution adopted at the annual meeting of the interstate conference, or through an interim poll of the States by the interstate conference; (2) that such individual indicates the existence of any known minority views by one or more States; and (3) that, in the case of an appearance before a committee of Congress, there is a public hearing or his request has been granted for an appearance before the committee at other than a public hearing.

B. Granted funds may not be used for:

1. Activities which are in violation of paragraph A.

2. The purpose of attempting to prompt any other State agency or any other person or organization to solicit or attempt to influence Members of Congress regarding pending or prospective legislation. Subject to the limitations imposed by this paragraph: (1) the Interstate Conference of Employment Security Agencies, through its officers and committees, may prepare and distribute to its member agencies descriptions, analyses, and evaluations of any pending or prospective Federal legislation affecting the employment security program; and (2) any State employment security administrator may prepare and present or distribute similar material to interested groups and individuals in his State or to other State employment security administrators.

7001¹ D. Report on travel by the administrative head of the State agency

Each State agency shall furnish a calendar-year report showing each trip to Washington made during the year by its administrative head (whose out-of-State travel does not require prior Bureau approval under section 2000 E), if the expense of the trip was paid in whole or in part from granted funds.

1. The report will show the specific purpose of each trip, the dates of departure and return, and the total cost charged to granted funds.

2. The report will be submitted by January 15 immediately following the end of each calendar year.

3. No trip need be included in this report if (a) an Interstate Conference Form 3, Report of Interstate Conference Travel Costs, covering the trip has been submitted to the conference secretary and is available to the Bureau of Employment Security; or (b) the trip was made at the request of, or for the purpose of, conferring with the Bureau of Employment Security.

4. If no reportable trip was made to Washington, D.C., during a calendar year, a report will be submitted with the entry "No reportable trip made to Washington, D.C., by the administrative head of the agency." If some of the trips are excluded from the reporting requirement, this fact should be noted on the report form following the list of reportable trips.

ADMINISTRATION OF A FAIR EMPLOYMENT PRACTICE ACT

Mr. LAIRD. Mr. Secretary, I notice that Senator Humphrey, in introducing his Fair Employment Practice Act, puts the responsibility in the Department of Labor. We here in the House recently passed a bill which is now going to be considered in the Senate perhaps in the month of March which does not follow this recommendation.

I personally am rather interested in this because I think it has a substantial influence on the Department of Labor's budget—not necessarily in 1965 but in 1966 and into the future.

¹ Revises secs. 7001 and 7003 as issued Dec. 21, 1956.

Do you think that the Department of Labor could administer this law better than the proposal which is passed by the House?

Secretary WIRTZ. If you would feel that the question should be answered in that form my answer would be no, I do not feel it can be administered better.

If I may expand on the answer just a little bit. I would feel quite completely that the bill as passed by the House represents the right starting point so far as this kind of program is concerned. I would not be as fully persuaded that this will be in the end the most effective program, but we have the question of how to get started. One of the very important issues in connection with that question is whether there should be administrative enforcement or judicial enforcement. I would support completely what is embodied in the bill as passed by the House but would reserve the question as to whether on down the line there should not be the kind of enforcement you would get from the Labor Department or some other department.

For now I think that the action taken by the House reflects the best judgment.

Mr. LAIRD. You sort of answered that both ways.

Secretary WIRTZ. I answered it both ways but with a time difference. At the present stage this does represent in my judgment the best kind of action. At an advanced stage there may be the desirability of administrative enforcement but I respect the element that prompted the decision that for now it should be done as it was done.

PROTEST OF JOB LOSS BECAUSE OF DISCRIMINATION

Mr. LAIRD. Mr. Secretary, the Department of Labor has given considerable thought over the years, and we discussed it with several Secretaries, to the problem of the protest of job loss because of discrimination. This often is a handy charge which is made by individuals who lose a job.

What steps and what study has the Department of Labor taken to avoid the expensive investigation of frivolous and erroneous charges of this kind of discrimination? How can we actually handle this?

It seems to me as we face the next few years anybody who loses a job will be tempted to make this kind of a charge.

Secretary WIRTZ. Part of the reason I answered the way I did with respect to the previous question is because of respect for the problem which you now raise. I think that that is part of the reason that the legislation came from the House in the form in which it did, because it is my understanding that there is a feeling, which I would support, that this will minimize that kind of danger, and there will be less of it than there would have been if a complete administrative enforcement machinery had been set up.

Therefore I would answer your question in this way—that that concern is a real one, that it prompted the House to take the position it did on this. I would have no more experience to bring to the question. In the administration of the affairs of the President's Committee on Equal Employment Opportunity I think we have been able to find a form of compliance which has not produced protests as far as heckling is concerned. We have had a good many complaints, many protests. We have exercised discretion in pursuing them and have not been criticized for the extent to which it has gone and I

would think the same pattern could be followed in the administration of the statutory program.

GUIDEPOSTS TO ANNUAL WAGE INCREASES

Mr. LAIRD. About 2 years ago, President Kennedy established guidelines for annual wage increases. He established a policy of roughly 3.5 percent as the suggested annual wage increase to be negotiated in the collective bargaining agreements that were coming up at that particular time.

Does your Department or does the Johnson administration intend to announce a definite policy relative to wage increases?

Secretary WIRTZ. The President's economic message and the Economic Report of the Council of Economic Advisers transmitted to the Congress in January did include a reaffirmation of those policies.

Mr. LAIRD. Did it use the 3.5 percent?

Secretary WIRTZ. No; and neither did the original proposal. The 3.5 figure comes from the productivity experience of the last 3 years. The guideposts were essentially development of the idea that wage increases should roughly parallel increases in man-hour productivity.

There are two figures which are most commonly used to refer to increasing productivity in the last 3 years.

One of them is 3 percent and the other is 3.5 percent. Those two figures have become associated with the guideposts.

In one of the illustrations that is used in the 1961-January 1962 report of the Council of Economic Advisers, the 3.5 figure was included, but the guideposts have been in general that wage increases should not be higher than productivity.

In answer to your question, that was reaffirmed by the President and by the Council in January, and I might add in further illumination of the answer that the experience for the last 2 years now has shown wage increases at just about that level. They have averaged about 3 percent as far as industry other than construction is concerned. They have averaged about 3.4 percent as far as the construction industry is concerned. That does not include fringes, either in the base or in the increases. I am talking about hourly rates.

REPORT ON AUTOMATION

Mr. LAIRD. The President's Advisory Committee on Labor and Management Policy has issued two reports; one on automation and the other on bargaining and industrial peace. Do you feel these reports have contributed anything really new that will help in the solution of our country's industrial relations problems?

Secretary WIRTZ. I think the report on automation probably constituted the best statement which has been made, and it has had more influence than any other statement which has been made in the field of automation.

Mr. LAIRD. There really was nothing new in the report. It was merely a collection of material which was available at our universities. Research scholars had been writing about it for quite some time. Or do you not think that statement of mine is a fair statement?

Secretary WIRTZ. Yes; I think it is fair. I do not think it included anything new. I think its significance lay in the fact that a tripartite

group of this stature took the position solidly and in very plain language, first, that automation was a good thing, and second, that the human implications of it must be attended to.

I think we would still be arguing today about those two propositions, both of which are obvious, if it had not been for the very blunt statement made with respect to them.

Mr. LAIRD. I did not think there was much of a dispute over those two statements.

Secretary WIRTZ. I think it has cut down greatly the labor opposition to laborsaving devices as far as their institutional position is concerned, and I think it has kept down, substantially, management's objections to the idea of taking account of the human implications.

If those statements are too broad, Mr. Laird, I think very possibly there is a close relationship between the issuance of that statement by that Committee and the virtual acceptance of the attrition principle of adjustment to technological developments.

FINANCING OF PRESIDENT'S ADVISORY COMMITTEE ON LABOR AND
MANAGEMENT POLICY

Mr. LAIRD. We have been told that it is necessary to finance this Committee in the neighborhood of \$200,000 to \$300,000 a year. I would like supplied for the record exactly how many staff people and how many clerical people are involved in this particular operation.

Secretary WIRTZ. We shall be glad to supply that. In doing it, I should note that the appropriation request is being submitted this year by the Department of Commerce because the chairmanship is shifting over there again. We shall, of course, be glad to supply that.

Mr. LAIRD. It does not show up here in the budget, but I would like to have it.

Secretary WIRTZ. It is in a separate budget, that is correct. (The requested information follows:)

*Executive Office of the President—President's Advisory Committee on Labor-
Management Policy*

| | Budget Bureau request | Budget Bureau allowance | House allowance | Senate allowance | Appropriations |
|-----------|-----------------------------|-------------------------------|----------------------|---------------------|----------------|
| 1961..... | \$108,000 | \$80,000 | (?) | \$80,000 | \$80,000 |
| 1962..... | 300,000 | 300,000 | 200,000 | 200,000 | 200,000 |
| 1963..... | 326,000 | 326,000 | 300,000 | 300,000 | 300,000 |
| 1964..... | 312,000 | 312,000 | ¹ 200,000 | 200,000 | 200,000 |
| 1965..... | 200,000 | 200,000 | | | |

¹ A revised estimate of \$200,000 was presented to the House subcommittee.

² Not contested.

Amounts available for obligation

Appropriation or estimate:

1964..... \$200,000
1965..... 200,000

Obligations by activities

| Description | 1964 | | 1965 | | Change | |
|--|----------|-----------|----------|-----------|----------|--------|
| | Position | Amount | Position | Amount | Position | Amount |
| President's Advisory Committee on Labor-Management Policy..... | 8 | \$200,000 | 8 | \$200,000 | | |

Obligations by object

| | 1964 | 1965 | Change |
|--|----------|----------|--------|
| Total number of permanent positions..... | 8 | 8 | |
| Average number of all employees..... | 7 | 7 | |
| 11 Personnel compensation..... | \$97,000 | \$97,000 | |
| 12 Personnel benefits..... | 6,000 | 6,000 | |
| 21 Travel and transportation of persons..... | 29,000 | 29,000 | |
| 23 Rents, communications, and utilities..... | 4,000 | 4,000 | |
| 24 Printing and reproduction..... | 15,000 | 15,000 | |
| 25 Other services..... | 45,000 | 45,000 | |
| 26 Supplies and materials..... | 2,000 | 2,000 | |
| 31 Equipment..... | 2,000 | 2,000 | |
| Total obligations..... | 200,000 | 200,000 | |

NARRATIVE JUSTIFICATION

The President's Advisory Committee on Labor-Management Policy was established by Executive order on February 16, 1961. The Committee, composed of 21 members representing industry, labor, and the public, was requested to study, and to advise and make recommendations to the President with respect to policies that may be followed which will promote free and responsible collective bargaining, industrial peace, sound wage and price policies, higher standards, of living, and increased productivity.

The activities of the Committee to date, and the products of its deliberations, have been most encouraging and constructive. Since its creation the full Committee has held 24 separate meetings, usually for 1 or 2 days, and numerous additional meetings of its various subcommittees. During these sessions the committee has met with the President, his Council of Economic Advisers, and representatives of other Federal agencies such as the Departments of Treasury, Commerce, and Labor. In addition, two national conferences have been sponsored by the Committee to discuss problems of national interest in such areas as economic growth, collective bargaining, automation, foreign trade, wage, price, fiscal and monetary policy.

During the current fiscal year the main task of the Committee to date has been a detailed review of a Cabinet Committee report on private pension and welfare plans. President Kennedy, in requesting this review, was looking to the business and labor leaders on the Committee to bring their practical experiences to bear on the various recommendations of the Cabinet Committee. The criticisms and suggestions of the President's Committee were submitted to President Johnson on December 24, 1963, and will form the basis of the Cabinet Committee's reconsideration of their original document.

On January 21 of this year, the Committee met with the President and received further indications of his interests and specific requests for study and advice. The President stated that it would be most helpful if the Committee would immediately undertake a study that emphasizes the impact of automation and technological change on individual workers, unions, and firms and describe the problems met by the private sector in adjusting to such change.

Beyond this, the President also requested the Committee to advise him on other specific aspects of our Nation's unemployment problem, such as procedures to deal with the extraordinarily high rejection rate for lack of educational attainment among those tested under the Selective Service System. Moreover, he asked for Committee views on the difficulties in extending our national prosperity to those geographical areas in the country most sharply hit by technological change.

The success of the Committee to date, in focusing attention and providing counsel to the President on important aspects of our Nation's economy, has been most gratifying. The Committee hopes to continue its activities along the lines established in the past and to remain available to the President for whatever assistance and advice that he may request.

The level of funding requested for fiscal year 1965 is the same as the amount appropriated for fiscal year 1964.

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$97,000

The estimate provides for eight full-time positions and 6.6 man-years of employment at a cost of \$57,000. In addition the estimate provides \$20,000 for compensation for members of the committee at \$100 per day, and \$20,000 for the employment of experts and consultants.

Personnel benefits, \$8,000

This estimate is based upon personnel compensation for the staff of the committee and provides for the Government's contribution to the Civil Service Commission retirement fund, group life insurance program, health benefits program, and Federal Insurance Contribution Act.

Travel and transportation of persons, \$29,000

The estimate will provide for \$30 per diem in lieu of subsistence for committee members and related transportation costs incurred in connection with committee and subcommittee meetings, regional and area conferences planned in 1965. Provision is also made for travel and transportation costs for consultants and Federal staff.

Rent, communications, and utilities, \$4,000

This estimate will provide telephone, telegraph, postage, and similar expenses for the committee and is the same as fiscal year 1964.

Printing and reproduction, \$15,000

The estimate is the same as 1964 and will provide for duplicating services and printing of a wide variety of full and subcommittee reports, meeting agenda, and staff reports.

Other services, \$45,000

The estimate allows \$20,000 for contractual services, statistical and analytical in nature, to provide data on matters of interest of the committee such as automation studies and similar topics. The balance of \$25,000 is for allocation to the Department of Labor to maintain liaison staff during 1965.

Supplies and materials, \$2,000

The estimate is the same as 1964 and will provide desk-top supplies and other supplies for the committee and staff.

Equipment, \$2,000

The estimate is the same as 1964 and will provide for the purchase of necessary office equipment not available from surplus stock.

1965 INCREASE IN PERSONNEL UNDER GRANTS AND CONTRACTS

Mr. LAIRD. Mr. Secretary, the funds requested in the 1965 budget for payments or grants to the States and local governments; payments, grants, or contracts to others outside the Federal Government; and transfers to other Federal Government agencies, show us that there will be a rather large increase over 1964.

In your prepared statement, a point is made that there is no personnel increase in the budget, but it seems to me that there is a substantial increase of personnel in this budget in the way of contract personnel and in the way of personnel that can be hired in the States with 100 percent Federal financing.

Will you supply for me the number of such additional employees that are provided for by funds in this budget?

Mr. HUDSON. I do not have the comparison.

Mr. LAIRD. There are several places in this budget where you are going out and contracting to a large extent with the Bureau of the Census. You are paying for additional people under those contracts. This statement which runs through the budget of no new people, I do not think is a very accurate statement. Those people who will be working for you over in the Bureau of the Census are actually Federal employees. You are increasing your contract work with the Bureau of the Census, is that not correct?

Mr. HUDSON. Yes.

Mr. LAIRD. This is not reflected here in the figures that you give us.

Secretary WIRTZ. You would like a statement separating out the two points. You would like a statement first which indicates any change in this budget which increases our leeway for hiring on a contract basis, research work?

Mr. LAIRD. That is correct.

Secretary WIRTZ. Then you would like, second, whatever indication is possible of the extent to which the States could add to the State employment service personnel?

Mr. LAIRD. Right, and the extent to which other Federal agencies can add personnel.

Secretary WIRTZ. I will include that in the first one, yes.

(The requested information follows:)

Information pertaining to the number of personnel paid from funds for contractual services outside the Department of Labor has not been maintained because of the many variable factors that enter into attempting to formulate such data. The following material reflects the best estimate available of the man-years of employment arising from this type activity.

Estimated employment effects of contractual services activities of the Department of Labor

| | 1963 | | 1964 | | 1965 | |
|--|----------------|-------------|----------------|-------------|----------------|-------------|
| | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount |
| Bureau of Labor Statistics: | | | | | | |
| Other Federal agencies..... | 193 | \$1,926,628 | 222 | \$2,224,275 | 289 | \$2,894,275 |
| State employment..... | 126 | 801,163 | 146 | 1,009,580 | 173 | 1,233,180 |
| Bureau of Employment Security: | | | | | | |
| Other Federal agencies..... | | | | | 22 | 195,000 |
| State employment..... | 17 | 109,200 | 17 | 115,700 | 16 | 110,700 |
| Manpower, development and training activities: Contractual services outside the Federal Government..... | 155 | 1,100,549 | 276 | 2,100,000 | 269 | 2,100,000 |
| Wage and Hour and Public Contracts Divisions: Other Federal agencies..... | 16 | 160,695 | 16 | 160,000 | 16 | 160,000 |
| Totals: | | | | | | |
| Other Federal agencies..... | 209 | 2,087,323 | 238 | 2,384,275 | 327 | 3,249,275 |
| State employees..... | 143 | 910,363 | 163 | 1,125,280 | 189 | 1,343,880 |
| Other non-Federal employees..... | 155 | 1,100,549 | 276 | 2,100,000 | 269 | 2,100,000 |
| Gross total..... | 507 | 4,098,235 | 677 | 5,609,555 | 785 | 6,693,155 |

Estimated State employment created by the Department of Labor activities

| | 1963 man-years | 1964 man-years | 1965 man-years |
|---|-------------------|-------------------|-------------------|
| Grants..... | 53,438 | 50,704 | 52,408 |
| Manpower development and training activities..... | 764 | 2,110 | 4,424 |
| Area redevelopment activities..... | 159 | 143 | 137 |
| Total..... | 54,361 | 52,957 | 56,969 |

TIMING OF BUDGET REVIEW FOR PERSONNEL NEEDS

Mr. LAIRD. When were you last asked by the White House or the Bureau of the Budget to review your need for personnel?

Secretary WIRTZ. I think I can answer that probably in terms of a specific date, if I check my records. In general, it is late December.

Mr. WIRTZ. The latest was the 24th of December.

Mr. LAIRD. Were you not really asked for this information after the budget was in final form?

Secretary WIRTZ. Asked for information?

Mr. LAIRD. For this information on personnel after this budget was in final form, in the form in which it is presented to us today?

Secretary WIRTZ. I think so. I would want to check that record, but I mean to answer absolutely candidly. I think your question is whether we had done virtually all of our paperwork in preparation for the budget before we received the insistent request that our employment be curtailed. The answer to that would be "Yes."

Mr. LAIRD. Mr. Secretary, I have a few questions which follow up on this. I would like to find out what you recommended as a result of the last review. What was your recommendation as far as personnel?

Secretary WIRTZ. Final recommendation?

Mr. LAIRD. Yes. I think there is another recommendation over in the Bureau of the Budget than the one which is before us here today.

Secretary WIRTZ. You mean the question as to whether I think I can get by with even less people?

Mr. LAIRD. Yes.

FURTHER PERSONNEL REDUCTIONS

Secretary WIRTZ. There is no question about it. I have told them I am going to do my very best to find—I do not know where—I am going to do my very best to find a saving of 40 jobs someplace during the year. Is that what you mean?

Mr. LAIRD. That is correct.

Secretary WIRTZ. Sure.

Mr. LAIRD. That is what I am trying to find out. I understand you have another personnel figure that you have agreed to that is not covered in this table which we have before us.

Secretary WIRTZ. No. That is it.

Mr. LAIRD. I understand you have another figure which shows an even greater reduction than the figure we have before us in this budget document, which you have agreed to with the Bureau of the Budget and the White House.

Secretary WIRTZ. You have put the question to me in the form of almost an accusation, and my answer, to eliminate any question about it, is this: What I have presented to you here is my very first judgment about what is needed, and I think every one of these jobs is needed. If I have trouble sometimes arguing with you when you take—

Mr. LAIRD. I am not trying to argue with you, Mr. Secretary, and I am not trying to accuse you of anything, but the information has come to me that you have agreed to make further reductions in the personnel from the reductions which are shown on this particular chart. I am just trying to get to the bottom of that and find how many people you feel you can reduce beyond this.

Secretary WIRTZ. I do not know whether "agreed" is the right word. I have said this is the number of people and these are the people that I think I need. I have also said I think I can probably, someplace or other, find 40 more jobs that I can economize on out of over 8,000. I do not know whether I can or not. If I cannot, there will not be any cut.

Mr. LAIRD. How many times have you been asked to review this personnel question?

Secretary WIRTZ. If I cannot find them, there will not be any further cut. I think there is a reasonable possibility that I will.

Your next question is how many times I—

Mr. LAIRD. How many times have you been asked to review this personnel question?

Secretary WIRTZ. The record, as nearly as I can reconstruct it and remember it, is that when this matter came up first in discussions in September and October, I indicated to the Director of the Bureau of the Budget it was my expectation that I would be able to submit a budget which would include no more personnel than I had been operating on the previous year. That would have been September or October. The matter was raised with me again early in December and was raised with me again on the 24th of December.

That is the short of it, and it is also the long of it. What it adds up to is a series of efforts to get these figures as low as possible, which started in October at what I assumed was the urging of President Kennedy and continued in December at the urging of President Johnson, and resulted in my expression in September or October of a view that I could get this work done with no increase in personnel, except that I said then, except as new legislative programs require some increase.

As there has been some degree of bargaining, as there always is here, I have ended up in the position where I will be absorbing the impact of most of the new legislative programs, not all of them.

Mr. LAIRD. I appreciate your frank answers. I wouldn't expect you to remember details such as exact dates but perhaps Mr. Hudson could supply these for the record.

(The following was subsequently submitted:)

The Secretary of Labor submitted his budget to the Bureau of the Budget on November 26, 1963.

It was revised downward by the Secretary at the President's request on December 11.

And again on December 19, there was a further downward adjustment by the Secretary for the same reason.

The above applies to the budget.

On December 27 we received an end-of-year target Federal employment figure and at that time we received a Presidential request to try to reduce this employment figure further—this could affect the budget estimate only if the Federal employment figures represented in the budget in terms of positions and average man-years of employment had to be reduced to meet the end-of-year employment figure.

The Secretary's position is that we can live with the end-of-year employment target without adjusting the 1965 estimate before the committee.

REPROGRAMING

Mr. LAIRD. The only reason I asked these questions, Mr. Secretary, is that I wanted to make sure this was a firm budget figure that we have before us now. I do not object to reprogramming in the departments if it is as a result of an add-on which has been made by the Congress and you feel it is necessary to have some reprogramming in that area; but this idea of coming up and starting to reprogram your own request after it has been approved by this committee and Congress, I think is an entirely different question and one that we should look at very carefully. I do not think that is the way the Appropriations Committee should be treated.

Secretary WIRTZ. I don't, either.

Mr. LAIRD. I just wanted to make that point.

Secretary WIRTZ. I agree. I repeat, in summary, that this is the best position I can possibly submit. I have no reprogramming in prospect. I have said specifically that I hope and expect to be able to find 40 jobs on which I can economize in one way or another. I do not know where they are. If I cannot find them, there will not be 40.

Mr. LAIRD. I commend you for that. That is all any administrator can try to do. I have no objection to that. I have heard that the budget is still being reviewed and that the various Departments will be reducing the personnel shown in the budget. If you had done that, I think we should have that figure.

Secretary WIRTZ. No; I have not done that. I suppose it becomes in prospect rather like this question we raised with you about our administrative adjustment. We find in hindsight that over the last year we were 37 higher in our report to you than we find on net we need. That is pretty close shooting, out of over 8,000.

I think probably the same thing will happen this next year. That is all I have represented.

LEGISLATIVE PROPOSALS ON COLLECTIVE BARGAINING

Mr. LAIRD. I have one other thing that came up in the discussion last year about which I made a note. At that time we had a discussion about collective bargaining when you appeared before our committee. You mentioned at that time the recommendations of the President's Advisory Committee on Labor-Management Policy in regard to collective bargaining.

In those recommendations there were certain legislative proposals that would require action by the Congress. Yet, I see here a year later none of these recommendations coming forth from the Department of Labor or being transmitted by the President to the Congress. Really, only one special area has been covered, and that was the labor-

railroad dispute bill which was enacted last year. Why is that, Mr. Secretary?

Secretary WIRTZ. There are two questions, one whether our position is changed, and the other, why there has not been a specific bill introduced. Let me answer them separately.

That position to which you refer was reflected very strongly in our testimony on the Bonner bill as far as the maritime industry is concerned. There was testimony from the Department there which was based very definitely on that. That was a recommendation by the committee, which would still represent our judgment as to what is to be done, if anything is to be done.

There has been a prevailing sentiment in the Congress which has been made quite clear to us on both sides, that the atmosphere, in the judgment of most Members of the Congress, is not such as to make propitious the introduction of a proposal for a change in the Taft-Hartley emergency disputes provision. We have been guided quite a good deal by that. No formal representations have been made at all.

Mr. LAIRD. Do you not think it should be studied by the Congress?

Secretary WIRTZ. Studied by the Congress, yes.

Mr. LAIRD. Mr. Roosevelt has introduced a bill or two, and I think Congressman Griffin of Michigan, Congressman Findley of Illinois, and Congressman Curtis of Missouri all have introduced bills providing for joint committees to study this whole area of collective bargaining. These bills are up before the Rules Committee in the House, and they are sort of gathering dust up there.

It would seem to me with a little nudge from the administration, a bill would come out of the Rules Committee providing for such a study of the matter of industrywide collective bargaining and industrywide strikes and lockouts.

Many people think it would be most helpful for the Congress to look into this in some detail. What do you think?

Secretary WIRTZ. I think that is up to the Congress as far as the studying of it is concerned. We have been studying it at our end. I would feel almost presumptuous in answering the question whether I think the Congress would be better off by studying it.

Mr. LAIRD. I wish all the Cabinet officials felt that way about the Congress and felt it was a good idea just to let the Congress make up its own mind.

Secretary WIRTZ. On studying something? I do not mean to beat around the bush. I have the quite clear feeling the very general consensus is that the Congress is not disposed to look at the matter of emergency disputes except under pressures of emergency, and part of the reason for not going ahead with the study is that it would seem to open up that door.

EXECUTIVE ORDER 10988

Mr. LAIRD. [This is the first full year you have had under Executive Order 10988 requiring Government agencies to recognize and bargain with unions representing Federal employees. Would you supply for the record the number of Federal employees in fiscal year 1964 who are now represented by unions?

Secretary WIRTZ. Yes, sir.

Mr. LAIRD. Then I would like to know how many of these are affiliated with the AFL-CIO.

Secretary WIRTZ. We will try to give you that.

Mr. LAIRD. Also what amount of dues are deducted from the employee's paycheck.

Secretary WIRTZ. That has not started yet.

Mr. LAIRD. When will that start?

Mr. WERTS. It is authorized to start whenever the agencies can get ready for it.

Secretary WIRTZ. I believe the largest one is the Post Office, and I believe they have indicated, if memory serves me right, they propose to begin it next summer or fall.

Mr. WERTS. In the Department we have agreed to do this in October because of the preparation of the machines which is necessary. (The requested information follows:)

UNION MEMBERSHIP DATA—FEDERAL GOVERNMENT

There are about 670,000 employees of the Federal Government who are members of bargaining units that have been awarded exclusive recognition under Executive Order 10988. Of this total, 490,000 are postal employees and 180,000 are employees of other Federal agencies.

There is currently no tabulation or estimate of either the total number of employees who are members of unions affiliated with the AFL-CIO or the number of affiliated units that have been awarded exclusive recognition.

EFFECT OF EXECUTIVE ORDER 10988 ON THE HATCH ACT

Mr. LAIRD. I went along with certain additional costs involved in this, and I think your Department was probably the first to sign up under this particular program. But I was quite concerned over the story by Joseph Young which appeared in the Evening Star, under date of October 17, 1963, in which it was stated that the new Postmaster General advised the postal unions to take an active part in national political issues. It seems to me the Corrupt Practices Act forbids both corporations and unions from making political contributions, and that this would be violated should the Federal unions participate in the political arena as suggested in this column.

You, perhaps, have not had an opportunity to read this column which I have here before me. It sets forth a clear call to political activity on the part of Government employees. We were assured at the time this legislation went through that the Hatch Act and other such legislation would continue to apply to Government employees.

What is your feeling about this?

Secretary WIRTZ. It is that they do apply to Government employees and there is nothing in the order or in its administration which should affect that at all.

Mr. LAIRD. That would not be affected by this order?

Secretary WIRTZ. Not a bit. The enactment of the Executive order would in no way change the application of the Hatch Act to the activities of the employees.

Mr. LAIRD. That is all I have, Mr. Chairman.

DISCRIMINATION IN APPRENTICESHIP PROGRAMS

Mr. FOGARTY. Mr. Secretary, when I was fairly active in a union 25 or 26 years ago—the Bricklayers Union, where the boss always had the right to hire and fire, as they still do, since they are not hired out of union halls—one of the most difficult charges to prove against a company or a contractor or the boss was a person's getting fired because of discrimination. That was in our union rules, but discrimination was the most difficult charge of all to prove, because if he did not like the way you walked, he probably would not hire you, or if you did not produce you would get fired, whether you were white or black or regardless of what country you came from. They were interested in production.

Has anything happened in your apprenticeship program in the building trades, as far as discrimination is concerned, recently?

Secretary WIRTZ. I think quite a lot has. I guess I said about this same thing a year ago, but it is much clearer in my mind now.

If we had full employment today or a manpower shortage, we probably would have the discrimination problem virtually behind us. Putting it differently, I believe there has been an acceptance by the building trades and by the other apprenticeable trades and by labor generally of the idea of no discrimination or the idea of equal employment opportunity; that that is away ahead of where it was a year ago, and that it is really the shortage of jobs that stands in the way of the implementation of it now.

There has been a substantial number of locals and a substantial number of internationals which have been in effect opened up during the last year, largely by their own action, to some degree at our urging and persuasion. Some of the newspaper publicity has been critical. The building trades have gone a long way in the last 12 months toward the establishment of equal employment opportunity. If there were a larger demand for building tradesmen now, there would be virtually no discrimination in any part of this program.

HIGH SCHOOL EDUCATION FOR APPRENTICESHIP PROGRAMS

Mr. FOGARTY. Do you advocate the union rules be changed if they demand that the applicant have at least a high school education.

Secretary WIRTZ. No; I would not advocate that change.

Mr. FOGARTY. That seems to be one of the drawbacks in employing other than white persons in some areas.

Secretary WIRTZ. I would not recommend that.

DISCRIMINATION ON BASIS OF NATIONALITY

Mr. FOGARTY. Some unions do favor certain nationalities. Do you have that problem?

Secretary WIRTZ. There are some.

Mr. FOGARTY. I know of such unions.

Secretary WIRTZ. Sure. You have father-and-son rules. Bricklayers are Irish, a lot of the carpenters are Swedish.

Mr. FOGARTY. And there are others.

Secretary WIRTZ. There are others. Of course, we have got this fathers-and-sons problem—not problem—practice, with which we

have been working. We have a feeling that we can avoid or eliminate the racial discrimination without setting aside those practices which we think have a pretty good basis. You know a good many of us—not us—a good many of us have family names that would reflect the fact that a craft was handed on from a father to a son, carpenter, et cetera, and it still happens today. We think it is a good one. Somebody told me the other day there is a quotation from the Talmud, "Any father who does not give his son a trade, steals from him." That states it pretty broadly and strongly, but it has got a point, and so an answer to what I think are the implications to your question, I think the problem on the racial discrimination can be met without upsetting some of these practices which are inherent in the trades and which I do not think are necessarily wrong.

DEPARTMENT-WIDE FINANCIAL TABLES

Mr. FOGARTY. We will place the usual overall statements, relating to your budget, in the record at this point.

History of the estimates, fiscal year 1965

| Appropriation | (A) 1964 appropriation (adjusted) ¹ | | (B) 1965 estimate to the Department | | (C) 1965 Department estimate to the Bureau of the Budget | | (D) 1965 President's budget | | (E) Difference, column (B) minus column (D) | | (F) Difference, column (B) minus column (C) | |
|---|--|---------------|---|---------------|--|---------------|-----------------------------------|---------------|--|---------------|--|--------------|
| | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount |
| Bureau of Labor Statistics..... | 1,299 | \$16,233,000 | 1,611 | \$20,900,500 | 1,356 | \$18,285,000 | 1,357 | \$18,388,000 | -254 | -\$2,512,500 | +1 | +\$103,000 |
| Revision of the Consumer Price Index..... | 147 | 1,320,000 | | | | | | | | | | |
| Bureau of International Labor Affairs..... | 71 | 836,900 | 92 | 1,197,900 | 71 | 875,000 | 71 | 863,000 | -21 | -334,000 | | -12,000 |
| Manpower Administration: | | | | | | | | | | | | |
| Development, and training activ- ities..... | 781 | \$178,683,254 | 953 | 426,000,000 | 781 | 411,000,000 | 781 | 411,000,000 | -172 | -15,000,000 | | |
| Area redevelopment activities..... | 62 | 8,500,000 | 62 | 9,000,000 | 62 | 9,000,000 | 62 | 9,000,000 | | | | |
| Trade adjustment activities..... | 12 | 149,500 | 35 | 2,437,200 | 32 | 417,000 | 25 | 345,000 | -10 | -2,092,200 | 7 | 72,000 |
| Bureau of Apprenticeship and Training..... | 540 | 5,441,000 | 641 | 6,609,300 | 540 | 5,661,000 | 533 | 5,941,000 | -108 | -1,088,300 | 7 | -123,000 |
| Bureau of Employment Security..... | 1,141 | (12,345,400) | 1,286 | (15,565,900) | 1,183 | (14,134,000) | 1,145 | (13,471,000) | -141 | (-2,094,900) | -38 | (-663,000) |
| Grants to States..... | | (425,495,000) | | (465,148,000) | | (459,150,000) | | (455,076,000) | | (-10,072,000) | | (-4,074,000) |
| Unemployment compensation for Federal employees and ex-servicemen..... | | \$140,842,000 | | 126,842,000 | | 126,842,000 | | \$126,842,000 | | | | |
| Mexican farm labor program, salaries and expenses..... | 160 | (1,300,000) | | | 160 | (870,000) | 160 | (850,000) | +160 | (+850,000) | | (-20,000) |
| Mexican farm labor program, compliance..... | 164 | 1,300,000 | | | 164 | 900,000 | 164 | 870,000 | +164 | (+870,000) | | -30,000 |
| Subtotal, Manpower Administration..... | 2,890 | 774,056,154 | 2,977 | 1,051,002,400 | 2,922 | 1,027,974,000 | 2,870 | 1,022,995,000 | -107 | -28,607,400 | -52 | -4,979,000 |
| Labor-management relations: | | | | | | | | | | | | |
| Bureau of Labor Standards..... | 660 | 7,479,800 | 729 | 8,510,100 | 680 | 7,912,000 | 660 | 7,736,000 | -69 | -774,100 | -20 | -176,000 |
| Bureau of Veterans' Reemployment Rights..... | 76 | 782,000 | 76 | 959,800 | 76 | 826,000 | 76 | 791,000 | | -145,800 | | -85,000 |
| Subtotal, labor-management relations..... | 736 | 8,261,800 | 805 | 9,440,900 | 756 | 8,738,000 | 736 | 8,527,000 | -69 | -919,900 | -20 | -211,000 |
| Wage and labor standards: | | | | | | | | | | | | |
| Bureau of Labor Standards..... | 309 | 3,461,100 | 318 | 3,713,000 | 314 | 3,685,000 | 306 | 3,545,000 | -12 | -168,000 | -8 | -120,000 |
| Women's Bureau..... | 84 | 782,600 | 109 | 1,170,400 | 84 | 874,000 | 75 | 874,000 | -34 | -398,400 | -9 | -102,000 |
| Bureau of Employees' Compensation..... | 541 | 4,239,000 | 579 | 4,745,000 | 560 | 4,412,000 | 541 | 4,401,000 | -38 | -344,000 | -19 | -211,000 |
| Compensation fund..... | | 58,838,000 | | 53,650,000 | | 52,650,000 | | 52,650,000 | | | | |
| Longshore rehabilitation..... | 7 | (60,000) | | | | | 7 | (60,000) | | (+60,000) | +7 | (+60,000) |
| Wage and Hour Division..... | 1,839 | 19,241,000 | 2,267 | 24,379,000 | 1,876 | 20,808,000 | 1,866 | 20,628,000 | -401 | -3,851,000 | -10 | -280,000 |
| Subtotal, wage and labor standards..... | 2,780 | 86,641,700 | 3,273 | 86,657,400 | 2,834 | 82,609,000 | 2,795 | 81,956,000 | -478 | -4,701,400 | -39 | -653,000 |

| | | | | | | | | | | | |
|--|-------|-------------|-------|---------------|-------|---------------|-------|---------------|--------|---------------|------|
| Office of the Solicitor..... | 500 | 4,468,200 | 563 | 5,765,900 | 504 | 5,060,000 | 491 | 4,857,000 | -72 | -908,900 | -13 |
| Trust fund authorization..... | | (127,000) | | (132,000) | | (132,000) | | (132,000) | | | |
| Office of the Secretary ¹ | 529 | 2,579,900 | 246 | 2,738,800 | 221 | 2,339,000 | 222 | 3,223,000 | -84 | +429,200 | +1 |
| Trust fund authorization..... | | (138,000) | | (139,000) | | (139,000) | | (139,000) | | | |
| Total administrative items..... | 7,314 | 455,247,254 | 8,281 | 697,650,600 | 7,321 | 671,352,000 | 7,230 | 671,352,000 | -1,051 | -26,298,600 | -91 |
| Total trust fund items..... | 1,308 | 439,465,400 | 1,286 | (480,984,900) | 1,343 | (474,225,000) | 1,312 | (469,728,000) | +26 | (-11,256,900) | -31 |
| Grand total..... | 8,622 | 894,712,654 | 9,567 | 1,178,635,500 | 8,664 | 1,146,351,000 | 8,542 | 1,141,080,000 | -1,025 | -37,555,500 | -122 |

¹ Includes 1964 anticipated supplementals and comparative transfers.

² Includes 170 HEW positions. 1964 includes \$13,842,654 carryover from prior year.

³ Includes the administration of the longshore rehabilitation program formerly financed from trust fund authorizations.

⁴ Excludes 400 positions financed through the working capital fund.

¹ Includes 1964 anticipated supplementals and comparative transfers.

² Includes 170 HEW positions. 1964 includes \$13,842,654 carryover from prior year for Manpower Development and Training Act, \$406,000 for Bureau of Employment Security grants, and \$842,000 for Bureau of Employment Security-unemployment compensation for Federal employees and ex-servicemen.

³ Includes the administration of the longshore rehabilitation program formerly financed from trust fund authorizations.

⁴ Excludes 400 positions financed through the working capital fund.

Comparison of fiscal year 1964 and 1965 appropriation estimates

| | Estimate, 1964 | | | | | | | | | |
|--|----------------|---------------|-----------------------|-----------|---------------------------|---------------|------------------|---------------|-----------|--------------|
| | Enacted | | Comparative transfers | | Anticipated supplementals | | Revised estimate | | | |
| | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount |
| Appropriations | | | | | | | | | | |
| Basic statistics and international functions: | | | | | | | | | | |
| Bureau of Labor Statistics..... | 1,299 | \$16,345,000 | | | | | | | 1,299 | \$16,293,000 |
| Revision of the Consumer Price Index..... | 147 | 1,330,000 | | -\$82,000 | | | | 147 | 1,330,000 | |
| Bureau of International Labor Affairs..... | 71 | 842,000 | | -5,100 | | | | 71 | 836,900 | |
| Manpower Administration: | | | | | | | | | | |
| Manpower development and training activities..... | 625 | 1,123,842,654 | -14 | -159,400 | +170 | +\$55,000,000 | 781 | 178,683,254 | | |
| Area redevelopment activities..... | 62 | 8,500,000 | | | | | 62 | 8,500,000 | | |
| Trade adjustment activities..... | 542 | 5,100,000 | | -500 | | | 542 | 5,100,000 | | |
| Bureau of Apprenticeship and Training..... | 540 | 19,000 | | -19,000 | | | 540 | 5,441,000 | | |
| Bureau of Employment Security..... | 1,141 | (12,400,000) | | (-54,600) | | | 1,141 | (12,345,400) | | |
| Grants to States..... | | (425,495,000) | | | | | | (425,495,000) | | |
| Unemployment compensation for Federal employees and ex- servicemen..... | 160 | 1,110,842,000 | | | | +30,000,000 | 160 | 140,842,000 | | |
| Mexican farm, salaries and expenses..... | 164 | (1,135,000) | | | | (+165,000) | 164 | (1,300,000) | | |
| Mexican farm, compliance..... | | 870,000 | | | | +430,000 | | 1,300,000 | | |
| Subtotal, Manpower Administration..... | 2,704 | 688,694,654 | -14 | -233,500 | +170 | +85,595,000 | 2,860 | 774,056,154 | | |
| Labor-management relations: | | | | | | | | | | |
| Bureau of Labor-Management Reports..... | | | | | | | | | | |
| Office of Welfare and Pension Plans..... | 660 | 7,500,000 | | | | | 660 | 7,479,800 | | |
| Labor-Management Services Administration..... | 76 | 784,000 | | -20,200 | | | 76 | 752,000 | | |
| Bureau of Veterans' Reemployment Rights..... | | | | -2,000 | | | | | | |
| Subtotal, labor-management relations..... | 736 | 8,284,000 | | -22,200 | | | 736 | 8,261,800 | | |
| Wage and labor standards: | | | | | | | | | | |
| Bureau of Labor Standards..... | 309 | 3,470,000 | | -8,900 | | | 309 | 3,461,100 | | |
| Woman's Bureau..... | 84 | 785,000 | | -2,400 | | | 84 | 782,600 | | |
| Bureau of Employees' Compensation..... | 541 | 4,275,000 | | -16,000 | | | 541 | 4,259,000 | | |
| Compensation fund..... | | 53,838,000 | | | | +5,000,000 | | 58,838,000 | | |
| Longshore rehabilitation..... | 7 | (60,000) | | | | | 7 | (60,000) | | |
| Wage and Hour Division..... | 1,839 | 19,300,000 | | -69,000 | | | 1,839 | 19,231,000 | | |
| Subtotal, wage and labor standards..... | 2,780 | 81,728,000 | | -86,300 | | +5,000,000 | 2,780 | 86,641,700 | | |

Comparison of fiscal year 1964 and 1965 appropriation estimates—Continued

| Appropriations | Estimate, 1965 | | | Change 1965 over 1964 revised estimate | | | | | | Total change | | | |
|--|----------------|---------------|--|--|-----------------|----------------|----------------|-----------------|--------------|----------------|-----------------|--|---------|
| | Posi- tions | Amount | | Mandatory items | | Program items | | Financing items | | Posi- tions | Amount | | |
| | | | | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount | | | | |
| Basic statistics and international functions: | | | | | | | | | | | | | |
| Bureau of Labor Statistics..... | 1,357 | \$18,388,000 | | -10 | +\$288,500 | +85 | +\$1,620,000 | -17 | +\$176,500 | +58 | +\$2,095,000 | | |
| Revision of the Consumer Price Index..... | | | | -147 | -1,320,000 | | | | | -147 | -1,320,000 | | |
| Bureau of International Labor Affairs..... | 71 | 863,000 | | | | | | | | | | | +26,100 |
| Manpower Administration: | | | | | | | | | | | | | |
| Manpower development and training activities..... | 781 | 411,000,000 | | | +\$241,800 | | +\$232,074,946 | | | | +\$232,316,746 | | |
| Area development activities..... | 62 | 9,000,000 | | | +\$11,000 | | +\$480,000 | | | | +\$500,000 | | |
| Trade adjustment activities..... | 25 | 345,000 | | | +\$3,500 | | +\$188,000 | | | | +\$195,500 | | |
| Bureau of Apprenticeship and Training..... | 533 | 5,541,000 | | | +\$125,100 | +5 | -\$50,000 | -2 | +\$24,900 | -7 | +\$100,000 | | |
| Bureau of Employment Security..... | 1,145 | (13,471,000) | | | (\$383,900) | +22 | (\$550,000) | -18 | (+\$151,700) | +4 | (+\$1,125,600) | | |
| Grants to States..... | | (455,075,000) | | | (+\$19,586,000) | | (+\$9,665,000) | | | | (+\$29,381,000) | | |
| Unemployment compensation for Federal employees and ex-servicemen..... | | \$126,842,000 | | | -14,000,000 | | | | | | -14,000,000 | | |
| Mexican farm, salaries and expenses..... | 160 | (850,000) | | | (\$50,000) | | | | | | (\$50,000) | | |
| Mexican farm, compliance..... | 154 | 870,000 | | | -\$60,000 | | | | | | (\$60,000) | | |
| Subtotal, Manpower Administration..... | 2,870 | 1,022,995,000 | | | +\$5,481,300 | +30 | +\$243,246,946 | -20 | +\$210,600 | +10 | +\$248,683,846 | | |
| Labor-management relations: | | | | | | | | | | | | | |
| Bureau of Labor-Management reports..... | | | | | | | | | | | | | |
| Office of Wage and Management Plans..... | | | | | | | | | | | | | |
| Labor-Management Services Administration..... | 690 | 7,736,000 | | | +\$167,780 | | +\$103,111 | | | | +\$14,700 | | |
| Bureau of Veterans' Reemployment Rights..... | 76 | 791,000 | | | +\$21,300 | | -\$20,000 | | | | +\$7,800 | | |
| Subtotal, labor-management relations..... | 735 | 8,527,000 | | | +\$188,960 | | +\$83,111 | | | | +\$95,200 | | |
| Wage and labor standards: | | | | | | | | | | | | | |
| Bureau of Labor Standards..... | 306 | 3,545,000 | | | +\$84,600 | -3 | -\$7,300 | | | | +\$83,900 | | |
| Women's Bureau..... | 75 | 772,000 | | -9 | -\$83,500 | +2 | +\$37,000 | -2 | +\$15,900 | -9 | -\$10,600 | | |
| Bureau of Employees' Compensation..... | 541 | 4,401,000 | | | +\$132,900 | | +\$132,900 | | | | +\$142,000 | | |
| Compensation fund..... | | 52,650,000 | | | -\$6,188,000 | | | | | | -\$6,188,000 | | |
| Longshore rehabilitation..... | 7 | (60,000) | | | | | | | | | | | |
| Wage and Hour Division..... | 1,896 | 20,628,000 | | | +\$956,700 | +27 | +\$940,000 | | | | +\$1,287,000 | | |
| Subtotal, wage and labor standards..... | 2,795 | 81,356,000 | | -9 | -\$5,077,300 | +26 | +\$369,700 | -2 | +\$21,900 | +15 | -\$4,685,700 | | |

WAGE AND LABOR STANDARDS

| | | | | | | | | | | | | | |
|--|-----------|-----------|----------|--|--------------|----------|-------|---------|------|-------------|-------|------|-------------|
| Bureau of Labor Standards..... | 64,200 | 20,300 | | | | 11,200 | 1,400 | \$1,000 | -9 | -79,300 | | | +84,000 |
| Women's Bureau..... | 12,800 | 8,100 | | | 2,300 | 2,700 | 1,400 | | | | | | -63,000 |
| Bureau of Employees Compensation: | | | | | | | | | | | | | |
| Salaries and expenses..... | 76,320 | 33,400 | 6,500 | | | \$13,500 | | | | | | | +132,000 |
| Compensation fund..... | | | | | 3,062,000 | | | | | | | | -6,183,000 |
| Longshore rehabilitation..... | | | | | | 7,400 | | | | | | | +966,700 |
| Wage and Hour Division..... | 410,800 | 149,800 | | | 444,500 | 55,800 | | | | | | | |
| Subtotal, wage and labor standards..... | 564,120 | 220,600 | 6,500 | | 3,523,100 | 20,900 | 1,400 | 1,000 | -9 | 9,329,300 | | | -5,077,300 |
| GENERAL FUNCTIONS AND CENTRAL SERVICES | | | | | | | | | | | | | |
| Office of the Solicitor: | | | | | | | | | | | | | |
| Salaries and expenses..... | 107,614 | 43,400 | 4,736 | | | 14,240 | | | | | | | +141,500 |
| From unemployment trust fund..... | (3,000) | (1,000) | (1,000) | | | | | | | | | | (45,000) |
| Office of the Secretary: | | | | | | | | | | | | | |
| From unemployment trust fund..... | 42,350 | 24,800 | | | | 7,850 | | | | | | | +19,300 |
| | (500) | (500) | | | | | | | | | | | (+1,000) |
| Total administrative items (new obligation authority)..... | 1,447,590 | 598,200 | 15,826 | | 9,376,100 | 20,900 | 4,700 | 1,000 | -166 | -30,979,300 | 1,000 | -166 | -19,737,111 |
| Total trust fund items..... | (235,000) | (147,000) | (39,000) | | (19,586,000) | 42,000 | | | | (450,000) | | | +19,535,900 |
| Grand total..... | 1,702,590 | 746,100 | 54,826 | | 28,962,100 | 20,900 | 4,700 | 1,000 | -166 | -31,429,300 | 1,000 | -166 | -201,211 |

| | 1961 | | 1962 | | 1963 * | | 1964 † | | Estimate 1965 ‡ | |
|---|----------------|----------------------|----------------|----------------------|----------------|--------------------|----------------|--------------------|-----------------|----------------------|
| | Post- tions | Amount | Post- tions | Amount | Post- tions | Amount | Post- tions | Amount | Post- tions | Amount |
| Bureau | | | | | | | | | | |
| Office of the Secretary..... | 166 | \$1,682,840 | 191 | \$1,796,000 | 199 | \$2,229,250 | 229 | \$2,717,900 | 222 | \$3,362,000 |
| Manpower development and training activities..... | | | | | 542 | \$70,957,700 | 781 | 178,083,254 | 781 | 411,000,000 |
| Area redevelopment activities..... | | | | | 45 | 14,000,000 | 45 | 11,000,000 | 62 | 9,000,000 |
| Bureau of International Labor Affairs †..... | 36 | ‡ 378,300 | 50 | 500,000 | 73 | 808,750 | 71 | 836,900 | 71 | 863,000 |
| Bureau of Labor-Management Reports †..... | 532 | 5,011,200 | 561 | 5,775,000 | 550 | ‡ 5,923,900 | | | | |
| Office of Labor-Management Relations †..... | | | | | 189 | ‡ 1,351,300 | | | | |
| Office of the Solicitor..... | 382 | 3,325,700 | 474 | 4,116,000 | 495 | 4,486,550 | 660 | 7,479,800 | 660 | 7,726,000 |
| Bureau of Labor Standards..... | 290 | 2,522,000 | 354 | 3,288,000 | 317 | 3,334,250 | 500 | 4,885,200 | 491 | 4,689,000 |
| Bureau of Veterans' Readjustment Rights..... | 64 | 682,300 | 64 | 683,000 | 65 | 682,000 | 76 | 782,000 | 76 | 791,000 |
| Bureau of Apprenticeship and Training..... | 492 | 4,326,000 | 544 | 4,976,000 | 555 | 5,212,200 | 540 | 5,441,000 | 533 | 5,541,000 |
| Bureau of Employment Security..... | 979 | 10,500,000 | 1,098 | 10,500,000 | 1,164 | 11,985,800 | 1,141 | 12,345,400 | 1,145 | 13,471,000 |
| Mexican farm labor program..... | 353 | 2,694,800 | 360 | 2,698,000 | 377 | 3,485,750 | 324 | 2,600,000 | 324 | 1,730,000 |
| Bureau of Employees' Compensation..... | 479 | 3,431,800 | 522 | 3,834,000 | 532 | 3,981,800 | 541 | 4,259,000 | 548 | 4,461,000 |
| Bureau of Labor Statistics..... | 1,114 | 11,118,000 | 1,205 | 12,067,000 | 1,312 | 14,590,250 | 1,299 | 16,293,000 | 1,357 | 18,388,000 |
| Revision of Consumer Price Index..... | 116 | 1,322,000 | 190 | 2,100,000 | 157 | 1,364,350 | 147 | 1,820,000 | 75 | 772,000 |
| Women's Bureau..... | 61 | 653,900 | 71 | 668,000 | 93 | 990,650 | 84 | 782,000 | | |
| Wage and Hour Division..... | 1,342 | 12,291,000 | 1,818 | 17,307,000 | 1,818 | 18,273,600 | 1,839 | 19,241,000 | 1,866 | 20,528,000 |
| Trade adjustment activities..... | | | | | 12 | 100,000 | 12 | 149,500 | 25 | 345,000 |
| Total, administrative items..... | 6,406 | \$8,132,900 | 7,592 | \$4,798,000 | 8,495 | 190,637,500 | 8,615 | 299,477,654 | 8,542 | 596,512,000 |
| Working capital fund..... | 161 | 63,000,000 | 245 | 64,000,000 | 363 | 65,221,000 | 400 | 58,838,000 | | |
| Employees' compensation fund..... | | | | | 7 | 57,800 | 7 | 160,000 | | |
| Employees' compensation: Vocational rehabilitation..... | | | | | | | | | | |
| Employees' compensation: War claims administration costs and pay- ments to States..... | | | | | | | | | | |
| Grants to States..... | | | | | | | | | | |
| Unemployment compensation for Veterans: Payments..... | | | | | | | | | | |
| Unemployment compensation for Federal employees..... | | | | | | | | | | |
| Temporary unemployment compensation..... | | | | | | | | | | |
| Grand total..... | 6,574 | 1,177,111,900 | 7,754 | 1,040,853,000 | 8,865 | 776,906,420 | 9,022 | 894,712,654 | 8,942 | 1,141,080,000 |
| Advances to employment security administration account, unemploy- ment trust fund..... | | | | | | | | | | |
| | | | | | | | | | | |

† Includes comparable transfer of \$464,768 to establish a working capital fund in 1958.

‡ Included in the "Office of the Secretary" appropriation in prior years.

§ These activities combined in fiscal year 1964 into the Labor-Management Services Administration.

¶ In fiscal year 1969 benefit payments for veterans and Federal employees are combined into 1 appropriation.

§ Excludes defense mobilization functions of delegate agencies shown in the President's budget as obligations to be reimbursed by the Office of Emergency Planning, but includes comparative transfers and anticipated supplementals.

¶ Includes \$811,000 comparatively transferred from the Office of Automation and Man-

power. † Included as direct appropriation request in "Salaries and expenses, Bureau of Employees' Compensation," for fiscal year 1965 estimate.

Financial status as of Dec. 31, 1963, and forecast of obligations Jan. 1 to June 30, 1964

[In thousands and 10ths]

| Appropriation | Actual obligations, Dec. 31, 1963 | Estimate, balance of year | Total, fiscal year 1964 | Budget (final action) |
|---|-----------------------------------|---------------------------|-------------------------|-----------------------|
| Bureau of Labor Statistics | \$7,980.1 | \$8,364.9 | \$16,345.0 | \$16,345.0 |
| Revision of the Consumer Price Index | 638.0 | 687.0 | 1,320.0 | 1,320.0 |
| Bureau of International Labor Affairs | 419.3 | 422.7 | 842.0 | 842.0 |
| Manpower development and training activities | 99,105.5 | 79,737.2 | 178,842.7 | 178,842.7 |
| Area redevelopment activities | 3,071.4 | 5,428.6 | 8,500.0 | 8,500.0 |
| Trade adjustment activities | 55.7 | 94.3 | 150.0 | 150.0 |
| Bureau of Apprenticeship and Training | 2,720.5 | 2,739.5 | 5,460.0 | 5,460.0 |
| Bureau of Employment Security | 6,271.5 | 6,128.5 | 12,400.0 | 12,400.0 |
| Grants to States | 238,914.0 | 186,581.0 | 425,495.0 | 425,495.0 |
| Unemployment compensation for Federal employees and ex-servicemen | 75,886.1 | 64,955.9 | 140,842.0 | 140,842.0 |
| Mexican farm, salaries and expenses | 676.4 | 623.6 | 1,300.0 | 1,300.0 |
| Mexican farm, compliance | 633.7 | 666.3 | 1,300.0 | 1,300.0 |
| Labor-Management Services Administration | 3,555.1 | 3,944.9 | 7,500.0 | 7,500.0 |
| Bureau of Veterans' Reemployment Rights | 351.1 | 432.9 | 784.0 | 784.0 |
| Bureau of Labor Standards | 1,722.2 | 1,747.8 | 3,470.0 | 3,470.0 |
| Women's Bureau | 435.6 | 349.4 | 785.0 | 785.0 |
| Bureau of Employees' Compensation | 2,155.7 | 2,179.3 | 4,335.0 | 4,335.0 |
| Compensation fund | 25,280.3 | 33,557.7 | 58,838.0 | 58,838.0 |
| Wage and Hour Division | 9,578.0 | 9,722.0 | 19,300.0 | 19,300.0 |
| Office of the Solicitor | 2,345.5 | 2,201.5 | 4,547.0 | 4,547.0 |
| Office of the Secretary | 1,162.7 | 1,204.3 | 2,357.0 | 2,357.0 |
| Total, Department of Labor | 482,943.4 | 411,769.3 | 894,712.7 | 894,712.7 |

¹ Includes anticipated supplemental of \$55,000,000.

² Includes anticipated supplemental of \$30,000,000.

³ Includes anticipated supplemental of \$165,000.

⁴ Includes anticipated supplemental of \$430,000.

⁵ Includes anticipated supplemental of \$5,000,000.

Employment data as of Dec. 31, 1963

| Appropriation | Employment, Dec. 31, 1963 | Estimated man-years |
|---|---------------------------|---------------------|
| Bureau of Labor Statistics | 1,245 | 1,248 |
| Revision of Consumer Price Index | 137 | 182 |
| Bureau of International Labor Affairs | 66 | 68 |
| Manpower development and training activities | 463 | 491 |
| Area redevelopment activities | 47 | 46 |
| Trade adjustment activities | 7 | 12 |
| Bureau of Apprenticeship and Training | 535 | 521 |
| Bureau of Employment Security | 1,104 | 1,092 |
| Grants to States | | |
| Unemployment compensation for Federal employees and ex-servicemen | | |
| Mexican farm, salaries and expenses | 118 | 107 |
| Mexican farm, compliance | 130 | 91 |
| Labor-Management Services Administration | 641 | 662 |
| Bureau of Veterans' Reemployment Rights | 65 | 73 |
| Bureau of Labor Standards | 309 | 301 |
| Women's Bureau | 67 | 73 |
| Bureau of Employees' Compensation | 546 | 527 |
| Compensation fund | | |
| Wage and Hour Division | 1,750 | 1,790 |
| Office of the Solicitor | 464 | 472 |
| Office of the Secretary | 195 | 208 |
| Total, Department of Labor | 7,889 | 7,964 |

The effect of new legislation enacted during the last 3 sessions of Congress

TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION (PUBLIC LAW 87-6;
MAR. 24, 1961)

| | Additional workload | Additional costs ¹ | Additional positions ¹ |
|---|---|--|-----------------------------------|
| Bureau of Employment Security (salaries and expenses and grants to States). | 1961: \$243,606,527 in unemployment benefits were paid out to cover a total of 7,656,206 weeks of unemployment. | } ² \$399,000 } ³ 254,361,527 | } 102 |
| | 1962: \$567,941,815 in unemployment benefits were paid out to cover a total of 18,619,865 weeks of unemployment. |  |  | } ^{2} 501,000 } ^{3} 326,880,288 |

AREA REDEVELOPMENT ACTIVITIES (PUBLIC LAW 87-27, MAY 1, 1961)

| | | | |
|------------------------------|--|--------------|------|
| Manpower Administration..... | 1962: For the period Oct. 11, 1961, when the appropriation became available, through June 30, 1962, 147 training projects providing occupational training for 9,074 unemployed and underemployed workers were approved. | \$14,000,000 | 62 |
| | 1963: 306 training projects providing occupational training for 13,314 unemployed and underemployed workers were approved. | None | None |
| | 1964: Through Dec. 31, 1963, 121 projects providing training for 4,502 unemployed and underemployed workers were approved. | None | None |

1961 AMENDMENTS TO THE FAIR LABOR STANDARDS ACT (PUBLIC LAW 87-30, MAY 5, 1961)

| | | | |
|--|---|-------------|------|
| Wage and Hour and Public Contracts Division. | 1962: The amendments extended the act's benefits to additional workers making a total of 28,000,000 subject. For the 24,000,000 previously covered employees the minimum wage was increased from \$1 to \$1.15 effective Sept. 3, 1961. The amendments also provided a new basis of coverage, the enterprise, and made some 15 major changes in the coverage and exemption provisions of the act. | \$5,046,000 | 496 |
| | 1963: The workload continued to increase although there were no changes in the statutory requirements during fiscal year 1963. | None | None |
| | 1964: On Sept. 3, 1963, the amendments increased the statutory minimum wage from \$1.15 to \$1.25 per hour, for employees covered by the act prior to 1961. Also on Sept. 3, 1963, employees to whom coverage was extended under the 1961 amendments became subject to a 44-hour maximum workweek standard. | None | None |
| Office of the Solicitor..... | 1962: This legislation resulted in a sizable increase in legal work. 793 opinions, either written or oral, were given in reference to this act. And 4 interpretative bulletins were issued. | 500,000 | 69 |
| | 1963: The legal work under the amendments continued to increase. 4 interpretative bulletins, 1,400 opinions, and 160 Federal Register documents were issued. The legislation increased the complexity and difficulty of litigation filed under the act. Not only have new legal issues been introduced but also the necessity in an increasing number of cases to prove with precision the amount of back wages due all of the defendant's employees has multiplied the effort, time and funds expended in preparation and trial. 50 files were considered for litigation solely under the new enterprise coverage provisions of the act and 28 such cases have been filed. | 55,470 | 6 |

¹ These items throughout this report refer to additional costs and positions over the preceding year.

² Salaries and expenses.

³ Grants to States.

The effect of new legislation enacted during the last 3 sessions of Congress—Continued

1961 AMENDMENTS TO THE FAIR-LABOR STANDARDS ACT (PUBLIC LAW 87-30, MAY 5, 1961)—Continued

| | Additional workload | Additional costs ¹ | Additional positions ¹ |
|--|--|--|-----------------------------------|
| Office of the Solicitor..... | 1964: It is estimated that 3 additional interpretative bulletins, 2,400 opinions, and 180 Federal Register documents attributable to these amendments will be issued in 1964. Much litigation effort will be involved in obtaining court rulings on the amended sections of the act. The number of cases in which back wages will be sought will increase. | None | None |
| MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962 (PUBLIC LAW 87-415, MAR. 15, 1962)—AMENDMENTS TO MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962 (PUBLIC LAW 88-214, DEC. 19, 1963) | | | |
| Manpower administration.... | 1963: Occupational training projects were to provide training to 59,383 unemployed and underemployed workers and projects providing specialized services to disadvantaged groups were approved for 25,500 persons. 1964: Through Dec. 31, 1963, training projects were approved to provide training to 61,169 unemployed and underemployed workers, and projects providing specialized services to disadvantaged groups were approved for 6,770 persons. Under the amendments to the act, provision is made for more liberal eligibility requirements for allowance payments, expanded youth training and services, and extension of training to include basic education. A supplemental budget estimate is being submitted which, when added to the 1964 appropriation, will provide for up to an estimated 135,000 trainees in 1964. | \$70,957,700 39,042,300 55,000,000 | 542 99 170 |
| WELFARE AND PENSION PLANS DISCLOSURE ACT AMENDMENT OF 1962 (PUBLIC LAW 87-420; MAR. 20, 1962) | | | |
| Labor-Management Services Administration. | 1963: The amendments substantially strengthened the act and enlarged the role of the Department of Labor in its administration. Under the amended act, bonding is required of persons handling funds or property, the Secretary is given authority to issue regulations, and to make investigations, and the enforcement base is broadened. Fiscal year 1963 was largely a year of transition—recruiting new and specialized staff, preparing and issuing only the most essential regulations, and otherwise “tooling up” for the job ahead. 1963 activities were carried out by the former Office of Welfare and Pension Plans. 1964: The Office of Welfare and Pension Plans has been merged with the former Bureau of Labor-Management Reports into the Office of Labor-Management and Welfare-Pension Reports, a unit of the new Labor-Management Services Administration. This merger was effected primarily to realize the economy and efficiency that would result from combining the administration, supervision, and operations of these 2 activities with many very similar functions. The extent of the integration is such as to make it impossible to identify positions or costs related solely to the above legislation. | \$778,000 | 104 |
| Office of the Solicitor..... | 1963: This amendment resulted in the consideration of 3 cases for litigation and the issuance of 9,500 opinions and interpretations. 1964: During 1964 10 cases will be considered for litigation and 11,000 opinions and interpretations will be rendered. | 80,000 20,000 | 11 None |

¹ These items throughout this report refer to additional costs and positions over the preceding year.

The effect of new legislation enacted during the last 3 sessions of Congress—Continued
 DEPARTMENT OF DEFENSE APPROPRIATION ACT, 1963, SEC. 541 (PUBLIC LAW 87-597,
 AUG. 9, 1962)

| | Additional workload | Additional costs ¹ | Additional positions ¹ |
|-----------------------------|---|-------------------------------|-----------------------------------|
| Bureau of Labor Standards.. | 1963: This legislation provides for allocation to private shipyards of 65 percent of shipbuilding, conversion, and repair work of the U.S. Navy. Safety programing, thus, now rests with the Department of Labor under authority of the 1958 amendments to sec. 41 of the Longshoremen's and Harbor Workers' Compensation Act. To the Bureau of Labor Standards jurisdiction of over 130,000,000 man-hours of exposure annually in ship-repair and longshore work, this adds 180,000,000 man-hours. | None | None |

FEDERAL SALARY REFORM ACT OF 1962 (PUBLIC LAW 87-793, OCT. 11, 1962)

| | | | |
|--------------------------------|--|-----------|-----|
| Bureau of Labor Statistics.... | 1962: Sec. 503 of the act requires that the President submit an annual report to the Congress on the comparison of Federal and private enterprise salary rates as determined on the basis of appropriate annual surveys conducted by the Bureau of Labor Statistics. Improvements were required in the Bureau of Labor Statistics nationwide annual survey of salaries in professional, administrative, technical, and clerical occupations in private enterprise. | \$225,000 | 18 |
| | 1963: Supplementation of annual survey of salary rates to obtain information in depth on salary structures and administration in private industry. | 55,000 | 6 |
| | 1964: Initiation of new survey of employer expenditures for fringe benefits in private industry to supplement the annual survey of salary rates. | 4200,000 | 419 |

TRADE EXPANSION ACT OF 1962 (PUBLIC LAW 87-794, OCT. 11, 1962)

| | | | |
|----------------------------|---|---------------------|------------|
| Manpower Administration... | 1963-64: Under the legislation, the Department of Labor provides advice and information regarding the adverse effects upon domestic employment of tariff commissions to be proposed for negotiation or negotiated under the act. The Department is also responsible for providing adjustment assistance allowances to workers whose unemployment has resulted from tariff reductions. | \$100,000 50,000 | 12 None |
|----------------------------|---|---------------------|------------|

EQUAL PAY ACT OF 1963 (PUBLIC LAW 88-38, JUNE 10, 1963)

| | | | |
|--|--|------|------|
| Office of the Solicitor..... | 1964: This act is expected to result in the issuance of 900 opinions and interpretations in 1964. In addition, enforcement policies and procedures will be established. | None | None |
| Wage and Hour and Public Contracts Division. | 1964: In fiscal year 1964 the Division's efforts will be directed to (1) informing the public about the new provisions of the act; (2) establishing instructions and procedures for the collection and compilation of statistical data on equal pay investigations; (3) developing policies, interpretations, regulations, and procedures; and (4) in cooperation with the Office of the Solicitor, developing interpretative materials, including the incidental research required for this purpose, administrative review of legal interpretations prepared in the Solicitor's Office, and evaluation of representations of individual employers that additional costs were incurred as a result of employing women rather than men. | None | None |

¹ These items throughout this report refer to additional costs and positions over the preceding year.

⁴ In 1965 reduction in base of \$100,000 (10 positions) reflecting completion of planning and partial collection of data for survey of employer expenditures for fringe benefits.

The effect of new legislation enacted during the last 3 sessions of Congress—Continued

JOINT RESOLUTION ON THE RAILROAD OPERATING EMPLOYEE DISPUTE
SITUATION, S.J. RES. 102 (PUBLIC LAW 88-108, AUG. 28, 1963)

| | Additional workload | Additional costs ¹ | Additional positions ¹ |
|---|--|-------------------------------|-----------------------------------|
| Labor-Management Services Administration. | 1964: This resolution provides for the arbitration of certain issues in dispute between the Nation's railroads and their operating employees. Sec. 6 of the statute provides that the parties resume negotiations on all issues not disposed of through arbitration, and directs the Secretary of Labor and the National Mediation Board to give all reasonable assistance to the parties and to engage in mediatory action directed toward promoting an agreement. Mediatory efforts requiring representation from the Department of Labor are now in progress. There is no way to estimate the time or cost requirements of the Department of Labor's support of this legislation, but no specific new or increased appropriation request is made. The necessary services will be provided from the available resources of the Labor-Management Services Administration. | None | None |

¹ These items throughout this report refer to additional costs and positions over the preceding year.

OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963, actual | 1964, estimate | 1965, estimate |
|--|-----------------|-------------------|-------------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 1,631 | 1,976 | 1,965 |
| Positions other than permanent..... | 15 | 29 | 29 |
| Other personnel compensation..... | 35 | 43 | 35 |
| Total personnel compensation..... | 1,681 | 2,048 | 2,029 |
| 12 Personnel benefits..... | 118 | 148 | 148 |
| 21 Travel and transportation of persons..... | 55 | 78 | 78 |
| 22 Transportation of things..... | 4 | 5 | 5 |
| 23 Rent, communications, and utilities..... | 49 | 84 | 630 |
| 24 Printing and reproduction..... | 64 | 54 | 73 |
| 25 Other services..... | 97 | 313 | 355 |
| 26 Supplies and materials..... | 50 | 70 | 118 |
| 31 Equipment..... | 56 | 42 | 42 |
| Total obligations..... | 2,174 | 2,842 | 3,478 |

Personnel summary

| | 1963, actual | 1964, estimate | 1965, estimate |
|--|-----------------|-------------------|-------------------|
| Total number of permanent positions..... | 208 | 229 | 222 |
| Full-time equivalent of other positions..... | 3 | 4 | 4 |
| Average number of all employees..... | 203 | 225 | 218 |
| Employees in permanent positions, end of year..... | 220 | 229 | 222 |
| Employees in other positions, end of year..... | 7 | 5 | 5 |
| Average GS grade..... | 9.0 | 9.4 | 9.3 |
| Average GS salary..... | \$8,226 | \$9,050 | \$9,198 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Executive direction | 770 | 965 | 1,050 |
| 2. Management and central services | 1,406 | 1,877 | 2,428 |
| Total program costs, funded | 2,176 | 2,842 | 3,478 |
| Change in selected resources ¹ | -2 | | |
| Total obligations | 2,174 | 2,842 | 3,478 |
| Financing: | | | |
| Comparative transfers from other accounts | -72 | -361 | |
| Advances and reimbursements: From emergency preparedness functions | | -124 | -116 |
| Non-Federal sources: Unemployment trust fund (annual appropriation acts) | -136 | -138 | -139 |
| Unobligated balance lapsing | 127 | | |
| New obligational authority | 2,093 | 2,219 | 3,223 |
| New obligational authority: | | | |
| Appropriation | 2,093 | 2,269 | 3,223 |
| Transferred to Labor-Management Services Administration (Public Law 88-136) | | -50 | |
| Adjusted appropriation | 2,093 | 2,219 | 3,223 |

¹ Selected resources as of June 30 are as follows: unpaid undelivered orders, 1962, \$3,000; 1963, \$1,000; 1964, \$1,000; 1965, \$1,000.

Mr. FOGARTY. I am sorry I have taken so long. I would rather go ahead and finish with the request for your immediate office if that is all right with you.

Secretary WIRTZ. I am for it.

GENERAL STATEMENT

Mr. FOGARTY. We will put your statement on salaries and expenses in the record.

(The statement follows:)

Mr. Chairman, I am requesting \$3,362,000 and 222 jobs which represents 7 less jobs but \$644,100 more in dollars. (This includes a nonrecurring item for 1966 of \$505,000.)

The funds requested to meet the costs of departmentwide policy executives, information and reports, and directly related staff are the same as for 1964 except for mandatory costs. The increases are for departmentwide administrative and support activities.

The increase in dollars (net) of \$60,300 for mandatory items covers the second step in pay increase (Public Law 87-793) effective January 5, 1964, at \$42,850 and within-grade promotion costs at \$25,300. These are offset by one less day of pay in 1965 at \$7,850.

There is included a first year rental and related cost item of \$505,000 which will be paid to General Services Administration for space to help consolidate some of our scattered office facilities in the District of Columbia and to replace some substandard space. This will be a nonrecurring item for 1966.

There is a net increase to provide \$78,800 to finance the Office of the Secretary's appropriate share of the costs of central administrative services which had been financed during 1963 and 1964 from lapsed funds in the Department of Labor. These lapses no longer exist. The total cost is \$157,800 but we are proposing to absorb about half of it. I covered the background of this departmentwide problem in my general statement.

Finally, Mr. Chairman a word about the "comparative transfers" of \$360,900 reflected in the estimate for 1964 and proposed for continuation in future budgets.

This amount does not represent an increase in dollars for the Department. It is offset by proposed reductions in bureau budgets. It consists of two elements:

(a) Nine positions for administrative services authorized for financing from the "Manpower development and training activities" appropriation at a cost of \$98,000. The proposed transfer is for the purpose of properly reflecting financing of this account. A list of these positions is attached.

(b) Eight positions and \$262,900 for certain personnel, health services, and related costs which are departmentwide in character but not financeable from the working capital fund. Up to now these costs have been billed to the bureaus on a reimbursable basis. The proposal is to change this method of reimbursable financing by reducing bureau funds and requiring that the financing be out of this appropriation. A list of these items with explanations, and a tabulation of the bureaus transferring these funds are attached. I should add Mr. Chairman, that these actions, if approved, will, place the financing of the office on a sound basis. All personnel have now been returned to the bureau payrolls from which they were drawn. They are on bureau payrolls, on bureau classification sheets, under bureau supervision, and performing work for the bureau which includes, from time to time, bureau staff participating in work on overall departmental projects.

This concludes my statement, Mr. Chairman, and I will be glad to answer any questions you may have.

Attachments.

ATTACHMENT A

Comparative transfer from manpower, development and training activities, schedule of personal services and nonlabor costs

| Grade and position: | Salary |
|--|-----------|
| GS-15 public information specialist..... | \$16, 702 |
| GS-15 program analyst..... | 16, 182 |
| GS-13 management analyst..... | 12, 126 |
| GS-12 administrative officer..... | 10, 317 |
| GS-12 administrative officer..... | 9, 984 |
| GS-11 librarian..... | 8, 694 |
| GS-6 secretary..... | 5, 595 |
| GS-5 clerk-stenographer..... | 4, 867 |
| GS-5 clerk-stenographer..... | 4, 701 |
| Total permanent..... | 89, 168 |
| Deduct: | |
| Lapse..... | 5, 756 |
| Net decrease due to lower pay scales for part of year..... | 2, 397 |
| Net permanent..... | 81, 015 |
| Regular pay above 52-week base..... | 685 |
| 11 Personnel compensation..... | 81, 700 |
| 12 Personnel benefits..... | 6, 300 |
| 21 Travel and transportation of persons..... | 2, 000 |
| 23 Rent, communications, and utilities..... | 2, 800 |
| 24 Printing and reproduction..... | 100 |
| 25 Other services..... | 2, 000 |
| 26 Supplies and materials..... | 1, 800 |
| 31 Equipment..... | 1, 300 |
| Total..... | 98, 000 |

ATTACHMENT B

Comparative transfer from departmentwide account per cost activity

| <i>Item</i> | <i>Cost</i> |
|--|-------------|
| Contractual consultants and experts----- | \$69, 500 |
| Covers costs of consultants and experts working in program areas not directly related or assignable to bureaus. As of Dec. 31, 1963, we have spent \$49,988 in this area. | |
| Health room services and immunization shots----- | 65, 000 |
| This item includes the following costs: | |
| 1. The health unit in the main Labor Building, which is staffed by two full-time nurses and a part-time doctor (on duty 3 days a week) and serves over 1,400 employees (cost, \$20,400 reimbursable to the Public Health Service). | |
| 2. The Department of Labor's pro rata share of the health unit located in the GAO Building which serves nearly 900 employees (cost, \$19,600 reimbursable to the Public Health Service). | |
| 3. A departmental health officer, who makes arrangements and coordinates health services for all Department employees (cost, \$11,875 for personal services). | |
| 4. Services of a full-time nurse to staff the health unit which serves the Department's 675 employees at the Silver Spring, Md., locations (cost, \$6,725 for personal services). | |
| 5. Services of a full-time nurse to staff the health unit which serves over 800 Department employees at 1730 M Street (cost, \$5,950 for personal services). | |
| 6. Serums and vaccines (polio, flu, tetanus, etc.) used in administering the Department's free immunization program, and miscellaneous supplies (\$450). | |
| Board of Civil Service Examiners----- | 34, 200 |
| This Board develops qualification standards for positions peculiar to the Department of Labor, publicizes examination announcements, evaluates and rates qualifications of applicants, formulates lists of eligibles, and makes selections from these lists to fill the specialized positions. | |
| During fiscal year 1963 and the first 6 months of fiscal year 1964, the Board announced examinations and established or maintained registers for 8 positions (labor economist (various bureaus), employment service adviser (BES and MDTA), social administration adviser (MDTA), social insurance research analyst (BES and MDTA), apprenticeship and training representative (BAT), maritime safety officer (LSB), State veterans employment representative (BVRR), and welfare and pension plans adviser (LMSA)) in 25 States. Over 4,200 applications were received, of which 3,500 have been evaluated in filling vacancies in the above listed positions. (2 professional and 3 clerical positions; \$31,275 personal services; \$2,925 nonlabor costs.) | |
| Incentive awards program----- | 31, 700 |
| This program is administered by a committee which evaluates all employee suggestions regarding improvements in the Department's operations, appraises candidates for superior performance awards, meritorious service awards, distinguished service awards, and group performance awards, and makes selections. | |
| The program itself has continuously stimulated employee interest in all areas of Department activities and operations, and has contributed significantly to favorable employee morale. | |
| Over the past 5 fiscal years (1959-63), the committee adopted 480 employee suggestions which resulted in 1st-year savings of \$135,000, and approved almost 700 performance awards which produced savings of \$18,500. In one instance alone, estimated 1st-year savings of \$25,000 resulted from a suggestion streamlining the procedures for extending the work contracts of Mexican nationals entering the United States under the farm labor program. (1 clerical and 2 professional positions, \$28,600 personal services; \$3,100 nonlabor costs.) | |

Comparative transfer from departmentwide account per cost activity—Continued

| Item | Cost |
|--|-----------|
| Departmentwide publications..... | \$26, 000 |
| These are printed materials concerning activities, programs, accomplishments, etc., of the Department of Labor that are disseminated to interested outside groups, institutions, and individuals, and distributed to employees of the Department, e.g., "The Anvil and Plow," the 1963 departmental yearbook. | |
| Press clipping services..... | 11, 000 |
| These services are required to keep informed of nationwide reaction to the operations of various Department of Labor programs. | |
| Training programs..... | 10, 000 |
| Includes orientation sessions for new employees, supervisory training for better employee utilization, refresher courses in secretarial practices (typing and stenography), management intern seminars, and purchase and rental of visual exhibit aids used in conjunction with these programs. | |
| Presidential committees and commissions..... | 5, 500 |
| Covers costs of unbudgeted Presidential committees and commissions that have been formed, for which the Department of Labor must provide all or part of the funds. In 1964 we are contributing \$5,500 to the President's Advisory Council on the Arts which surveys the prospects of various arts in the United States, assesses the relation of governmental and nongovernmental institutions to the arts, identifies Federal legislation, policies, and programs which having a bearing on the arts, encourages development of the arts, and promotes public understanding and recognition of the importance of the arts. | |
| Handbooks, pamphlets, and brochures..... | 5, 000 |
| This item is comprised of materials for Government employees from other Government agencies and outside sources which are pertinent to the Department of Labor's programs, e.g., the "Employee Handbook," "Departmental Personnel Regulations for Supervisors," etc. | |
| Library materials (book, publications, etc.)..... | 5, 000 |
| Total..... | 262, 900 |

ATTACHMENT C

U.S. Department of Labor—Analyses of 1964 comparative transfers to Office of the Secretary

| Transferring accounts from— | From departmentwide | From MDTA | | Total |
|---|---------------------|-----------|-----------|-----------|
| | | Position | Amount | |
| Bureau of Labor statistics..... | \$52, 000 | | | \$52, 000 |
| Bureau of International Labor Affairs..... | 5, 100 | | | 5, 100 |
| Manpower development and training activities..... | 9, 400 | 9 | \$98, 000 | 107, 400 |
| Trade adjustment activities..... | 500 | | | 500 |
| Bureau of Apprenticeship and Training..... | 19, 000 | | | 19, 000 |
| Bureau of Employment Security..... | 54, 600 | | | 54, 600 |
| Labor-Management Services Administration..... | 20, 200 | | | 20, 200 |
| Bureau of Veterans' Reemployment Rights..... | 2, 000 | | | 2, 000 |
| Bureau of Labor Standards..... | 8, 900 | | | 8, 900 |
| Women's Bureau..... | 2, 400 | | | 2, 400 |
| Bureau of Employees' Compensation..... | 16, 000 | | | 16, 000 |
| Wage and Hour Division..... | 59, 000 | | | 59, 000 |
| Office of the Solicitor..... | 13, 800 | | | 13, 800 |
| Total..... | 1 262, 900 | 9 | 98, 000 | 360, 900 |

¹ Includes cost for 8 positions formerly financed by reimbursements from all Bureaus to the departmentwide account.

EXPLANATION OF COMPARATIVE TRANSFER

Mr. FOGARTY. The appropriation for 1964 is a net total of \$2,357,000. There is comparative transfer from other accounts of \$360,900, making a total of \$2,717,900. The request for 1965 is \$3,362,000, or an increase of \$644,100. Would you explain this comparative transfer of \$360,900?

Secretary WIRTZ. I will just add to the record this statement. This amount does not represent an increase in dollars for the Department. It is offset by proposed reductions in the Bureau budgets. It consists of two elements: First, nine positions for administrative services authorized for financing from the manpower and training activities development appropriation at a cost of \$98,000. The proposed transfer is for the purpose of properly reflecting financing of this account.

I have listed in my statement the positions which are involved. Second, eight positions and \$262,900 for certain personnel involved in health services and related costs which are departmentwide in character but not financeable from the working capital fund are included in this item. Up to now these costs have been billed to the bureaus on a reimbursable basis. What we are proposing is to change this method of reimbursable financing by reducing Bureau funds and requiring that the financing be out of this appropriation.

I have included, Mr. Chairman, in my statement, a list of the items which are involved.

JUSTIFICATION FOR AN INCREASE IN RENTAL SPACE

Mr. FOGARTY. The largest increase is \$505,000 for rental of space. Since you have no increase in personnel for the Department, this is likely to be looked at as something that can be cut out or deferred. How serious a matter is this?

Secretary WIRTZ. May I ask Mr. Werts to comment on that?

Mr. FOGARTY. Surely.

Mr. WERTS. We have some buildings which are poorly located and some which are below standard, such as the Davis-Bacon people at the Mt. Vernon Place Building. We have some people in the Willard Building, which is a very old building. At 15th and M we have people. It is a building that is not up to standard. So in order to upgrade the space and also to consolidate people, because we can operate more efficiently, we are hoping that we may be able to move people out of these buildings into a single building.

Mr. FOGARTY. These are real poor places to work, are they?

Mr. WERTS. Yes.

Secretary WIRTZ. There are some specifics. If I may supplement the record, I would be grateful for that. Some of that space is terrible. Let us give you a few specifics on that.

Mr. FOGARTY. I think you should. I do not like to see people working in substandard space.

Will you also supply for the record, if you move out of these places, how much you save versus what it is going to cost?

Mr. WERTS. We don't save anything—the substandard space we are in is paid for by GSA and the chances are that the space will be given up by GSA when we move out.

DECREASE IN POSITIONS

Mr. FOGARTY. The budget indicates you dropped seven positions, Mr. Secretary.

Are there any positions added someplace else in connection with the increase for the working capital fund?

Mr. HUDSON. No, sir.

Mr. FOGARTY. Mr. Lesinski?

COLLECTION OF UNEMPLOYMENT FIGURES

Mr. LESINSKI. Getting back to what Mr. Laird has been alluding to, Mr. Secretary, regarding the unemployment figures, doesn't the Census Bureau take care of that pretty much? Don't they supply you with the figures?

Secretary WIRTZ. It is my judgment, Mr. Lesinski, that the information which we now get from the Census Bureau and from our own investigations, but it is partly our own investigations, does give us a firm basis for those figures.

Mr. LESINSKI. The reason I brought the question up, the Census Bureau seems to have a better means of getting the information together. Of course, you people have to use your own technique also.

Secretary WIRTZ. Yes. The unemployment figure is based very largely on a survey which we conduct.

Mr. LESINSKI. Which you conduct?

Secretary WIRTZ. Yes. We conduct it, don't we?

Mr. HUDSON. The house-to-house survey is done by Census.

Secretary WIRTZ. You are correct, done by the Census.

Mr. LESINSKI. That is what I thought. Census has the equipment and manpower to do it.

Secretary WIRTZ. They do it.

Mr. LESINSKI. It is cheaper, then, for the Census Bureau?

MANPOWER, AUTOMATION, AND TRAINING PROGRAM

You have a little bureau tucked away studying the effect of automation. What is it called?

Secretary WIRTZ. The reference, I think, is the Office of Manpower Automation and Training, OMAT.

Mr. LESINSKI. Yes, sir. I am informed that they have no program up to date.

Secretary WIRTZ. They have no program?

Mr. LESINSKI. Right.

Secretary WIRTZ. No. That would not be correct. They have been bringing forward very actively programs for experimental projects of one kind or another.

Mr. LESINSKI. The information I received is you have about 600-some-odd people working there and you have only 30 in the field and about 300 of them you could very well get rid of.

Secretary WIRTZ. I would hope and believe that is not true.

Mr. LESINSKI. Whether my information is correct or not, I think it is only fair that it be reviewed and if they are not doing anything constructive, that should be cut down. I understand you are asking

for additional positions in that bureau. If they cannot come up with anything worthwhile, you might as well hold back until they do.

Secretary WIRTZ. I would be very grateful for any specifics that you have on that.

FULL EMPLOYMENT

Mr. LESINSKI. Regarding full employment, I have to agree with you completely that if there is full employment, there is no discrimination. This is the crux of our problem. With unemployment at 5 percent, which you mentioned, roughly, give or take, there is a tendency for the lesser skilled not to be employed. With full employment, as applicable to Germany, Germany has to import workers. In this country discrimination would be eliminated. I would have to concur with you completely, because if demand is there, everyone will be working. I will have to commend you on your far-sighted thinking because some of us think that here in Washington we can eliminate this by passing laws, which cannot be done. It is impossible to.

I have no further questions, Mr. Chairman.

Thank you.

Mr. FOGARTY. Any further questions?

Mr. Secretary, do you have anything else you want to say?

Secretary WIRTZ. I would just like to say how much I appreciate the kind of forum that we come to here and the kind of understanding you have of our problems.

USE OF MORE MONEY

Mr. FOGARTY. Do you think you could use a little more money than you are asking for to operate next year in any area to do a better job?

Secretary WIRTZ. I have said quite sincerely, Mr. Chairman, and I mean it, that the proposal and the request which comes here is one which I endorse personally without qualification.

Now, if the question is asked as to whether a better job could be done with respect to any of these particular units, given more people and more money, the answer is "Yes." I think I could expand every department, every bureau, every operation in the Department and do a fuller job with it, but the question cannot be in my judgment viewed that way. My answer to you is in the context of a conviction which I share completely, that some economizing in Government in general is a good thing, and that a tightening up here in the Department is a good thing, just as it is other places, so given the recognition of the idea of tightening up I have given you what I think are responsible suggestions with respect to each of these departments, and no fudging.

Mr. FOGARTY. I do not agree with you on some of them. I do not agree with you on the Women's Bureau, or the Wage and Hour Division. I think that is complete false economy, whether it is your decision or the Bureau of the Budget or the President's. I think that is an area where you can make money and to cut back on something like this does not make sense to me.

POSSIBILITIES FOR REDUCTION

Is there any place in this budget that you think we can cut? It is about 6 or 7 weeks since the end of December when this budget was put in final form. Is there any place where there is personnel we can cut out?

Secretary WIRTZ. If there is an increase of one—there is not. The Secretary's Office does come out a decrease over last year. The answer is "No." I know of no other.

Mr. FOGARTY. There isn't anyplace where you can tell us we can cut?

Secretary WIRTZ. You inquired of me, and Mr. Laird particularly, about the situation as far as State employees are concerned. If there is an area which has been explored less than the other areas, in answer to your question, that is the area. We have done a tight job as far as trying to find any possibilities of economy in the Federal operation are concerned and I know of no other opportunities. I would be less than frank if I were to say to you that I could answer with the same confidence as far as the State employment services are concerned. We are making attempts there. To be sure that the money is being spent carefully and cautiously. My answer would be that as far as the Department itself is concerned, I know of no further economies that can be made at this point. I think I would take your question as being a suggestion, and the other comment that was made, as being a suggestion that we ought to take a good look at the expenditure of funds all through the States.

Mr. FOGARTY. If there are no further questions, thank you very much.

Secretary WIRTZ. Thank you, Mr. Chairman.

Mr. FOGARTY. You have done a good job this morning. You are running a good shop and we think you are a real good Secretary of Labor.

JUSTIFICATION MATERIAL

(The formal justifications for the Office of the Secretary follow:)

SALARIES AND EXPENSES, OFFICE OF THE SECRETARY

Amounts available for obligation

| | 1964 ¹ | 1965 ² |
|--|-------------------|-------------------|
| Appropriation or estimate | \$2,407,000 | \$3,362,000 |
| Transfer to Labor-Management Services Administration (Public Law 88-136) | -50,000 | ..... |
| Comparative transfers from other accounts | 360,900 | ..... |
| Appropriation or estimate, revised | 2,717,900 | 3,362,000 |

¹ Includes \$138,000 to be derived from the Employment Security Administration account, unemployment trust fund.

² Includes \$139,000 to be derived from the Employment Security Administration account, unemployment trust fund.

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|---|-----------------------------|-----------|----------------|-----------|-------------|-----------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Immediate Office of the Secretary | 47 | \$841,400 | 47 | \$934,150 | ----- | +\$92,750 |
| 2. Office of Information | 22 | 267,100 | 22 | 284,250 | ----- | +17,150 |
| 3. Office of the Administrative Assistant Secretary: | | | | | | |
| (a) Immediate office | 7 | 97,100 | 7 | 606,900 | ----- | +509,800 |
| (b) Personnel operations | 84 | \$51,600 | 79 | 852,825 | -5 | +1,225 |
| (c) Library | 36 | 284,400 | 35 | 293,175 | -1 | +8,775 |
| (d) Program analysis, management analysis, and budget administration | 33 | 376,300 | 32 | 390,700 | -1 | +14,400 |
| Total obligations | 229 | 2,717,900 | 222 | 3,362,000 | -7 | +644,100 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|---|-----------------------------|----------------|-------------|
| Total number of permanent positions | 229 | 222 | -7 |
| Positions other than permanent | 4 | 4 | ----- |
| Average number of all employees | 225 | 218 | -7 |
| 11 Personnel compensation | \$2,048,554 | \$2,029,302 | -\$19,252 |
| 12 Personnel benefits | 147,856 | 148,008 | +152 |
| 21 Travel and transportation of persons | 78,140 | 78,140 | ----- |
| 22 Transportation of things | 4,800 | 4,800 | ----- |
| 23 Rent, communications, and utilities | 84,125 | 630,625 | +546,500 |
| 24 Printing and reproduction | 53,550 | 73,150 | +19,600 |
| 25 Other services | 189,200 | 239,200 | +50,000 |
| 26 Supplies | 70,100 | 117,800 | +47,700 |
| 31 Equipment | 41,575 | 41,575 | ----- |
| Total obligations | 2,717,900 | 3,362,000 | +644,100 |
| Working capital fund items included above | (90,000) | (247,800) | (-157,800) |

Summary of changes

| | Direct appropriation | Trust fund | Total available |
|---|----------------------|------------|-----------------|
| 1964 appropriation | \$2,269,000 | \$138,000 | \$2,407,000 |
| Transfer to Labor-Management Services Administration (Public Law 88-136) | -50,000 | ----- | -50,000 |
| Comparative transfers from other accounts ¹ | 360,900 | ----- | 360,900 |
| 1964 appropriation, revised | 2,579,900 | 138,000 | 2,717,900 |
| 1965 estimate | 3,223,000 | 139,000 | 3,362,000 |
| Total changes | +643,100 | +1,000 | +644,100 |

¹ This amount is comprised of funds for 9 positions financed in 1964 from the "Manpower, development, and training activities" appropriation which are concerned with operations related to the manpower, development, and training program (\$88,000, personal services; \$10,000, nonlabor items), and moneys for 8 positions and activities and services financed by bureau's reimbursements. Bureau accounts are being reduced. (\$69,375, personal services; \$193,525, nonlabor items).

Mandatory items:

Increases:

Net additional cost on a full-year basis for the second step of pay increases (effective Jan. 5, 1965) for current year (base) staff pursuant to Public Law 87-793----- +\$42, 850

Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff----- +25, 300

Decreases: To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965----- -7, 850

Financing items:

Increases:

"To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget"----- +157, 800

Absorption of a portion of above increases (reduction of 7 positions; \$78,100 personal services; \$900 nonlabor)----- -79, 000

Program items: Increases: To finance the 1st year annual rental (\$454,200), and related moving, telephone, and equipment installation costs (\$50,800), for 79,500 square feet of space urgently needed to replace present scattered substandard space facilities which are overcrowded and a source of waste in terms of unnecessary administrative costs----- +505, 000

Total change----- +644, 100

Mandatory and financing changes for 1965

Mandatory items:

Increases:

Pay increase costs----- +\$42, 850

To finance on a full-year basis the 2d step of pay increases (effective Jan. 5, 1964) granted by Public Law 87-793 for current year (base) staff. This 2d step was funded on a part-year basis in 1964. The object schedule includes these changes as follows:

Personnel compensation----- \$38, 653

Personnel benefits----- 2, 897

Payments to other accounts for services involving salaries----- 1, 300

Total----- 42, 850

Within-grade promotion costs----- +25, 300

Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover.

Personnel compensation----- \$26, 637

Deduct lapse----- -3, 102

Personnel benefits----- 1, 765

Net cost----- 25, 300

Decreases:

Reduction of 1 less day of pay in 1965 over 1964----- -7, 850

To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965.

Financing items:

Increases:

To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget----- +157, 800

Absorption of a portion of above increases (reduction 7 positions; \$78,100 personal services; \$900 nonlabor)----- -79, 000

The volume of central administrative services in the Department of Labor has increased rapidly over the past few years because of a number of factors: a larger department; increased services (such as Regional Administrative Services Office and data processing for payroll) and increased costs (salary and other).

In these years of growth of the Department, it has been impossible to coordinate the budget requests of the bureaus (for centralized services) with the facts of performance. Increased costs have been met out of whatever funds were available (e.g., savings growing out of lapses, unused travel, etc.). In many cases (and in varying degree) base budgets and budget requests were not adjusted to reflect the increased costs paid. The Department was able to "get by" in times of growth. Now that we are no longer expanding rapidly and we are fully staffed, it is essential to cover these costs in the basic budgets.

In order to properly reflect the cost of these services in various bureau budgets in 1965, the Department is requesting that each affected appropriation be granted a base adjustment to maintain in 1965 the 1964 level of operation of central administrative services. This is being done by asking for a net increase in funds of about 50 percent and by reducing personal services in the program area in order to absorb the balance.

Activity 1. Immediate Office of the Secretary (1964, \$841,400; 1965, \$934,150)

Narrative description of program.—This activity covers the top staff of the Department which assists in the formulation of governmental policy matters in the field of labor and in the direction of all programs of functions assigned to the Department.

Program changes for 1965.—None.

Activity 2. Office of Information (1964, \$267,100; 1965, \$284,250)

Narrative description of program.—This program provides informational services for the Department and has the responsibility for coordinating the Department's work in this field.

Program changes for 1965.—None.

Activity 3a. Office of the Administrative Assistant Secretary: (a) Immediate Office (1964, \$97,100; 1965, \$606,900)

Narrative description of program.—This Office provides for the Department's budgetary and fiscal management, personnel management, administrative management, organization, the Library, and administrative services activities.

Program changes for 1965.—First year annual rental: Consequent with the new and expanded programs of the Department and the related staff increases over the past several years, it has been necessary, because of the scarcity of adequate facilities, to situate various operations and activities in a piecemeal manner throughout the metropolitan Washington, D.C., area wherever any space—often substandard—was available when needed. As a result, the Department now has offices housed in 21 different buildings in the Washington, D.C., area.

This dispersment has greatly increased administrative operating costs (messenger, mail, and shuttle service; increased communication costs; lost man-hours spent by program staff commuting between locations) and has hindered and impeded efficient and economical management practices (duplication of support facilities and services).

To overcome and correct this situation and effect long-term economies, the Department proposes to release space now occupied at 1156 15th Street NW. (25,275 square feet), 815 Mount Vernon Place (10,170 square feet), 2121 K Street (7,859 square feet), and the Willard Building, 500 block 14th Street (26,685 square feet), none of which can be classified as acceptable office space, and relocate the activities at these sites to one building of approximately 70,000 square feet on or about July 1, 1964. The estimate provides for \$420,000 for the first year annual rental payment to General Services Administration and \$47,000 for moving expenses and equipment installations.

In addition, the visual exhibits activity requires increased space facilities to relieve the overcrowded conditions under which it presently operates in a completely occupied temporary building scheduled for demolition in 1966. Due to this combination of conditions, it is proposed that \$34,200 be provided to cover the estimated annual first year rental payment to General Services Administration for 9,500 square feet of space in which to locate this operation, plus \$3,800 for moving expenses and telephone installation.

The entire estimate of \$505,000 will be a nonrecurring item after 1965, moving and telephone installation occurring when the space is realized, and the \$454,200 annual rental cost being funded by General Services Administration and included in its budget in subsequent years.

Activity 3b. Office of Administrative Assistant Secretary: Personnel operations (1964, \$851,600; 1965, \$852,825)

Narrative description of program.—The Office of Personnel Operations is responsible for formulating the personnel management program for the Department of Labor and directing its operation.

Program changes for 1965.—None.

Activity 3c. Office of the Administrative Assistant Secretary: Library (1964, \$284,400; 1965, \$293,175)

Narrative description of program.—This program provides centralized library services for the entire Department.

Program changes for 1965.—None.

Activity 3d. Office of the Administrative Assistant Secretary: Program analysis, management analysis, and budget administration (1964, \$376,300; 1965, \$390,700)

Narrative description of program.—This activity provides for departmental coordination of matters involving program achievement and planning, management analysis, and budgetary and financial management direction and control.
Program changes for 1965.—None.

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$2,029,302

The estimate will provide 222 full-time positions and 214.4 man-years of employment, together with 3.6 man-years of full-time equivalent intermittent employment for consultants and experts, and will result in a net decrease of \$19,252. The total includes net increases in mandatory costs on current year staff, and a decrease of seven full-time positions and \$72,641 related to the partial absorption of increased central administrative services costs.

Personnel benefits, \$148,008

This estimate is based upon personnel compensation and includes increases of \$152 related to a rise in net mandatory costs on current year staff, and a more accurate and realistic calculation of personnel benefits costs based on prior years' experience. The estimate also includes a decrease of \$5,459 in connection with the reduction of seven full-time jobs referred to above.

| | |
|--------------------------|------------|
| CSC retirement fund..... | \$127, 082 |
| Health benefits..... | 12, 821 |
| Life insurance..... | 6, 359 |
| FICA..... | 1, 746 |
| Total..... | 148, 008 |

Travel and transportation of persons, \$78,140

The estimate is the same as allowed for 1964, and will allow travel and transportation expenses for 77 total travelers in the Office of the Secretary, and various consultants and experts. The request includes the following:

| | 1964 | 1965 | Change |
|---|-----------|-----------|--------|
| Number of travelers..... | 81 | 77 | -4 |
| Number of days traveled..... | 1, 675 | 1, 675 | |
| Average number of days..... | 21 | 22 | +1 |
| 1,675 days of travel and \$16 per diem..... | \$26, 800 | \$26, 800 | |
| Transportation costs..... | 40, 550 | 40, 550 | |
| Travel costs for consultants and experts..... | 10, 790 | 10, 790 | |
| Total..... | 78, 140 | 78, 140 | |

Transportation of things, \$4,800

The estimate will cover the cost of transportation of materials to field installations. No increase is requested for 1965.

Shipment of materials:

| | |
|-------------|----------|
| 1964..... | \$4, 800 |
| 1965..... | 4, 800 |
| Change..... | |

Rent, communications, and utilities, \$630,025

The estimate includes a net increase of \$545,900, comprised of the following items:

| | |
|--|-----------|
| To provide the cost of centralized services not previously identified in prior budgets at the actual level of expense..... | \$61, 000 |
| To finance the 1st year annual rental for 79,500 square feet of space..... | 454, 200 |
| For telephone equipment and instrument installations in conjunction with the relocation to new space facilities..... | 30, 900 |
| Decrease in telephone rentals and service in connection with the reduction of 7 full-time positions..... | 200 |

The estimate will provide the following:

| | 1964 | 1965 | Change |
|---|----------|----------|------------|
| Paid official mail..... | \$14,600 | \$14,600 | ----- |
| Telephone rental, service, and installation..... | 18,325 | 49,025 | + \$30,700 |
| Telegrams and long-distance calls..... | 16,400 | 16,400 | ----- |
| Working capital fund..... | 34,800 | 95,800 | +61,000 |
| 70,000 square feet of space at \$6 per square foot..... | | 420,000 | +420,000 |
| 9,500 square feet of space at \$3.60 per square foot..... | | 34,200 | +34,200 |
| Total..... | 84,125 | 630,025 | +545,900 |

Printing and reproduction, \$73,150

The estimate includes an increase of \$19,600 to provide the cost of centralized services not previously identified in prior budgets at the actual level of expense

The estimate will provide the following:

| | 1964 | 1965 | Change |
|--------------------------------|---------|---------|------------|
| Secretary's annual report..... | \$7,000 | \$7,000 | ----- |
| Binding..... | 3,700 | 3,700 | ----- |
| Reproduction services..... | 27,600 | 27,600 | ----- |
| Letterheads, forms, etc..... | 3,950 | 3,950 | ----- |
| Working capital fund..... | 11,300 | 30,900 | + \$19,600 |
| Total..... | 53,550 | 73,150 | +19,600 |

Other services, \$239,200

The estimate provides an increase of \$50,000 comprised of the following items:

| | |
|---|--------|
| For the cost of centralized services not previously identified in prior budgets at the actual level of expense..... | 28,800 |
| To finance the cost of moving to requested replacement space (79,500 square feet at \$0.25 per square foot)..... | 19,900 |
| To cover the second-step of pay increases (effective Jan. 5, 1964) included in payments to other accounts for services involving salaries.. | 1,300 |

The estimate includes the following:

| | 1964 | 1965 | Change |
|--|----------|----------|-----------|
| Health room services and immunization..... | \$67,200 | \$68,500 | + \$1,300 |
| Entertainment of foreign visitors..... | 5,000 | 5,000 | ----- |
| Reporting services..... | 17,800 | 17,800 | ----- |
| Visual exhibit services..... | 9,800 | 9,800 | ----- |
| Moving services..... | | 19,900 | +19,900 |
| Services of outside organizations..... | 60,000 | 60,000 | ----- |
| Training programs and services..... | 13,000 | 13,000 | ----- |
| Working capital fund..... | 16,400 | 45,200 | +28,800 |
| Total..... | 189,200 | 239,200 | +50,000 |

Supplies and materials, \$117,800

The estimate includes a net increase of \$47,700, comprised of the following:

To provide the cost of centralized services not previously identified in prior budgets at the actual level of expense, \$48,400.

A decrease of \$700 reflecting the reduction of seven full-time positions.

| | 1964 | 1965 | Change |
|-----------------------------|----------|----------|---------|
| Desk top supplies..... | \$13,700 | \$13,200 | -\$500 |
| Subscriptions..... | 11,400 | 11,400 | ----- |
| Automobile maintenance..... | 3,800 | 3,800 | ----- |
| Duplicating supplies..... | 13,700 | 13,500 | -200 |
| Working capital fund..... | 27,500 | 75,900 | +48,400 |
| Total..... | 70,100 | 117,800 | +47,700 |

Equipment, \$41,575

The estimate provides for the acquisition of books and periodicals and the replacement of obsolete equipment beyond economical repair and not available from surplus stock. No increase is required for 1965.

| | 1964 | 1965 | Change |
|----------------------------|---------|---------|--------|
| Books and periodicals..... | \$7,000 | \$7,000 | ----- |
| Equipment..... | 34,575 | 34,575 | ----- |
| Total..... | 41,575 | 41,575 | ----- |

WEDNESDAY, FEBRUARY 12, 1964.

BUREAU OF LABOR STATISTICS

WITNESSES

EWAN CLAGUE, COMMISSIONER
 ROBERT J. MYERS, DEPUTY COMMISSIONER
 W. DUANE EVANS, ASSOCIATE COMMISSIONER
 HARRY M. DOUTY, ASSOCIATE COMMISSIONER
 PETER HENLE, DEPUTY ASSOCIATE COMMISSIONER
 RICHARD F. JONES, DEPUTY ASSOCIATE COMMISSIONER
 RAY S. DUNN, CHIEF, DIVISION OF FISCAL MANAGEMENT AND
 SERVICES, OFFICE OF THE SECRETARY
 V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
 RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 8,342 | 9,374 | 10,007 |
| Positions other than permanent..... | 176 | 174 | 240 |
| Other personnel compensation..... | 120 | 183 | 143 |
| Total personnel compensation..... | 8,638 | 9,731 | 10,390 |
| 12 Personnel benefits..... | 629 | 718 | 768 |
| 21 Travel and transportation of persons..... | 680 | 697 | 781 |
| 22 Transportation of things..... | 25 | 20 | 20 |
| 23 Rent, communications, and utilities..... | 519 | 731 | 771 |
| 24 Printing and reproduction..... | 363 | 351 | 392 |
| 25 Other services..... | 915 | 1,099 | 1,323 |
| Services of other agencies..... | 2,644 | 2,860 | 3,835 |
| 26 Supplies and materials..... | 16 | 19 | 24 |
| 31 Equipment..... | 160 | 135 | 164 |
| Total obligations..... | 14,589 | 16,360 | 18,468 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Total number of permanent positions..... | 1,312 | 1,299 | 1,357 |
| Full-time equivalent of other positions..... | 45 | 44 | 44 |
| Average number of all employees..... | 1,228 | 1,296 | 1,365 |
| Employees in permanent positions, end of year..... | 1,383 | 1,299 | 1,357 |
| Employees in other positions, end of year..... | 0 | 105 | 105 |
| Average GS grade..... | 7.8 | 7.8 | 7.8 |
| Average GS salary..... | \$7,243 | \$7,676 | \$7,754 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Program by activities: | | | |
| 1. Manpower and employment..... | 5,327 | 6,282 | 7,577 |
| 2. Prices and cost of living..... | 2,226 | 2,424 | 2,805 |
| 3. Wages and industrial relations..... | 2,632 | 2,913 | 2,956 |
| 4. Measurements of productivity..... | 625 | 695 | 711 |
| 5. Industrial hazards..... | 300 | 327 | 332 |
| 6. Foreign labor conditions..... | 328 | 392 | 392 |
| 7. Program staff services..... | 1,525 | 1,556 | 1,591 |
| 8. Administration and management services..... | 1,803 | 1,816 | 2,105 |
| Total program costs, funded..... | 14,766 | 16,405 | 18,468 |
| Change in selected resources ¹ | -177 | -45 | |
| Total obligations..... | 14,589 | 16,360 | 18,468 |
| Financing: | | | |
| Comparative transfers to other accounts..... | | 52 | |
| Reimbursements for emergency preparedness functions..... | | -67 | -80 |
| Unobligated balance lapsing..... | 1 | | |
| New obligational authority (appropriation)..... | 14,590 | 16,345 | 18,388 |

¹ Selected resources of June 30 are as follows: Unpaid undelivered orders, 1962, \$250,000; 1963, \$73,000; 1964, \$28,000; 1965, \$28,000.

GENERAL STATEMENT OF THE COMMISSIONER

Mr. FOGARTY. Mr. Clague, do you have a statement for the committee?

Mr. CLAGUE. Yes, Mr. Chairman, I have a statement which I would like to file, if I may, and I would like to make a few general comments before I justify my budget in detail.

Mr. FOGARTY. Very well.

(The statement referred to follows:)

SALARIES AND EXPENSES

EMPLOYMENT AND UNEMPLOYMENT STATISTICS

The problem of unemployment in our economy continues to be a matter of major concern. The year 1963, by any standards, can be classed as a year of prosperity and high economic growth. Yet the unemployment rate for the year as a whole averaged 5.7 percent of the labor force. Furthermore, while the unemployment rates of adults showed some improvement over the preceding year, the rates for young boys and girls under age 20 increased. The unemployment rate among young people is about 15 percent. The significance of this figure is multiplied when we recall that we are now only about 1 year away from the truly big wave of young people ready to enter the labor market in 1965. The second half of this decade will witness the entry of over 14 million new young workers into the labor force. We are also seeing a continual expansion in the number of

women workers, coupled with a shrinkage of men in the middle-age groups—the most permanent and experienced workers in our economy.

Last year, in response to the recommendations of the President's Committee To Appraise Employment and Unemployment Statistics (Gordon Committee), you provided us with funds to make some special studies of the employment and unemployment problems and of how to improve and sharpen our statistics in this area. Our unemployment figures have sometimes been criticized on the ground that they are too high, and sometimes too low. In order to experiment on ways to improve the statistics without interfering with the accuracy of the present monthly date, the Gordon Committee recommended that we set up a separate panel of households for experimental surveys. Our original plan has been to provide for a second sample of 17,500 households—half the size of the sample we now use. With the funds available this year, we have been able to undertake only a quarter sample. We are requesting funds for fiscal 1965 to start the remainder so that by 1966 we shall have in operation a fully effective supplementary sample on which to test the results of any improvements we may make following our experiments this year and in fiscal year 1965. In the process, we shall not only be able to test a number of important issues, but shall then be prepared to produce monthly figures more accurate than those we now have. The growth of our labor force is a critical issue in connection with policies designed to increase economic growth and reduce unemployment; we are asking for funds to study the factors affecting the decisions of people to enter or leave the labor force.

Our remaining requests are for filling major gaps in the programs which we have had underway for a number of years on employment, hours, earnings, and labor turnover. This requires reports from employers through the Federal-State employment statistics system. In the immediate future a crucial issue looms in this country concerning shorter hours. This is an issue which the Government itself will have to face. While we have a great deal of information on the average hours worked in hundreds of industries, we lack information on many of the growing fields in services and finance. We do not have employment data for many important smaller cities. We do not have all that is needed, even on basic industries like manufacturing; for example, we do not have adequate information on the weekly hours of nonproduction (office) workers in manufacturing industries, although we have for years collected information on the factory workers in the plants. Yet nonproduction workers now make up well over 25 percent of the total manufacturing payrolls. This particular program has been on our list of proposals for years. We have been able at last to start a pilot study with funds appropriated for the 1964 fiscal year. We are now requesting funds to put this program into operation in fiscal 1965. It is strongly supported by labor groups. It is also needed in the Government. Our productivity indexes for individual industries would be better if they included the man-hours worked by officeworkers as well as those by the factory workers. Now that we have succeeded in getting this program before you, I hope you will be favorably impressed with it.

Another serious gap we hope to make a start on filling is the lack of any current statistics on unemployment by occupations, which are so badly needed in planning manpower development and training programs.

WAGE AND SALARY STATISTICS

There is another critical issue which faces the Congress this year and every year—Federal pay scales. Your committee has provided us with funds to assemble information on wages and salaries in private industry for occupations and positions comparable to those in the Federal service. We are just now about to go into the field with our 1964 survey of professional, administrative, and technical pay scales in private industry. We are also beginning to collect information on private employer expenditures on fringe benefits for white-collar personnel. The Congress as a whole has expressed its confidence in the Bureau by providing in section 503 of the Federal Pay Act of 1962 that the Bureau of Labor Statistics should be the agency charged with responsibility for developing this information. Last September, I appeared before the House Post Office and Civil Service Committee to present the information we had collected at that time. Last November, the results of our 1963 survey were published.

We are requesting some additional funds and personnel to maintain the accuracy of this important salary survey in the light of the increasing industrialization of our metropolitan areas. Our original selection of 80 metropolitan

areas to represent all such areas was based upon the 188 areas which had been certified by the Census Bureau at that time. Since then, as a result of the 1960 population census, the number of metropolitan areas has increased by 28. We need a representative selection of these new areas to be added to the list we now have. In addition, changes in the geographic and industrial composition of many older areas clearly indicate that we need a larger representation of business firms and workers in these communities. In view of the fact that the payroll of the Federal Government amounts to about \$15 billion annually, it is important that these data by the BLS should be as accurate as possible.

PRICES

For the past 5 years, the Bureau of Labor Statistics has been engaged in a major revision of the Consumer Price Index. At the end of February or in early March, we shall be issuing to the public the new revised index for the month of January 1964.

During this 5-year period, we have encountered difficulties, many expected and some not expected. However, we have surmounted these in the main; we have produced the revised index on schedule, and we can say to you that it is a much-improved index, one that is geared for the problems of the 1960's, and certainly one that has been made possible only by the understanding and the support of the committee.

You have made provision in the 1964 budget for the continuation of the old index through June 1964. You may recall that in the last revision 11 years ago we did not have the foresight to anticipate the problems which labor and management would have in adjusting to the new index. You have made it possible to make this transition; we have taken special steps to inform management and labor how it can be done. We hope and expect that during these first 6 months of 1964 all contracting parties who are making use of the index will be able to shift their contracts from the old index to the new one.

We have been fortunate in our revision program, namely, that we have had 5 years of comparative price stability in which to complete the job. We were not so fortunate last time when the Korean conflict upset some of our plans. The Wholesale Price Index is today at just about the same level as 1958. The Consumer Price Index has risen by a little more than 1 percent a year from December 1958 to December 1963. We cannot be sure what will happen to prices in the coming years, but we have succeeded in putting our measuring rods in good shape to gage them.

Looking to the future, we hope that you will provide funds for the program we are proposing for the operation and maintenance of this revised index. We have taken steps to apply to it some of the recommendations made by the Price Statistics Review Committee in November 1960. We are collecting prices from more stores for more goods and services and with more price quotations and plan to extend this work to some additional cities. We have organized the work and collected enough price quotations so that we can estimate the margin of sampling error in the index.

Since we have invested so much time and money in the development of the new revised index, I want to urge that adequate provision for its operation and maintenance be made. For the coming fiscal year we are requesting 30 jobs and \$300,000 for the operation of the index, including the extension to six additional cities, namely, Cincinnati, Houston, Kansas City, Milwaukee, Minneapolis-St. Paul, and San Diego. I hope you will continue to have confidence in the reasonableness of our cost estimates.

In the field of prices, we have one other proposal which concerns the Wholesale Price Index. This index does not have the fame of the consumer index, but it is of vital importance to industry and to the Government. Both Government agencies and private business use these data for adjusting contract prices. A few years ago, a survey of users of the Wholesale Price Index produced the estimate that upwards of \$14 billion of contracts had provisions for adjustment of prices on the basis of WPI data. The WPI also serves as a foundation for many other statistical series developed in other Government agencies—and in private agencies, for that matter. Up to the present it has consisted of a wide representation of the prices of commodities in primary markets. We have classified these into farm products, foods, raw materials, finished manufactured products, etc. However, we have heretofore not collected sufficient information to provide price indexes for major industries or

sectors of the economy. For the Council of Economic Advisers, for the Bureau of the Budget, for other Government agencies and for economic analysts generally, there is a need for this type of wholesale price index information. I must emphasize that our proposal for fiscal 1965 is only a beginning. This request will permit us to develop such series for a few industries. During the coming year we will plan for extending this work to more sectors of the economy.

USE OF STATISTICS BY CONGRESS

Mr. CLAGUE. The point I would like to make in my introduction is the vital importance of the work of the Bureau of Labor Statistics to the country as a whole.

Take the Congress itself, for example. Congressmen have a stake in our figures. You are discussing the tax bill at the present time. I think that one factor leading to the discussion of tax reduction was our own unemployment figures.

I venture to say that if we had 3-percent unemployment, this situation might not have been presented. In other words, it is to speed up economic growth and to deal with these figures of unemployment that you are discussing tax reduction.

About 2 years ago you passed the Manpower Development and Training Act. Certainly that stemmed from our statistics on the characteristics of the unemployed. We pointed out it was the untrained, the unskilled, and the illiterate who constituted the bulk of the unemployed; and this pointed in the direction of some kind of training program to put them into employability.

My third illustration is price statistics. You will recall that in October 1962, Congress passed amendments to the Civil Service Retirement Act which provided that the Consumer Price Index will be used to escalate retirement annuities for all Civil Service retirees.

If and when our index goes up 3 percent from the fall of 1962, there will be a 3-percent adjustment in the annuities. This goes on into the future, which again illustrates the extent to which Congress, in making its decisions, is relying on our figures.

A fourth example would be the Federal Pay Act. Also in October 1962, provision was made for comparability between Federal pay and private pay, and in the law itself Congress specified that the Bureau of Labor Statistics was to be the agency to make salary surveys in private industry. The legislation which you are considering now on Federal pay is derived from the reports we make.

I think there are enough illustrations to indicate that Congress itself has a very important stake in our figures.

EXECUTIVE USE OF STATISTICS

The executive branch likewise had an equally important stake when the Council of Economic Advisers issued its guideposts for collective bargaining. The Council is relying on our wage statistics, our price statistics, and our productivity statistics, these are the posts that they are using as guides. When there is talk about whether there is a danger of inflation, the test will be what is happening to our Wholesale Price Index and our Consumer Price Index.

OTHER USES OF STATISTICS

I do not need to remind this committee of the labor-management interest in our figures and the fact that our data are always used in collective bargaining. There are 17 million organized workers in the country, and in virtually every collective bargain data from the Bureau are brought into the picture.

I can go further and say that 40 million employees in the country are not organized; yet in many instances we find employers using our data in making their own decisions with respect, for example, to wages and salaries.

Finally, I think I should cite the fact that the average citizen comes frequently in contact with us, particularly in connection with the Consumer Price Index. Perhaps of all the organizations in the Federal Government we produce data which come closer to the average citizen than any other.

My point in connection with this is that our statistics are good. Your committee has supported us in developing good statistics. We make no apologies for them.

The fact is that they could be better. Their uses are straining them at their present level of detail. The program I am presenting to you is designed to make them better, to get more information, and to enable them to serve better in the future.

I would like to end that point by saying that an investment in our work, in our statistics, could pay big dividends in public policy and in private decisionmaking in this country.

I think, Mr. Chairman, that is my general statement. I would be glad to go further and defend my particular items or have you ask questions, whichever you think better.

Mr. FOGARTY. Why don't you go right through?

Mr. CLAGUE. All right.

On page BLS-6 we have the major proposals which I am presenting. They are in three different fields—employment and unemployment statistics, price statistics, and a small item on wage statistics.

EMPLOYMENT AND UNEMPLOYMENT STATISTICS

You will see that practically all our items in connection with manpower and employment stem from the Gordon Committee recommendations which we reported to you last year.

The only other item is for the Occupational Outlook Handbook. We have asked \$30,000 for the printing of the 1965 edition of the handbook, which will come out the year after next.

We printed last fall the 1963 edition which is now available for the young people now entering the labor force. We sent you copies of that handbook and you are familiar with it.

GORDON COMMITTEE RECOMMENDATIONS

In discussing these recommendations of the Gordon Committee, of which there are four, I would like to divide them into two groups. The first two relate to our monthly report on the labor force. That is the sample survey of households which the Census conducts for us. A

good deal of the money specified there, as a matter of fact, goes to the Census. We have some positions and analytical funds for ourselves.

EXPANSION OF LABOR FORCE SAMPLE

There are two such items—one, the expansion of the labor force sample. We came before you last year and asked if we could increase the sample by 50 percent. It is now 35,000 households. We asked for 17,500 more. As a result of the adjustments in our budget, we cut it in half and came down to 8,750 more. That is what we are doing this year in cooperation with the Census. We are back asking you for the other 8,750 to lift the increase up to 17,500.

I would like to use two points to illustrate what we are using that additional sample for. This sample has not been incorporated into the 35,000. The regular sample still is operating as it always has done. Our current figures flow from that. This new sample is being used to test some of the definitions which the Gordon Committee asked us to test.

For example, some people think that our figures for the unemployed are too low. We now ask the question—did anybody in this household look for work last week?

In fact, the first question we ask is did anybody work last week?

With that out of the way, did anybody look for work?

If they say "No," the rest of the household are out of the labor force, so far as we are concerned, and they don't count as unemployed.

The Gordon Committee had a feeling that they might have said "No" because they were discouraged. They might have looked for work for weeks and couldn't find it, so they didn't look last week; therefore we do not get from them the right answer.

The Committee suggested that we use a time period instead. We are doing that in our test sample. We have chosen 30 days; and we are asking—did you look for work last week? Then we go further—did you look for work at any time in the last 4 weeks?

This will be a test question. It is not entering into our present figures at all, but the results will enable us to see whether or not we are missing many genuinely unemployed who ought to be in the picture.

On the other hand, there is also the question raised—do we have too many people unemployed, workers not really interested in work?

We will ask the question—what did you do to look for work in the last 30 days? Are you registered at the employment office? Have you answered an ad? Have you gone to an employer?

That is what we plan to do with this sample. Next year we will add the 8,750 we are now requesting, and that will bring the total up to 17,500. If we successfully work out some new definitions that we are satisfied with, we will apply them to the basic 35,000 households and then we will add in this additional sample, making a total of 52,500, which will enable us to get more accurate details on some of the smaller, the unemployed and the employed. That is the first project.

SPECIAL QUESTIONS FOR THE CENSUS

The other one is a special project with the regular sample. In the regular sample of 35,000 the Census periodically asks special questions,

some of which we supply. They also accept questions from the Public Health Service and other agencies. These questions are asked in addition to the regular questionnaire.

We propose to ask some special questions concerning what we call the labor force turnover, entries into the labor force and the disappearances from it. For instance, with young people we would be finding out why they entered the labor force in a particular month; or with women, why it was they came in at such a time, what factors were present in their entry. For example, there is a husband out of work and a wife enters the labor force to work. She formerly was not working. This would give us some clue on her reasons for entry.

With older people, of whom many are retiring, did they retire voluntarily or was it compulsory? Did they go out of the labor force by way of unemployment, and take social security benefits because that was their only hope; or were they glad to retire and are very happy in retirement? This also is of interest.

EFFECT OF VOLUNTARY RETIREMENT LAW

By the way, since Congress passed that law in the summer of 1961 on voluntary retirement of men aged 62 to 65, I believe that something like 1 million men in those ages have applied for social security. You can see how important this is. Maybe they found themselves out of work unable to find jobs, and after 26 weeks or 52 weeks out of work they have taken social security instead. We don't know why. They are making a study at HEW to find out something more about those people.

From our point of view the important point of this question is this: When we get a further expansion in business in 1964, and nearly everybody is expecting an expansion in business, suppose we add 1,200,000 jobs, which is about what the growth of the labor force would be, then unemployment would hold at the same level. Suppose we find that still 200,000 more people enter the labor force. Of course, we will not find out their reasons this year, because we will not get going on this study until after July, but when we do we would be trying to answer the question—Does the labor force itself expand faster in prosperity, so that unemployment fails to decline to the extent that employment increases? This is a crucial question.

Likewise, on the downturn in business when we go into a recession period, does unemployment fatten up or do many people voluntarily retire from the labor force?

When I made studies 30 years ago in the depth of the depression, we had a theory on which we thought we had plenty of evidence; namely, that with an increase in unemployment, the number in the labor force rose because the unemployment of the husband led to the employment of the wife, or even to the older boy quitting school and taking a job; so there was an expansion of the labor force solely due to the unemployment of the head of the family.

However, we are not sure. That factor has not shown up in our figures in the milder recessions we have had since the war. Those are the first two proposals.

INCREASED NUMBER OF LOCALITIES REPORTING MONTHLY FIGURES

The second two relate to our Federal-State statistics of reports from employers that we produce in cooperation with the Bureau of Employment Security and the State agencies. One project is directed to expanding the list of localities for which we have regular monthly figures for employment and hours of work and earnings, this includes getting labor turnover figures in these localities, the quits and layoffs. We want those figures for a larger number of localities, particularly smaller ones growing up recently. About \$175,000 of that money goes to the States and is matched by the Bureau of Employment Security; the rest is for us in the Bureau. You can see how important that project is in connection with the manpower development and training program and for the Area Redevelopment Administration.

WORK HOURS FOR WHITE COLLAR WORKERS

Included in that project is one item I do want to call to your attention; that is a proposal to get the hours of work and earnings of the nonproduction workers in manufacturing. We have rich information on the hours of work of the factory workers, blue collar workers in factories. We would like to get information on the white-collar workers, because these workers now constitute between 25 and 30 percent of all employment in manufacturing. Their number is growing, whereas the blue collar workers are actually declining to some extent. We would like to extend our knowledge of the hours of work for the white-collar group.

EMPLOYMENT FIGURES BY OCCUPATION

The other manpower project is to get some information on employment by occupation. You are familiar with our figures showing employment for specific industries—steel, rubber tires, auto, and so on, but we have very scanty information on the total employment in the country, or total labor force in the country classified by occupation. Carpenters, for example, are not only found in the construction industry, but also in the mining industry, the auto industry, and in many, other industries. When we try to get the total number of carpenters, as an occupation, we need to collect information from employer payrolls occasionally, and we plan to get such reports. I don't know how often, but perhaps once a year we will ask employers to give us an occupational breakdown of their payroll by these major occupations. We hope eventually to build up to about 100 of the most crucial and critical occupations in the country of the kind I have been describing. We want to get a start on that program.

We are particularly interested in some of the metal working occupations, such as machinists; repair occupations, such as television repair; some of the service occupations, such as cooks. This is our plan.

PRICE STATISTICS

REVISED CONSUMER PRICE INDEX

The second major field of Bureau activity concerns prices and the cost of living. Here I can hardly overemphasize the importance of asking you to be sure to give us the maintenance money we need to continue the new index when it comes out. It will be issued for the month of January on the 3d of March. February is a short month and we are not able to issue it in the month of February, but it has been announced we will have it ready for Tuesday, March 3. Then we will have the new index and the old index both available for the month of January.

There is to be a 6-month overlap period, Mr. Chairman. You will recall, and perhaps some of the others on the committee recall, that when we last revised this index in 1953, we didn't have the foresight to provide for this, with the result that we planned to end the old index with December and start the new index in January. Both labor and management went to President Eisenhower, and an emergency fund was found to enable us to continue the old index for 6 months, so that there would be a period of overlap to enable the contracting parties to get across to the new index. It was continued through the month of June.

This time we incorporated that in our plans, and you provided funds to enable us to do this; so there will be a 6-month period in which labor and management will have an opportunity to switch across in their contracts.

Next year we have to provide for the maintenance of this new index. We are asking for 20 positions and \$200,000 to do that.

I would like to put in a cost item in connection with that, because I want to show you that that is a well documented cost item. I could supply it for the record, but I would like to highlight the main points.

The old number of cities was 46 and the new is 50. The number of items in the old index was 325; in the new one, 400.

The number of outlets or stores was 37,000. We have moved it up to 50,000.

The total number of price quotations for the year was 1,300,000 and it will be 1,500,000.

We have calculated also the minutes of time required for each of our processes. I want to show you that we keep careful cost records so I have the average costs per quotation. The old index was 93 cents per quotation and the new one is \$1.13. We have documentary evidence to support these cost figures.

Since we have invested 5 years of time and have made what we consider some very significant and important improvements in the index, we urge strongly that we be provided funds to maintain that index on the scale for which we have set it up.

ADDITIONAL CITIES IN THE INDEX

The next item is the additional cities in the Consumer Price Index. When we first drew our sample for the new index we found out we had half a dozen cities which formerly had indexes but which

were left out of the list. We came to you last year, after consultation with the Bureau of the Budget to arrive at a conclusion as to where to draw the line for city indexes. The Bureau of the Budget drew the line at a population of 1 million for each metropolitan area, according to the population census of 1960; so there are 23 cities in that group. We are going to add those additional cities for which we plan to make individual indexes.

I think we have a policy with which we can live in the future. If a metropolitan area grows large enough by 1970, or whenever we revise this index again, they will be entitled to come in. Below that size we select samples of smaller communities but we do not plan to take large enough samples of prices to prepare local indexes for those smaller communities.

WHOLESALE PRICE INDEX

The third item in the price field is the Wholesale Price Index. That is to develop price indexes by industry, as contrasted with price indexes by stage of manufacture. We now publish our wholesale prices, which are farm prices and business prices by groups such as for raw foods, farm products, raw materials, semifinished goods, and finished goods.

Now we would like to gather additional price data, so that we would be able to take an industry as a whole and have an adequate price picture of that industry. For example, take textiles, which is now involved in tariff negotiations. There are in fact several textile industries; the idea would be to get prices sufficiently representative of those industries so that we could get a price index for each one.

Our Wholesale Price Index has a very important bearing on many other statistics in our Government. It plays a big part in the development of the gross national product figures which the Commerce Department prepares. It would be valuable for tariff negotiations. Certainly it will be very useful in a variety of policy ways. In fact, in the long run we may want to consider whether this new proposal would not be a more fruitful method of pricing for our whole economy; that is, to have wholesale indexes for individual industries.

However, that is far in the future. We are doing some work on that project this year. We are asking you to extend that work to more industries. We hope we will be able to come back to you next year for further extension of it, so that eventually we could have industry indexes for about 400 industries.

WAGES AND INDUSTRIAL RELATIONS

The third major field of Bureau activity concerns wages and industrial relations. We have asked you for a small item to extend our community wage surveys, particularly for use in connection with the salaries of Federal workers. Our original sample was 80 areas. Your committee has supported us while we have developed that program. The 80 areas represented the 188 metropolitan areas in the country in 1959.

Since the census of 1960 the Bureau of the Budget has created an additional 28 areas. There are now 216. The new areas are smaller ones which have crept across the dividing line between not being a

metropolitan area and being one. We have suggested taking 5 out of the 28 new areas. That means we will have a minimum representation of that group. We are asking for funds to do that, and also to fatten up our sample and our representation in some of the older communities. Some of the large areas have grown larger and also have had changes in industrial composition. We need to readjust and expand our samples in a few of the larger areas, which would increase the collection time to some extent. Altogether, we are asking \$75,000.

I think, Mr. Chairman, that summarizes my total presentation.

SUMMARY OF BUDGET

Mr. FOGARTY. The amount available on a comparative basis for 1964 is \$16,293,000 and the request is \$18,388,000, an increase of \$2,095,000 and 58 positions.

INCREASE ABOVE REQUEST BY DEPARTMENT

I notice that the President's budget includes about \$100,000 more than you asked for. What accounts for this? Is this not unusual?

Mr. CLAGUE. I don't know that I can account for that exactly. What happened, at least so far as I know what happened, is this: We were in for a very substantially larger increase than we have here, in fact nearly twice as much. This was being considered up to the point when the budget was readjusted toward the end of the year.

I think what happened is that there was a departmental adjustment sent over after the first recommendation; in the meantime we were already over there at the Bureau of the Budget with our larger request.

In the course of the readjustments some projects were added which we had asked for in our original submittal, and some projects were eliminated. In the readjustment and the amendments we ended up with the larger amount. That is my impression of what happened.

Mr. LAIRD. There must have been something wrong with the Department's figure, then.

Mr. FOGARTY. This is a little unusual. Has this happened in any other area in the Department of Labor?

Mr. HUDSON. I don't know the explanation for it.

Mr. LAIRD. You didn't ask for more than the Department approved, did you?

Mr. CLAGUE. Yes, sir. There was an earlier figure sent to the Bureau of the Budget before the decisions were made, a new estimate was sent over; there were some negotiations back and forth. Out of it we finally came out with this amount of money.

Mr. FOGARTY. What is this \$100,000? What is it for? How many new positions are involved?

Mr. JONES. It is the result of numerous pluses and minuses. We can put it in the record if you are interested.

Mr. FOGARTY. What about positions?

Mr. JONES. We can supply that, too. That was the same situation.

Mr. FOGARTY. What is the net? Was it an increase, decrease?

Mr. JONES. Increase of one position.

Mr. FOGARTY. I refer to the \$100,000.

Mr. JONES. I would have to check it to be sure of each of the changes, but the net result was in increase of \$103,000.

Mr. FOGARTY. This seems a little unusual. What did you originally ask for?

SIZE OF ORIGINAL BUDGET REQUEST

Mr. CLAGUE. I had put in a budget twice this size, many items were cut out.

Mr. FOGARTY. You mean you asked for about \$35 million instead of \$18 million?

Mr. CLAGUE. I asked for about \$4 million increase instead of the \$2 million I am submitting here. I was asking for many items which had positions and dollars in them; it was in process when we were cut. Incidentally to some extent my original proposals in the Department had already been reviewed at the Bureau of the Budget, but we did not have a final markup. I had a list of proposed items that added up to about \$4 million.

Then it was cut back to \$18,285,000 and the Bureau of the Budget in its markup allowed \$18,388,000.

There were a number of different projects involved in these considerations. Some involved different priorities to the Department and some to the Bureau of the Budget. In the negotiations the number of positions recommended by the Secretary was increased by a net of one and the money was increased by about \$100,000 since certain projects which stayed in, cost more than some that went out.

COST OF GORDON COMMITTEE RECOMMENDATIONS

Mr. FOGARTY. How much of the total increase is tied to the Gordon Committee recommendations?

Mr. CLAGUE. The Gordon Committee recommendations approximate \$1,130,000. Those are the items I spoke to first.

Then there are the mandatory increases and decreases which you see here, and the item of financing the departmental services and finally, the absorption of \$180,000, 17 positions, which were cut out.

Mr. FOGARTY. How much more would it cost to carry out all of that Committee's recommendations, referring to the Gordon Committee?

Mr. CLAGUE. I cannot answer it for any one year. We envisaged this as a steady program of growth. As I indicated, for example, the Gordon Committee had recommended that we should double our samples from 35,000 to 70,000. Then they recommended that a little later on we should triple and quadruple the sample. They suggested over a period of 10 years we should enlarge it so that finally we could get around to obtaining data by metropolitan areas. We have only national data in this present program.

They suggested that we enlarge the sample to a point where we might be able for the larger cities to make occasional sample studies which would be adequate to measure those unemployed not covered by unemployment compensation, for example.

We have begun slowly, asking for an increase of half the sample. We hope, if that works out, to increase it to a doubling of the sample, that is, to 70,000.

I cannot answer you accurately. However, I can say what we asked for this year. Let me check with my budget officer.

Mr. JONES. We asked \$1,130,000 for this year.

Mr. CLAGUE. The original, last year for this year.

Mr. JONES: For 1964, \$938,800, according to this.

Mr. CLAGUE. I think I have a better figure for 1965. I have it here. We originally asked for \$1,353,000. We got \$1,130,000. We lost about \$200,000 on that adjustment.

INCREASES REQUESTED FOR 1965 DISALLOWED LAST YEAR

Mr. FOGARTY. How much of this increase is for items you requested last year but were not allowed by Congress?

Mr. CLAGUE. In the first item that I talked about there, the sample of 17,500, we had asked for 17,500 last year and we finally ended up with 8,750, so I am rerequesting the original number.

The second item, the labor force turnover, I lost entirely last year. It also was in the request last year and was eliminated in the cutback. I am requesting those two for this year.

SIX ADDITIONAL CITIES IN CONSUMER PRICE INDEX

Mr. FOGARTY. You are asking for \$100,000 to include six additional cities in the Consumer Price Index. Is this necessary for overall validity of the index or is it mainly for the benefit of local interests?

Mr. CLAGUE. It is both. There is a local interest. When a city has an index over a considerable period of time, local labor and management begin to use it; we find that it works its way into contracts and becomes an important local program.

However, we would justify this extension to additional cities on the basis that these cities are large cities of sufficient importance to be represented in the index. Most of them were represented previously and when we presented this program to you last year we proposed that they be included.

We have already done the work of surveying their housing samples. Right now we are surveying their family expenditures. The addition of these cities will add greatly to our knowledge of the patterns of family spending in the country; it will improve our index to the extent we shall be well represented by all the large cities in the country.

We believe it is an important addition to the index.

Mr. FOGARTY. Place in the record the number of cities included in the index in each of the past 10 years.

Mr. CLAGUE. Very well.

(The information requested follows:)

NUMBER OF CITIES COVERED IN THE CONSUMER PRICE INDEX DURING THE LAST 10 YEARS

Data were collected in 46 cities selected to represent all urban areas of the United States in calculating the national Consumer Price Index from January 1953 through December 1963. The list of cities, which remained unchanged during these 11 years, is given below:

A. Large cities for which separate indexes were compiled and published:

| | |
|---------------------|-----------------------------------|
| Atlanta, Ga. | Minneapolis-St. Paul, Minn. |
| Baltimore, Md. | New York, N.Y.-Northeastern, N.J. |
| Boston, Mass. | Philadelphia, Pa.-Camden, N.J. |
| Chicago, Ill. | Pittsburgh, Pa. |
| Cincinnati, Ohio | Portland, Oreg. |
| Cleveland, Ohio | St. Louis, Mo. |
| Detroit, Mich. | San Francisco, Calif. |
| Houston, Tex. | Scranton, Pa. |
| Kansas City, Mo. | Seattle, Wash. |
| Los Angeles, Calif. | Washington, D.C. |

B. Smaller cities for which no separate indexes were compiled:

| | |
|---------------------|-------------------|
| Anna, Ill. | Madill, Okla. |
| Camden, Ark. | Madison, Wis. |
| Canton, Ohio | Middlesboro, Ky. |
| Charleston, W. Va. | Middletown, Conn. |
| Evansville, Ind. | Newark, Ohio |
| Garrett, Ind. | Pulaski, Va. |
| Glendale, Ariz. | Ravenna, Ohio |
| Grand Forks, N.D. | Rawlins, Wyo. |
| Grand Island, Nebr. | Sandpoint, Idaho |
| Huntington, W. Va. | San Jose, Calif. |
| Ashland, Ky. | Shawnee, Okla. |
| Laconia, N.H. | Shenandoah, Iowa |
| Lodi, Calif. | Youngstown, Ohio |
| Lynchburg, Va. | |

SALARY ESTIMATES FOR PROFESSIONAL AND ADMINISTRATIVE PERSONNEL

Mr. FOGARTY. While you have a net decrease for wages and industrial relations, there is an increase for the subactivity on salary estimates for professional and administrative personnel. How much is being spent on this now, and why do you need \$75,000 more?

Mr. CLAGUE. The total expenditures for all of our surveys include the professional, administrative, and salary surveys which we do on a nationwide basis, and also include the surveys of blue-collar workers for the Defense Department. That last is done in 80 cities. The combination of these two surveys costs about \$1 million. That is about what it would be roughly.

We are asking for \$75,000 more in order to add these five smaller communities that have been created as metropolitan areas since the 1960 census.

INCREASE FOR OTHER SERVICES

Mr. FOGARTY. You have an increase of \$1,200,000 in total for "other services." What does this cover?

Mr. CLAGUE. Some of that is contracts with the census. For example, our item number 1 shows an increase of \$650,000. We give \$515,000 of that to the census to do the fieldwork and the tabulations for us. The remainder is for our analytical staff.

Item number 2, out of the \$175,000, \$90,000 goes to the census.

In item 3 in the Gordon Committee recommendations, \$173,600 goes to the States and is matched by the BES, because the States collect that information for us. There are some other items in the \$1,200,000 for other services. I can put them in the record, but these constitute the bulk of that amount. In addition there is a net increase of approximately \$250,000 for departmental services, and an item of \$65,000 for pay increase costs in connection with work done for us by other Federal agencies.

Mr. FOGARTY. Is it done this way because it is more efficient or are you trying to hold down the number of personnel in the Department?

Mr. CLAGUE. This is the way the arrangement was made years ago. We believe in it. The census is an efficient organization. We don't want to compete with them in the field of collection and we do not compete with them in the field of collection and we do not compete with the States in collection, either. In fact, I would say that in both these areas of the household survey and the employment reports from employers we have about the most efficient statistical system

that could be found. We have multiple uses for the data that come out.

Mr. FOGARTY. Is this your original suggestion, that it be done this way?

Mr. CLAGUE. This was arranged by Secretary Mitchell in 1959. This was at the time we made the big exchange with the Census.

They took over our housing statistics in their entirety and now prepare statistics for homebuilding and housing. We took over responsibility at that time in the Department for the work on employment and unemployment statistics formerly done in the Census.

The advantage of taking the employment and unemployment statistics over was that we could merge these with our own employer reports coming from the States, and analyze together the household survey with the reports from employers.

Later this week, for example, the reports from the employers on employment, hours, and earnings will be coming out. I was reviewing it in the Department this morning. We are able now in one place, with single analytical staff, to see this labor force picture as a whole.

During the period 1954 to 1959 there was a great deal of criticism. The household figures were coming out of the Department of Commerce through the Census which didn't seem to fit our Department of Labor figures, which were based on the employer reports coming in from the States. The decision was made to put them all together in the Department of Labor.

We think it is the most efficient way to do it. It means that we pay the Census to do whatever work is necessary for us. We work up the questionnaires, decide the policies we want to follow, and then we pay them to do the actual work in the field. They have a big field organization that operates not only for us but for other agencies also. So I would say that it is by far the most economical way of doing it.

REVISION OF CONSUMER PRICE INDEX

Mr. FOGARTY. Do you still plan to complete the revision of the Consumer Price Index this year?

Mr. CLAGUE. Yes. We will issue for January the revised index. On the third of March we will issue it for the month of January, and both indexes will be running for the next 6 months, the old and new one.

As a matter of fact, we have two new ones. We have one which we regard as an expanded index. We included single persons as well as families of two or more persons. In the old index up to December, and continuing through June, we have only families of two or more persons not single workers, either men or women.

We decided, in reference to the index of the future, that we should have single workers in, so we have put them in. We now have an index which includes single persons as well as family.

However, because there may be some users who want strict comparability with the old series (and it is possible some labor-management groups will prefer that), we are continuing a families-only index in the same way as before. Both of these indexes are completed for January. They will both be in operation. We are recommending their immediate use.

Mr. FOGARTY. Can you prepare a statement for the record that will show in general what has been accomplished with the funds appropriated for this project and how it will improve the index?

Mr. CLAGUE. Yes; we have a statement of that.

(The information requested follows:)

WHAT HAS BEEN ACCOMPLISHED IN THE REVISION OF THE CONSUMER PRICE INDEX

The statement below describes very briefly the major changes that have been made in the Consumer Price Index as a result of its recent revision. It should be noted, in addition, that the data on consumer expenditures in 1960-61, which were collected primarily for the purpose of updating the weighting factors for the Consumer Price Index, also could have many other very important uses. Separate reports of the findings will have been issued by July 1964 for each individual metropolitan area and city covered, and regional and national summaries are being prepared. For the first time since 1935-36, we have comprehensive, detailed information about the incomes, savings, and spending patterns of families representing a cross section of the total population of the United States related directly to detailed family characteristics.

These data could be very useful in pinpointing the attack on poverty, establishing standard budgets, studying methods of stimulating economic growth through projections of consumer demand, market analyses by business, studying the use of consumer credit, analyzing the impact of various taxes, and finding solutions to many other important economic and social problems or questions. Provision has not been made so far for carrying out the analytical work necessary to use the data for these purposes.

MAJOR CHANGES IN THE CONSUMER PRICE INDEX

Four major types of changes have been made in the new series of consumer price indexes, as presented initially with the January 1964 index:

(1) the weighting factors and the price data base for the index have been updated;

(2) certain improvements in statistical procedures have been introduced;

(3) a more comprehensive index has been developed, including single workers living alone, as well as families of wage earners and clerical workers, while a separate new series for families only continues to be provided for comparability with the old series; and

(4) in the future, the BLS will compile and publish separate city indexes only for metropolitan areas which had populations of 1 million or more in 1960 (except for certain cities in the new States of Alaska and Hawaii).

The basic index concepts have not been changed. The national index still measures average changes over time¹ in prices of goods and services bought by urban wage earners and clerical workers. The same statistical formula is still employed in the index calculations, and the reference base period has not been changed since the shift was made to 1957-59=100 base in 1962.²

Weighting factors

The weighting factors for the new series indexes have been derived from reported expenditures of a carefully selected sample of wage-earners and clerical-worker families and individuals in 1960-61. The old index series from January 1953 forward was based on expenditures in 1950. The distribution of the old series expenditure weights adjusted for price changes up to December 1963 compared with the new series weights as of the same date are shown in the accompanying table 1.

The major difference between the old and the new series weights is a significant decline in the weight for food which is balanced by increased weights for housing, transportation, and health and recreation. Homeownership weights are up substantially, but the weights for furniture and appliances have declined. While the weights for automobile purchase and operation are significantly higher, the weight for public transportation is down. Services as a whole have in-

¹ For the United States and for the 5 largest metropolitan areas, separate indexes also are provided monthly; but for 12 other metropolitan areas, the separate indexes are quarterly.

² Indexes on the 1947-49=100 base and the 1939=100 base also will continue to be provided.

creased weight in the new series;² the weight for durable commodities also is higher; but the weights for nondurable commodities is reduced, primarily because of the lower food weight. However, a gain in the gasoline weight helped to minimize the decline for nondurables.

Price data base

New States, cities, and suburbs.—Both the old and the new series indexes purport to represent price changes in all urban areas of the United States. However, there were significant shifts in the distribution of the urban population between 1950 and 1960, and two new States have been added to the Union. These changes needed to be taken into account in developing the pricing base for the new national index series. Representation of Alaska and Hawaii was added, a new sample of metropolitan areas and smaller cities was selected to reflect the current regional distribution of the urban population,⁴ and collection of price quotations was extended to outlying retail establishments to reflect the exodus of population to the suburbs which was followed by the development of large suburban shopping centers.

Data for the individual metropolitan areas and the smaller cities are combined, in calculating the new series national indexes, using population weights based on the 1960 census. The old series used weights based on the 1950 census. The population weights for the new series are shown in table 2 attached.

New market basket.—The items selected for which current price quotations are to be obtained from month to month or quarter to quarter make up what is popularly called the market basket. Price changes for these selected items are assumed to represent price movements for all of the thousands of goods and services purchased by wage earners and clerical workers for family or individual consumption. This concept has not been changed in the new series indexes, but the number of items in the basket has been increased from about 325 to approximately 400. Many of the same items that were in the old basket are still in the new basket, but some of the old ones are no longer included, and quite a number of new ones have been added.

Examples of a few items in the old basket that were not carried over to the new basket include women's nightgowns, men's pajamas, an appendectomy, and a baseball glove. Among the items added to the new basket are between-meal snacks, hotel and motel rooms, demountable air conditioners, garbage disposal units, moving expenses, parking fees, taxicabs, airplane and intercity bus fares, onboard motors, phonograph records, golf fees, college tuition and textbooks, music lessons, legal services and funeral services.

These changes do not necessarily signify that the items not carried over to the new market basket are individually less important in family budgets than they were a decade ago, or that the new items added to the basket are more important now. The composition of each market basket, both the old and the new, represents the selection of items which would best represent the movement of all consumer prices, using the data and techniques available at the time.

New retail establishments.—Even in those metropolitan areas which are represented in both the old and the new index series, new samples of retail establishments have been selected from which price quotations are being obtained for the new series. The number of quotations obtained for each item also has been increased somewhat, especially in the larger metropolitan areas. Redistribution of and some increase in the number of quotations was necessitated by extension of price collection to the suburbs. At the same time, the new samples of retail establishments provide an improved representation of all stores in which wage earners and clerical workers buy. This change has added substantially to the cost of compiling the Consumer Price Index.

Statistical improvements

Since the CPI is based upon a series of sampling operations, it has been recognized for some time that it is desirable to be able to measure the statistical accuracy of the Consumer Price Index. Many of its most important uses imply considerable precision in the index which, to some extent, may not be fully

² Home purchase was classified as a service in the old series, but is classified as a durable commodity in the new series. In order to place the old and new series special group weights on a comparable basis in the accompanying table, home purchase has been shifted to durable commodities in the old series weights.

⁴ The selection of the new city sample is described in the October 1960 issue of the Monthly Labor Review (reprint No. 2352), and a list of metropolitan areas and smaller cities represented in the new series indexes is provided in "An Abbreviated Description of the Revised Consumer Price Index," available on request.

warranted. An attempt has been made in structuring the new index series to design into it a basis for estimating its limitations arising from the fact that it is based on sampling. A technique called replication has been adopted which, in its simplest terms, means two or more independent matched samples. By matching the results of price changes calculated independently from each separate sample, a measure of the possible range of sampling error in the index may be obtained. It also may be possible to glean some information from these calculations regarding the components of the sampling error; i.e., whether they result from inadequate representation of areas, retail establishments, or items. These computations, however, will not reflect other kinds of errors or biases that may exist in the index operation.

Another important improvement was the increased use of probability techniques for selecting the new samples of areas, items, and retail establishments. These techniques are designed to minimize any possible sampling bias. As a practical matter, strict probability sampling could not be carried out completely, largely because basic information about retail establishments and about consumer purchases was not available in the detail required. In some of the sampling stages, it became necessary to adopt other selection procedures. On the whole, however, it is believed that both the weighting factors and the price data base for the new index series are as objective and as free from bias as it is possible to make them with the information available.

Provision also has been made in the new series for introducing new items into the index more promptly in the future. This has been accomplished by organizing all significant consumer goods and services into 52 expenditure classes from which the sample of items to be included in the market basket has been drawn. The weight for each of these expenditure classes will remain fixed until the next comprehensive revision of the Consumer Price Index, but the Bureau will feel free to introduce important items or to draw a completely new sample of items within any class when necessary to take account of significant changes in items available and important in consumer markets.

In addition, provision has been made in the new index series to permit more flexibility when the Bureau's trained field representatives obtain price quotations. When no article conforming to the precise specifications established by the Washington staff is carried by a selected retail establishment from which a price quotation is being sought, the field representative is now permitted to obtain a quotation on another article nearest to the specification. However, the representative must obtain a technical description of the substitute article, to insure that prices will be quoted on the same quality and quantity in the future. This procedure has resulted in broadening the representation of retail stores and qualities of items in the new index series, and it should provide a better measure of price changes.

A more comprehensive index

From its inception in 1913 through 1963, the Consumer Price Index has applied only to wage-earner and clerical-worker families of two or more persons. In 1960-61, single workers living alone constituted about 10½ percent of the total wage-earner and clerical-worker population in terms of consumer units. Having in mind the major uses of the index, it was felt that these single workers should be represented in the index. The new index series for wage earners and clerical workers, therefore, includes representation of single workers living alone. Since single workers' incomes and consumption expenditures are generally lower than those of families, they do not carry a weight in the comprehensive new series proportional to their number in terms of consumer units. Their weight in the comprehensive new series is about 6 percent of the total.

Since the number of items priced for the CPI has been increased to about 400 there is better representation now of expenditures typical of single workers. For example, the expansion of pricing in the areas of restaurant meals and recreation was important in this respect since expenditures of single workers are concentrated here to a greater extent than those of families.

At the same time, it was realized that some users of the Consumer Price Index would prefer to have a new series index which has the same population coverage as the old series. A separate new series, therefore, is being provided for families of two or more persons only (excluding single workers) which is comparable in coverage to the old series. However, this new separate series for families only is being compiled only on a national basis, and not for individual metropolitan areas. Only the more comprehensive new series which includes coverage of single workers will be available for individual large metropolitan areas.

City indexes

The primary responsibility of the Bureau of Labor Statistics in the field of consumer price statistics is to compile and publish the national Consumer Price Index. In addition, separate indexes have been compiled and published, over the years, for certain large cities as useful byproducts of work done to compile the national index, where this could be done at little additional expense. This condition could be met only if the city happened to be selected in the national index sample for consumer expenditure surveys and collection of retail price data on a recurrent basis.

Thus, separate indexes were provided for certain cities from 1913 through 1939, but the list was changed when a revised national index was introduced in 1940. It was changed again when a new sample of cities was drawn for the revised national index which was introduced in 1953. The initial selection of cities for the new index series being introduced in 1964 would have resulted in a number of significant additional changes.

In the meantime, local groups have come to rely upon the availability of separate indexes for many of the larger cities. They have entered into contracts containing escalator provisions relating to these indexes, and are making other important uses of them. In view of these developments, it seemed desirable to bring some stability into the list of large cities for which separate consumer price indexes are to be provided.

Accordingly, until further notice, and assuming that adequate funds are provided in future appropriations, the Bureau of Labor Statistics will compile and publish separate indexes monthly or quarterly for each metropolitan area which had a population in 1960 of 1 million or more. This includes 22 metropolitan areas within the continental United States. Six of these areas were not selected in the original sample of cities to be represented in the new national index series. They were not covered, therefore, in the 1960-61 consumer expenditure surveys, which means that the availability of new index series for these areas will be delayed until such surveys are completed and new price data collection bases for them are established. In the meantime, old series indexes will be continued for four of the areas for which such indexes have been available since 1953, or longer.

Additional city indexes are published for several cities in Hawaii and Alaska. With respect to Hawaii, the territorial (now State) government has been providing a consumer price index for Honolulu since 1941. Since Honolulu was selected for inclusion in the new national index, the BLS conducted a survey of consumer expenditures, and has begun to collect retail price data there. In order to avoid duplicate reporting by retail establishments, the State is discontinuing its index, contingent upon BLS publishing a quarterly index for Honolulu.

For Alaska, the BLS received a special appropriation in 1959 to provide consumer price indexes for Anchorage, Fairbanks, Juneau, and Ketchikan, and comparisons of living costs in those cities with costs in Seattle. These indexes are being provided semiannually in separate reports. Anchorage also is included in the national index quarterly, but a separate quarterly index is not being provided.

The following table shows the relative importance of the major groups of items in the old and in the new series.

TABLE I.—Relative importance of Consumer Price Index components, new and old series, December 1963

| Components | Percent of all items | |
|--|----------------------|-------------------------|
| | New series | Old series ¹ |
| All items..... | 100.00 | 100.00 |
| Food..... | 22.43 | 28.18 |
| Food at home..... | 17.89 | 23.11 |
| Cereals and bakery products..... | 2.45 | 3.27 |
| Meats, poultry, and fish..... | 5.63 | 6.43 |
| Dairy products..... | 2.80 | 3.81 |
| Fruits and vegetables..... | 3.02 | 4.46 |
| Other food at home..... | 3.99 | 5.14 |
| Food away from home..... | 4.54 | 5.07 |
| Housing..... | 33.23 | 30.71 |
| Shelter..... | 20.15 | 18.34 |
| Rent..... | 5.50 | 6.16 |
| Hotel and motel rates..... | 3.38 | ..... |
| Homeownership..... | 14.27 | 12.18 |
| Home purchase and financing..... | 9.11 | 7.51 |
| Taxes and insurance..... | 2.13 | 1.61 |
| Maintenance and repairs..... | 3.03 | 3.06 |
| Fuel and utilities..... | 5.26 | 4.91 |
| Fuel oil and coal..... | 1.73 | 1.21 |
| Gas and electricity..... | 2.71 | 2.11 |
| Other utilities..... | 1.82 | 1.59 |
| Household furnishings and operation..... | 7.82 | 7.46 |
| Furniture..... | 1.44 | 1.55 |
| Appliances..... | 1.36 | 1.71 |
| Other..... | 5.02 | 4.20 |
| Apparel and upkeep..... | 10.63 | 10.58 |
| Men's and boys'..... | 2.86 | 2.79 |
| Women's and girls'..... | 4.08 | 3.67 |
| Footwear..... | 1.51 | 1.41 |
| Other apparel..... | 2.18 | 2.71 |
| Transportation..... | 13.88 | 11.65 |
| Private..... | 12.64 | 9.98 |
| Autos and related goods..... | 9.02 | 7.38 |
| Automobile services..... | 3.62 | 2.60 |
| Public..... | 1.24 | 1.67 |
| Health and recreation..... | 19.45 | 18.03 |
| Medical care..... | 5.70 | 5.88 |
| Personal care..... | 2.75 | 2.27 |
| Reading and recreation..... | 5.94 | 5.57 |
| Other goods and services..... | 5.06 | 4.31 |
| Miscellaneous ² | .38 | .85 |
| Special groups: | | |
| Commodities..... | 65.97 | 67.73 |
| Durable..... | 18.78 | 17.53 |
| Nondurable..... | 47.19 | 50.20 |
| Services..... | 34.03 | 32.27 |

¹ Individual items reclassified according to new series classification into groups and subgroups.

² Not actually priced; imputed to priced items.

DISALLOWANCE OF FUNDS FOR STANDARD FAMILY BUDGETS

Mr. FOGARTY. What is in your budget in 1965 for work on the standard family budgets?

Mr. CLAGUE. Nothing. We lost that.

Mr. FOGARTY. What did you recommend?

Mr. CLAGUE. We recommended \$133,000 and 17 positions.

Mr. FOGARTY. Where did you lose it?

Mr. CLAGUE. I think it was lost in the general cut.

Mr. FOGARTY. Did the Department cut this out or the Bureau of the Budget?

Mr. CLAGUE. In one sense it was in for a long period of time. In the last cut it lost out. I imagine both of them cut it out, I would have to say.

Mr. LAIRD. Do you know whether it was in the transmission to the Bureau of the Budget in the \$18,285,000 budget?

Mr. CLAGUE. It was not in that.

Mr. LAIRD. Then it was cut out by the Department. It was not in the transmittal.

Mr. CLAGUE. We had several transmittals to the Bureau of the Budget. We always have preliminary transmittals at which we have discussions.

Mr. LAIRD. This record regarding actions taken on your request is really fouled up, if you ask me.

Mr. FOGARTY. Let us get an answer to the question I asked. Who cut it out?

Mr. HUDSON. I will have to check this out. These were preliminary informal items.

Mr. FOGARTY. This one was apparently in until the last minute so you should have a record on this.

Mr. HUDSON. I don't know. I suppose it was if Mr. Clague says so.

Mr. FOGARTY. Did the Department cut it out?

Mr. HUDSON. I don't recall.

DIFFERENCE BETWEEN DEPARTMENT'S REQUEST AND PRESIDENT'S BUDGET

Mr. LAIRD. How about having them explain the difference between the transmission to the Bureau of the Budget and the President's budget? I still do not understand that. There are four or five transmittals.

Mr. HUDSON. Sometime during the month of December we revised the budget seven or eight times, always in terms of positions. We weren't even talking dollars. This was for the whole month of December.

Mr. FOGARTY. You asked for 17 positions and \$132,000?

Mr. CLAGUE. \$133,000.

Off the record, please.

(Discussion held off the record.)

Mr. CLAGUE. Normally we have discussions with the Bureau of the Budget and with the Department. We have discussions with the Department before we ever go to the Budget Bureau. We normally go to the Bureau of the Budget in September and have intensive discussions in the budget hearing, and back and forth between the Budget Bureau, the Department, and our Bureau, but without a firm commitment as to exactly what is to be done. The Department doesn't know what amount the Budget Bureau will recommend and we do not, either.

Then, in this particular case, it was late in the year when final decisions were made as to how much we would get. That is what is confusing.

Mr. LAIRD. How many times were these figures reviewed in January?

Mr. CLAGUE. None at all.

Mr. FOGARTY. Your request to the Department, as I read it, was \$20,900,500.

The Department cut you down from that amount to \$18,285,000. They cut you from 1,611 positions to 1,356 positions, so the Department gave you that cut and not the Bureau of the Budget. That is the way I read this.

Mr. JONES. That was in one of the amendments. There were a number of them which took place through the early part of December.

The figure of \$18,388,000 which you now have before you was the result of the markup referred to us approximately the middle of December. There have been no changes since then.

STANDARD FAMILY BUDGETS

Mr. FOGARTY. You need this \$133,000 to go ahead in fiscal 1965 to prepare and publish the standard budgets as recommended by the Advisory Committee?

Mr. CLAGUE. Yes; we were going to make use of the family expenditure surveys we conducted in 1960-61, and now in 1962 in these six additional cities. We were planning to use these as foundation to develop the four-person family budget, elderly couples budget, and so on.

We couldn't do them all for \$133,000, but we were going to begin with the more important ones and carry them forward.

EXPENDITURES ON STUDIES OF POVERTY

Mr. FOGARTY. Were you planning in fiscal 1965 any research on the basis of the 1960-61 consumer expenditures surveys in the area of low-income families and poverty?

Mr. CLAGUE. There is nothing in the budget for that now. There is a poverty program being developed, but it is not here.

As far as this budget is concerned the answer is "No."

Mr. FOGARTY. How much money is needed for this?

Mr. CLAGUE. As far as I know there is no budget worked up on the poverty program yet.

Mr. FOGARTY. How much money could be spent effectively during fiscal 1965 to develop data from these surveys on the essential characteristics of those low-income families?

Mr. CLAGUE. I would have to ask you to let me supply that information for the record.

Mr. FOGARTY. Very well.

(The information requested follows:)

FUNDS THAT COULD BE USED EFFICIENTLY TO DEVELOP DATA ON LOW-INCOME FAMILIES FROM CONSUMER EXPENDITURE SURVEYS

We estimate that the Bureau could use \$300,000 efficiently in fiscal year 1965 for research which would identify the background and characteristics of families living in poverty in more detailed and specific terms than has ever been possible before. It would relate such family characteristics as age of head, family composition, labor force participation, occupation, regularity of employment, reasons for unemployment, educational attainment of family members, and race to sources and amounts of income, receipt of free goods and services, how the family spent its money, use of credit, saving, and ownership of homes, automobiles, and principal household durable goods. This research would make use mostly of data obtained in the 1960-61 surveys of consumer expenditures,

incomes, and savings, supplemented by data readily available from other sources.

Work also would be started on the development of up-to-date measures of income requirements for various types and sizes of families to maintain adequate nutrition, to provide housing which does not endanger health and safety, to meet minimum clothing needs, to cover normal medical care, to provide for use of public transportation to work and school, and to permit limited participation by the family in community activities.

FUNDS FOR MANUFACTURING, MINING, AND CONSTRUCTION

Mr. FOGARTY. Does the Bureau's proposed budget for fiscal 1965 include funds for any research in the area of annual earnings of workers in manufacturing, mining, and construction?

Mr. CLAGUE. No.

Mr. FOGARTY. Did you ask for any?

Mr. CLAGUE. Yes.

Mr. FOGARTY. What did you ask for?

Mr. CLAGUE. \$95,000.

Mr. FOGARTY. How many positions?

Mr. CLAGUE. Ten.

Mr. FOGARTY. Who cut that out? Was it the Department or the Bureau of the Budget?

Mr. CLAGUE. It was the Department.

PROGRAMS IN MANPOWER RESEARCH AND STATISTICS

Mr. FOGARTY. Every year questions are raised about who in the Department does what in the field of manpower statistics, so we asked that a comprehensive statement be prepared on this. This has been done and we will place it in the record at this point.

(The statement referred to follows:)

PROGRAMS IN MANPOWER RESEARCH AND STATISTICS

- I. Summary table.
- II. Project specifics.
- III. Division of responsibility.
- IV. Justification for separate appropriation.

I. Recapitulation—Summary of amounts included in 1964-65 estimates

| Financing sources | 1964 | 1965 | Changes |
|---|--------------------------|--------------------------|------------|
| (a) Office of Manpower, Automation, and Training..... | ¹ \$4,175,000 | ¹ \$3,850,600 | -\$324,400 |
| (b) Bureau of Labor Statistics..... | ² 6,592,800 | ² 7,772,800 | +1,180,000 |
| (c) Bureau of Employment Security..... | 401,200 | ³ 765,200 | +364,000 |
| Grants to States..... | 4,786,800 | 6,013,800 | +1,227,000 |
| Bureau of Apprenticeship and Training..... | 63,600 | 63,600 | ----- |
| Total..... | 16,019,400 | 18,466,000 | +2,446,600 |

¹ Of this amount \$2,475,000 in 1964 and \$2,100,000 in 1965 are for contractual research.

² Of this amount \$2,930,225 in 1964 and \$3,785,825 in 1965 are for payments to State cooperating agencies and for transfer to the Department of Commerce.

³ Of this amount \$195,000 in 1965 is for transfer to the Department of Commerce.

II. PROGRAM SPECIFICS

1. *Current employment, hours, earnings, and labor turnover statistics, National, State, and area*

Data are collected by State agencies, which prepare State and area estimates, and sent to BLS for preparation of national estimates.

Present cost of this program is as follows:

| | |
|--|--------------------|
| Bureau of Labor Statistics..... | \$2, 689, 000 |
| (Of which \$1,010,000 goes to State agencies including 6 non-Employment Security agencies) | |
| Bureau of Employment Security..... | 33, 100 |
| Grants to States..... | 672, 600 |
| Total..... | 3, 394, 700 |

For 1965 the proposal is to extend employment, hours, earnings, and labor turnover in manufacturing industries to 20 additional areas and develop labor turnover series for nonmanufacturing industries in 55 areas and to compile new national hours and earnings series for important nonmanufacturing industries. For this the following additional amounts are requested:

| | |
|--|-----------------|
| Bureau of Labor Statistics..... | \$275, 000 |
| (Of which \$223,600 goes to State agencies including 6 non-Employment Security agencies) | |
| Bureau of Employment Security..... | 33, 600 |
| Grants to States..... | 183, 000 |
| Total..... | 491, 600 |

The program for hours and earnings for nonproduction workers in manufacturing industries, listed separately under item 2 in 1964 for the Bureau of Labor Statistics will also be extended.

The extension of the employment, hours, and earnings program to additional industries and areas and the collection of data for nonproduction workers complies with Gordon Committee recommendations.

2. *Hours and earnings for nonproduction workers in manufacturing industries*

The present cost of this program is: Bureau of Labor Statistics, \$90,000.

The program for 1964 involves testing collectability of data by mail and testing accuracy of information received.

Costs for the Bureau of Labor Statistics for continuance of the program in 1965 is included under item 1.

3. *Extension and improvement of labor force statistics*

The present cost of this program is: Bureau of Labor Statistics, \$2,480,800 (of which \$1,920,225 is for payment to the Bureau of the Census).

The program consists of monthly statistics on the labor force, unemployment, and employment and a series of annual special surveys using the monthly household sample. Data are collected for BLS by the Bureau of the Census. In addition to the collection and analysis of the statistics, special studies are made, such as projections of the labor force, tables of working life, manpower available for military service, analyses of causes of unemployment, etc.

For 1965 the following increase is proposed: Bureau of Labor Statistics, \$650,000 (of which \$515,000 is for payment to the Bureau of the Census).

The expansion for 1965 provides for conducting surveys to improve the measurement of unemployment and obtain other information about the labor force in order to test proposals for sharpening the definition of unemployment and throw light on the employment difficulties of the technologically displaced and the chronically unemployed.

4. *Job vacancy statistics*

The present cost of the program is: Bureau of Labor Statistics, \$50,000.

Purpose is to study problems of developing a regular statistical program for collecting job vacancy statistics in future years in accordance with the Gordon Committee recommendations.

For 1965 the following increase is proposed:

| | |
|------------------------------------|-----------|
| Bureau of Employment Security..... | \$55, 700 |
| Grants to States..... | 107, 000 |

The Bureau of Employment Security, in cooperation with State agencies, will study the experience of States which have collected job vacancy information to learn their experience in collecting the data and the uses made of them.

5. *Study of labor force turnover and growth*

This is a new program proposed for 1965: Bureau of Labor Statistics, \$175,000 (of which \$90,000 is for payment to the Bureau of the Census).

The purpose of the proposed study is to determine why persons enter and leave the labor force will give new dimensions to the monthly labor force data which show only the new effect of the underlying gross movements.

6. *Occupational outlook program*

The 1964 costs are as follows: Bureau of Labor Statistics, \$543,000.

The present program includes preparation of Occupational Outlook Handbook, Occupational Outlook Quarterly, and related publications; studies of manpower and employment trends by industry, occupation, and geographical area; studies of the effect of automation, technological change, and other factors upon employment in each industry and occupation; and studies of the outlook and preparation of estimates of future manpower requirements and supply in the various industries and occupations.

No increase is proposed for 1965.

7. *Employment statistics by occupation*

The 1964 costs are as follows: Bureau of Labor Statistics, \$355,000.

The 1964 program includes conduct of regular annual surveys of scientific and technical personnel and development and planning for statistical program providing annual estimates of employment in about 100 important professional, skilled and clerical occupations.

For 1965 the following increases are proposed:

| | |
|--|----------|
| Bureau of Labor Statistics..... | \$80,000 |
| Bureau of Employment Security (all new)..... | 31,200 |

The increase in BLS is proposed that planning initiated in 1964 will be continued and carried to more detail stages in 1965. Data collection will be begun and the development of techniques for estimating current employment by occupation within industries will continue. Pilot surveys will be conducted based on findings of work undertaken in 1964.

The Bureau of Employment Security proposal will be concerned with research needed to assist in the development of estimates of employment by occupation for labor market areas. It will involve studies to determine the best sources within an establishment for occupational information and employer interpretation of job categories. This work will also be useful for development by BLS of national data and for improving the usefulness of the BES area skill survey program.

This implements the Gordon Committee recommendations.

8. *Survey of on-the-job training in industry*

The 1964 costs are as follows: Bureau of Apprenticeship and Training, \$63,600.

The first survey of on-the-job training in industry was recently completed. Supplementary analysis and reports will be prepared during 1964.

The second survey of the series will be undertaken in 1965. No increase is proposed for 1965.

9. *Labor market information*

As part of employment service basic operations and to provide workers and employers with a basis for making sound job market decisions, local offices develop, gather, and interpret local labor market facts, individual employer information, and characteristics of jobseekers reflecting current relationships and estimates future changes in occupational demand and supply. Area labor market reports are prepared by State agencies and sent to BES to form the basis for the area classification system. This program also includes the preparation and release of area and State labor market newsletters, area skill surveys, and local occupational guides.

Present cost of this program is as follows:

| | |
|-------------------------------|------------------|
| Grants to States | \$3,760,900 |
| Bureau of Employment Security | 331,700 |
| Total | 4,092,600 |

For 1965, the following increase is proposed:

| | |
|---|-----------|
| Grants to States (includes \$100,000 to implement Gordon Committee recommendations) | \$376,000 |
| Bureau of Employment Security (includes \$195,000 to purchase services from Bureau of the Census) | 244,500 |

Specific activities in State agencies will include extending local area labor market reports from 150 to 160 major areas; developing and preparing current unemployment estimates by State; increasing the number and comprehensiveness of area skill surveys; making studies on how workers acquire skills in order to obtain information needed to improve employment counseling and vocational education.

The BES, in cooperation with State agencies, will also undertake research recommended by the Gordon Committee to improve techniques for measuring State and area unemployment. As part of this, BES will purchase services from the Bureau of the Census to conduct household surveys in several typical areas to provide basic benchmark information upon which to build improved methodology.

10. Research on employment effects of automation and technological change

The Department engages in research on the employment effects of automation and technical change as a part of its overall program of coordinated research and statistics in the manpower field. The various bureaus conduct their activities under the leadership, planning, coordination, and evaluations functions vested in the Office of Manpower, Automation, and Training.

The role of the Office of Manpower, Automation, and Training is to develop and implement, with the cooperation of the various bureaus, a national program of factfinding and communication with respect to the employment effects of automation and technological change and the measures needed to minimize and mitigate the impact of such change on workers.

While the Bureau of Labor Statistics' program on automation research grows out of a longstanding basic program in this area, it has received added endorsement by the Manpower Development and Training Act. Much of its work, therefore, becomes directly useful to the Office of Manpower, Automation, and Training. The automation research work which is being done by the Bureau of Labor Statistics deals generally with technological trends and outlook. BLS will conduct the basic research on automation and other technological change carried on within the Department, including productivity measurement.

The Bureau of Employment Security (under "Studies of Automation and Persistent Unemployment") includes studies usually undertaken immediately before or during the immediate impact of technological change at a particular plant and are focused on implications for USES operations in placing jobless workers. The Bureau of Labor Statistics studies are more closely related to long-term implications for productivity, manpower requirements, training, and education.

A. *National program of factfinding and communication on employment effects of automation and technological change.*—The 1964 costs are: Office of Manpower, Automation, and Training, \$633,000.

In developing and implementing a national program of factfinding and communication with respect to the employment effects of automation and technological change and the measures needed to minimize and mitigate the impact of such change on workers, some of the major areas of attention by the Office of Manpower, Automation, and Training are—

1. Identifying present knowledge and ongoing research in areas relating to automation and technological change both inside and outside of the Federal Government because of the scattered state of information and the paucity of factual information with respect to the most basic questions.
2. Assembling and evaluating available quantitative estimates as to the extent and employment effects of automation.

3. Appraising and synthesizing the present scattered findings, arranging to fill major research gaps, especially where information is urgently needed for purposes of policy planning or ameliorative action.

4. Coordinating and securing the cooperation of research groups in implementing a broad plan of research and factfinding, including planning and monitoring specific research contracts.

5. Exploring new methodological approaches needed to solve difficult research problems in the area.

6. Establishing and serving as a national communication center regarding research on the economics, employment, and related aspects of technological change.

7. Establishing and operating a clearinghouse of information for employers, unions, and other interested groups on the benefits and problems incident to technological change and methods of easing its impact on workers.

The proposed increase for 1965 amounts to: Office of Manpower, Automation, and training, \$17,600.

There is no proposed change in program. The increase is to finance net additional mandatory pay raise and within-grade salary advancement costs in 1965.

B. *Industry productivity and technological change.*—The cost in 1964 is: Bureau of Labor Statistics, \$383,300.

This work is part of the Department's early warning system in connection with dislocations arising out of automation. Intensive studies have been started on the implications of innovations such as electronic computers, materials handling equipment, etc., and on prospective technological trends in various important industries such as airlines, electric power, and textiles. Followup surveys have been made of workers displaced by technological change. Continuing analyses are being made of the relationship between productivity and employment.

No increase is proposed for 1965.

C. *Studies of automation and persistent unemployment.*—The 1964 cost is as follows:

| | |
|-------------------------------|----------------|
| Grants to States | \$353,300 |
| Bureau of Employment Security | 36,400 |
| Total | 389,700 |

Operating through the local public employment service offices, 20 demonstration projects in 11 States have been undertaken to determine the impact of technological change on employers and workers and the characteristics of the persistently unemployed in local labor markets. In addition, four more States will begin projects during the year. Nine projects have completed operational activity and are engaged in summarizing project findings. Information provided by projects, during the course of project operations and as final experience is evaluated, has provided information needed in the development of employment service techniques and tools to assist workers and employers affected by automation and technological change. This experience is being incorporated into the regular operations of local public employment offices.

The increase requested for 1965 is as follows: Grants to States, \$561,000.

In fiscal year 1965 a State level manpower program approach will be stressed. This approach combines early notice of technological change and mass layoff with coordinated plans for action-research manpower activities and is directed toward alleviating technological unemployment and overcoming problems of persistent unemployment. These programs will be extended, with encouragement, to all State agencies to incorporate this type of approach in their basic operating policy. In fiscal year 1965, statewide programs will be extended to 9 more State agencies, bringing the total agency participation to 24 States.

11. *Manpower research planning, coordination, evaluation, and reporting*

In the Department of Labor, the Office of Manpower, Automation, and Training is, by Secretary's order, assigned responsibility for manpower planning, forecasting, policy, objectives and standards, providing leadership in planning an overall research program of manpower research and statistics within and without the Government, providing technical manpower information to the public, and evaluating and appraising the manpower program in relation to general objectives.

The manpower research program of the Office of Manpower, Automation, and Training is predicated on fulfilling the functions and responsibilities established

in the Manpower Development and Training Act with the statutory objective of providing the leadership necessary for the conservation and strengthening of the Nation's manpower resources in achieving this congressional mandate. Research in the mainly unexplored field of developing better utilization of the labor force by providing appropriate occupational training matching the workers aptitudes and abilities with available job opportunities is a major concern of the Office.

OMAT does not itself engage in the gathering of quantitative data and does not, to any substantial degree, make the primary analysis of such data. These functions are carried on by the Bureau of Labor Statistics, the Bureau of Employment Security, the Bureau of Apprenticeship and Training, and other Bureaus in the Department, and also by other Government and private agencies and institutions under contractual arrangements made for specific pieces of needed information. The role of OMAT is to develop the policies and programs designed to assist in the solution of the Nation's manpower problems through research, to synthesize and evaluate research products, and to make recommendations for future action.

The costs for 1964 are: Office of Manpower, Automation, and Training, \$1,067,000.

Functions performed by OMAT in fulfilling this role with respect to manpower activities of the Department, by other Government agencies, and by private agencies and institutions include:

(a) Establishing and continually updating a grand design for a program of studies in manpower research designed to furnish valid information on manpower requirements, resources, and utilization, including coordinating and evaluating products of all research in the manpower field.

(b) Fulfilling the mandate in the Manpower Development and Training Act which requires the President to submit to the Congress annually a report on the Nation's manpower requirements, resources, utilization, and training and also requires the Secretary to issue a similar report to the President. These reports provide the Congress and the Nation with a comprehensive overview of the manpower situation, an analysis and evaluation of the data, a discussion of the trends and problems, an assessment of future needs and recommendations regarding situations to be undertaken.

The Secretary is also required to submit to the President interim and special reports on current and anticipated manpower developments with appropriate recommendations for action.

The Secretary is further required by section 309(a) of the Manpower Development and Training Act to submit each year a report containing an evaluation of the programs under title I and part A of title II, the research and training activities performed during the year, together with an evaluation of the programs and recommendations for the future.

(c) Performing research and evaluation stemming from, and in connection with, training and retraining programs as a vital source of information leading to decisions to assure better utilization of existing and prospective manpower, amelioration of present employment unbalances, and more rapid adaptations of changing occupational requirements.

(d) Preparing and publishing manpower reports, bulletins, memorandums, and articles making readily available essential information enabling those concerned with the Nation's training and educational programs to make meaningful decisions based upon current manpower developments as well as future requirements.

(e) Making arrangements for the implementation of research programs for the most effective and efficient obtainment of data as the foundation for the maximum development and utilization of the Nation's manpower resources now and in the future.

(f) Encouraging, promoting, and engaging in programs which communicate pertinent manpower information so that public awareness and receptivity is generated for action programs.

The proposed increase for 1965 amounts to: Office of Manpower, Automation, and Training, \$33,000.

There is no proposed change in program. The increase is to finance net additional mandatory pay raise and within-grade salary advancement costs in 1965.

12. *Contractual research support of national program of research on manpower and the employment effects of automation and technological change*

The 1964 costs are: Office of Manpower, Automation, and Training, \$2,475,000.

As the grand design for a national program of manpower research to assist in the solution of the Nation's manpower problems is developed and revised to meet new requirements, gaps in available information are being identified. Where the conduct of specific research or investigation gives promise of furthering the overall program, the Office of Manpower, Automation, and Training arranges for and monitors studies carried out under contractual arrangements with other Government agencies and with private agencies, universities, and institutions.

There is a program decrease in 1965 which amounts to: Office of Manpower, Automation, and Training, \$375,000.

This program decrease of \$375,000 reflects the completion of the longshore manpower utilization-job security project in 1964. This project resulted from an agreement by the New York Shipping Association, Inc., and the International Longshoreman's Association that the Department of Labor study the problems of manpower utilization, automation or technological change, job security, and other related issues which affect the longshore industry.

III. DIVISION OF PROGRAM RESPONSIBILITY

The Office of Manpower, Automation, and Training (financed out of the appropriation under the Manpower Development and Training Act of 1962) is responsible for the overall design and development of the Department of Labor's total program in the field of manpower research, for the coordination and evaluation of the research and statistics products undertaken and produced in the Department for arranging and monitoring research projects to be performed by private agencies, universities, and private institutions where the conduct of such studies give promise of furthering the overall program. This Office does not engage in the gathering of data and does not, to any substantial degree, make any primary analysis of such data.

The Bureau of Labor Statistics is responsible for conducting nationwide and general-purpose research and statistics programs.

The Bureau of Employment Security has major responsibility for State and area programs focused on the operations of the employment services affiliated with the U.S. Employment Service. On programs of joint interest—e.g., State and area employment statistics, job vacancies and occupation employment statistics—the two agencies work cooperatively.

The Bureau of Apprenticeship and Training is responsible for on-the-job training programs.

IV. JUSTIFICATION FOR CONTINUATION OF SEPARATE FINANCING

The reason for appropriating dollars to separate accounts for manpower research and statistics relates primarily to the division of work, responsibility, and purpose for which the funds are appropriated.

In the case of the Bureau of Labor Statistics there is lodged responsibility of long historic significance in the collection and analysis of statistics on the labor force, employment, hours and earnings, labor turnover, occupational outlook in certain occupations in large industries, etc. This is data of national significance used for many purposes and represents in many instances national economic indicators.

Since some of this data is collected through the State employment security agencies and since these agencies need and use the material for the operation of their own State and local community program, there has been worked out a joint program of financing between BLS and BES wherever there is a mutuality of interest so that BLS pays for and shares the cost for the collection of such as employment, hours, and earnings. In other instances, where the State employment security system has a need for other than national information, such as State and area estimates of unemployment or occupational structure of local community employment the financing is 100 percent from trust funds for BES and the States.

With respect to BAT, the Bureau has conducted some research in on-the-job training since 1937—since this is the Bureau's special area of interest and competence. The data collected and analyzed are used primarily for the improvement of its on-the-job training program.

Finally, there is provision for manpower research under the Manpower Development and Training Act. The dollars appropriated under this act are all allocated to the Office of Manpower, Automation, and Training and are not used for the collection and analysis of raw data but are used basically to buy research projects either from Bureaus within the Department or through contracts with colleges and universities. The allocation is used to coordinate the products of research, for designing an overall plan for research, for stimulating and generating research, for communicating the results of research to the public, for developing and implementing a national program designed to minimize the adverse employment effects of automation and technological changes on workers.

Mr. FOGARTY. Mr. Denton?

TESTING THE ACCURACY OF UNEMPLOYMENT FIGURES

Mr. DENTON. I did not quite understand about how you are checking your figures on the unemployed. I understood from you that the questions you asked were not adequate in that they did not go far enough, but you spoke about 35,000 and you added 17,000. I don't understand those figures.

Mr. CLAGUE. We are starting out now with this new sample of 8,750. We hope you will give us the other half of that.

Mr. DENTON. How many?

Mr. CLAGUE. Half of the 17,500. We are doing work on the 8,750 this year. We worked out our test questions, we have chosen a sample and the Census will go into the field in April on that group.

Then we are asking for the other 8,750 to bring it up to 17,500.

That is an independent sample which has no connection with the 35,000.

Mr. DENTON. What is the 35,000?

Mr. CLAGUE. The regular sample by which we issue every month the figures for employment, unemployment, and labor force.

Mr. DENTON. That means an increase over the present 35,000 families?

Mr. CLAGUE. Yes.

Mr. DENTON. How do they pick those families?

Mr. CLAGUE. By random sample. They have census maps, on which city blocks and rural homes are spotted. Samples of blocks and houses are selected in about 330 areas in the country, blocks in big cities and houses in rural areas. They are representative of the country as a whole.

Mr. DENTON. You take 35,000 families in the whole United States and from that you find out how many are unemployed?

Mr. CLAGUE. That is right.

Mr. DENTON. That was the rather restricted question you had, where you asked them if they were unemployed and then you asked if they looked for work.

Mr. CLAGUE. Yes.

Mr. DENTON. Those are the 35,000?

Mr. CLAGUE. Yes.

Now in the new sample what we want to do is to vary the questions. Our present questions have been carefully worked out. I want to say that those questions are good; they are yielding us accurate information within the limits of the sample we have.

But criticisms have been raised. Suppose we varied the questions a little and asked them differently? Would we find out more? Would

we find out that there are some people who are really unemployed, but whom we are not getting through the present questions?

Or, as some other people argue, do we have some people unemployed who should not be there? If we quiz them carefully as to what they did last week, would we find out that they really did not look for work at all, so they should not be counted? It is those test questions which we are using on this new sample.

Mr. DENTON. You have the 8,500 added to the 35,000 and you will have 43,500?

Mr. CLAGUE. We are now treating them as two separate groups. The 35,000 give us the regular monthly figures. The other group is a test question group, which we are using to test our new questions.

Mr. DENTON. You will see how that compares with the 35,000?

Mr. CLAGUE. Yes; and also trying to find out whether we get results that we think are better from the 8,750.

Then if we find that out, and if we decide that we will change question A, and modify question C, and ask some questions a little differently, if we are sure we are on the right track, then we will add together the two samples and have a single larger sample for our regular monthly reports.

Mr. DENTON. Do you think 35,000 over the entire United States is sufficient to give a fair sample?

Mr. CLAGUE. Yes; within the limits we speak of. People have criticized the sample as being inaccurate. We know it is not accurate to the last man and we always say so.

For example, when we tell you that the unemployed are about 4 million, what we are saying is that 2 times out of 3 the real count, if you took everybody in the United States, would be between 3,900,000 and 4,100,000. Our sample figure has a variation of 100,000 either way.

When we issue our release every month, if the figure was 4 million one month and 4.1 million the next month, our statement would say that it was about the same. We do not overinterpret the small changes in our figures.

Incidentally, in the back of our monthly release we have a table which shows what margin of accuracy applies to each of our figures. We try not to have the public misled by small changes.

Mr. DENTON. We have given you money this year to expand the sample by 8,500 to make this test. You want the money for an additional 8,500 families? Will that bring it up to date and give us accurate figures on unemployment?

Mr. CLAGUE. That will give us another 50-percent sample. If we get 8,700 more, and we make tests and we find that we have some good questions which will be better than we have had, we will apply them to the whole group, merge the samples, and we will have 52,500. We will then use them all to produce our regular monthly figures.

Mr. DENTON. When will you be able to get your figures with this new question?

Mr. CLAGUE. 1966 would be the first year in which we would be able to decide whether we wanted more testing or whether we can merge the samples.

Mr. DENTON. That is the fiscal year?

Mr. CLAGUE. Yes.

PAYMENTS TO CENSUS BUREAU

Mr. DENTON. What do you pay Census for doing this for you?

Mr. CLAGUE. Almost \$2 million.

Mr. DENTON. I saw them working on these figures.

Mr. CLAGUE. You certainly have a representation somewhere in your district.

Mr. DENTON. I wondered how they did it.

Mr. CLAGUE. We have the exact figure for this year for the Census now. It is \$1,921,825.

Mr. DENTON. That is \$2 million of your appropriation, which is about one-ninth of it.

Mr. CLAGUE. That is right.

SOURCES OF WORKING FUNDS

Mr. DENTON. How much do you get from other agencies?

Mr. CLAGUE. We do some work for other agencies of a variety of kinds. You mean all kinds of working funds that we might have?

Mr. DENTON. Yes.

Mr. CLAGUE. Over \$2 million.

Mr. DENTON. Will you put a statement of that in the record?

Mr. CLAGUE. Yes.

(The requested information follows:)

Funds from sources other than direct appropriation (estimate), fiscal year 1964

| | |
|---|------------------|
| Working funds..... | \$1,746,721 |
| Reimbursements..... | 265,000 |
| Allocation accounts..... | 205,375 |
| Trust funds..... | 78,159 |
| Total..... | 2,295,255 |
| Working funds: | |
| Department of Agriculture, collection of food prices..... | \$23,800 |
| Department of the Army, labor practice handbooks..... | 22,000 |
| Atomic Energy Commission: | |
| Cost of living comparison and CPI for Las Vegas..... | 32,451 |
| Survey of employment in the atomic energy field..... | 17,404 |
| Department of Health, Education, and Welfare, studies of unfunded pension plans..... | 25,000 |
| Department of Labor: | |
| Labor-Management Services Administration, special tabulations of labor organization financial reports, and union constitution analyses..... | 40,000 |
| Bureau of Labor Standards, studies of injuries and accidents to longshoremen..... | 25,500 |
| Office of Manpower, Automation, and Training: | |
| Studies of practices affecting mobility..... | 83,000 |
| Survey of training and person-family tabulations..... | 59,500 |
| Wage and Hour and Public Contracts Divisions: | |
| Tabulations of investigations statistics..... | 36,000 |
| Minimum wage studies..... | 737,000 |
| Walsh-Healey wage studies..... | 109,000 |
| Research and development..... | 17,700 |
| Minimum wage impact in the South..... | 12,600 |
| Study of manpower utilization and job security in the longshore industry..... | 219,300 |

Funds from sources other than direct appropriation (estimate), fiscal year 1964—Con.

Working funds—Continued

National Science Foundation:

| | |
|---|------------------|
| Cost index—Army research and development budget..... | \$40,266 |
| Manpower studies of technicians..... | 32,400 |
| Experimental survey of engineering occupations..... | 42,500 |
| National Aeronautics and Space Administration, study of the impact of NASA's space program on supply and demand for scientists and engineers..... | 29,000 |
| Department of the Navy, report on shipyard labor and indices..... | 6,300 |
| President's Committee on Equal Employment Opportunity, special studies and reports on compliance reports..... | 50,000 |
| Classified..... | 86,000 |
| Total working funds..... | <u>1,746,721</u> |

Reimbursements:

| | |
|--|---------|
| Department of Agriculture, Soil Conservation Service, Mechanical tabulation, Annual Motor Vehicle Report..... | 3,000 |
| Atomic Energy Commission, composite average hourly earnings and weekly hours, selected establishments..... | 4,200 |
| U.S. Information Agency, economic forces in the United States..... | 1,000 |
| International Bank for Reconstruction and Development, machine tabulation services, external public debt data..... | 12,500 |
| Agency for International Development, detail of personnel..... | 7,339 |
| Department of Labor: | |
| Bureau of Employment Security, special machine tabulations..... | 43,000 |
| Office of Manpower, Automation, and Training: | |
| Detail of personnel..... | 8,715 |
| Machine tabulation, postal workers' performance..... | 2,400 |
| Seasonal variations..... | 10,765 |
| Special tabulations..... | 112,632 |
| Office of the Secretary, detail of personnel..... | 10,881 |
| Research and Development, detail of personnel..... | 19,648 |
| Department of State, quarterly collection of special retail price data in Washington, D.C..... | 2,300 |
| New York State Department of Labor, tabulation of data, expansion of occupational coverage, New York City community wage survey..... | 1,500 |
| Ohio University, survey of unemployed potters..... | 2,000 |

West coast survey:

Survey of wages and salaries:

| | |
|--|-------|
| City and County of San Francisco..... | 7,000 |
| Bay Area Salary Survey Commission..... | 900 |
| California State Personnel Board..... | 900 |
| Los Angeles City Schools..... | 355 |

Total..... 9,155

| | |
|--|--------|
| Proceeds of sale of equipment and waste paper and miscellaneous collections..... | 11,715 |
| Miscellaneous—special tabulations..... | 2,250 |

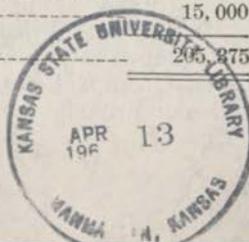
Total reimbursements..... 265,000

Allocation accounts:

Agency for International Development:

| | |
|---|---------|
| Direct expenses of trainees..... | 63,275 |
| Training program administration..... | 127,100 |
| Executive Office of the President, Bureau of the Budget, salary surveys in Alaska, Hawaii, and Puerto Rico..... | 15,000 |

Total allocation accounts..... 205,375



Funds from sources other than direct appropriation (estimate), fiscal year 1964.—Con.

Trust funds:

| | |
|--|-----------|
| American Retail Federation, preparation of department store inventory price index..... | \$60,865 |
| City of Milwaukee, consumer price index for city of Milwaukee..... | 17,294 |
| Total trust funds..... | 78,159 |
| Grand total..... | 2,295,255 |

Mr. DENTON. You pay out about \$2 million and take in \$2 million.

Mr. CLAGUE. For entirely different things.

Mr. DENTON. Both of those show up in the budget as being paid twice, too.

Mr. CLAGUE. No; they are not paid twice. This is transferred to the Census, and it is recorded.

Mr. DENTON. Where do you show in your justifications this money that you get?

Mr. CLAGUE. We don't; we only show what we ask the committee to appropriate to the Department. I show you the total justification just as I am doing on these budgets this year.

Mr. DENTON. You are going to put them in the record?

Mr. CLAGUE. Yes; we report to you fully what we are doing with this money.

ADEQUACY OF THE SIZE OF THE SAMPLE

Mr. DENTON. Would it be possible for you to make an accurate check on the unemployed right away so we would have it this year? Could you do that? What would it cost you to do that?

Mr. CLAGUE. It could not be done, Mr. Denton.

Mr. DENTON. It could not be done?

Mr. CLAGUE. When you say an accurate check on the unemployed, you mean a census? That would cost \$50 million or \$100 million.

Mr. DENTON. I have heard people say that we are too high and that we are too low in our figures. The Secretary of Labor was out at my hometown on Thursday, and they had a forum asking questions. One of the questions they asked was, of these unemployed, how many were people who would not work anyhow? How many were people unemployable? Of course, we do not have figures to show that.

Mr. CLAGUE. This is why we want to enlarge the sample. As we enlarge the sample, we can get more accurate details on the smaller groups.

For instance, let me give you an illustration of a relatively small group but an important one—men over 65, or now over age 62, since so many of them can retire at that age. There are 3 million persons (very few women) over age 65 in the labor force. Over age 62 there must be 4 million to 4½ million. The unemployment among them is probably around 200,000. How many of them are on social security and want a part-time job in order to piece out their social security benefits, who do not want a full-time job and are not full-time in the labor force?

My present sample is not large enough to answer that question.

Mr. DENTON. I think you would find most of them in that category. I see that in veterans' pensions. They all want some kind of work.

Mr. CLAGUE. Let me give you an illustration of what we can do with our present sample. A lot of people say not all of these unem-

ployed are in need. There are a lot of people who are secondary wage earners in the family. We know it. We publish statistics on this from time to time. We turn out reports periodically showing the number of women in the labor force, the number of married women, and so on.

Some people criticize the 5.6 percent unemployment rate, and say "You are counting a lot of people you should not count." We said, "Well, there is one type of person who surely is in need, if he is out of work, and that is the husband with a wife present, and presumably with children in the family in a great many cases." We now publish an unemployment rate which you can see every month, the unemployment rate of a married man, head of a family with wife present. That rate of unemployment is about 3 percent.

Mr. DENTON. Do you check those over 65, those of teenage, and those who are married, and so forth, among the unemployed? Do you do that, too?

Mr. CLAGUE. We have counts on that.

Mr. DENTON. Is that included in the sample of 35,000?

Mr. CLAGUE. That is for the sample of 35,000. For the number of married men in the country, who would number many millions, our figures now are good enough to give a reliable unemployment rate for married men of 3 percent. I can tell you that it is reasonably accurate and not very far off. Therefore, we are willing to publish it and to tell you that we are right. You do not need to spend millions of dollars to get more accuracy on that group.

On the other hand, when you ask me whether our sample is large enough to break the unemployed men over 65 into those getting social security benefits and wanting part-time work and those wanting full-time work, the sample is just not big enough to do it. If we enlarge my sample, we will have a larger number in each group, and therefore I can give you that breakdown.

Mr. DENTON. Here is another thing. I went into a county which is classified as a distress area. Someone said to me everybody in this town who wants a job can get one. But there are people unemployed and there are people there with small incomes.

Do you make any check of that kind of people, people with very small incomes, and people who do not want to work or cannot work?

Mr. CLAGUE. By our sampling we have no way of finding out whether a person is employable or not. Unlike an employment office, we do not have a record of all the jobs he held. The employment office knows if they have referred him to employers many times, yet every employer sends him back. We do not have that information.

In essence, what we do is to take what the workers say. If they say they are looking for work and are able bodied, we count them as looking. In that sense, we cannot get the detail we could get if we prodded an unemployed worker and tried to test him for employability.

Mr. DENTON. How many are unemployable or do not want to work? Can you tell me that?

Mr. CLAGUE. That I could not tell you. There would be no way of knowing.

Mr. DENTON. There are some in that category?

Mr. CLAGUE. There probably are.

CAUSES OF UNEMPLOYMENT

Mr. DENTON. When you go back to your figures during the war, how low did unemployment get then?

Mr. CLAGUE. About 2 percent.

Mr. DENTON. I think you could say it could not be reduced below 2 percent under our system.

Mr. CLAGUE. During the war we had 12 million people in the Armed Forces, and furthermore, there was great pressure on every able-bodied person to take a job.

Mr. DENTON. You have people moving from one job to another, you have certain people who do not want to work.

Mr. CLAGUE. Mr. Denton, I think I can give you an answer to your question, since you have mentioned duration. About half of all the unemployed at any one time have been out of work less than 5 weeks. Those workers are getting jobs. They will get jobs. They are out of work temporarily.

Mr. DENTON. You do not count them unemployed?

Mr. CLAGUE. Yes, we do. They may be drawing benefits, but of course they do not get any benefits from us. They are out of work all right.

Incidentally, when we question them, they are still out of work. They were out of work last week, which is the way they answered the question. They say they have been out of work 3 weeks, 4 weeks, or whatever it is.

About half of the unemployed are out of work less than 5 weeks, so they are not a serious problem, except that they are short of money while they are out of work.

At the other extreme, we have half a million out of work more than 26 weeks. There you have a hard-core problem that is important.

Mr. DENTON. That is what I would like to get at.

Mr. CLAGUE. That is two-thirds of 1 percent of our labor force. Out of 75 million, 500,000 at any one time are out of work more than 26 weeks. That duration is beyond unemployment insurance. A man who has been out of work that time is surely having trouble getting a job.

Mr. DENTON. You mean only two-thirds of 1 percent is out of work more than 26 weeks?

Mr. CLAGUE. At any one time, yes.

Mr. DENTON. So many are laid off because of taking inventory and because of setting up the factory for new models.

Mr. CLAGUE. Yes.

Mr. DENTON. You would count those as unemployed, would you not?

Mr. CLAGUE. Yes. We count them as unemployed when they are out of work.

Mr. DENTON. We do know you have this group that are laid off because they are taking inventory and where they are setting up for new models, and we know certain people are going from one job to another. Some are unemployable. Some do not want to work. I would like to know the other kinds that are not employed. I would like those figures, if you can get them.

No legislation we can pass will change the group I have mentioned, the tax bill or anything else.

Mr. CLAGUE. Any of these people who are receiving unemployment insurance, and about half of all the unemployed are getting unemployment insurance, and particularly the short-term unemployed are getting it, have to go around to the employment office, have to make themselves available for work. They can be denied benefits if they do not take work. They are being tested all the time as to whether or not they will take jobs.

Mr. DENTON. Your statistics reflect that, do they?

Mr. CLAGUE. Our statistics show that about half the unemployed are getting unemployment benefits and about half of them are not. Those who are not are youngsters, for example, who have never worked before and are not entitled to benefits. They may be unemployed. Youngsters coming out of school looking for summertime work.

Let me give you an illustration. Last June, compared to the month of April, there were about 2½ million teenagers, under age 20, who entered the labor force; 1,700,000 of them found jobs in June. They were not unemployed; 800,000 of them were looking for jobs in June. They had not found a job by the middle of June. They swelled our unemployment figures by 800,000 in that 1 month, temporarily.

UNEMPLOYMENT FIGURES FOR A LOCALITY

Mr. DENTON. In my hometown, the figures I read the other day were 3.4 percent unemployed. How do they get those figures; from your 35,000?

Mr. CLAGUE. No. They get that from the locality. The local employment office works up that estimate. From my figures I could not tell you what the unemployment was in Evansville. I can tell for the whole country. The local office got that first, by taking their unemployment compensation figures, which they have as an actual count. Those records are right in their office; they know that number. Then they make estimates as to how many others are unemployed, for example, how many have exhausted their benefits. They have statistical ways of estimating that.

The figure you have is an estimate which they make of the total situation in your hometown.

Mr. DENTON. That is not an accurate figure like yours, 5.7?

Mr. CLAGUE. It is pretty accurate. They are unable to make the accuracy of our figure because they do not have this kind of household survey that we make for the Nation. They have to get part of their data from secondary sources.

UNEMPLOYED FARMWORKERS

Mr. DENTON. Something which is very important is the rural areas under the distress areas bill. I could not find anything to tell me the number of unemployed there.

Mr. CLAGUE. They are represented in our figures, and we do have for the Nation as a whole the number of unemployed farmworkers. In January 1964, there were about 230,000 such unemployed farmworkers.

Mr. DENTON. These are people in rural areas.

Mr. CLAGUE. You mean self-employed farmers, for example, having a 10-acre farm and farming it themselves?

(Off the record.)

Mr. CLAGUE. We have just issued another statistic which is of interest, the number of multiple-job holders in the labor force. Almost 4 million out of the 70 million employed in May 1963 held more than one job.

We also show how many of these multiple-job holders are exactly the kind of people you are talking about. They are farmers who have a part-time farm, so that they earn money from farming, but they also hold an industrial job. They are two-job holders and have two sources of income. Our latest study, made in May 1963, shows that the total number of dual-job holders in the country is 3.9 million. Of these, 750,000 are self-employed farm operators who hold part-time jobs in other industries. There were, in addition, 180,000 farmworkers who also held jobs in other industries.

Mr. DENTON. It appears to me a great deal more information could be procured on these unemployment figures. That is awfully important right now.

Mr. CLAGUE. It is very important, that is right, and that is why I think it important that we learn more about them. We are endeavoring to do something about it.

STRUCTURAL UNEMPLOYMENT

We in the Labor Department are on the structural side of this argument concerning the unemployed. We think that some people are unemployed because they are not very well qualified for jobs which are opening up. There are jobs available, but these workers are not able to hold them. That is why a training program has been established to see if some of them can be lifted into better employability.

I want to emphasize that I do not think many people are totally unemployable. Let us take the West Virginia miner, since he has been mentioned so often. He could still mine coal and he would be a perfectly good miner. The only point is that his capacity is so narrow; nobody wants that narrow capacity. So, he may be out of work indefinitely. I do not like to call him unemployable. He is employable, but he has no job opportunity in the community that fits his employability.

Mr. DENTON. We had shaft and slope mines in my district, but it is all strip now. I do know those old coal miners who worked down in shaft and slope mines are not well satisfied doing anything else but coal mining.

Mr. CLAGUE. That is right, and they do not move.

Mr. DENTON. Some do, but are not satisfied when they do.

That is all.

Mr. FOGARTY. Mr. Lesinski.

UNEMPLOYABILITY

Mr. LESINSKI. I have no questions, except to get back to one problem which has been discussed here before. What portion of the 5.5 percent of the unemployed are unemployable and will not work?

Mr. CLAGUE. We have no way, with our figures, of estimating that. Our questions are, "Did you have a job last week? Yes or no." We

go to the families and we interview the father or husband or wife or whoever it is there. "Did anybody look for work last week?"

By the way, do not get the wrong impression. We ask, "Did you look for work last week?" If the answer is, "No," then they are out of the labor force. If the answer is, "Yes," then we pursue it a little. "When did you last work? How long have you been out of work?" et cetera.

We would have no way of finding from those answers whether this person was really employable or not. Now if we questioned him intensively on his entire work record, we might arrive at the conclusion, Mr. Congressman, that he was not very employable; suppose he states that he has been out of work, say 29 weeks, and perhaps his last job lasted only for 3 weeks. Then perhaps he was out of work all the rest of the preceding year.

With such detailed facts, we might have some clue, perhaps, as to his relative employability. But our present questions are not detailed enough to bring out such facts on that group. We don't get sufficient information to be significant.

Mr. LESINSKI. That is all, Mr. Chairman.

Mr. FOGARTY. Mr. Laird.

INFLUENCE OF UNEMPLOYMENT STATISTICS

Mr. LAIRD. Mr. Clague, I was interested in your opening statement, in which you stated that the vote on the tax bill and the vote here in Congress on many of the new proposals we have before us in regard to the area redevelopment program, accelerated public works, manpower training and development programs, and others, were influenced by the figures which you develop. I certainly think this is a fair statement that you made. I am sure they have been influenced greatly.

As a matter of fact, when you look at this year's budget, you find about \$15 billion worth of expenditures are directly involved in handling the problem of poverty and substandard conditions in the United States. These expenditures are influenced to a large extent by the unemployment figures for which you have the responsibility.

IMPLEMENTING THE GORDON COMMITTEE'S RECOMMENDATIONS

Personally, I think the lack of knowledge which we have regarding the unemployed is quite appalling. The programs you mentioned in your opening statement, and which I have enumerated again here, have been based to a large extent on the meager facts gathered by your Bureau of Labor Statistics.

It is true that a few years ago President Kennedy convened a special Presidential committee of economists and statisticians to study the adequacy of the Federal Government's procedures for collecting unemployment statistics. You have already referred to the Gordon Committee and certain of their recommendations. This Gordon Committee gave a clean bill of health to the Bureau of Labor Statistics' procedures so far as they go. It did, however, recommend a great many changes and a great many improvements in collecting statistics in order to get additional facts and statistics more nearly adequate to meet our needs.

You are requesting a little bit over a million dollars to implement the recommendations of the Gordon report. If you were to implement fully the recommendations of the Gordon Committee report in the area of unemployment and employment statistics, what would your budget request be?

Mr. CLAGUE. I think I would say two things on that. No. 1, as I answered the chairman somewhat earlier on a similar question, this recommendation of the Gordon Committee was meant to be implemented over a period of years. They did not think we would do all of this at once. We began cautiously last year. The Gordon Committee went so far as to say that we ought to look forward in 10 years to having a sample 10 times as large; then we could answer a great many questions, including some of those which Congressman Denton and Congressman Lesinski mentioned.

We cannot do that all at once. In fact, I think that would be a waste of money. We must do it gradually.

Mr. LAIRD. Of course, we can speed this up. Instead of 10 years, you could do it in 5 years, could you not?

Mr. CLAGUE. Possibly we could, but I would make one other point. We really need to know, that we are doing it right. That is why we are asking these test questions.

Mr. LAIRD. What did you ask the Department for in this area? If you do not want to answer what the Gordon report would cost, what did you ask the Department for?

Mr. CLAGUE. \$1,423,000.

Mr. LAIRD. They gave you what you asked for?

Mr. CLAGUE. No. They gave us \$1,130,000.

Mr. LAIRD. So, you felt the total amount you could efficiently expend was \$1,423,000 to improve your statistical procedures and statistical information in this area in fiscal year 1965?

Mr. CLAGUE. Let me give you a figure which is somewhat lower. I see I have \$70,000 which should not be counted in that total. Roughly there is a difference of about \$250,000, or something like that. I would not quarrel with the amount we have here for this work. We want to do it carefully.

Our Bureau always has been cautious in these things. I do want to run these tests. Before we start expanding the sample too much, we ought to make sure that we are asking the right questions and getting the right answers; that we are on the right track.

I think my answer would be, "If you will give us the money we ask here, we will make a great step forward."

Mr. LAIRD. We are going to go out and spend some \$15 billion, though, on the basis of these figures. You realize how serious your responsibility is in this area.

Mr. CLAGUE. I am very conscious of that. I know how they look to the Bureau of Labor Statistics.

As I tried to indicate, people do turn to us and even the Congress turns to us, so I am conscious of that. At the same time, I am not a money waster in just getting money to spend. I want to be sure I am doing it right. This is a tight budget. I know that. But I think for the present I am well enough off with what I have right now, if I can get this much.

Mr. LAIRD. In your opening statement you made it very clear that you thought your figures were the deciding factor in the \$11 billion tax reduction and the vote of many Members of Congress on that tax reduction bill.

Mr. CLAGUE. Yes, I ventured the suggestion that with the unemployment rate being between 5 and 6 percent in times of prosperity, that level of unemployment was a factor leading to the discussion of tax reduction; I still think that is true.

UNEMPLOYMENT OUTLOOK

Mr. LAIRD. We know in the first 6 months of fiscal 1965, the last 6 months of calendar 1964, the employment figures will be on the increase. At least, we project that there will be some benefit from the tax reduction bill and that there will be an increase in employment during the last half of calendar year 1964.

Mr. CLAGUE. That is right. We think so. Almost everybody thinks so.

Mr. LAIRD. You also feel that the unemployment rate will go up during calendar year 1965?

Mr. CLAGUE. No, I would not say that. I do not know whether it will go up or not. Let me give you the figures for 1962 and 1963 and show you how it works.

There is a race between the number of people entering the labor force seeking work and the number of new jobs created. On the average, through 1963, we created 1 million net new jobs in this country. In other words, we had a million higher total employment, as compared to 1962. The number of people entering the labor force was 1,100,000, or a little more. So, our unemployment actually went up 100,000 because in that race in 1963 the growth of the labor force was slightly more than the growth in jobs.

For 1964, it looks like a very good year, and with the tax reduction taking effect, it may be we will jump to 1,200,000 or 1,300,000 additional jobs. As a matter of fact, our January figures show 1,300,000 higher employment than in January last year. That is just 1 month; we cannot assume that it forecasts the year 1964.

According to our projection figures, we ought to increase the labor force about 1,200,000 in 1964. In that case a net gain of 1,300,000 jobs would give us a reduction of 100,000 in the unemployed. If we get 1½ million more jobs, we would have a substantial reduction in unemployment; and that is not impossible.

The interesting point, which we cannot answer, is what is the likelihood that a good many people will decide to enter the labor force, so that we would get an entry of a million and a half workers looking for work; in other words, responding to the job opportunities? That is one of the projects for study we have presented to you here.

I could not answer it for 1964, but in future years if we get this kind of information, we may be able to give you some guidance in the Congress as to how people respond to an increase in jobs in prosperity periods.

Mr. LAIRD. But you look for an increase in unemployment during calendar year 1965?

Mr. CLAGUE. I am not sure that we will have an increase.

Mr. LAIRD. Where does the Secretary get his figures?

Mr. CLAGUE. This is based on our regular projections—

Mr. LAIRD. What is your regular projection? He gave us a projection here where unemployment was going to go up in 1965. Whose projection is that?

Mr. CLAGUE. Most likely it was ours. What figure did he use?

Mr. LAIRD. He said it could go up as high as six or even as high as seven.

As I told the Secretary after he made this statement, I think the Bureau of Labor Statistics will start getting more criticism when the unemployment figures are on the increase than they will receive when it is on the decrease.

Mr. CLAGUE. You are absolutely correct.

Mr. LAIRD. That is the point I was trying to make to the Secretary this morning. I thought if this is true, if the unemployment figures are going to go up in calendar year 1965, we had better make very sure of the accuracy of these figures which are the basis upon which Members of Congress are voting a tax reduction bill.

It seems the administration is wrapping most of its eggs up in the tax reduction basket, and I, for one, am not sure it is going to solve the unemployment problem as we go into 1965, although I think it will take it through the election.

Mr. CLAGUE. When we furnish a projection, particularly one of employment, we probably take past trends and extend them. I would just guess off the cuff, even, that we might get a gain of 1,200,000 in jobs this year over 1963. It would be a guess, but it might be a fair guess of what might be likely to happen.

If our labor force does not grow any faster than that, we would come out even at the end of the year with respect to unemployment. However, in 1965 we will have an enlarged labor force growth, probably up to 1,300,000 or 1,400,000, because the 18-year-olds are very numerous in that year. That is undoubtedly why the Secretary is concerned about 1965. There will be an exceptionally large bulge in job-seekers. Therefore, unless the jobs move up faster than present trends, we will have an increase in unemployment at that time.

By the way, Mr. Laird, we are already projecting the fact that we have reaching the age 18 about $3\frac{3}{4}$ million youngsters in 1965. We are already able to tell you that with a great degree of accuracy. How many of them will enter the labor force, we do not know; but we are certain it will be larger than have entered in recent years. So, the rise in unemployment, if any, would be largely due to this bulge in the labor force, unemployment among young people.

AUTOMATION

Mr. LAIRD. The Secretary mentioned the figure this morning of 4,000 people a day losing their jobs because of increased automation.

Mr. CLAGUE. Yes. That relates to our productivity figures. How fast is the output per man-hour increasing? How many jobs are being eliminated by automation of various kinds, including all sorts of improved methods of production?

In 1963, at about 3-percent productivity increase, that means about 2 million jobs a year.

Mr. LAIRD. The most important thing to do is not to be always looking back to 1962 or 1963. We have to get your shop set up to make better projections into 1965, 1966, 1967, and on through. I do not know whether you are set up to do it. You have confidence that you can.

In answer to my questions, you say you are well financed and you have no problems; that if you have this budget you are satisfied. Is that correct?

Mr. CLAGUE. Yes, I think I am going as far this year as I need to go. It is a tight budget.

Mr. LAIRD. What do you mean by a tight budget? We are spending \$15 billion on these programs related to poverty. We are giving an \$11 billion tax reduction on the basis of your figures. Just in expenditures and tax reductions, you come up with a figure of \$26 billion.

Mr. CLAGUE. Yes, but I would not want to take money and promise you answers I could not give you. I want to be sure my answers are correct. A wrong answer for us would be a disaster.

RELATION OF UNEMPLOYMENT FIGURES TO POVERTY

Mr. LAIRD. The Secretary of Labor stated the unemployment figures are not necessarily an index of poverty and are not meant to be an index of poverty. What do we know about the relationship between these two variables?

Mr. CLAGUE. We produced some statistics in a report recently, from our present surveys, on the income of the unemployed in 1961. That gives us some answer to that question. The study shows how many persons were unemployed more than 5 weeks during the year. As I recall, it was 9,600,000 different people. I think I should emphasize to you some of our problems in handling these figures. I will shift, if I may, to another study we have just completed on 1962.

Mr. LAIRD. Let us keep on this subject of poverty—the difference between poverty and unemployment.

Mr. CLAGUE. Yes; I shall come to that. I wanted to show you that while the total civilian employment in 1962 was 69 million in the peak month, there were many millions more in and out of the labor force during the year. The total was 84 million. That shows how many people go in and out of the labor force during the year.

There are many youngsters entering in the summer, housewives taking jobs at Christmas, et cetera. A great many people go in and out of employment at varying times of the year, secondary wage earners, and so forth. That complicates our measurement problem because these people sometimes are at work, sometimes in the home, sometimes seeking a job, and sometimes in school.

Now going back to the study I talked about first, we tried to find out what were the incomes of those persons who were out of work more than 5 weeks. We consider that any unemployment of less than that duration was pretty much a turnover situation; they might not have had much loss of income. We produced figures to show the earnings of the head of family, the income of the family as a whole, with secondary wage earners, how much money came in through unemployment benefits, welfare payments, et cetera.

These facts furnish a link between the poverty problem and the unemployment problem; but the link is not close, because all families

without a wage earner in them are certainly not in our labor force. There are poverty families without wage earners and, therefore, without any wage or salary income. Unemployment surely does produce some poverty; but there is other poverty that is not related to unemployment at all, but to lack of a wage earner.

The study we made does not answer all the questions, but it does show something.

Mr. LAIRD. This is an important question, but you cannot answer that question. You do not have the information, do you?

Mr. CLAGUE. No; not in the detail you refer to.

Mr. LAIRD. What are your plans to collect more of this type of information?

Mr. CLAGUE. None in this budget; but there is a poverty program coming from the President. There may be something for us in that program. I do not know.

Mr. LAIRD. There cannot be anything in it because he already has estimated the cost of this poverty program in the budget. There will be no later transmission as far as budget estimates are concerned, on that program.

You have no plans to collect more of this type of information?

Mr. CLAGUE. Except the kind of information that I collected last year; the kind I just described to you.

USE OF TOTAL UNEMPLOYMENT FIGURE

Mr. LAIRD. The figure for total unemployment has been used a lot, but some people feel this figure is very misleading. I would like to know just exactly what this figure means and whether you think we should continue to publish this total, or would it be better to publish separate totals of primary and secondary labor force unemployment?

Mr. CLAGUE. In special studies we have measured the number of primary and secondary wage earners, as in this family study I mentioned. But we do not do that every month. What we do show monthly is the classification into men, women, and youngsters. For example, in the month of January there were 4,600,000 unemployed. In that number were about 2,400,000 adult men, 1,400,000 adult women, and 800,000 teenagers; that breakdown we give you month after month.

The family interrelationships in the sample of 35,000 are now tabulated only when we make a special study each year. We have made a number of those special studies showing the primary wage earner, secondary wage earner, and other wage earners in the family. We can answer your question in part by saying that as we take the sample month after month, we accumulate a good many thousand families during the year. In that way we could get a figure large enough to give us those family breakdowns. We could give you that breakdown on the average for the year.

Mr. LAIRD. But you do not give it to us—

Mr. CLAGUE. No; we cannot give it to you in monthly figures. That would take a larger sample.

Mr. LAIRD. It would require a larger sample?

Mr. CLAGUE. It would require a larger sample, yes. We would have to have more families in the sample to do that.

The Bureau can, and does, publish every month a classification showing the head of the family separately from other wage earners in the family. In many instances, this classification does distinguish the primary wage earner from secondary wage earners. However, there are substantial numbers of families in which this is not the case. For example, an elderly man holding a job may have in the household an adult son or daughter earning much more money. In that case, the son or the daughter is the primary wage earner, but the man himself is still the head of the family.

Once a year, in the month of March, the Census Bureau asks an income question. It is from the answers to that question that we can distinguish the primary wage earner in the family from the others. Therefore, we could publish this primary-secondary breakdown once a year, but not regularly every month.

DEFINITION OF UNEMPLOYMENT

Mr. LAIRD. The chairman, Mr. Lesinski, and Mr. Denton all have talked about the definition of unemployment and how it requires a person to be out of work and looking for a job. There has been a lot of discussion whether that definition should not be changed to use the definition which is used in some of the European countries and various other places in the world in their unemployment figures. The point has been made that people who are not taking active steps to find employment should not be counted as unemployed, and also that people who are making unrealistic demands upon the labor market as far as the type of job that they want, should not be counted as unemployed.

Do you think there is any merit to such a study and examination? As I understand it, if an interviewer comes up to an individual and says, "Did you look for work during the last week?" if the person says, "Yes," and he has been merely reading the want ads in a newspaper, he or she counts as an unemployed person.

Mr. CLAGUE. Yes.

Mr. LAIRD. The second question is whether they looked in the want ads in the last 30 days.

Mr. CLAGUE. We have not yet changed any of the questions in our regular sample. That is to be the testing I described. Out of this testing with this new sample which we are requesting, we'll find out what we want to do.

Mr. LAIRD. You are putting a new question in there, if you looked at the want ads in the last 30 days.

Mr. CLAGUE. Yes, but that is on the test sample. We are not going to confuse the older sample. We are using for that sample the same questions we always did, so the figures will be comparable month after month. We are not in any way disturbing the figures we are getting regularly. We will be testing exactly what you are talking about in the test sample. We want to ask them what they did to look for work in the preceding week, pursuing that at some length to see what kind of answers we get. Then we can see whether we can find any better way of determining whether they were really in the labor force or not.

That is a trial run and will not in any way influence the regular sample, which will continue to be comparable month after month.

UNEMPLOYMENT FIGURES AS A MEASURE OF OVERALL ECONOMIC ACTIVITY

Mr. LAIRD. Do you think the unemployment figures are a good measure of the overall economic activity in this country?

Mr. CLAGUE. Yes, we do. I think our figures are good within the limits which we can specify. In the broad, overall picture, I think they are reasonably good. We think most of the people are giving us the right answers. The approximate number of unemployed is not at all out of line with our other data on employment and unemployment. The relationships we find between the household survey and the insured unemployed are consistent. About half of the total unemployed at any one time are drawing unemployment benefits. They have a complete count in unemployment insurance; those persons are definitely out of work and drawing benefits.

Regardless of what you think about the way that program is being administered, the fact is that those workers had earned benefit rights and are drawing benefits. That is a total count. That is not an estimate at all.

Our estimate makes very good sense in relation to those figures so I do not think we are very far off with the 5½ percent. That overall rate is not the problem requiring enlarging the sample. The problem of enlarging the sample is to get down to the details—certain kinds of teenagers, older men, and older women beyond the usual working age, but still looking for work. For those our sample is not large enough to get the details that we need to answer some of those questions.

If we want to study about youth employment and unemployment, we need a larger sample for that purpose, in order to dig more deeply into their situation; a comparison, for instance, of youth in school wanting part-time jobs to stay in school, girls going to school and earning money on the side. It is this area for which we need the larger sample. I think our overall figures are very good, as I said before. There is not much error in our estimate of total unemployment.

INCOMES OF UNEMPLOYED

Mr. LAIRD. You put out a recent study of some 1961 figures, and these figures showed almost half the people who were unemployed for more than 5 weeks had total family incomes of less than \$4,000. Was the cause of that less than \$4,000 income unemployment or low wages?

Mr. CLAGUE. It was a combination of both. In that study we divided the unemployed into those out of work 27 weeks or more and those out of work less than 27 weeks. We eliminated those out of work less than 5 weeks. We divided the rest into those two groups. In those in which the unemployment was less than 27 weeks, there is an implication that the low income may have been due to low wages. That does not answer your question exactly, but perhaps approximately. Quite clearly, for those out of work more than 27 weeks, the low income was surely due in large measure to the fact of their being unemployed.

Mr. LAIRD. Have you any breakdown of the income of unemployed workers which you have developed recently?

Mr. MYERS. The family study.

Mr. LAIRD. I thought that dealt with 1961.

Mr. MYERS. That is right.

Mr. LAIRD. I am talking about recent figures.

Mr. CLAGUE. We will be making another study.

Mr. HENLE. The report has not been issued, but we are now making a similar study.

Mr. LAIRD. The one on 1962 is ready to come out?

Mr. MYERS. Not yet. These ratios do not change very much by type of income, so it is very revealing for either 1961 or 1962. We can show how much came in from wages of the head of the family, how much from wages of secondary breadwinners, how much from unemployment insurance compensation, how much from other types of non-wage income.

Mr. CLAGUE. Including welfare and insurance.

COMPARABLE UNEMPLOYMENT FIGURES FOR PAST PERIODS

Mr. LAIRD. Have you made any study of the difference between today's unemployment and the unemployment, say, during the depression period?

Mr. CLAGUE. No; we have not. We do not have many comparable figures for the depression period. The whole program we are now talking about originated in the late 1930's when Harry Hopkins was trying to find out how many jobs he had to provide in WPA. That is where this sample started. It barely got going by 1940; during the war it was shifted over to Census, and it came over to BLS in 1959. So, we do not have any 1930 experience.

Mr. LAIRD. Have you some period of the 1940's that is pretty well developed?

Mr. CLAGUE. No. We do not go back of 1947 for very much comparability. During the early forties we were in the war, and the whole situation was different. We do not try to make much comparability back of 1947.

We have done one other thing, Mr. Laird, of which I am reminded now that you mention it. We have a special study of some very distressed areas where the unemployment is very high, where we might have something similar to a real depression situation. We explored the labor force situation, the number of men in the labor force, the number of women, the number of young people. In general we tried to find out what might be called almost a replica of a depression situation.

We did one study on that, and I can get a report of that for you. That study gives us some clues.

(NOTE.—The committee was subsequently advised that the study is entitled "The Structure of Unemployment in Areas of Substantial Labor Surplus" (Study Paper No. 23, prepared in connection with the Study of Employment, Growth, and Price Levels for consideration by the Joint Economic Committee, 1960.)

AVERAGE UNEMPLOYED PERSON

Mr. LAIRD. What situation is the average unemployed person in? What is the typical unemployed person in this group of 5½ percent that you talk about?

Mr. CLAGUE. As I indicated a little earlier to Congressman Lesinski, about half of them are people out of work less than 5 weeks. They are pretty clearly turnover workers. They are indeed out of work

but most of them will find another job within a reasonable time. About three-quarters of the unemployed at any one time have been out of work less than 15 weeks, so they may still be in the unemployment benefit period. Our latest figures are that about 1 million unemployed were out of work more than 15 weeks, which is quite a period of time, nearly 4 months. Of these, about half a million were out of work more than 26 weeks. There is the real hard core. Those are the ones who really constitute the long-term problem. They are probably semiemployable.

Mr. LAIRD. Why are so few of the unemployed married?

Mr. CLAGUE. A lot of them are married.

Mr. LAIRD. Your figures show less than a third of them are married. I am trying to figure this out. I was surprised that this book right here [indicating] shows only about a third of the unemployed men are married.

Mr. CLAGUE. We had about 2,500,000 men unemployed in December. Married with wife present, 1,330,000.

Mr. LAIRD. I figure that is about a third of the total unemployed.

Mr. CLAGUE. But we also have 650,000 married women with husband present.

Mr. LAIRD. I am talking about the married men in your unemployment figures making up about a third of your overall total. Maybe I do not read those figures right.

Mr. CLAGUE. No, you are reading it right, but I am raising the question whether you are comparing it with the right figure.

COMPARABILITY OF U.S. UNEMPLOYMENT FIGURES WITH THOSE OF OTHER COUNTRIES

Mr. LAIRD. In some countries that is the only figure that they report. Reading some of these newspaper columns kind of shakes me up when the figure they are talking about is that figure, not the figure that we talk about.

Mr. CLAGUE. I think I will ask Mr. Myers to say a few words on that. We have made studies of the comparability of our unemployment figures with those of other countries. Mr. Myers published some material on that. I think I will ask him to talk about it.

Mr. MYERS. We collect our unemployment figures in a considerably different way than many other industrial countries. Our comparisons, however, have been pretty reassuring to us. As time has gone on, the international recommendations in this field have come to be very close to the U.S. system, and more and more countries have been adopting our approach, either as a subsidiary system or for their regular statistics.

When we compare our statistics with theirs, using their normal, everyday method of counting unemployed, we find generally our figures show a good deal more unemployment as compared with the other industrial countries. But we have developed means of correcting their figures to tie in with our definitions and methods. When we do this, to our surprise, it does not change the general picture very much. We find in some cases the use of American definitions and methods would raise their figures somewhat, and in some cases it would lower them somewhat. The overall picture we come out with is very much the same that we get from the unadjusted figures.

In other words, the substantially greater unemployment in this country is not to any great extent a matter of difference of definitions and methods.

ESTIMATING UNEMPLOYMENT FOR 1965

Mr. LAIRD. What is your projection for calendar year 1965 for unemployment?

Mr. CLAGUE. I do not know that I have made one. At least, I have not made one officially.

Mr. LAIRD. Let us have your unofficial one.

Mr. CLAGUE. I do not like to guess at these things.

Mr. LAIRD. You do not mean to tell me that here we are, almost in March, and you have not given any thought over in that shop of yours to the 1965 figures?

Mr. CLAGUE. We have given thought to it. We have spent hours talking and thinking, trying to analyze the effect of the tax reduction on unemployment, the effect of the growth of the labor force on unemployment, and our guesses as to the expansion of the economy. We put these figures together and try to make something out of it.

We do not issue them to the public because we are not sure of them. We could be wrong. Since we produce other figures on which people trade money back and forth, billions of dollars, we do not want to issue a guess on which they might put too much weight.

Mr. LAIRD. I am trying to make a case for you to get enough money to do your job the way it should be done. You are trying to make a case against your getting enough.

Mr. CLAGUE. No, no.

Mr. LAIRD. You must have some projection.

Mr. CLAGUE. We do have private projections which we have at the office. We do the best we can with them. Sometimes we are right and sometimes we are wrong.

Mr. LAIRD. What is your private projection?

Mr. CLAGUE. I am sorry, my staff is not here now. We have not had a recent meeting, and I do not know.

Mr. LAIRD. When was your last meeting?

Mr. CLAGUE. I would be willing to come down and talk with you about it sometime and produce some of the alternatives.

Mr. LAIRD. I want it on the record. I think you have been told not to give a projection for 1965 on the record.

Mr. CLAGUE. No, I haven't. It is my native caution that is working.

Let me make very clear that we try to analyze what is happening. We do issue projections of a kind. We have issued projections for the labor force in 1970 and 1975, the proportion of women and the proportion of men. We have issued projections of the number of people entering the labor market.

Mr. LAIRD. Those charts of yours are terrific. I have watched them for years. I am talking about unemployment next year.

Mr. CLAGUE. We do project the labor force for next year. This does not bother us. What troubles us is finding out how that labor force will be broken down between employment and unemployment. We think we know fairly clearly about how many people are going to be in the labor force expecting work, but it becomes much more tricky to estimate how many people will be employed and, therefore, how many people will be unemployed. How do we split that up?

Mr. LAIRD. You can give us a figure right now on the number of people that will be in the labor force?

Mr. CLAGUE. Yes, I can. We make an estimate of that.

Mr. LAIRD. I am not asking for that.

Mr. CLAGUE. I know that. You are asking for a much more difficult one, which is to divide that between employment and unemployment. That means an estimate as to what the effect of the tax reduction will be.

Incidentally, one of the reasons we have not been very projectionist on 1965 is that we did not know whether the tax bill would pass or not. We did not know what we would have to work with in making our estimates.

Mr. LAIRD. I would like to see you with enough money in that shop of yours so you could make a projection on the basis if it passed and if it did not pass. You say your statistics were the basis on which some Members voted. We ought to be able to get a projection from you.

Mr. CLAGUE. Let me make clear this is not a question of money. It is a question of brains and luck. For this purpose—

Mr. LAIRD. This is just a crystal-ball operation?

Mr. CLAGUE. No, no, no; not crystal ball. When we sit down every 2 weeks, as we do, and analyze the current situation, which we try to do for ourselves and for the Department, a dozen of us sit around the table and pool our knowledge of wages, productivity, construction, prices, and so on. We put a great deal together. It is not just a crystal ball. It is not guessing, strictly; but it is "guesstimating," if you want to call it that.

When we look at the future, we cannot be sure the past trend will continue.

Mr. LAIRD. What was the word?

Mr. CLAGUE. Guesstimating.

Mr. LAIRD. Guesstimating?

Mr. CLAGUE. Guesstimating.

Mr. LAIRD. That is not a crystal-ball technique?

Mr. CLAGUE. No. I assume by crystal-ball technique you mean we just pull a figure out of the air. We do not do that. We are extremely careful and cautious. I want to emphasize to you that this is not wholly a question of money. It is a question of our analyzing the happenings, what you do down here in the Congress when the tax reduction bill is passed and goes into operation. We certainly will be trying to estimate that effect.

Mr. LAIRD. What causes the Secretary to be pessimistic about 1965? You must have given him some information to cause him to be pessimistic.

Mr. CLAGUE. I think he is pessimistic about the fact that we have had a certain growth of the labor force in the past, about 900,000 or a million a year, and we have had jobs that have just about come up to that. Now he looks forward to 1965 and so do we; and we see a big jump this summer in the number of young people, perhaps 3 million of them entering the labor force between April and June. Some of them will go back to school in the autumn. The more who return to school, the more unlikely they will be in the labor force this coming winter. But in 1965, with $3\frac{3}{4}$ million reaching 18, I am sure

we will have an exceptionally large number of young people entering the labor market. This would lead me to believe that unless our employment increase is greater than it has been in recent years, employment would fall short. It is at least a probability that employment would fall short.

However, the tax reduction may have the effect of so stimulating this economy that we will jump to a million and a half jobs a year additional.

Mr. LAIRD. How long will that last?

Mr. CLAGUE. First of all, it will take probably 6 months to a year to take full effect. In other words, results always require an amount of time in economics. If you make a tax reduction now, people's incomes go up in the next month or so. But new investments may not occur for 6 months. I would guess that we would have a lag of 6 months to a year before the full effect would be known.

Mr. LAIRD. I guess I'm not going to get an estimate out of you on 1965 unemployment so I will not pursue this any further.

REPROGRAMING 1964 FUNDS

Mr. Chairman, I have one more question.

Your justifications indicate that you have reduced the congressional authorization, which was 1,376 positions, to 1,299 positions. This involves 77 positions. You eliminated 13 man-years of intermittent employment, and 18 positions to cover within-grade promotions. This is with regard to the authorization we gave you for 1964. This seems to me to be bad enough, but you went beyond your authority in reducing 46 positions to provide for nonpersonal service costs related to the rental of additional automated equipment.

This is from the justification sheet which you gave us this year. I wish you would compare that with the justification which you submitted to our committee for these 1,376 jobs in your 1964 budget.

It seems to me that 1964 budget submission which you made to this committee was a pretty weak budget.

Mr. Clague, certainly the estimates that you gave us were not very firm estimates?

Mr. CLAGUE. We carried out the program that we asked you for in 1964, but I had to make reductions in other parts of my operation in order to allow for these costs; some of which are sketched here. In the case of rental of machinery, we are moving toward more advanced computer operation. This does enable us to make savings in clerical workers using the old IBM cards. This is what we regard as good economy in the long run. It is speeding up the operation.

Mr. LAIRD. How could you be so far off in estimating your personnel requirements? Didn't you have any idea that you might be moving toward automated equipment?

Mr. CLAGUE. Yes; we knew we were. We were planning to introduce it at various times. We didn't know exactly when it was coming in.

Mr. LAIRD. I am trying to find out how good these justifications are for 1965, if your justifications for 1964 didn't mean more than they now seem to have meant.

Mr. CLAGUE. Let me make it clear. I have an operating program, underlying the justifications I make for new work. We tie the work we promise to accomplish in with the budget that you provide. In our regular operations we try to make economies wherever we can. When we have expenses of various kinds that we have to meet, we naturally alter our positions in order to meet those. In other words, our effort is not just to create jobs or to fill jobs; our effort is to spend the money effectively. We spent the money that we got from you and we produced the results we promised for it.

Mr. LAIRD. Why couldn't you give this information at the start of the year? What caused you to overestimate your personnel needs so much?

Mr. CLAGUE. I think I would like to go into my budget further and give you a written statement on that, because I don't think I am able to do it right here and now.

Mr. LAIRD. Could you supply that for the record?

Mr. CLAGUE. Mr. Jones and I will be glad to supply that for the record.

Mr. LAIRD. That is all I have.

(The information requested follows:)

Early in each fiscal year it is necessary that an agency establish an operating budget to provide for requirements which then exist and/or are projected for the full year. Invariably, these estimates provide for allocations as between object classifications which differ from those estimated 6 months or more previously. In some years these differences are slight; in others they are more marked. In most instances they could not be foreseen much, if any, before the beginning of the new fiscal year.

In establishing (during August-September 1963) the BLS operating budget for 1964, an unusually large volume of adjustments was necessary. The additional amount needed for departmental centralized services (\$207,246) was not known until receipt of the Department's estimate in August. Added rental cost of computer equipment could not be accurately estimated until space could be found to house it and delivery dates could be established (\$138,783). Additional amounts for printing (\$96,500) definitely could not have been foreseen. For example, a Joint Committee on Printing and Binding limitation on the size of publication which could be printed in an agency plant required that the printing of five publications be transferred to the Government Printing Office at a cost of \$50,000. Added emphasis (summer of 1963) on employee training required a greater allocation for this purpose.

These increased allocations, totaling \$450,000, called for decreased allocations for other purposes. Slightly more than half, \$247,000, came from full-time personnel services and caused the loss of 46 positions. A related reduction in the cost of "employee benefits" accounted for \$33,000. The amount allocated for travel was reduced by \$20,000 and that for purchase of data from other agencies was reduced by \$150,000.

ORIGINAL REQUEST FOR 1965

Mr. FOGARTY. Are you still satisfied that what you asked the Department for was a good firm figure and that you could use these additional funds to good advantage?

Mr. CLAGUE. Yes. I think I could have used more funds to good advantage, but I am satisfied with what I have got here. I think I can do a good job with what I have.

Mr. FOGARTY. Would it be to the advantage of the country to spend this other \$2 million?

Mr. CLAGUE. Yes, I think so.

Mr. FOGARTY. You think so?

Mr. CLAGUE. Yes; but I also say that I am a member of a team of the administration and the Department.

Mr. FOGARTY. When I ask you the question, I get you off that spot. You think it would be a good economy to spend these additional funds that you requested?

Mr. CLAGUE. Yes. I think I have always said, when I have asked for a budget, I thought that I could use it well and efficiently.

Mr. FOGARTY. Will you put in the record the requests you made of the Department that were not allowed?

Mr. CLAGUE. Yes.

(The information supplied follows:)

Bureau of Labor Statistics increases in 1965 positions and Department of Labor action

| Salaries and expenses | Bureau request, 1965 increase, number of positions | Department of Labor approval |
|---|--|------------------------------|
| 1. Manpower and employment: | | |
| Labor force sample expansion..... | 17 | 17 |
| Study of labor force turnover and growth..... | 10 | |
| Employment, hours, earnings, and labor turnover statistics for additional industries and areas..... | 9 | |
| Hours and earnings for nonproduction workers in "nondurable" manufacturing industries..... | 7 | |
| Current employment statistics by occupation..... | 14 | 14 |
| Industry employment outlook studies..... | 6 | 6 |
| Total activity 1..... | 63 | 37 |
| 2. Prices and cost of living: | | |
| Maintenance of revised cost of living index..... | 34 | None |
| Additional city consumer price indexes..... | 13 | |
| Industry-sector price indexes..... | 13 | |
| Dissemination of data from survey of consumer expenditures in 1960-61. Revision of standard budgets..... | 10 | |
| Total activity 2..... | 87 | None |
| 3. Wages and industrial relations: | | |
| Improvements of industry wage studies, including annual earnings..... | 10 | 20 |
| Improvements in national salary estimates for professional and administrative occupational categories..... | 10 | |
| Labor-management relations: Collective bargaining and employer-employee relations at the plant level and in small establishments..... | 12 | |
| Special reports for labor-management negotiations and disputes..... | 11 | |
| Union organizations: Studies of membership, structure, administration, and policies..... | 12 | |
| Employee benefit plans: Analysis of plan provisions and their functions and implications for the American worker..... | 15 | |
| Total activity 3..... | 70 | 20 |
| 4. Measurement of productivity: | | |
| Productivity measurement..... | 31 | None |
| Automation and technological studies..... | 22 | |
| Total activity 4..... | 53 | None |
| 5. Industrial hazards: | | |
| Improvement and extension of injury-rate survey program..... | 11 | None |
| Injury rates and accident causes in construction..... | 16 | |
| Traffic accident statistics pilot study..... | 4 | |
| Total activity 5..... | 31 | None |
| 6. Foreign labor conditions: International labor comparisons..... | 8 | None |
| Total..... | 312 | 57 |

JUSTIFICATIONS

Mr. FOGARTY. We will also place your formal justifications in the record.

(The justifications referred to follow:)

SALARIES AND EXPENSES, BUREAU OF LABOR STATISTICS

Amounts available for obligation

| | 1964 | 1965 |
|--|--------------|--------------|
| Appropriation or estimate..... | \$16,345,000 | \$18,388,000 |
| Comparative transfer to Office of the Secretary..... | -52,000 | |
| Appropriation or estimate, revised..... | 16,293,000 | 18,388,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|--|-----------------------------|-------------|----------------|-------------|-------------|--------------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Manpower and employment..... | 345 | \$6,209,539 | 376 | \$7,496,894 | +31 | +\$1,287,355 |
| 2. Prices and cost of living..... | 258 | 2,416,107 | 291 | 2,808,527 | +33 | +387,420 |
| 3. Wages and industrial relations..... | 300 | 2,920,642 | 297 | 2,956,161 | -3 | +35,519 |
| 4. Measurement of productivity..... | 71 | 665,498 | 70 | 711,063 | -1 | +15,595 |
| 5. Industrial hazards..... | 41 | 325,926 | 41 | 332,183 | | +6,257 |
| 6. Foreign labor conditions..... | 40 | 391,015 | 39 | 392,482 | -1 | +1,467 |
| 7. Program staff services..... | 126 | 1,546,891 | 126 | 1,590,939 | | +44,048 |
| 8. Administration and management services..... | 118 | 1,787,382 | 117 | 2,104,721 | -1 | +317,339 |
| Total obligations..... | 1,299 | 16,293,000 | 1,357 | 18,388,000 | +58 | +2,095,000 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|-----------------------------|----------------|-------------|
| Total number of permanent positions..... | 1,299 | 1,357 | +58 |
| Positions other than permanent..... | 44 | 44 | |
| Average number of all employees..... | 1,296 | 1,350 | +54 |
| 11 Personnel compensation..... | \$9,669,600 | \$10,318,329 | +\$648,729 |
| 12 Personnel benefits..... | 713,900 | 762,775 | +48,875 |
| 21 Travel and transportation of persons..... | 696,300 | 779,473 | +83,173 |
| 22 Transportation of things..... | 20,000 | 20,000 | |
| 23 Rent, communications, and utilities..... | 730,700 | 770,469 | +39,769 |
| 24 Printing and reproduction..... | 350,900 | 391,951 | +41,051 |
| 25 Other services..... | 3,958,600 | 5,158,060 | +1,199,460 |
| 26 Supplies..... | 18,000 | 23,243 | +5,243 |
| 31 Equipment..... | 135,000 | 163,700 | +28,700 |
| Total obligations..... | 16,293,000 | 18,388,000 | +2,095,000 |
| Working capital fund items included above..... | 557,450 | 913,950 | +356,500 |

Summary of changes

| | |
|--|--------------|
| 1964 appropriation..... | \$16,345,000 |
| Comparative transfer to Office of the Secretary..... | -52,000 |
| 1964 appropriation, revised..... | 16,293,000 |
| 1965 estimate..... | 18,388,000 |
| Total change..... | +2,095,000 |

Summary of changes—Continued

Mandatory items:

Increases:

| | |
|---|----------|
| Net additional cost on a full-year basis of the second step of pay increases (effective Jan. 5, 1964) for current year (base) staff, pursuant to Public Law 87-793..... | +287,000 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff..... | +102,700 |
| Payments to States for increased salary rates in connection with the cooperative employment statistics and labor turnover statistics program..... | +50,000 |

Decreases:

| | |
|--|----------|
| To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 work-days funded in 1964, there will be 261 in 1965..... | -40,200 |
| Reduced payments to employee compensation fund, due to Public Law 86-767..... | -1,000 |
| Completion of the planning and part of the collection phase of the survey of employer expenditures for employee benefits (10 positions, \$71,022; nonlabor, \$28,978)..... | -100,000 |

Financing items—Increases:

| | |
|--|----------|
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... | +356,500 |
| Absorption of a portion of above increases (reduction, 17 positions; \$129,360 personal services; nonlabor, \$50,640)..... | -180,000 |

Program items—Increases:

Manpower and employment:

Gordon Committee recommendations:

| | |
|--|----------|
| To expand the program of labor force sample (14 positions, \$108,810; nonlabor, \$541,190)..... | +650,000 |
| To expand the program of labor force turnover and growth (8 positions, \$70,842; nonlabor, \$104,158)..... | +175,000 |
| To expand the program of employment, hours, earnings, and labor turnover for additional industries and areas (7 positions, \$38,534; nonlabor, \$186,466)..... | +225,000 |
| To expand the program of current employment statistics by occupation, (8 positions, \$56,965 personal services; nonlabor, \$23,035)..... | +80,000 |

Total, Gordon Committee recommendations (37 positions, \$275,151; nonlabor, \$854,849).....

To print the Occupational Outlook Handbook (nonlabor, \$30,000).....

Subtotal, manpower and employment (37 positions, \$275,151; nonlabor, \$884,849).....

Prices and cost of living:

| | |
|---|----------|
| To provide for the maintenance of the revised Consumer Price Index (20 positions, \$141,601; nonlabor, \$58,399)..... | +200,000 |
| To include 6 additional cities in the Consumer Price Index (10 positions, \$71,981; nonlabor, \$28,019)..... | +100,000 |
| To expand the program of industry-sector price indexes (10 positions, \$76,675; nonlabor, \$8,325)..... | +85,000 |

Subtotal, prices and cost of living (40 positions, \$290,257; nonlabor, \$94,743).....

Wages and industrial relations: To improve the national salary estimates for professional and administrative occupational categories by addition of 7 areas to the present 80 area sample (18 positions, \$49,078; nonlabor, \$25,922).....

Total change.....

+2,095,000

Mandatory and financing changes for 1965

Mandatory items:

Increases:

Pay increase costs..... +\$287,000

To finance on a full-year basis the second step of pay increases (effective Jan. 5, 1964) granted by Public Law 87-793 for current year (base) staff. This second step was funded on a part-year basis in 1964. The object schedule includes these changes as follows:

Personnel compensation..... \$206,512
 Personnel benefits..... 15,488
 Payments to other accounts for services
 involving salaries..... 65,000

Total..... 287,000

Within-grade promotion costs..... +102,700

Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 cost of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover.

Personnel compensation..... \$107,222
 Deduct lapse..... -11,622
 Personnel benefits..... 7,100

Net cost..... 102,700

Payments to states..... +50,000

For increased salary rates in connection with the cooperative employment statistics and labor turnover statistics program performed under contractual arrangement.

Decreases:

Reduction of 1 less day of pay in 1965 over 1964..... -40,200

To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 days funded in 1964, there will be 261 in 1965.

Payment to employee injury compensation fund, due to Public Law 86-767..... -1,000

Included in the Bureau's base budget is \$9,000. The payment in 1965 to the employee injury compensation fund is \$8,000 resulting in a decrease in 1965.

Survey of employer expenditures for employee benefits..... -100,000

Completion of the planning and part of the collection resulting in a decrease in 1965. (Reduction 10 positions, \$71,022; nonlabor, \$28,978.)

Financing items:

To finance centralized services furnished through the working capital fund that were not identified at the proper level of expenses in the 1964 budget..... +356,500

Absorption of a portion of above increases (reduction 17 positions; \$129,360 personal services; nonlabor, \$50,640)..... -180,000

The volume of central administrative services in the Department of Labor has increased rapidly over the past few years because of a number of factors; a larger Department; increased services (such as Regional Administrative Services Office and data processing for payroll and increased cost (salary and other)).

In these years of growth of the Department, it has been impossible to coordinate the budget requests of the bureaus (for centralized services) with the facts of performance. Increased costs have been met out of whatever funds were available (e.g., savings growing out of lapses, unused travel, etc.). In many cases (and in varying degree) base budgets and budget requests were not adjusted to reflect the increase costs paid. The Department was able to "get by" in times of growth. Now that we are no longer expanding rapidly and we are fully staffed, it is essential to cover these costs in the basic budgets.

In order to properly reflect the cost of these services in various bureau budgets in 1965, the Department is requesting that each affected appropriation be granted a base adjustment to maintain in 1965 the 1964 level of operation of central administrative services. This is being done by asking for a net increase in funds of about 50 percent and by reducing personal services in the program area in order to absorb the balance.

Mandatory and financing changes by activity

| Type of change | Activity 1 | | Activity 2 | | Activity 3 | | Activity 4 | | Activity 5 | | Activity 6 | | Activity 7 | | Activity 8 | | Total | | | |
|--|----------------|----------|----------------|---------|----------------|----------|----------------|--------|----------------|--------|----------------|--------|----------------|--------|----------------|---------|----------------|---------|--|--|
| | Post- tions | Amount | Post- tions | Amount | Post- tions | Amount | Post- tions | Amount | Post- tions | Amount | Post- tions | Amount | Post- tions | Amount | Post- tions | Amount | Post- tions | Amount | | |
| Mandatory changes: | | | | | | | | | | | | | | | | | | | | |
| Pay increase costs..... | | \$11,636 | | | | | | | | | | | | | | | | | | |
| Within-grade promotion costs..... | | 23,488 | | | | | | | | | | | | | | | | | | |
| Less: 1 day of pay..... | | -10,499 | | | | | | | | | | | | | | | | | | |
| Other: | | | | | | | | | | | | | | | | | | | | |
| Planning and part of collec- tion phase of survey of em- ployer expenditures for employee benefits..... | | | | | -10 | -100,000 | | | | | | | | | | | | | | |
| Payment to employee injury compensation fund..... | | 50,000 | | | | | | | | | | | | | | | | | | |
| Payment to States..... | | -47,270 | | | -1 | -7,826 | | | | | | | | | | | | | | |
| Net financing changes..... | -6 | | -7 | -50,214 | -1 | -7,826 | -1 | -6,238 | | | | | | | | | | | | |
| Total..... | -6 | 127,355 | -7 | 2,420 | -11 | -39,481 | -1 | 15,595 | | 6,257 | -1 | 1,467 | | 44,048 | -1 | 317,339 | -27 | 475,000 | | |

ACTIVITY 1. MANPOWER AND EMPLOYMENT (1964, \$6,209,539; 1965, \$7,496,894)

Narrative description of program

Provides for collection, publication, and analysis of monthly statistics on the labor force, employment and unemployment hours of work, earnings, and labor turnover, in cooperation with the States and with the Bureau of the Census. Employment and earnings data are published for every State and for 145 major areas. The labor turnover program is conducted in all States in 116 areas. Also provided are statistics on employment of scientific and technical personnel; studies of manpower, occupational outlook, and unemployment.

Program changes for 1965

Improvements in employment and unemployment statistics.—Continuing its program to improve these statistics following the recommendations of the President's Committee To Appraise Employment and Unemployment Statistics (Gordon Committee), the Bureau is requesting the following items which total 37 positions and \$1,130,000:

Expansion of labor force sample (Gordon Committee recommendation).—Use of unemployment and labor force statistics in key economic policy decisions has focused public attention on the meaning and accuracy of the figures. The Gordon Committee recommended study of ways to sharpen the measurement of unemployment, improve the accuracy of reporting in household interviews, and collect additional essential information. It also recommended substantial expansion of the reporting sample.

Following these recommendations, the Bureau of Labor Statistics has undertaken a research program to test new forms of questioning, to learn what steps the unemployed have actually taken to find work, and eventually, assuming adequate resources, to enlarge the monthly sample of 35,000 households in order to increase the reliability of the estimates. Parallel with the sharpening of the unemployment measure was the objective of providing more information on persons who were not classified as unemployed but who were available for work and discouraged from seeking it or waiting for appropriate job opportunities.

This experimental program was initiated in fiscal 1964; a supplementary sample of 8,750 households, is being established and data from this sample will be collected in April, May, and June 1964. This work will continue in fiscal 1965, and the supplementary sample expanded to 17,500 households, or one-half the size of the regular monthly sample, by the end of that year. Funds additional to the amount allocated in fiscal 1964, are required in order to operate the sample at the 8,750 level for all of fiscal 1965 and to develop an additional sample of 8,750 by June 1965. Thus, early in fiscal 1966, with additional funds, it will be possible to run the two samples side by side or to combine them for the regular, published estimates.

In addition to improving the measurement of unemployment and obtaining other facts about the labor force, the supplementary sample will be used in fiscal 1965 to test methods for collecting new information on the employment difficulties of such groups as the technologically displaced and the chronically unemployed. Total cost \$650,000 of which \$515,000 will be transferred to the Bureau of the Census (14 positions \$108,810; nonlabor \$541,190).

Growth of the labor force (Gordon Committee recommendation).—A study of factors determining why persons enter and leave the labor force will provide insight into labor force growth and give new dimensions to the monthly labor force data which show only the net effect of the underlying gross movements. This study will explore the behavior of the labor force under conditions of expanding and contracting job opportunities and analyze why job expansion often fails to reduce the levels of unemployment. The study will be conducted through direct interviews with a sample of persons who have entered or left the labor force over the course of a year. Information will be collected on reasons for entering or leaving the labor force, the types of jobs sought by those who entered and the types they found, their training, if any, their sources of information about job opportunities, and their intentions of remaining in the work force. Comparable data to explain labor force withdrawals, particularly of older workers, will be collected. Total cost, \$175,000 of which \$90,000 will be transferred to the Bureau of the Census (8 positions \$70,842; nonlabor \$104,158).

Employment, hours, earnings, and labor turnover statistics for additional industries and areas (Gordon Committee recommendation).—In its report, the Gordon Committee emphasized the need for strengthening and extending the set of economic statistics derived from direct reports from employers. This infor-

mation on employment, hours, earnings and labor turnover is not only used directly as a guide to changing economic conditions but many of the specific series are key ingredients in the computation of productivity indexes, national income data, and the gross national product.

Proposals for fiscal 1965 represent the second phase of a 5-year program designed to strengthen the program, by (1) publishing additional and improved industry detail in national series of employment, hours, earnings, and labor turnover, including specifically industry series in the rapidly growing trade and service sectors of the economy; (2) expanding the area series program toward the ultimate goal of coverage of all major metropolitan areas; (3) expanding the labor turnover statistics program, with emphasis on large areas; and (4) developing a program for measuring annual hours and earnings of nonproduction workers in manufacturing industries for which a pilot study is being conducted in fiscal year 1964.

Proposed for 1965: (1) developing additional employment, hours, earnings, and labor turnover series in 20 additional standard metropolitan statistical areas; (2) developing labor turnover series for nonmanufacturing industries in 55 large areas; (3) developing new national hours and earnings series for nonmanufacturing industries; (4) completing the development of the program designed to measure annual hours and earnings of nonproduction workers in manufacturing industries.

To make these improvements possible, it will be necessary to expand the employment, hours, and earnings sample by approximately 10,000 reports, primarily in trade and service industries, expand the labor turnover sample by approximately 24,500 reports, also in nonmanufacturing industries; and give increased technical assistance to the State agencies required by the expansion in nonmanufacturing hours, earnings, and labor turnover collection and estimation programs. Total cost \$225,000 (7 positions, \$38,534; nonlabor, \$186,466).

Current employment statistics by occupation (Gordon Committee recommendation).—One of the most serious gaps in the Nation's information on employment pointed out by the Gordon Committee is the lack of adequate current data on the number of workers employed in each major occupation. Such information is essential to many of the programs the Department is undertaking, particularly with respect to manpower training and apprenticeship, and its lack is a serious handicap to existing programs. Data on employment trends by occupation are needed to estimate future occupational requirements and opportunities, to evaluate the impact of technological change and shifts in demand on the occupational structure of the labor force, and to measure the effectiveness of training and education programs in meeting needs for trained workers.

The long-range plan is to develop a regular, annual statistical series on employment in about 100 of the most important professional, technical, skilled and clerical occupations, making maximum use of data now collected, supplemented by additional surveys. The Bureau will collect and keep up to date a system of occupational composition patterns for each of 150 industries representing the entire economy. Estimates of total employment by occupation will be made annually by applying the most recent occupational composition patterns for each industry to current estimates of employment (separately for production and nonproduction workers) and summing the products to provide estimates of employment by occupation for the United States.

Broad planning in this program begun in fiscal 1964 will be carried into more detailed stages and data collection will be tested in fiscal 1965. The development of techniques for estimating current employment by occupation will continue and definitions of occupational groups will be refined. Establishment interviews in a few industries will determine their ability to furnish occupational patterns for their operations. Computer systems will be developed to integrate data from numerous sources into complete estimates of employment in the selected occupations. Total cost, \$80,000 (8 positions, \$56,965; nonlabor, \$23,035).

Occupational Outlook Handbook.—To print the 1965 edition of the Occupational Outlook Handbook and accompanying reprints of its separate sections. A new edition is published every 2 years. This will be nonrecurring in 1966. Total cost, \$30,000 (nonlabor, \$30,000).

Total for activity 1, 37 positions, \$1,160,000.

ACTIVITY 2. PRICES AND COST OF LIVING (1964, \$2,416,107; 1965, \$2,803,527)

Narrative description of program

Provides for collection and analysis of data on consumer prices and preparation of the Consumer Price Index for the United States and local indexes for selected major cities; for the issuance of semiannual consumer price indexes for four cities in Alaska; for pricing of industrial and agricultural products and the publication of wholesale price indexes, monthly, weekly, and daily, and for the development of industry-sector indexes.

Program changes for 1965

Maintenance of revised Consumer Price Index.—In connection with the revision of the Consumer Price Index, several major improvements have been adopted, including a small increase in the number of items priced, extension of pricing to the suburbs, and replication (i.e., the use of two independent samples) for city, outlet, and item pricing to provide a means of estimating the accuracy of the index. These improvements are essential to the continued reliability of the index. However, they add substantially to the cost of its maintenance, and these costs are not fully covered by the funds provided in the 1964 base budget.

A large part of the increased maintenance costs arises out of the extension of pricing to cover entire metropolitan areas, including suburbs. Up to now, most of the price quotations for the index have been obtained in downtown stores. With the exodus of population to the suburbs and the development of suburban shopping centers over the past decade, adequate measurement of prices and price changes requires that price quotations be obtained in suburban stores as well. Traveling to these outlying stores to get this information involves a great deal more time and travel expense than obtaining the same number of price quotations in a concentrated downtown area. Total cost \$200,000 (20 positions, \$141,601; nonlabor, \$58,399).

Additional city consumer price indexes.—In view of the broad uses of consumer price indexes relating specifically to major areas of population and employment, the Bureau plans to expand its program to provide separate indexes for the six metropolitan areas with a population of 1 million or more which are not now included in the revised national index. This involves the continuation on a revised basis of five area indexes previously published, the addition of one. The metropolitan areas are Cincinnati, Houston, Kansas City, Milwaukee, Minneapolis-St. Paul, and San Diego. The coverage of these areas will strengthen the revised national index, and the publication of separate indexes for each area will contribute to business long-term contract administration and the planning of business operations.

To add these six major metropolitan areas to the revised national index in January 1966, and to publish indexes separately on a revised basis for each area, will require survey work in fiscal 1964 similar to that already carried out for the original 50 cities in the revised Consumer Price Index, including comprehensive housing unit surveys and family expenditure surveys.

In fiscal 1963, the expenditure data will be tabulated to derive weights for index calculation for each of the six cities, and pricing will be initiated. Since indexes for five of these cities were previously scheduled for discontinuance in June 1964, pricing must be continued on the old basis through fiscal 1965 to avoid a lapse in publishing indexes. The sixth city, San Diego, is not included in the Bureau's present program, and hence will not have an index before fiscal 1966.

Some of the analytical and review work for these additional cities will be absorbed by regular CPI staff. Additional clerical and field staff will be required. Total cost \$100,000 (10 positions, \$71,981; nonlabor, \$28,019).

Industry sector price indexes.—For a decade, economists and marketing analysts have repeatedly emphasized the need for a set of price indexes organized on the basis of the standard industrial classification system, in addition to the present, and for many purposes indispensable, Wholesale Price Index, which is organized by commodity groupings. The need is for price data organized within the same framework as many other basic economic statistics, such as production, employment, hours, hourly earnings, and productivity. Price indexes of this kind are essential for deflation of industrial value data to measure physical production and for use in analyses of industrial costs.

The Budget Bureau's Price Statistics Review Committee has recommended that the Bureau undertake construction of price indexes on an industry basis. The need for industry indexes had also been reflected in requests from the Council

of Economic Advisers, the Joint Economic Committee of the Congress, the Federal Reserve Board, and various private research agencies.

The Bureau was provided funds during fiscal year 1963 to begin developmental work on this new index system. The complete plan for industry provides for coverage of four-, three-, and two-digit industries for all sectors of the economy, but initially indexes will be constructed for manufacturing, mining, and agriculture. Industrial output price indexes will receive early attention and development of industry input measures will come later.

Major effort is currently being devoted to the conceptual and statistical problems which must be solved and to the location, procurement, and analysis of data to be used as weights for the industry indexes. This includes an analysis of the interindustry data now being compiled by the Department of Commerce. The pricing sample is also being developed to include areas presently unpriced for the Wholesale Price Index, such as electronics, shipbuilding, aircraft, and industrial services. New pricing techniques will be developed for complicated commodities such as large turbines and generators. During fiscal year 1964, the actual work of constructing sets of weights for the industry indexes will get underway and collection of price data for the new commodity areas indicated above will begin.

The funds requested for fiscal year 1965 will permit completion of the weight diagram for output indexes and further development of price collection for the commodity areas not now covered. The eventual goal is the construction of indexes reflecting prices for at least 50 percent of the value of shipments for each four-digit industry. Total cost, \$85,000 (10 positions, \$76,675; nonlabor, \$8,325).

Total for activity 2, 40 positions, \$385,000.

ACTIVITY 3. WAGES AND INDUSTRIAL RELATIONS (1964, \$2,920,642; 1965,
\$2,956,161)

Narrative description of program

The collection and analysis of basic data on wages and salaries by occupation, and on supplementary employee benefits, for major labor markets and industries; the compilation of data on wage distribution for selected industries and major industry groups; monthly reports on changes in wages and related benefits; the preparation of wage or salary indexes for selected occupation and industrial groups; and surveys of employer expenditures on fringe benefits and of the composition of payroll hours for selected sectors of the economy.

The maintenance of a representative file of collective-bargaining agreements for public use; detailed studies of the provisions of labor-management agreements; analytical studies of welfare, pension and other types of employee benefit plans; reports on the structure, membership, and activities of American trade unions; monthly and detailed annual statistics on work stoppages; monthly summaries of the terms of major collective bargaining settlements.

Program changes for 1965

Improvements in national salary estimates under Federal Salary Reform Act of 1962.—Under the Federal Salary Reform Act of 1962, the Bureau's studies of pay in private industry for professional and administrative occupational categories provide the statistical basis for the required annual review of Federal salaries. Since the Federal white-collar salary bill amounts to about \$15 billion annually, it is of critical importance that the survey results accurately reflect the level and structure of salaries in all urban areas. To maintain the high degree of accuracy essential for this study, the survey sample must be improved to take account of the recent expansion in the number of standard metropolitan statistical areas reflecting the 1960 population census and changes in the geographic and industrial composition of many older areas. The present sample of 80 areas, selected originally to represent 188 metropolitan areas, should be expanded to provide representation for 28 new areas. A statistical analysis of the current industrial composition of metropolitan areas indicates that for this purpose 5 new areas must be added and that the size of the area samples must be increased in many of the original 80 areas to provide reliable national estimates of salary levels in private enterprise. Total cost, \$75,000 (8 positions, \$49,078; nonlabor, \$25,922).

Total for activity 3, 8 positions, \$75,000.

ACTIVITY 4. MEASUREMENT OF PRODUCTIVITY (1964, \$695,498; 1965, \$711,093)

Narrative description of program

Preparation of analysis of annual productivity indexes for the total private economy, agriculture, manufacturing (physical output and net output) and nonmanufacturing. Analysis of individual industries with emphasis on factors affecting productivity, such as technological advances. A program to assess major implications and effects of automation and other technological developments in selected plants and industries. Development of up-to-date information on labor requirements for selected types of construction, both on-site and off-site; the relation of productivity to unit labor and nonlabor costs, and experimentally, the relation of capital formation and productivity; and the ability of older workers to shift from technologically obsolete occupations to new ones.

Program changes for 1965: None.

ACTIVITY 5. INDUSTRIAL HAZARDS (1964, \$325,926; 1965, \$332,183)

Narrative description of program

Collection and publication of data on incidence and severity of work injuries in the United States; the economic losses to workers, employers, and the public arising from those injuries. Twelve States will cooperate in the collection of injury-rate data through joint Federal-State surveys.

The program also includes a series of special one-time statistical studies of the incidence and causes of work injuries in selected high-hazard industries.

Program changes for 1965: None.

ACTIVITY 6. FOREIGN LABOR CONDITIONS (1964, \$391,015; 1965, \$392,482)

Narrative description of program

Collection, analysis, and dissemination of statistics and other information on labor conditions in foreign countries, and international labor developments. Special attention is given to matters pertaining to U.S. participation in international agencies, especially the ILO: tariff and trade problems; situations in underdeveloped countries; and other activities significant for U.S. policies and operations. The program includes analysis of employment, unemployment, wages, labor cost, prices, productivity, labor legislation and standards, trade union activities, and labor-management relations.

Program changes for 1965: None.

ACTIVITY 7. PROGRAM STAFF SERVICES (1964, \$1,546,891; 1965, \$1,590,939)

Narrative description of program

Statistical standards.—Establishes Bureau policies for the maintenance of statistical standards and improvement of statistical methodology.

Labor economics.—Prepares special economic reports for the Commissioner, the Office of the Secretary, the Council of Economic Advisers, and other Government agencies; coordinates Bureau research and reports involving several divisions.

Economic growth.—A broad program of research on problems of economic growth and employment opportunities in the American economy has been undertaken. The program includes examination of factors such as trends in population, labor force, employment, hours of work, productivity, income distribution, prices, consumer expenditures, capital stock, investment expenditures, industrial capacity, Government expenditures, and foreign trade. The interaction of these factors and their implications for overall economic growth are analyzed.

Publication services and correspondence.—Plans the publications program of the Bureau; edits and approves all publications and releases; maintains a central Bureau inquiry service; and reviews official correspondence.

Field administration.—Regional offices: Directs and supervises the regional office and program operations within the region; answers inquiries and requests for BLS data.

Program changes for 1965: None.

ACTIVITY 8. ADMINISTRATION AND MANAGEMENT SERVICES (1964, \$1,839,382;
1965, \$2,104,721)

Narrative description of program

Office of the Commissioner.—Determines overall Bureau policy and program administration by the Commissioner, the Deputy Commissioner, the Associate Commissioners, and their immediate assistants.

Field administration.—Central office: Directs and supervises the Bureau's field activities including its regional offices; coordinating these offices with operating divisions on matters of program, operation, and staffing.

Management services.—Directs all Bureau matters pertaining to management planning, personnel coordination, data processing activities, fiscal operations, and service functions.

Program changes for 1965: None.

Distribution of field staff

| Regional offices | 1964 | | | 1965 | | |
|---------------------------|-------------------|----------|-------|-------------------|----------|-------|
| | Profes- sional | Clerical | Total | Profes- sional | Clerical | Total |
| Atlanta, Ga..... | 33 | 33 | 66 | 34 | 32 | 66 |
| Boston, Mass..... | 23 | 23 | 46 | 23 | 23 | 46 |
| Chicago, Ill..... | 43 | 15 | 58 | 47 | 15 | 62 |
| Cleveland, Ohio..... | 22 | 11 | 33 | 23 | 11 | 34 |
| New York, N.Y..... | 39 | 22 | 61 | 40 | 22 | 62 |
| San Francisco, Calif..... | 35 | 26 | 61 | 37 | 26 | 63 |
| Total, field staff..... | 195 | 130 | 325 | 204 | 129 | 333 |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$10,318,329

The estimate of \$10,318,329 includes 1,357 permanent full-time positions at \$9,934,740 of which 1,024 positions at \$7,654,857 are allocated to departmental service and 333 positions at \$2,279,883 to the field service. This includes an increase of 85 positions at \$504,641, 67 positions at \$405,721 for the departmental service and 18 positions at \$98,920 for the field service. The increase of 85 positions is offset by a reduction of 27 positions at \$186,009 due to mandatory and financing changes, made up of 17 positions at \$120,296 in the departmental service and 10 positions at \$65,713 in the field service.

The estimate also includes \$240,214 for temporary and intermittent employment, \$101,500 for overtime, holiday, and premium pay, and \$41,875 for 1 extra day of pay in excess of the 52-week base.

Personnel benefits, \$762,775

The estimate provides for a net increase of \$48,875, of which \$41,407 is for program increases, and \$21,588 for mandatory increases which is offset by a reduction of \$14,120 for other financing changes.

The estimate includes the following:

| | |
|---|-----------|
| Civil service retirement fund (computed at 6.5 percent of full-time personal services exclusive of employees subject to the Federal Insurance Contributions Act)..... | \$640,708 |
| Employer's contribution under the Federal Insurance Contributions Act..... | 9,082 |
| Employee group life insurance (based on \$3.25 per thousand dollars of insurance)..... | 33,993 |
| Employee health benefits (average cost of \$48.53 per man-year of full-time employment)..... | 60,992 |
| Incentive awards program..... | 10,000 |
| Employee injury compensation benefits..... | 8,000 |
| Total..... | 762,775 |

Travel and transportation of persons, \$779,473

The estimate provides for per diem and transportation expenses for full-time employees, and mileage for intermittent employees. This is a net increase of \$83,173 which includes \$103,581 for program increases and a decrease of \$20,408 for mandatory nonrecurring expenses.

| | 1964 | 1965 | Change |
|--|-----------|-----------|-----------|
| Number of travelers..... | 537 | 576 | +39 |
| Number of days of travel..... | 28,059 | 30,760 | +2,701 |
| Miles of intermittent travel..... | 248,889 | 363,334 | +114,445 |
| Per diem at \$16..... | \$448,944 | \$492,160 | +\$43,216 |
| Transportation and other costs..... | 224,956 | 254,613 | +29,657 |
| Intermittent travel at 9 cents per mile..... | 22,400 | 32,700 | +10,300 |
| Total..... | 696,300 | 779,473 | +83,173 |

Transportation of things, \$2,000

No increase is requested for 1965.

| | 1964 | 1965 | Change |
|---|---------|---------|--------|
| Moving and drayage..... | \$7,200 | \$7,200 | ----- |
| Shipment of supplies and materials..... | 12,000 | 12,000 | ----- |
| GSA motortruck rental..... | 800 | 800 | ----- |
| Total..... | 20,000 | 20,000 | ----- |

Rent, communications, and utilities, \$770,469

The estimate includes a net increase of \$39,769 made up of \$43,049 for program increases and a decrease of \$3,280 due to mandatory nonrecurring items.

An increase of \$26,400 for space rental is offset by a nonrecurring item of \$2,800, a net increase of \$23,600. Space rental is computed at \$6 per square foot in the District of Columbia, and \$4 per square foot in the field, adjusted to a half rate for that portion of the field staff who will be in travel status a substantial part of the time. An increase of \$3,975 for communications is offset by a nonrecurring item of \$480, a net increase of \$3,495.

| | 1964 | 1965 | Change |
|--|-----------|----------|-----------|
| Rental of office space..... | | \$23,600 | +\$23,600 |
| Rental of tabulating equipment..... | \$426,900 | 439,574 | +12,674 |
| Other equipment rentals..... | 24,000 | 24,000 | ----- |
| Paid official mailings..... | 229,800 | 229,800 | ----- |
| Telephone, teletype, and telegraph services..... | 50,000 | 53,495 | +3,495 |
| Total..... | 730,700 | 770,469 | +39,769 |

Printing and reproduction, \$391,951

The estimate includes a net increase of \$41,051 providing \$30,000 for printing the Occupational Outlook Handbook and \$11,051 for program increases.

| | 1964 | 1965 | Change |
|--------------------------|-----------|-----------|-----------|
| Publications..... | \$207,900 | \$241,956 | +\$34,056 |
| Forms and schedules..... | 83,000 | 89,955 | +6,955 |
| Field duplicating..... | 35,000 | 35,000 | ----- |
| Envelopes..... | 25,000 | 25,000 | ----- |
| Total..... | 350,900 | 391,951 | +41,051 |

Other services, \$5,158,060

The estimate includes a net increase of \$1,147,460 which provides \$778,600 for program increases, \$115,000 for mandatory increases, \$305,860 for financing increases, and a reduction in the base of \$52,000 for comparative transfer to the Office of the Secretary.

| | 1964 | 1965 | Change |
|---|-------------|-------------|------------|
| <i>Services of other agencies:</i> | | | |
| Payment to the Bureau of the Census for collection and tabulation of data on monthly labor force employment and unemployment, characteristics of the unemployed, and worker mobility..... | \$1,921,825 | \$2,526,825 | +\$605,000 |
| Special reports and tabulations in connection with the economic growth project..... | 302,450 | 302,450 | ----- |
| Departmental centralized services (working capital fund)..... | 557,450 | 913,950 | +356,500 |
| Department wide account..... | 90,550 | ----- | -90,550 |
| Security investigations..... | 5,100 | 5,100 | ----- |
| Additional cost of pay increase on contracts with other Federal agencies due to Public Law 87-793..... | ----- | 65,000 | +65,000 |
| Moving and alterations..... | 31,990 | 19,900 | -12,090 |
| Other miscellaneous special reports and tabulations..... | 2,235 | 2,235 | ----- |
| Total..... | 2,911,600 | 3,835,460 | +923,860 |
| <i>Other services:</i> | | | |
| Payments to cooperative States for employment and labor turnover statistics..... | 1,009,580 | 1,233,180 | +223,600 |
| Newspaper clipping services on work stoppages and strikes..... | 13,000 | 13,000 | ----- |
| Miscellaneous special reports and tabulations..... | 14,900 | 14,900 | ----- |
| Training program, tuition..... | 40,000 | 40,000 | ----- |
| Office machine repairs..... | 9,000 | 9,000 | ----- |
| Miscellaneous services..... | 12,520 | 12,520 | ----- |
| Total, other services..... | 1,099,000 | 1,322,600 | +223,600 |
| Total..... | 4,010,600 | 5,158,060 | +1,147,460 |

Supplies and materials, \$23,243

The estimate includes a net increase of \$5,243 which includes \$5,963 for program increases, computed at an experience rate of \$75 per man-year of full-time employment, and an offsetting decrease of \$720 for nonrecurring items.

| | 1964 | 1965 | Change |
|-----------------------------|----------|----------|----------|
| Supplies and materials..... | \$18,000 | \$23,243 | +\$5,243 |

Equipment, \$163,700

The estimate includes an increase of \$28,700 for program increases. The increase provides for purchase of office furniture and office machines for 85 new positions. The cost of furniture and machines is estimated to be \$700 per position adjusted to a half rate for that portion of the field staff who will be in travel status a greater part of the time. An amount of \$135,000 in the base includes \$125,000 for replacement of overage and beyond-repair equipment in accordance with existing standards, and \$10,000 for new equipment.

| | 1964 | 1965 | Change |
|------------------------------------|-----------|----------|-----------|
| Office furniture and machines..... | ----- | \$28,700 | +\$28,700 |
| Replacement of equipment..... | \$125,000 | 125,000 | ----- |
| New equipment..... | 10,000 | 10,000 | ----- |
| Total..... | 135,000 | 163,700 | +28,700 |

WEDNESDAY, FEBRUARY 12, 1964.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

WITNESSES

HARRY WEISS, DEPUTY ASSISTANT SECRETARY OF LABOR
 EDWARD C. SYLVESTER, DEPUTY ADMINISTRATOR
 PAUL K. PASCHKE, DIRECTOR, DIVISION OF ADMINISTRATION AND
 MANAGEMENT
 MRS. MYRTICE M. GOODWIN, CHIEF, BRANCH OF BUDGET AND
 FISCAL MANAGEMENT

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963, actual | 1964, estimate | 1965, estimate |
|--|-----------------|-------------------|-------------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 524 | 640 | 653 |
| Positions other than permanent..... | 5 | 4 | 4 |
| Other personnel compensation..... | 2 | 5 | 3 |
| Total personnel compensation..... | 531 | 649 | 660 |
| 12 Personnel benefits..... | 41 | 49 | 51 |
| 21 Travel and transportation of persons..... | 24 | 30 | 30 |
| 23 Rent, communications, and utilities..... | 17 | 18 | 20 |
| 24 Printing and reproduction..... | 13 | 16 | 16 |
| 25 Other services..... | 48 | 18 | 27 |
| Services of other agencies..... | 42 | 38 | 38 |
| 26 Supplies and materials..... | 29 | 19 | 21 |
| 31 Equipment..... | 28 | | |
| Total obligations..... | 773 | 837 | 863 |

Personnel summary

| | 1963, actual | 1964, estimate | 1965, estimate |
|--|-----------------|-------------------|-------------------|
| Total number of permanent positions..... | 73 | 71 | 71 |
| Full-time equivalent of other positions..... | 1 | | |
| Average number of all employees..... | 60 | 68 | 67 |
| Employees in permanent positions, end of year..... | 73 | 71 | 71 |
| Employees in other positions, end of year..... | 8 | 0 | 0 |
| Average GS grade..... | 8.5 | 9.5 | 9.5 |
| Average GS salary..... | \$8,350 | \$9,637 | \$9,833 |

Program and financing

[In thousands of dollars]

| | 1963, actual | 1964, estimate | 1965, estimate |
|--|--------------|----------------|----------------|
| Program by activities: | | | |
| 1. International organizations affairs..... | 157 | 207 | 216 |
| 2. Foreign labor policy development..... | 225 | 239 | 246 |
| 3. Labor and manpower technical services..... | 153 | 153 | 156 |
| 4. Administration and management services..... | 228 | 238 | 245 |
| Total program costs, funded..... | 763 | 837 | 863 |
| Change in selected resources ¹ | 10 | | |
| Total obligations..... | 773 | 837 | 863 |
| Financing: | | | |
| Comparative transfers to other accounts..... | | 5 | |
| Unobligated balance lapsing..... | 6 | | |
| New obligational authority..... | 779 | 842 | 863 |
| New obligational authority: | | | |
| Appropriation..... | 809 | 842 | 863 |
| Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728)..... | 30 | | |
| Appropriation (adjusted)..... | 779 | 842 | 863 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$16,000; 1963, \$26,000; 1964, \$26,000; 1965, \$26,000.

Mr. FOGARTY. Who is going to justify the "International Labor" appropriation?

Mr. WEISS. Mr. Chairman, Assistant Secretary Weaver asked me to express his regrets to you. He is attending an ILO governing body meeting in Geneva. Unfortunately, he cannot be here today.

Mr. FOGARTY. Go ahead.

GENERAL STATEMENT

Mr. WEISS. I have a statement which I can read or put in the record, whichever you prefer.

Mr. FOGARTY. We will place it in the record?

(The statement follows:)

Mr. Chairman and members of the committee, the Bureau of International Labor Affairs' request for 1965 is 71 positions and \$863,000. This represents the same number of positions permitted by the Congress for 1964 and an increase over 1964 of \$26,100 for mandatory items including pay act increases and within-grade salary advancements.

I would like to point out that the wide range of skills and expertise of the Department of Labor in the labor and manpower field are being utilized more broadly in the international activities of the U.S. Government than ever before. The resources of the Department of Labor are being called into service more and more in the conduct of our Nation's foreign relations. Some examples are cited below:

Latin America—Alliance for Progress

Our resources are being utilized in the development of programs in the labor and manpower fields which are designed for maximum impact at the grassroots level in Latin America. Striking results have already been achieved through an organizational structure predicated on, first, close and continual cooperation between the agencies of the U.S. Government, and second, the harnessing of private initiatives.

Representatives at the Assistant Secretary level of the Departments of State and Labor, AID, and USIA, review the general effectiveness of total U.S. labor activities in Latin America and propose necessary actions to insure that recommended programs are carried out and adaptations made as needed.

Through participation in such matters as the relationships between AID, the Inter-American Development Bank, and the American Institute for Free Labor Development, the Labor Department has helped in establishing a receptive climate for the success of labor and manpower programs in Latin America.

Other examples of projects the Labor Department worked on are the status and financing of housing projects in Latin America, the political aspects of country and regional trade union problems, and activities in the social field by various groups.

The Bureau has played a significant role in—

1. *Creation of the Labor Advisory Committee for the Alliance for Progress.*—The support of the American labor movement for the Alliance objectives was secured by establishing this Committee in an advisory capacity to the U.S. Government through the Secretary of Labor. (The Committee has recently agreed in principle to expand its activities to other areas of the world. In January, a subcommittee was established to recommend on the structure, functions, and operations of the expanded Committee.)

2. *U.S. participation in the First Inter-American Conference of Ministers of Labor.*—This Conference dealt with the development of human resources in Latin America—a matter of the highest priority. Such development would necessitate full participation of the trade union organizations in the Alliance for Progress and the improvement of services which governments should appropriately provide through labor ministries.

3. *U.S. participation in labor aspects of the IA-ECOSOC meeting in November 1963 in São Paulo.*—The U.S. Government successfully supported the establishment of a special committee on labor matters among other actions taken in the labor field.

4. *Preparation of country labor programs.*—Special interagency working parties developed labor programs for Argentina and Brazil and, on a lesser scale, in Chile, Ecuador, and Peru for implementation by the country teams.

In addition to its activities directly related to the interagency Latin America labor programs, the Bureau maintains a close relationship with the Labor Advisory Committee for the Alliance for Progress and the American Institute for Free Labor Development. Through these groups, the American labor movement participates actively in the advancement of alliance objectives.

The Organization of American States and the Inter-American Development Bank are increasing their participation in solutions of labor problems in Latin America.

These forums and the close working relationships, both within the U.S. Government and with nongovernmental agencies, contributed to the agreements reached at the recent IA-ECOSOC meeting in the labor and manpower field. Those agreements, reflecting the spirit and the essence of the earlier conference of ministers of labor, called for future action and implementation, as follows:

1. Expansion of housing cooperative programs.

2. Establishment of a special IA-ECOSOC Committee on Labor Matters, which I mentioned earlier. This new Committee is charged with giving special attention to the role of ministers of labor and democratic trade unions in national programs for economic and social development.

3. Creation of an Inter-American Training Center for Ministry of Labor Personnel (the Department of Labor represents U.S. interests in this project).

4. Establishment of National Trade Union Advisory Committee for the Alliance for Progress. Following the U.S. pattern, trade union advisory committees are to be established by the OAS member states to include all the principal trade union organizations to the end that programs affecting the labor sector shall be formulated and carried out with the fullest participation of the working people.

Another significant outcome of interagency cooperation in the field of labor programs for Latin America is the joint AID-Labor planning for a seminar, which is currently planned for this spring in Santiago, represents implementation of another of the recommendations of the Inter-American Conference of Ministers of Labor. Present indications are that approximately 15 countries will participate. The central theme of the seminar will be "The Role of Labor Administration in Programs of Economic and Social Development."

Similarly, dramatic evidence of the importance of close cooperation between the U.S. Government and the American labor movement in the international labor field is to be found in the worker-to-worker housing project now underway in Mexico City. Here is an instance wherein trade unions and government, in

conjunction with the American Institute for Free Labor Development, and through financing by the AFL-CIO pension funds, have developed a project providing 3,000 modern apartments for Mexican workers.

Foreign economic policy developments

Another area of vital concern to both U.S. industry and labor in which the Bureau and the Department of Labor are playing an important role is in the field of foreign economic policy. For example, the Department is represented on the interagency steering group preparing for U.S. participation in the United Nations Conference on Trade and Development opening in Geneva in March, and will be involved in the carrying out of the decisions of the Conference. This Conference is the result of a broad-scale thrust by the developing countries to obtain cooperation in dealing with the special trade problems associated with their efforts toward economic development. In line with the active interest of the U.S. labor movement in raising standards in the developing countries and the special understanding of the problems which arise from the work of our labor attachés with the people in these countries, the Labor Department took an early lead in the U.S. Government in shaping our policies to meet the legitimate needs of the developing countries. While the results of intergovernmental discussions at the Conference cannot be known in advance, we can expect that the foreign economic policy problems associated with economic development will grow in importance, and thus require increased emphasis by the Department.

I shall be most pleased to answer any questions which you or other members of the committee might have.

INCREASE FOR 1965

Mr. WEISS. The Bureau of International Labor Affairs' request for 1965 is 71 positions and \$863,000. This represents the same number of positions permitted by the Congress for 1964 and an increase over 1964 of \$26,100 for mandatory items, including pay act increases and within-grade salary advancements. So, in substance we are coming in for the same level of program as we had last year.

Mr. FOGARTY. All of the increases are for mandatory costs?

Mr. WEISS. That's right, sir.

Mr. FOGARTY. No increase for personnel?

Mr. WEISS. No increase for personnel.

Mr. FOGARTY. This request is less than the request you made last year. It is even less than the one you made 2 years ago.

Mr. WEISS. Probably so.

Mr. FOGARTY. What is going on in this shop of yours? Are you going to go out of business?

Mr. WEISS. No, sir.

Mr. FOGARTY. I thought last year Mr. Weaver made a good justification for an increase. I was especially impressed with your work in connection with the Alliance for Progress program in Latin America. I thought you would be coming in here with a request for a substantial increase this year, based on the justification made by Mr. Weaver last year. You asked the Department for 21 new positions and you don't get 1. What happened?

Mr. WEISS. Well, as you probably know from the Secretary's statements, there were reductions made in the Bureau submissions. In our case we asked for 21 new positions, which went to the Budget Bureau. It was the wisdom of the Budget Bureau that we should continue at our current level, sir.

Mr. FOGARTY. You asked for a 30-percent increase and you didn't get any?

Mr. WEISS. In dollars it was \$1,197,600.

Mr. FOGARTY. About 21 positions.

Mr. WEISS. An increase of \$355,600.

Mr. FOGARTY. About 30 percent?

Mr. WEISS. Roughly 30 percent.

Mr. FOGARTY. You thought this was well justified?

Mr. WEISS. Well, each bureau, obviously, Mr. Chairman, always feels its program is important, but someone has to take an overall look at it and weigh it as against the claims by other bureaus and departments and make a decision as to what the President's budget should contain.

ACTIVITIES IN THE ALLIANCE FOR PROGRESS

Mr. FOGARTY. Have you given up on your work in these South American countries?

Mr. WEISS. We are very active in the Alliance for Progress. My statement makes reference to what we have been doing in the Alliance for Progress. We feel we have made some very good progress. We have been consulted on development of labor programs for Latin America. We have an active trade union program, conducted by the Institute for Free Labor Development, which is very successful—so successful, in fact, that the committee has agreed to expend its operations to other parts of the world. We hope this will be done in the near future.

Mr. FOGARTY. I don't know how you are going to do it with the budget you have before you, and the positions you have.

Mr. WEISS. Mr. Chairman, of course the funds for the institute are not in our budget. These are available through contract with the Government and other sources; presumably additional funds will be given to the institute if they extend their operations to Africa, which is what we hope they will do.

Mr. FOGARTY. I think if I was in your position I would be pretty disappointed with this budget.

Do you think this could be cut any, in view of the fact that the Department cut your request 30 percent? Do you think Congress should cut this request a little more, now?

Mr. WEISS. We would be very deeply disappointed, Mr. Chairman, because we think this is a pretty tight budget. We think we do need these 71 jobs.

Mr. FOGARTY. If you would be deeply disappointed with Congress and satisfied with the Department, that doesn't add up.

Mr. WEISS. We are not disappointed with the Congress, yet.

Mr. FOGARTY. If Congress decided to cut you, not 30 percent, but maybe 10 percent?

Mr. WEISS. We are proposing to proceed with our current level of operations, the same one that Congress approved for us for this year.

Mr. FOGARTY. But this request this year is less than you asked for last year and less than you asked for 2 years ago.

Mr. WEISS. But it is the same that Congress approved for us last year.

Mr. FOGARTY. I am talking about what you requested and what the Department allowed you to ask for.

Mr. WEISS. That is true.

Mr. FOGARTY. It is less than either of the last 2 years?

Mr. WEISS. I haven't checked that. I assume that is probably so.

Mr. FOGARTY. It looks to me as though you are starting to go the other way. I don't blame you. I blame the Department. If they want to cut it back like this, it is a decision that the Department has to make, and the administration has to make.

Mr. Lesinski.

Mr. LESINSKI. An observation, Mr. Chairman. I think the committee did a good job last year cutting the appropriation. Now, the Department has cut them instead of ourselves. I think it is laudatory that this is being done. Instead of us cutting you at our discretion, you should give very careful consideration in giving your needs to use with full justification. Thank you.

Mr. FOGARTY. Anything else you want to say?

Mr. WEISS. No, sir.

Mr. FOGARTY. Thank you.

JUSTIFICATION MATERIAL

(Following are the formal justifications:)

SALARIES AND EXPENSES, BUREAU OF INTERNATIONAL LABOR AFFAIRS

Amounts available for obligation

| | 1964 | 1965 |
|--|-----------|-----------|
| Appropriation or estimate..... | \$842,000 | \$863,000 |
| Comparative transfer to Office of the Secretary..... | 5,100 | ----- |
| Appropriation or estimate, revised..... | 836,900 | 863,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|--|-----------------------------|-----------|----------------|-----------|-------------|----------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. International organizations affairs..... | 17 | \$207,400 | 17 | \$216,000 | ----- | +\$8,600 |
| 2. Foreign labor policy development..... | 22 | 238,600 | 22 | 246,000 | ----- | +7,400 |
| 3. Labor and manpower technical services..... | 10 | 152,500 | 10 | 156,000 | ----- | +3,500 |
| 4. Administration and management services..... | 22 | 238,400 | 22 | 245,000 | ----- | +6,600 |
| Total obligations..... | 71 | 836,900 | 71 | 863,000 | ----- | +26,100 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|-----------------------------|----------------|-------------|
| Total number of permanent positions..... | 71 | 71 | |
| Positions other than permanent..... | 1 | 1 | |
| Average number of all employees..... | 68 | 67 | -1 |
| 11 Personnel compensation..... | \$648,600 | \$660,100 | +\$11,500 |
| 12 Personnel benefits..... | 48,700 | 50,700 | 2,000 |
| 21 Travel and transportation of persons..... | 30,500 | 30,500 | |
| 23 Rent, communications, and utilities..... | 18,300 | 19,900 | +1,600 |
| 24 Printing and reproduction..... | 15,700 | 16,000 | +300 |
| 25 Other services..... | 18,400 | 27,400 | +9,000 |
| Services of other agencies..... | 37,800 | 37,800 | |
| 26 Supplies..... | 18,900 | 20,600 | 1,700 |
| 31 Equipment..... | | | |
| Total obligations..... | 836,900 | 863,000 | +26,100 |
| Working capital fund items included above..... | (46,000) | (58,600) | (12,600) |

Summary of changes

| | |
|--|-----------|
| 1964 appropriation..... | \$842,000 |
| Comparative transfer to Office of the Secretary..... | -5,100 |
| 1964 appropriation, revised..... | 836,900 |
| 1965 estimate..... | 863,000 |
| Total change..... | +26,100 |

Mandatory items:

Increases:

| | |
|--|---------|
| Net additional cost on a full-year basis of the 2d step of pay increases (effective Jan. 5, 1964) for current year (base) staff pursuant to Public Law 87-793..... | +14,700 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff..... | +7,400 |

| | |
|---|--------|
| Decreases: To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965..... | -1,600 |
|---|--------|

Financing items:

Increases:

| | |
|--|---------|
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... | +12,600 |
| Absorption of a portion of above increases (reduction 1.2 man-years; \$7,000 personal services)..... | -7,000 |

| | |
|-------------------|--------|
| Total change..... | 26,100 |
|-------------------|--------|

Mandatory and financing changes for 1965

Mandatory items:

Increases:

Pay increase costs..... +\$14,700

To finance on a full-year basis the 2d step of pay increases (effective Jan. 5, 1964) granted by Public Law 87-793 for current year (base) staff. This second step was funded on a part-year basis in 1964. The object schedule includes these changes as follows:

Personnel compensation..... \$13,673
Personnel benefits..... 1,027

Total..... 14,700

Within-grade promotion costs..... +7,400

Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover.

Personnel compensation..... \$7,841
Deduct lapse..... -884
Personnel benefits..... 443

Net cost..... 7,400

Decreases:

Reduction of 1 less day of pay in 1965 over 1964..... -1,600

To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 work-days funded in 1964, there will be 261 in 1965.

Financing items:

Increases:

To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... 12,600

Absorption of a portion of above increases (reduction 1.2 man-years; \$7,000 personal services)..... -7,000

Mandatory and financing changes by activity

| Type of change | Activity 1 | | Activity 2 | | Activity 3 | | Activity 4 | | Total | |
|----------------------------------|------------|--------|------------|---------|------------|---------|------------|---------|----------|----------|
| | Position | Amount | Position | Amount | Position | Amount | Position | Amount | Position | Amount |
| Mandatory changes: | | | | | | | | | | |
| Pay increase costs..... | | 4,800 | | \$4,500 | | \$2,300 | | \$3,100 | | \$14,700 |
| Within-grade promotion cost..... | | 2,700 | | 1,800 | | 1,600 | | 1,300 | | 7,400 |
| Less 1 day of pay..... | | -400 | | -500 | | -200 | | -500 | | -1,600 |
| Net financing changes..... | -0.4 | 1,500 | -0.4 | 1,600 | -0.1 | -200 | -0.3 | 2,700 | -1.2 | 5,600 |
| Total..... | -0.4 | 8,600 | -0.4 | 7,400 | -0.1 | 3,500 | -0.3 | 6,600 | -1.2 | 26,100 |

ACTIVITY 1. INTERNATIONAL ORGANIZATIONS AFFAIRS (1964, \$207,400; 1965, \$216,000)

Narrative description of program

This activity is concerned with U.S. participation in the International Labor Organization, the United Nations, the Organization for Economic Cooperation and Development, and activities of other international organizations, and with the Department's work in the field of foreign economic policy.

Program changes for 1965: None.

ACTIVITY 2. FOREIGN LABOR POLICY DEVELOPMENT (1964, \$238,600; 1965, \$246,000)

Narrative description of program

This activity is concerned with planning and providing policy guidance designed to assist in the formulation and attainment of U.S. foreign policy objectives as related to labor and manpower programs; developing and implementing action proposals for specific countries and geographic areas; providing necessary expertise regarding internal labor related political and economic factors for programs in developing countries; and coordination of the Department's participation in exchange-of-persons activities and international exhibitions.

Program changes for 1965: None.

ACTIVITY 3. LABOR AND MANPOWER TECHNICAL SERVICES (1964, \$152,500; 1965, \$156,000)

Narrative description of program

This activity concerns the accumulation for use in economic development programs of a fund of labor and manpower technical knowledge and for providing labor and manpower technical services for foreign affairs agencies and organizations.

Program changes for 1965: None.

ACTIVITY 4. ADMINISTRATION AND MANAGEMENT SERVICES (1964, \$238,400; 1965, \$245,000)

Narrative description of program

This activity concerns policy guidance, coordination, and direction of the Department's activities in international affairs; exercise of the Department's responsibility for overall management of the Foreign Service as provided in the Foreign Service Act of 1946; recruitment of Americans for oversea labor positions; servicing of labor officers overseas; internal management of the Bureau; and for Department-wide fiscal guidance and control in connection with international programs.

Program changes for 1965: None.

Distribution of field staff: None.

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$660,100

This estimate provides for 71 positions and 66.7 man-years of employment. No increase in employment over the 1964 level is contemplated.

Personnel benefits, \$50,700

This estimate is based upon 7.5 percent of net personnel compensation, and provides for an increase of \$2,000. The estimate of \$50,700 covers the following items:

| | |
|---|----------|
| Contribution to Civil Service Commission retirement fund..... | \$42,500 |
| Employees' health benefits..... | 4,000 |
| Employees' group life insurance..... | 2,700 |
| Contributions under the Federal Insurance Contribution Act..... | 1,500 |
| Total..... | 50,700 |

Travel and transportation of persons, \$30,500

This estimate represents no increase in 1965. Of the \$30,500 total, \$10,000 is for domestic travel; \$20,500 is for international travel of area or functional specialists, consultants, and experts. Based on estimated costs per oversea trip of 3 or 4 weeks' duration, ranging from \$1,500 to \$3,000 depending on the geo-

graphic area and per diem rates applied to specific points on an itinerary, the estimate will provide for approximately nine trips. The following is a breakdown of per diem, mileage, and transportation costs:

Domestic:

| | |
|---|---------------|
| 200 days of travel, at \$16 per diem..... | \$3,200 |
| Mileage costs..... | 500 |
| All other transportation costs..... | 6,300 |
| Total..... | 10,000 |

International:

| | |
|---|---------------|
| 300 days of travel, at \$18 per diem..... | 5,400 |
| All other transportation costs..... | 15,100 |
| Total..... | 20,500 |

| | 1964 | 1965 | Change |
|------------------------------|----------|----------|--------|
| Number of travelers..... | 74 | 74 | |
| Number of days traveled..... | 500 | 500 | |
| Estimated cost..... | \$30,500 | \$30,500 | |

Rent, communications, and utilities, \$19,900

This estimate provides for an increase of \$1,600, related to mandatory costs for current staff.

| | 1964 | 1965 | Change |
|-----------------------------|---------------|---------------|-----------------|
| Telephone toll calls..... | \$1,800 | \$1,800 | |
| Teletype and telegrams..... | 800 | 800 | |
| Penalty mail..... | 1,900 | 1,900 | |
| Working capital fund..... | 13,800 | 15,400 | +\$1,600 |
| Estimated cost..... | 18,300 | 19,900 | +\$1,600 |

Printing and reproduction, \$16,000

This estimate provides for an increase of \$300, related to mandatory costs for current staff.

| | 1964 | 1965 | Change |
|---|---------------|---------------|---------------|
| Publication, "International Labor"..... | \$2,000 | \$2,000 | |
| Forms, letterhead, etc..... | 1,000 | 1,000 | |
| Miscellaneous printing (pamphlets, translated materials, etc.)..... | 3,700 | 3,700 | |
| Working capital fund..... | 9,000 | 9,300 | +\$300 |
| Estimated cost..... | 15,700 | 16,000 | +\$300 |

Other services, \$27,400

This estimate provides for an increase of \$9,000, related to mandatory costs for current staff.

| | 1964 | 1965 | Change |
|---|---------------|---------------|-----------------|
| Machine and miscellaneous repairs..... | \$2,000 | \$2,000 | |
| Moving and storage..... | 4,400 | 4,400 | |
| Training programs..... | 2,500 | 2,500 | |
| Building maintenance and alterations..... | 2,500 | 2,500 | |
| Working capital fund..... | 7,000 | 16,000 | +\$9,000 |
| Estimated cost..... | 18,400 | 27,400 | +\$9,000 |

Services of other agencies, \$37,800

The estimate provides for no increase in 1965.

| | 1964 | 1965 | Change |
|-----------------------------------|---------|---------|--------|
| Security investigations..... | \$2,100 | \$2,100 | ----- |
| Tuition fees..... | 2,000 | 2,000 | ----- |
| Allocations to other bureaus..... | 33,700 | 33,700 | ----- |
| Total..... | 37,800 | 37,800 | ----- |

Supplies and materials, \$20,600

This estimate provides for an increase of \$1,700, related to mandatory costs for current staff.

| | 1964 | 1964 | Change |
|---|---------|---------|----------|
| Subscriptions and miscellaneous supplies..... | \$2,700 | \$2,700 | ----- |
| Working capital fund..... | 16,200 | 17,900 | +\$1,700 |
| Estimated cost..... | 18,900 | 20,600 | +1,700 |

WEDNESDAY, FEBRUARY 12, 1964.

MANPOWER ADMINISTRATION

WITNESSES

JOHN F. HENNING, UNDER SECRETARY, MANPOWER ADMINISTRATOR

SEYMOUR L. WOLFBEIN, DEPUTY MANPOWER ADMINISTRATOR, DIRECTOR, OFFICE OF MANPOWER, AUTOMATION AND TRAINING

DR. JOHN P. WALSH, DEPUTY DIRECTOR, OFFICE OF MANPOWER, AUTOMATION AND TRAINING

ROBERT C. GOODWIN, DEPUTY MANPOWER ADMINISTRATOR, ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY

HARRY KRANZ, ASSISTANT ADMINISTRATOR FOR TRAINING OPERATIONS, BUREAU OF EMPLOYMENT SECURITY

EDWARD E. GOSHEN, DIRECTOR, BUREAU OF APPRENTICESHIP AND TRAINING

ELLIOTT FRENCH, CHIEF, DIVISION OF PROGRAM DEVELOPMENT, BUREAU OF APPRENTICESHIP AND TRAINING

ROSS S. SHEARER, DIRECTOR, OFFICE OF FINANCIAL AND MANAGEMENT SERVICES, MANPOWER ADMINISTRATION

MISS MARGARET E. THOMAS, ASSISTANT DIRECTOR, OFFICE OF FINANCIAL AND MANAGEMENT SERVICES, MANPOWER ADMINISTRATION

V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY

RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION, OFFICE OF THE ASSISTANT ADMINISTRATIVE SECRETARY

JAMES CLARKE, ASSISTANT TO THE UNDER SECRETARY

DR. ARTHUR L. HARRIS, ASSOCIATE COMMISSIONER FOR EDUCATIONAL ASSISTANCE PROGRAMS, OFFICE OF EDUCATION

DR. ROY DUGGER, DIRECTOR, MANPOWER DEVELOPMENT AND TRAINING, OFFICE OF EDUCATION

JACK HUGHES, EXECUTIVE OFFICER, OFFICE OF EDUCATION

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 2,757 | 5,209 | 7,199 |
| Positions other than permanent..... | 56 | 76 | 82 |
| Other personnel compensation..... | 12 | 45 | 28 |
| Total personnel compensation..... | 2,825 | 5,330 | 7,309 |
| 12 Personnel benefits..... | 300 | 400 | 546 |
| 21 Travel and transportation of persons..... | 266 | 577 | 792 |
| 22 Transportation of things..... | 12 | 19 | 28 |
| 23 Rent, communications, and utilities..... | 133 | 161 | 291 |
| 24 Printing and reproduction..... | 106 | 269 | 352 |
| 25 Other services..... | 1,713 | 3,772 | 3,988 |
| 26 Supplies and materials..... | 77 | 100 | 130 |
| 31 Equipment..... | 278 | 81 | 64 |
| 41 Grants, subsidies, and contributions..... | 51,067 | 112,951 | 397,500 |
| Total obligations..... | 56,737 | 123,660 | 411,000 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|----------------|------------------|------------------|
| Total number of permanent positions..... | 530 | 611 | 781 |
| Full-time equivalent of other positions..... | 6 | 8 | 8 |
| Average number of all employees..... | 330 | 562 | 761 |
| Employees in permanent positions end of year..... | 476 | 611 | 781 |
| Employees in other positions, end of year..... | 9 | 10 | 10 |
| Average GS grade..... | 10.1 | 10.2 | 10.1 |
| Average GS salary..... | \$9,088 | \$9,756 | \$9,739 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Manpower and automation research..... | 1,403 | 4,175 | 3,851 |
| 2. Training and skill development programs: | | | |
| (a) Training costs and allowance payments..... | 41,065 | 102,776 | 362,000 |
| (b) State and local services..... | 6,342 | 10,175 | 35,500 |
| (c) Federal services..... | 2,563 | 5,474 | 8,280 |
| 3. Executive direction and administration..... | 537 | 1,060 | 1,369 |
| Total program costs, funded..... | 51,910 | 123,660 | 411,000 |
| Change in selected resources ¹ | 4,827 | | |
| Total obligations..... | 56,737 | 123,660 | 411,000 |
| Financing: | | | |
| Comparative transfers to or from other accounts..... | -666 | 160 | |
| Unobligated balance brought forward..... | | -13,843 | |
| Unobligated balance carried forward..... | 13,843 | | |
| New obligational authority..... | 69,914 | 109,977 | 411,000 |
| New obligational authority: | | | |
| Appropriation..... | 70,147 | 110,000 | 411,000 |
| Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728 and 77 Stat. 436)..... | -233 | -23 | |
| Appropriation (adjusted)..... | 69,914 | 109,977 | 411,000 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, none; 1963, \$4,827,000; 1964, \$4,827,000; 1965, \$4,827,000.

Proposed for separate transmittal:

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Program by activities: | | | |
| 2. Training and skill development programs: | | | |
| (a) Training costs, and allowance payments..... | | 48,000 | ----- |
| (b) State and local services..... | | 6,200 | ----- |
| (c) Federal services..... | | 768 | ----- |
| 3. Executive direction and administration..... | | 32 | ----- |
| Total program costs, funded—obligations..... | | 55,000 | ----- |
| Financing: | | | |
| New obligational authority (proposed supplemental ap- propriation)..... | | 55,000 | ----- |

GENERAL STATEMENT

Mr. FOGARTY. Do you have a statement for the committee, Mr. Henning?

Mr. HENNING. Yes, Mr. Chairman.

The statements have been filed. If you would wish, I will summarize the request.

Mr. FOGARTY. All right. We will place your prepared statements in the record and you may proceed.

(The statement is as follows:)

SUPPLEMENTAL ESTIMATE OF 1964 FOR MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Mr. Chairman and members of the committee, I am pleased to have this opportunity to report to you on the progress of the manpower development and training programs during the current fiscal year and to discuss our need for supplemental funds of \$55 million for the remainder of the year.

The 1964 appropriation for the program was \$110 million. At the time the appropriation was enacted, the act required the States to match the Federal expenditures for the training programs in fiscal year 1965, and only a few States had enacted legislation or appropriated funds to meet that requirement. In appropriating the \$110 million, Congress estimated that it was all that could be utilized in view of the State matching provision and the lack of preparation by the States to participate in a matching program beginning July 1, 1964. In the conference report on the appropriation (Report No. 774) it was stated, "It is not the intention of the conferees that the program be curtailed as a result of the amount agreed upon. If, due to additional legislation or other factors, additional funds can be efficiently and effectively utilized, the Department will be expected to request a supplemental appropriation." In December 1963, Congress enacted amendments to the act which postponed State matching until fiscal year 1966.

During the first 6 months of fiscal year 1964, MDTA projects were approved to provide training for 61,231 unemployed or underemployed persons. This is about 2,000 more than were developed in the 10-month period that the program was in operation in fiscal year 1963. The 1964 appropriation was enacted in mid-October, making available \$90 million for the expenses of training and allowance payments to eligible trainees. Thereafter, training projects were developed and approved in much greater volume than during the first quarter of the year. The second-quarter program was double that of the first quarter.

By the end of January, fiscal year 1964, projects for 67,193 trainees had been approved at a fiscal year 1964 cost of \$74.3 million. To this must be added \$10.7 million which represents the cost of allowance payments in 1964 made to trainees currently in training in projects approved in 1963. These allowance costs must

be charged against the 1964 appropriation since the 1963 appropriation has been fully utilized. Thus, the total commitment for training costs and allowance payments is \$85 million out of a total of \$90 million available for these costs in the 1964 appropriation. Because the cost of projects already in hand exceeds the money now available, we can only approve the most urgent projects on a priority basis until we receive additional funds. We have projects on hand from 34 States, totaling \$8 million and providing for 6,800 trainees which we are holding pending availability of funds. The inability to approve additional projects will deny to thousands of unemployed and underemployed workers the training which would enable them to enter gainful employment or to enlarge their skills and income. To prevent this from occurring, a supplemental appropriation of \$55 million is urgently needed.

The \$55 million, the additional amount authorized by the Manpower Development and Training Act for 1964, will provide training for an estimated additional 60,000 trainees bringing the total 1964 trainees to nearly 135,000. The additional funds will continue the program momentum developed by the States over the last 6 months and will also provide the new funds to implement the new and expanded program elements provided by the amendments to the act. Payment of the increased training allowances cannot begin until the supplemental appropriation is enacted.

In addition to postponing State matching until 1966, the amendments alter and expand the training program in the following ways:

1. Training in education at the basic level is authorized for those who, because of educational deficiency, are unable to qualify for occupational training. Evidence of the trainee's intention to undertake such training must exist, and for this group an additional 20 weeks of training allowances is authorized.

2. The youth training program is expanded by lowering the eligible age limit for youth training allowances from 19 to 17 years subject to a restriction of a 1-year waiting period for school dropouts, and by increasing the proportion of youth receiving training allowances to 25 percent of all of those receiving allowances.

3. The eligibility requirements for those who can receive training allowances are widened by reducing the work experience requirement from 3 to 2 years and by permitting payment of an allowance to any one member of a family in training if the head of the family or household is unemployed.

4. A training incentive of up to \$10 a week is added to existing allowance payments which are otherwise inadequate, as well as permitting trainees to engage in part-time work up to 20 hours a week without reduction in the training allowance.

5. A pilot program for labor mobility demonstration projects is authorized.

The need for these amendments became evident through the operating experience of the first year of the program and are designed primarily to make it better able to achieve the objective of reaching the hard-core unemployed. While the amendments did not increase the authorization of \$165 million for 1964, they did increase the 1965 authorization to \$411 million.

The expanded program in the remainder of the current fiscal year, the introduction of new elements into the program, and the very sizable expansion of the program in 1965 will place very heavy responsibilities on the State agencies and the Federal staffs in the Department of Labor and the Department of Health, Education, and Welfare. The introduction of basic education, expanded youth programs, increased allowances, pilot relocation projects, and revisions in the eligibility requirements will require additional personnel for both the departmental and State organizations to plan and implement these program revisions, and to plan and process the increased project workload resulting from the expanded programs.

For the State employment security and vocational education agencies a total of \$6,200,000 is requested to provide the added staff necessary in 1964 to implement at the local level the new elements provided by the amendments and also to plan and develop the 1965 expanded program.

For the Federal services a total of 170 positions and \$800,000 are requested—100 positions for the Department of Labor and 70 positions for the Department of Health, Education, and Welfare. These additional positions are estimated to be filled on the average for 3 months in 1964 so that the request provides only for 43 man-years of employment. As in the State agencies these positions are required to carry out the new program elements provided by the amendments and to plan

and assist the States in developing and managing the expanded 1965 program. In 1965 no new Federal positions are being requested for the greatly enlarged program.

I sincerely believe that the additional Federal and State funds and positions are minimal to launch the kind of program called for by the Congress in the amendments to the act. This budget estimate was carefully examined by Secretary Wirtz and Secretary Celebrezze and was developed with full cognizance of the President's interest in reducing Federal employment and the budget.

I shall be happy to answer any questions.

1965 BUDGET ESTIMATE FOR AREA REDEVELOPMENT ACTIVITIES

Mr. Chairman and members of the committee, I am pleased to have this opportunity to discuss the results of the training under the Area Redevelopment Act. This occupational training program has completed its second year of operation, and the program has not only been increased, but it also has been improved.

Since the Secretary of Labor approved the first ARA training project for 325 workers in Huntington, W. Va., on October 11, 1961, 574 projects in 42 States, American Samoa, and Puerto Rico had been approved by January 31, 1964, authorizing training for 27,805 workers. This training, in 155 different occupations, was carried out in 795 separate training courses. As of December 31, 1963, 15,762 workers had completed the training. Of these graduates, 11,739, or about three-fourths, have obtained employment, and efforts are continuing to place the other 26 percent in jobs. This is a good record in view of the limited job opportunities which exist in these economically distressed areas.

The 1963 program showed considerable expansion and flexibility over the 1962 program. Not only did the number of trainees increase by more than 4,000 but projects were approved in 1963 for 57 new occupational areas. Geographically the program was extended to 8 more States and Puerto Rico, and projects were approved in 98 new labor market areas. In addition, courses have been developed to meet specific situations. For example, training projects geared to the needs of special applicant groups such as former miners, farm laborers, and workers of low educational attainment have been undertaken successfully.

Considerable attention has also been focused on the training needs of smaller communities and rural areas, emphasizing training for job possibilities beyond the immediate area as necessary. This had led to the establishment of district or area training centers with attendant counseling and placement services, demonstrating anew the responsiveness of ARA training to labor market demands.

The 146 different occupations in which projects have been approved indicates the wide range and potential in the types of training that are needed if workers are to have the skills required by the changing technology and industrial patterns. Recently, the program has been characterized by large increases in the number of trainees for service jobs, particularly in the health field; production jobs, particularly in the electronics, textile, and leather fields; and for preapprenticeship jobs in the construction industry. Let me give you some specific examples of the kinds of projects we've been talking about.

The effect of new and improved technology and equipment on farm employment has been tremendous. To operate the new and very expensive machinery, the farmer must have a stable labor force trained to run, maintain, and repair a variety of farm machines. By training underemployed day laborers in Arkansas and Oklahoma to be farm equipment operators and repairmen, we feel we made a real contribution toward improving the economic position of both the farmowner and the day laborer.

In cooperation with the Los Angeles RCA Training Center and the Bureau of Indian Affairs, we established a program that enabled Indians on reservations in New Mexico and Arizona to become productive members of society outside the reservation. They were taught the skills of electronic assemblers and have now been employed by various leading companies in the field.

In many projects ARA training proved its worth by reacting to local needs and better matching men and job opportunities. Automation laid off men at the Anaconda smelting plant and we were able to retain 200 of them as hard rock miners to be employed at the mines in Butte, Mont. Unemployed coal miners in Appalachia are training to be automobile mechanics and appliance repairmen. Wives in Michigan became qualified nurse aids through training and now supplement their families' former sporadic or seasonal incomes. And these are just several of many projects.

Our appropriation request for 1965 is \$9 million which is an increase of \$500,000 over the 1964 appropriation. All but \$11,000 of the increase, which is for mandatory costs, is to provide additional funds for allowance payments. The amount of allowance payments can vary from year to year depending upon the duration of the training courses and, more particularly, upon the States in which programs are approved. Since the allowance payment is based upon the average unemployment insurance payment in each State, the funds required for allowances vary depending upon whether programs are submitted from high- or low-benefit-paying States. In 1962, for example, the average allowance per trainee was \$370 while in 1963 it was \$262. To provide additional funds for allowance payments so as not to be forced to stop the program before exhausting the training funds, we are requesting an increase of \$489,000 for allowance payments.

We believe that this program is assisting both communities and individuals to meet their needs. The job-oriented training under ARA has been a vital factor in the process of helping some of the unemployed become productive, self-supporting workers. We also believe that as we continue to learn more and more about manpower needs and economic development, the ARA occupational training programs can make an even greater contribution than it has for the past 2 years.

I shall be happy to answer any questions the committee has.

1964 SUPPLEMENTAL

Mr. HENNING. First, as the Secretary mentioned this morning, we are requesting a supplemental appropriation in the present fiscal year. I think he covered the need for the supplemental, the additional \$55 million that Congress did authorize.

As you mentioned, there is a real crisis here. We have virtually exhausted our funds. The approved projects that are at the moment awaiting additional funds for 1964 total \$10 million and would provide an additional 8,500 trainees. We have some \$4.6 million available, and the backlog of pending projects will increase greatly in the remaining week.

REQUEST FOR 1965

As to the appropriation for 1965, we are asking for \$411 million; 97 percent of this would be moneys going to the States and 3 percent being for Federal costs.

ACCOMPLISHMENTS

We think the program has been a great success to date. We have been approved for approximately 130,000 trainees since the inception of the program. We are moving very quickly now. In the first half of the present fiscal year we approved projects for 60,000 trainees which equalled more than the number enrolled in the entire fiscal year 1963.

As the Secretary indicated, we are quite proud of the related job placement rate of 70 percent. We think also the program is meeting the social requirements that were envisioned when this law was adopted. For example, 25 percent of those enrolled thus far have been nonwhites. Of those, about 99 percent are Negroes and 27 percent of the trainees are below 22 years of age. We have been trying to meet the problem of the teenage crisis, the teenage unemployment.

In terms of answering the needs of those who suffer from long-term unemployment, the program has also been rewarding. Fifty percent of those enrolled have been jobless 15 weeks or more and 20 percent have been unemployed for 1 year or more. If there is an area

of weakness it would be in the matter you discussed this morning, the question of older workers. Only 10 percent of the enrollees are 45 years of age or older.

We think that the program has been moving, not only in volume, but it has been moving very well in character.

We hope to increase the number of enrollees in on-the-job training operations. To date they have been running about 10 percent of the total. We trust that in fiscal year 1965 they will approximate 20 percent.

The number has been increasing. The on-job-training programs now waiting adoption or implementation upon the availability of funds approximate 25 percent of all those involved.

These are the highlights, Mr. Congressman.

BUDGET SUMMARY

Mr. FOGARTY. The appropriation for 1964 is \$110 million, and there is a request for a supplemental of \$55 million contained in House Document 203. The request for 1965 is \$411 million?

Mr. HENNING. Yes, sir.

NEED FOR SUPPLEMENTAL APPROPRIATION

Mr. FOGARTY. As of right now, how many projects are approved and ready to start if funds were available?

Mr. HENNING. Right now at this moment, again we have programs totaling \$10 million awaiting the availability of funds.

Mr. FOGARTY. How many projects are approved and ready to start?

Mr. HENNING. Approved and ready to start? Well, you mean programs that await further funds, Mr. Chairman?

Mr. FOGARTY. Yes. I am talking about your deficit right now. As of right now, how many projects are approved and ready to start if funds were available?

Mr. HENNING. I see. I gave you the figure in dollars.

Mr. FOGARTY. You have \$110 million and you want \$55 million more.

Mr. HENNING. That's right.

Mr. FOGARTY. How do we know you are going to have \$55 million of approved projects between now and June?

Mr. HENNING. The pace of growth has been increasing. We anticipate that in the last quarter of this fiscal year we will be approving projects involving about 17,000 trainees a month and the program has reached that state where it is moving very quickly.

Mr. FOGARTY. How do you transfer that 17,000 into dollars?

Mr. HENNING. I am not sure if I could answer that easily in a dollar figure.

Mr. FOGARTY. The only reason I am asking these questions, if you have any hope of getting that \$55 million, we ought to have some of these facts and figures.

Mr. HENNING. Our best argument on that is the number of projects awaiting the funds are mounting. Here we have projects for 35 States which will cost \$6 million over what we have now.

Mr. SHEARER. An estimated workload of new projects, at a rate of about 13,000 per month, would require an estimated \$12 million in March, \$13½ million in April, something over \$12 million in May, and at this pace of program, which is in line with what recent experience has been, the \$55 million would be exhausted before the end of the fiscal year.

EFFECT OF DELAY IN GETTING ADDITIONAL FUNDS

Mr. FOGARTY. Suppose you didn't get the \$55 million until April 1?

Mr. HENNING. There would be about 30,000 to 35,000 trainees who would not be added, would not be admitted to the programs.

Mr. FOGARTY. If you got it March 1, you could use \$55 million; is that right?

Mr. HENNING. That's right.

Mr. FOGARTY. How would this program be affected for 1965, if you didn't get a supplemental in 1964?

Mr. HENNING. It would mean that we wouldn't be able to implement the amended legislation. We wouldn't be able to bring our staff up to the needs of 1965 and realize the potential of training 275,000 in 1965, which is our goal for that fiscal year. It would be a terribly destructive blow to the existence of the program, with the educational forces throughout the States becoming in fact disillusioned. We have received a high volume of protests from them for developing programs for which funds are not available. There would be great reluctance in States to plan to commit their educational facilities to programs unless there was a certainty the programs would be approved.

REQUESTED INCREASE IN FEDERAL POSITIONS

Mr. FOGARTY. The supplemental request includes funds for an additional 162 Federal positions in the training and skill development programs. This is an increase of over 40 percent. If there is a need for this increase, the administration of the program must be real weak in some spots, now. Is that a fair assumption?

Mr. HENNING. One of the weaknesses of the program to date has been that it is not reaching those who are most in need of education. For example, 60 percent of all the enrollees thus far have had a high school education; just about the reverse of the unemployment situation, where two-thirds of the unemployed are without a secondary education.

The amendment would allow us through literacy training to involve some 45,000 in the fiscal year 1965 in basic education, leading on to occupational training.

Mr. FOGARTY. What would happen to the program if these additional 162 Federal positions were not allowed?

Mr. HENNING. It would suffer. We again notice the fact that of this \$411 million being requested, \$397 million—

Mr. FOGARTY. I am talking about the supplemental now.

Mr. HENNING. The supplemental?

Mr. FOGARTY. You are requesting an additional 162 Federal positions.

Mr. HENNING. We wouldn't be able to move on to recruiting the additional staff to handle 60,000 more trainees for 1964, or a total of 275,000 for next year.

Mr. FOGARTY. They are in the training and skill development programs.

Mr. HENNING. Yes, sir.

AMENDMENTS TO THE LAW

Mr. FOGARTY. What do the amendments to the law involve?

Mr. HENNING. First, they widen the participation of allowance going to youth from 5 to 25 percent. In addition, the basic law, the original law, gave allowances to youth who were 19 to 21. The amendment now includes those 17 and 18 as well.

They allow the allowances to go to workers who have been in the labor force 2 years, rather than 3 years. It extends eligibility to other household members if the head of the household is unemployed. They provide for the basic literacy training as well as occupational training.

We think there will be some 15,000 who will receive basic literacy training without occupational training; is that correct?

Mr. SHEARER. Yes, sir.

Mr. HENNING. It provides for the bonus provision as an incentive above the average State UI benefit allowance. The amendments allow up to an additional \$10 to be given, beyond the allowance figure, based on the average unemployment compensation payment. We simply couldn't approach the liberalizing provisions and the expanded program dimensions without the additional funds.

JUSTIFICATION MATERIAL ON 1964 SUPPLEMENTAL ESTIMATES

Mr. FOGARTY. Before we go on to your 1965 request we will place the justifications for the 1964 supplemental in the record.

(The justifications referred to follow:)

SCHEDULE ON SUPPLEMENTAL APPROPRIATIONS AND REVISED ESTIMATES, DEPARTMENT OF LABOR, MANPOWER ADMINISTRATION

Manpower development and training activities

| | | |
|---|-------------------|--------------------|
| 1. Present appropriation or estimate..... | | \$110,000,000 |
| 2. Additional amounts available..... | | +13,842,654 |
| 3. Total amount available..... | | <u>123,842,654</u> |
| 4. Apportionments: | | |
| 1st quarter..... | | 114,687,387 |
| 2d quarter..... | | 2,790,492 |
| 3d quarter..... | | 3,283,300 |
| 4th quarter..... | | 3,081,475 |
| 5. Total apportionments and reserves..... | | <u>123,842,654</u> |
| 6. Obligations: | | |
| 1st quarter (actual)..... | | 39,841,018 |
| 2d quarter (actual)..... | | 59,264,482 |
| 3d quarter (estimated)..... | | 41,800,000 |
| 4th quarter (estimated)..... | | 37,937,154 |
| 7. Total actual and estimated obligations..... | | 178,842,654 |
| 8. Less total amount available..... | | <u>123,842,654</u> |
| 9. Estimated supplemental required..... | | 55,000,000 |
| 10. Estimated supplemental included in latest budget..... | | 55,000,000 |
| 11. Date needed for obligation, Feb. 1, 1964; for expenditure, Feb. 15, 1964. | | |
| 12. Estimated expenditures from supplemental: | | |
| | <i>In budget</i> | <i>Revised</i> |
| In current fiscal year..... | \$30,000,000 | \$55,000,000 |
| In next fiscal year..... | 25,000,000 | |
| After next fiscal year..... | | |
| Total..... | <u>55,000,000</u> | <u>55,000,000</u> |
| 13. Actual obligations last 3 months: | | |
| October..... | | 11,356,301 |
| November..... | | 26,533,970 |
| December..... | | 21,374,211 |

Amount available for obligation

| | 1964 presently available | 1964 revised estimate | Change |
|--|--------------------------------|-----------------------------|--------------------|
| Appropriation or estimate..... | \$110,000,000 | \$165,000,000 | +\$55,000,000 |
| Appropriation available from prior year..... | 13,842,654 | 13,842,654 | |
| Total fund availability or estimate..... | <u>123,842,654</u> | <u>178,842,654</u> | <u>+55,000,000</u> |

Obligations by activity

| Description | Appropriation available from prior year | | 1964 appropriation | | 1964 presently available | | 1964 revised estimate | | Change | |
|--|---|------------|--------------------|-------------|--------------------------|-------------|-----------------------|-------------|-----------|---------------|
| | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount |
| | | | | | | | | | | |
| Activity 1. Manpower and automation research..... | | \$375,000 | 137 | \$3,800,000 | 137 | \$4,175,000 | 137 | \$4,175,000 | | |
| (a) Manpower and labor force research..... | | | 90 | 2,967,000 | 90 | 2,967,000 | 90 | 2,967,000 | | |
| (b) Automation and technological change research..... | | 375,000 | 47 | 833,000 | 47 | 1,208,000 | 47 | 1,208,000 | | |
| Activity 2. Training and skill development programs..... | | 13,467,654 | 396 | 105,063,000 | 396 | 118,530,654 | 558 | 173,498,654 | +162 | +\$64,968,000 |
| (a) Training services and allowances payments..... | | 12,775,692 | | 90,000,000 | | 102,775,692 | | 150,775,692 | | +48,000,000 |
| (b) State and local services..... | | 275,000 | | 9,900,000 | | 10,175,000 | | 16,375,000 | | +6,200,000 |
| (1) State employment security agencies..... | | 150,000 | | 7,500,000 | | 7,650,000 | | 12,350,000 | | +4,700,000 |
| (2) State vocational education agencies..... | | 125,000 | | 2,300,000 | | 2,325,000 | | 3,825,000 | | +1,500,000 |
| (3) State apprenticeship agencies..... | | | | 200,000 | | 300,000 | | 200,000 | | |
| (c) Federal services..... | | 417,062 | 396 | 5,163,000 | 396 | 5,580,062 | 558 | 6,348,062 | +162 | +788,000 |
| (1) Office of Manpower, Automation, and Training..... | | 417,062 | 110 | 1,807,000 | 110 | 2,224,062 | 118 | 2,255,062 | +8 | +32,000 |
| (2) Bureau of Employment Security..... | | | 136 | 1,550,000 | 136 | 1,550,000 | 165 | 1,788,000 | +29 | +238,000 |
| (3) Bureau of Apprenticeship and Training..... | | | 37 | 420,000 | 37 | 420,000 | 62 | 528,000 | +25 | +108,000 |
| (4) Labor Department legal, information, and youth services..... | | | 13 | 138,000 | 13 | 138,000 | 13 | 138,000 | | |
| (5) Department of Health, Education, and Welfare..... | | | 100 | 1,248,000 | 100 | 1,248,000 | 170 | 1,638,000 | +70 | +390,000 |
| Activity 3. Executive direction and administration..... | | | 92 | 1,137,000 | 92 | 1,137,000 | 100 | 1,169,000 | +8 | +32,000 |
| (a) Office of Manpower Administrator..... | | | 8 | 106,000 | 8 | 106,000 | 8 | 106,000 | | |
| (b) Office of Manpower, Automation, and Training..... | | | 29 | 410,000 | 29 | 410,000 | 29 | 410,000 | | |
| (c) Office of Financial and Management Services..... | | | 48 | 544,000 | 48 | 544,000 | 56 | 576,000 | +8 | +32,000 |
| (d) Office of Administrative Assistant Secretary..... | | | 7 | 77,000 | 7 | 77,000 | 7 | 77,000 | | |
| Total obligations..... | | 13,842,654 | 625 | 110,000,000 | 625 | 123,842,654 | 795 | 178,842,654 | +170 | +\$65,000,000 |

Obligations by object

| | 1964 presently available | 1964 revised estimate | Change |
|--|--------------------------------|-----------------------------|-------------|
| Total number of permanent positions..... | 625 | 795 | +170 |
| Average number of all employees..... | 575 | 618 | +43 |
| 11 Personnel compensation..... | \$5,453,800 | \$5,827,200 | +\$373,400 |
| 12 Personnel benefits..... | 409,700 | 437,600 | +27,900 |
| 21 Travel and transportation of persons..... | 579,500 | 638,800 | +59,300 |
| 22 Transportation of things..... | 18,600 | 22,000 | +3,400 |
| 23 Rent, communications, and utilities..... | 188,900 | 231,300 | +42,400 |
| 24 Printing and reproduction..... | 271,100 | 304,000 | +32,900 |
| 25 Other services..... | 3,784,462 | 3,925,962 | +141,500 |
| 26 Supplies and materials..... | 103,200 | 116,500 | +13,300 |
| 31 Equipment..... | 82,800 | 188,700 | +105,900 |
| 41 Grants, subsidies, and contributions..... | 112,950,592 | 167,150,592 | +54,200,000 |
| Total obligations..... | 123,842,654 | 178,842,654 | +55,000,000 |

Summary of changes

| | Direct appropriations | Funds avail- able from prior year | Total fund availability |
|--|--------------------------|---|----------------------------|
| 1964 appropriations and funds available from prior year..... | \$110,000,000 | \$13,842,654 | \$123,842,654 |
| 1964 revised estimate..... | 165,000,000 | 13,842,654 | 178,842,654 |
| Total change..... | +55,000,000 | ----- | +55,000,000 |

Program items: Increases:

Expansion of the training programs under the Manpower Development and Training Act to provide training to an estimated additional 60,000 unemployed or underemployed workers in 1964. The expanded program results from the recent amendments to the act, Public Law 88-214, which provides for more liberal eligibility requirements for allowance payments, expanded youth training and services, extension of training to include basic education and postponement until 1966 of State matching. The increased costs of training services and allowance payments are \$48,000,000, and the increased State and local services costs are \$6,200,000..... +\$54,200,000

Federal services required to implement the expanded occupational training program, the basic education program and other revisions to the basic program provided by the amendments to the act. (170 positions to be filled for an average of 3 months in 1964, \$800,000)..... +800,000

| | Positions | Amount |
|--|-----------|----------|
| Department of Labor: | | |
| Office of Manpower, Automation, and Training..... | 8 | \$32,000 |
| Bureau of Employment Security..... | 59 | 238,000 |
| Bureau of Apprenticeship and Training..... | 25 | 108,000 |
| Office of Financial and Management Services..... | 8 | 32,000 |
| Department of Health, Education, and Welfare..... | 70 | 390,000 |
| Total..... | 170 | 800,000 |

Total change..... +55,000,000

TRAINING PROGRAMS AND SERVICES PROVIDED TO THE UNEMPLOYED UNDER THE
MANPOWER DEVELOPMENT AND TRAINING ACT

In appropriating \$110 million for fiscal 1964 to carry out training programs under the Manpower Development and Training Act, the conference report (Report No. 774) of the Appropriations Committee stated:

"The conferees are agreed that \$110 million is likely all that will be needed to carry out the program which can be developed under existing legislation. It is not the intention of the conferees that the program be curtailed as a result of the amount agreed upon. If, due to additional legislation or other factors, additional funds can be efficiently and effectively utilized, the Department will be expected to request a supplemental appropriation."

After the enactment of the appropriation in mid-October 1963, training programs under existing legislation were developed and approved at a pace which will exhaust the appropriation much earlier than expected. By January 1, 1964, 86 percent or \$77.6 million of the \$90 million provided for direct benefits to trainees, either in the form of training allowances or to pay for the expense of their occupational training had been committed. Only \$12.4 million remained available to provide for additional programs expected to be submitted by the States during the next few weeks. It is now anticipated that all funds presently available will be committed by approximately February 1, 1964.

Meanwhile, on December 13, 1963, the Congress enacted substantial amendments (Public Law 88-214) to the original act, most of which will be ready to be carried into effect with the issuance of appropriate rules and regulations about February 1, 1964.

In addition to postponing the effective date for State matching provision of the act, the more important amendments which will alter and extend the existing program during the remainder of fiscal 1964 include provisions to:

- (1) Liberalize eligibility requirements for allowance payments, reducing the 3-year head of household rule to 2 years, and providing eligibility for the first time for one member of the household whose head is unemployed.

- (2) Liberalize the amount of individual allowance payments and at the same time permit increased part-time employment up to 20 hours per week before deduction.

- (3) Expand youth training and services and lower the age limit for \$20 youth allowances from 19 to 17 years, with certain restrictions.

(4) Extend training to include basic education, adding 20 weeks to allowance payment provisions.

(5) Undertake pilot relocation projects for the unemployed.

The States have proceeded with energy and skill to develop training programs during 1964. Based on experience gained during the first year of the act, the Congress has enacted substantial amendments strengthening the original act and making it more responsive to the demonstrated needs of the unemployed. The Departments of Labor and Health, Education, and Welfare are exerting every effort to implement the amendments at the earliest possible moment. The Congress, in passing the amendments, underscored the sense of urgency with which it expected the act to be administered by modifying the preamble to include language making its intent specific.

The fiscal 1964 Manpower Development and Training Act program will require, and can effectively utilize, the full additional \$55 million authorized by law. Unless additional funds are available by approximately February 1, 1964, approval of new programs will have to be stopped and implementation of the amendments will be delayed.

The 1964 appropriation, including the full supplemental amount being requested, can be expected to provide training for nearly 135,000 persons and unless the program is interrupted because of lack of funds in February, the full program is now anticipated to be committed before the end of the fiscal year. Furthermore, allowance payments expected to be made in fiscal 1965 for trainees enrolled under 1964 programs are estimated to approach \$50 million for which the 1964 appropriations cannot provide.

The following table shows the current status and anticipated progress of the program for the remainder of the fiscal year. Of the \$110 million for 1964 presently appropriated, \$90 million is for training and allowances as indicated earlier, to which is added \$48 million of the \$55 million supplemental request for a fiscal 1964 total of \$138 million. The estimates, believed to be conservative, are based on fiscal 1964 average monthly experience rather than on the most recent experience. There are many indications from the States, however, that with postponement of State matching provisions until fiscal 1966 as provided in the amendments, appreciable increase in the rate of program expansion can be expected during the last half of the fiscal year.

Early approval of the full amount of this supplemental request is urgently requested to assure continued operation of this new and important manpower program to which the unemployed, many of them without work for a year or more, are responding in an effort to equip themselves for meaningful employment in today's labor market.

Estimate of Manpower Development and Training Act training activities, fiscal year 1964

| Period | Trainees provided through projects approved in fiscal 1964 | | | 1964 obligations (millions) | |
|--|--|----------------------|---------------------------------------|-----------------------------|----------------------|
| | Occupational training | | Basic education, supplemental request | Current appropriation | Supplemental request |
| | Current appropriation | Supplemental request | | | |
| Allowance payments in fiscal 1964 to trainees in projects approved in fiscal 1963..... | | | | \$10.7 | |
| July 1963..... | 3,529 | | | 3.8 | |
| August 1963..... | 8,446 | | | 11.1 | |
| September 1963..... | 9,452 | | | 11.4 | |
| October 1963..... | 8,195 | | | 8.0 | |
| November 1963..... | 12,337 | | | 12.0 | |
| December 1963..... | 19,272 | | | 20.6 | |
| January 1964..... | ¹ 11,000 | | | ¹ 11.9 | |
| February 1964..... | ¹ 789 | ¹ 6,000 | | ¹ 1.5 | ¹ \$5.6 |
| March 1964..... | | ¹ 13,000 | | | ¹ 12.0 |
| April 1964..... | | ¹ 13,000 | ¹ 3,000 | | ¹ 13.6 |
| May 1964..... | | ¹ 13,000 | ¹ 4,000 | | ¹ 12.2 |
| June 1964..... | | ¹ 5,000 | ¹ 3,000 | | ¹ 4.6 |
| Total program..... | 73,000 | 50,000 | 10,000 | 90.0 | 48.0 |

¹ Estimate.

Number of persons served and estimated costs of projects approved July 1, 1963, through Dec. 31, 1963

| State or possession | Trainees | | Special services to individuals ¹ | Estimated cost by activity | | | | Special services to individuals ¹ |
|---------------------------|------------------------|---------------------|--|----------------------------|------------------------|---------------------|--------------------|--|
| | Institutional training | On-the-job training | | Total | Institutional training | On-the-job training | Allowance payments | |
| Total..... | 55,424 | 5,807 | 6,770 | \$82,382,833 | \$26,720,526 | \$2,487,425 | \$41,100,256 | \$2,074,626 |
| Alabama..... | 310 | | | 358,275 | 158,370 | | 199,905 | |
| Alaska..... | 145 | | | 82,019 | 26,444 | | 56,476 | |
| Arizona..... | 385 | 81 | 75 | 480,402 | 277,545 | 27,973 | 161,484 | 13,400 |
| Arkansas..... | 304 | | | 348,421 | 168,153 | | 180,268 | |
| California..... | 4,395 | 697 | | 5,822,001 | 2,444,305 | 96,048 | 3,191,392 | 90,856 |
| Colorado..... | 100 | 84 | | 321,960 | 69,883 | | 18,940 | |
| Connecticut..... | 3,184 | 34 | | 1,388,022 | 809,731 | 26,241 | 516,700 | 35,350 |
| Delaware..... | 12 | | | 40,923 | 21,489 | 1,476 | 26,968 | |
| District of Columbia..... | 200 | 306 | 1,400 | 917,299 | 51,277 | | 224,170 | 246,487 |
| Florida..... | 1,130 | | | 1,326,032 | 792,602 | | 534,030 | |
| Georgia..... | 230 | 183 | | 699,740 | 392,761 | 78,581 | 228,368 | |
| Hawaii..... | 34 | | | 9,032 | 6,092 | | 3,840 | |
| Idaho..... | 102 | | | 206,798 | 72,675 | | 134,123 | |
| Illinois..... | 2,976 | 1,020 | 1,000 | 4,776,433 | 2,061,353 | 207,682 | 1,941,620 | 565,798 |
| Indiana..... | 1,122 | | | 3,368,818 | 2,227,372 | | 1,141,446 | |
| Iowa..... | 483 | 48 | | 1,038,059 | 497,363 | 11,477 | 529,219 | |
| Kansas..... | 578 | 99 | | 1,386,687 | 463,921 | 62,443 | 870,323 | |
| Kentucky..... | 3,710 | 5 | | 9,035,338 | 3,040,316 | 4,450 | 5,990,592 | |
| Louisiana..... | 244 | 19 | | 18,129 | 18,129 | | 78,547 | |
| Maine..... | 200 | 27 | | 217,303 | 115,171 | | 102,000 | 89,784 |
| Maryland..... | 200 | 89 | 650 | 426,582 | 139,818 | 94,980 | 282,775 | 372,275 |
| Massachusetts..... | 1,609 | 62 | 1,600 | 2,484,086 | 958,914 | 5,854 | 1,520,172 | |
| Michigan..... | 1,977 | 348 | 25 | 2,862,815 | 1,437,692 | 107,118 | 1,280,010 | 37,995 |
| Minnesota..... | 346 | 63 | | 671,690 | 319,278 | | 329,437 | |
| Mississippi..... | | 250 | | 138,346 | | 102,065 | 36,240 | |
| Missouri..... | 1,894 | 100 | 600 | 3,822,760 | 1,275,910 | 39,911 | 2,493,851 | 13,088 |
| Montana..... | 148 | | | 213,985 | 81,747 | | 123,036 | |
| Nebraska..... | 163 | 66 | | 553,972 | 221,391 | 4,830 | 327,751 | |
| Nevada..... | 505 | | | 683,113 | 377,259 | | 255,854 | |
| New Hampshire..... | 221 | 25 | | 172,187 | 77,793 | 2,867 | 91,827 | |
| New Jersey..... | 877 | 423 | | 1,092,160 | 361,427 | 100,383 | 670,350 | |
| New Mexico..... | 321 | 47 | | 517,628 | 213,493 | 40,790 | 263,345 | |
| New York..... | 3,671 | 445 | 200 | 4,689,521 | 2,598,944 | 370,516 | 1,680,786 | 79,275 |
| North Carolina..... | 819 | 18 | | 1,138,345 | 507,753 | 5,982 | 624,010 | |
| North Dakota..... | 70 | 24 | | 223,408 | 46,286 | 9,539 | 164,383 | |
| Ohio..... | 1,840 | 130 | | 2,685,528 | 1,262,229 | 20,928 | 1,462,371 | |
| Oklahoma..... | 255 | | | 674,040 | 389,168 | | 284,872 | |
| Oregon..... | 255 | 12 | | 140,701 | 76,020 | 4,081 | 60,000 | 69,807 |
| Pennsylvania..... | 3,911 | 381 | | 7,840,226 | 3,698,050 | 227,417 | 3,864,952 | |

| | | | | | | |
|---------------------|-------|-------|-----------|-----------|---------|-----------|
| Puerto Rico..... | 1,141 | 103 | 1,021,028 | 503,159 | 1,750 | 516,119 |
| Rhode Island..... | 383 | 12 | 544,299 | 276,526 | 3,945 | 263,798 |
| South Carolina..... | 5,040 | 200 | 6,023,150 | 2,842,014 | 180,000 | 2,581,900 |
| South Dakota..... | 2 | 114 | 36,861 | ..... | 29,731 | 419,236 |
| Tennessee..... | 1,241 | ..... | 2,023,111 | 980,701 | ..... | 7,130 |
| Texas..... | 1,384 | 97 | 1,662,019 | 715,460 | 70,032 | 1,042,410 |
| Utah..... | 300 | ..... | 391,531 | 140,029 | ..... | 276,527 |
| Vermont..... | 350 | ..... | 328,483 | 125,004 | ..... | 201,502 |
| Virginia..... | 683 | 14 | 592,408 | 267,810 | 7,362 | 315,236 |
| Virgin Islands..... | 205 | ..... | 111,418 | 65,978 | ..... | 115,450 |
| Washington..... | 1,452 | 18 | 959,159 | 440,648 | 35,029 | 483,482 |
| West Virginia..... | 2,850 | ..... | 4,837,399 | 2,278,371 | ..... | 2,407,753 |
| Wisconsin..... | 575 | 95 | 899,426 | 385,589 | 27,157 | 2,456,680 |
| Wyoming..... | 126 | ..... | 197,217 | 56,312 | ..... | 140,905 |

† Research, experimental, and demonstration projects.

STATE AND LOCAL SERVICES

Occupational training under the act is predicated upon these basic requirements: (1) Determination of occupations in which there is a need for workers; (2) careful selection of persons to be trained so that they may become eligible for occupational placement once trained; (3) provision of the kind and amount of training which fills the gap between a trainee's aptitude and current occupational capabilities and his potential placement in the occupation for which he is receiving training; and, finally, reasonable expectation of placing the graduate trainee in a suitable job.

Training programs are closely identified with communities, and it is here in large degree that training programs are planned, developed and operated, providing training to local residents with expectations of employment in their own hometowns. Where circumstances warrant, training programs may take on broader geographic coverage, reaching several communities or even across State borders to become regional or conceivably national in scope. The focal point for the development and administration of training programs is the State, and it is for these reasons that the Secretary of Labor has entered into agreements with State employment security and State apprenticeship agencies and the Secretary of Health, Education, and Welfare with State vocational education agencies.

STATE EMPLOYMENT SECURITY AGENCIES

State employment security agencies (and their local offices) are responsible for: (1) Determining the occupations in which there is a need for training; (2) essential screening, application taking and/or counseling of individuals prior to their taking training; (3) selection, including testing, of individuals for training; (4) determining entitlements and making training allowances and subsistence payments to persons who are eligible for such payments under the act; (5) placement of individuals after training, including follow-up. In the administration of the program the State agencies provide continuing technical services to their local offices and carry on program review and evaluation. They work in close cooperation with their counterpart State vocational education agencies in the promulgation, development, and review of all institutional training projects and with State apprenticeship agencies relative to on-the-job training projects and, within their area of responsibility recommend them for Federal review and approval.

The total additional fiscal year 1964 fund requirements for the State employment security agencies is \$4,700,000. These funds are required to meet the costs involved in the higher volume of training projects and number of trainees resulting from the expanded 1964 program and in the new program established by the amendments to the act. The additional funds required are distributed as follows:

| | |
|---|------------------|
| Selection, referral, and placement..... | \$2,200,000 |
| Payment of trainee allowances..... | 1,000,000 |
| State supervision..... | 1,500,000 |
| Total..... | 4,700,000 |

STATE VOCATIONAL EDUCATION AGENCIES

State vocational agencies, under agreements entered into with the Secretary of Health, Education, and Welfare, provide institutional training, utilizing public education agencies or institutions wherever possible. If these facilities are not adequate or available, however, State agencies make necessary arrangements with private educational or training institutions.

The public vocational education system is a basic component of the total program. Once the occupations have been identified by the local public employment office as being suitable for training, the local education agency will determine what local resources there are for conducting the training courses. This requires an examination to determine the degree to which public facilities, i.e., buildings, space, equipment, tools, and supplies are available and what additional is needed. It includes a determination of the institutional personnel required and where they may be recruited.

Local school officials, after these determinations, make an estimate of the additional costs required for conducting training in the selected occupations. This

information, together with labor market data supplied by the local employment office, is embodied in a training proposal to be reviewed and approved at higher administrative levels.

After approval, the local school officials get the instructional program underway, developing courses of study where necessary and bringing instructors and facilities together. Individuals selected and referred by the employment offices are enrolled and instructed by the schools. School officials submit reports of attendance and performance on each trainee to the local and/or State employment security offices, on the basis of which weekly training allowances are paid. As training proceeds, there is constant interchange of information between the education and employment service agencies to insure that trainable persons are being selected and that the curriculum and instructional program are providing job-related skills, including basic education needed by trainees with educational handicaps.

The State vocational education agency is responsible for administering the training program on a statewide basis. It provides local education officials information on the procedures to be followed in getting programs started and technical assistance in formulating training proposals and executing them after approval. The State education agency, together with the State employment security agency, reviews all training programs proposed or undertaken in the State to insure conformity with standards prescribed in the act.

The expansion of the occupational training programs, the introduction of basic education into the program, and the increased emphasis on reaching the hard-core unemployed require that additional funds and personnel be provided the State vocational education agencies.

At the State level professional personnel are required to provide for the development, implementation and supervision of the training programs. Guidance services of the schools need to be improved and strengthened in the school setting to reduce the dropout rate. Also specialists in basic education must be provided so that the States have the professional leadership necessary to assure that effective basic education training programs are developed and implemented.

To provide the increased teachers and instructors required for the expanded program, skilled craftsmen and occupational specialists will be recruited from industry and business. Many of these persons have had little or no teaching experience and will require intensive in-service training. The State agencies will either employ itinerant teacher trainers or contract with colleges and universities to provide this in-service training.

Experience in the program to date reveals that many of the large metropolitan areas have special, unique problems, especially among the hard-core unemployed groups and the youth groups who have socio-economic, educational, and other handicaps. To help assure that quality institutional training is being provided and to help reduce the dropout rate, professional personnel are required to develop, coordinate, supervise and evaluate the training programs and counseling services provided in and among the schools in the metropolitan areas.

To provide for the professional services for the State vocational education agencies for the expanded program will require \$1,500,000, distributed as follows:

| | |
|---|-----------|
| Program development, supervision and evaluation of training, school guidance, and counseling..... | \$650,000 |
| Basic adult education..... | 450,000 |
| Teacher training..... | 200,000 |
| Metropolitan area program..... | 200,000 |
| Total..... | 1,500,000 |

FEDERAL SERVICES

The recently enacted amendments to the Manpower Development and Training Act of 1962 have added new aspects and new programs to the basic manpower retraining program. The amendments also have greatly increased the authorization for the 1965 program to a level of \$411 million in contrast to the \$165 million which was the previous legislative authorization. The increased responsibilities resulting from the new features of the program as well as very large expansion of the program will place heavy burdens upon the organizations both within the Department of Labor and within the Department of Health, Education, and Welfare responsible for administering the program.

In order to plan the policies, regulations, procedures, and methods for administering the basic education program, the relocation program, the expanded youth program, and the revision of other provisions relating to the amount of allowance payments and eligibility for receiving allowance payments, increased Federal positions are being requested for the remainder of fiscal year 1964.

The legislative history of the amendments emphasizes that Congress expects this expanded program to be administered with a sense of urgency and that high priority will be assigned to its implementation. The amendments revised the preamble to the act to state that persons be sought out and trained "as quickly as is reasonably possible" and that the training required to provide unemployed and underemployed persons with new skills be afforded these people "with the least possible delay." The House Committee on Education and Labor, in its report (Rept. No. 861) on the amendments, was emphatic in expressing its intent that "a greater need for urgency be impressed upon all personnel connected with the program."

To provide assistance to the States for planning, developing, and administering their greatly expanded training programs in the balance of 1964 and in 1965 as well as to provide the staff necessary to implement the new program elements provided by the amendments, 1965 staff requirements have been taken into account so that positions by the end of 1964 will meet the 1965 program requirements.

A total of 170 additional Federal positions is requested, 100 in the Department of Labor and 70 in the Department of Health, Education, and Welfare. These 170 positions, however, will provide only 43 man-years of employment since the positions are expected to be filled on the average for 3 months in 1964.

DEPARTMENT OF LABOR

OFFICE OF MANPOWER, AUTOMATION, AND TRAINING

The Office Manpower, Automation, and Training is responsible for the development of objectives, policies, criteria, and standards required for effective administration of the occupational training programs and related activities called for under the act. Program activity resulting from the amendments will require the modification of existing statements as well as the development of new policies, regulations, criteria, and standards. Among others are the provisions for special programs for youth with inadequate educational background and work preparation; determinations that regular school attendance is no longer practicable for such youth; adult basic educational skills (literacy training); pilot relocation projects; expanded use of private educational facilities; training allowance bonuses when needed.

A significant flow of information about Manpower Development and Training Act programs so far approved and trainees provided for under the act to date is now becoming available, enabling the Department to scrutinize in detail the many variables and obscure dimensions of the program and the characteristics of trainees, and to reach new and revealing inferences about the broad group of unemployed. However, the enlargement of the purposes of the act reflected in the amendments requires a much broader program of information determination, assembly, analysis, interpretation, and reporting. The information and reporting requirements will have to be carefully fused into the ongoing system. The volume of data being treated because of the rapid expansion in the size of the program will increase accordingly.

The Manpower Development and Training Act of 1962 recognized the need for creative and imaginative thinking and experimentation to meet the manpower problems of a changing and expanding economy. Beginning in fiscal 1963, as part of the response to the intent of the act, a series of experimental and demonstration projects was initiated. These projects are aimed at specific groups of workers—youth and adults—who may be undereducated, socially deprived, members of minority groups, culturally disadvantaged, older or otherwise at a competitive disadvantage in the labor market. Specialized services, such as remedial education, work conditioning, intensive counseling, testing, training geared to ability levels, job development and placement are needed to equalize employment for these groups. The projects are carried out under contracts between the Secretary of Labor and public or private agencies and organizations, and responsibility for their development and supervision rests with this Office. The House Committee report (Rept. No. 861) noted that evidence from these

projects provided the most convincing proof of the need for and the feasibility of making the changes encompassed in the amendments to the act, and urged that the present role assigned to these projects be continued and expanded. Provision is made under "training service and allowance" for the direct costs of these programs.

To carry out these additional responsibilities resulting from the amendments and the expansion of the program, eight additional positions and an additional \$32,000 is required for the Office of Manpower, Automation, and Training for fiscal year 1964.

BUREAU OF EMPLOYMENT SECURITY

Employment Service

The U.S. Employment Service is responsible for the supervision and guidance of State employment service operations dealing with training and skill development under the Manpower Development and Training Act. This includes development of operating procedures for preparation of training proposals based on appraisal of local labor market conditions and outlook for specific occupations; technical assistance to State agencies in preparation of such programs including establishment of relationships with vocational education agencies and advisory groups; review of individual training project proposals in relation to training objectives, labor market conditions; and training needs of unemployed persons. It also involves operational review and evaluation of training programs in terms of program objectives, selection and referral standards, placement in occupations related to training, and conformance with administrative requirements.

An increase in the national office staff is necessary to handle the expanded numerical dimension of the program and to provide for proper implementation of the amendments. Of special importance will be (a) the development of test research for selection of trainees needing literacy training, (b) development of improved guides for budgeting individual training projects and for State and local employment service supporting services, (c) the development of improved MDTA operational reporting programs and the integration of such programs with related operations research and (d) the development of special counseling tools to deal with the selection and referral of hard-core unemployed and underprivileged youth to training. For these activities five additional positions are required.

The Bureau's regional offices provide direct technical assistance to States in conducting skill surveys, training program development, the counseling, testing, selection, and referral of unemployed workers to training, and maintenance of necessary records and reports. The regional representatives also, jointly with the Department of Health, Education, and Welfare and the Bureau of Apprenticeship and Training review and approve training projects. With the expanded program there will be intensified efforts to assist State agencies in development of multioccupational training programs, including extra counseling service and literacy training, in large metropolitan areas; area occupational training centers for rural areas, etc. There will also be greater emphasis on regional projects involving coordination of activities among a number of States. Emphasis will be placed on assisting States in providing occupational training on less than a full class basis, on new procedures for projects to upgrade underemployed workers to higher skill levels, and on special training programs related to technological displacement. For the expanded program 42 additional positions are requested for the regional offices.

Unemployment insurance

Four additional positions will be required to provide for the development of procedures for the new elements of the program provided by the amendments—the more liberal eligibility requirements which are expected to increase the proportion of trainees who receive allowances, the higher training allowances, dependent upon the trainees' circumstances, and the expanded youth allowance program—and to provide for monitoring State administration of the expanded training allowance program. In addition the increase in the volume of the payments and the added complexity of the new program elements introduced by the amendments will necessitate more frequent and comprehensive monitoring of State agency procedures to assure the Federal funds are being properly expended. Experience gained through administration of the expanded program will require continuing revision of allowance procedures. The introduction of

the pilot relocation program will require that specifications be prepared, regulations be amended, State agency agreements be revised and operating procedures be developed for State agencies to make relocation payments and that accounting and reporting procedures be developed and installed.

Administrative and management services

Two positions are required in the Administrator's Office to coordinate all phases of the program, and to work with other services of the bureaus, Department, and other governmental agencies to make this an efficient operating program. Although the MDTA program operates ultimately at the local level, the leadership and guidance for this Federal program insofar as the State employment security system is concerned stems from the Bureau.

In the area of programs and financial reporting, six additional positions are required to meet the increased workload resulting from the larger program. The 50-percent increase in the number of individual training projects will increase the number of postings and accounts of training allowance payments which must be maintained and controlled. Additional analyses and audit of expenditure of funds, time and cost reporting of statistical data, will be necessary to provide information necessary for decisionmaking on management of the program. There will be additional State budget requests for State and project administration funds which will have to be reviewed, evaluated, and processed. In addition there will be an increased need for advising and consulting with State agency personnel engaged in preparing prescribed reports and for editing and processing the various operational reports and preparing summaries of the data for specific tables for publication and administrative use.

To carry out these additional responsibilities resulting from the amendments and the expansion of the program, 59 additional positions and \$238,000 for fiscal year 1964 is required for the Bureau of Employment Security.

BUREAU OF APPRENTICESHIP AND TRAINING

The Manpower Development and Training Act provides for the development of broad and diversified programs including on-the-job training which is promoted by field staff of the Bureau of Apprenticeship and Training and by State apprenticeship agencies. In its report (Rept. 861) on the amendments, the House Committee on Education and Labor indicated that a larger on-the-job training program should be developed. The development, however, of a larger and more diversified on-the-job training program requires that additional positions be provided to promote and assist in the development of on-the-job training programs by industrial establishments, governmental agencies and labor organizations and associations. The Bureau of Apprenticeship and Training field staff is also responsible for the installation and servicing of on-the-job training projects after they have been approved.

To achieve a higher number of on-the-job training projects and trainees will require additional positions. For this activity an additional 19 professional and 3 clerical positions are requested in the field. In the national office an additional three positions are requested to provide for the review of project proposals, technical assistance in project development, assistance in contract negotiations, and for the processing and tabulation of operational data on projects. A total of 25 additional positions and \$108,000 for fiscal year 1964 is required for the expansion of the on-the-job training programs.

OFFICE OF FINANCIAL AND MANAGEMENT SERVICES

This Office provides administrative and staff support to the Manpower Administrator to assist him in the achievement of an integrated national manpower program. It furnished the administrative and staff support services for the Office of Manpower, Automation, and Training. The Office provides staff support for the budget, fiscal, contract administration, apportionment of funds among the States, and other activities related to the execution and control of the Manpower Development and Training Act appropriation.

The review, processing, fiscal control, and audit of all contracts made under the provision of the Manpower Development and Training Act cover three basic program areas: (1) research contracts, (2) contracts with employers and other organizations for providing on-the-job training, (3) experimental and demonstration projects. Under the expanded on-the-job training program plan for 1964 and 1965, the number of on-the-job training contracts will be very much higher than the number experienced to date. In addition there will also be a sizable expansion in the number of experimental and demonstration projects. The total value of contracts in the areas identified above are very substantial and the Manpower Administration is keenly aware of the need to insure adequate protection for the use of these contract funds.

The increased volume of occupational training project transactions plus the introduction of basic education training will create a corresponding increase in the amount of work entailed in maintaining State apportionment determinations and in providing required financial and related status reports to guide program management decisions. The Manpower Development and Training Act appropriations carry 2-year obligational authority. Also, many training projects approved during 1 fiscal year are operational during that and ensuing fiscal years. Accordingly, during fiscal 1964 both the 1963 and 1964 appropriations require the full spectrum of national and State budget and financial control.

For these expanded activities, eight additional positions and \$32,000 for fiscal year 1964 is requested for the Office of Financial and Management Services.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The recently enacted amendments to the Manpower Development and Training Act of 1962 provide for a very substantial increase in the level of vocational training of unemployed and underemployed workers and for a new program of basic education. The program resulting from these amendments places heavy added responsibilities upon the Department of Health, Education, and Welfare and, in particular, the Office of Education which is responsible for the administration of the Department's training functions.

The development of a program of basic education for several thousand trainees in fiscal year 1964 and a very sizably expanded program this year will require additional staff to plan and develop the necessary procedures and resources for conducting basic education training. The complex nature of the training task involved in basic education training and the magnitude of the operation embracing 50 States and 4 territories requires the assembling as quickly as possible of staff at the Federal and State levels to provide the resources necessary for the conduct of such a program. At present there is insufficient staff at the Federal, State, and local levels to provide the necessary leadership for the basic education program visualized by the amendments to the act. Adequate supervisory and administrative services are of primary importance in order to insure proper implementation of the program. There is also a serious shortage of educational materials directed specifically to the trainee and training involved in this program. To secure significant innovation in contents, methods, and techniques will require new approaches in a complex and difficult area of instruction. The initiation of this program of basic education will require 11 additional positions.

Vocational and technical education has long recognized that to meet the complex social, education, and economic problems of those who suffer from socioeconomic, education, and other handicaps it is essential that all public and private resources of the community be marshaled in an effort to make these people productive members of society. Therefore, vocational and technical educators need the advice and assistance of sociologists, psychologists, counselors, and other specialists who can work as a team with public and private National, State, and community agencies in the development and implementation and evaluation of experimental and demonstration projects designed for the disadvantaged groups or the hard-core unemployed. For this important area 10 additional positions will be required.

Since the amendments provide for expansion of the training program to include all areas of occupational training needed by the unemployed and underemployed as well as the development of occupational training designed to meet the needs of youth and adults who have education and other handicaps, a greatly expanded program of curriculum research and development in many new occupational areas is essential. In addition, continuing research and curriculum development in many of the traditional occupational areas is necessary to insure that all occupational offerings are kept up to date in terms of the needs of business and industry today and the projected needs for the future. In the areas of basic occupational training, curriculum materials are nonexistent, but they are vital to training programs to make them effective in making the disadvantaged people productive members of the labor force. For this activity, six additional positions are required.

Extensive recruiting of competent craftsmen and other specialists in the fields of industry and business to serve as teachers for the expanded program will also be necessary. Many people who are competent in their occupational area have little or no experience in teaching. To assure the development of effective training programs will require that assistance be provided to States in the development of intensive teacher education programs designed to meet the specific and immediate needs of these new teachers, many of whom will be working with adults and youth with socioeconomic educational and other handicaps. Four positions are required for this activity.

Additional staff is also required to assist States in developing evaluation programs designed to assure that effective instruction is being provided. It is also necessary for the Office of Education to keep abreast of the research being conducted by Federal, State, and local agencies in many fields which have application to the occupational training programs and to disseminate this information to those responsible at the State and local level for the Manpower Development and Training Act programs. These activities will require seven additional positions.

Additional positions are required also in other functions and areas of the Office of Education to meet the increased workload resulting from the expanded program. Regular, extensive and accurate reports on the program and fiscal aspects of the programs must be maintained for each State and national totals. Informational and program materials to assist in the development of projects must be prepared. Also additional staff and administrative services must be provided along with additional staff for the leadership and direction of the program. The total additional staff required for the areas identified above is 12 positions.

To carry out the expanded vocational training program as well as to provide the continuous field services which are necessary in the basic education programs will require the addition of 18 additional positions in the Department of Health, Education, and Welfare regional offices and 2 additional positions in the headquarters office.

In total, to carry out the educational responsibilities resulting from the amendments and the expansion of the program, 70 additional positions and \$390,000 for fiscal year 1964 are required for the Department of Health, Education, and Welfare.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Distribution of field staff

OFFICE OF MANPOWER, AUTOMATION, AND TRAINING

| | 1964 presently available | | | 1964 revised estimate | | |
|---------------------------|--------------------------|----------|-------|-----------------------|----------|-------|
| | Profes- sional | Clerical | Total | Profes- sional | Clerical | Total |
| Boston, Mass..... | 1 | 1 | 2 | 1 | 1 | 2 |
| New York, N.Y..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Pittsburgh, Pa..... | 1 | 1 | 2 | 1 | 1 | 2 |
| District of Columbia..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Atlanta, Ga..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Cleveland, Ohio..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Detroit, Mich..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Chicago, Ill..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Kansas City, Mo..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Dallas, Tex..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Denver, Colo..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Los Angeles, Calif..... | 1 | 1 | 2 | 1 | 1 | 2 |
| San Francisco, Calif..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Seattle, Wash..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Total, OMAT..... | 14 | 14 | 28 | 14 | 14 | 28 |

BUREAU OF EMPLOYMENT SECURITY¹

| | | | | | | |
|---------------------------|----|---|----|----|----|----|
| Atlanta, Ga..... | 4 | 1 | 5 | 7 | 2 | 9 |
| Boston, Mass..... | 4 | | 4 | 7 | 1 | 8 |
| Chambersburg, Pa..... | 5 | 1 | 6 | 8 | 2 | 10 |
| Chicago, Ill..... | 4 | 1 | 5 | 7 | 2 | 9 |
| Cleveland, Ohio..... | 4 | 1 | 5 | 7 | 2 | 9 |
| Dallas, Tex..... | 4 | | 4 | 6 | 1 | 7 |
| Denver, Colo..... | 3 | | 3 | 5 | 1 | 6 |
| Kansas City, Mo..... | 4 | | 4 | 7 | 1 | 8 |
| New York, N.Y..... | 5 | 1 | 6 | 8 | 2 | 10 |
| San Francisco, Calif..... | 4 | 1 | 5 | 7 | 2 | 9 |
| Seattle, Wash..... | 3 | | 3 | 6 | 1 | 7 |
| Total, BES..... | 44 | 6 | 50 | 75 | 17 | 92 |

¹ Excludes auditors who audit State Agency accounts and report directly to the Washington headquarters office.

BUREAU OF APPRENTICESHIP AND TRAINING

| | | | | | | |
|---------------------------|----|---|----|----|----|----|
| Atlanta, Ga..... | 2 | 1 | 3 | 4 | 1 | 5 |
| Boston, Mass..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Chambersburg, Pa..... | 2 | 1 | 3 | 6 | 1 | 7 |
| Chicago, Ill..... | 2 | 1 | 3 | 3 | 1 | 4 |
| Cleveland, Ohio..... | 2 | 1 | 3 | 5 | 1 | 6 |
| Dallas, Tex..... | 2 | 1 | 3 | 3 | 1 | 4 |
| Denver, Colo..... | | | | 1 | 1 | 2 |
| Kansas City, Mo..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Minneapolis, Minn..... | | | | 1 | 1 | 2 |
| New York, N.Y..... | 2 | 1 | 3 | 5 | 1 | 6 |
| San Francisco, Calif..... | 2 | 1 | 3 | 4 | 1 | 5 |
| Seattle, Wash..... | | | | 1 | 1 | 2 |
| Total, BAT..... | 18 | 9 | 27 | 37 | 12 | 49 |

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

| | | | | | | |
|---------------------------|----|----|-----|-----|----|-----|
| Atlanta, Ga..... | 2 | 2 | 4 | 3 | 3 | 6 |
| Boston, Mass..... | 2 | 1 | 3 | 3 | 2 | 5 |
| Charlottesville, Va..... | 2 | 1 | 3 | 3 | 2 | 5 |
| Chicago, Ill..... | 3 | 3 | 6 | 4 | 3 | 7 |
| Dallas, Tex..... | 2 | 1 | 3 | 3 | 2 | 5 |
| Denver, Colo..... | 2 | 1 | 3 | 3 | 2 | 5 |
| Kansas City, Mo..... | 2 | 2 | 4 | 3 | 3 | 6 |
| New York, N.Y..... | 3 | 3 | 6 | 5 | 4 | 9 |
| San Francisco, Calif..... | 2 | 1 | 3 | 3 | 2 | 5 |
| Seattle, Wash..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Total, HEW..... | 21 | 16 | 37 | 31 | 24 | 55 |
| Total field staffs..... | 97 | 45 | 142 | 157 | 67 | 224 |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$373,400

The composite estimate for all organizations provides for 170 additional positions (82 field and 88 national office) at a gross annual rate of \$1,486,083. It is estimated that these additional positions will be filled only for an average of 3 months in fiscal year 1964 which will provide for 43 man-years of employment at a cost of \$373,400.

Personnel benefits, \$27,900

The composite estimate is based upon personnel compensation and represents the cost of retirement, insurance, health benefits, and FICA.

Travel and transportation of persons, \$59,300

The composite estimate provides for per diem, mileage, and transportation costs of an estimated \$19,800 for departmental travelers and for an estimated \$93,500 for field travelers.

Transportation of things, \$3,400

The composite estimate provides for moving of household goods of employees transferred to different locations, shipment of publications, exhibits, and supplies and materials to the field.

Rent, communications, and utilities, \$42,400

The composite estimate provides for communication services and rental of office space for approximately a 3-month operation for the additional 170 positions.

Printing and reproduction, \$32,900

The composite estimate provides for printing of forms, schedules, publications, and reports related to the expanded program.

Other services, \$141,500

The composite estimate provides for program and miscellaneous services related to all programs under the act performed for the various participating agencies. It also includes an amount of \$100,000 for the Department of Health, Education, and Welfare for contractual services for the development of curriculum and instructional materials for the basic education program.

Supplies and materials, \$13,300

The composite estimate provides for desk top supplies and related expenses for the additional positions requested for the expanded program.

Equipment, \$105,900

The composite estimate provides for purchase of office furniture and office machines not available from surplus stock for the additional positions requested for the expanded program.

Grants, subsidies, and contributions, \$54,200,000

The estimate covers training costs and training allowances and accompanying State and local services related to the expanded retraining programs.

Summary of new positions

ACTIVITY 2. TRAINING AND SKILL IMPROVEMENT PROGRAMS

Office of Manpower, Automation, and Training:

Departmental:

| | |
|---|----------------|
| 3 GS-14, manpower development specialist..... | \$40, 872 |
| 1 GS-13, manpower development specialist..... | 11, 731 |
| 1 GS-9, manpower development assistant..... | 7, 030 |
| 3 GS-5, clerk or stenographer..... | 14, 103 |
| Total (8)..... | <u>73, 736</u> |

Bureau of Employment Security:

Departmental:

| | |
|--|---------|
| 1 GS-14, assistant training program coordinator..... | 13, 624 |
| 1 GS-13, social administration specialist..... | 11, 731 |
| 3 GS-13, manpower development specialist..... | 35, 193 |
| 3 GS-13, financial analyst..... | 35, 193 |
| 2 GS-13, labor economist..... | 23, 462 |
| 1 GS-12, manpower analyst..... | 9, 984 |
| 3 GS-12, social administration specialist..... | 29, 952 |
| 1 GS-6, secretary..... | 5, 242 |
| 2 GS-5, secretary..... | 9, 402 |

Field:

| | |
|---|-----------------|
| 31 GS-13, employment service adviser..... | 363, 661 |
| 11 GS-4, clerk or stenographer..... | 46, 442 |
| Total (59)..... | <u>583, 886</u> |

Bureau of Apprenticeship and Training:

Departmental:

| | |
|---|---------|
| 1 GS-14, manpower development officer..... | 13, 624 |
| 1 GS-13, manpower development specialist..... | 11, 731 |
| 1 GS-5, clerk or stenographer..... | 4, 701 |

Field:

| | |
|--|-----------------|
| 19 GS-12, manpower development specialist..... | 189, 696 |
| 3 GS-5, clerk or stenographer..... | 14, 103 |
| Total (25)..... | <u>233, 855</u> |

Department of Health, Education, and Welfare:

Departmental:

| | |
|---|---------|
| 1 GS-15, chief, adult basic education program..... | 15, 683 |
| 1 GS-14, field services officer..... | 13, 624 |
| 2 GS-14, manpower training officer..... | 27, 248 |
| 1 GS-14, teacher trainer..... | 13, 624 |
| 1 GS-14, program analyst..... | 13, 624 |
| 2 GS-14, specialist in curriculum development..... | 27, 248 |
| 1 GS-13, manpower training adviser..... | 11, 731 |
| 1 GS-13, guidance and counseling specialist..... | 11, 731 |
| 1 GS-13, teacher trainer assistant..... | 11, 731 |
| 1 GS-13, instructional evaluation specialist..... | 11, 731 |
| 1 GS-12, manpower training assistant..... | 9, 984 |
| 1 GS-12, curriculum design and development assistant..... | 9, 984 |
| 1 GS-12, project reviewer..... | 9, 984 |
| 1 GS-12, editor..... | 9, 984 |
| 1 GS-11, programmer..... | 8, 424 |
| 1 GS-11, manpower training assistant..... | 8, 424 |
| 1 GS-11, research assistant..... | 8, 424 |
| 1 GS-9, graphic arts specialist..... | 7, 030 |
| 1 GS-9, field reviewer..... | 7, 030 |
| 1 GS-9, research assistant..... | 7, 030 |
| 1 GS-7, personnel assistant..... | 5, 803 |
| 1 GS-7, accounting technician..... | 5, 803 |
| 1 GS-6, statistical clerk..... | 5, 242 |
| 1 GS-6, secretary-stenographer..... | 5, 242 |
| 13 GS-5, secretary..... | 61, 113 |
| 1 GS-5, fiscal analyst..... | 4, 701 |
| 2 GS-5, secretary-stenographer..... | 9, 402 |
| 6 GS-4, clerk-stenographer..... | 25, 332 |
| 1 GS-3, duplicating clerk..... | 3, 890 |
| 1 GS-3, messenger..... | 3, 890 |
| 2 GS-3, clerk-typist..... | 7, 780 |

Field:

| | |
|---|---------|
| 7 GS-13, regional field representative..... | 82, 117 |
| 3 GS-12, regional field representative..... | 29, 952 |
| 8 GS-4, secretary..... | 33, 776 |

| | |
|-----------------|----------|
| Total (70)..... | 528, 316 |
|-----------------|----------|

| | |
|------------------------------|-------------|
| Total (162), activity 2..... | 1, 419, 793 |
|------------------------------|-------------|

ACTIVITY 3. EXECUTIVE DIRECTION AND ADMINISTRATION

Office of Financial and Management Services:

Departmental:

| | |
|--------------------------------------|-----------|
| 1 GS-14, systems accountant..... | \$13, 624 |
| 1 GS-13, auditor..... | 11, 731 |
| 1 GS-12, administrative officer..... | 9, 984 |
| 2 GS-11, auditor..... | 16, 848 |
| 3 GS-5, clerk or stenographer..... | 14, 103 |

| | |
|----------------------------|---------|
| Total (8), activity 3..... | 66, 290 |
|----------------------------|---------|

MANPOWER ADMINISTRATION, MANPOWER DEVELOPMENT AND TRAINING
ACTIVITIES

Activity 1—Office of Manpower, Automation, and Training

| Grade | Descriptive operating title | Estimate, 1964 | | Estimate, 1964 | |
|-------|--|----------------|----------------------------|----------------|-------------------------|
| | | Positions | Total salary | Positions | Total salary |
| | OFFICE OF MANPOWER AND AUTOMATION RESEARCH | | <i>Presently available</i> | | <i>Revised estimate</i> |
| G8-17 | Assistant Director..... | 1.0 | \$19,011 | 1.0 | \$19,011 |
| G8-16 | Deputy Assistant Director..... | 2.0 | 33,030 | 2.0 | 33,030 |
| G8-15 | Assistant to Assistant Director..... | 2.0 | 32,364 | 2.0 | 32,364 |
| G8-15 | Manpower research officer..... | 10.0 | 161,946 | 10.0 | 161,946 |
| G8-14 | Manpower research specialist..... | 25.0 | 351,002 | 25.0 | 351,002 |
| G8-13 | do..... | 17.0 | 203,712 | 17.0 | 203,712 |
| G8-13 | Administrative officer..... | 1.0 | 12,126 | 1.0 | 12,126 |
| G8-12 | Manpower research specialist..... | 7.0 | 71,553 | 7.0 | 71,553 |
| G8-11 | Manpower research assistant..... | 6.0 | 51,624 | 6.0 | 51,624 |
| G8-9 | Secretary..... | 1.0 | 7,280 | 1.0 | 7,280 |
| G8-9 | Statistical assistant..... | 3.0 | 21,590 | 3.0 | 21,590 |
| G8-9 | Manpower research assistant..... | 8.0 | 57,240 | 8.0 | 57,240 |
| G8-7 | Secretary..... | 2.0 | 12,397 | 2.0 | 12,397 |
| G8-7 | Statistical assistant..... | 1.0 | 6,198 | 1.0 | 6,198 |
| G8-7 | Manpower research assistant..... | 11.0 | 65,746 | 11.0 | 65,746 |
| G8-6 | Secretary..... | 11.0 | 58,888 | 11.0 | 58,888 |
| G8-5 | Clerk or stenographer..... | 23.0 | 112,632 | 23.0 | 112,632 |
| G8-4 | Clerk or clerk-typist..... | 5.0 | 21,526 | 5.0 | 21,526 |
| G8-3 | Clerk..... | 1.0 | 3,994 | 1.0 | 3,994 |
| | Total permanent..... | 137.0 | 1,303,859 | 137.0 | 1,303,859 |
| | Deduct: | | | | |
| | Lapse..... | 14.9 | 153,782 | 14.9 | 153,782 |
| | Net decrease due to lower pay scales for part of year..... | | 32,777 | | 32,777 |
| | Net permanent..... | 122.1 | 1,117,300 | 122.1 | 1,117,300 |
| | Temporary and intermittent..... | | 9,000 | | 9,000 |
| | Regular pay above 52-week base..... | | 10,000 | | 10,000 |
| | 11 Personnel compensation..... | | 1,136,300 | | 1,136,300 |
| | 12 Personnel benefits..... | | 86,200 | | 86,200 |
| | 21 Travel and transportation of persons..... | | 42,500 | | 42,500 |
| | 22 Transportation of things..... | | 5,000 | | 5,000 |
| | 23 Rent, communications, and utilities..... | | 40,000 | | 40,000 |
| | 24 Printing and reproduction..... | | 96,500 | | 96,500 |
| | 25 Other services..... | | 2,731,100 | | 2,731,100 |
| | 26 Supplies and materials..... | | 25,100 | | 25,100 |
| | 31 Equipment..... | | 12,300 | | 12,300 |
| | Total obligations..... | | 4,175,000 | | 4,175,000 |

Activity 2c(1)—Office of Manpower, Automation, and Training

| Grade | Descriptive operating title | Estimate, 1964 | | Estimate, 1964 | |
|---------------------------------------|--|----------------|----------------------------|----------------|-------------------------|
| | | Positions | Total salary | Positions | Total salary |
| OFFICE OF MANPOWER DEVELOPMENT | | | | | |
| DEPARTMENTAL | | | | | |
| | | | <i>Presently available</i> | | <i>Revised estimate</i> |
| GS-17 | Assistant Director..... | 1.0 | \$18,512 | 1.0 | \$18,512 |
| GS-16 | Deputy Assistant Director..... | 2.0 | 33,030 | 2.0 | 33,030 |
| GS-15 | Manpower development officer..... | 7.0 | 113,316 | 7.0 | 113,316 |
| GS-14 | Manpower development specialist..... | 18.0 | 259,712 | 21.0 | 300,584 |
| GS-13 | do..... | 16.0 | 198,180 | 17.0 | 209,911 |
| GS-12 | do..... | 7.0 | 72,884 | 7.0 | 72,884 |
| GS-11 | Manpower development assistant..... | 2.0 | 17,388 | 2.0 | 17,388 |
| GS-9 | do..... | 3.0 | 22,527 | 4.0 | 29,557 |
| GS-7 | Statistical assistant..... | 1.0 | 6,198 | 1.0 | 6,198 |
| GS-7 | Secretary..... | 2.0 | 12,189 | 2.0 | 12,189 |
| GS-6 | do..... | 7.0 | 39,333 | 7.0 | 39,333 |
| GS-5 | Clerk or stenographer..... | 15.0 | 74,838 | 18.0 | 88,941 |
| GS-4 | do..... | 1.0 | 4,222 | 1.0 | 4,222 |
| | Subtotal, departmental..... | 82.0 | 872,329 | 90.0 | 946,065 |
| FIELD | | | | | |
| GS-15 | Field director..... | 14.0 | 233,808 | 14.0 | 233,808 |
| GS-6 | Secretary..... | 14.0 | 84,633 | 14.0 | 84,633 |
| | Subtotal, field..... | 28.0 | 318,441 | 28.0 | 318,441 |
| | Total, permanent..... | 110.0 | 1,190,770 | 118.0 | 1,264,506 |
| | Deduct: | | | | |
| | Lapse..... | 5.7 | 61,881 | 11.7 | 117,767 |
| | Net decrease due to lower pay scales for part of year..... | | 31,689 | | 31,689 |
| | Net permanent..... | 104.3 | 1,097,200 | 106.3 | 1,115,050 |
| | Intermittent employment..... | | 9,000 | | 9,000 |
| | Regular pay above 52-week base..... | | 8,600 | | 9,150 |
| 11 | Personnel compensation..... | | 1,114,800 | | 1,133,200 |
| 12 | Personnel benefits..... | | 84,000 | | 85,400 |
| 21 | Travel and transportation of persons..... | | 124,500 | | 126,500 |
| 22 | Transportation of things..... | | 2,400 | | 2,500 |
| 23 | Rent, communications, and utilities..... | | 36,800 | | 38,700 |
| 24 | Printing and reproduction..... | | 78,800 | | 79,500 |
| 25 | Other services..... | | 731,862 | | 733,062 |
| 26 | Supplies and materials..... | | 34,400 | | 35,100 |
| 31 | Equipment..... | | 16,500 | | 22,100 |
| | Total obligations..... | | 2,224,062 | | 2,256,062 |

Activity 2c(2)—Bureau of Employment Security

| Grade | Descriptive operating title | Estimate, 1964 | | Estimate, 1964 | |
|------------------|--|----------------|----------------------------|----------------|-------------------------|
| | | Positions | Total salary | Positions | Total salary |
| DEPARTMENTAL | | | | | |
| | | | <i>Presently available</i> | | <i>Revised estimate</i> |
| GS-15 | Training program coordinator..... | 1.0 | \$16,182 | 1.0 | \$16,182 |
| GS-15 | Assistant training program coordinator..... | 1.0 | 16,182 | 1.0 | 16,182 |
| GS-15 | Manpower development specialist..... | 1.0 | 16,702 | 1.0 | 16,702 |
| GS-14 | Assistant training program coordinator..... | | | 1.0 | 13,624 |
| GS-14 | Manpower development officer..... | 2.0 | 28,600 | 2.0 | 28,600 |
| GS-14 | Manpower development specialist..... | 2.0 | 29,058 | 2.0 | 29,058 |
| GS-14 | Chief, Division of Manpower Training Allowances..... | 1.0 | 13,624 | 1.0 | 13,624 |
| GS-13 | Chief, Branch of Standards and Evaluations..... | 1.0 | 11,731 | 1.0 | 11,731 |
| GS-13 | Chief, Branch of Procedural Control..... | 1.0 | 12,126 | 1.0 | 12,126 |
| GS-13 | Social insurance research analyst..... | 1.0 | 13,666 | 1.0 | 13,666 |
| GS-13 | Social administration specialist..... | | | 1.0 | 11,731 |
| GS-13 | Research psychologist..... | 1.0 | 12,126 | 1.0 | 12,126 |
| GS-13 | Manpower development specialist..... | 5.0 | 61,359 | 8.0 | 96,552 |
| GS-13 | Employment service adviser..... | 1.0 | 11,731 | 1.0 | 11,731 |
| GS-13 | Manpower analyst..... | 1.0 | 12,896 | 1.0 | 12,896 |
| GS-13 | Financial analyst..... | 1.0 | 13,666 | 4.0 | 48,859 |
| GS-13 | Labor economist..... | | | 2.0 | 23,462 |
| GS-12 | Activity analyst..... | 1.0 | 10,317 | 1.0 | 10,317 |
| GS-12 | Employment service adviser..... | 4.0 | 41,268 | 4.0 | 41,268 |
| GS-12 | Manpower development specialist..... | 7.0 | 71,220 | 7.0 | 71,220 |
| GS-12 | Labor market analyst..... | 3.0 | 30,285 | 3.0 | 30,285 |
| GS-12 | Manpower analyst..... | | | 1.0 | 9,984 |
| GS-12 | Management analyst..... | 2.0 | 20,301 | 2.0 | 20,301 |
| GS-12 | Systems accountant..... | 1.0 | 9,984 | 1.0 | 9,984 |
| GS-12 | Budget examiner..... | 1.0 | 10,650 | 1.0 | 10,650 |
| GS-12 | Survey statistician..... | 1.0 | 10,650 | 1.0 | 10,650 |
| GS-12 | Financial manager..... | 1.0 | 10,650 | 1.0 | 10,650 |
| GS-12 | Social administration specialist..... | 4.0 | 40,269 | 7.0 | 70,221 |
| GS-12 | Employment service specialist (agriculture)..... | 1.0 | 10,317 | 1.0 | 10,317 |
| GS-11 | Auditor..... | 1.0 | 8,424 | 1.0 | 8,424 |
| GS-11 | Placement officer..... | 1.0 | 8,986 | 1.0 | 8,986 |
| GS-11 | Budget examiner..... | 1.0 | 8,424 | 1.0 | 8,424 |
| GS-11 | Labor market analyst..... | 1.0 | 8,424 | 1.0 | 8,424 |
| GS-11 | Employment service adviser..... | 2.0 | 18,803 | 2.0 | 18,803 |
| GS-11 | Manpower development specialist..... | 1.0 | 8,694 | 1.0 | 8,694 |
| GS-11 | Social administration specialist..... | 2.0 | 17,388 | 2.0 | 17,388 |
| GS-11 | Employment service specialist (agricultural)..... | 1.0 | 10,379 | 1.0 | 10,379 |
| GS-9 | Budget examiner..... | 1.0 | 7,280 | 1.0 | 7,280 |
| GS-9 | Occupational analyst..... | 2.0 | 14,310 | 2.0 | 14,310 |
| GS-9 | Administrative assistant..... | 1.0 | 7,280 | 1.0 | 7,280 |
| GS-7 | Labor market analyst..... | 1.0 | 5,803 | 1.0 | 5,803 |
| GS-7 | Statistical assistant..... | 1.0 | 5,803 | 1.0 | 5,803 |
| GS-6 | Budget clerk..... | 1.0 | 6,302 | 1.0 | 6,302 |
| GS-6 | Secretary..... | 1.0 | 5,242 | 2.0 | 10,484 |
| GS-5 | Clerk or stenographer..... | 8.0 | 40,144 | 8.0 | 40,144 |
| GS-4 | Clerk or clerk-typist..... | 11.0 | 51,689 | 13.0 | 61,091 |
| GS-3 | Clerk..... | 3.0 | 13,645 | 3.0 | 13,645 |
| REGIONAL OFFICES | | | | | |
| GS-13 | Social insurance adviser..... | 11.0 | 134,470 | 11.0 | 134,470 |
| GS-13 | Employment service adviser..... | 20.0 | 242,480 | 20.0 | 242,480 |
| GS-13 | Manpower development specialist..... | | | 31.0 | 363,661 |
| GS-12 | Employment service adviser..... | 13.0 | 138,093 | 13.0 | 138,093 |
| GS-6 | Secretary..... | 1.0 | 5,762 | 1.0 | 5,762 |
| GS-5 | do..... | 5.0 | 25,439 | 5.0 | 25,439 |
| GS-4 | Clerk or clerk-typist..... | | | 11.0 | 46,442 |
| | Total permanent..... | 136.0 | 1,328,824 | 195.0 | 1,912,710 |
| | Deduct: | | | | |
| | Lapses..... | 4.4 | 79,024 | 48.4 | 522,310 |
| | Net decrease due to lower pay scales for part of year..... | | 43,000 | | 43,000 |
| | Net permanent..... | 131.6 | 1,206,800 | 146.6 | 1,347,400 |
| | Regular pay above 52-week base..... | | 9,900 | | 14,400 |
| 11 | Personnel compensation..... | | 1,216,700 | | 1,361,800 |
| 12 | Personnel benefits..... | | 92,200 | | 103,100 |
| 21 | Travel and transportation of persons..... | | 137,500 | | 156,500 |
| 22 | Transportation of things..... | | 3,200 | | 4,300 |
| 23 | Rent, communications, and utilities..... | | 27,800 | | 37,900 |
| 24 | Printing and reproduction..... | | 27,000 | | 30,500 |
| 25 | Other services..... | | 17,800 | | 21,800 |
| 26 | Supplies and materials..... | | 16,800 | | 19,800 |
| 31 | Equipment..... | | 11,000 | | 52,300 |
| | Total obligations..... | | 1,550,000 | | 1,788,000 |

Activity 2c(3)—Bureau of Apprenticeship and Training

| Grade | Descriptive operating title | Estimate, 1964 | | Estimate, 1964 | |
|-------|--|----------------|----------------------------|----------------|-------------------------|
| | | Positions | Total salary | Positions | Total salary |
| | DEPARTMENTAL | | <i>Presently available</i> | | <i>Revised estimate</i> |
| GS-15 | Manpower development officer..... | 1.0 | \$16,702 | 1.0 | \$16,702 |
| GS-14 | do..... | 1.0 | 14,082 | 2.0 | 27,706 |
| GS-13 | do..... | 2.0 | 24,252 | 3.0 | 35,983 |
| GS-12 | Manpower development specialist..... | 1.0 | 10,982 | 1.0 | 10,982 |
| GS-9 | Management assistant..... | 1.0 | 7,030 | 1.0 | 7,030 |
| GS-6 | Secretary..... | 1.0 | 5,242 | 1.0 | 5,242 |
| GS-5 | do..... | 1.0 | 4,867 | 2.0 | 9,568 |
| GS-4 | Clerk-typist..... | 2.0 | 8,444 | 2.0 | 8,444 |
| | Subtotal, departmental..... | 10.0 | 91,601 | 13.0 | 121,657 |
| | FIELD | | | | |
| GS-12 | Manpower development specialist..... | 18.0 | 179,712 | 37.0 | 369,408 |
| GS-5 | Clerk-stenographer..... | 9.0 | 42,309 | 12.0 | 56,412 |
| | Subtotal, field..... | 27.0 | 222,021 | 49.0 | 425,820 |
| | Total permanent..... | 37.0 | 313,622 | 62.0 | 547,477 |
| | Deduct: | | | | |
| | Lapse..... | 9.6 | 83,003 | 28.6 | 260,158 |
| | Net decrease due to lower pay scales for part of year..... | | 5,719 | | 5,719 |
| | Net permanent..... | 27.4 | 224,900 | 33.4 | 281,600 |
| | Regular pay above 52-week base..... | | 2,400 | | 4,200 |
| | 11 Personnel compensation..... | | 227,300 | | 285,800 |
| | 12 Personnel benefits..... | | 17,000 | | 21,400 |
| | 21 Travel and transportation of persons..... | | 68,300 | | 81,500 |
| | 22 Transportation of things..... | | 5,100 | | 7,100 |
| | 23 Rent, communications, and utilities..... | | 21,700 | | 26,300 |
| | 24 Printing and reproduction..... | | 5,700 | | 8,400 |
| | 25 Other services..... | | 58,700 | | 62,000 |
| | 26 Supplies and materials..... | | 4,600 | | 6,400 |
| | 31 Equipment..... | | 11,600 | | 29,100 |
| | Total obligations..... | | 420,000 | | 528,000 |

Activity 2c(4)—Labor Department Legal, Information and Youth Services

| Grade | Descriptive operating title | Estimate, 1964 | | Estimate, 1964 | |
|-------|---|----------------|--------------------------------|----------------|-----------------------------|
| | | Posi- tions | Total salary | Posi- tions | Total salary |
| | OFFICE OF THE SOLICITOR, LABOR | | <i>Presently available</i> | | <i>Revised estimate</i> |
| GS-13 | Attorney..... | 1.0 | \$12,126 | 1.0 | \$12,126 |
| GS-12 | do..... | 1.0 | 10,317 | 1.0 | 10,317 |
| GS-11 | do..... | 2.0 | 16,848 | 2.0 | 16,848 |
| GS-5 | Stenographer..... | 1.0 | 4,867 | 1.0 | 4,867 |
| | OFFICE OF INFORMATION; PUBLICATIONS AND REPORTS | | | | |
| GS-14 | Information specialist..... | 1.0 | 14,082 | 1.0 | 14,082 |
| GS-6 | Secretary..... | 1.0 | 5,429 | 1.0 | 5,429 |
| | THE PRESIDENT'S COMMITTEE ON YOUTH EMPLOYMENT | | | | |
| GS-15 | Youth programs adviser..... | 1.0 | 15,683 | 1.0 | 15,683 |
| GS-12 | Social science adviser..... | 1.0 | 10,317 | 1.0 | 10,317 |
| GS-11 | do..... | 1.0 | 8,424 | 1.0 | 8,424 |
| GS-7 | Secretary..... | 1.0 | 6,386 | 1.0 | 6,386 |
| GS-5 | do..... | 1.0 | 4,701 | 1.0 | 4,701 |
| GS-4 | Clerk-stenographer..... | 1.0 | 4,222 | 1.0 | 4,222 |
| | Total permanent..... | 13.0 | 113,402 | 13.0 | 113,402 |
| | Deduct: | | | | |
| | Lapse..... | .8 | 6,366 | .8 | 6,366 |
| | Net decrease due to lower pay scales for part of year..... | | 3,036 | | 3,036 |
| | Net permanent..... | 12.2 | 104,000 | 12.2 | 104,000 |
| | Intermittent employment..... | | 1,000 | | 1,000 |
| | Regular pay above 52-week base..... | | 900 | | 900 |
| | 11 Personnel compensation..... | | 105,900 | | 105,900 |
| | 12 Personnel benefits..... | | 8,000 | | 8,000 |
| | 21 Travel and transportation of persons..... | | 8,700 | | 8,700 |
| | 23 Rent, communications, and utilities..... | | 3,200 | | 3,200 |
| | 24 Printing and reproduction..... | | 3,700 | | 3,700 |
| | 25 Other services..... | | 3,900 | | 3,900 |
| | 26 Supplies and materials..... | | 2,600 | | 2,600 |
| | 31 Equipment..... | | 2,000 | | 2,000 |
| | Total obligations..... | | 138,000 | | 138,000 |

Activity 2c(5)—Department of Health, Education, and Welfare

| Grade | Descriptive operating title | Estimate, 1964 | | Estimate, 1964 | |
|--------------|---|----------------|----------------------------|----------------|-------------------------|
| | | Positions | Total salary | Positions | Total salary |
| DEPARTMENTAL | | | | | |
| | Office of the Secretary: | | <i>Presently available</i> | | <i>Revised estimate</i> |
| GS-16 | Assistant to the Under Secretary | 1.0 | \$16,515 | 1.0 | \$16,515 |
| GS-15 | Program officer | 1.0 | 16,182 | 1.0 | 16,182 |
| GS-8 | Secretary | 1.0 | 6,822 | 1.0 | 6,822 |
| GS-7 | do | 1.0 | 6,594 | 1.0 | 6,594 |
| | Office of the General Counsel: | | | | |
| GS-13 | Attorney | 1.0 | 11,731 | 1.0 | 11,731 |
| GS-9 | do | 1.0 | 7,030 | 1.0 | 7,030 |
| GS-5 | Secretary | 1.0 | 4,701 | 1.0 | 4,701 |
| | Office of Education: | | | | |
| GS-16 | Director | 1.0 | 17,014 | 1.0 | 17,014 |
| GS-15 | Director, Professional Services Section | 1.0 | 16,182 | 1.0 | 16,182 |
| GS-15 | Director, Secretary's Report | 1.0 | 16,182 | 1.0 | 16,182 |
| GS-15 | Chief, Program Operations Section | 1.0 | 16,182 | 1.0 | 16,182 |
| GS-15 | Chief, Adult Basic Education Programs | | | 1.0 | 15,683 |
| GS-14 | Director, Statistical Activities | 1.0 | 13,624 | 1.0 | 13,624 |
| GS-14 | Manpower utilization officer | 5.0 | 69,472 | 5.0 | 69,472 |
| GS-14 | Specialist for occupational development | 1.0 | 14,518 | 1.0 | 14,518 |
| GS-14 | Executive officer | 1.0 | 15,870 | 1.0 | 15,870 |
| GS-14 | Field services officer | | | 1.0 | 13,624 |
| GS-14 | Manpower training officer | | | 2.0 | 27,248 |
| GS-14 | Teacher trainer | | | 1.0 | 13,624 |
| GS-14 | Program analyst | | | 1.0 | 13,624 |
| GS-14 | Specialist in curriculum development | | | 2.0 | 27,248 |
| GS-13 | Economist | 1.0 | 11,731 | 1.0 | 11,731 |
| GS-13 | Manpower utilization adviser | 1.0 | 12,126 | 1.0 | 12,126 |
| GS-13 | Research specialist | 1.0 | 12,501 | 1.0 | 12,501 |
| GS-13 | Reports officer | 1.0 | 12,126 | 1.0 | 12,126 |
| GS-13 | Manpower training adviser | | | 1.0 | 11,731 |
| GS-13 | Guidance and counseling specialist | | | 1.0 | 11,731 |
| GS-13 | Teacher trainer assistant | | | 1.0 | 11,731 |
| GS-13 | Instructional evaluation specialist | | | 1.0 | 11,731 |
| GS-12 | Statistician | 1.0 | 9,984 | 1.0 | 9,984 |
| GS-12 | Manpower utilization officer | 1.0 | 9,984 | 1.0 | 9,984 |
| GS-12 | Writer | 1.0 | 9,984 | 1.0 | 9,984 |
| GS-12 | Manpower training assistant | | | 1.0 | 9,984 |
| GS-12 | Curriculum design and development assistant | | | 1.0 | 9,984 |
| GS-12 | Project reviewer | | | 1.0 | 9,984 |
| GS-12 | Editor | | | 1.0 | 9,984 |
| GS-11 | Statistician | 1.0 | 8,424 | 1.0 | 8,424 |
| GS-11 | Auditor | 4.0 | 34,819 | 4.0 | 34,819 |
| GS-11 | Programmer | | | 1.0 | 8,424 |
| GS-11 | Manpower training assistant | | | 1.0 | 8,424 |
| GS-11 | Research assistant | | | 1.0 | 8,424 |
| GS-9 | Position classification specialist | 1.0 | 7,030 | 1.0 | 7,030 |
| GS-9 | Management technician | 1.0 | 7,738 | 1.0 | 7,738 |
| GS-9 | Budget analyst | 1.0 | 7,030 | 1.0 | 7,030 |
| GS-9 | Graphic arts specialist | | | 1.0 | 7,030 |
| GS-9 | Field reviewer | | | 1.0 | 7,030 |
| GS-9 | Research assistant | | | 1.0 | 7,030 |
| GS-7 | Research editorial assistant | 1.0 | 5,990 | 1.0 | 5,990 |
| GS-7 | Personnel assistant | 1.0 | 5,803 | 2.0 | 11,606 |
| GS-7 | Administrative assistant | 1.0 | 6,594 | 1.0 | 6,594 |
| GS-7 | Accounting technician | | | 1.0 | 5,803 |
| GS-6 | Secretary | 5.0 | 27,456 | 6.0 | 32,698 |
| GS-6 | Accounting technician | 1.0 | 6,302 | 1.0 | 6,302 |
| GS-6 | Statistical clerk | | | 1.0 | 5,242 |
| GS-5 | Clerk or stenographer | 5.0 | 25,584 | 21.0 | 100,800 |
| GS-4 | Clerk or clerk-typist | 12.0 | 53,269 | 18.0 | 78,601 |
| GS-3 | Clerk | 3.0 | 11,670 | 7.0 | 27,230 |
| | Subtotal, departmental | 63.0 | 534,764 | 115.0 | 917,235 |

Activity 2c(5)—Department of Health, Education, and Welfare—Continued

| Grade | Descriptive operating title | Estimate, 1964 | | Estimate, 1964 | |
|-------|--|----------------|----------------------------|----------------|-------------------------|
| | | Positions | Total salary | Positions | Total salary |
| | | | <i>Presently available</i> | | <i>Revised estimate</i> |
| | FIELD | | | | |
| | Office of Education: | | | | |
| GS-14 | Regional representative..... | 11.1 | \$154,378 | 11.1 | \$154,378 |
| GS-13 | Field representative..... | 10.0 | 120,429 | 10.0 | 120,429 |
| GS-13 | Regional field representative..... | | | 7.0 | 82,117 |
| GS-12 | do..... | | | 3.0 | 29,952 |
| GS-6 | Secretary..... | 2.0 | 12,417 | 2.0 | 12,417 |
| GS-6 | Clerk or stenographer..... | 8.0 | 41,289 | 8.0 | 41,289 |
| GS-5 | Clerk or clerk-typist..... | 5.0 | 22,256 | 13.0 | 56,032 |
| GS-4 | Clerk..... | 1.0 | 3,890 | 1.0 | 3,890 |
| GS-3 | | | | | |
| | Subtotal, field..... | 37.0 | 354,659 | 55.0 | 500,504 |
| | Total permanent..... | 100.0 | 889,423 | 170.0 | 1,417,739 |
| | Deduct: | | | | |
| | Lapse..... | 11.8 | 106,235 | 64.3 | 503,751 |
| | Net decrease due to lower pay scales for part of year..... | | 17,788 | | 17,788 |
| | Net permanent..... | 88.2 | 765,400 | 105.7 | 896,200 |
| | Temporary and intermittent..... | | 37,200 | | 37,200 |
| | Regular pay above 52-week base..... | | 6,800 | | 10,800 |
| | 11 Personnel compensation..... | | 809,400 | | 944,200 |
| | 12 Personnel benefits..... | | 58,600 | | 68,500 |
| | 21 Travel and transportation of persons..... | | 161,000 | | 183,000 |
| | 23 Rent, communications, and utilities..... | | 34,100 | | 58,100 |
| | 24 Printing and reproduction..... | | 29,500 | | 54,500 |
| | 25 Other services..... | | 135,200 | | 266,600 |
| | 26 Supplies and materials..... | | 6,800 | | 13,800 |
| | 31 Equipment..... | | 13,400 | | 49,300 |
| | Total obligations..... | | 1,248,000 | | 1,638,000 |

Activity 3a—Office of Manpower Administrator

| Grade | Descriptive operating title | Estimate, 1964 | | Estimate, 1964 | |
|-------|--|----------------|----------------------------|----------------|-------------------------|
| | | Positions | Total salary | Positions | Total salary |
| | | | <i>Presently available</i> | | <i>Revised estimate</i> |
| GS-17 | Assistant Manpower Administrator..... | 1 | \$18,013 | 1 | \$18,013 |
| GS-16 | do..... | 1 | 16,016 | 1 | 16,016 |
| GS-15 | Manpower officer..... | 1 | 15,683 | 1 | 15,683 |
| GS-15 | do..... | 1 | 15,683 | 1 | 15,683 |
| GS-9 | Secretary..... | 1 | 7,030 | 1 | 7,030 |
| GS-7 | do..... | 1 | 5,803 | 1 | 5,803 |
| GS-6 | do..... | 2 | 10,484 | 2 | 10,484 |
| | Total permanent..... | 8 | 88,712 | 8 | 88,712 |
| | Deduct: | | | | |
| | Lapse..... | 3 | 33,960 | 3 | 33,960 |
| | Net decrease due to lower pay scales for part of year..... | | 1,602 | | 1,602 |
| | Net permanent..... | 5 | 53,150 | 5 | 53,150 |
| | Regular pay above 52-week base..... | | 650 | | 650 |
| | 11 Personnel compensation..... | | 53,800 | | 53,800 |
| | 12 Personnel benefits..... | | 4,000 | | 4,000 |
| | 21 Travel and transportation of persons..... | | 3,400 | | 3,400 |
| | 23 Rent, communications, and utilities..... | | 1,800 | | 1,800 |
| | 24 Printing and reproduction..... | | 1,800 | | 1,800 |
| | 25 Other services..... | | 35,600 | | 35,600 |
| | 26 Supplies and materials..... | | 1,600 | | 1,600 |
| | 31 Equipment..... | | 4,000 | | 4,000 |
| | Total obligations..... | | 106,000 | | 106,000 |

Activity 3b—Office of Manpower, Automation, and Training

| Grade | Descriptive operating title | Estimate, 1964 | | Estimate, 1964 | |
|-------|--|----------------|----------------------------|----------------|-------------------------|
| | | Positions | Total salary | Positions | Total salary |
| | | | <i>Presently available</i> | | <i>Revised estimate</i> |
| | OFFICE OF THE DIRECTOR | | | | |
| GS-18 | Director..... | 1 | \$20,010 | 1 | \$20,010 |
| GS-17 | Deputy Director..... | 1 | 18,512 | 1 | 18,512 |
| GS-15 | Statistical officer..... | 1 | 16,702 | 1 | 16,702 |
| GS-15 | Manpower officer..... | 7 | 115,916 | 7 | 115,916 |
| GS-14 | Statistical officer..... | 2 | 29,058 | 2 | 29,058 |
| GS-14 | Manpower specialist..... | 2 | 27,248 | 2 | 27,248 |
| GS-13 | do..... | 2 | 23,857 | 2 | 23,857 |
| GS-11 | Management assistant..... | 3 | 26,666 | 3 | 26,666 |
| GS-9 | Secretary..... | 2 | 14,789 | 2 | 14,789 |
| GS-7 | do..... | 1 | 5,990 | 1 | 5,990 |
| GS-6 | do..... | 3 | 17,846 | 3 | 17,846 |
| GS-5 | Clerk or stenographer..... | 4 | 21,216 | 4 | 21,216 |
| | Total permanent..... | 29 | 337,810 | 29 | 337,810 |
| | Deduct: | | | | |
| | Lapse..... | 2 | 23,005 | 2 | 23,005 |
| | Net decrease due to lower pay scales for part of year..... | | 8,005 | | 8,005 |
| | Net permanent..... | 27 | 306,800 | 27 | 306,800 |
| | Intermittent employment..... | | 15,000 | | 15,000 |
| | Pay above 52-week base..... | | 2,600 | | 2,600 |
| | 11 Personnel compensation..... | | 324,400 | | 324,400 |
| | 12 Personnel benefits..... | | 24,800 | | 24,800 |
| | 21 Travel and transportation of persons..... | | 20,000 | | 20,000 |
| | 22 Transportation of things..... | | 1,000 | | 1,000 |
| | 23 Rent, communications, and utilities..... | | 8,000 | | 8,000 |
| | 24 Printing and reproduction..... | | 13,100 | | 13,100 |
| | 25 Other services..... | | 12,200 | | 12,200 |
| | 26 Supplies and materials..... | | 3,600 | | 3,600 |
| | 31 Equipment..... | | 2,900 | | 2,900 |
| | Total..... | | 410,000 | | 410,000 |

Activity 3c—Office of Financial and Management Services

| Grade | Descriptive operating title | 1964 presently available | | 1964 revised estimate | |
|-------|---|--------------------------|--------------|-----------------------|--------------|
| | | Positions | Total salary | Positions | Total salary |
| GS-16 | Director..... | 1.0 | \$18,013 | 1 | \$18,013 |
| GS-15 | Deputy Director..... | 1.0 | 15,683 | 1 | 15,683 |
| GS-15 | Finance officer..... | 1.0 | 17,222 | 1 | 17,222 |
| GS-15 | Management officer..... | 1.0 | 15,683 | 1 | 15,683 |
| GS-15 | Management officer..... | 1.0 | 15,683 | 1 | 15,683 |
| GS-14 | Administrative officer..... | 3.0 | 42,224 | 3 | 42,224 |
| GS-14 | Systems accountant..... | 1.0 | 14,082 | 2 | 27,706 |
| GS-14 | Budget analyst..... | 2.0 | 27,248 | 2 | 27,248 |
| GS-13 | Administrative officer..... | 3.0 | 35,193 | 3 | 35,193 |
| GS-13 | Auditor..... | 2.0 | 24,627 | 3 | 36,358 |
| GS-13 | Systems accountant..... | 2.0 | 24,627 | 2 | 24,627 |
| GS-13 | Budget analyst..... | 2.0 | 23,857 | 2 | 23,857 |
| GS-12 | Administrative officer..... | 5.0 | 52,583 | 6 | 62,567 |
| GS-11 | Management assistant..... | 2.0 | 17,410 | 2 | 17,410 |
| GS-11 | Auditor..... | | | 2 | 16,848 |
| GS-9 | Management assistant..... | 2.0 | 15,454 | 2 | 15,454 |
| GS-7 | do..... | 2.0 | 12,584 | 2 | 12,584 |
| GS-7 | Secretary..... | 1.0 | 6,386 | 1 | 6,386 |
| GS-6 | do..... | 5.0 | 27,623 | 5 | 27,623 |
| GS-5 | Clerk or stenographer..... | 5.0 | 26,229 | 8 | 40,332 |
| GS-4 | Clerk or typist..... | 3.0 | 12,958 | 3 | 12,958 |
| GS-3 | do..... | 3.0 | 12,751 | 3 | 12,751 |
| | Total permanent..... | 48.0 | 468,120 | 56 | 524,410 |
| | Deduct: | | | | |
| | Lapse..... | 5.4 | 50,320 | 11 | 100,510 |
| | Net decrease due to lower pay scales during year..... | | 15,000 | | 15,000 |
| | Net permanent..... | 42.6 | 392,800 | 45 | 408,900 |
| | Intermittent employment..... | | 5,200 | | 5,200 |
| | Pay above 52-week base..... | | 3,500 | | 4,000 |
| | 11 Personnel compensation..... | | 401,500 | | 418,100 |
| | 12 Personnel benefits..... | | 30,100 | | 31,400 |
| | 21 Travel and transportation of persons..... | | 11,600 | | 14,700 |
| | 22 Transportation of things..... | | 1,900 | | 2,100 |
| | 23 Rents, communications, and utilities..... | | 13,100 | | 14,900 |
| | 24 Printing and reproduction..... | | 15,000 | | 16,000 |
| | 25 Other services..... | | 56,500 | | 58,100 |
| | 26 Supplies and materials..... | | 6,300 | | 7,100 |
| | 31 Equipment..... | | 8,000 | | 13,600 |
| | Total obligations..... | | 544,000 | | 576,000 |

Activity 3d—Office of Administrative Assistant Secretary of Labor

| Grade | Descriptive operating title | Estimate, 1964 | | Estimate, 1964 | |
|-------|---|----------------|--|----------------|---|
| | | Posi- tions | Total salary | Posi- tions | Total salary |
| GS-15 | Manpower representative..... | 1.0 | <i>Presently available</i> \$17,222 | 1.0 | <i>Revised estimate</i> \$17,222 |
| GS-13 | do..... | 1.0 | 11,731 | 1.0 | 11,731 |
| GS-12 | Employee-management relations specialist..... | 1.0 | 9,984 | 1.0 | 9,984 |
| GS-12 | Manpower representative..... | 1.0 | 9,984 | 1.0 | 9,984 |
| GS-11 | Librarian..... | 1.0 | 8,424 | 1.0 | 8,424 |
| GS-5 | Clerk or stenographer..... | 2.0 | 9,402 | 2.0 | 9,402 |
| | Total permanent..... | 7.0 | 66,747 | 7.0 | 66,747 |
| | Deduct: | | | | |
| | Lapse..... | .2 | 1,987 | .2 | 1,987 |
| | Net decrease due to lower pay scales for part of year..... | | 1,560 | | 1,560 |
| | Net permanent..... | 6.8 | 63,200 | 6.8 | 63,200 |
| | Regular pay above 52-week base..... | | 500 | | 500 |
| | 11 Personnel compensation..... | | 63,700 | | 63,700 |
| | 12 Personnel benefits..... | | 4,800 | | 4,800 |
| | 21 Travel and transportation of persons..... | | 2,000 | | 2,000 |
| | 23 Rent, communications, and utilities..... | | 2,400 | | 2,400 |
| | 25 Other services..... | | 1,600 | | 1,600 |
| | 26 Supplies and materials..... | | 1,400 | | 1,400 |
| | 31 Equipment..... | | 1,100 | | 1,100 |
| | Total obligations..... | | 77,000 | | 77,000 |

REQUEST FOR 1965

Mr. FOGARTY. You have a big increase for 1965, more than double 1964, even if you get the full amount of the supplemental requested. First, tell us how the changes in the law affect the budget?

EFFECT ON BUDGET OF CHANGES IN THE LAW

Mr. HENNING. The allowance for payments to adults including the amendments would increase to \$124 million. Youth with allowance would increase \$17 million.

Mr. FOGARTY. The first one is \$124 million?

Mr. HENNING. Yes. The youth with allowance, \$17 million; adult literacy training, \$20 million; youth with allowances under literacy training, \$2,700,000. In all, total direct program payments, \$175,800,000.

Mr. FOGARTY. How much would have been in the request if the law had not been changed?

Mr. HUDSON. You wouldn't have any program.

Mr. FOGARTY. I am talking about 1965.

Mr. HUDSON. State matching provisions was one of the extensions.

Mr. LAIRD. You would have a program, wouldn't you?

Mr. HUDSON. Not in title II.

Mr. HENNING. I will ask Mr. Shearer that. What do you think, presuming you had the ongoing program continued without liberalizing amendments—we are assuming we would have State participation in financing, though.

Mr. FOGARTY. Yes.

Mr. HENNING. As he indicates, the program would collapse without State participation in financing. Do you have an estimate of the difference in costs due to the other changes?

Mr. SHEARER. This figure is based on the assumption that allowance payments on the average, they vary from State to State, as you know, sir, would rise for adults who are eligible, to about \$42 per week. The increase in allowance provided by the amendment is up to \$10. Consequently, it would appear that the difference in the cost of allowances before and after the amendments would be something in excess of a fourth of the total cost, or perhaps a difference of about \$50 million in the year, a program of this magnitude.

INCREASE FOR ADMINISTRATIVE ACTIVITIES

Mr. FOGARTY. For all administrative activities, Federal, State, and local, you currently have \$21 million and the budget for 1965 includes \$49 million, or more than double. Several activities like research, executive direction from Washington, legal services, et cetera, should not increase, because there are more projects, should they?

Mr. HENNING. Well, already we have had a great increase in our administrative activity through, OMAT, for example, in preparing for the implementation for the liberalized provisions. We have had a task force working for about 5 weeks now on the kind of system to set up for the bonus operation.

We think the fact that Federal expenses are just at 3 percent of the total of \$411 million is very reasonable. I am reminded we kept research costs at the same level as 1964. I gave an example of the additional work that is coming through.

STATE AND LOCAL PERSONNEL

Mr. FOGARTY. Your justifications don't show how many State and local personnel are now paid from these funds and how many would be under the 1965 budget. Will you please place that information in the record?

Mr. HENNING. We will.
(The information is as follows:)

Man-years of State agency employment financed from manpower development and training activities

| | Enacted, 1964 | Estimate, 1964 ¹ | Estimate, 1965 |
|------------------------------------|------------------|--------------------------------|-------------------|
| Employment security agencies..... | 1,044 | 1,686 | 3,587 |
| Vocational education agencies..... | 240 | 404 | 785 |
| Apprenticeship agencies..... | 20 | 20 | 51 |
| Total..... | 1,304 | 2,110 | 4,423 |

¹ Includes supplemental estimate.

EFFECTS OF CUTTING PROGRAM

Mr. FOGARTY. What would happen if Congress decides to give you only a 50-percent increase for all these administrative activities and put on a limitation of say, \$30 or \$35 million?

Mr. HENNING. I think we would suffer greatly. For example, whatever hopes we have of getting OJT up to 25 percent of the total rests upon more personnel for BAT.

Mr. FOGARTY. How could you do that when they are cutting back on their basic budget?

Mr. HENNING. We are asking for 25 additional BAT people to be assigned to OJT in the supplemental appropriation request. It would be strictly OJT operations.

EXPEDITURES FOR RESEARCH

Mr. FOGARTY. About how much have you spent on research since the program started? What are some of the results?

Mr. HENNING. We have \$3.8 million allocated to this area. I could have Mr. Wolfbein speak on the research achievements.

Mr. FOGARTY. Whoever wants to speak, go ahead.

Mr. HENNING. I would say that OMAT has done, I think, an excellent job. At the moment it is preparing the second annual manpower report of the President to Congress, the second Secretary's report on the Manpower Development and Training Act. We have in our prepared statement some of the studies made in research. These are program research efforts without which we would be at a loss to evaluate the Manpower Development and Training Act. The characteristic studies of trainees being served are the results of the research activities of OMAT.

Mr. FOGARTY. Do you wish to speak to that?

Mr. HENNING. We are keeping the same level of financing at 137 positions. We have asked for no increase in positions in OMAT.

Mr. FOGARTY. You are asking for \$3,850,000?

Mr. HENNING. Yes. The \$3 million figure is the basic figure. The \$850,000 involves automation and technological impact studies that were approved by the committee prior to the adoption of the Manpower Development and Training Act.

CONTRACTING RESEARCH

Mr. FOGARTY. How much of this is by contract and with whom do you contract?

Mr. HENNING. Seymour, would you speak to the contracting operations?

Mr. WOLFBEIN. Of the \$3.8 million, Mr. Chairman, for this fiscal year, about \$2.1 million is available for contracting out and \$1.7 million is for work within the Department.

Now, a little over \$2 million that we have available for contracting out, as you know, from the history, was deliberately chosen that way. We knew we would have about this much money available. The question was how much of this should be used for jobs in our own staff and how much should we make available for contracting out, especially to colleges and universities to do certain critical jobs for us.

We thought, after going through this, that a division of the kind that you have in the books of about 137 people in our own outfit, plus a little over \$2 million available for contract research, would do the job.

On the contracting side, and this I think it is fair to say has been one of the most successful parts of our operation, because what we have been able to do is to get the kind of talent that is available at universities. For example, the University of Michigan, Michigan State, University of California, and other places, who are on the ground in the places where we want some research done. For example, one of the big problems we have is in the Upper Peninsula of Michigan, as you know. Northern Michigan University is very interested, and for the first time really taking a look at that place in terms of what is the manpower available, what training ought to be done, and how could the university and the community do this, so we are contracting with them. It is a relatively small amount of money, but we get the talent at the university right there to do the job.

When they finish they make the results available, not only to themselves, but, of course, to everybody, so other people who have the same kind of problems, you see, can also use it. Whether it is this kind of job or a research contract to let's say the National Association for Retarded Children to see what could be done with the training of that group, or the University of Wisconsin, to see how can you really move blue-collar people to white-collar jobs through training—all is focused on using the talent available in these various places to help us do a better job on what the Manpower Development Training Act calls for, which is training. That is roughly the breakdown, Mr. Chairman.

TYPES OF TRAINING, NUMBER PLACED IN JOBS, AND NUMBER TO BE TRAINED
IN 1965

Mr. FOGARTY. Will you place in the record a table showing the number enrolled in going programs broken down by types such as auto mechanics, tractor drivers, et cetera, how many have finished their training, how many of these have been placed in jobs, how many do you expect will be trained in 1965, if you get the amount requested?

(The requested information follows:)

Occupations for which MDTA institutional and on-the-job training projects were approved, August 1962 through December 1963

| Major occupational group and occupation ¹ | Number | | Major occupational group and occupation ¹ | Number | |
|--|----------|----------|---|----------|----------|
| | Projects | Trainees | | Projects | Trainees |
| Total..... | 2,880 | 119,362 | | | |
| Professional and managerial ² | 315 | 9,148 | Clerical and sales..... | 543 | 22,117 |
| Editor, trade or technical..... | 1 | 5 | Bookkeeper..... | 4 | 80 |
| Occupational therapy assistant..... | 1 | 30 | Accounting clerk..... | 6 | 112 |
| Nurse, head (refresher)..... | 1 | 13 | Cashier..... | 2 | 58 |
| Nurse, staff (refresher)..... | 3 | 240 | Bookkeeping machine operator..... | 5 | 176 |
| Ballooning (hot air balloon)..... | 1 | 10 | Grocery checker..... | 1 | 20 |
| Floral designer..... | 3 | 100 | Clerk, general office..... | 38 | 1,383 |
| Illustrator..... | 2 | 9 | Insurance specialist..... | 1 | 60 |
| Clay modeler..... | 2 | 30 | Ward clerk..... | 4 | 85 |
| Draftsman..... | 4 | 177 | Teller (banking)..... | 1 | 32 |
| Detailer..... | 5 | 110 | Room clerk..... | 2 | 45 |
| Furniture..... | 1 | 1 | Insurance rate clerk..... | 1 | 24 |
| Aeronautical..... | 1 | 360 | Medical clerk..... | 2 | 62 |
| Architectural..... | 1 | 30 | Followup man..... | 4 | 29 |
| Commercial..... | 5 | 113 | Traffic rate clerk..... | 2 | 32 |
| Construction..... | 1 | 10 | Office machine operator..... | 1 | 20 |
| Electrical..... | 2 | 50 | Calculating machine operator..... | 3 | 111 |
| Mechanical..... | 32 | 726 | Duplicating machine Operator IV..... | 5 | 112 |
| Tool design..... | 2 | 42 | Keypunch operator..... | 11 | 342 |
| Industrial..... | 1 | 15 | Tabulating machine operator..... | 3 | 65 |
| Structural..... | 1 | 5 | Dental assistant..... | 8 | 162 |
| Tracer..... | 1 | 40 | Secretary..... | 28 | 992 |
| Production illustrator..... | 2 | 25 | Receiving clerk II..... | 1 | 12 |
| Tool designer..... | 1 | 50 | Shipping clerk I..... | 2 | 8 |
| Medical technician..... | 2 | 29 | Shipping clerk II..... | 3 | 6 |
| Surgical technician..... | 2 | 19 | Platform checker..... | 1 | 3 |
| X-ray technician..... | 2 | 19 | Assistant medical records librarian..... | 1 | 32 |
| Laboratory technician..... | 2 | 140 | Stenographer..... | 221 | 7,842 |
| Hematologist technician..... | 1 | 4 | Stenotypist..... | 1 | 60 |
| Operating room technician..... | 5 | 102 | Typist..... | 30 | 2,083 |
| Occupational therapy assistant..... | 1 | 20 | Teletype operator..... | 1 | 10 |
| Laboratory assistant, chemist..... | 5 | 113 | Clerk-typist..... | 108 | 5,623 |
| Laboratory technician..... | 2 | 2 | Transcribing-machine operator..... | 2 | 120 |
| Medical laboratory assistant..... | 1 | 15 | Stock clerk..... | 3 | 14 |
| Treatment plant maintenance and management trainee..... | 1 | 50 | Inventory controller..... | 1 | 1 |
| Water and sewage plant laboratory technician..... | 3 | 8 | Teacher aide..... | 1 | 40 |
| Physical therapy aid..... | 1 | 2 | Station house clerk (police precinct)..... | 1 | 30 |
| Nurse, practical, licensed..... | 147 | 4,777 | Salesperson, women's garments..... | 1 | 20 |
| Surveyor..... | 1 | 24 | Sales clerk (retail trade)..... | 1 | 40 |
| Engineering aid II..... | 1 | 30 | Salesperson: | | |
| Instrument man (entry)..... | 1 | 20 | Automobile parts..... | 9 | 214 |
| Transit man (entry)..... | 3 | 68 | General..... | 16 | 1,565 |
| Taxidermist..... | 1 | 12 | Photo supplies and equipment..... | 1 | 32 |
| Electronic technician..... | 2 | 92 | Salesman: | | |
| Systems testing laboratory technician (entry)..... | 2 | 74 | General..... | 4 | 324 |
| Statistical quality control assistant..... | 1 | 15 | Motor vehicles and supplies..... | 1 | 21 |
| Recreational aid..... | 2 | 100 | Building and construction equipment and supplies..... | 1 | 15 |
| Forester aid (entry)..... | 20 | 437 | Service..... | 224 | 12,708 |
| Time-study man..... | 1 | 10 | Homemaker..... | 1 | 48 |
| Radio-TV announcer..... | 1 | 18 | Home attendant..... | 2 | 69 |
| Programmer (entry)..... | 15 | 468 | Chambermaid..... | 6 | 289 |
| Engineering aid, civil..... | 5 | 108 | Ward maid..... | 2 | 92 |
| Data processing technician..... | 1 | 32 | House cleaner (medical service)..... | 2 | 173 |
| Service station manager..... | 1 | 2 | Housekeeper: | | |
| Manager: | | | Hotel and restaurant..... | 3 | 315 |
| Retail food (legally blind) Department (retail trade)..... | 1 | 44 | Medical service..... | 3 | 340 |
| Custodian..... | 2 | 40 | Roundsman..... | 2 | 81 |
| Chief clerk..... | 2 | 63 | Cook: | | |
| Sugarcane farm administrator..... | 1 | 20 | Combination..... | 1 | 20 |
| Printed circuit board technician..... | 1 | 30 | Fry..... | 2 | 68 |
| | | | Chef (hotel and restaurant)..... | 2 | 52 |

See footnotes at end of table.

Occupations for which MDTA institutional and on-the-job training projects were approved, August 1962 through December 1963—Continued

| Major occupational group and occupation ¹ | Number | | Major occupational group and occupation ¹ | Number | |
|--|----------|----------|--|----------|----------|
| | Projects | Trainees | | Projects | Trainees |
| Service—continued | | | Skilled—continued | | |
| Cook: | | | Printer..... | 1 | 48 |
| Hotel and restaurant..... | 47 | 1,398 | Linotype operator..... | 1 | 80 |
| Short order..... | 6 | 96 | Camera man, roll and sheet..... | 1 | 8 |
| Waiter: | | | Camera plate maker and stripper..... | 1 | 10 |
| Formal..... | 7 | 412 | Stripper and printer..... | 1 | 4 |
| Informal..... | 4 | 134 | Dot-etch journeyman..... | 1 | 4 |
| Waitress..... | 19 | 1,263 | Offset pressman..... | 8 | 191 |
| Cook helper..... | 2 | 140 | Platemaker assistant..... | 1 | 8 |
| Pantryman..... | 2 | 130 | Photographic worker..... | 1 | 1 |
| Food service restaurant worker..... | 2 | 30 | Shoe repairman..... | 7 | 181 |
| Beauty operator..... | 4 | 49 | Sewer, hand (boot and shoe)..... | 8 | 445 |
| Orderly..... | 9 | 1,035 | Binding stitcher..... | 2 | 48 |
| Nurse aid..... | 66 | 4,568 | Goodyear stitcher (boot and shoe)..... | 1 | 10 |
| Psychiatric aid..... | 9 | 980 | Stitcher, utility (boot and shoe)..... | 1 | 25 |
| Ward attendant..... | 6 | 380 | Top stitcher (boot and shoe)..... | 5 | 90 |
| Kindergartner..... | 1 | 20 | Vamper II (boot and shoe)..... | 1 | 84 |
| Cook apprentice..... | 2 | 7 | Side laster, hand (boot and shoe)..... | 1 | 10 |
| Guard, institution..... | 1 | 10 | Bed laster..... | 4 | 69 |
| Janitor I..... | 8 | 407 | Puller over, machine (boot and shoe)..... | 1 | 10 |
| Porter I..... | 2 | 32 | Inspector (boot and shoe)..... | 2 | 16 |
| Service worker..... | 1 | 50 | Finisher-foot ester-bit gath- erer, glass..... | 1 | 20 |
| Agriculture..... | 76 | 2,509 | Gatherer-blower (glass manu- facturer)..... | 1 | 20 |
| Dairyman II..... | 2 | 140 | Watchmaker..... | 1 | 12 |
| Farmer, general..... | 4 | 115 | Electroplater..... | 1 | 1 |
| Truck farmer..... | 2 | 95 | Machinist (entry)..... | 21 | 536 |
| Farmhand: | | | Lathe operator..... | 1 | 3 |
| Dairy..... | 11 | 246 | Machinist, outside (ship and boat building and repair)..... | 2 | 180 |
| General..... | 10 | 385 | Tool setter..... | 1 | 8 |
| All-round farm machinery operator..... | 7 | 214 | Job setter (machine shop) (entry)..... | 1 | 20 |
| Tractor operator I..... | 3 | 71 | Screw machine setup man, automatic..... | 5 | 103 |
| Tractor operator II..... | 3 | 90 | Turret lathe setup man..... | 2 | 47 |
| Farm mechanic..... | 5 | 110 | Tool and diemaker..... | 1 | 18 |
| Farm couple..... | 1 | 10 | Toolmaker, eyelet (entry)..... | 1 | 30 |
| Fruit farm technician..... | 1 | 25 | Engine lathe operator I..... | 7 | 114 |
| Nurseryman II..... | 2 | 55 | Machine shop and related oc- cupations (entry)..... | 3 | 634 |
| Grounds keeper..... | 5 | 175 | Screw machine operator..... | 1 | 20 |
| Landscape gardener..... | 1 | 20 | Turret lathe operator..... | 15 | 499 |
| Tree and vine pruner..... | 10 | 539 | Milling machine operator..... | 10 | 149 |
| Arborist..... | 4 | 67 | Surface grinder operator..... | 1 | 8 |
| Fisherman, otter trawl..... | 1 | 50 | Inspector (machine shop)..... | 4 | 82 |
| Fish filleter..... | 2 | 32 | Sheet metal worker..... | 18 | 562 |
| Skilled..... | 1,056 | 29,414 | Sheet metal worker, aircraft..... | 2 | 92 |
| Baker..... | 5 | 74 | Structural steelworker..... | 1 | 20 |
| Butcher..... | 1 | 20 | Shipfitter..... | 1 | 100 |
| Knitting-machine operator..... | 4 | 134 | Ornamental ironworker..... | 2 | 27 |
| Knitting-machine operator, hand..... | 1 | 6 | Ironworker, shop..... | 1 | 25 |
| Garment mender..... | 1 | 10 | Structural steel fitter..... | 1 | 20 |
| Weaver..... | 5 | 107 | Template maker, structural steel..... | 2 | 50 |
| Loom fixer..... | 1 | 12 | Welder: | | |
| Mender (textile)..... | 1 | 12 | Construction trades..... | 3 | 105 |
| Seamstress..... | 1 | 20 | Arc..... | 32 | 1,560 |
| Tailor..... | 5 | 72 | Inert gas..... | 18 | 497 |
| Alterer (garment)..... | 1 | 17 | Ship..... | 1 | 7 |
| Garment cutter..... | 1 | 25 | Combination..... | 84 | 2,945 |
| Garment inspector..... | 1 | 15 | Cold header (setup)..... | 1 | 9 |
| Lumber grader..... | 6 | 70 | Scarfer and chipper..... | 1 | 3 |
| Head sawyer..... | 1 | 60 | Casting machine operator..... | 2 | 12 |
| Operation inspector..... | 1 | 1 | Electrician (entry)..... | 13 | 322 |
| Cabinetmaker..... | 12 | 256 | Electrician, ship (entry)..... | 3 | 152 |
| Woodworking machine opera- tor..... | 6 | 165 | Electrical repairman..... | 1 | 2 |
| Router operator..... | 1 | 4 | Electronic component assem- bler and inspector..... | 2 | 80 |
| Planer operator..... | 2 | 8 | Quality control inspector..... | 1 | 1 |
| Kiln operator..... | 1 | 2 | Firesetter (electrical equip- ment)..... | 1 | 6 |
| Millman..... | 14 | 496 | | | |
| Upholsterer..... | 11 | 283 | | | |
| Platemaker..... | 1 | 4 | | | |
| Printer-slitter operator..... | 1 | 6 | | | |
| Corrugator operator, head..... | 1 | 2 | | | |

See footnotes at end of table.

Occupations for which MDTA institutional and on-the-job training projects were approved, August 1962 through December 1963—Continued

| Major occupational group and occupation ¹ | Number | | Major occupational group and occupation ¹ | Number | |
|--|----------|----------|--|----------|----------|
| | Projects | Trainees | | Projects | Trainees |
| Skilled—continued | | | Skilled—continued | | |
| Tester, systems (entry)..... | 3 | 175 | Machine setup man (wood-working)..... | 6 | 14 |
| Metal fabricator I..... | 1 | 16 | Machine fixer..... | 2 | 8 |
| Fitting man..... | 1 | 15 | Television service and repair..... | 12 | 349 |
| Precision lens grinder..... | 1 | 20 | Electric motor repair..... | 1 | 20 |
| Ophthalmic surfer..... | 1 | 1 | Electronics mechanic (entry)..... | 50 | 1,584 |
| Piano tuner and repairman..... | 2 | 24 | Radio mechanic..... | 2 | 75 |
| Stringing inspector..... | 1 | 9 | Maintenance man: | | |
| Broommaker..... | 1 | 16 | Building..... | 6 | 214 |
| Finisher (planing mill)..... | 4 | 30 | Mill..... | 2 | 13 |
| Painter, automobile..... | 3 | 95 | Construction equipment mechanic..... | 2 | 35 |
| Patternmaker, furniture..... | 1 | 1 | Engineering equipment mechanic..... | 1 | 30 |
| Samplemaker, furniture..... | 1 | 2 | Maintenance mechanic..... | 10 | 146 |
| Loftsman (entry)..... | 1 | 125 | Molding machine mechanic..... | 3 | 48 |
| Template maker (entry)..... | 1 | 80 | Sewing machine repairman..... | 9 | 151 |
| Operating engineer II (entry)..... | 3 | 69 | Outboard motor repairman..... | 1 | 15 |
| Bricklayer..... | 8 | 281 | Gas engine repairman..... | 3 | 45 |
| Tile setter..... | 3 | 41 | Diesel mechanic..... | 11 | 179 |
| Carpenter: | | | Farm equipment mechanic..... | 4 | 67 |
| Bench (entry)..... | 2 | 35 | Mechanical equipment repairman..... | 1 | 15 |
| Entry..... | 17 | 395 | Air-conditioning and refrigeration mechanic..... | 15 | 271 |
| Finish..... | 5 | 134 | Instrument man..... | 3 | 98 |
| Rough..... | 3 | 95 | Vending machine repairman..... | 1 | 24 |
| Boatbuilder, wooden..... | 1 | 16 | Tool grinder operator..... | 1 | 4 |
| Joiner (ship and boat building and repair)..... | 1 | 40 | Knife grinder (woodworking)..... | 1 | 1 |
| Cement finisher..... | 7 | 181 | Photographic technician..... | 1 | 1 |
| Painter: | | | Contact printer assistant..... | 1 | 4 |
| Interior finish..... | 4 | 174 | Crane operator..... | 1 | 12 |
| Boat, finish..... | 1 | 8 | | | |
| Pipefitter (entry)..... | 1 | 100 | | | |
| Pipefitter (ship and boat building and repair)..... | 6 | 396 | | | |
| Plumber..... | 6 | 104 | | | |
| Asbestos worker, pipe coverer..... | 1 | 36 | Semiskilled..... | 561 | 22,218 |
| School busdriver..... | 2 | 915 | Meat processing worker..... | 1 | 44 |
| Telegraphic typewriter repairman..... | 1 | 12 | Separator man (grain cleaner)..... | 1 | 5 |
| Lineman..... | 1 | 60 | Meat production operator..... | 1 | 60 |
| Meatcutter..... | 5 | 313 | Cigar machine operator..... | 1 | 18 |
| Stationary engineer..... | 1 | 25 | Transfer knitter..... | 1 | 15 |
| Rotary driller..... | 1 | 180 | Seamless hosiery knitter..... | 1 | 36 |
| Well-drill operator..... | 1 | 1 | Garment looper..... | 1 | 35 |
| Millwright..... | 3 | 63 | Looper (hosiery)..... | 1 | 15 |
| Airplane mechanic..... | 1 | 12 | Topper (hosiery)..... | 1 | 7 |
| Aircraft engine mechanic..... | 2 | 33 | Gill-box tender..... | 2 | 6 |
| Automobile mechanic..... | 205 | 4,915 | Comber tender..... | 2 | 10 |
| Truck mechanic..... | 2 | 40 | Card tender..... | 1 | 2 |
| Transmission and differential repairman..... | 2 | 80 | Quiller operator..... | 1 | 2 |
| Tractor mechanic..... | 2 | 45 | Production inspector..... | 1 | 1 |
| Wheel alignment mechanic..... | 2 | 35 | Twister-in (textile)..... | 1 | 1 |
| Ignition and carburetion mechanic..... | 3 | 60 | Upholstery cutter..... | 2 | 5 |
| Automobile body repairman..... | 105 | 2,410 | Embroidery machine operator..... | 2 | 95 |
| Truck body builder..... | 1 | 4 | Sewer, machine (upholstery)..... | 1 | 5 |
| Air conditioning mechanic (auto service)..... | 1 | 15 | Sewing machine operator (furniture)..... | 5 | 43 |
| Motor analyst..... | 5 | 134 | Glove sewer, leather products..... | 1 | 12 |
| Automatic transmission repairman..... | 9 | 182 | Sewing machine operator:..... | | |
| Automobile mechanic tune-up specialist..... | 1 | 15 | House furnishings..... | 2 | 15 |
| Appliance serviceman..... | 1 | 18 | Knit goods..... | 2 | 152 |
| Oil burner installation and serviceman..... | 7 | 330 | Upholstery seamstress (retail trade)..... | 1 | 2 |
| Heating and air conditioning mechanic..... | 1 | 24 | Sewing machine operator:..... | | |
| Gas appliance serviceman..... | 1 | 20 | Textile..... | 1 | 60 |
| Electrical appliance serviceman..... | 23 | 513 | Garment..... | 25 | 2,253 |
| Household appliance serviceman and installer..... | 2 | 38 | Shirts..... | 5 | 338 |
| Household appliance repairman..... | 9 | 246 | Lingerie..... | 4 | 201 |
| Office machine serviceman..... | 8 | 165 | Carpet tufting machine operator..... | 1 | 60 |
| Typewriter serviceman..... | 1 | 20 | Pulpwood cutter..... | 1 | 25 |
| | | | Dragsaw operator..... | 1 | 2 |
| | | | Barking machine operator..... | 1 | 2 |
| | | | Edger man..... | 2 | 12 |
| | | | Gang sawyer (sawmill)..... | 1 | 2 |
| | | | Band resaw operator (sawmill)..... | 1 | 2 |
| | | | Trimmer man (sawmill)..... | 2 | 6 |
| | | | Sawmill worker..... | 2 | 85 |

See footnotes at end of table.

Occupations for which MDTA institutional and on-the-job training projects were approved, August 1962 through December 1963—Continued

| Major occupational group and occupation ¹ | Number | | Major occupational group and occupation ¹ | Number | |
|--|----------|----------|---|----------|----------|
| | Projects | Trainees | | Projects | Trainees |
| Semiskilled—Continued | | | Semiskilled—Continued | | |
| Action moulder..... | 1 | 14 | Heel builder machine man (boot and shoe)..... | 1 | 24 |
| Mold sander operator, automatic..... | 1 | 4 | Top lift nailer (boot and shoe)..... | 1 | 24 |
| Belt sander, edger-polisher..... | 1 | 6 | Blemish remover (boot and shoe)..... | 1 | 10 |
| Drum sander I (furniture)..... | 1 | 3 | Heel emery man (boot and shoe)..... | 2 | 34 |
| Circular-rip saw operator (woodworking)..... | 1 | 21 | Shoe manufacturing, general..... | 1 | 180 |
| Band-scroll saw operator (woodworking)..... | 1 | 2 | Case coverer..... | 3 | 60 |
| Swinging cutoff saw operator (woodworking)..... | 1 | 5 | Pantograph operator..... | 1 | 4 |
| Scrap sawyer (sawmill)..... | 1 | 15 | Engine lathe operator II..... | 1 | 50 |
| Variety saw operator..... | 2 | 11 | Turret lathe operator, automatic (entry)..... | 1 | 18 |
| Chisel mortiser operator (furniture planing mill)..... | 1 | 2 | Screw machine operator..... | 11 | 377 |
| Dovetail machine operator (furniture)..... | 1 | 4 | Lapping machine operator..... | 1 | 5 |
| Tenoner operator (furniture)..... | 2 | 8 | External grinder operator..... | 1 | 7 |
| Shaper operator..... | 2 | 10 | Grinder..... | 1 | 30 |
| Machine operator, general (shaped wood artwork)..... | 1 | 20 | Floor assembler..... | 3 | 54 |
| Boring machine operator: | | | Assembler (machine shop)..... | 2 | 45 |
| Horizontal and vertical..... | 1 | 4 | Machine operator, general..... | 169 | 6,383 |
| Multiple spindle..... | 1 | 4 | Steel-plate calker (ship and boat building and repair)..... | 1 | 6 |
| Molder operator..... | 2 | 10 | Welder: | | |
| Woodworker, general..... | 8 | 183 | Arc II (production)..... | 1 | 42 |
| Glue clamp operator (woodwork)..... | 1 | 12 | Spot..... | 1 | 2 |
| Fabricator, metal winder..... | 1 | 10 | Tack..... | 1 | 160 |
| Cushion maker (furniture)..... | 1 | 1 | Furnace operator, heat treating..... | 1 | 5 |
| Spring cushion filler (furniture)..... | 1 | 1 | Intermediate level man..... | 1 | 3 |
| Cushion man..... | 1 | 1 | Straighten and cutoff man..... | 1 | 6 |
| Variety saw operator (entry)..... | 1 | 30 | Punch press operator and setup man..... | 1 | 10 |
| Upholsterer (furniture) II..... | 4 | 74 | Punch press operator..... | 1 | 7 |
| Upholster helper (entry)..... | 1 | 20 | Foot press operator..... | 1 | 20 |
| Case framer..... | 1 | 8 | Inspector (iron and steel)..... | 1 | 3 |
| Furniture assembler..... | 1 | 4 | Ladle tilt operator..... | 1 | 3 |
| Stock parts inspector (furniture)..... | 1 | 7 | Electric furnace: | | |
| Spring assembler..... | 1 | 1 | First helper..... | 1 | 6 |
| Springer, hand tie (furniture)..... | 1 | 4 | Second helper..... | 1 | 3 |
| Tape edge machine operator..... | 1 | 10 | Ladleman..... | 1 | 6 |
| Veneer mill worker..... | 1 | 120 | Stopperman..... | 1 | 6 |
| Slitter and rewinder machine operator..... | 1 | 8 | Machine operator (roller coater)..... | 1 | 3 |
| Splitting machine operator..... | 1 | 2 | Sheet metal fabricating machine operator..... | 6 | 224 |
| Slotter operator..... | 1 | 5 | Slitter operator..... | 1 | 3 |
| Die moulder..... | 1 | 1 | Electronics assembler..... | 2 | 134 |
| Taping machine operator..... | 1 | 3 | Solderer..... | 2 | 160 |
| Folder-gluer operator..... | 1 | 3 | Welder..... | 1 | 80 |
| Corrugated-combining machine operator..... | 1 | 2 | Chassis assembler..... | 3 | 578 |
| Slitter-scorer-cutoff operator..... | 1 | 2 | Electronic assembler..... | 20 | 1,751 |
| Stripper, assistant..... | 1 | 8 | Module assembler..... | 2 | 255 |
| Mixing machine operator..... | 1 | 2 | Testing machine operator..... | 1 | 2 |
| Chemical operator II (entry)..... | 1 | 20 | Ordinance material assembler..... | 1 | 123 |
| Glue mixer (adhesive man)..... | 1 | 1 | Armature winder..... | 1 | 5 |
| Rubber pressman..... | 1 | 103 | Coil winder..... | 1 | 15 |
| Cutter, hand (boot and shoe)..... | 3 | 90 | Electric motor assembler..... | 1 | 25 |
| Skiver, machine (boot and shoe)..... | 3 | 85 | Inspector and tester, motors, generators, and parts..... | 1 | 90 |
| Cutter, machine (entry)..... | 1 | 120 | Cable maker, electrical equipment..... | 1 | 12 |
| Edge trimmer (boot and shoe)..... | 4 | 59 | Control assembler, electric accessories..... | 3 | 103 |
| Groover and turner..... | 1 | 16 | Inspector (electric equipment) I..... | 1 | 7 |
| Stitcher, machine (boot and shoe)..... | 12 | 684 | Production worker..... | 1 | 75 |
| Heal-seam closer (boot and shoe)..... | 2 | 81 | Motor adjuster..... | 4 | 68 |
| Fancy stitcher (boot and shoe)..... | 1 | 48 | Subassembler (aircraft)..... | 1 | 1,300 |
| Heel coverer (boot and shoe)..... | 1 | 16 | Assembler IV (aircraft)..... | 1 | 1,000 |
| Sole layer, hand (boot and shoe)..... | 1 | 10 | Tank assembler..... | 1 | 3 |
| Rougher for cement..... | 1 | 10 | Sphere assembler..... | 1 | 4 |
| | | | Balloon assembler..... | 1 | 18 |
| | | | Fiberglass layup man..... | 2 | 10 |
| | | | Calibrator (instrument)..... | 1 | 80 |
| | | | Instrument assembler..... | 2 | 155 |
| | | | Press operator..... | 1 | 18 |

See footnotes at end of table.

Occupations for which MDTA institutional and on-the-job training projects were approved, August 1962 through December 1963—Continued

| Major occupational group and occupation ¹ | Number | | Major occupational group and occupation ¹ | Number | |
|--|----------|----------|--|----------|----------|
| | Projects | Trainees | | Projects | Trainees |
| Semiskilled—Continued | | | Apprentices | 51 | 458 |
| Pill machine operator | 1 | 1 | Carpenter | 3 | 50 |
| Machine operator, plastic | 1 | 12 | Machinist | 13 | 16 |
| Oven attendant | 1 | 18 | Tool and die maker | 5 | 154 |
| Action regulator | 1 | 9 | Electrician | 1 | 1 |
| Action inspector | 1 | 24 | Toolmaker | 1 | 20 |
| Fur dresser | 1 | 6 | Bricklayer | 2 | 36 |
| Inside sorter (broom) | 1 | 8 | Transferrer I | 1 | 3 |
| Broom stitchee | 1 | 8 | Lithographic artist | 1 | 7 |
| Painter, spray | 3 | 50 | Offset pressman | 1 | 9 |
| Glass applicator | 1 | 10 | Maintenance mechanic | 2 | 8 |
| Plastic decorator | 1 | 6 | Millwright | 1 | 2 |
| Assistant yard dyer | 2 | 15 | Automobile mechanic | 4 | 68 |
| Bulldozer operator | 2 | 48 | Automobile body repairman, metal | 1 | 2 |
| Ladle liner | 1 | 6 | Meatcutter | 4 | 20 |
| Salesman, route | 5 | 110 | Cabinetmaker | 4 | 41 |
| Tractor operator | 3 | 85 | Furniture finisher | 2 | 9 |
| Sewage plant operator | 2 | 86 | Upholsterer | 5 | 12 |
| Franchiser (telephone and telegraph) | 1 | 30 | Other | 26 | 234 |
| Presser, machine | 3 | 90 | Crab picker | 1 | 100 |
| Shirt presser | 4 | 326 | Slaughterhouse worker | 1 | 16 |
| Carpet layer | 1 | 25 | Warper | 1 | 2 |
| Gold leaf stamper | 1 | 6 | Head-Saw Off-Bearer | 1 | 2 |
| Automobile service station attendant | 20 | 595 | Trimmer, tailer | 1 | 2 |
| Automobile service station attendant-mechanic | 11 | 263 | Lumber handler | 1 | 6 |
| Packer (furniture) | 1 | 2 | Woodenware assembler | 1 | 2 |
| Fireman, stationary boiler | 1 | 5 | Chipperman | 1 | 2 |
| Well-drill operator helper | 1 | 1 | Pressman attendant | 1 | 4 |
| Automobile mechanic helper | 7 | 140 | Platemaker junior helper | 1 | 4 |
| Auto body repairman helper | 1 | 15 | Stripper junior helper | 1 | 4 |
| Auto service station attendant-mechanic | 7 | 285 | Book-sewing machine operator I | 1 | 6 |
| Auto body repairman helper, metal | 2 | 88 | Springer | 1 | 10 |
| Washing machine serviceman | 1 | 40 | Pickler | 1 | 1 |
| Electrical appliance repairman | 2 | 40 | Slag pit man | 1 | 6 |
| Stitcher setup man | 1 | 5 | Assistant ladleman | 1 | 3 |
| Plastic mold tryout man | 1 | 4 | Wheelabrator and tumbling barrel operator | 1 | 1 |
| Coin machine serviceman | 5 | 125 | Stocker | 1 | 3 |
| Small engine mechanic | 2 | 32 | Billet handler | 1 | 6 |
| Saw filer, machine | 1 | 2 | Scrap weighman | 1 | 3 |
| Greaser (automobile service) | 1 | 25 | Action assembler | 1 | 12 |
| Blueprinting machine operator | 1 | 2 | Action fabricator | 1 | 13 |
| Tier lifttruck operator | 1 | 5 | Eyelet operator | 1 | 6 |
| Gasoline truck operator | 2 | 2 | Moving man | 1 | 15 |
| Cable splicer | 1 | 15 | Packer and inspector | 1 | 1 |
| Saw filer | 1 | 2 | Warehouseman | 1 | 4 |
| | | | Multioccupation projects | 28 | 20,556 |

¹ Arranged in order of "Dictionary of Occupational Titles" code numbers.

² Training occupations in this group are all at the subprofessional or technical level.

The latest information available on completions indicates that some 29,000 trainees have completed training and of those completing training the percentage placed in jobs has been running at 70 percent or 20,300 placements. The detailed reports as of November 30, 1963, submitted by the State employment security agencies reported a total of 17,900 placements.

The 1965 appropriation request of \$411 million would provide training to 275,000 individuals.

TRAINING SERVICES AND ALLOWANCE PAYMENT

Mr. FOGARTY. The amount requested for training services and allowance payment is \$362 million. How did you arrive at this figure?

Mr. HENNING. That is on the basis of 275,000 trainees and the cost would be divided about equally in the training between training and the allowance payments. This was based on the experience to date.

Mr. FOGARTY. That is a pretty firm figure, then, as far as you are concerned?

Mr. HENNING. Yes.

DEMONSTRATION PROJECTS

Mr. FOGARTY. What kind of demonstration projects have you in operation? How much is budgeted for this and do you think they are worth the amount you are spending?

Mr. HENNING. They have been very successful. They have been used particularly for the youth, although we are moving them into the aged, for the retarded, and they have been the responsibility of OMAT under our operational setup. Seymour, would you give a few words, three examples, let's say, of special projects?

Mr. WOLFBEIN. These are called, Mr. Fogarty, experimental and demonstration projects. The whole idea is to see if we can deal with some of the really disadvantaged, unemployed people, to see if we can do the job of retraining them, whether they are mentally retarded or have been unemployed for long periods of time and without basic educational requirements.

PROJECTS WITH THE MENTALLY RETARDED

Mr. FOGARTY. Tell us something about projects for the mentally retarded. Do you have one?

Mr. WOLFBEIN. May I give you an example?

Mr. FOGARTY. Yes.

Mr. WOLFBEIN. There is a big food chain up in the city of New York which automated its dishwashing operations. They put all the dishes, spoons, knives, and forks in the automatic washing machines and away they went, but interestingly enough there was one item that always came out of these washing machines that did not come clean, and if I may say so, these happened to be coffee cups, from which females with lipstick were drinking. They were hard to clean. They could not get them clean. Standing there cleaning these cups is a rough operation for most people but we demonstrated that you can take mentally retarded people and with a relatively short training period, we have about 15 of those people, a small number—it is an experimental demonstration—going to work, taking the subway, getting paid, you see, paying taxes, and while again I must emphasize that this is a relatively small number, I think we are demonstrating that you can do this with this type of individual.

Mr. FOGARTY. What sort of a retarded child would this be? What IQ would he have?

Mr. WOLFBEIN. These are toward the upper range of the retarded level.

Mr. FOGARTY. These were educable children.

Mr. WOLFBEIN. Yes.

Mr. FOGARTY. Have you tried anything with just trainable retarded children?

Mr. WOLFBEIN. This is why we have given a contract to this National Association of Retarded Children—I think is the exact name—where they are going to research this and see how far they can go with retarded children, and if they think something is viable and possible, actually experiment and demonstrate. That is one area with a real disadvantage group, you see, with the normal routines of training and retraining, obviously this isn't faulting anyone. It really can work. Would you like some other examples?

Mr. FOGARTY. Yes.

Mr. LESINSKI. Mr. Chairman, at this point, without expense to the Government one restaurant owner back in my district has two of them working for him—they are doing very well—on his own volition. If people have confidence they will take care of them.

TRAINING OF OLDER WORKERS

Mr. WOLFBEIN. We have many of them, as the Under Secretary pointed out, in the field of young people, but perhaps I ought to mention one we have signed a contract with, an organization known as Nile, which is taking a specific look at how do you do a good job, if possible, in the training of older workers. As you know, as our statistics show, relatively speaking, we are not up to snuff in that area and they are also going out, for instance, seeing what kind of training programs can be set up which are best for the older person who already has a long period of unemployment behind him. This is incidentally a contract to which we have contributed and the trade union movement has contributed too. Industry and business have contributed to see how can you really move on the older worker front.

Again, I want to emphasize, these are so-called E. & D. projects. They are experimental. If we find something does work well, those results, of course, are transmitted to the operating people. Then we can get these programs going in larger numbers.

TRAINING MINORITY GROUPS

This is the last example. There is another group, which is very difficult in terms of training and retraining; the Negro minority group with low education. We have had an experimental demonstration project with Virginia State College, an excellent one. Again, we are not going into too much detail until after we finish this one.

These were really hard-core unemployed. To give you a few examples, for the first time the local bus company in this area hired a Negro bus repairman; for the first time, the local telephone company hired a Negro linesman.

Here, again, this was just to demonstrate that you can take some of these hard-core people, they do not have an elementary school education—this was a full year's training, the maximum permissible under the act—we were able to endow them with enough so that they could get into a job. Many of these people, as you know, are relatively high IQ. After having demonstrated this, you understand, then this goes into the regular mainstream of activities of the regular operations.

So far we have had about 35 of these, Mr. Chairman, in various parts of the country.

SITUATION IN LOUISIANA

Mr. FOGARTY. What is the trouble in Louisiana that they are not in this program?

Mr. HENNING. The Governor of Louisiana did not choose to sign the necessary agreement with the Department of Labor. He said that this is something he would want legislative approval on and that was never forthcoming.

Mr. FOGARTY. Is there any special reason?

Mr. HENNING. I wouldn't know.

Mr. FOGARTY. Do they have unemployment in Louisiana?

Mr. HENNING. Indeed they do.

Mr. FOGARTY. Mr. Lesinski?

RELATION OF TRAINING PROGRAM TO DELINQUENCY

Mr. LESINSKI. Mr. Henning, this legislation originally was put through primarily to assist the elderly people of our working force to retrain for jobs that are available and one of the biggest kicks I have against it is instead of training the older people of say 45 or above who are out of work, that you are spending too much time training high school graduates.

Are you not by the action that you are taking here, by training high school graduates, actually contributing toward delinquency?

Mr. HENNING. How does that follow, Mr. Congressman, by training high school graduates we contribute to delinquency?

Mr. LESINSKI. Yes. I know it is a peculiar question. I have asked it in a very odd way purposely. Try to answer it. I will follow it through.

Mr. HENNING. No; I do not. I think by ushering, as it were, high school graduates into rewarding employment, we give them a place in society and a responsibility in society and this is only making for a richer life.

As to the weakness of the program in not reaching enough of the older workers, we must remember that the law requires that there be a reasonable expectancy of employment for those trained. It is a responsibility of the State employment security agency to survey the field. It is more difficult for older workers to obtain employment. There may be the lack of motivation. We are conscious of the weakness of the program in this regard.

The rate of unemployment among the older workers is fortunately not as high as the national average, although the severity is higher, but the program has, I think, met all of the social demands made of it, expect this one. The literacy provisions will allow us to strengthen whatever might have been the lack of vigor in reaching the uneducated, because we will now be able to give 20 weeks of literacy training in addition to the basic 52 weeks of occupational training, so we have great hopes for solving this problem.

There is no easy solution for the problem of the older worker that I can yet see that we are conscious of.

Mr. LESINSKI. The purpose of my question was twofold. No. 1, I will grant you that you are assisting the youngsters who have not had proper training. On the other hand, the reason for my wording the question as I did is simply this: Youngsters in high school are

not putting their full effort into educating themselves and taking on trades because of the simple reason they will say, "What the hell for. I can cruise along now. Uncle Sam is going to take care of me." That is the point; the fact that you are contributing toward their so-called school dropout by this program for they know that they will be helped later.

If we can instill into our youngsters the fact that they are supposed to learn and study while in school, there will be little need for this program, then.

Mr. HENNING. When the provision for allowances for youth was liberalized permitting those from 17 through 18 to participate, we were conscious of this problem of perhaps inciting weak-willed students to abandon school. Hence the provision they can only receive training allowances if they have been 1 year out of school. But the dropout problem is here. Three out of every ten students in grammar school at the moment won't complete high school. The problem long antedated the Manpower Development and Training Act, so we are doing our best to salvage what we can, but really in no manner does this program add to that crisis. It certainly tends to relieve it.

Many of those that we hope to involve in the program we trust will return to school. The literacy training provisions will allow youngsters to go into occupational training, to go into employment, to go into apprenticeship.

Mr. LESINSKI. I hope so. In other words, I recognize that you are trying to salvage people. I am not arguing that question, which, of course is proper. The only thing I am alluding to is the fact that when a youngster is in high school, passes time away with girl friends, playing hookey, or just frittering his time away, instead of studying it is due to the fact that his parents take care of him and Uncle Sam will take care of him afterward. That is what I don't like. That is why I brought the question up.

Mr. HENNING. The program is not vast enough to provide any overall escape for young America. It does not involve that many people.

Mr. LESINSKI. Maybe we ought to keep the program at a minimum then in that case.

That is all, Mr. Chairman.

Mr. FOGARTY. Mr. Laird?

JOB SURVEYS OF LOCAL COMMUNITIES

Mr. LAIRD. How much information is developed on the local job opportunities before a project is approved, or do you just use the figures that are in the files of the State employment service? My question is based on my understanding that in some cases you have just used employment service figures. I wondered if you were doing anything now under the new program to encourage actual local job surveys?

Mr. HENNING. We have made skill surveys in connection with the projects from the very beginning. I think Mr. Goodwin ought to speak to that. This has been a continuing part of the program.

Mr. GOODWIN. We require a survey, Mr. Congressman, in all cases before a project is started.

Mr. LAIRD. A local survey or survey by the State?

Mr. GOODWIN. A local survey.

Mr. HENNING. But by the local offices of the State employment agency.

Mr. GOODWIN. It is done by the State employment security agency in the local community but it is a survey of the local labor market.

Mr. LAIRD. You are paying for these surveys, then, out of the employment service funds?

Mr. GOODWIN. Yes, sir. This is where most of the administrative money is involved and this item—

Mr. HENNING. You are paying for it out of Manpower Development and Training Act funds.

Mr. GOODWIN. Yes.

Mr. HENNING. He said employment service.

Mr. GOODWIN. I am sorry.

Mr. LAIRD. This is on a transfer then?

Mr. GOODWIN. Yes.

Mr. LAIRD. Not out of the State service funds.

Mr. GOODWIN. Not out of the title III funds; that is right.

Mr. HENNING. Military Development and Training Act money.

Mr. LAIRD. Is it possible to start one of these training programs based solely on the figures of the State employment service or do you have to have a separate local survey?

Mr. HENNING. The local office makes the survey. There must be a survey made to make sure that there is a need for the jobs for which the program would be created.

Mr. LAIRD. I do not understand just how this is done. That is what I would like to get in my mind.

Mr. GOODWIN. The answer to that would be that unless the local office has the necessary information on jobs within the community for which there is a demand, an unmet demand, unless they have that information, which they might have from a previous survey, then they would be required to make a survey to determine what jobs they could train for with a reasonable expectation of placing them in employment after the training.

PLACEMENT IN JOBS AFTER TRAINING

Mr. LAIRD. What is the average placement now in jobs of those whose training has been completed?

Mr. GOODWIN. For the country as a whole it has averaged out at about 70 percent.

Mr. LAIRD. And what percentage of these people trained were from the so-called hard-core unemployed?

Mr. HENNING. If I might interrupt, the figures on the trainees show 50 percent have been jobless 15 weeks or more, 20 percent have been jobless 1 year or more.

EDUCATION OF TRAINEES

Mr. LAIRD. What percentage had high school educations?

Mr. HENNING. About 60 percent.

Mr. LAIRD. That means 40 percent did not.

Mr. HENNING. That is right.

Mr. LAIRD. Of that 40 percent, what percentage had just completed the eighth grade?

Mr. HENNING. I am not sure. Do we have a figure on that?

Mr. WOLFBEIN. It would be about 3 or 4 percent.

Mr. LAIRD. Only 3 or 4 percent of the trainees are—

Mr. WOLFBEIN. Less than grade school graduates.

Mr. LAIRD. So 97 percent of them have had some high school?

Mr. WOLFBEIN. Have either a grade school graduation or have gone to high school. The 3 or 4 percent represents those who have not finished eighth grade. We have a very small proportion of those. It is very difficult, of course, for them to pass a test so they can go on to occupational training.

Mr. HENNING. That was the reason for the liberalizing amendment on literacy training, to get down lower than we were.

RESEARCH

Mr. LAIRD. You are making certain studies of the employment problem. You are not doing any of the same type of survey work that the Bureau of Labor Statistics is doing, are you?

Mr. HENNING. No; we had overlapping problems in manpower research but we have resolved those through a discipline we have established, assigning responsibilities for the various units of the Department.

We have a procedure now where we evaluate every new project request. OMAT, for example, does not initiate any research that can be done by another bureau of the Department or that can be done through contracting with an outside agency.

Mr. LAIRD. The basic purpose of the MDTA certainly is to train unemployed for work.

Mr. HENNING. That is right, but there is a considerable amount of researching to be done and of course title I was written for that purpose and OMAT does this essential work on the characteristics of the participants in the training program so that we know where we are going, where our weaknesses are and where our strength is.

COST OF ADMINISTRATION

Mr. LAIRD. It kind of surprises me the amount of money you spend in administration of this act.

Mr. HENNING. I failed to bring out one point earlier there. As the programs increase, as the volume expands or as more review and approval work is to be done by HEW and by the Department of Labor, inevitably there will be an expansion of administrative work with the volume growth.

As to research, there has been literally a freeze of the \$3 million in title I, so certainly the request there is not an increase.

Mr. LAIRD. Congress tried to put a greater emphasis in the new act on training people that had not had high school opportunity.

Mr. HENNING. Yes.

Mr. LAIRD. This really has not started to show up yet, has it?

Mr. HENNING. No; because first, Mr. Congressman, we have not had the funds in the brief period since the amendments were enacted to allow us to implement the amendments. The amendments will be in effect as soon as we have the moneys available.

STATE MATCHING REQUIREMENT

Mr. LAIRD. Congress postponed the State matching requirement that was anticipated in the first act it passed. During this period of postponement what are you doing to get the States to evaluate these training programs so that they will feel that they have a part in them when this matching requirement starts taking effect?

Mr. HENNING. We have made contacts with the State employment security agencies through our regional offices of the BES, both with local and State officials, reminding them that the matching requirements will begin at the beginning of the 1966 fiscal year. The Secretary is developing a letter to all of the State employment security heads but we already have been moving on this. This is no easy matter.

Mr. LAIRD. Do you think you will be successful in getting them to play a financial part in 1966 and 1967?

Mr. HENNING. They will play a financial part. I trust so. They play the dominant role in the program right now.

Mr. LAIRD. This financial part, though, is an important part.

Mr. HENNING. I agree.

Mr. LAIRD. I know this program would have fallen flat on its face if the original intent of the act were carried out in fiscal year 1965.

Mr. HENNING. I agree.

Mr. LAIRD. I am sure there would have been no program.

Mr. HENNING. That is right.

CLEARINGHOUSE FOR PROGRAM MATERIALS

Mr. LAIRD. What are you doing to establish a clearinghouse, so the program courses of study in all of these various areas do not have to be built up by the people running each project with the resulting waste of time and effort. I have had some complaints that you have set up an automobile mechanic course, we will say, in California, and at the same time we are expending funds to work up materials for the same type of course in Arkansas, and that really there is no exchange. There has been a lot of time, a lot of effort going into preparing these courses when the courses had already been prepared someplace else in the country.

Mr. HENNING. Essentially the program is a local labor market program. It may be there is a need for automotive mechanics in Arkansas, a need for training machinists in California.

This might be a question HEW might speak to. You speak of a manual of academic discipline, then? Is that what you are talking about?

Mr. LAIRD. Yes.

I wonder if there could not be a clearinghouse set up some place for all these training courses so you would not have to duplicate this effort?

Dr. DUGGER. We have a request in the budget. There is an item of some \$250,000 for the development of occupational training curriculum guides during the next fiscal year.

In addition there is an item for the development of basic literacy curriculum material.

The question was raised, and it is a very good one and a very important one from the standpoint of vocational and technical education which is responsible for providing occupational training in a State.

For example, there are cases where there would be, if we did not attempt to provide some leadership here, a clearinghouse, if you please, in the development of material on a national basis which would involve industry, labor, and other organizations on a national scale, there would be unnecessary duplication.

Perhaps in the early days of the program this has happened because there just was not time for Arkansas to know what California was doing, and so on. We are resolving that at the present time.

Mr. LAIRD. It was my understanding that you approved certain tractor training courses. In these courses you have a different educational manual in every course. It would seem to me in this tractor training business you could develop one course.

Dr. DUGGER. The training may be common to many occupations across the country. The corps of people you are training may not be comparable. Therefore there may be some curriculum work which must be done on a local basis in practically all situations to fit the needs of the people being referred for the training program.

Mr. LAIRD. It seems to me there should be some effort made to establish a clearinghouse.

Dr. DUGGER. That is what I mentioned. We have items in the budget this year.

Mr. LAIRD. In this budget before us today?

Dr. DUGGER. Yes, sir.

Mr. LAIRD. What is in this budget on that? I didn't see that item for a clearinghouse.

Dr. DUGGER. It is under HEW dealing with development of curriculum guide and instructional materials.

Mr. SHEARER. It is on page 43.

Mr. LAIRD. Where is that on page 43?

Mr. SHEARER. Paragraph marked "(e)." Are you looking at the 1965 justification?

Mr. LAIRD. I see a paragraph stating "Assists in the improvement of State programs." Is that the way it starts?

Mr. SHEARER. Yes, sir. Actually it is "Program changes for 1965."

This is "To develop curriculum and instructional materials," and so on.

Mr. LAIRD. I don't think there is anything there about an exchange.

Dr. DUGGER. Part of the curriculum development work is doing what you say.

In connection with what you are saying, in the early days of the program this clearinghouse was not established due to personnel requirements and other factors that kept us from doing it until we had been underway for a few months.

Since then there is hardly a day passes that we do not make copies of curriculum material which have been received as part of a project from one State and send them from our office to someone who has a request in from another State.

As part of our total curriculum development work we conceive of the development of materials at the local and State level being cleared through the Office of Education and made available to other areas

which have similar problems. This would take care of a great deal of the unnecessary duplication that occurred in the early months of the program.

DIFFERENCES BETWEEN SAME TYPE OF COURSE IN DIFFERENT AREAS

In connection with this same thing, however, I would point out that when a curriculum guide such as auto mechanics that is developed for the training of auto mechanics in El Paso, as one program was a few months ago, is sent to Baltimore City to be used as a guide in the Baltimore City program in auto mechanics it was discovered it was not applicable to the Baltimore City situation, and that is for this reason:

In El Paso, a wide open space area, an auto mechanic has to be a general mechanic. He has to be able to work on everything from the headlight to the taillight.

In Baltimore City the garages that employ the output from the programs there would be looking for specialized people. They might be specializing in automatic transmissions, or in engines alone, so that you see in adapting the curriculum guide developed by the Texas Education Agency and the El Paso public schools to the Baltimore situation it would require some local adaptation of what is sent from our office.

Mr. LAIRD. You were training specialists in Baltimore?

Dr. DUGGER. Yes.

Mr. LAIRD. What about filling station operators? I understand you have a great many courses to train filling station operators. I understand you have 24 to 25 different courses developed on this. We are paying for this as part of the cost of this program.

Are filling station operators different in El Paso from Baltimore?

Dr. DUGGER. Yes, sir.

Mr. LAIRD. Tell me the difference.

Dr. DUGGER. Again I think the difference would be pretty much as I described with an auto mechanic. A service station attendant in El Paso, or a rural area wherever it might be, and using this as an illustration, would have to be a more general person than the person you normally would take your car to in order to provide services in Baltimore City.

For example, in the city of Baltimore many service stations do not wash cars, although practically every service station in El Paso would have a carwash service as part of the filling station operation. There are some of these differences.

Mr. LAIRD. I think I can teach a person how to wash a car all right. Is there quite a trick to that?

Dr. DUGGER. I am not competent, I am afraid, since I have never taught carwashing. I can assure you that if you look at some of these new spray devices where they spray the wax on the car at the same time they are washing it—

Mr. LAIRD. I am not trying to ridicule the answer but I thought the carwash business was quite simple. My boy, 9 years old, washes my car on Sunday and does a good job.

Dr. DUGGER. If I may use another illustration. I am not begging off that one, but to add to it, for example, we have brake adjustment. In Baltimore you can find service stations to adjust brakes. There are some who do not. You will find many specialized places.

Mr. LAIRD. That is the reason for the 25 or 26 different course books on filling station operators?

Dr. DUGGER. I would say that would be the reason for several of these 25 or 26. I am not suggesting, though, that there would be 25 or 26 different ways to train service station operators.

Mr. LAIRD. I don't want to argue this point any further. You are setting up some sort of clearinghouse on this, and I think that is important.

Dr. DUGGER. We are doing that.

I might say in the early days when we did have what I have referred to as unnecessary duplication, had we had the clearinghouse in operation at that point in time the cost for the development of these projects was not by and large borne by the Manpower Training Development Act. It was prepared by the local school systems and the curriculum material prior to the project being presented for approval and this was not a chargeable cost.

TEACHER TRAINING

Mr. LAIRD. I notice in the budget there are \$920,000 for teacher training.

Dr. DUGGER. The \$920,000 would be used for the training of new teachers that will be entering the manpower development training program. This was the purpose for it.

Mr. LAIRD. All these teachers are going to work in manpower training?

Dr. DUGGER. That is right. This is not a bachelor or master's teacher education degree program envisioned here. It is a short intensive program of inservice teacher education, if you please, that will be provided for the some 12,000 to 13,000 new teachers we will need next year who will be given intensive courses of from 1 week to perhaps 6 weeks in duration with some Saturday followups during the first 6 months of teaching. These are teachers we will recruit pretty largely from business and industry. They are occupationally competent but many have not had experience in a classroom situation.

Mr. LAIRD. These people will all work in the manpower training program?

Dr. DUGGER. That is right.

Mr. LAIRD. They are not being trained to work elsewhere?

Dr. DUGGER. In all cases they would already be employed on a manpower development training project prior to entering this teacher training program.

Mr. LAIRD. That is what I wanted to know.

Dr. DUGGER. It is not duplicating what is done in other areas of teacher education for 4-year-collegiate-degree programs.

Mr. LAIRD. That is all I have, Mr. Chairman.

Mr. FOGARTY. Is there anything else you would like to say, Mr. Henning, on this particular part of the program?

Mr. HENNING. No, Mr. Chairman, I don't believe so.

JUSTIFICATION MATERIAL

(Following are the formal justifications:)

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Amounts available for obligation

| | 1964 | 1965 |
|--|---------------|---------------|
| Appropriation or estimate..... | \$110,000,000 | \$411,000,000 |
| Estimated supplemental..... | 55,000,000 | ----- |
| Comparative transfer to Office of the Secretary..... | -107,400 | ----- |
| Comparative transfer to Office of the Solicitor..... | -52,000 | ----- |
| Appropriation or estimate, revised..... | 164,840,600 | 411,000,000 |
| Appropriation available from prior year..... | 13,842,654 | ----- |
| Total fund availability or estimate..... | 178,683,254 | 411,000,000 |

Obligations by activity

| Description | Appropriation available from prior year | | Appropriation revised, 1964 | | Total fund availability, 1964 | | Estimate, 1965 | | 1965 change | |
|--|---|------------|-----------------------------|-------------|-------------------------------|-------------|----------------|-------------|-------------|--------------|
| | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount |
| Activity 1. Manpower and automation research..... | | \$375,000 | 137 | \$3,800,000 | 137 | \$4,175,000 | 137 | \$3,850,000 | | -\$324,400 |
| (a) Manpower and labor force research..... | | | 90 | 2,967,000 | 90 | 2,967,000 | 90 | 3,000,000 | | +33,000 |
| (b) Automation and technological change research..... | | 375,000 | 47 | 833,000 | 47 | 1,208,000 | 47 | 850,000 | | -357,400 |
| Activity 2. Training and skill development programs..... | | 13,407,654 | 551 | 159,948,600 | 551 | 173,416,254 | 551 | 405,780,300 | | +232,364,046 |
| (a) Training services and allowance payments..... | | 12,775,592 | | 138,000,000 | | 150,775,592 | | 362,000,000 | | +211,224,408 |
| (b) State and local services..... | | 275,000 | | 16,100,000 | | 16,375,000 | | 35,500,000 | | +19,125,000 |
| (1) State Employment Security agencies..... | | 150,000 | | 12,200,000 | | 12,350,000 | | 27,000,000 | | +14,650,000 |
| (2) State Vocational Education agencies..... | | 125,000 | | 3,700,000 | | 3,825,000 | | 8,000,000 | | +4,175,000 |
| (3) State Apprenticeship agencies..... | | | | 200,000 | | 200,000 | | 500,000 | | +300,000 |
| (c) Federal services..... | | 417,062 | 551 | 5,848,600 | 551 | 6,265,662 | 551 | 8,280,300 | | +2,014,638 |
| (1) Office of Manpower, Automation, and Training..... | | 417,062 | 118 | 1,829,600 | 118 | 2,246,662 | 118 | 2,713,300 | | +466,638 |
| (2) Bureau of Employment Security..... | | | 195 | 1,788,000 | 195 | 1,788,000 | 195 | 2,435,700 | | +647,700 |
| (3) Bureau of Apprenticeship and Training..... | | | 62 | 638,000 | 62 | 638,000 | 62 | 782,000 | | +144,000 |
| (4) President's Committee on Youth Employment..... | | | 6 | 65,000 | 6 | 65,000 | 6 | 68,300 | | +3,300 |
| (5) Department of Health, Education, and Welfare..... | | | 170 | 1,638,000 | 170 | 1,638,000 | 170 | 2,281,000 | | +643,000 |
| Activity 3. Executive direction and administration..... | | | 93 | 1,092,000 | 93 | 1,092,000 | 93 | 1,369,100 | | +277,100 |
| (a) Office of Manpower Administrator..... | | | 8 | 106,000 | 8 | 106,000 | 8 | 109,100 | | +3,100 |
| (b) Office of Manpower, Automation, and Training..... | | | 29 | 410,000 | 29 | 410,000 | 29 | 423,400 | | +13,400 |
| (c) Office of Financial and Management Services..... | | | 56 | 576,000 | 56 | 576,000 | 56 | 836,600 | | +260,600 |
| Total obligations..... | | 13,842,654 | 781 | 164,840,600 | 781 | 178,683,254 | 781 | 411,000,000 | | +232,316,746 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|--------------------------------|-------------------|--------------|
| Total number of permanent positions..... | 781 | 781 | ----- |
| Positions other than permanent..... | 8 | 8 | ----- |
| Average number of all employees..... | 604 | 761 | +157 |
| 11 Personnel compensation..... | \$5,703,600 | \$7,309,135 | +\$1,605,535 |
| 12 Personnel benefits..... | 428,300 | 545,940 | +117,640 |
| 21 Travel and transportation of persons..... | 635,800 | 792,000 | +156,200 |
| 22 Transportation of things..... | 22,000 | 27,900 | +5,900 |
| 23 Rent, communications, and utilities..... | 226,900 | 291,450 | +64,550 |
| 24 Printing and reproduction..... | 302,300 | 352,000 | +49,700 |
| 25 Other services..... | 3,913,462 | 3,987,675 | +74,213 |
| 26 Supplies and materials..... | 113,700 | 130,100 | +16,400 |
| 31 Equipment..... | 186,600 | 63,800 | -122,800 |
| 41 Grants, subsidies, and contributions..... | 167,150,592 | 397,500,000 | +230,349,408 |
| Total obligations..... | 178,683,254 | 411,000,000 | +232,316,746 |
| Working capital fund items included above..... | 330,000 | 375,000 | 45,000 |

Summary of changes

| | |
|--|---------------|
| 1964 appropriation..... | \$110,000,000 |
| Estimated supplemental..... | 55,000,000 |
| Comparative transfer to Office of the Secretary ¹ | -107,400 |
| Comparative transfer to Office of the Solicitor ² | -52,000 |
| 1964 appropriation, revised..... | 164,840,600 |
| Appropriation available from prior year..... | 13,842,654 |
| 1964 total fund availability..... | 178,683,254 |
| 1965 estimate..... | 411,000,000 |
| Total change..... | +232,316,746 |
| Mandatory items: | |
| Increases: | |
| Net additional cost on a full-year basis the 2d step of pay increases (effective Jan. 5, 1964) for current year (base) staff pursuant to Public Law 87-793..... | +165,600 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff..... | +94,000 |
| Net increase in rates in telecommunication services furnished by the General Services Administration..... | +4,600 |
| Decreases: To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964; there will be 261 in 1965..... | -22,400 |
| Program items: | |
| Increases: | |
| Expansion of the training programs under the Manpower Development and Training Act to provide training to an estimated additional 140,000 (from 135,000 in 1964 to 275,000 in 1965) unemployed and underemployed workers in 1965. The expanded program incorporates the revisions in the program resulting from the amendments to the act, which provide for more liberal eligibility requirements for allowance payments, expanded youth training and services, extension of training to include basic education and postponement of State matching. The increased costs of training services and allowance payments are \$211,224,408, and the increased State and local service costs are \$19,125,000..... | +230,349,408 |

Summary of changes—Continued

| | |
|---|----------------|
| Program items—Continued | |
| Increases—Continued | |
| To provide for special training programs nationwide in scope or not chargeable to State apportionments..... | + \$330, 000 |
| To provide for the development of additional curriculum and instructional materials for basic education training..... | +150, 000 |
| To provide for an expanded program of field audits of research and training contracts under the act..... | +150, 000 |
| To provide for the full annual cost of personal services and related costs to finance for a full year the positions financed for only ¼ of the year in 1964..... | +1, 470, 538 |
| Decreases: Nonrecurring automation and technological change research resulting from the completion of the long-shore manpower utilization-job security project..... | -375, 000 |
| Total change..... | +232, 316, 746 |

Mandatory and financing changes for 1965

| | |
|---|--------------|
| Mandatory items: | |
| Increases: | |
| Pay increase costs..... | + \$165, 600 |
| To finance on a full-year basis the 2d step of pay increases (effective Jan. 4, 1964) granted by Public Law 87-793 for current year (base) staff. This 2d step was funded on a part-year basis in 1964. The object schedule includes these changes as follows: | |
| Personnel compensation..... | \$153, 500 |
| Personnel benefits..... | 12, 100 |
| Total..... | 165, 600 |
| Within-grade promotion costs..... | +94, 000 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover. | |
| Personnel compensation..... | \$89, 195 |
| Deduct lapse..... | -2, 095 |
| Personnel benefits..... | 6, 900 |
| Net cost..... | 94, 000 |
| GSA telecommunications costs: Net increase in rates in telecommunications services furnished by the General Services Administration..... | +4, 600 |
| Decreases: Reduction on 1 less day of pay in 1965 over 1964..... | -22, 400 |
| To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965. | |

¹This provides for 9 positions financed in 1964 which are concerned with operations related to the Manpower Development and Training Act program (\$88,000, personal services: \$10,000, nonlabor, and \$9,400 for departmentwide account for Office of the Secretary.

²This provides for 5 positions financed in 1964 which are concerned with operations related to the Manpower Development and Training Act program (\$44,700, personal services, \$7,300, nonlabor items).

Mandatory and financing changes by activity

| Type of change | Activity 1 | | Activity 2 | | Activity 3 | | Total | |
|---|------------|-----------|------------|------------|------------|-----------|----------|------------|
| | Position | Amount | Position | Amount | Position | Amount | Position | Amount |
| Mandatory changes: ¹ | | | | | | | | |
| Pay increase costs..... | | +\$33,400 | | +\$109,400 | | +\$22,800 | | +\$165,600 |
| Within-grade promotion costs..... | | +22,600 | | +56,700 | | +14,700 | | +94,000 |
| Less 1 day of pay..... | | -5,400 | | -13,600 | | -3,400 | | -22,400 |
| Other: GSA telecommunications cost..... | | | | +4,600 | | | | +4,600 |
| Nonrecurring research project..... | | -375,000 | | | | | | -375,000 |
| Annualization of 1964 supplemental costs..... | | | | +1,377,538 | | +93,000 | | +1,470,538 |
| Total..... | | -324,400 | | +1,534,638 | | +127,100 | | +1,337,338 |

¹ Mandatory changes relate only to the 1964 base positions; no mandatory costs are involved in the 170 positions included in 1964 supplemental estimate.

Analysis of annualization of 1964 financing and 1965 program expansion

| | Total net change 1964-65 | Mandatory changes current year staff (net) | Nonrecurring research | Annualization of 1964 supplemental costs | Program increase |
|--|--------------------------|--|-----------------------|--|------------------|
| Activity 1. Manpower and automation research..... | | | | | |
| (a) Manpower and labor force research..... | -\$324,400 | +\$50,600 | -\$275,000 | | |
| (b) Automation and technological change research..... | +33,000 | +33,000 | | | |
| | -367,400 | +17,600 | -375,000 | | |
| Activity 2. Training and skill development programs..... | | | | | |
| (a) Training services and allowance payments..... | +232,364,046 | +157,100 | | +\$1,377,538 | +\$230,829,408 |
| (b) State and local services..... | +211,224,408 | | | | +211,224,408 |
| (c) Federal services..... | +19,125,000 | | | | +19,125,000 |
| | +2,014,638 | +157,100 | | +1,377,538 | +480,000 |
| (1) Office of Manpower, Automation, and Training..... | +465,638 | +46,000 | | +90,638 | +330,000 |
| (2) Bureau of Employment Security..... | +647,700 | +62,400 | | +585,300 | |
| (3) Bureau of Apprenticeship and Training..... | +254,000 | +10,600 | | +243,400 | |
| (4) President's Committee on Youth Employment..... | +3,800 | +3,800 | | | |
| (5) Department of Health, Education, and Welfare..... | +648,000 | +34,800 | | +613,200 | |
| Activity 3. Executive direction and administration..... | | | | | |
| (a) Office of Manpower Administrator..... | +277,100 | +34,100 | | +63,000 | +150,000 |
| (b) Office of Manpower, Automation, and Training..... | +3,100 | +3,100 | | | |
| (c) Office of Financial and Management Services..... | +13,400 | +13,400 | | | |
| | +290,600 | +17,600 | | +63,000 | +150,000 |
| Total obligations..... | +232,316,746 | +241,800 | -375,000 | +1,470,538 | +230,979,408 |

ACTIVITY 1. MANPOWER AND AUTOMATION RESEARCH (1964, \$4,175,000; 1965, \$3,850,000)

NARRATIVE DESCRIPTION OF PROGRAM

The national objective in the manpower field must be to enable and motivate every individual to develop his maximum potential, and to give him an opportunity to use this potential fully in his own and the national interest. The persistent high levels of unemployment and the large amount of involuntary part-time employment and other forms of underutilization of manpower indicate that this national objective has not been achieved. Furthermore, the problem of unemployment and underutilization of manpower will become steadily more critical in this period of rapid technological change and labor force growth unless determined, many-pronged efforts are made to achieve solutions. More rapid economic and employment growth, more effective operation of the labor market, improved education and training of workers, and the protection of individuals against the dislocating effects of technological progress have thus become goals of great urgency to the Department of Labor in pursuing its basic objective of "fostering, promoting, and developing the welfare of wage earners in the United States."

The manpower and automation research program is designed to provide the substantially increased foundation of information and understanding essential to the development of wise and effective manpower policies and action programs.

Responsibility for developing a comprehensive research plan with respect to manpower and automation problems and for leadership in obtaining the implementation of this plan by all bureaus of the Labor Department and other research agencies throughout the Nation is vested in OMAT. In view of the great range and complexity of the problems which must be considered, the many agencies doing relevant research, and the many disciplines involved, OMAT's leadership, planning, coordinating, and evaluating function is crucial. OMAT is also responsible for determining priorities in implementing the overall research plan, conducting research of a pathfinding or integrative nature, and arranging for the conduct of needed projects by other bureaus of the Department, or when indicated, other Government and private organizations. Another major responsibility is assessing the policy implications of research findings and developing recommendations for action by the Department or other agencies, including new legislation is necessary.

In addition, OMAT supervises and coordinates the preparation of the Department's reports under sections 104 and 309 of the Manpower Act. It also carries out extensive publication and communication programs, designed to develop wise understanding of the nature and urgency of the Nation's manpower and automation problems and the action by all levels of Government and many private groups and individuals which can contribute to their solution.

LEADERSHIP, PLANNING, COORDINATION, AND EVALUATION

Leadership and planning, coordination, and evaluation of the Department of Labor's manifold research activities relating to manpower is exercised by OMAT. Besides planning the overall research program, OMAT decides the kinds, scope and priorities of the research to be done and, following the general principles established by the Department, by whom this needed research will be done. It also evaluates and synthesizes all research results, for purposes of future research and policy planning.

The Interbureau Coordinating Committee on Manpower Research, and the two adjunct committees on research on automation and technological change and research on labor force, employment, and unemployment—all operating under chairmanship from OMAT—provide an important continuing medium for guiding and integrating relevant Department programs. In addition, OMAT reviews and evaluates budget proposals, proposed survey designs and schedules, and proposed publications of all bureaus of the Department and has frequent conferences and contacts with the technical staff of other bureaus doing relevant research.

The initial outline of an overall manpower and automation research plan has already been prepared by OMAT, to provide a framework for use in planning the Department's research programs and as a guide for other research agencies throughout the country. The plan will be elaborated in progressively greater detail during the remainder of fiscal 1964. It will be reviewed and revised in 1965 and following years, to reflect changing conditions and take advantage of the in-

sights with respect to problems, remedial measures, and research techniques gained from ongoing research.

To achieve better planning and coordination of the research and action programs relating to manpower and automation problems conducted by other Departments and by universities and other private groups is another OMAT responsibility. OMAT staff will therefore continue to have systematic contacts and consultations with representatives of other governmental and private organizations working in the field, and to participate widely in meetings and conferences dealing with relevant problems. The National Manpower Advisory Committee's Subcommittee on Research has been and will continue to be an important means of interchange of research ideas with the academic research community. The Committee on Specialized Personnel is providing advice and communication with respect particularly to scientific and technical manpower problems. Special conferences will also be organized and sponsored by OMAT on particular questions, such as methods of forecasting the employment effects of prospective technological innovations. Altogether, these consultations and conferences will be an increasingly important means of stimulating and guiding research and developing national coordination of research activities in this field.

STAFF RESEARCH

The research conducted by OMAT staff is designed to assure that OMAT has a firm basis for carrying out its leadership and planning, coordination and evaluation responsibilities, and for determining the most effective means of implementing the total manpower and automation research plan.

A major purpose of OMAT's staff research is to identify the aspects of manpower and automation problems which should receive priority for more extensive studies and indicate the approaches which should be followed in these studies. The staff research is thus concerned with the creation of research ideas, with experimentation, and with the early structuring of research projects and programs. It is also an important means of synthesizing and evaluating the scattered research results of many different investigators, and of exploring new methodological approaches in difficult research problems.

For example, OMAT's exploratory research with respect to the unemployment and labor force participation rates of particular groups has pointed to the need for detailed study of the men of working age who are not in the labor force, with special reference to the very serious problems of Negroes in this group. OMAT staff research is also aiding in evaluation of possible approaches to the development of an early-warning system on the employment and occupational effects of technological change, as well as many other similarly complex problems.

The totality of these staff activities and of those conducted pursuant to OMAT's leadership and coordination responsibilities, provides OMAT staff the background necessary for decisions on the best channels and methods to use in carrying out needed research and for arriving at effective program and policy determinations.

CONTRACTUAL RESEARCH

In keeping with the provisions of section 303(a) of the manpower act, emphasis is placed on utilizing the regular research capabilities of the various Bureaus of the Labor Department and, where appropriate, other Government agencies. This makes it possible to utilize the services of the organizations best qualified to investigate particular problems.

The use of contract research is essential to rapid progress in obtaining urgently needed information on manpower and automation problems. But its administration involves a heavy workload, in reviewing proposals, developing satisfactory projects, monitoring those underway, and evaluating and applying the results of completed projects. This workload will be greatly expanded in 1965. The dollar volume of research contracted in 1964 and 1965 is expected to be \$2,100,000 each year as opposed to \$1 million in 1963, and most of the 1964 projects will carry over into 1965. The growing interest in manpower research may well elicit even more research proposals in 1965 than in 1964.

In 1965, there will be a heavy staff load in all phases of contract research administration, from the initial review of proposals to the application of the findings of completed projects to program and policy determinations. It is expected that it will continue to be necessary to review several times as many research proposals as are negotiated into projects, in order to obtain the projects which will more effectively meet priority research needs. OMAT has to care-

fully review research proposals submitted, do much work in restructuring promising research ideas to meet overall program needs, weigh the capabilities of various research agencies, and carry on frequently prolonged negotiations on the many technical and other problems which must be solved to arrive at final research contracts. During the progress of research projects, OMAT staff maintains close contact with the research organizations to assure more valuable end products and to seek advance indication of findings which may dictate new or revised programs or policies. A third, highly important area of work is reviewing results of completed projects, synthesizing them with those of other research, developing any indicated recommendations for departmental programs and policies, and disseminating the findings through publications and other media of communication. The aim in communicating the findings of contract research is not merely to increase understanding of manpower and automation problems and the actions needed for their solution but also to stimulate interest in and support of such research among trade associations, unions, foundations and other groups. Thus, the Department's research projects can have a multiplier effect in meeting the great informational needs in this area.

THE 1964 AND 1965 ACTIVITIES

Manpower and labor force research

Many of the research studies and projects now underway or to be initiated during the balance of 1964 will carry over into 1965. The broad areas of investigation will not change materially in 1965 from 1964, although changes of emphasis within and among these areas may be expected.

(1) *Economic analysis.*—Studies of the complex interactions of economic developments at various levels of the economy and the course of employment and unemployment in the United States will be continued during 1965 to provide an understanding of the implications for employment and unemployment of changes in the level of business activity and in national fiscal and monetary policies and programs.

Emphasis will be placed in 1965 on research relating to the problems of employment and unemployment associated with varying rates of economic growth, and to unemployment problems and occupational requirements associated with structural changes in the economy. Such research will seek to establish programs and policies directed toward the achievement of maximum adaptability of the labor force.

While studies will be continued at the national level of consideration, the development of regional manpower analyses in greater detail are planned for 1965. These will include systematic and comprehensive reviews and analyses of specific regional and local manpower situations directed toward developing better information and understanding of the special problems associated with and distinguishing distressed areas from nondistressed areas. These regional and local studies are expected to provide means for judging the adequacy or inadequacy of current programs for training and retraining workers for local job opportunities.

Regional manpower research on the experience of major labor market areas will seek to identify potential weak spots in which remedial programs may be effective in averting unemployment difficulties.

OMAT research staff will continue to meet its responsibilities for coordinating departmental work in the economic areas and for developing policies and programs in support of the Secretary's function and duties in the field of manpower, including his responsibilities as a member of the President's Cabinet Committee on Economic Growth. It is expected that this will require further studies in 1965, particularly in such areas as taxation, income maintenance programs, public expenditures, research and development activities, and educational programs.

(2) *Manpower requirements and resources.*—The availability of current basic statistics on many aspects of the labor market is an essential element of all manpower research. Work will continue in 1965 on: the historical, current and future balances of the manpower accounts, by skill, occupation, and location; the factors which affect requirements and resources; and the compilation of statistical and other information on population, labor force, skill requirements, occupational outlook, labor supply, employment trends, and education programs.

New emphasis will be given in 1965 to studies in three general problem areas: (a) The manpower requirements of specific industries; (b) the demand and

supply in individual occupations and occupational groups; and (c) the adequacy of training and educational institutions for meeting manpower requirements.

(3) *Operation of the labor market.*—Initial studies have already indicated gaps in available information on the operation of the labor market. Special research emphasis will be placed on filling these gaps. Information is needed about companies' hiring practices, their effectiveness, and their cost; and about the number and location of private placement services, including profitmaking employment agencies, executive searchers, career counselors, suppliers of temporary workers, professional associations, and university placement activities. With respect to each of these placement channels answers will be sought to questions such as the following: In what fields does each operate? Who are their applicants? How many placements do they make? What are their fees? Do they help to place hard-to-place workers?

During 1965, too, answers will be sought to somewhat broader questions concerned with labor market operations: How do jobseekers and employers communicate? Are the channels of communication adequate? How can they be improved? Do existing placement systems result in pools of unemployment? What can the Federal Government do to improve the operation of the labor market?

(4) *Labor mobility.*—Closely allied to the studies of the operation of the labor market are studies on the impediments to self-adjustment in the labor market. Studies of factors affecting worker mobility will be conducted during 1965 at both the national level of consideration and in specific areas where intensive investigation is planned to seek information on specialized aspects of mobility problems. Examples of these two types of studies, respectively, are: (a) A current study of job changing similar to studies done in 1955 and 1961, which will also permit an analysis of the changing mobility patterns during this period of great technological change in the economy; and (b) the effect on worker mobility of the total fringe package in labor contracts and of particular elements and combinations of elements in that package. Many other studies are planned in this vital area for 1965.

(5) *Manpower development and utilization.*—The full utilization of the capabilities of the Nation's work force depends on the full development of the potential inherent in members of the labor force, and in the full utilization of their developed skills. Research focusing on the capacities and training needs of specific groups, such as youth, minority groups, rural persons, and older workers, will be continued in 1965. Included in these studies will be investigations into the needs of these groups for special counseling and vocational guidance, as well as for remedial educational training; methods for overcoming psychological problems; and improved methods of vocational training to meet their special needs.

Research directed toward utilization aspects in 1965 includes an intensive study of the extent of labor force activity of women by age, color, marital status, and number of children. Studies are also planned to observe and evaluate the effects of military career requirements on the education, training, and work careers of the large number of young men now approaching the age of military service.

(6) *International manpower research.*—An understanding of international developments, such as the current tendency toward liberalization of international trade, is necessary for a better understanding of current and anticipated changes in the size and nature of the domestic labor force.

Several studies will be made of economic developments in foreign areas that will have an impact on manpower requirements and utilization in the United States. Initial work will be undertaken on the potential effect on U.S. manpower utilization of the programed economic growth of the less developed countries. Attention will be given to opportunities for expanding U.S. exports as well as the manpower effects of changing patterns of imports. Coordination with ongoing research in the international trade field will be maintained.

Continuing studies will be made of the manpower institutions and practices in foreign countries that may provide guidance for improving U.S. manpower policy and administration. More comprehensive surveys and reviews will be made of the experiences of leading industrialized countries toward solving the problems of employment, training, and distribution and utilization of manpower.

Automation and technological change research

In the planning and coordination of research with respect to automation and technological change, and in OMAT's staff research and contractual research

projects in this general field, three broad areas are distinguished: (1) Technological innovation studies, (2) studies of the economic factors influencing the rate of technological change and of the economic and employment effects of such change, and (3) studies of the impact of such change on occupations and individual workers and of its implications for education, training, and industrial and personnel relations. In addition, OMAT is developing a special communication and clearinghouse service with respect to automation and its effects on employment and workers.

Technological innovation studies.—The development of a systematic early warning system on coming technological innovations and their manpower implications, both positive and negative, is one of the chief goals in this area. Several pilot studies designed to contribute to this early warning system and throw light on the difficult methodological problems involved in its development are being conducted in fiscal 1964. In 1965, the results of these methodological studies will be utilized as a basis for an expanded series of studies aimed at implementing the early warning system for broad technological areas and groups of occupations.

Exploration of the feasibility of direct data collection with respect to the extent, location, and employment effects of new technological innovations, already underway, will be completed in 1965. If found to be feasible, surveys of specific innovations will be undertaken.

A series of studies of the occupational employment patterns and other factors in companies with extremely advanced technology and of how employment will be affected as other companies introduce this technology is also planned.

Economic studies of automation.—Studies in this area are aimed at assessing the economic factors which influence and are indicative of the rate of technological change, and the past and prospective effects of such change on the demand for goods and services and on employment, by industry and occupation.

Statistical analysis of the economic determinants and effects of automation and technological change, currently underway, will be continued and extended in 1965, with emphasis on probable future trends. Factors which will be analyzed include research and development expenditures, capital requirements, cash flows, capital-labor ratios, labor and other costs, and productive capacity.

Intensive studies of individual companies and industries will also be made, in industries with consistently low and consistently high growth rates, to indicate the relation of technological change to these differing employment trends and other economic factors. Studies of groups of companies will also be undertaken to throw light on the factors influencing the rate of diffusion of technological change and suggest the probable manpower consequences.

Automation impact studies.—The effect of technological change on occupations and workers, on skill levels and educational and training requirements, on working conditions, and on job satisfactions and dissatisfactions are all subjects of study in this area, as are the effects of automation on industrial relations and the measures which have been and should be taken by employers and unions to ease its impact on workers.

In view of the large amounts of uncoordinated research on these subjects by many different research workers and organizations, a series of exploratory studies aimed at synthesizing and evaluating the scattered findings is underway. The series will be completed in fiscal 1965, to provide a comprehensive appraisal of the available research in this broad area and indicate the most urgent research needs.

Detailed case studies of the nature and educational and skill requirements of automated jobs, begun on a pilot basis in 1964, will be continued in 1965. Special studies of the effects of automation on knowledge and skill requirements in professional and managerial occupations, with emphasis on the implications for professional education, are also planned.

In view of the recent development of new approaches in collective bargaining which are reported to have eased the adjustment to technological innovations in several instances, studies will be made also of experience in the application of these new approaches and their implications for other groups of workers facing automation problems.

Communication and clearinghouse programs.—In fulfillment of OMAT's responsibility for serving as a national communications center with respect to the employment and related aspects of technological change, an extensive library of publications and other information on these subjects is being established on a systematic basis. It is anticipated that digests of important new develop-

ments, research results, and publications in this field will be published at intervals during the latter part of fiscal 1964 and following fiscal years.

The development of the clearinghouse will be aided by two research projects undertaken for OMAT by the International Labour Organisation and scheduled for completion in 1964: (1) To develop detailed plans and a classification and indexing system for an international clearinghouse in this field; and (2) to prepare a collection of abstracts on the health and safety aspects of automation and technological change (of which the first volume is already in publication). OMAT expects to integrate its clearinghouse activities for the United States with those established by I.L.O.

OMAT's communications programs with respect to automation will also include, in both 1964 and 1965, the publication of reports and popular pamphlets; the handling of a large volume of inquiries by mail, telephone, and personal contact; and participation in meetings and conferences of interested groups. In addition, systematic contacts will be made with State and local government bodies concerned with automation and technological change and associated employment and displacement problems.

PROGRAM CHANGES FOR 1965

In 1965 there is a program decrease of \$375,000 which reflects the completion of the longshore manpower utilization-job security project. This project resulted from an agreement by the New York Shipping Association, Inc., and the International Longshoremen's Association that the Department of Labor study the problems of manpower utilization, automation or technological change, job security, and other related issues which affect the longshore industry.

ACTIVITY 2. TRAINING AND SKILL DEVELOPMENT PROGRAMS (1964, \$173,416,254; 1965, \$405,780,300)

NARRATIVE DESCRIPTION OF PROGRAM

The main thrust of the Manpower Development and Training Act is that unemployed and underemployed persons who cannot obtain full-time jobs with their present skills or who are working below their occupational potential should be afforded an opportunity, through provision of occupational (including basic education, if needed) training and, for some, maintenance allowances, to equip themselves with new and improved skills that provide reasonable assurance of employment.

The principal functions of the Secretary of Labor under title II are to identify local occupational training needs, to counsel and select persons for training, to pay training and other allowances, to provide counseling and placement services after training, and to encourage and assist in the adoption of a broad and diverse range of on-the-job training programs. The Secretary of Labor refers persons selected for institutional-type training to the Secretary of Health, Education, and Welfare who is responsible for seeing that curriculums, instructors, and facilities are provided to equip the trainees for the occupations for which they are to be prepared. When training is completed, the Secretary of Labor is also responsible for assisting the trainees to find jobs and for the conduct of followup studies to determine whether the programs have met the occupational needs of the trainees.

This activity has three subsections, representing (2a) training services and allowance payments, (2b) the accompanying State and local services, and (2c) Federal services. Each is discussed separately in the following pages.

ACTIVITY 2a. TRAINING SERVICES AND ALLOWABLE PAYMENTS (1964, \$150,775,592; 1965, \$362,000,000)

NARRATIVE DESCRIPTION OF PROGRAM, 1963 PROGRAM EXPERIENCE

By the end of fiscal 1963—less than 10 months after the start of the program—over 1,600 training projects for nearly 60,000 trainees had been approved in 49 States, the District of Columbia, Puerto Rico, and the Virgin Islands. Most of these projects are of the institutional or in-school type but 117 projects were designed to provide on-the-job training for some 1,600 workers. While all States except Louisiana are participating in the training program, the 12 most active States—each having approved institutional projects for over 1,500 trainees—

accounted for about half of all projects and 60 percent of the trainees committed to such projects.

About 300 different occupations are represented in the approved projects, ranging over a wide spectrum of job fields. The length of the training period ranges from the minimum of 2 weeks—set by the act—to 52 weeks, which is the effective maximum, reflecting the longest period for which a trainee may receive training allowances under the act. Although the average course duration is about 23 weeks, there is a marked clustering of courses at the upper end of the range as many of the projects are designed to prepare trainees for entry into relatively skilled occupations.

The estimated average cost of approved projects providing institutional training under the MDTA during its first year of operation was about \$1,150 per trainee, of which \$575 represented the cost of instruction and another \$575 went to the payment of training allowances. Trainees eligible for regular allowances (excluding youth) received an average of about \$35 per week; the range, however, was from \$22 to \$43, depending on the average unemployment insurance payment in the State. From a broader point of view, allowance payments are a gross cost, which are in part offset by reduced unemployment insurance and welfare costs. Experience during fiscal year 1963 indicates that about one-third of the trainees were unemployment insurance beneficiaries, and nearly 10 percent were receiving welfare payments.

WHO IS BEING TRAINED

By the end of June 1963, some 30,000 unemployed and underemployed workers were actually enrolled in training courses tailored to equip them with labor market skills currently in demand. The smaller number enrolled, compared with the number approved for training, reflects both the practice of training small groups in successive sections rather than simultaneously, and the time required after project approval to screen, test, counsel, and select the prospective trainees and to obtain the required training facilities and instructors.

Men account for 62 percent of the trainees and women 38 percent, which is about the same proportion each represents in the labor force. However, since women make up a somewhat higher proportion of the unemployed it appears that men are taking relatively greater advantage of the opportunity for training. This may reflect the greater incidence of family responsibilities among men and their consequent eligibility for training allowances. Three-fourths of the men, but little more than a third of the women, were receiving regular training allowances.

Nonwhite workers make up 23 percent of all enrollees in the training program, the same proportion as among all unemployed. An even greater proportion of the nonwhite trainees are drawn from the ranks of the long-term unemployed than among the whites, but nonwhites with little schooling have fared even less well than whites in the selection process. Although the nonwhite trainees, as a group, are somewhat better educated than the whites, this is in part a reflection of the occupations for which the nonwhites are training—occupations which give greater promise of stability and higher earnings than those traditionally held by this group.

The bulk of the MDTA trainees, as intended by the provisions of the act, are adult workers with a strong attachment to the labor force. About 75 percent were over 21 years old and a similar proportion had 3 or more years of gainful employment before their last spell of unemployment prior to entering training. A disproportionately large number of trainees, about two-thirds, are in the age group 22 to 44 years; among all unemployed, about 40 percent are in this category. Correspondingly, those 45 years of age and over, who account for about 30 percent of all unemployed, make up only 10 percent of the trainees. Youthful trainees—those under 19—also fall markedly short of their representation among the unemployed, as about 5 percent of the enrollees are in this group, compared with over 15 percent among all jobless. In contrast, young people between the ages of 19 and 22 constitute 19 percent of the enrollees, substantially exceeding their 12 percent of all unemployed.

In general, MDTA trainees are not only somewhat younger than the total unemployed group, but also better educated. Nearly 6 out of every 10 enrollees has a high school diploma, while among all unemployed about the same proportion dropped out of school before the 12th grade. At the lowest level of schooling, only 3 percent of the trainees, but 20 percent of the jobless, failed to complete 8 years. The high proportion of trainees with a high school education or better reflect both the types of occupation in which training is being offered and the advantage that a better education provides in coming through the testing and counseling procedures involved before selection for training.

In view of the disadvantaged position of workers with low educational attainment, a number of specially designed or experimental programs are being developed under the act to assist such workers in acquiring marketable skills. Some of these include basic literacy instruction along with occupational training. In 1963, 18 projects were approved; 9 projects included on-the-job training for 870 persons; 9 projects provided special services, but no occupational training, for 25,500 persons.

The MDTA training program has been particularly successful in reaching the long-term unemployed—a group that is especially in need of skill development or upgrading. About half of all enrollees had been out of work for 15 weeks or more—the official definition of long-term unemployment—nearly double the corresponding proportion among all jobless workers. About 18 percent—nearly 1 out of every 5 trainees—had been looking for a job for over a year before being selected for training, in contrast to 6 percent in this category among all unemployed.

MOST TRAINED WORKERS FIND JOBS

As of the end of fiscal year 1963, some 9,800 trainees had completed their courses and become available for regular employment. Within a short time after "graduation," 70 percent had been placed in jobs, nearly all utilizing their newly acquired skills. About four-fifths of the placements were made by the local offices of the State employment services.

Number of persons served and estimated costs of projects approved, August 1962 through June 30, 1963

| State or possession | Trainees | | | Special services to individuals ¹ | Estimated cost by activity | | | | |
|---------------------------|------------------------|---------------------|--------|--|----------------------------|------------------------|---------------------|--------------------|--|
| | Institutional training | On-the-job training | | | Total | Institutional training | On-the-job training | Allowance payments | Special services to individuals ¹ |
| Total..... | 57,086 | 2,297 | 25,500 | | \$69,601,030 | \$32,907,744 | \$1,005,446 | \$32,765,062 | \$2,922,778 |
| Alabama..... | 1,129 | | | | 969,564 | 501,471 | | 468,093 | |
| Alaska..... | 110 | | | | 246,514 | 153,334 | | 93,180 | |
| Arizona..... | 335 | | | | 486,824 | 278,010 | | 208,814 | |
| Arkansas..... | 541 | | | | 712,371 | 461,259 | | 251,112 | |
| California..... | 5,187 | 237 | 3,000 | | 5,584,375 | 2,652,632 | 125,200 | 2,500,922 | 305,621 |
| Colorado..... | 290 | | | | 653,825 | 222,728 | | 431,097 | |
| Connecticut..... | 3,165 | 8 | 600 | | 1,090,816 | 609,244 | 7,221 | 348,291 | 126,060 |
| Delaware..... | 39 | | | | 13,347 | 6,938 | | 6,409 | |
| District of Columbia..... | 785 | 25 | | | 773,218 | 431,082 | 27,250 | 314,886 | |
| Florida..... | 820 | | | | 831,389 | 387,639 | | 443,750 | |
| Georgia..... | 365 | 20 | | | 811,683 | 489,309 | 4,220 | 318,154 | |
| Guam..... | | | | | | | | | |
| Hawaii..... | 371 | 16 | | | 170,027 | 106,069 | 847 | 63,111 | |
| Idaho..... | 80 | | | | 153,453 | 53,401 | | 100,052 | |
| Illinois..... | 4,985 | 280 | | | 5,252,775 | 2,828,349 | 92,729 | 2,331,697 | |
| Indiana..... | 1,113 | | | | 1,269,814 | 680,254 | | 589,590 | |
| Iowa..... | 518 | | | | 1,145,878 | 751,504 | | 394,374 | |
| Kansas..... | 624 | | | | 1,266,532 | 546,250 | | 720,272 | |
| Kentucky..... | 1,584 | 28 | | | 3,103,917 | 1,157,908 | 7,368 | 1,938,641 | |
| Louisiana..... | | | | | | | | | |
| Maine..... | 1,198 | 10 | | | 420,477 | 303,675 | 1,702 | 115,100 | |
| Maryland..... | 433 | | | | 634,374 | 301,551 | | 332,823 | |
| Massachusetts..... | 1,330 | | | | 2,168,121 | 1,153,404 | | 1,014,717 | |
| Michigan..... | 2,671 | 126 | 400 | | 4,750,177 | 2,155,415 | 36,505 | 2,404,486 | 153,771 |
| Minnesota..... | 675 | 112 | | | 1,157,928 | 624,250 | 16,002 | 517,676 | |
| Mississippi..... | 110 | | | | 182,534 | 89,511 | | 93,023 | |
| Missouri..... | 2,174 | 40 | | | 4,026,024 | 1,774,806 | 14,000 | 2,237,218 | |
| Montana..... | 237 | | | | 307,341 | 132,172 | | 175,169 | |
| Nebraska..... | 310 | | | | 481,944 | 213,528 | | 268,416 | |
| Nevada..... | 365 | 300 | | | 426,792 | 200,418 | 39,049 | 187,325 | |
| New Hampshire..... | 692 | 34 | | | 191,478 | 114,098 | 7,405 | 69,975 | |
| New Jersey..... | 2,441 | 21 | | | 2,186,759 | 1,148,304 | 13,211 | 1,025,244 | |
| New Mexico..... | 369 | | | | 214,756 | 119,486 | | 95,270 | |
| New York..... | 5,394 | 420 | 20,000 | | 6,723,026 | 2,707,193 | 298,545 | 1,717,288 | 2,000,000 |
| North Carolina..... | 916 | 28 | 600 | | 1,354,829 | 664,233 | 6,970 | 543,626 | 140,000 |
| North Dakota..... | 233 | 60 | | | 687,540 | 224,338 | 6,206 | 456,996 | |
| Ohio..... | 2,265 | 153 | 500 | | 2,273,544 | 971,889 | 38,459 | 1,217,446 | 45,750 |
| Oklahoma..... | 752 | | | | 892,437 | 427,884 | | 464,553 | |
| Oregon..... | 505 | 20 | | | 798,365 | 321,434 | 6,886 | 470,045 | |
| Pennsylvania..... | 3,382 | 110 | 400 | | 5,328,711 | 2,021,768 | 43,878 | 3,111,489 | 151,576 |
| Puerto Rico..... | 1,270 | | | | 819,716 | 425,334 | | 394,382 | |
| Rhode Island..... | 241 | | | | 532,423 | 344,594 | | 187,829 | |
| South Carolina..... | 436 | | | | 304,307 | 169,914 | | 134,393 | |
| South Dakota..... | 130 | | | | 338,544 | 140,498 | | 198,046 | |
| Tennessee..... | 759 | | | | 1,292,032 | 655,590 | | 636,442 | |
| Texas..... | 1,419 | 21 | | | 1,933,082 | 929,337 | 8,159 | 995,586 | |
| Utah..... | 336 | | | | 252,175 | 88,765 | | 163,410 | |
| Vermont..... | 140 | | | | 313,516 | 193,973 | | 119,543 | |
| Virginia..... | 750 | | | | 994,966 | 519,376 | | 475,590 | |
| Virgin Islands..... | 90 | | | | 18,999 | 12,454 | | 6,545 | |
| Washington..... | 1,725 | | | | 967,847 | 544,502 | | 423,345 | |
| West Virginia..... | 429 | 166 | | | 737,816 | 264,561 | 183,309 | 289,946 | |
| Wisconsin..... | 779 | | | | 1,115,201 | 545,964 | | 569,237 | |
| Wyoming..... | 89 | 62 | | | 236,927 | 86,134 | 20,325 | 130,468 | |

¹ Research, experimental, and demonstration projects.

1964 PROGRAM

During the first 6 months of fiscal 1964, Manpower Development and Training Act projects were approved to provide training for 61,231 unemployed or underemployed persons, approximately 2,000 more than in the entire 10 months of fiscal 1963 the program was in operation. After enactment of the 1964 appropriation in mid-October, making available \$90 million for the expenses of training and allowance payments to eligible trainees, training projects were developed and approved much more rapidly than during the first quarter of the year. The second quarter program was twice the size of the first quarter.

The States were also encouraged by the progress in Congress during the fall of the proposed legislative amendments culminating in their enactment Decem-

ber 13, 1963. Of special significance to the 1964 program was the provision postponing State matching requirements until fiscal 1966 since very few of the States are as yet prepared to deal with requirements in the original act that called for 50-50 State matching beginning July 1, 1964, and a great many training programs begun in fiscal year 1964 will continue into fiscal 1965.

As of January 1, 1964, \$77.6 million of the \$90 million presently appropriated for these direct program expenses during fiscal 1964 has been committed. This includes \$10.7 million to cover allowance payments being made to individuals enrolled in training courses approved during fiscal 1963 which were not financeable from the 1963 appropriation and \$66.9 million for fiscal 1964 expenses of projects approved since July 1, 1963. To complete the estimated total costs for these 1964 projects, there is a \$15.5 million commitment to cover allowance payments made after June 30, 1964.

It is presently estimated that all available funds will be committed by early February 1964. The Department is requesting, for early approval, a supplemental appropriation for the full additional \$55 million authorized in order to continue the program and to implement the amendments passed in mid-December. Many of the amendments will be ready for introduction in February, including those pertaining to more liberal allowance eligibility requirements.

The amendments will considerably alter the profile of the Manpower Development and Training Act program as it has developed since its inception in August 1962. In summary, the amendments provide that—

(1) The State matching requirement for fiscal 1965 is waived and the act is extended for an additional year with the requirement that States match one-third in fiscal year 1966;

(2) Training in education at the basic level is authorized for those unable to qualify for occupational training, provided evidence exists of intention to undertake such training, and for this group an additional 20 weeks of training allowances is authorized;

(3) The youth training program is expanded by lowering the eligible age limit for youth training allowances from 19 to 17 years subject to a restriction of a 1-year waiting period for school dropouts, by increasing the proportion of youth receiving training allowances to 25 percent of all of those receiving allowances;

(4) The eligibility requirements for those who can receive training allowances are widened by reducing the work experience requirement from 3 years to 2 years and by permitting payment of an allowance to any one member of a family in training if the head of the family or household is unemployed;

(5) A training incentive of up to \$10 a week is added to existing allowance payments which are otherwise inadequate; as well as permitting trainees to engage in part-time work up to 20 hours a week without reduction in the training allowance;

(6) A pilot program for labor mobility demonstration projects is authorized with a maximum expenditure of \$4 million and with authority for this to expire June 30, 1965.

In enacting the amendments, Congress did not increase the authorization for fiscal 1964. The maximum 1964 appropriation can, therefore, be \$165 million, of which \$138 million would be for direct program costs, \$48 million in addition to the \$90 million now appropriated. Substantial evidence from the States has developed during recent months to indicate that during fiscal 1964 approximately the full appropriation of \$165 million could have been efficiently utilized without taking account of the effect of the amendments. Since the cost of the amendments will be financed within the same limits, there is every reason to believe the 1964 Manpower Development and Training Act program will reach its maximum financial capability before the end of the fiscal year.

Assuming the full 1964 appropriation, with enactment of the supplemental request at an early date so that the momentum of the program is not lost, it is estimated that training projects can be approved to provide training for up to 135,000 individuals, or about 75,000 during the second half of the fiscal year as compared with the 61,000 provided for in the first half year.

Number of persons served and estimated costs of projects approved, July 1, 1963, through Dec. 31, 1963

| State or possession | Trainees | | Special services to individuals ¹ | Estimated cost, by activity | | | | |
|---------------------------|------------------------|---------------------|--|-----------------------------|------------------------|---------------------|--------------------|--|
| | Institutional training | On-the-job training | | Total | Institutional training | On-the-job training | Allowance payments | Special services to individuals ¹ |
| Total..... | 55,424 | 5,807 | 6,770 | \$82,382,833 | \$36,720,526 | \$2,487,425 | \$41,100,256 | \$2,074,626 |
| Alabama..... | 310 | | | 358,275 | 158,370 | | 199,905 | |
| Alaska..... | 145 | | | 82,919 | 26,444 | | 56,475 | |
| Arizona..... | 335 | 31 | 75 | 480,402 | 277,545 | 27,973 | 1,941,484 | 13,400 |
| Arkansas..... | 304 | | | 348,421 | 168,153 | | 180,268 | |
| California..... | 4,396 | 667 | | 5,822,601 | 2,444,305 | 96,048 | 3,191,392 | 90,856 |
| Colorado..... | 98 | 100 | | 321,960 | 69,833 | 18,940 | 233,187 | |
| Connecticut..... | 3,184 | 34 | | 1,388,022 | 809,731 | 26,241 | 516,700 | 35,350 |
| Delaware..... | 120 | 12 | | 49,923 | 21,489 | 1,476 | 26,958 | |
| District of Columbia..... | 200 | 366 | 1,400 | 917,299 | 51,277 | 395,365 | 224,170 | 246,487 |
| Florida..... | 1,130 | | | 1,326,632 | 792,602 | | 534,030 | |
| Georgia..... | 230 | 183 | | 699,740 | 392,761 | 78,581 | 223,398 | |
| Guam..... | | | | | | | | |
| Hawaii..... | 34 | | | 9,932 | 6,002 | | 3,840 | |
| Idaho..... | 102 | | | 206,798 | 72,675 | | 134,123 | |
| Illinois..... | 2,976 | 1,020 | 1,000 | 4,776,433 | 2,061,333 | 207,682 | 1,941,620 | 565,798 |
| Indiana..... | 1,122 | | | 3,368,818 | 2,227,372 | | 1,141,446 | |
| Iowa..... | 483 | 48 | | 1,038,059 | 497,363 | 11,477 | 329,219 | |
| Kansas..... | 578 | 99 | | 1,386,657 | 463,921 | 52,443 | 370,323 | |
| Kentucky..... | 3,710 | 5 | | 9,035,358 | 3,040,316 | 4,450 | 5,990,592 | |
| Louisiana..... | | 19 | | 18,129 | | | 18,129 | |
| Maine..... | 244 | 27 | | 217,303 | 115,171 | 23,585 | 78,547 | |
| Maryland..... | 200 | 89 | 650 | 426,582 | 139,818 | 94,980 | 102,000 | 89,784 |
| Massachusetts..... | 1,609 | 62 | 1,600 | 2,484,686 | 958,914 | 5,854 | 1,147,643 | 372,275 |
| Michigan..... | 1,977 | 348 | 25 | 2,862,815 | 1,437,692 | 107,118 | 1,280,010 | 37,995 |
| Minnesota..... | 346 | 63 | | 671,690 | 319,278 | 22,975 | 329,487 | |
| Mississippi..... | | 250 | | 138,346 | | 102,106 | 36,240 | |
| Missouri..... | 1,894 | 100 | 600 | 3,822,760 | 1,275,910 | 39,911 | 2,493,851 | 13,088 |
| Montana..... | 148 | 60 | | 213,935 | 81,747 | 9,152 | 123,636 | |
| Nebraska..... | 163 | 66 | | 553,972 | 221,391 | 4,830 | 327,751 | |
| Nevada..... | 505 | | | 633,113 | 377,259 | | 255,854 | |
| New Hampshire..... | 221 | 25 | | 172,187 | 77,793 | 2,867 | 91,527 | |
| New Jersey..... | 877 | 423 | | 1,032,160 | 361,427 | 100,883 | 570,350 | |
| New Mexico..... | 321 | 47 | | 517,628 | 213,493 | 40,790 | 263,345 | |
| New York..... | 3,671 | 445 | 200 | 4,689,321 | 2,558,944 | 370,516 | 1,680,786 | 79,275 |
| North Carolina..... | 819 | 18 | | 1,138,345 | 507,753 | 5,982 | 624,610 | |
| North Dakota..... | 70 | 24 | | 223,408 | 49,286 | 9,539 | 161,583 | |
| Ohio..... | 1,840 | 130 | | 2,685,528 | 1,202,229 | 20,928 | 1,462,571 | |
| Oklahoma..... | 952 | | | 674,040 | 389,169 | | 284,872 | |
| Oregon..... | 255 | 12 | | 140,701 | 76,020 | 4,681 | 60,000 | |
| Pennsylvania..... | 3,911 | 381 | | 7,850,226 | 3,698,050 | 227,417 | 3,804,952 | 59,807 |
| Puerto Rico..... | 1,141 | 103 | | 1,021,028 | 503,159 | 1,750 | 516,119 | |
| Rhode Island..... | 393 | 12 | | 544,269 | 276,526 | 3,945 | 263,798 | |
| South Carolina..... | 5,040 | 200 | 720 | 6,023,150 | 2,842,014 | 180,000 | 2,581,900 | 419,230 |
| South Dakota..... | 2 | 114 | | 36,861 | | 29,731 | 7,130 | |
| Tennessee..... | 1,241 | | | 2,023,111 | 980,701 | | 1,042,410 | |
| Texas..... | 1,584 | 97 | | 1,662,019 | 715,460 | 70,032 | 876,527 | |
| Utah..... | 300 | | | 361,531 | 140,029 | | 251,502 | |
| Vermont..... | 350 | | | 328,483 | 125,004 | | 203,479 | |
| Virginia..... | 685 | 14 | | 592,408 | 267,810 | 7,362 | 317,236 | |
| Virgin Islands..... | 205 | | | 111,418 | 65,978 | | 45,440 | |
| Washington..... | 1,432 | 18 | | 959,159 | 440,648 | 35,029 | 483,482 | |
| West Virginia..... | 2,850 | | 500 | 4,837,399 | 2,278,371 | | 2,507,753 | 51,275 |
| Wisconsin..... | 575 | 95 | | 869,426 | 385,589 | 27,157 | 456,680 | |
| Wyoming..... | 126 | | | 197,217 | 56,312 | | 140,905 | |

¹ Research, experimental, and demonstration projects.

1965 PROGRAM ASSUMPTIONS

In postponing the effective date of the State matching requirement, the bill authorizes full Federal financing for fiscal 1965 at twice the level contemplated in the original act. Thus, to provide a program of the magnitude provided by Congress, a total of \$411 million is authorized for 1965. Of this amount, it is estimated that \$362 million would be available for the direct costs of training, allowance payments, and related services authorized by title II of the act, as amended by Public Law 88-214.

Institutional training

The 1965 program would provide for an estimated 210,000 trainees to receive occupational training through institutional training arrangements. Experience has led to an estimate that 70 percent of the trainees would be eligible for allowances, of which the maximum number (25 percent of the 70 percent) which would be authorized would be paid to youth.

The estimated 210,000 trainees to be provided institutional occupational training in 1965 will be trained at an average cost of \$1,310. This figure reflects an expected increase in the average duration of institutional programs, and is supported by 1964 experience in which duration of approved projects is several weeks longer than in the 1963 program. It also reflects the higher average weekly allowance which are now authorized under the amendments to the act.

Basic education training

The amended act also provides for basic education or literacy training. The objective in this area is clearly described in the report of the House committee:

"Certainly one of the principal expectations of Congress at the time Manpower Development and Training Act was passed, was that hard-core unemployed could be salvaged and returned to productive employment. Yet, when available job opportunities are discovered and the necessary training program devised, the vast majority of the unemployed cannot pass entrance examinations. In fact, large numbers cannot even be tested since they are unable to read or write. The original act was written carefully to insure that only those with a reasonable expectation of success would be accepted for training. Nationally, only one in eight of the unemployed have qualified. The chairman of the Indiana Manpower Advisory Committee, Mr. Franklin D. Schurz, provided testimony regarding a survey in South Bend, Ind., which revealed that 60 percent of the unemployed in that area could not qualify for projected training courses because of inadequate educational attainment.

"The problem is illustrated very clearly by the figures given to the committee on the educational attainment of the unemployed. Twenty percent, or 800,000, have not completed the eighth grade in school. Another 16 percent, 640,000, have only an eighth-grade education.

"Three percent of Manpower Development and Training Act trainees so far have come from among those with less than an eighth-grade education. In the opinion of the committee the success of the retraining program at higher levels has demonstrated that we can now focus effectively on the even harder 'hard core' of unemployed. These are the least educated and least usable workers in today's world. Without opportunity this group is predictably doomed to a lifetime of joblessness and dependence upon public assistance."

* * * * *

"The bill proposes to provide greater opportunity for those now excluded from training by extending the period for which training allowances can be provided for another 20 weeks. Only those who cannot enter any occupational training because of inadequate education will be eligible for this additional training. The purpose of the provision is to make possible the development of the basic education skills which are required if a person is to qualify and benefit from any occupational training. It is expected that in the usual case this will involve special training in the general area of reading, writing, language skills, and arithmetic."

We have estimated that provision can be made for 60,000 at a cost of \$45.1 million or about \$750 per person for training and allowance payments. This is an area in which experience is sparse. Assumptions have been made as to cost and average duration but with full recognition that they may have to be revised in the light of actual practice.

On-the-job training

The committee emphasized that a substantial level of on-the-job training was originally anticipated to be generated by the Manpower Development and Training Act and pointed out that these expectation had not been realized. It was recognized, however, that this phase of the training program was delayed pending the development of viable operating procedures and that on-the-job training projects were first approved only at the end of the fiscal year. For the period July to December 1964, on-the-job training projects have been approved for more than 5,800 trainees. It is expected that up to 18,000 trainees will be provided for by the end of the fiscal year. For 1965, a level of 50,000 trainees is anticipated. Because such trainees are, in fact, employees of private employers, allowance costs are minimal—being applicable only to periods of preliminary

or related training of a nonproductive character. Similarly, training costs are also limited to the additional costs which the employer experiences in order to execute the training.

Special services to individuals

Experimental and demonstration projects.—The committee report stated that "the most encouraging findings of the committee relate to the unique and critically important contributions being made to the program by these (experimental or demonstration) projects." The committee felt that these projects produce convincing proof of the need for and feasibility of the program changes provided by the amendments. The committee recommended that the role assigned to special projects be continued and expanded.

For all kinds of experimental and demonstration projects which may be appropriate and useful as authorized under the amended act, a sum of \$12 million is included. This would provide services to approximately 60,000 persons. The estimate is approximately 3 percent of the total direct program estimate and represents a continuation of approximately the same proportionate level which has proved to be so fruitful in the first year of the program.

Labor mobility demonstration projects.—The amendments to the act have added a new section, section 208, providing for labor mobility demonstration projects. This section provides that the Secretary of Labor shall develop and carry out pilot projects designed to assess or demonstrate the effectiveness in reducing unemployment of programs to increase the mobility of unemployed workers by providing assistance to meet their relocation expenses. For pilot relocation projects \$4 million is included in this estimate.

Subsistence and transportation allowances

A total of \$6,818,000 is included in the estimate for these costs. The amount estimated is conditioned by the fact that it is residual figure, completing the total of \$362 million estimated for direct program costs in 1965.

The direct program designed for 1965 which has been described above is set forth in summary form. It is emphasized that this represents assumed distributions of costs and relative emphases between institutional, literacy, on-the-job training, and demonstration projects. It is important to recognize that adjustments in this design may be necessary and desirable as the program develops during the budget year. The summary follows:

1965 program assumptions

| Activity | Trainees | Duration (weeks) | Allowance payments | | | Training costs | | Special services (thousands) | Total costs (thousands) |
|---|----------|------------------|--------------------|---------------------|------------------------|---------------------|------------------------|------------------------------|-------------------------|
| | | | Average per week | Average per trainee | Total cost (thousands) | Average per trainee | Total cost (thousands) | | |
| Institutional training | 210,000 | | | | | | | | |
| Adults with allowances | 110,000 | 27 | \$42 | \$1,134 | \$124,740 | \$630 | \$69,300 | | \$194,040 |
| Youth with allowances | 37,000 | 27 | 18 | 486 | 17,982 | 630 | 23,310 | | 41,292 |
| No allowances | 63,000 | 27 | | | | 630 | 39,690 | | 39,690 |
| Total | | | | | 142,722 | | 132,300 | | 275,022 |
| Literacy training | 60,000 | | | | | | | | |
| Adults with allowances | 32,000 | 15 | 42 | 630 | 20,160 | 370 | 11,840 | | 32,000 |
| Youth with allowances | 10,000 | 15 | 18 | 270 | 2,700 | 370 | 3,700 | | 6,400 |
| No allowances | 18,000 | 15 | | | | 370 | 6,660 | | 6,660 |
| Total | | | | | 22,860 | | 22,200 | | 45,060 |
| On-the-job training | 50,000 | | | 68 | 3,400 | 314 | 15,700 | | 19,100 |
| Experimental and demonstration projects | | | | | | | | \$12,000 | 12,000 |
| Demonstration mobility projects | | | | | | | | 4,000 | 4,000 |
| Subsistence and transportation allowances | | | | | 6,818 | | | | 6,818 |
| Total direct program | 320,000 | | | | 175,800 | | 170,200 | 16,000 | 362,000 |

¹ Represents 275,000 individual trainees.

² Provides services to 60,000 persons.

ACTIVITY 2b. STATE AND LOCAL SERVICES (1964, \$16,375,000; 1965, \$35,500,000)

NARRATIVE DESCRIPTION OF PROGRAM

Occupational training under Public Law 87-415 is predicated upon these basic requirements: (1) Determination of occupations in which there is a need for workers; (2) careful selection of persons to be trained so that they may become eligible for occupational placement once trained; (3) provision of the kind and amount of training which fills the gap between a trainee's aptitudes and current occupational capabilities and his potential placement in the occupation for which he is receiving training; and, (4) reasonable expectation of placing the graduate trainee in a suitable job.

Training programs are closely identified with communities, and it is here in large degree that training programs are planned, developed, and operated, providing training to local residents with expectations of employment in their own hometowns. Where circumstances warrant, training programs may take on broader geographic coverage, reaching several communities or even across State borders to become regional or conceivably national in scope. The focal point for the development and administration of training programs is the State, and it is for these reasons that the Secretary of Labor has entered into agreements with State employment security and State apprenticeship agencies and the Secretary of Health, Education, and Welfare with State vocational education agencies. These agencies perform the services described below.

ACTIVITY 2b. (1) STATE EMPLOYMENT SECURITY AGENCIES (1964, \$12,350,000; 1965, \$27,000,000)

State employment security agencies (and their local offices) are responsible for: (1) Determining the occupations in which there is a need for training; (2) essential screening, application taking and/or counseling of individuals prior to their taking training; (3) selection and referral to training of individuals, including tests; (4) determining entitlements and making training allowances and subsistence payments to persons who are eligible for such payments under the act; and (5) placement of individuals after training, including followup. In the administration of the program the State agencies provide continuing technical services to their local offices and carry on program review and evaluation. They work in close cooperation with their counterpart State vocational education agencies in the promulgation, development, and review of all institutional training projects and with State apprenticeship agencies relative to on-the-job training projects and, within their area of responsibility, recommend them for Federal review and approval.

PROGRAM CHANGES FOR 1965

The increase of \$14,650,000 will provide \$27,000,000, the estimated State and local employment security expenses required to service an estimated 275,000 individuals who will be enrolled for training in approved courses.

For State employment security agencies

| | |
|---|--------------|
| (a) Selection, referral, and placement..... | \$16,000,000 |
| (b) Payment of trainee allowances..... | 5,500,000 |
| (c) State supervision..... | 5,500,000 |
| Total..... | 27,000,000 |

ACTIVITY 2b. (2) STATE VOCATIONAL EDUCATION AGENCIES (1964, \$3,825,000; 1965, \$8,000,000)

State vocational agencies, under agreements entered into with the Secretary of Health, Education, and Welfare, provide institutional training, utilizing public education agencies or institutions wherever possible. If these facilities are not adequate, however, State agencies make necessary arrangements with private educational or training institutions.

The public vocational education system is a basic component of the total program. Once the occupations have been identified by the local public employment office as being suitable for training, the local education agency will determine what local resources there are for conducting the training courses.

This requires an examination to determine the degree to which public facilities; i.e., buildings, space, equipment, tools, and supplies are available and what additional is needed. It includes a determination of the institutional personnel required and where they may be recruited.

Local school officials, after these determinations, make an estimate of the additional costs required for conducting training in the selected occupations. This information, together with labor market data supplied by the local employment office, is embodied in a training proposal to be reviewed and approved at higher administrative levels.

After approval, the local school officials get the instructional program underway, developing courses of study where necessary and bringing instructors and facilities together. Individuals selected and referred by the employment offices are enrolled and instructed by the schools. School officials submit reports of attendance and performance on each trainee to the local and/or State employment security offices, on the basis of which weekly training allowances are paid. As training proceeds, there is constant interchange of information between the education and employment service agencies to insure that trainable persons are being selected and that the curriculum and instructional program are providing job-related skills, including basic education needed by trainees with educational handicaps.

The State vocational education agency is responsible for administering the training program on a statewide basis. It provides local education officials information on the procedures to be followed in getting programs started and technical assistance in formulating training proposals and executing them after approval. The State education agency, together with the State employment security agency, reviews all training programs proposed or undertaken in the State to insure conformity with standards prescribed in the act.

PROGRAM CHANGES FOR 1965

The expansion of the occupational training programs, the introduction of basic education into the program, and the increased emphasis on reaching the hard-core unemployed require that additional funds and personnel be provided the State vocational education agencies.

At the State level professional personnel are required to provide for the development, implementation, and supervision of the training programs. Guidance services of the schools need to be improved and strengthened in the school setting to reduce the dropout rate. Also specialists in basic education must be provided so that the States have the professional leadership necessary to assure that effective basic education training programs are developed and implemented.

To provide the increased teachers and instructors required for the expanded program in 1965, skilled craftsmen and occupational specialists will be recruited from industry and business. Many of these persons have had little or no teaching experience and will require intensive inservice training. The State agencies will either employ itinerant teacher trainers or contract with colleges and universities to provide this inservice training.

Experience in the program to date reveals that many of the large metropolitan areas have special, unique problems, especially among the hardcore unemployed groups and the youth groups who have socioeconomic, educational, and other handicaps. To help assure that quality institutional training is being provided and to help reduce the dropout rate, professional personnel are required to develop, coordinate, supervise, and evaluate the training programs and counseling services provided in and among the schools in the metropolitan areas.

To provide for the professional services for the State vocational education agencies for the expanded program in 1965 will require \$8 million, distributed as follows:

| | |
|---|------------------|
| Program development, supervision, and evaluation of training, school guidance and counseling..... | \$4,430,000 |
| Basic adult education..... | 1,350,000 |
| Teacher training..... | 920,000 |
| Metropolitan area program..... | 1,300,000 |
| Total..... | 8,000,000 |

ACTIVITY 2b. (3) STATE APPRENTICESHIP AGENCIES (1964, \$200,000; 1965, \$500,000)

Section 204 of the act provides that "the Secretary of Labor shall encourage, develop, and secure the adoption of programs for on-the-job training needed to equip persons selected for training with the appropriate skills." The same section also states that the Secretary shall, to the maximum extent possible, secure the adoption by the States and other agencies and organizations of on-the-job training programs. Section 206 authorizes the Secretary to utilize the services of appropriate State agencies for the purpose of achieving the training objectives of the act and to make payments to such agencies for expenses incurred for the development and administration of training programs.

The participation of State apprenticeship agencies in the promotion, development, and servicing of on-the-job training programs has been sought by inviting them to enter into agreements with the Secretary of Labor. Agreements have already been made with California, Hawaii, Puerto Rico, and Wisconsin and several additional States are likely to sign agreements.

PROGRAM CHANGES FOR 1965

The increased on-the-job training planned for 1965 as described in 1965 program assumptions under activity 2a contemplates an increased role for State apprenticeship agencies. The estimated funds required for these agencies in 1965 is \$500,000, an increase of \$300,000 over 1964.

ACTIVITY 2c. FEDERAL SERVICES (1964, \$6,265,662; 1965, \$8,280,300)

NARRATIVE DESCRIPTION OF PROGRAM

This activity covers the services of a number of Federal agencies. Included are salaries and related nonpersonal services costs for staffs housed in the Office of the Secretary, the Office of the General Counsel, and the Office of Education of the Department of Health, Education, and Welfare; and in the Labor Department the Office of Manpower, Automation, and Training, the Bureau of Employment Security, the Bureau of Apprenticeship and Training, and the President's Committee on Youth Employment. The functions performed in these several organizational units relate to the development of policy and procedures for conducting training and payment of allowances, the development and approval of training projects, the review of the conduct of approved training programs, the reports to Congress and the evaluation of the training programs. A separate description of the functions performed by each organization is presented separately on the following pages.

PROGRAM CHANGES FOR 1965

The total program increase for Federal services in 1965 is \$1,857,538. It consists of a program increase of \$480,000 and \$1,377,538 to provide for the full annual costs of personal services and related costs to finance for a full year the positions financed for only one-fourth of the year in 1964. The components of the Federal services are described on the following pages.

ACTIVITY 2c. (1) OFFICE OF MANPOWER, AUTOMATION, AND TRAINING (1964, \$2,246,662; 1965, \$2,713,300)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides, through the Office of Manpower Development within OMAT, for the functions related to the development of objectives, policies, criteria and standards required for effective administration of the occupational training programs and related activities called for under the Manpower Development and Training Act. It is responsible for determining that the objectives, policies and procedures promulgated under the act are compatible with, contribute to, and are integrated into the overall national manpower program for which the Department of Labor bears Federal responsibility.

The Office prescribes the basic information regarding persons served under the act required for the administration, appraisal, and evaluation of the program. It assembles information and prepares and issues continuing reports on the number and characteristics of trainees, types and characteristics of training programs, and on related matters. It identifies new program dimensions and special requirements to fulfill provisions of the act and develops,

through experimental and demonstration projects, new tools, techniques, and procedures to implement the innovations and new approaches. The Office conducts the review and evaluation of plans, programs, progress, and results.

Through a field service, the Office coordinates and provides leadership in the activities of many agencies, public and private, concerned with the development of training programs and implements its responsibilities with respect to continuous review and appraisal of the programs approved, and in identifying and developing solutions, through experimental and demonstration programs, for the special manpower problems and needs of various groups of potential trainees.

The Office prepares the reports of the Secretary of Labor to Congress which the act requires and which it specifies shall include evaluation of the training programs, number of persons trained, numbers and types of training activities, numbers of unemployed or underemployed persons who have secured full-time employment as a result of such training and the nature of such employment, the need for continuing such programs and recommendations for improvement.

PROGRAM CHANGES FOR 1965

The expansion of the training programs under the act and the introduction of new aspects of the program as authorized by the amendments provides increased tools and vehicles to reach the training needs of the hard-core unemployed and disadvantaged groups.

In 1965, \$330,000 is requested for unusual expenses directly related to special training programs which it would be impossible or impractical to charge to individual State apportionments even though residents of those States benefit.

In addition to the program increase of \$330,000 for nationwide programs, \$90,638 is to provide for the full annual costs of personal services and related costs to finance for a full year the positions financed for only one-fourth of the year in 1964.

ACTIVITY 2c. (2) BUREAU OF EMPLOYMENT SECURITY (1964, \$1,788,000; 1965, \$2,435,700)

NARRATIVE DESCRIPTION OF PROGRAM

The Bureau of Employment Security, working in close coordination with the Office of Manpower, Automation, and Training, provides through the State employment security system for the operating programs necessary to carry out the Manpower Development and Training Act activities assigned to State employment security agencies described in activity 2a and 2b. The Bureau exercises leadership, direction, coordination, and control throughout the Federal-State system. It provides the operating instructions and procedures for determining locally the specific occupations for which training should be undertaken; for the testing, counseling, selection, referral, and placement services subsequent to training to be furnished unemployed and underemployed workers by the local offices; and for making payments of trainee allowances, subsistence and transportation. The Bureau works closely with the U.S. Office of Education, HEW, on all matters related to institutional training, and for the Secretary of Labor has responsibility for Federal review and approval of proposed institutional training programs. The Bureau also collaborates with the Bureau of Apprenticeship and Training on matters requiring State employment security agency participation in the development of on-the-job training.

The Bureau's regional offices provide direct technical assistance to States in conducting skill surveys, in training project identification and development, in the counseling, testing, selection, and referral of unemployed workers to training, and in the maintenance of necessary records and reports. Regional representatives, jointly with the Department of Health, Education, and Welfare and the Bureau of Apprenticeship and Training review and approve training projects.

The Administrator, Bureau of Employment Security, is the Deputy Manpower Administrator for Operations.

PROGRAM CHANGES FOR 1965

The increase of \$585,300 over 1964 provides for the full annual cost of personal services and related costs to finance for a full year the positions financed for only one-fourth of the year in 1964.

ACTIVITY 2c. (3) BUREAU OF APPRENTICESHIP AND TRAINING (1964, \$528,000;
1965, \$782,000)

NARRATIVE DESCRIPTION OF PROGRAM

The Bureau of Apprenticeship and Training, working in close coordination with the Office of Manpower, Automation, and Training, has responsibility for on-the-job training authorized by section 204 of the act. The Bureau also works closely with the Bureau of Employment Security on all matters requiring State employment security agency participation in the development of on-the-job training programs. To meet its responsibilities, the Bureau is engaged in a nationwide program of promotion and technical assistance to establish on-the-job training involving participation of industrial establishments, government agencies, labor organizations, and associations. In addition to promotion and development of projects, BAT is responsible for the approval, installation, and servicing of the projects while in operation. The Bureau provides leadership and guidance to State apprenticeship agencies which, under agreement with the Secretary of Labor, are participating in the development of on-the-job training.

PROGRAM CHANGES FOR 1965

The increase of \$243,400 over 1964 provides for the full annual cost of personal services and related costs to finance for a full year the positions financed for only one-fourth of the year in 1964, as is shown on page MDTA-9.

ACTIVITY 2c. (4) PRESIDENT'S COMMITTEE ON YOUTH EMPLOYMENT (1964, \$65,000;
1965, \$68,300)

NARRATIVE DESCRIPTION OF PROGRAM

The President's Committee on Youth Employment, through its many and varied relationships with local, regional, and national organizations, brings the Nation's attention and resources to bear upon the special employment problems of youth, thereby assisting the placement of young people in jobs.

Program changes for 1965: none.

ACTIVITY 2c. (5) DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE (1964
\$1,638,000; 1965, \$2,281,000)

NARRATIVE DESCRIPTION OF PROGRAM

Under the provisions of the Manpower Development and Training Act of 1962, the Secretary of Health, Education, and Welfare has been given additional responsibilities to provide training and retraining to individuals whose skills have been rendered obsolete by forces not under their control and arising from dislocations in the economy due to automation, foreign competition, relocation of industries, shifts in market demands, and other changes in the economy and to individuals to develop skills for new positions which are or will be in demand.

In carrying out this program, close cooperation and coordination must be maintained between the policymaking and operational levels of the Department of Health, Education, and Welfare and the Department of Labor and other interested departments and agencies.

The Secretary of Health, Education, and Welfare is also required to make a report to Congress annually, such report to contain an evaluation of the training and skill development programs for which he is responsible under title II, the need for continuing such programs, and recommendations for improvement.

The Secretary of Health, Education, and Welfare has designated the Under Secretary to provide overall policy direction and guidance and to coordinate the activities to be performed by this Department under provisions of the Manpower Development and Training Act. The Under Secretary carries liaison responsibilities at the policy level with other departments and agencies. He is responsible for surveillance of the Department's program under the act and works closely with the Commissioner of Education to assure fulfillment of program operation requirements and the maximum possible achievement of program goals.

The Office of the General Counsel furnishes legal services necessary to promulgate rules and regulations, provide for agreements with State departments of vocational education, and public and private educational or training institutions, and similar matters.

The Office of Education is responsible for program operation and management of the training and skill development program activities assigned to the Secretary of Health, Education, and Welfare under the act.

The Office of Education:

(a) Implements the policies established by the Under Secretary. Prepares and issues procedural guides, instructions, and application forms. The form and content of the agreements required by section 231 are developed in consultation with the various States. Report forms to obtain information required in the administration of the act are developed and issued. Procedures are developed and issued to ascertain that payments received by States are distributed and expended in accordance with the provisions of the act.

(b) Provides assistance to State departments of vocational education in planning their programs. Close and cooperative working relationships with the State departments of vocational education are maintained to insure that all training programs financed in whole or in part by the Federal Government are authorized under this act.

(c) Provides, through field program operations, for immediate and effective development of training programs. The field staff gives assistance to the States, and working with them, the local vocational representatives in the following areas:

(1) Planning, organizing, developing training standards for all programs and occupational courses offered and in the selection and initial training of qualified instructors who will conduct such training courses.

(2) Preparing training plans and program procedures.

(3) Designing course outlines which will be used to design training media.

(4) Evaluating course content to be used as instructional media which must be updated and compared with current and actual needs of the Nation's industries.

(5) Improving teaching through in-service training programs.

(6) Working with the employment service agencies of each State in selection of appropriate courses of study for the occupational needs which exist.

(7) Coordinating the activities of the Office of Education with those of the Department of Labor.

(8) Giving general guidance to program planning in all the States in terms of manpower utilization surveys at all levels and the effects of changing technology on the labor force.

(9) Conducting frequent followup reviews of courses in action to insure that maximum effort is given toward the instruction phase of this training program so that the individuals are trained for the job opportunity that awaits them.

(d) Contracts to carry out training needs. The act provides that if a State cannot for any reason carry on vocational or technical training programs as certified by the Department of Labor, the Secretary of Health, Education, and Welfare shall contract with a public or private educational agency to carry on such training needs.

(e) Assist in the improvement of State programs. Assistance to the States is required in the substantive aspects of training and retraining programs because of the nature of training courses which will be offered. These programs must be geared specifically to the needs of individuals who are enrolled in relation to the jobs for which they are being prepared. The courses range from short, intensive, full-time courses to a full year of instruction. In many courses that are new to formal vocational training and basic education there is no existing curriculum or instructional materials and no tested methods of instruction. In most of the courses the instructors have had no previous experience or any formal preparation for teaching. The States are not now adequately staffed to provide these services and they need help in preparing themselves to render such services.

PROGRAM CHANGES FOR 1965

The expanded development of occupational and basic training programs designed to meet the unique and varied needs of those youth and adults who are at a distinct disadvantage when seeking employment will require that additional

new curriculums and instructional materials be developed. It is anticipated that training will be needed in occupational areas and basic education in which curriculum and instructional materials are not currently available. To develop curriculum and instructional materials that will be appropriate for meeting the needs of the expanded program, giving special emphasis to materials needed in the area of basic occupational training and specific occupational training for persons who are mentally or educationally retarded will require \$150,000 for contractual services.

In addition to the program increase of \$150,000 for contracts, \$458,200 is to provide for the full annual costs of personal services and related costs to finance for a full year the positions financed for only one-fourth of the year in 1964.

ACTIVITY 3. EXECUTIVE DIRECTION AND ADMINISTRATION (1964, \$1,092,000;
1965, \$1,369,100)

ACTIVITY 3a. OFFICE OF THE MANPOWER ADMINISTRATOR (1964, \$106,000;
1965, \$109,100)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for staff in the Office of the Manpower Administrator to assist him in carrying out his responsibilities and to assist in the coordination and integration of youth activities. The Under Secretary of Labor is the Manpower Administrator.

Program changes for 1965: None.

ACTIVITY 3b. OFFICE OF MANPOWER, AUTOMATION AND TRAINING (1964, \$410,000;
1965, \$423,400)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the overall executive direction and supervision of the Office of Manpower, Automation and Training; the staff support and servicing of the National Advisory Committee provided by the act; the direction and promotion of programs of information and communication required to achieve the purposes of the act; and the establishment and maintenance of statistical standards and policies. The Director of the Office of Manpower, Automation and Training is also the Deputy Manpower Administrator for Planning, Research and Evaluation.

Program changes for 1965: None.

ACTIVITY 3c. OFFICE OF FINANCIAL AND MANAGEMENT SERVICES (1964, \$576,000;
1965, \$836,600)

NARRATIVE DESCRIPTION OF PROGRAM

This Office provides administrative staff support to the Manpower Administrator to assist him in the achievement of an integrated, national manpower program. It also furnishes administrative and staff support services to the Office of Manpower, Automation and Training in the budget, fiscal, personnel, management, and administrative services areas.

The Office is responsible for administration of contracts made under the Manpower Development and Training Act including the review, processing, fiscal control, and audit of contracts. Under the act, contracts are made in basically three areas: (1) Research contracts, (2) contracts with employers and other organizations for providing on-the-job training, and (3) experimental and demonstration projects.

The Office is responsible for the development, execution, and control of the Manpower Development and Training Act appropriation and for providing for the apportionment and control of funds among the States.

PROGRAM CHANGES FOR 1965

A very large expansion of the on-the-job training programs and the increased level of experimental and demonstration projects in 1965 will provide a very large dollar volume of funds contracted with employers, private and nonprofit organizations, unions, etc., to provide training and services to unemployed and

disadvantaged workers. In addition the contractual research program also adds to the amount of funds utilized for contractual purposes. In 1965 an estimated \$2.1 million will be contracted for manpower and automation research projects, an estimated \$12 million will be contracted for experimental and demonstration projects and \$19 million will be contracted for on-the-job training. Thus, the total estimated amount of newly contracted funds for 1965 is approximately \$33 million. In addition, there is a large dollar volume of active contracts from fiscal year 1964.

The Manpower Administration is keenly aware of the need for administrative safeguards to assure that the funds are being expended for the purposes of the act and in accordance with the terms of the contract. To insure the adequate protection of the use of Federal Government funds through accounting systems and audit controls, an expanded field audit program is necessary. The program will aim to assure sound accounting systems and necessary post audits. The Department of Labor currently does not have an audit staff available to perform the auditing function for a program of this size. In addition, many of the contractual research projects are with universities, and some Government agencies, such as the Defense Department, have audit staffs which are responsible for auditing contracts with universities. Rather than develop a large audit staff in the Manpower Administration, it is proposed that \$150,000 be provided to enable the Manpower Administration to arrange for other Government agencies or nongovernmental organizations to perform a large portion of the contract audits.

In addition to the program increase of \$150,000 for auditing services, \$93,000 is to provide for the full annual costs of personal services and related costs to finance for a full year the positions financed for only one-fourth of the year in 1964, as is shown on page MDTA-9.

Distribution of field staff

| | 1964 | | | 1965 | | |
|---|--------------|----------|-------|--------------|----------|-------|
| | Professional | Clerical | Total | Professional | Clerical | Total |
| Office of Manpower, Automation, and Training: | | | | | | |
| Boston, Mass.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| New York, N.Y.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| Pittsburgh, Pa.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| District of Columbia----- | 1 | 1 | 2 | 1 | 1 | 2 |
| Atlanta, Ga.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| Cleveland, Ohio.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| Detroit, Mich.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| Chicago, Ill.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| Kansas City, Mo.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| Dallas, Tex.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| Denver, Colo.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| Los Angeles, Calif.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| San Francisco, Calif.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| Seattle, Wash.----- | 1 | 1 | 2 | 1 | 1 | 2 |
| Total, Office of Manpower, Automation, and Training | 14 | 14 | 28 | 14 | 14 | 28 |
| Bureau of Employment Security: ¹ | | | | | | |
| Atlanta, Ga.----- | 7 | 2 | 9 | 7 | 2 | 9 |
| Boston, Mass.----- | 7 | 1 | 8 | 7 | 1 | 8 |
| Chambersburg, Pa.----- | 8 | 2 | 10 | 8 | 2 | 10 |
| Chicago, Ill.----- | 7 | 2 | 9 | 7 | 2 | 9 |
| Cleveland, Ohio.----- | 7 | 2 | 9 | 7 | 2 | 9 |
| Dallas, Tex.----- | 6 | 1 | 7 | 6 | 1 | 7 |
| Denver, Colo.----- | 5 | 1 | 6 | 5 | 1 | 6 |
| Kansas City, Mo.----- | 7 | 1 | 8 | 7 | 1 | 8 |
| New York, N.Y.----- | 8 | 2 | 10 | 8 | 2 | 10 |
| San Francisco, Calif.----- | 7 | 2 | 9 | 7 | 2 | 9 |
| Seattle, Wash.----- | 6 | 1 | 7 | 6 | 1 | 7 |
| Total, Bureau of Employment Security | 75 | 17 | 92 | 75 | 17 | 92 |

¹ Excludes auditors who audit State agency accounts and report directly to the Washington headquarters office.

Distribution of field staff—Continued

| | 1964 | | | 1965 | | |
|--|--------------|-----------|------------|--------------|-----------|------------|
| | Professional | Clerical | Total | Professional | Clerical | Total |
| Bureau of Apprenticeship and Training: | | | | | | |
| Atlanta, Ga..... | 4 | 1 | 5 | 4 | 1 | 5 |
| Boston, Mass..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Chambersburg, Pa..... | 6 | 1 | 7 | 6 | 1 | 7 |
| Chicago, Ill..... | 3 | 1 | 4 | 3 | 1 | 4 |
| Cleveland, Ohio..... | 5 | 1 | 6 | 5 | 1 | 6 |
| Dallas, Tex..... | 3 | 1 | 4 | 3 | 1 | 4 |
| Denver, Colo..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Kansas City, Mo..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Minneapolis, Minn..... | 1 | 1 | 2 | 1 | 1 | 2 |
| New York, N.Y..... | 5 | 1 | 6 | 5 | 1 | 6 |
| San Francisco, Calif..... | 4 | 1 | 5 | 4 | 1 | 5 |
| Seattle, Wash..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Total, Bureau of Apprenticeship and Training..... | 37 | 12 | 49 | 37 | 12 | 49 |
| Department of Health, Education, and Welfare: | | | | | | |
| Atlanta, Ga..... | 3 | 3 | 6 | 3 | 3 | 6 |
| Boston, Mass..... | 3 | 2 | 5 | 3 | 2 | 5 |
| Charlottesville, Va..... | 3 | 2 | 5 | 3 | 2 | 5 |
| Chicago, Ill..... | 4 | 3 | 7 | 4 | 3 | 7 |
| Dallas, Tex..... | 3 | 2 | 5 | 3 | 2 | 5 |
| Denver, Colo..... | 3 | 2 | 5 | 3 | 2 | 5 |
| Kansas City, Mo..... | 3 | 3 | 6 | 3 | 3 | 6 |
| New York, N.Y..... | 5 | 4 | 9 | 5 | 4 | 9 |
| San Francisco, Calif..... | 3 | 2 | 5 | 3 | 2 | 5 |
| Seattle, Wash..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Total, Health, Education, and Welfare..... | 31 | 24 | 55 | 31 | 24 | 55 |
| Total field staffs..... | 157 | 67 | 224 | 157 | 67 | 224 |

Explanation of estimate by object

Personnel compensation, \$7,309,135

The composite estimate for 1965 provides \$7,309,135 for 781 permanent full-time positions and 760.5 net man-years of employment, of which \$81,500 represents costs of 8.2 man-years of intermittent employment, including the equivalent of 3.8 man-years for services of consultants.

No additional positions are requested for 1965. The additional costs and man-years of employment relate primarily to providing the full annual costs in 1965 for the positions financed for only one-fourth of the year in 1964. Of the 781 permanent positions, 557 are departmental and 224 are field. The net additional costs for mandatory items include \$153,500 for pay raise, and \$87,100 for within-grade advancements occurring in 1965 for 611 positions, offset by a decrease of \$22,400 for 1 less day of pay. No increases are requested for pay raise costs or within-grade advancements on the 170 positions included in the 1964 supplemental estimate.

Personnel benefits, \$545,940

The composite estimate is based upon personnel compensation and represents the cost of retirement, insurance, FICA, and health benefits.

The estimate includes an increase of \$19,000 related to mandatory pay costs.

Travel and transportation of persons, \$792,000

The composite provides for per diem, mileage and transportation costs for 157 field and 230 departmental travelers and for travel of consultants. The estimated breakdown is as follows:

| | 1964 | 1965 | Change |
|---------------------------------------|-----------|-----------|-----------|
| Subsistence per diem..... | \$218,200 | \$277,600 | +\$59,400 |
| Mileage and transportation costs..... | 385,600 | 473,400 | +\$87,800 |
| All other transportation costs..... | 32,000 | 41,000 | +9,000 |
| Total..... | 635,800 | 792,000 | +156,200 |

The increased costs in 1965 relate to the additional man-years of employment for field and departmental positions involving travel.

Transportation of things, \$27,900

The composite estimate provides an increase of \$5,900 over 1964, related to the increased man-years of employment. The estimated breakdown is as follows:

| | 1964 | 1965 | Change |
|--|----------|----------|--------|
| Shipments of publications, exhibits, supplies, and materials.. | \$19,000 | \$22,900 | +3,900 |
| Movement of household goods..... | 3,000 | 5,000 | +2,000 |
| Total..... | 22,000 | 27,900 | +5,900 |

Rent, communications, and utilities, \$291,450

The composite estimate for this object provides for communications and rental of office space as follows:

| | 1964 | 1965 | Change |
|--|----------|----------|-----------|
| Rental of space..... | \$44,500 | \$86,500 | +\$42,000 |
| Communications, services, including telephone toll calls, GSA telecommunications, teletype and telegrams..... | 94,400 | 103,950 | +9,550 |
| Paid official mail..... | 18,000 | 21,000 | +3,000 |
| Working capital fund..... | 70,000 | 80,000 | +10,000 |
| Total..... | 226,900 | 291,450 | +64,550 |

The 1965 increases relate to financing in 1965 the cost of the positions financed for only one-fourth of the year in 1965 and mandatory increase of \$4,600 resulting from a rate increase in telecommunications services furnished by the General Services Administration.

Printing and reproduction, \$352,000

The composite estimate for this object provides an increase of \$49,700 related to increased man-years of employment and the program expansion. The breakdown is as follows:

| | 1964 | 1965 | Change |
|--------------------------------|----------|----------|----------|
| Forms and schedules..... | \$47,300 | \$50,000 | +\$2,700 |
| Envelopes and letterheads..... | 20,000 | 22,000 | +2,000 |
| Publications and reports..... | 140,000 | 172,000 | +32,000 |
| Working capital fund..... | 95,000 | 108,000 | +13,000 |
| Total..... | 302,300 | 352,000 | +49,700 |

Other services, \$3,987,675

This composite estimate includes program and miscellaneous services related to all programs under the act performed for the various participating agencies. The estimate includes \$2,100,000 for research under contractual agreements with public and private agencies and institutions; \$450,000 for expenses relating to the reporting, auditing and evaluation programs required under the act as part of the Secretaries' reports to Congress, including administrative statistics on all occupational training conducted under the act; \$585,000 for nationwide training-related expenses or activities not directly chargeable to State apportionments; \$435,000 for preparation of materials for use by State and local communities in support of training programs and manpower development and utilization activities; \$215,375 for miscellaneous services, including moving, maintenance, machine repairs, expenses of employee training, and security investigations; \$105,300 for Departmental expenses of Presidential or other Federal committees in manpower-related fields; and \$97,000 for the working capital fund.

Supplies and materials, \$130,100

The composite estimate represents an increase of \$16,400, which is related to the increased man-years of employment, and includes the following:

| | 1964 | 1965 | Change |
|---|----------|----------|----------|
| Desktop supplies, subscriptions, envelopes, and duplicating supplies..... | \$34,700 | \$40,100 | +\$5,400 |
| Working capital fund..... | 79,000 | 90,000 | +11,000 |
| Total..... | 113,700 | 130,100 | +16,400 |

Equipment, \$63,800

The composite estimate of \$63,800 for 1965 provides an average of \$82 per position for small items technically classified as equipment and for replacements of office furniture and equipment. The total reflects a net decrease of \$122,000 for nonrecurring equipment purchases on new positions in 1964, including 170 positions in the 1964 supplemental estimate.

Grants, subsidies, and contributions, \$397,500,000

The estimate of \$397,500,000 represents an increase of \$230,349,408 over 1964, to cover training costs and trainee allowances and accompanying State and local services to implement training projects.

Summary of new positions.—None.

WEDNESDAY, FEBRUARY 12, 1964.

AREA REDEVELOPMENT ACTIVITIES

Object classification

[In thousands of dollars]

| | 1963, actual | 1964, estimate | 1965, estimate |
|--|-----------------|-------------------|-------------------|
| 25 Other services..... | 510 | 552 | 563 |
| 41 Grants, subsidies, and contributions..... | 7,806 | 7,948 | 8,437 |
| Total obligations..... | 8,316 | 8,500 | 9,000 |

Program and financing

[In thousands of dollars]

| | 1963, actual | 1964, estimate | 1965, estimate |
|---|-----------------|-------------------|-------------------|
| Program by activities: | | | |
| 1. Occupational training..... | 4,456 | 4,544 | 4,553 |
| 2. Retraining subsistence payments..... | 3,492 | 3,650 | 4,139 |
| 3. Administration: | | | |
| (a) State..... | 237 | 208 | 208 |
| (b) Federal..... | 78 | 98 | 100 |
| Total program costs, funded..... | 8,263 | 8,500 | 9,000 |
| Change in selected resources ¹ | 53 | | |
| Total obligations..... | 8,316 | 8,500 | 9,000 |
| Financing: Unobligated balance lapsing..... | 2,744 | | |
| New obligational authority (appropriation)..... | 11,060 | 8,500 | 9,000 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$0; 1963, \$53,000; 1964, \$53,000; 1965, \$53,000.

Mr. FOGARTY. The next activity under your administration, Mr. Henning, is "Area redevelopment activities."

GENERAL STATEMENT

We shall place your prepared statement in the record at this point. (The statement follows:)

Mr. Chairman and members of the committee, I am pleased to have this opportunity to discuss the results of the training under the Area Redevelopment Act. This occupational training program has completed its second year of operation, and the program has not only been increased, but it also has been improved.

Since the Secretary of Labor approved the first ARA training project for 325 workers in Huntington, W. Va., on October 11, 1961, 574 projects in 42 States, American Samoa, and Puerto Rico have been approved by January 31, 1964, authorizing training for 27,805 workers. This training, in 155 different occupations, was carried out in 795 separate training courses. As of December 31, 1963, 15,762 workers had completed the training. Of these graduates 11,739, or about three-fourths, have obtained employment, and efforts are continuing to place the other 26 percent in jobs. This is a good record in view of the limited job opportunities which exist in these economically distressed areas.

The 1963 program showed considerable expansion and flexibility over the 1962 program. Not only did the number of trainees increase by more than 4,000 but projects were approved in 1963 for 57 new occupational areas. Geographically the program was extended to 8 more States and Puerto Rico and projects were approved in 98 new labor market areas. In addition, courses have been developed to meet specific situations. For example, training projects geared to the needs of special applicant groups such as former miners, farm laborers, and workers of low educational attainment have been undertaken successfully.

Considerable attention has also been focused on the training needs of smaller communities and rural areas, emphasizing training for job possibilities beyond the immediate area as necessary. This has led to the establishment of district or area training centers with attendant counseling and placement services, demonstrating anew the responsiveness of ARA training to labor market demands.

The 146 different occupations in which projects have been approved indicates the wide range and potential in the types of training that are needed if workers are to have the skills required by the changing technology and industrial patterns. Recently, the program has been characterized by large increases in the number of trainees for service jobs, particularly in the health field; production jobs, particularly in the electronics, textile and leather fields; and for preapprenticeship jobs in the construction industry. Let me give you some specific examples of the kinds of projects we've been talking about.

The effect of new and improved technology and equipment on farm employment has been tremendous. To operate the new and very expensive machinery, the farmer must have a stable labor force trained to run, maintain, and repair a variety of farm machines. By training underemployed day laborers in Arkansas and Oklahoma to be farm equipment operators and repairmen, we feel we made a real contribution toward improving the economic position of both the farmowner and the day laborer.

In cooperation with the Los Angeles RCA Training Center and the Bureau of Indian Affairs, we established a program that enabled Indians on reservations in New Mexico and Arizona to become productive members of society outside the reservation. They were taught the skills of electronic assemblers and have now been employed by various leading companies in the field.

In many projects ARA training proved its worth by reacting to local needs and better matching men and job opportunities. Automation laid off men at the Anaconda Smelting Plant and we were able to retrain 200 of them as hard-rock miners to be employed at the mines in Butte, Mont. Unemployed coal miners in Appalachia are training to be automobile mechanics and appliance repairmen. Wives in Michigan became qualified nurse aids through training and now supplement their families' former sporadic or seasonal incomes. And these are just several of many projects.

Our appropriation request for 1965 is \$9 million, which is an increase of \$500,000 over the 1964 appropriation. All but \$11,000 of the increase, which is for mandatory costs, is to provide additional funds for allowance payments. The amount of allowance payments can vary from year to year depending upon the duration of the training courses and, more particularly, upon the States in which programs are approved. Since the allowance payment is based upon the average unemployment insurance payment in each State, the funds required for allowances vary depending upon whether programs are submitted from high- or low-benefit-paying States. In 1962, for example, the average allowance per trainee was \$370 while in 1963 it was \$262. To provide additional funds for allowance payments so as not to be forced to stop the program before exhausting the training funds, we are requesting an increase of \$489,000 for allowance payments.

We believe that this program is assisting both communities and individuals to meet their needs. The job-oriented training under ARA has been a vital factor in the process of helping some of the unemployed become productive, self-supporting workers. We also believe that as we continue to learn more and more about manpower needs and economic development, the ARA occupational training programs can make an even greater contribution than it has for the past 2 years.

I shall be happy to answer any questions the committee has.

1965 BUDGET INCREASE

Mr. FOGARTY. The appropriation for 1964 is eight and a half million dollars. The request is \$9 million for 1965, and an increase of \$500,000.

Are you short of funds this year?

Mr. HENNING. We are asking for an increase of \$500,000. We are not asking for any additional personnel.

Mr. FOGARTY. If you get this increase what do you expect to accomplish?

Mr. HENNING. We hope to approve 13,000 trainees in 1965. The increase basically is to provide for allowance costs which are expected to be higher as a result of the new program of designating the central area cities as being eligible for development designation. We anticipate an increased workload essentially. This is the basis for the request.

COMPARISON WITH MANPOWER DEVELOPMENT AND TRAINING ACT PROGRAM

Mr. FOGARTY. How is this program different from the manpower development training program?

Mr. HENNING. Essentially in that it is related to the needs of a given community. Beyond this it is much the same program.

It is available only in those areas designated for area assistance.

Mr. FOGARTY. How do you get designated for that assistance? What is the criteria?

Mr. HENNING. You have to go through a scale of substantial and persistent unemployment experience for an extended period of time. If an area is designated to be eligible, benefits can be given, including occupational training.

LIMITATIONS IN THE BASIC LAW

Mr. FOGARTY. What is the meaning of:

Increase in pay cost due to Public Law 87-793 will require a change in the limitation on occupational training contained in Public Law 87-27.

Mr. SHEARER. The basic law has limitations in section 16 and section 17. Because of the pay increases authorized the limitation has to be increased to accommodate that increased cost.

Mr. FOGARTY. Does this affect the appropriation?

Mr. SHEARER. The appropriation includes the increased cost.

Mr. FOGARTY. Is that subject to a point of order?

Mr. HUDSON. Many times when we have legislative limitations on appropriations, and where you have people you are financing, and we get a pay act bill, for example, there is always legislation in that bill which automatically increases the limitation to take care of the added pay cost.

In this particular case we have a limitation of \$4½ million for administration if I remember correctly. Some of the people hired in this particular program are covered under the new pay act and their wage and salary costs have increased.

NUMBER OF POSITIONS FOR ADMINISTRATION

Mr. FOGARTY. Last year you requested \$11,093,000. This was reduced to \$8.5 million by Congress. You had 45 positions budgeted and ended up with 62 after the \$3 million cut.

Mr. HUDSON. This is one of the administrative changes that the Secretary spoke of this morning in the ARA program. It involved the Bureau of Employment Security where there were additional positions authorized in prior years by the program, some 17 additional positions not reflected in the budget which came to the Appropriations Committee.

I was not aware of it until recently, earlier this fiscal year, as a matter of fact.

The Bureau actually has on its payroll these additional people and had them on last year.

The total dollar cost of these people, 44 people, was the same as 27 jobs reflected. They have had these people on the payroll all along. They were not reflected in the budget at the time it was passed on last year.

Mr. FOGARTY. Even so there was no reduction in positions. I am wondering why, with a \$3 million cut, there is no cut in positions.

Mr. HUDSON. This is the level of employment required to handle the training of these 13,000 people.

Mr. FOGARTY. Are you going to spend the \$8.5 million?

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. Are you sure?

Mr. HUDSON. Yes, sir.

JUSTIFICATION MATERIAL

Mr. FOGARTY. We will place the justification for your 1965 budget in the record.

(The material referred to follows:)

NOTE.—Increase in pay cost due to Public Law 87-793 will require a change in the limitation on occupational training.

AREA REDEVELOPMENT ACTIVITIES

Amounts available for obligation

| | 1964 | 1965 |
|--------------------------------|-------------|-------------|
| Appropriation or estimate..... | \$8,500,000 | \$9,000,000 |

Obligations by activity

| Description | Appropriation, 1964 | | Estimate, 1965 | | 1965 change | |
|--|---------------------|-------------|----------------|-------------|-------------|----------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Occupational training to meet job opportunities (total)..... | 51 | \$4,544,000 | 51 | \$4,553,000 | | +\$9,000 |
| Department of Health, Education, and Welfare, Salaries and expenses..... | 16 | 203,000 | 16 | 207,000 | | +4,000 |
| State vocational education agencies, local projects..... | | 3,335,000 | | 3,335,000 | | |
| Bureau of Employment Security, Salaries and expenses..... | 33 | 228,000 | 33 | 233,000 | | +5,000 |
| State employment security agencies..... | | 755,000 | | 755,000 | | |
| Bureau of apprenticeship and training..... | 2 | 23,000 | 2 | 23,000 | | |
| 2. Payment of retraining allowances (total)..... | 11 | 3,956,000 | 11 | 4,447,000 | | +491,000 |
| (a) Retraining subsistence payments..... | | 3,650,000 | | 4,139,000 | | +489,000 |
| (b) State administration..... | | 208,000 | | 208,000 | | |
| (c) Federal administration, BES, Salaries and expenses..... | 11 | 98,000 | 11 | 100,000 | | +2,000 |
| Total obligations..... | 62 | 8,500,000 | 62 | 9,000,000 | | +500,000 |

Obligations by object

| | Appropriation, 1964 | Estimate, 1965 | 1965 change |
|--|---------------------|----------------|-------------|
| Total number of permanent positions..... | 62 | 62 | |
| Average number of all employees..... | 61 | 61 | |
| 11 Personnel compensation..... | \$453,000 | \$463,000 | +\$10,000 |
| 12 Personnel benefits..... | 33,200 | 34,200 | +1,000 |
| 21 Travel and transportation of persons..... | 37,300 | 37,300 | |
| 22 Transportation of things..... | 600 | 600 | |
| 23 Rent, communications, and utilities..... | 9,900 | 9,900 | |
| 24 Printing and reproduction..... | 11,700 | 11,700 | |
| 25 Other services..... | 1,200 | 1,200 | |
| 26 Supplies and materials..... | 2,900 | 2,900 | |
| 31 Equipment..... | 2,200 | 2,200 | |
| 41 Grants, subsidies, and contributions: | | | |
| To States for training costs and related services..... | 4,298,000 | 4,298,000 | |
| To States for training allowances..... | 3,650,000 | 4,139,000 | +489,000 |
| Total obligations..... | 8,500,000 | 9,000,000 | +500,000 |
| Working capital fund items included above..... | (4,100) | (4,100) | |

SUMMARY OF CHANGES

| | |
|-------------------------|-------------|
| 1964 appropriation..... | \$8,500,000 |
| 1965 estimate..... | 9,000,000 |
| Total change..... | +500,000 |

Mandatory items:

| | |
|---|----------|
| Increases: Net additional cost on a full-year basis for the second step of pay increases (effective Jan. 5, 1964), for current year (base) staff pursuant to Public Law 87-793..... | +12,400 |
| Decreases: To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965..... | -1,400 |
| Program increases: To finance increased retraining allowance cost in 1965..... | +489,000 |
| Total change..... | +500,000 |

Mandatory and financing changes for 1965

Mandatory items:

| | |
|---|----------|
| Increases: Pay increase costs..... | +12,400 |
| To finance on a full-year basis the second step of pay increases (effective Jan. 4, 1964), granted by Public Law 87-793 for current year (base) staff. This second step was funded on a part-year basis in 1964. The object schedule includes these changes as follows: | |
| Personnel compensation..... | \$11,515 |
| Personnel benefits..... | 885 |
| | 12,400 |
| Decreases: Reduction of 1 less day of pay in 1965 over 1964..... | -1,400 |
| To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965. | |

Mandatory and financing changes by activity

| Type of change | Activity 1 | Activity 2 | Total |
|-------------------------|------------|------------|-----------|
| Mandatory changes: | | | |
| Pay increase costs..... | \$10,200 | \$2,200 | +\$12,400 |
| Less: 1 day of pay..... | -1,200 | -200 | -1,400 |
| Total..... | 9,000 | 2,000 | +11,000 |

ACTIVITY 1. OCCUPATIONAL TRAINING TO MEET JOB OPPORTUNITIES (1964,
\$4,544,000; 1965, \$4,553,000)

NARRATIVE DESCRIPTION OF PROGRAM

The Area Redevelopment Act provides several Federal benefits designed to stimulate the expansion of employment opportunities in economically distressed areas. The training and retraining provisions, sections 16 and 17, provide for the training of workers who can reasonably be expected to become employed as a result of the training. The program provides (a) short intensive training geared directly to the requirements of job openings; and (b) subsistence payments for a maximum of 16 weeks at the State's average unemployment compensation rate while the individual is in training.

To be eligible for Federal assistance under ARA, including occupational training, an area must be designated by the Secretary of Commerce as a redevelopment area and must have an approved overall economic development program (OEDP)—the local plan of action for achieving economic improvement. As of November 30, 1963, 937 areas plus 54 Indian reservations are designated as redevelopment areas, of which 788 have overall economic development plans approved by the Secretary of Commerce. Every State and American Samoa, Guam, Puerto Rico, and the Virgin Islands has one or more redevelopment areas.

The first ARA training project was approved by the Secretary of Labor on October 11, 1961, for the training of 325 workers in the Huntington, W. Va., area. By December 31, 1963, 574 training projects in 42 States, American Samoa, and Puerto Rico had been approved authorizing the training of 26,890 workers. These projects were for training in 155 different occupations and for 768 separate training courses.

Status of ARA training

| Number | Total | Fiscal year 1962 | Fiscal year 1963 | Fiscal year 1964 |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
| Approved projects..... | ¹ 574 | 147 | 306 | ¹ 121 |
| Approved training..... | ¹ 26,890 | 9,074 | 13,314 | ¹ 4,502 |
| Completed training..... | ² 15,310 | 2,304 | 9,535 | ² 3,471 |
| Obtained employment..... | ² 11,399 | 1,613 | 6,731 | ² 3,055 |

¹ Data through Dec. 31, 1963.

² Data through Nov. 30, 1963.

The capacity of the program within present legislative limits is indicated by the 1963 experience; the first full year of operation. In 1962, more than a full quarter had passed before funds became available and the first project was approved in October 1962. The percentage of those completing training who obtained employment varies from area to area but has leveled off at about 74 percent. Placement efforts continue on behalf of the 26 percent who have not found employment.

Characteristics of trainees, fiscal year 1963

| Age of trainees in years: | Percentage of total |
|---------------------------|------------------------|
| Less than 19..... | 9 |
| 19 to 21..... | 23 |
| 22 to 34..... | 39 |
| 35 to 44..... | 18 |
| 45 and over..... | 11 |

Nearly one-third of the trainees were youth, 21 years or under. For many of them this was their first opportunity for employment. Eleven percent were 45 and over. There was a heavy concentration, 57 percent, of trainees in their years of heavy economic need, ages 22 to 44. This is the group for whom reasonable expectation of employment is most readily available.

| Education of trainees : | | Percentage of total |
|-------------------------|-------|------------------------|
| Grades completed : | | |
| Less than 8 | ----- | 6 |
| 8 | ----- | 11 |
| 9 to 11 | ----- | 27 |
| 12 | ----- | 50 |
| More than 12 | ----- | 6 |

Forty-four percent of the trainees either had no high school education or failed to complete high school. Of these trainees, 17 percent had not progressed beyond the eighth grade; 6 percent had less than an eighth grade education.

| Duration of unemployment : | | Percentage of total |
|----------------------------|-------|------------------------|
| Weeks : | | |
| Less than 5 | ----- | 18 |
| 5 to 14 | ----- | 18 |
| 15 to 26 | ----- | 12 |
| 27 to 52 | ----- | 11 |
| Over 52 | ----- | 27 |
| Family-farm worker | ----- | 5 |
| Underemployed | ----- | 9 |

One out of every four trainees had been continuously out of work for more than 1 year when selected for training. The long-term unemployed, i.e., those unemployed for 15 weeks or more, comprise 50 percent of all trainees. Only 18 percent of the trainees had less than 5 weeks of unemployment just prior to their selection. Another 14 percent of the trainees were either underemployed or family-farm workers.

The characteristics of trainees in the first half of fiscal year 1964 have not varied from the 1963 distribution.

Considering that reasonable expectation of employment is a prerequisite to training, it is evident that the efforts to assist those most needing it, the long-term unemployed, the youth and older workers, and those with relatively less education, has succeeded.

In 1962, the average duration of training courses approved was 11.5 weeks. Average duration dropped in 1963 to 8.9 weeks. The experience during the first half of 1964 is approximately the same as the 1963 experience. Several factors contributed to reducing average duration. One important factor is the occupation involved. Another is the fact that training to meet the planned needs of one or two specific employers can be tailored so that the duration of the course is often shorter than a comparable course intended to meet general employment needs. During 1963, there was a heavy concentration of training for specific employers.

Fiscal year 1963 was characterized by large increases in the number of trainees for service jobs, particularly in the health field; production jobs, particularly in the electrical, textile, and leather fields; and for construction employment. Sharp decreases were experienced in training for semiprofessional and technical occupations and mechanics and repairmen. These trends appear to be continuing in the 1964 program to date.

The actual number of persons to be trained in 1964 and the estimate for 1965 will depend upon the types of training courses undertaken by local communities. Assuming that the 1963 experience in training costs does not change materially, approximately 13,000 persons can receive training in 1964 and 1965.

Program changes for 1965.—None.

ARA training activities (approvals fiscal year 1962, fiscal year 1963, and fiscal year 1964 (July 1 to Dec. 31, 1963))

| State | Total | | Fiscal year 1962 | | Fiscal year 1963 | | Fiscal year 1964 | |
|---------------------|--------------------|------------|--------------------|-----------|--------------------|-----------|--------------------|-----------|
| | Number of trainees | Costs | Number of trainees | Costs | Number of trainees | Costs | Number of trainees | Costs |
| Alabama..... | 758 | \$263,847 | | | 713 | \$279,970 | 45 | \$13,877 |
| Alaska..... | 205 | 187,883 | 95 | \$90,200 | 50 | 46,390 | 60 | 50,793 |
| American Samoa..... | 20 | 35,082 | 20 | 35,082 | | | | |
| Arizona..... | 215 | 220,257 | 25 | 26,040 | 190 | 194,217 | | |
| Arkansas..... | 1,063 | 697,011 | 150 | 104,608 | 441 | 317,410 | 472 | 274,993 |
| California..... | 24 | 69,494 | 24 | 44,394 | (1) | 25,100 | | |
| Colorado..... | 101 | 81,464 | 46 | 35,029 | 55 | 46,435 | | |
| Connecticut..... | 1,037 | 431,204 | 516 | 194,338 | 521 | 236,866 | | |
| Florida..... | 107 | 61,784 | 32 | 22,244 | 75 | 39,540 | | |
| Georgia..... | 318 | 161,944 | 120 | 83,046 | | | 198 | 73,248 |
| Hawaii..... | 92 | 52,736 | | | 20 | 7,370 | 72 | 45,366 |
| Idaho..... | 32 | 35,190 | | | 32 | 35,190 | | |
| Illinois..... | 1,269 | 838,541 | 268 | 385,248 | 928 | 405,629 | 73 | 47,664 |
| Indiana..... | 522 | 395,502 | 63 | 232,443 | 459 | 163,059 | | |
| Iowa..... | 20 | 21,151 | | | 20 | 21,151 | | |
| Kansas..... | 58 | 38,065 | | | 58 | 38,065 | | |
| Kentucky..... | 1,378 | 662,197 | 319 | 105,422 | 759 | 362,411 | 300 | 133,364 |
| Maine..... | 369 | 115,991 | 92 | 23,345 | 145 | 42,940 | 132 | 49,706 |
| Maryland..... | 496 | 314,319 | 321 | 214,586 | 175 | 99,733 | | |
| Massachusetts..... | 390 | 386,239 | 207 | 197,617 | 163 | 164,118 | 15 | 24,504 |
| Michigan..... | 2,314 | 1,438,555 | 836 | 604,313 | 953 | 341,428 | 525 | 492,814 |
| Minnesota..... | 1,172 | 346,672 | 202 | 176,540 | 770 | 139,039 | 200 | 31,293 |
| Missouri..... | 225 | 136,871 | 105 | 65,772 | 120 | 71,099 | | |
| Montana..... | 637 | 290,316 | 197 | 142,866 | 280 | 71,051 | 160 | 45,799 |
| Nevada..... | 250 | 89,916 | 20 | 16,725 | 70 | 31,351 | 160 | 41,840 |
| New Jersey..... | 1,309 | 580,400 | 87 | 49,849 | 1,078 | 441,555 | 144 | 88,996 |
| New Mexico..... | 742 | 348,663 | 235 | 100,450 | 383 | 181,511 | 124 | 66,702 |
| New York..... | 92 | 47,590 | | | 92 | 47,590 | | |
| North Carolina..... | 816 | 473,495 | 124 | 81,251 | 472 | 218,744 | 220 | 173,500 |
| North Dakota..... | 222 | 134,482 | 55 | 27,705 | 147 | 100,482 | 20 | 6,295 |
| Ohio..... | 482 | 317,865 | 178 | 131,339 | 284 | 182,954 | 20 | 3,572 |
| Oklahoma..... | 1,841 | 861,546 | 488 | 317,731 | 896 | 359,870 | 457 | 183,945 |
| Oregon..... | 50 | 8,427 | | | 50 | 8,427 | | |
| Pennsylvania..... | 2,039 | 1,309,923 | 1,381 | 887,003 | 513 | 323,398 | 145 | 99,552 |
| Puerto Rico..... | 340 | 151,968 | | | 299 | 120,668 | 41 | 31,300 |
| Rhode Island..... | 791 | 724,626 | 656 | 587,495 | 95 | 119,741 | 40 | 17,390 |
| South Carolina..... | 57 | 74,316 | 42 | 61,676 | 15 | 12,640 | | |
| South Dakota..... | 181 | 88,426 | 16 | 12,780 | 125 | 62,646 | 40 | 12,700 |
| Tennessee..... | 641 | 549,389 | 176 | 178,145 | 359 | 287,069 | 106 | 84,175 |
| Texas..... | 355 | 279,816 | 60 | 33,458 | 265 | 216,261 | 30 | 29,897 |
| Virginia..... | 96 | 11,798 | 96 | 11,798 | | | | |
| Washington..... | 210 | 64,895 | | | 150 | 33,932 | 60 | 30,963 |
| West Virginia..... | 2,901 | 1,350,348 | 1,703 | 685,292 | 622 | 301,730 | 576 | 273,326 |
| Wisconsin..... | 653 | 648,542 | 119 | 122,301 | 467 | 441,736 | 67 | 84,505 |
| Total..... | 26,890 | 15,398,246 | 9,074 | 6,149,131 | 13,314 | 6,737,036 | 4,502 | 2,512,079 |

¹ California figures pertain to a single course of 35 Indians, 20 from New Mexico and 15 from Arizona. Trainees counted under respective States.

NOTE.—Adjusted totals reflect withdrawals subsequent to approval.

Area Redevelopment Act training activities: Projects approved, fiscal year 1964
(July 1 to Dec. 31, 1963)

| State | Number of projects | Number of trainees | Total costs | Allocations | |
|---------------------|--------------------|--------------------|-------------|---------------|---------------------|
| | | | | Training cost | Subsistence payment |
| Alabama..... | 1 | 45 | \$13,877 | \$3,477 | \$5,890 |
| Alaska..... | 1 | 60 | 50,793 | 15,493 | 28,800 |
| Arkansas..... | 8 | 472 | 274,993 | 114,157 | 154,836 |
| Georgia..... | 1 | 198 | 73,248 | 38,834 | 31,914 |
| Hawaii..... | 3 | 72 | 45,366 | 20,012 | 22,854 |
| Illinois..... | 2 | 73 | 47,064 | 22,649 | 15,015 |
| Kentucky..... | 9 | 300 | 133,364 | 42,804 | 85,560 |
| Maine..... | 6 | 132 | 49,706 | 27,236 | 18,730 |
| Massachusetts..... | 1 | 15 | 24,504 | 10,384 | 9,120 |
| Michigan..... | 8 | 525 | 492,814 | 242,974 | 245,340 |
| Minnesota..... | 1 | 200 | 31,283 | 10,263 | 18,000 |
| Montana..... | 4 | 160 | 45,799 | 21,719 | 21,080 |
| Nevada..... | 1 | 160 | 41,840 | 17,520 | 24,320 |
| New Jersey..... | 4 | 144 | 88,996 | 34,200 | 49,296 |
| New Mexico..... | 2 | 124 | 66,702 | 23,612 | 39,840 |
| North Carolina..... | 13 | 220 | 173,500 | 96,080 | 69,920 |
| North Dakota..... | 2 | 20 | 6,295 | 3,195 | 3,100 |
| Ohio..... | 1 | 20 | 3,572 | 1,052 | 2,520 |
| Oklahoma..... | 19 | 457 | 183,945 | 78,192 | 98,253 |
| Pennsylvania..... | 3 | 145 | 99,522 | 47,292 | 40,260 |
| Puerto Rico..... | 2 | 41 | 31,300 | 22,116 | 9,184 |
| Rhode Island..... | 1 | 40 | 17,390 | 7,440 | 6,200 |
| South Dakota..... | 1 | 40 | 12,700 | 3,100 | 9,600 |
| Tennessee..... | 5 | 106 | 84,175 | 36,775 | 42,400 |
| Texas..... | 2 | 30 | 29,897 | 11,457 | 13,440 |
| Washington..... | 2 | 60 | 30,993 | 14,893 | 12,870 |
| West Virginia..... | 15 | 576 | 273,326 | 171,572 | 94,254 |
| Wisconsin..... | 3 | 67 | 84,505 | 34,125 | 42,880 |
| Total..... | 121 | 4,502 | 2,512,079 | 1,172,663 | 1,215,426 |

ACTIVITY 2. PAYMENT OF RETRAINING ALLOWANCES (1964, \$3,956,000; 1965, \$4,447,000)

NARRATIVE DESCRIPTION OF PROGRAM

This activity relates to section 17 of the act which provides for weekly retraining subsistence payments to unemployed and underemployed individuals enrolled in training courses established under section 16. The payments are made by State employment security agencies, acting as agents of the Federal Government, and may not exceed a maximum of 16 weeks. The amount of the weekly payment is equal to the average weekly unemployment compensation rate in the State making the payment.

Estimates of financial requirements for the payment of subsistence allowances to trainees are based on three factors: (1) number of trainees to be paid; (2) number of weeks of training during which a person will receive an allowance; (3) weekly payment rate. Each of these first two factors can, and do, vary appreciably from course to course, depending on local circumstances with respect to prospective job opportunities, type of occupation for which training is provided, or vocational objectives to be achieved. As already indicated, the weekly allowance payment is determined for each State according to the unemployment compensation rates established by State law.

PROGRAM CHANGES FOR 1965

While the funds provided for retraining allowance payments in 1964 are approximately the amount of the allowances committed during the fiscal year 1963 program, there would not be sufficient funds to meet higher allowance payments. As indicated above, the weekly allowance is based upon the average State unemployment insurance payment. Since any eligible State, with either a high or low unemployment compensation, may submit training projects, the amount of funds required for allowances may very well be higher in 1965. The amount of allowance costs is also related to the duration of training, and thus an increase in the average duration in 1965 would also require additional allowance funds. In addition, the normal increase in the average State unem-

ployment payments also will require additional funds. In order not to be forced to stop the program in 1965 because of insufficient allowance funds, an additional amount of \$489,000 is requested for 1965.

Distribution of field staff

| Office | 1964 | | | 1965 | | |
|-----------------------|-------------------|----------|-------|-------------------|----------|-------|
| | Profes- sional | Clerical | Total | Profes- sional | Clerical | Total |
| Atlanta, Ga..... | | 1 | 1 | | 1 | 1 |
| Boston, Mass..... | | 1 | 1 | | 1 | 1 |
| Chambersburg, Pa..... | | 1 | 1 | | 1 | 1 |
| Chicago, Ill..... | | 1 | 1 | | 1 | 1 |
| Cleveland, Ohio..... | | 1 | 1 | | 1 | 1 |
| Dallas, Tex..... | | 1 | 1 | | 1 | 1 |
| New York, N.Y..... | | 1 | 1 | | 1 | 1 |
| Seattle, Wash..... | | 1 | 1 | | 1 | 1 |
| Total..... | | 8 | 8 | | 8 | 8 |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation \$463,000

This estimate provides for 62 full-time positions and 61 man-years of employment. Of this, 8 man-years and \$34,500 are allocated to field personnel compensation and 53 man-years and \$418,500 for departmental. The estimate includes a mandatory increase of \$11,400 over 1964 for net additional cost of pay increases for current year staff due to Public Law 87-793 minus \$1,400 for one less extra day of pay in 1965 for the current year staff.

Personnel benefits, \$34,200

This estimate is based upon personnel compensation and represents the cost of retirement, insurance, Federal Insurance Contributions Act, and health benefits.

The estimate includes an increase of \$1,000 related to mandatory pay costs.

Travel and transportation of persons, \$37,300

This estimate provides per diem, mileage, and transportation costs. The estimate provides the following:

| | 1964 | 1965 | Change |
|---------------------------------------|----------|----------|--------|
| Subsistence per diem..... | \$16,000 | \$16,000 | |
| Mileage and transportation costs..... | 19,000 | 19,000 | |
| All other transportation costs..... | 2,300 | 2,300 | |
| Total..... | 37,300 | 37,300 | |

Transportation of things, \$600

This estimate provides for the cost of shipping materials and supplies.

| | 1964 | 1965 | Change |
|-------------------------------|-------|-------|--------|
| Transportation of things..... | \$600 | \$600 | |

Rent, communications, and utilities, \$9,900

This estimate, based upon past experience, provides for the following:

| | 1964 | 1965 | Change |
|------------------------------------|---------|---------|--------|
| Paid official mail..... | \$2,000 | \$2,000 | ----- |
| Telephone service..... | 3,500 | 3,500 | ----- |
| Teletype service and telegram..... | 1,000 | 1,000 | ----- |
| Rents and utilities..... | 900 | 900 | ----- |
| Working capital fund..... | 2,500 | 2,500 | ----- |
| Total..... | 9,900 | 9,900 | ----- |

Printing and reproduction, \$11,700

This estimate, based upon past experience, provides for the following:

| | 1964 | 1965 | Change |
|---------------------------|---------|---------|--------|
| Publications..... | \$7,000 | \$7,000 | ----- |
| Forms and schedules..... | 3,700 | 3,700 | ----- |
| Working capital fund..... | 1,000 | 1,000 | ----- |
| Total..... | 11,700 | 11,700 | ----- |

Other services, \$1,200

This estimate provides for the cost of machine repairs and other miscellaneous services.

| | 1964 | 1965 | Change |
|---------------------|---------|---------|--------|
| Other services..... | \$1,200 | \$1,200 | ----- |

Supplies and materials, \$2,900

This estimate, based upon past experience, provides for the following:

| | 1964 | 1965 | Change |
|--|---------|---------|--------|
| Desk top and duplicating supplies..... | \$2,000 | \$2,000 | ----- |
| Envelopes and letterheads..... | 200 | 200 | ----- |
| Subscriptions..... | 100 | 100 | ----- |
| Working capital fund..... | 600 | 600 | ----- |
| Total..... | 2,900 | 2,900 | ----- |

Equipment, \$2,200

This estimate provides for the replacement of office equipment, desks, typewriters, and office furnishings not available from surplus stock.

| | 1964 | 1965 | Change |
|----------------|---------|---------|--------|
| Equipment..... | \$2,200 | \$2,200 | ----- |

Grants, subsidies, and contributions, \$8,437,000

This estimate provides for the training costs and training allowance payments to those individuals who are in an approved training program and for State administration expenses. The estimate provides an increase of \$489,000 to cover higher allowance payments and provide for the following:

| | 1964 | 1965 | Change |
|---|-------------|-------------|------------|
| State vocational education agencies, training costs | \$3,335,000 | \$3,335,000 | ----- |
| State employment security agencies: | | | |
| Retraining allowance payments | 3,650,000 | 4,139,000 | +\$489,000 |
| Selection, referral, processing payments and State administration | 963,000 | 963,000 | ----- |
| Total | 7,948,000 | 8,437,000 | +489,000 |

Summary of new positions.—None.

TRADE ADJUSTMENT ACTIVITIES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| 11 Personnel compensation: | | | |
| Permanent positions | 8 | 112 | 192 |
| Other personnel compensation | | 1 | 2 |
| Total personnel compensation | 8 | 113 | 194 |
| 12 Personnel benefits | 1 | 9 | 15 |
| 21 Travel and transportation of persons | 4 | 7 | 47 |
| 23 Rent, communications, and utilities | | 5 | 17 |
| 24 Printing and reproduction | | 5 | 9 |
| 25 Other services | 2 | 4 | 45 |
| 26 Supplies and materials | | 2 | 5 |
| 31 Equipment | 9 | 4 | 13 |
| Total obligations | 24 | 149 | 345 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Total number of permanent positions | 12 | 12 | 25 |
| Average number of all employees | 1 | 12 | 23 |
| Employees in permanent positions, end of year | 10 | 12 | 25 |
| Employees in other positions, end of year | 0 | 0 | 0 |
| Average GS grade | 10.6 | 10.5 | 9.0 |
| Average GS salary | \$9,563 | \$9,880 | \$8,448 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Assistant in tariff negotiations | 4 | 81 | 275 |
| 2. Assistance to workers | 10 | 68 | 70 |
| Total program costs, funded | 14 | 149 | 345 |
| Change in selected resources ¹ | 10 | | |
| Total obligations | 24 | 149 | 345 |
| Financing: | | | |
| Comparative transfers to other accounts | | 1 | |
| Unobligated balance lapsing | 76 | | |
| New obligational authority (appropriation) | 100 | 150 | 345 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$0; 1963, \$10,000; 1964, \$10,000; 1965, \$10,000.

GENERAL STATEMENT

Mr. FOGARTY. Next is trade adjustment activities. We shall place your prepared statement, Mr. Henning, in the record at this point.

(The statement referred to follows:)

Mr. Chairman and members of the committee, I appreciate this opportunity to appear before you to discuss the responsibilities which the Trade Expansion Act of 1962 places upon the Department of Labor and the program and resources required to fulfill these responsibilities. Our 1965 budget request is for \$345,000, an increase of \$195,500 and 13 positions over the 1964 appropriation.

The Trade Expansion Act assigned specific responsibilities to the Secretary of Labor. He is required to give information and advice to the President with respect to any trade agreement before entering into an agreement. He is a member of the interagency organization established by the act to assist the President in carrying out the functions of trade negotiation, tariff adjustment, and orderly marketing agreements. The interagency organization is responsible for making recommendations on the basic policy issues arising in the administration of the program. The organization is also required to advise the President with respect to foreign import restrictions and to recommend appropriate action with respect to such restrictions.

The Department of Labor is charged in particular with making known not only the potential and probable effects on domestic employment of all trade and tariff decisions contemplated under the act, but also the alternative bargaining positions offered by different countries prior to formulation of such decisions on specific commodities. This responsibility is much greater than it was under earlier laws not only because of the extent of authority for tariff reductions that has been granted in this act, but also because of the new element of adjustment assistance for workers and firms who may be adversely affected by specific decisions which have been taken or will be taken under the continuing trade agreements program. This new authority calls for accurate and timely data and advice on the effects on employment so that a constructive balance may be maintained between expanding trade and the offsetting cost of this expansion, however temporary and short run, in terms of domestic unemployment.

In order to provide data relating to the potential or probable effects on domestic employment, we are requesting \$75,000 and five positions for the Bureau of Labor Statistics. These positions are necessary to provide data not now available on employment, occupational outlook, and prices for specific groups of commodities which are important in tariff negotiations. These data will supplement data not now available through the regular programs of the Bureau. For example, for most purposes, it is sufficient to know what is happening in the category "special industry machinery." When it comes to negotiations, however, it is necessary to break this grouping into some of its more important components such as printing presses, woodworking machinery, and metal refinery equipment.

The BLS will also be called upon to evaluate the employment effects of alternative sets of tariff bargains offered by and to the United States during the actual negotiations. Specifically, it will be necessary to consider the net employment impact resulting from increased competitive imports in comparison with increased exports that might be brought about as a result of changes in tariffs.

Operations with respect to tariff negotiations under the Trade Expansion Act are under the supervision of an interdepartmental committee, which in turn, has established a series of subcommittees to deal with specific problems. Some of these are concerned with very specific immediate issues while others are preparing for the upcoming negotiations with our trading partners. Since the employment impact is a major factor in determining the negotiating posture of the United States, the Department of Labor must be represented on most of these committees. The Department is not able to assign staff full-time to this function but has made temporary assignments of staff. However, when negotiations actually get underway with our trading partners, either late in 1964 or early in 1965, the committees will become negotiating teams working with their opposite numbers, converting the basic U.S. policies into reductions for specific commodities or groups of commodities. These teams will be working full-time and for the most part will be in Geneva and temporary assignments will no longer be possible. The Department of Labor's assistance to and representation

on the negotiating committees is assigned to the Bureau of International Labor Affairs. To adequately represent the Department's concern regarding the effects on employment of tariff concessions, we are requesting six additional positions for the Bureau of International Labor Affairs.

We are also requesting two positions for the Bureau of International Labor Affairs to provide assistance in the operation of the long-term cotton textile arrangement. The administration of this arrangement is becoming increasingly complex and demanding as a result of our supplementing it by means of special programs with individual exporting countries. These individual programs are extremely useful to us both domestically and in terms of our international relationships, since they limit in total the yardage of goods to be imported and provide for spacing the imports over a period of time. These programs are of vital concern to American textile labor and industry interests. However, they involve difficult and time-consuming negotiations and create a much heavier workload than our current staff of one can handle. The programs—eight of which are now in effect—cover such topics as the distribution of shipments of specific articles over the year to prevent their impact being concentrated in 1 or 2 months and the imposition of total ceilings to cover the development of products which are new to the exporting country.

The total increase requested for the Bureau of International Labor Affairs in 1965 is eight positions and \$113,000.

The budget estimate does not include any request for funds to provide for adjustment assistance and allowances to unemployed workers whose unemployment is related to tariff concessions. All petitions by workers, firms and industries which have been made thus far under the law have been denied by the Tariff Commission and there are no petitions presently pending before the Commission for decision. If the Commission should approve a case involving workers during fiscal year 1965 and if the Department should certify these workers as eligible for assistance, the Department will request consideration of a supplemental budget involving funds for payments to States for the allowances and subsistence payments authorized by the law.

SUMMARY OF BUDGET

Mr. FOGARTY. The appropriation for 1964 is \$150,000 and the request for 1965 is \$345,000. You want to increase the number of positions from 15 to 25.

Mr. HENNING. The request includes eight positions and \$113,000 for ILAB for the provision of advice and data on the probable effects of tariff concessions.

PETITIONS OF ADVERSE EFFECT

Mr. FOGARTY. How many petitions of adverse effect have been filed with the Tariff Commission?

Mr. EATON. Five industries, 5 by worker groups and 2 by firms—a total of 12.

Mr. FOGARTY. How many have been turned down?

Mr. EATON. All were denied.

Mr. FOGARTY. Are any now pending?

Mr. EATON. None as of today.

NEED FOR REQUESTED INCREASE

Mr. FOGARTY. What would happen if you did not get any of the increase you are requesting?

Mr. EATON. We are not requesting anything under the trade adjustment phase, sir.

Mr. WEISS. Increases are for the negotiations side of the program in which the Department is involved. It is partly for representation

on the U.S. delegation. We are preparing for the Kennedy round and increased staff to effectively participate in the negotiations.

Mr. FOGARTY. What would happen if you do not get the increase?

Mr. WEISS. We feel the negotiations would not take into adequate consideration the employment effects of possible negotiations on the domestic labor force.

For example, every time we go before the Common Market and try to negotiate, we want to be able to give the negotiators information on what will be the effects on our employment if that deal is made, or whether an alternative deal would be better.

We are responsible in the Interdepartmental Committee for throwing light on how many jobs would be affected to the extent we can and how many export jobs might be created by particular negotiations.

Mr. FOGARTY. Does anyone pay attention to this information?

Mr. WEISS. Yes.

Mr. FOGARTY. Has any action resulted in the past?

Mr. WEISS. I think throughout the negotiation our views are given considerable weight. I do not mean to suggest our views always prevail.

Mr. FOGARTY. All I hear is that imports are hurting employment. This is so with rubber and jewelry for instance.

Mr. WEISS. One of the activities we have been engaged in, for which we are asking additional positions, is the textile field. We think we have helped stabilize that situation. We have been actively participating in every negotiation in textiles. I think the figures will show the textile imports were increasing very rapidly until this long-term agreement was signed.

The first year they continued up, and now they are fairly well stabilized. In fact, the figures may show a small drop.

Mr. FOGARTY. How about jewelry?

Mr. WEISS. There is no such commodity agreement. We have heard there is a problem in jewelry. I understand the Wage and Hour Division, with the help of BLS, is making a study to see what the problem is.

Mr. FOGARTY. What about machine tools?

Mr. WEISS. We have not made a special study, but we will certainly consider these problems as we get into the negotiations. We will recommend that any particular commodity where the impact is serious not be included in our so-called offer list.

If we are to play an important role, we need staff—staff to send to the Geneva negotiations delegation and to backstop staff here.

JUSTIFICATION MATERIAL

Mr. FOGARTY. Will you put your justifications in the record?

(The information requested follows:)

TRADE ADJUSTMENT ACTIVITIES

Amounts available for obligations

| | 1964 | 1965 |
|--|-----------|-----------|
| Appropriation or estimate..... | \$150,000 | \$345,000 |
| Comparative transfer to Office of the Secretary..... | -500 | |
| Appropriation or estimate, revised..... | 149,500 | 345,000 |

OBLIGATIONS BY ACTIVITY

| Description | Appropriation Revised, 1964 | | Estimate, 1965 | | 1965 change | |
|---|-----------------------------|----------|----------------|-----------|----------------|------------|
| | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount |
| 1. Assistance in tariff negotiations: | | | | | | |
| (a) Bureau of International Labor Affairs..... | 7 | \$81,500 | 15 | \$200,000 | +8 | +\$118,500 |
| (b) Bureau of Labor Statistics..... | | | 5 | 75,000 | +5 | +75,000 |
| 2. Assistance to workers: | | | | | | |
| Office of Trade Adjustment Assis- tance..... | 5 | 68,000 | 5 | 70,000 | | +2,000 |
| Total obligations..... | 12 | 149,500 | 25 | 345,000 | +13 | +195,500 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|-----------------------------|----------------|-------------|
| Total number of permanent positions..... | 12 | 25 | +13 |
| Average number of all employees..... | 12 | 23 | +11 |
| 11 Personnel compensation..... | \$112,600 | \$194,100 | +\$81,500 |
| 12 Personnel benefits..... | 8,400 | 15,000 | +6,600 |
| 21 Travel and transportation of persons..... | 7,000 | 47,000 | +40,000 |
| 22 Transportation of things..... | 300 | 300 | |
| 23 Rent, communications, and utilities..... | 5,300 | 16,300 | +11,000 |
| 24 Printing and reproduction..... | 5,000 | 8,900 | +3,900 |
| 25 Other services..... | 4,800 | 45,100 | +40,200 |
| 26 Supplies and materials..... | 2,000 | 5,200 | +3,200 |
| 31 Equipment..... | 4,000 | 13,100 | +9,100 |
| Total obligations..... | 149,500 | 345,000 | +195,500 |
| Working capital fund items included above..... | (10,400) | (21,700) | (+11,300) |

Summary of changes

| | |
|---|-----------|
| 1964 appropriation..... | \$150,000 |
| Comparative transfer to Office of the Secretary..... | -500 |
| 1964 appropriation, revised..... | 149,500 |
| 1965 estimate..... | 345,000 |
| Total change..... | +195,500 |
| Mandatory items: | |
| Increases: | |
| Net additional cost on a full-year basis the second step of pay increases (effective January 5, 1964) for current year (base) staff pursuant to Public Law 87-793..... | +2,900 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff..... | +1,100 |
| Decreases: | |
| To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 work-days funded in 1964; there will be 261 in 1965..... | -500 |
| Financing items: Increases: | |
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... | +8,000 |
| Absorption of a portion of above increases in personnel compensation and a reduction of 0.4 man-years..... | -4,000 |
| Program items: Increases: | |
| To provide advice and assistance to country and area committees and negotiating committees in the impact upon domestic employment of tariff concessions to be negotiated under the Trade Expansion Act (8 positions, \$54,400; nonlabor, \$58,600)..... | +113,000 |
| To provide for the development of historical and current employment, occupational outlook and prices data for specific groups of commodities to be involved in tariff negotiations (5 positions, \$28,000; nonlabor, \$47,000)..... | +75,000 |
| Total change..... | +195,500 |

Mandatory and financing changes for 1965

| | |
|---|-----------|
| Mandatory items: | |
| Increases: | |
| Pay increase costs..... | + \$2,900 |
| To finance on a full-year basis the second step of pay increases (effective Jan. 4, 1964) granted by Public Law 87-793 for current year (base) staff. This second step was funded on a part-year basis in 1964. The object schedule includes these changes as follows: | |
| Personnel compensation..... | \$2,680 |
| Personnel benefits..... | 220 |
| Total..... | 2,900 |
| Within-grade promotion costs..... | +1,100 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover. | |
| Personnel compensation..... | \$2,119 |
| Deduct lapse..... | -1,094 |
| Personnel benefits..... | 75 |
| Net cost..... | 1,100 |

Mandatory and financing changes for 1965—Continued

Mandatory items—Continued

Decreases: Reduction of 1 less day of pay in 1965 over 1964..... —\$500

To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965.

Financing items: Increases:

To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... +8,000

Absorption of a portion of above increases (reduction 0.4 man-years; \$4,000) personnel compensation..... —4,000

The volume of central administrative services in the Department of Labor have increased rapidly over the past few years because of a number of factors: a larger Department; increased services (such as regional administrative services office and data processing for payroll and increased costs (salary and other)).

In these years of growth of the Department, it has been impossible to coordinate the budget requests of the bureaus (for centralized services) with the facts of performance. Increased costs have been met out of whatever funds were available (e.g., savings growing out of lapses, unused travel, etc.). In many cases (and in varying degree) base budgets and budget requests were not adjusted to reflect the increased costs paid. The Department was able to "get by" in times of growth. Now that we are no longer expanding rapidly and we are fully staffed, it is essential to cover these costs in the basic budgets.

In order to properly reflect the cost of these services in various bureau budgets in 1965, the Department is requesting that each affected appropriation be granted a base adjustment to maintain in 1965 the 1964 level of operation of central administrative services. This is being done by asking for a net increase in funds of about 50 percent and by reducing personnel compensation in the program area in order to absorb the balance.

Mandatory and financing changes by activity

| Type of change | Activity 1 | Activity 2 | Total |
|-----------------------------------|------------|------------|----------|
| Mandatory changes: | | | |
| Pay increase costs..... | +\$1,800 | +\$1,100 | +\$2,900 |
| Within-grade promotion costs..... | +600 | +500 | +1,100 |
| Less 1 day of pay..... | -300 | -200 | -500 |
| Net financing changes..... | +3,400 | +600 | +4,000 |
| Total..... | +5,500 | +2,000 | +7,500 |

ACTIVITY 1. ASSISTANCE IN TARIFF NEGOTIATIONS (1964, \$81,500; 1965, \$275,000)

NARRATIVE DESCRIPTION OF PROGRAM

Under the Trade Expansion Act of 1962, the Secretary of Labor is assigned specific functions. Under section 222 of the act, he is required to give information and advice with respect to any trade agreement before it is entered into. Under section 242, he is a member of an interagency organization to assist the President in carrying out the functions vested in him by the trade negotiation, tariff adjustment, and orderly marketing agreements portions of the act. This organization is responsible for making recommendations to the President on basic policy issues arising in the administration of the program and on any action he should take on reports with respect to tariff adjustments submitted to him by the Tariff Commission. The organization is also required to advise the President of the results of hearings concerning foreign import restrictions and recommend appropriate action with respect thereto, and to perform such other functions with respect to the trade agreements program as the President may from time to time designate. The organization is instructed, under section 242(c) of the act, to draw upon the resources of the agencies represented in the interagency trade organization to the maximum extent practicable.

The exercise of the authority under the Trade Expansion Act involves not only important elements in our foreign economic policy but also important direct effects upon our domestic economy. The effects on the domestic economy are considered both in terms of full use of our domestic resources and the stimulation of economic growth, and also in terms of the effects of the reduction of U.S. duties on employment in particular industries, and the effects of the reduction of foreign duties and other barriers on employment in our export industries. Hence, it is vital that the program be conducted not as a foreign policy program exclusively, but as an overall program in the national interest. The mechanism envisaged by the Congress for keeping all phases of that interest before those making decisions under the program is an interagency team in which the agencies charged with responsibility for foreign affairs and those agencies having a direct concern with domestic economic matters are equally involved. They must work as members of a team in which all are involved at all stages of the negotiation and policymaking process.

In participating in these committees, the Department of Labor, in particular, is charged with making known the probable effects on employment in the United States of all decisions contemplated under the program. This responsibility is greatly enhanced over that in other earlier trade agreements authority, not only because of the large extent of authority that has been granted by comparison with the previous authorities, but also, and specifically, because of the new element under the Trade Expansion Act of 1962 to give adjustment assistance to workers and firms who may be adversely affected by specific decisions under the trade agreements program. This new authority calls for skill in the negotiation process, to the end that a constructive balance may be maintained between steps taken to move forward along the route of expanding trade and the cost of those steps, however temporary and short run, in terms of domestic disemployment and adjustment thereto.

1964 ACTIVITIES

During the first several months of 1964, the Trade Staff Committee used approximately 12 subcommittees to prepare reports and recommendations on problems which require decision prior to the actual start of tariff negotiations. The negotiations authorized under the Trade Expansion Act will start either at the very end of fiscal year 1964 or very early in fiscal year 1965. Some of the more important committees are those dealing with the problems of non-tariff barriers to trade—for example, taxes on the basis of the horsepower of automotive vehicles, or other characteristics of a given commodity, which result in discriminating against the products of the United States or discriminatory methods of valuing imports for duty collection purposes, unnecessary customs procedures, etc. Another subcommittee is working on the problems of taxes which discriminate against all imports as compared to domestic products. Still another is working on the problem of access to markets for agricultural products. Others are preparing reports on how to handle the mechanics of "linear" or broad groupings of tariff reductions, the special problems of less developed nations who face the necessity of increasing their exports radically, etc.

In addition to the subcommittees dealing with specific problems, eight or nine country—or group of countries—subcommittees are being established. These committees will be charged with the responsibility of reviewing U.S. export trade with these nations in order to derive a list of products where duty reductions would have the greatest effect on increasing U.S. exports. Some of these subcommittees are those for the EEC, the United Kingdom, Japan, Canada, Scandinavia, and other members of the European free trade area, etc.

A Trade Information Committee has also been established. This Committee is provided for in the Trade Expansion Act and in the accompanying Executive order for the purpose of holding public hearings at which all interested parties may present their views with respect to both the proposed U.S. duty reductions and the foreign reductions which would be of most help in increasing our exports to particular countries. This Committee began public hearings in December 1963 and plans to sit continuously for the remainder of the fiscal year. The Committee is interdepartmental and the Department of Labor is represented by a senior staff person from the Bureau of International Labor Affairs. In addition there is an interagency professional staff charged with the responsibility of assembling and summarizing all the facts presented to the Committee and adding appropriate statistical or background information. The

Department has a person assigned to this staff. The information obtained by the Trade Information Committee, consolidated and augmented by the staff, will be one of the major factors considered by the Cabinet-level Committee, by Governor Herter, and by the President in reaching the final decision as to the nature of the tariff bargains that the United States will attempt to obtain during the forthcoming round of negotiations.

In addition to the committees and subcommittees described above which are primarily directed toward the problems of the Kennedy round of tariff negotiations, interagency groups are also set up to consider, negotiate, and supervise the operation of orderly marketing arrangements for specific commodities. Any arrangements made in the future will be in accordance with section 352 of the Trade Expansion Act, but the only one now operating was negotiated in a special intergovernmental arrangement concluded through trade agreements channels. This is the long-term cotton textile arrangement, under the terms of which all the major cotton textile producing or consuming nations have agreed to a program to restrain exports when such restraint is called for by an importing nation. Restraint may be called when the imports disrupt the markets of the country being affected. Since one of the most important elements in market disruption is employment of domestic workers, the Department of Labor obviously has a very large stake in the operation of this arrangement. The arrangement is administered on behalf of the United States by an interagency committee of five known as the Interagency Textile Administrative Committee. The Labor representative on ITAC is an Assistant to the Secretary with an alternate from ILAB. The alternate has been occupied full time on this job since the ITAC deals each month in great detail with the levels of imports of all cotton textiles and apparel in the United States and requests, from month to month, such restraint of shipments from supplying countries as it considers necessary and appropriate to protect the U.S. market from disruption. The ITAC also meets regularly and often with a labor-management advisory committee including representatives of the principal labor unions in the textile and apparel field in order to obtain facts and opinions regarding both the imposition of restraints and negotiations with foreign countries over differences that arise in the administration of the long-term arrangement.

PROGRAM CHANGES FOR 1965

Bureau of International Affairs

The Kennedy round tariff negotiations will actually commence either very late in fiscal year 1964 or early in fiscal year 1965 and are expected to run continuously for the remainder of 1965. The information which will have been obtained from the Trade Information Committee and the various recommendations of the Trade Staff Committee (and its subcommittees) will have been consolidated into a basic U.S. negotiating posture—specifically what duty reductions (both items and amounts) we will be willing to offer to our trading partners and what reductions we will want from them in exchange. The country committees which had been working on the problems of the increased access we want will turn into actual negotiating committees working with their opposite numbers and converting the basic negotiating posture into specific terms. Experience with the earlier tariff negotiations that have taken place during the postwar period made it clear that these committees will be constantly reviewing alternate sets of bargains; the labor impacts of the various alternatives will require constant evaluation by supporting staffs not only at Geneva, but also back in Washington.

During 1964, staff from portions of the Department other than ILAB, could be employed for some of the country committee work since the basic meetings were in Washington, were not truly continuous, and the service of a Department person was not always required on a full-time basis. However, once actual negotiations commence in 1965 the borrowing or part-time arrangement will not be able to work. Most importantly, the teams will be in Geneva and team members will not be available for other tasks. The proposed staffing plan does not, however, visualize a Department of Labor member for each of the eight or more teams that will be negotiating. Rather, a senior staff person will coordinate the available resources, using them as seems most appropriate from the standpoint of the entire negotiation. This will also involve the full-time services of a coordinator in Washington acting as the funnel and channel for requests from the negotiating site for material involving positions, etc.

To enable the Bureau of International Labor Affairs to provide adequate staff assistance to the country and area committees and negotiating committees will require six additional positions, three professional and three clerical. In addition, \$37,600 is requested in travel funds to meet the travel and per diem costs for the Department of Labor members of the U.S. delegation to the tariff negotiations.

The Bureau of International Labor Affairs is also requesting two positions, one professional and one clerical, for the orderly marketing arrangements area. The request will provide for staff assistance to the ILAB member acting on the Interagency Textile Administrative Committee. Even if no additional orderly marketing arrangements should be negotiated by 1965, the current status of the textile arrangement is such that it is being shifted gradually from an entirely multilateral basis to a series of bilateral arrangements within a multilateral framework. The bilateral arrangement has many advantages for the U.S. textile interest as well as for our international relationships, but it involves many more negotiating problems and is much more time-consuming for the staff. Since the Department of Labor has a very important role in administering the arrangement for cotton textiles, at least one senior and a secretary will have to be added to the current staff. If marketing arrangements are entered into for other commodities such as shoes, textiles other than cotton, lead and zinc, or residual fuel oil, even more staff help will be required.

The total program increase for the Bureau of International Labor Affairs for 1965 is \$113,000, which provides for an increase of eight positions and \$40,000 for travel costs.

Bureau of Labor Statistics

Additional funds of \$75,000 are requested to provide data not now available on employment, occupational outlook, and prices for specific groups of commodities which are likely to be involved in tariff negotiations for use by the Department of Labor representatives on the country and area committee and negotiating teams. These data will supplement data of similar types now available through the regular programs of the Bureau of Labor Statistics and will be used to fill in for commodities or groups of commodities which are included as segments of broader groups than are appropriate for tariff problem considerations. Examples of some of these commodities are: printing presses, raincoats, cameras, photographic supplies, rubber footwear, vitreous china table articles, plastic toys, Christmas bulbs, etc. The current Bureau of Labor Statistics data for example, is available on the broad group of "special industry machinery." The data on subgroups within the broad group such as printing presses, woodworking machinery, and smelting and refinery equipment are not now separately available. Raincoats are currently grouped with women's outerwear and vitreous china table articles are now grouped with all pottery.

These additional data will be used by the Secretary of Labor and his representatives and by the executive branch in general during both the prenegotiation stage and the actual negotiations undertaken in accordance with the Trade Expansion Act of 1962.

Experience in the tariff negotiations which have taken place more or less continuously in the postwar period indicate that many of the problem areas—both those where a reduction in the U.S. tariff would be seriously detrimental to the domestic industry and those where a reduction in the tariff of our customers would greatly aid U.S. exports—are not regularly separated out from more inclusive groupings in the BLS program of employment data by industry. Data for these subgroups will be obtained by a series of steps commencing with the development of lists of plants producing the particular products. The plant lists will then be used to obtain employment data from State employment security agencies. These data will be combined with other information such as the extent to which these plants manufacture other products, the extent to which the local areas might offer expanded job opportunities for workers with the particular skills of the affected workers, the ability to find trained workers to expand production for export, the geographic location of the industries, etc. These reports will be used by the Department in meeting its obligations to help shape administration policy on the specific commodities or issues.

The first use of these reports will be in the establishment of the so-called "reservation list." Under the terms of the Trade Expansion Act, with a few exceptions as specified in the act, each of the thousands of items in the U.S. tariff is subject to a possible duty reduction of at least 50 percent. If for reasons of potential unfavorable domestic impact or other policy considerations,

it is decided not to reduce the duty on an item, it will be placed on the reservation list. Since the size of the list is limited, there will be considerable competition among commodities and industries for places on the list. One of the extremely important factors in the decision as to an item will be the analysis of the potential effects of a duty reduction upon domestic employment. The Secretary of Labor will play a major role in this aspect of the problem. The current timetable calls for the reservation list to be established early in fiscal year 1965. However, the reciprocal nature of the negotiations under the act are such that there will inevitably be a certain degree of flexibility which will necessitate constant review and revised decisions about specific products through fiscal year 1965. Closely related to the reservation list is the flexibility allowed by the act in the extent of the U.S. reduction and the time period which any reduction will be put into effect. The act establishes outside limits but does not require that every duty be reduced by the full 50 percent or in the shortest time period specified. We expect that employment data as outlined above will be a key element in decisions related to the problems of whether or not a duty should be reduced by the full amount or over the period of time indicated.

The second major use of the BLS data will be in evaluating the employment effects of alternative "packages" offered by the United States and to the United States by its trading partners during the actual negotiations. Specifically, it will be necessary to consider the relative net employment impact resulting from increased competitive imports and from increased exports that might be brought about as a result of increases in trade. The Departments of Commerce, Agriculture, and Interior will supply information on the likely changes in the volume of trade arising from specific duty changes here and abroad and the Bureau will convert these into employment, both direct and indirect. This will be done through the types of techniques developed in its work on interindustry studies.

To develop this additional information on employment, occupational outlook, and prices will require five additional positions and \$40,000 in the Bureau of Labor Statistics. Two of these are professional positions and the remaining three are statistical, clerical positions. The collection of data by the State employment security agencies will require \$35,000 making a total of \$75,000 for this function.

The total program increase for activity 1 is 13 positions and \$188,000.

ACTIVITY 2. ASSISTANCE TO WORKERS (1964, \$68,000; 1965, \$70,000)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the Office of Trade Adjustment Assistance in the Manpower Administration which is responsible for directing the Department's workers adjustment assistance programs and activities under the Trade Adjustment Act; reviewing and approving policies, objectives, and standards for the workers' adjustment assistance programs; evaluating requests for adjustment assistance, analyzing data and information provided by firms and workers; approving or disapproving certifications of groups of workers eligible to apply to State agencies for adjustment assistance; determination of the termination of eligibility when appropriate; maintaining liaison with the Tariff Commission and the Department of Commerce on matters affecting the eligibility or ineligibility of firms and workers for worker adjustment assistance; and cooperating with the Bureau of Employment Security in solutions of problems relating to the administration of the program for individual workers. In addition the office is responsible for answering inquiries on all aspects of the program from Congress and the public; in particular, the office assists workers in resolving the technical problems of obtaining foreign trade data and the individual item tariff histories necessary to support any petition presented to the Tariff Commission for findings of injury which must be made before any group to apply for adjustment assistance.

The Tariff Commission has not yet made a determination on any of the petitions filed with it that an industry or group of workers has been adversely affected by tariff concessions. No funds have been appropriated for worker readjustment assistance and no funds are being requested in this budget estimate. However, if and when the Tariff Commission makes a determination of injury and the Department makes a certification that workers are eligible to apply for adjustment assistance the Department will request supplemental funds to provide for these costs.

Program changes for 1965.—None.

Distribution of field staff.—None.

*Explanation of estimate by object**Personnel compensation, \$194,100*

This estimate provides for 25 full-time positions and 23 man-years of employment, all of which are allocated to the national office. This provides a program increase of \$82,400 for 13 new positions in 1965. The estimate includes a mandatory increase of \$4,000 over 1964 due to \$2,900 for net additional cost of pay increases for current year staff to Public Law 87-793, \$1,100 for cost of within-grade promotions to become effective during 1965, minus \$500 for one less extra day of pay in 1965 for the current year staff. The estimate includes an absorption of \$4,000 of working capital fund costs which reduces 4 man-years of employment.

Personnel benefits, \$15,000

This estimate is based upon personnel compensation and represents the cost of retirement, insurance, FICA, and health benefits.

The estimate includes an increase of \$6,200 for the 13 new positions in 1965 for the proposed program increases and \$400 related to mandatory pay costs.

Travel and transportation of persons, \$47,000

This estimate provides per diem, mileage, and transportation costs with an increase of \$40,000 for program increases. The estimate provides funds for the Sixth Round of Tariff Negotiations in Geneva, Switzerland, for members of the U.S. delegation with per diem at \$15 per day for approximately 2,047 days at a cost of \$30,700 and round trip transportation air jet economy cost of \$4,900.

The estimate also includes \$4,400 for travel costs to orderly marketing agreements conferences. The estimate provides the following:

| | 1964 | 1965 | Change |
|---------------------------------------|---------|----------|-----------|
| Subsistence per diem..... | \$3,000 | \$34,700 | +\$31,700 |
| Mileage and transportation costs..... | 3,500 | 11,000 | +7,500 |
| All other transportation costs..... | 500 | 1,300 | +800 |
| Total..... | 7,000 | 47,000 | +40,000 |

Transportation of things, \$300

This estimate provides for the cost of shipping materials and supplies.

| | 1964 | 1965 | Change |
|-------------------------------|-------|-------|--------|
| Transportation of things..... | \$300 | \$300 | ----- |

Rent, communications, and utilities, \$16,300

This estimate provides an increase of \$10,200 for the 13 new positions and \$800 to maintain in 1965 the 1964 level of operation of centralized services. The estimate, based upon past experience, provides for the following:

| | 1964 | 1965 | Change |
|------------------------------------|---------|---------|----------|
| Paid official mail..... | \$1,000 | \$2,000 | +\$1,000 |
| Telephone service..... | 700 | 2,000 | +1,300 |
| Teletype service and telegram..... | 500 | 2,000 | +1,500 |
| Rents and utilities..... | ----- | 5,500 | +5,500 |
| Working capital fund..... | 3,200 | 4,800 | +1,600 |
| Total..... | 5,300 | 16,300 | +11,000 |

Printing and reproduction, \$8,900

This estimate provides an increase of \$1,100 for program increases and \$2,800 to maintain in 1965 the 1964 level of operation of centralized services. The estimate provides for the following:

| | 1964 | 1965 | Change |
|---------------------------|---------|---------|----------|
| Publications..... | \$2,000 | \$2,300 | +\$300 |
| Forms and schedules..... | 1,000 | 1,100 | +100 |
| Working capital fund..... | 2,000 | 5,500 | +3,500 |
| Total..... | 5,000 | 8,900 | +\$3,900 |

Other services, \$45,100

This estimate provides an increase of \$37,000 for program increases and \$3,200 to maintain in 1965 the 1964 level of operation of centralized services. The estimate provides for the following:

| | 1964 | 1965 | Change |
|---------------------------------|-------|--------|---------|
| Repairs to office machines..... | \$500 | \$600 | +\$100 |
| Investigations..... | | 700 | +700 |
| Miscellaneous services..... | 400 | 600 | +200 |
| Payments to State agencies..... | | 35,000 | +35,000 |
| Working capital fund..... | 4,000 | 8,200 | +4,200 |
| Total..... | 4,900 | 45,100 | +40,200 |

Supplies and materials, \$5,200

This estimate provides an increase of \$2,000 for the 13 new positions and \$1,200 to maintain in 1965 the 1964 level of operation of centralized services. The estimate, based upon past experience, provides for the following:

| | 1964 | 1965 | Change |
|--|-------|---------|--------|
| Desk top and duplicating supplies..... | \$400 | \$1,200 | +\$800 |
| Envelopes and letterheads..... | 200 | 400 | +200 |
| Subscriptions..... | 200 | 400 | +200 |
| Working capital fund..... | 1,200 | 3,200 | +2,000 |
| Total..... | 2,000 | 5,200 | +3,200 |

Equipment, \$13,100

This estimate provides an increase of \$9,100 for the 13 new positions. This estimate also provides for the replacement of office equipment, desks, typewriters, and office furnishings not available from surplus stock.

| | 1964 | 1965 | Change |
|----------------|---------|----------|----------|
| Equipment..... | \$4,000 | \$13,100 | +\$9,100 |

Summary of new positions

Activity 1—Assistance in tariff negotiation:

| | | |
|--|--------------------------------|----------|
| Bureau of International Labor Affairs: Departmental: | | |
| 1 | GS-14, international economist | \$13,624 |
| 1 | GS-13, international economist | 11,731 |
| 1 | GS-12, international economist | 9,984 |
| 1 | GS-9, international economist | 7,030 |
| 1 | GS-6, secretary | 5,242 |
| 3 | GS-4, clerk or stenographer | 12,666 |
| Total (8) | | 60,277 |

Bureau of Labor Statistics: Departmental:

| | | |
|------------------|-----------------------------|--------|
| 1 | GS-11, economist | 8,424 |
| 1 | GS-9, economist | 7,030 |
| 2 | GS-5, statistical clerk | 9,402 |
| 1 | GS-4, clerk or stenographer | 4,222 |
| Total (5) | | 29,078 |
| Grand total (13) | | 89,355 |

BUREAU OF APPRENTICESHIP AND TRAINING

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|----------------|------------------|------------------|
| 11 Personnel compensation: | | | |
| Permanent positions | 4,016 | 4,254 | 4,330 |
| Other personnel compensation | 7 | 44 | 26 |
| Total personnel compensation | 4,023 | 4,298 | 4,356 |
| 12 Personnel benefits | 304 | 324 | 30 |
| 21 Travel and transportation of persons | 392 | 433 | 424 |
| 22 Transportation of thin s. | 11 | 12 | 12 |
| 23 Rent, communications, and utilities | 177 | 129 | 143 |
| 24 Printing and reproduction | 38 | 56 | 64 |
| 25 Other services: | 180 | 140 | 213 |
| Services of other agencies | 2 | 7 | 7 |
| 26 Supplies and materials | 42 | 60 | 70 |
| 31 Equipment | 29 | 23 | 22 |
| Total obligations | 5,199 | 5,482 | 5,641 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|----------------|------------------|------------------|
| Total number of permanent positions | 555 | 540 | 622 |
| Average number of all employees | 522 | 521 | 514 |
| Employees in permanent positions, end of year | 540 | 535 | 528 |
| Employees in other positions, end of year | 0 | 0 | 0 |
| Average GS grade | 8.5 | 8.7 | 8.7 |
| Average GS salary | \$7,886 | \$8,427 | \$8,586 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Training promotion and service to industry..... | 4,553 | 4,677 | 4,703 |
| 2. Training research and technical services..... | 362 | 414 | 430 |
| 3. Administration and management services..... | 283 | 391 | 448 |
| Total program costs, funded—obligations ¹ | 5,199 | 5,482 | 5,641 |
| Financing: | | | |
| Comparative transfers to other accounts..... | | 19 | |
| Reimbursement for emergency preparedness functions..... | | -43 | -100 |
| New obligational authority..... | 5,199 | 5,468 | 5,541 |
| New obligational authority: | | | |
| Appropriation..... | 5,212 | 5,460 | 5,541 |
| Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728 and 77 Stat. 346)..... | -14 | -2 | |
| Appropriation (adjusted)..... | 5,199 | 5,468 | 5,541 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$96,000 (1963 adjustments, -\$82,000); 1963, \$14,000; 1964, \$14,000; 1965, \$14,000.

GENERAL STATEMENT

Mr. FOGARTY. Next item, Mr. Henning, is Bureau of Apprenticeship and Training. We shall place the prepared statement on apprenticeship and training in the record.

(The statement follows:)

STATEMENT OF EDWARD E. GOSHEN, ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING

Mr. Chairman and members of the committee, in order to support our program for assisting management and labor to develop, install, and conduct programs of apprenticeship and training, we are proposing for fiscal year 1965 an appropriation of \$5,541,000. Included is a program decrease of \$50,000 and 5 positions, approximately 1 percent below 1964. The total amount proposed is an increase over 1964 only because of mandatory items.

One of our most pressing problems is unemployment—unemployment influenced by inadequate skill development and automation. The jobs growing in number are those requiring better preparation for entrance and continued training after entrance. Changes in job content are taking place everywhere, processes are becoming more mechanized and automated, older skills and experience are jeopardized in the rush of technology and innovation. This transformation is taking place not only in production but in service industries also. Consequently the rate of unemployment for the poorly educated, poorly trained, and unskilled worker remains much higher than for the well trained. A premium is placed upon adaptability and broad skills in today's industrial society.

The broad skills, versatility, and maturity of judgment that mark the craftsman as a product of systematic apprenticeship give him a built-in resistance to technological unemployment and affords industry a major source of leadmen, supervisors, and management personnel. Also remedial and technical training at the job station aids the lesser skilled worker to adapt to changing job requirements and maintain his employability. Therefore, the major portion of Bureau resources are, and will continue to be, used at the local level in promotion and assistance to employers and unions in developing, installing, and making needed adjustments in training programs to meet immediate and long-range needs both of the employer and of the worker.

TECHNICAL ASSISTANCE TO BE INCREASED

Our operating plans for 1965 for the field staff reflect shifts in program emphasis away from promotional work to technical assistance. Any growth in the apprentice workforce which will provide jobs and training opportunities must come from enlargement and extension of ongoing programs or from the development of new ones. During 1965 about 3,000 significant improvements in the administration, organization, and operation of apprenticeship and training programs will be obtained. The effect of technical assistance and encouragement of management and labor may be noted in the significant increase in registered apprentices for fiscal 1963.

A gain of more than 5,000 registered apprentices was obtained.

The upward trend in the number of registered apprentices is expected to continue largely from field efforts to broaden the coverage, add additional trades, and extend to new employers participation in established apprenticeship and training programs. About 1,000 new apprenticeship programs and 900 other industrial training programs will be obtained in 1965. This also will add apprentice jobs.

SELECTION METHODS TO BE IMPROVED

Influencing our shift in program emphasis is the intensified field effort to gain the acceptance and application of standards to assure that admission of young workers will be on a nondiscriminatory basis. The field staff will cooperate in obtaining community support for the establishment of seven new apprenticeship information centers in the current year and eight additional in fiscal year 1965, to increase public understanding of the program. The Bureau will also provide staff service to the Advisory Committee on Employment Opportunity in Apprenticeship and Training appointed by the Secretary of Labor in February 1963.

PROMOTIONAL EFFORTS WITH LABOR AND MANAGEMENT

As shown by our workload tables, promotion of adequate financing and establishment of private training trust funds will lead to an increase in the number of full-time apprenticeship and training program directors. Such privately employed personnel serve to multiply Bureau promotional and technical assistance efforts.

At the national level, promotional work with organizations of management and labor to secure policies favorable to the establishment of training by local affiliates will continue as a major program activity. Three factfinding and promotional projects in selected industries will be active during 1965.

Leadership will be provided in the planning and conduct of 10 multi-State and State apprenticeship and training conferences wherein industrial leaders of management and labor exchange administrative experience and explore new methods for improvement of employee development systems.

USE OF COMMUNICATION MEDIA

As may be noted in the workload tables, a variety of mass media and informational means are used to bring about an awareness of the need for planned training and for action by those capable of providing training opportunities. The Bureau's color film depicting avenues to skill development is receiving widespread use during the current year and is expected to reach an audience in excess of 3 million. A shortened version suitable for television public service slots will become available by end of the current fiscal year. Two additional short films on job-site instruction techniques are planned for 1965. More extensive use is being made of national trade journals for publicizing outstanding training programs and for release of technical studies.

The Bureau's nationwide survey of training in industry is now in publication. This research study provides comprehensive information on the volume and type of formal employee training throughout the Nation and for all important industries. Significantly it reveals that only one in five establishments have any type of formal training, that more than one-half (60 percent) of all establishments with 100 to 500 employees do not have any type of formal training program. Establishments of this size and smaller, normally without training departments, especially need technical advice and welcome assistance. The survey will be repeated with improvement in data collection and processing

during 1965 to provide needed information for program planning. During the current year, as a program planning device suggested by the survey, each Bureau field representative is to locate and give priority attention to the five major plants in his area which do not operate apprenticeship or training programs.

Any broad scale national effort to raise the skill level of the work force should not fail to use every avenue and method. But the active participation of labor and management with their know-how and industrial facilities should receive major consideration. Training in connection with employment affords an economical and satisfactory means for manpower skill development. The Bureau's approach to apprenticeship and skill development emphasizes stimulation and assistance to employers to assume a greater role in the maintenance of the qualifications of employees for their ever-changing occupations and newly emerging jobs.

REMARKS REGARDING THE DIRECTOR

Mr. FOGARTY. Mr. Goshen, the Secretary had some nice things to say about you this morning.

Mr. GOSHEN. I didn't hear them.

Mr. FOGARTY. On behalf of the committee I would like to say we have had some very fine directors since I have been on this committee, but you are one of the best we have had.

Mr. GOSHEN. I thank you for that.

I would like to say, too, I greatly appreciate the many courtesies which have been extended to me since I have been attending your meetings. I think your committee has been very understanding of our problem and very helpful.

REDUCTION IN POSITIONS

Mr. FOGARTY. I was hoping the Department would feel as this committee did about your program. I see they are cutting you seven positions below what you have this fiscal year. That doesn't seem right to me.

Is there any significant change you want to mention?

Mr. GOSHEN. I think our job has increased considerably. We have more things to do than we have ever had before but they are all in the same basic field and deal with jobs.

Mr. FOGARTY. You are being cut back; and you are helping the manpower training program, too.

Mr. GOSHEN. We do that and our workload is increasing. We have the Manpower Development and Training Act, we have on-the-job training, and we are clearing all of our programs on equal opportunity to meet the new standards set by the Secretary of Labor. We are helping to establish these information centers around the country.

WORK WITH MANAGEMENT AND LABOR

There is a longer list when you get down to what we actually do in the field. It still goes back basically to getting management and labor to create jobs. That goes with on-the-job training just as it does with apprenticeship.

You will remember during the wartime we did some of that kind of work, in a program which was developed then.

I think we have been successful in working with industry as we indicated to you before. We have encouraged industry to tax them-

selves and create funds to put on coordinators or directors. I think there are 271 local directors who work on their programs and push these programs along. I think it makes a better program because that is their full-time job.

Aside from the work our staff does, this has been very helpful to us, too. I think we can do some more of that. There is some good reaction to that. The unions participate with their funds. Management participates. Sometimes it is on a payroll tax and then they create a trusteeship.

Mr. FOGARTY. It is working out pretty well?

Mr. GOSHEN. I think it is. There is more interest in it. You know how we work. We talk to management, talk to labor, and bring them together and work out a program. That is time consuming. Sometimes you do it quick and sometimes you have to go back many times.

REDUCTION IN STAFF

Mr. FOGARTY. Your appropriation for 1964 is \$5,460,000; \$5,541,000 is the request for 1965, an increase of \$81,000, but, according to the justifications, a reduction of seven positions due to mandatory increases in cost and \$50,000 needed to help straighten out the working capital fund.

Is that right?

Mr. GOSHEN. That is right.

Mr. FOGARTY. They cut you seven positions and are making you contribute \$50,000 more for this working capital fund?

Mr. HUDSON. Sir, there is a lot of work involved in the central administrative services for this Bureau in Washington and the field. They could not exist without it.

Mr. FOGARTY. It looks to me as though they are trying to phase out your operation.

I thought this was an old well-proven program and we ought to give this some seniority over these other programs. Does not seniority mean anything in the Department of Labor?

Mr. GOSHEN. I do not know whether they figure seniority or not, but I am satisfied from my own experience that to do this job it must be done the way we are trying to do it. I think you will not find a more dedicated group than the ones who are working at it. They give all kinds of hours.

Mr. FOGARTY. I think that is true, but they are cutting you back below what you had in 1964, which I cannot understand. Can you?

Mr. GOSHEN. I cannot explain it. I cannot give you an explanation of why they cut it.

Mr. FOGARTY. I cannot, either. I think you should be getting an increase instead of being cut back. This always has been a very popular program with Congress and with labor and management.

Is there any other agency in this Department which was cut below what they had in 1964?

Mr. HUDSON. There are several places, Mr. Chairman, where a reduction based on improved employee productivity is reflected. The Bureau of Apprenticeship is one.

Mr. LAIRD. Do not forget the Women's Bureau.

Mr. HUDSON. Eleven jobs in the Bureau of Employment Security is another one.

Mr. FOGARTY. The Secretary's Office is one.

Mr. HUDSON. We had a cut in that one.

Mr. FOGARTY. Mr. Laird.

Mr. LAIRD. I think you have handled it very well, Mr. Chairman. I do not think I need to add anything else.

Mr. FOGARTY. Is there anything else you would like to say, Mr. Goshen?

Mr. GOSHEN. I think not. I would like to say, as Mr. Laird said last year, the more of us who go down and talk with these people, the more we get done. I think that still holds true. Again, I should like to say many thanks to you for your many courtesies extended to me over the years.

Mr. FOGARTY. Thank you. We think you have done a very good job over the years, and I hope you continue healthy and happy and live to be a hundred.

Mr. GOSHEN. I do not know whether I want to or not. If I keep this up, I won't.

JUSTIFICATION MATERIAL

Mr. FOGARTY. Thank you, we will file your justifications in the record.

(The justifications referred to follow :)

SALARIES AND EXPENSES, BUREAU OF APPRENTICESHIP AND TRAINING

Amounts available for obligation

| | 1964 | 1965 |
|--|-------------|-------------|
| Appropriation or estimate..... | \$5,460,000 | \$5,541,000 |
| Comparative transfer to Office of the Secretary..... | -19,000 | ----- |
| Appropriation or estimate, revised..... | 5,441,000 | 5,541,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|--|-----------------------------|-------------|----------------|-------------|-------------|-----------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Training promotion and service to industry..... | 469 | \$4,679,100 | 463 | \$4,772,800 | -6 | +\$93,700 |
| 2. Training research and technical services..... | 38 | 413,600 | 38 | 413,300 | ----- | -300 |
| 3. Administration and management services..... | 33 | 348,300 | 32 | 354,900 | -1 | +6,600 |
| Total obligations..... | 540 | 5,441,000 | 533 | 5,541,000 | -7 | +100,000 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|-----------------------------|----------------|-------------|
| Total number of permanent positions..... | 540 | 533 | -7 |
| Average number of all employees..... | 521 | 514 | -7 |
| 11 Personnel compensation..... | \$4,297,500 | \$4,356,100 | +\$58,600 |
| 12 Personnel benefits..... | 323,915 | 330,500 | +6,585 |
| 21 Travel and transportation of persons..... | 432,775 | 424,200 | -8,575 |
| 22 Transportation of things..... | 12,210 | 12,000 | -210 |
| 23 Rent, communications, and utilities..... | 131,320 | 143,000 | +11,680 |
| 24 Printing and reproduction..... | 56,180 | 63,700 | +7,520 |
| 25 Other services..... | 104,615 | 120,300 | +15,685 |
| 26 Supplies..... | 59,660 | 69,700 | +10,040 |
| 31 Equipment..... | 22,825 | 21,500 | -1,325 |
| Total obligations..... | 5,441,000 | 5,541,000 | +100,000 |
| Working capital fund items included above..... | (144,420) | (194,320) | (+49,900) |

Summary of changes

| | |
|--|-------------|
| 1964 appropriation..... | \$5,460,000 |
| Comparative transfer to Office of the Secretary..... | -19,000 |
| 1964 appropriation, revised..... | 5,441,000 |
| 1965 estimate..... | 5,541,000 |
| Total change..... | +100,000 |
| Mandatory items: | |
| Increases: | |
| Net additional cost on a full-year basis the second step of pay increases (effective Jan. 5, 1964) for current year (base) staff pursuant to Public Law 87-793..... | +98,000 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff..... | +43,000 |
| Decreases: | |
| To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965..... | -13,900 |
| Nonrecurring cost of rent transferred to General Services Administration..... | -2,000 |
| Financing items: | |
| Increases: | |
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... | +49,900 |
| Absorption of a portion of above increases (reduction 2 positions; \$21,055 personal services, \$3,945 nonlabor)..... | -25,000 |
| Program items: | |
| Decreases: | |
| To reduce program of encouraging apprentice training because of increased productivity; (5 positions \$42,060; nonlabor \$7,940)..... | -50,000 |
| Total change..... | +100,000 |

Mandatory and financing changes for 1965

Mandatory items:

Increases:

| | |
|-------------------------|-----------|
| Pay increase costs..... | +\$98,000 |
|-------------------------|-----------|

To finance on a full-year basis the 2d step of pay increases (effective Jan. 5, 1964) granted by Public Law 87-793 for current year (base) staff. This second step was funded on a part-year basis in 1963. The object schedule includes these changes as follows:

| | |
|-----------------------------|----------|
| Personnel compensation..... | \$91,100 |
| Personnel benefits..... | 6,900 |

| | |
|------------|--------|
| Total..... | 98,000 |
|------------|--------|

| | |
|-----------------------------------|---------|
| Within-grade promotion costs..... | +43,000 |
|-----------------------------------|---------|

Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover.

| | |
|-----------------------------|----------|
| Personnel compensation..... | \$47,156 |
| Deduct lapse..... | -7,221 |
| Personnel benefits..... | 3,065 |

| | |
|---------------|--------|
| Net cost..... | 43,000 |
|---------------|--------|

Decreases:

| | |
|---|---------|
| Reduction of 1 less day of pay in 1965 over 1964..... | -13,900 |
|---|---------|

To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965.

| | |
|--------------------------------------|--------|
| Reduction for nonrecurring rent..... | -2,000 |
|--------------------------------------|--------|

Nonrecurring cost of rent transferred to General Services Administration.

Financing items: Increases:

| | |
|--|---------|
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... | +49,900 |
|--|---------|

| | |
|---|---------|
| Absorption of a portion of above increases (reduction 2 positions; \$21,055 personal services; \$3,945 nonlabor)..... | -25,000 |
|---|---------|

The volume of central administrative services in the Department of Labor has increased rapidly over the past few years because of a number of factors: a larger Department; increased services (such as Regional Administrative Services Office and data processing for payroll) and increased costs (salary and other).

In these years of growth of the Department, it has been impossible to coordinate the budget requests of the bureaus (for centralized services) with the facts of performance. Increased costs have been met out of whatever funds were available (e.g., savings growing out of lapses, unused travel, etc.). In many cases (and in varying degree) base budgets and budget requests were not adjusted to reflect the increased costs paid. The Department was able to "get by" in times of growth. Now that we are no longer expanding rapidly and we are fully staffed, it is essential to cover these costs in the basic budgets.

In order to properly reflect the cost of these services in various bureau budgets in 1965, the Department is requesting that each affected appropriation be granted a base adjustment to maintain in 1965 the 1964 level of operation of central administrative services. This is being done by asking for a net increase in funds of about 50 percent and by reducing personal services in the program area in order to absorb the balance.

Mandatory and financing changes by activity

| Type of change | Activity 1 | | Activity 2 | | Activity 3 | | Total | |
|---|----------------|----------|----------------|---------|----------------|---------|----------------|----------|
| | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount |
| Mandatory changes: | | | | | | | | |
| Pay increase costs..... | | \$84,900 | | \$7,600 | | \$5,500 | | \$98,000 |
| Within-grade promotion costs..... | | 36,900 | | 3,500 | | 2,600 | | 43,000 |
| Less: 1 day of pay..... | | 12,000 | | -1,080 | | -820 | | -13,900 |
| Nonrecurring cost of rent trans- ferred to General Services Ad- ministration..... | | 2,000 | | | | | | -2,000 |
| Net financing changes..... | -1 | 33,600 | | 3,780 | -1 | -12,480 | -2 | 24,900 |
| Total..... | -1 | 141,400 | | 13,800 | -1 | -5,200 | -2 | 150,000 |

ACTIVITY 1. TRAINING PROMOTION AND SERVICE TO INDUSTRY (1964, \$4,679,100;
1965, \$4,772,800)

NARRATIVE DESCRIPTION OF THE PROGRAM

The promotional and technical assistance services of the Bureau stimulate and aid industry to engage in a variety of apprenticeship and industrial training practices to help individual workers attain and maintain skill levels needed in today's industrial society. The broad skills, versatility, and maturity of judgment that mark the craftsman as a product of systematic apprenticeship gives him a built-in resistance to technological unemployment and affords industry a major source of leadmen, supervisors, and management personnel. Remedial and technical training at the job station aids the lesser skilled worker to adapt to changing job requirements and maintain employability. The major portion of resources are used at the local level in promotion and assistance to the operating enterprise in developing, installing, and making needed adjustments in training programs to meet both immediate and long-range needs.

Growth in the apprentice work force, providing job training opportunities for the new labor market entrant, stems first from enlargement and extension of on-going programs and second from the development of new ones. During 1964 about 2,700 significant improvements in the administration, organization for, and operation of training programs will be obtained; the number is estimated to rise 10 percent in 1965. The upward trend in the number of registered apprentices is expected to continue largely from field efforts to broaden the coverage, add additional trades, and extend to new employers participation in established apprenticeship programs. About 1,000 new apprenticeship and an equal number

of other industrial training programs will be obtained in 1964 with the total in 1965 estimated slightly below current year levels. Intensive field efforts underway in 1964 to bring about acceptance and application of standards in federally recognized programs to assure that the admission of young workers will be on a nondiscriminatory basis will be given priority through 1965. The field staff will cooperate in obtaining community support for the establishment of seven new apprenticeship information centers in 1964 and eight additional in 1965, to advance employment and training opportunities for minority groups.

Promotion of adequate financing and establishment of trust funds will lead to an increase in the number of full-time apprenticeship and training program directors, valuable multipliers of Bureau promotional and technical assistance efforts. This emphasis will proceed at both national and local levels. National level promotion and work directly with national organizations of labor and management will continue as a major program activity. Promotional work at this level will proceed the conduct of special industry projects of both factfinding and promotional character within selected industries for specific periods. Work by national industry representatives will result in establishment of three major corporate wide and multi-State training systems each year. Expanded use of trade publications to support industry projects will be obtained.

As shown by the workload table following activity 1, a variety of mass media techniques and information media are employed by the field staff in the promotion of training and in publicizing successful training programs. General promotional activities and service to community manpower and economic development groups will continue at current levels.

PROGRAM CHANGES FOR 1965

A reduction of four GS-11 and one GS-4 positions in this activity will be made for a program reduction of \$50,000. The estimated 1965 levels of accomplishment will be maintained at current year estimated levels through more extensive use of operational research data in work planning and through the rise in experience and proficiency of the field staff.

Workload statistics

[In thousands]

| | Actual, 1962 | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|---|--------------|--------------|-------------------|-------------------|
| Accounts at end of year: | | | | |
| Single-establishment..... | 34.0 | 35.4 | 35.0 | 35.0 |
| Multiestablishment..... | 7.2 | 7.4 | 7.5 | 7.5 |
| Establishments in accounts..... | 179.4 | 184.0 | 185.0 | 185.0 |
| Consultations on training: | | | | |
| Total..... | 130.6 | 135.1 | 135.0 | 135.0 |
| Initial consultations..... | 7.2 | 7.6 | 7.6 | 8.0 |
| Apprenticeship programs initiated..... | 1.2 | 1.2 | 1.1 | 1.0 |
| Registered ¹ apprentices at end of year..... | 151.5 | 157.1 | 159.0 | 161.0 |
| Registered ¹ apprentices receiving training during year..... | 195.6 | 205.8 | 204.3 | 206.0 |
| Training programs initiated..... | 1.2 | 1.1 | 1.0 | .9 |
| Improvements installed in apprenticeship and training programs..... | 1.8 | 2.1 | 2.7 | 3.0 |
| Mass media activities: | | | | |
| Completion ceremonies..... | .7 | .7 | .6 | .6 |
| Film presentations..... | .3 | .4 | .5 | .5 |
| Radio and TV programs..... | .1 | .2 | .3 | .4 |
| News stories..... | 1.9 | 2.0 | 2.2 | 2.2 |
| Speeches..... | 1.6 | 1.7 | 1.7 | 1.7 |
| Other..... | .5 | 1.7 | 1.7 | 1.7 |
| Information centers promoted.....units..... | 0 | 1.0 | 7.0 | 8.0 |
| State apprenticeship conferences held.....units..... | 5.0 | 5.0 | 6.0 | 5.0 |
| Multi-State apprenticeship conferences.....units..... | 2.0 | 5.0 | 3.0 | 5.0 |
| Apprenticeship and training coordinators em- ployed by private funds at— | | | | |
| National level.....units..... | 40.0 | 44.0 | 50.0 | 58.0 |
| Local level.....units..... | 240.0 | 271.0 | 299.0 | 320.0 |

¹ Includes apprentices registered through State apprenticeship agencies.

ACTIVITY 2. TRAINING RESEARCH AND TECHNICAL SERVICES (1964, \$413,600;
1965, \$413,300)

NARRATIVE DESCRIPTION OF THE PROGRAM

Supporting services for the field organization of research in training and skill requirements, identification of basic principles applicable to training, information and publications, development of promotional aids, coordination of State-Federal programming are included in this activity. Staff services are provided to the National Advisory Committee on Equal Opportunity in Apprenticeship and to the Federal Committee on Apprenticeship.

In fiscal year 1964, three research studies will be completed: one on training activities for compositors, one on the effect of business cycles upon apprenticeship and training, and one on the composition of the apprentice work force. Annually about 3,000 apprenticeship programs are reviewed and advisory service to industry given. The second nationwide training survey will be initiated in 1965 utilizing better data collection methods together with surveys in the occupational groups of pressman and radio-TV repair to show the status of training, changing skill requirements, and training needs in these industries. The promotional film depicting avenues to skills will reach an audience, through field staff use, of more than 3 million in 1964. This aid will be supplemented with short films depicting instructor training and trainee training at the job site. Workload data is shown in the table following this activity.

Program changes for 1965.—None.

Workload statistics

| | 1962 actual | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|-------------|---------------|---------------|
| Training programs reviewed..... | 2,890 | 3,227 | 3,275 | 3,350 |
| Research studies and reports: | | | | |
| Training activities in selected industries or employee groups..... | 1 | 2 | 2 | 2 |
| Comprehensive analysis training of workers in American industry..... | | | 1 | |
| Experimental investigation impact of technological change on skill levels..... | | | | 1 |
| Effect of business cycles upon apprenticeship and training..... | | | 1 | |
| Public information: | | | | |
| News articles, speeches ¹ | 19 | 30 | 30 | 40 |
| Magazine articles, radio and TV scripts..... | 11 | 15 | 16 | 20 |
| Booklets..... | 6 | 3 | 5 | 10 |
| Pamphlets, leaflets..... | 1 | 2 | 5 | 7 |
| Reprints..... | 16 | 10 | 15 | 20 |
| Documentary film (new)..... | 1 | | 1 | 2 |
| Exhibits (new)..... | | 1 | 12 | 3 |
| Copies of publications distributed (in thousands)... | 224 | 306 | 325 | 350 |

¹Excludes field performance shown in activity 1 workload data.

ACTIVITY 3. ADMINISTRATION AND MANAGEMENT SERVICES (1964, \$348,300; 1965, \$354,900)

NARRATIVE DESCRIPTION OF THE PROGRAM

Program planning, direction, coordination, and general management services are included in this activity. Data from the first nationwide training survey will be utilized in programing to obtain more effective utilization of resources and personnel. Operations research activities and development of more complete management information for program planning and performance evaluation expanded in 1964 will continue with more precise measurements established and workload capacity norms determined. Management studies in the areas of managerial controls and procedures will be conducted during 1964 and 1965. A special task force group, organized and at work during 1964, will identify priorities for long-range program management and planning. Performance standards for each position will be completed by end of 1964.

Program changes for 1965.—None.

Distribution of field staff

| Field offices: | 1964 | | | | | | 1965 | | | | | |
|----------------------|-----------|----------|-------|-----------|----------|-------|-----------|----------|-------|-----------|----------|-------|
| | Regional | | | State | | | Regional | | | State | | |
| | Technical | Clerical | Total | Technical | Clerical | Total | Technical | Clerical | Total | Technical | Clerical | Total |
| Atlanta, Ga. | | | | | | | | | | | | |
| Alabama | 25 | 20 | 45 | 3 | 3 | 6 | 25 | 20 | 45 | 3 | 3 | 6 |
| Florida | | | | 5 | 4 | 9 | | | | 5 | 4 | 9 |
| Georgia | | | | 8 | 6 | 14 | | | | 8 | 6 | 14 |
| Mississippi | | | | 2 | 1 | 3 | | | | 2 | 1 | 3 |
| South Carolina | | | | 2 | 3 | 5 | | | | 2 | 3 | 5 |
| Tennessee | | | | 4 | 3 | 7 | | | | 4 | 3 | 7 |
| Boston, Mass. | 19 | 15 | 34 | | | | 19 | 15 | 34 | | | |
| Connecticut | | | | 3 | 3 | 6 | | | | 3 | 3 | 6 |
| Maine | | | | 2 | 2 | 4 | | | | 2 | 2 | 4 |
| Massachusetts | | | | 8 | 6 | 14 | | | | 8 | 6 | 14 |
| New Hampshire | | | | 2 | 1 | 3 | | | | 2 | 1 | 3 |
| Rhode Island | | | | 2 | 2 | 4 | | | | 2 | 2 | 4 |
| Vermont | | | | 1 | 1 | 2 | | | | 1 | 1 | 2 |
| Chambersburg, Pa. | 34 | 26 | 60 | | | | 34 | 26 | 60 | | | |
| Delaware | | | | 2 | 1 | 3 | | | | 2 | 1 | 3 |
| District of Columbia | | | | 2 | 3 | 5 | | | | 2 | 3 | 5 |
| Maryland | | | | 6 | 3 | 9 | | | | 6 | 3 | 9 |
| North Carolina | | | | 17 | 12 | 29 | | | | 17 | 12 | 29 |
| Pennsylvania | | | | 3 | 3 | 6 | | | | 3 | 3 | 6 |
| Virginia | | | | 2 | 2 | 4 | | | | 2 | 2 | 4 |
| West Virginia | | | | | | | | | | | | |
| Chicago, Ill. | 28 | 21 | 49 | 16 | 11 | 27 | 26 | 20 | 46 | 15 | 11 | 26 |
| Illinois | | | | 6 | 5 | 11 | | | | 6 | 5 | 11 |
| Indiana | | | | 6 | 5 | 11 | | | | 6 | 5 | 11 |
| Wisconsin | | | | 6 | 6 | 12 | | | | 6 | 6 | 12 |
| Cleveland, Ohio | | | | | | | | | | | | |
| Kentucky | 28 | 21 | 49 | 3 | 2 | 5 | 27 | 21 | 48 | 3 | 2 | 5 |
| Michigan | | | | 10 | 7 | 17 | | | | 9 | 7 | 16 |
| Ohio | | | | 15 | 12 | 27 | | | | 15 | 12 | 27 |
| Dallas, Tex. | 26 | 19 | 45 | 2 | 1 | 3 | 25 | 19 | 44 | 2 | 1 | 3 |
| Arkansas | | | | 4 | 3 | 7 | | | | 4 | 3 | 7 |
| Louisiana | | | | 3 | 3 | 6 | | | | 3 | 3 | 6 |
| Oklahoma | | | | 17 | 13 | 30 | | | | 16 | 13 | 29 |
| Texas | | | | | | | | | | | | |
| Denver, Colo. | 14 | 10 | 24 | | | | 14 | 10 | 24 | | | |
| Colorado | | | | 6 | 4 | 10 | | | | 6 | 4 | 10 |
| New Mexico | | | | 3 | 2 | 5 | | | | 3 | 2 | 5 |
| Utah | | | | 3 | 2 | 5 | | | | 3 | 2 | 5 |

| | | | | | | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Wyoming..... | 4 | 2 | 2 | 28 | 2 | 4 | 16 | 12 | 28 | 2 | 2 | 4 |
| Kansas City, Mo..... | 5 | 3 | 3 | 16 | 3 | 5 | 16 | 12 | 28 | 3 | 3 | 4 |
| Iowa..... | 6 | 3 | 3 | 6 | 3 | 6 | 6 | 6 | 6 | 3 | 3 | 5 |
| Kansas..... | 13 | 3 | 3 | 13 | 3 | 6 | 13 | 6 | 13 | 3 | 3 | 6 |
| Missouri..... | 4 | 3 | 3 | 4 | 3 | 4 | 4 | 3 | 4 | 3 | 3 | 13 |
| Nebraska..... | 14 | 7 | 7 | 14 | 7 | 14 | 14 | 10 | 24 | 7 | 7 | 4 |
| Minneapolis, Minn..... | 12 | 6 | 6 | 12 | 6 | 12 | 14 | 7 | 24 | 6 | 6 | 12 |
| Minnesota..... | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 6 |
| Montana..... | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 6 |
| North Dakota..... | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 6 |
| South Dakota..... | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 6 |
| New York, N. Y..... | 20 | 7 | 7 | 20 | 7 | 20 | 20 | 14 | 34 | 7 | 7 | 3 |
| New York, N. Y..... | 14 | 7 | 7 | 14 | 7 | 14 | 20 | 14 | 34 | 7 | 7 | 12 |
| New Jersey..... | 17 | 13 | 9 | 17 | 13 | 22 | 17 | 12 | 29 | 13 | 9 | 22 |
| New York..... | 12 | 13 | 9 | 12 | 13 | 22 | 17 | 12 | 29 | 13 | 9 | 22 |
| San Francisco, Calif..... | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 5 |
| Arizona..... | 17 | 10 | 7 | 17 | 10 | 17 | 17 | 12 | 29 | 10 | 7 | 17 |
| California..... | 15 | 2 | 2 | 15 | 2 | 17 | 17 | 12 | 27 | 2 | 2 | 17 |
| Illinois..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| California..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Nevada..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Hawaii..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Seattle, Wash..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Idaho..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Idaho..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Oregon..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Oregon..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Washington..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Washington..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Alaska..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Alaska..... | 15 | 2 | 2 | 15 | 2 | 4 | 15 | 12 | 27 | 2 | 2 | 4 |
| Total field offices..... | 255 | 193 | 449 | 252 | 191 | 443 | 252 | 191 | 443 | 191 | 443 | 252 |
| Divisions of National Industry Promotion: | | | | | | | | | | | | |
| Chicago, Ill..... | 3 | 1 | 1 | 3 | 1 | 1 | 3 | 1 | 1 | 1 | 1 | 3 |
| Los Angeles, Calif..... | 3 | 1 | 1 | 3 | 1 | 1 | 3 | 1 | 1 | 1 | 1 | 3 |
| Nashville, Tenn..... | 3 | 1 | 1 | 3 | 1 | 1 | 3 | 1 | 1 | 1 | 1 | 3 |
| New York, N. Y..... | 3 | 1 | 1 | 3 | 1 | 1 | 3 | 1 | 1 | 1 | 1 | 3 |
| Total, Division of National Industry Promotion..... | 6 | 3 | 9 | 6 | 3 | 9 | 6 | 3 | 9 | 3 | 9 | 6 |
| Total, field staff..... | 262 | 196 | 458 | 268 | 194 | 452 | 268 | 194 | 452 | 194 | 452 | 268 |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$4,356,100

This estimate provides for 533 full-time positions involving 514.3 man-years, and reflects decreases of \$58,840 for 7 positions. Included in the estimate are mandatory increases for current-year staff as follows: \$91,100, net additional cost of salaries for pay increase; \$39,935 cost of within-grade promotions; and \$18,152 for 1 extra day of pay in 1965.

Personnel benefits, \$330,500

This estimate provides for the employer's share of costs for employees' group life insurance, employee health benefits, civil service retirement and social security programs, and for employees' compensation benefits paid through June 30, 1963, for covered injuries subsequent to December 1, 1960.

The net increase of \$6,585 reflects decreases of \$4,275 for seven positions and provides mandatory increases of \$9,965 resulting from pay increases and within-grade promotions for current-year staff.

Travel and transportation of persons, \$424,200

This estimate provides per diem, mileage, parking, and transportation costs for 282 estimated travelers. A decrease of \$8,575 is anticipated resulting from the reduction of five travelers.

| | 1964 | 1965 | Change |
|------------------------------|-----------|-----------|----------|
| Number of travelers..... | 287 | 282 | -5 |
| Number of days traveled..... | 8,028 | 7,867 | -161 |
| Estimated cost..... | \$432,775 | \$424,200 | -\$8,575 |

Transportation of things, \$12,000

This estimate reflects a decrease of \$210 for shipment of supplies, printed materials, visual aids and equipment, resulting from the reduction of seven positions. No further change is anticipated.

| | 1964 | 1965 | Change |
|------------------------------------|---------|---------|--------|
| Movement of household effects..... | \$6,000 | \$6,000 | ----- |
| Other transportation costs..... | 6,210 | 6,000 | -\$210 |

Rent, communications, and utilities, \$143,000

This estimate includes a net increase of \$11,680; \$14,840 to cover increased costs to finance the working capital fund, offset by a decrease of \$1,160 for seven positions and \$2,000 for rental costs to be transferred to General Services Administration. The estimate provides for the following:

| | 1964 | 1965 | Change |
|---|----------|----------|----------|
| Paid official mail and post office box rents..... | \$26,750 | \$26,750 | ----- |
| Telephone service..... | 42,560 | 41,500 | -\$1,060 |
| Rent and utilities..... | 18,660 | 16,660 | -2,000 |
| Teletype service..... | 1,500 | 1,400 | -100 |
| Working capital fund..... | 41,850 | 56,690 | +14,840 |

Printing and reproduction, \$63,700

This estimate includes a net increase of \$7,520; \$8,000 to cover increased costs to finance the working capital fund, offset by a decrease of \$480 for seven positions for promotional materials. The estimate provides for the following:

| | 1964 | 1965 | Change |
|---------------------------------------|----------|----------|--------|
| Publications..... | \$29,435 | \$28,955 | -\$480 |
| Program and administrative forms..... | 2,800 | 2,800 | |
| Work capital fund..... | 23,945 | 31,945 | +8,000 |

Other services, \$120,300

This estimate includes a net increase of \$15,685; \$16,250 to cover increased costs to finance the working capital fund, offset by a decrease of \$510 for repairs to office machines, equipment, and miscellaneous services resulting from the reduction of seven positions. The estimate provides for the following:

| | 1964 | 1965 | Change |
|--|----------|----------|---------|
| Repairs to office machines and equipment and miscellaneous services..... | \$12,570 | \$12,060 | -\$510 |
| Security investigations..... | 1,425 | 1,425 | |
| Conference room rentals in field..... | 500 | 500 | |
| Contract promotional materials and services..... | 25,760 | 25,760 | |
| Fees and tuition, training under Government Employees Training Act..... | 11,505 | 11,505 | |
| Working capital fund..... | 46,925 | 63,175 | +16,250 |
| Services of other agencies..... | 5,930 | 5,875 | -55 |

Supplies and materials, \$69,700

This estimate includes a net increase of \$10,040; \$10,810 to cover increased costs to finance the working capital fund, offset by a decrease of \$770 for supplies resulting from the reduction of seven positions. The estimate provides for the following:

| | 1964 | 1965 | Change |
|---------------------------|--------|--------|---------|
| Subscriptions..... | \$500 | \$500 | |
| Desk top supplies..... | 27,460 | 26,690 | -\$770 |
| Working capital fund..... | 31,700 | 42,510 | +10,810 |

Equipment, \$21,500

This estimate reflects a decrease of \$1,325. The estimate will provide for routine replacement of existing equipment which is beyond economical repair and not available from surplus stock.

| | 1964 | 1965 | Change |
|----------------|----------|----------|----------|
| Equipment..... | \$22,825 | \$21,500 | -\$1,325 |

THURSDAY, FEBRUARY 13, 1964.

BUREAU OF EMPLOYMENT SECURITY

WITNESSES

ROBERT C. GOODWIN, ADMINISTRATOR
 W. R. CURTIS, DIRECTOR, ADMINISTRATION AND MANAGEMENT
 LOUIS LEVINE, DIRECTOR, U.S. EMPLOYMENT SERVICE
 WILLIAM U. NORWOOD, JR., DIRECTOR, UNEMPLOYMENT INSURANCE SERVICE
 FRANK A. POTTER, DIRECTOR, OFFICE OF FARM LABOR SERVICE
 MARSHALL C. MILLER, ACTING CHIEF, VETERANS EMPLOYMENT SERVICE
 JACK S. DONNACHIE, DEPUTY DIRECTOR, OFFICE OF FARM LABOR SERVICE
 PHILIP T. LAWLOR, ASSISTANT DIRECTOR, DIVISION OF EMPLOYMENT SERVICE ADMINISTRATION
 FRANK H. SHIRK, ASSISTANT DIRECTOR FOR OPERATIONS, OFFICE OF STATE OPERATIONS, UNEMPLOYMENT INSURANCE SERVICE
 EUGENE LOVE, DIRECTOR, OFFICE OF FISCAL POLICY AND MANAGEMENT
 DANIEL H. DARLING, DIRECTOR, OFFICE OF PROGRAM REPORTS AND RESEARCH
 HERBERT A. MEYER, CHIEF, DIVISION OF APPROPRIATIONS AND FEDERAL FISCAL ACTIVITIES

LIMITATION ON SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 8,402 | 9,634 | 10,039 |
| Positions other than permanent..... | 39 | 4 | 4 |
| Other personnel compensation..... | 89 | 102 | 60 |
| Total personnel compensation..... | 8,530 | 9,740 | 10,103 |
| 12 Personnel benefits..... | 606 | 743 | 749 |
| 21 Travel and transportation of persons..... | 836 | 842 | 861 |
| 22 Transportation of things..... | 25 | 28 | 28 |
| 23 Communication services..... | 258 | 235 | 399 |
| Rents and utilities..... | 89 | 116 | 127 |
| 24 Printing and reproduction..... | 580 | 238 | 270 |
| 25 Other services..... | 436 | 251 | 431 |
| Services of other agencies..... | 156 | 174 | 484 |
| 26 Supplies and materials..... | 169 | 81 | 154 |
| 31 Equipment..... | 251 | 31 | 45 |
| Total obligations..... | 11,936 | 12,479 | 13,651 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Total number of permanent positions..... | 1,164 | 1,141 | 1,145 |
| Average number of all employes..... | 1,041 | 1,092 | 1,093 |
| Employees in permanent positions, end of year..... | 1,139 | 1,141 | 1,145 |
| Employees in other positions, end of year..... | 45 | 0 | 0 |
| Average GS grade..... | 9.6 | 9.6 | 9.6 |
| Average GS salary..... | \$8,563 | \$9,171 | \$9,390 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Unemployment insurance service..... | 3,033 | 3,324 | 3,590 |
| 2. U.S. employment service..... | 7,386 | 8,157 | 8,964 |
| 3. Administration and management..... | 1,089 | 988 | 1,097 |
| Total program costs, funded..... | 11,508 | 12,479 | 13,651 |
| Change in selected resources ¹ | 428 | | |
| Total obligations..... | 11,936 | 12,479 | 13,651 |
| Financing: | | | |
| Comparative transfer to other accounts..... | | 55 | |
| Reimbursements for emergency preparedness functions..... | | -134 | -180 |
| Limitation..... | 11,936 | 12,400 | 13,471 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$98,000; 1963, \$526,000; 1964, \$526,000; 1965, \$526,000.

**LIMITATION ON GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION
AND EMPLOYMENT SERVICE ADMINISTRATION (TRUST FUND)**

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Unemployment insurance service..... | 226,045 | 225,116 | 237,412 |
| 2. Employment service..... | 155,456 | 165,173 | 181,470 |
| 3. Administration and management..... | 18,499 | 20,000 | 21,612 |
| 4. Contingency fund..... | | 15,000 | 15,000 |
| 5. Obligations incurred for above programs in subsequent years..... | 7,000 | | |
| Total program costs, funded—obligations (object class 41)..... | 407,000 | 425,289 | 455,494 |
| Financing: | | | |
| Limitation available from subsequent year..... | -97,500 | -97,500 | -97,500 |
| Limitation available in prior year..... | 90,500 | 97,500 | 97,500 |
| Reimbursements for emergency preparedness functions..... | | -289 | -418 |
| Limitation..... | 400,000 | 425,000 | 455,076 |

Mr. FOGARTY. The committee will come to order.

We have before us the Bureau of Employment Security, Mr. Robert C. Goodwin, Administrator.

I think we will start with your statement on "Salaries and expenses," then Mr. Miller will give his statement, and then we will come back to you on "grants to States for unemployment compensation."

Mr. GOODWIN. Mr. Chairman, if it meets with your approval, I would like to make a statement which covers a number of items in the total request we are making, and then submit the longer statements for the record. This hits the more important points.

SALARIES AND EXPENSES

Mr. FOGARTY. Let us start with "Salaries and expenses," then "Veterans Employment Service," and then "Grants to States." We shall insert your prepared statement at this point.

(The statement follows:)

SALARIES AND EXPENSES, BUREAU OF EMPLOYMENT SECURITY

Mr. Chairman, we are requesting \$13,471,000 for operation of the Bureau of Employment Security, an increase of \$1,125,600 over the 1964 limitation after adjusting for a transfer of \$54,600 to the Office of the Secretary for 1964. This increase will provide for 33 additional positions in 1965. Program increases are requested for the Employment Service to begin implementing the recommendations of the President's Committee To Appraise Employment and Unemployment Statistics (17 positions and \$370,000), and to expand and improve financial management procedures and automatic data processing techniques (16 positions and \$304,000).

Mandatory increases for such items as additional pay costs, within-grade increases, and GSA telecommunications total \$435,900 and are offset by \$42,000 for 1 less working day in 1965. Centralized services are estimated at \$366,800.

The addition of 33 positions for the above program increases requested in 1965 will be offset by reductions of 18 positions due to absorption of some centralized services and 11 positions in increased productivity. Thus, the staffing level requested for fiscal year 1965 represents a net increase of only four positions.

EMPLOYMENT SERVICE INCREASES

The requested increase of \$370,000 in the Employment Service is for research operations to implement some of the recommendations of the President's Committee To Appraise Employment and Unemployment Statistics.

Increases in funds previously made available by this committee and the Congress have enabled us to strengthen the U.S. Employment Service and to provide better program leadership and support activities to the State agencies. Many challenging demands for service by the public employment system must be met in fiscal year 1965. We are prepared to assist the States in meeting these challenges and opportunities.

Except for activities relating to implementing some of the recommendations of the President's Committee To Appraise Employment and Unemployment Statistics, we are asking for no staff increases in the appropriation for the U.S. Employment Service for fiscal 1965. I should like to indicate how we intend to use our resources in the coming year.

Emphasis in the Employment Service will be directed to providing effective leadership, direction and technical program services to the State employment security agencies so that the local employment offices can be effective community manpower service centers. The largest urban areas, where labor markets are the most complex, will continue to receive attention to improve their organization and methods of operation, so as to provide continually improved manpower services. These same concentrated services will also be extended to the second largest group of metropolitan areas. Services to communities actively engaged in economic development will continue to be provided, as will the extension of employment services to rural areas in which full-time employment offices are not feasible. The nature of the labor force and economic and manpower problems require that diverse programs on many fronts be carried on effectively and simultaneously. I refer to such matters as technological improvement and change, training and retraining needs, the expanding number of youths who require counseling and testing services as well as efforts directed toward reducing the number of school dropouts. Included, too, are the needs of others such as the older workers, the handicapped and minority groups. A totally effective manpower program requires constant improvement and expansion of labor market information and occupational data and this will be continued. One important activity in this regard is the revision of the Dictionary of Occupational Titles which is discussed in more detail in my statement on the grants-to-States request.

I should like now to turn to our request for funds for carrying out the recommendations of the President's Committee To Appraise Employment and Unemployment Statistics. Data on employment and unemployment for States and local areas are essential for planning and evaluation of the unemployment insurance and employment service programs and operations. In addition, increasing use is being made of these data in planning special manpower programs at National, State and local levels. Such use will, without question, con-

tinue to grow in the years ahead. Currently, for example, the data on employment and unemployment play an important part in the allocation of military procurement, the area redevelopment program, the Manpower Development and Training Act, and the Public Works Acceleration Act. With the increasing and more general use being made of these data expansion is needed in the research activity of the Bureau and the affiliated State employment security agencies to improve their usefulness.

This need was recognized by the President's Committee To Appraise Employment and Unemployment Statistics, which was appointed in October 1961, to study the Nation's programs to measure employment and unemployment. The committee, in assessing the mounting requirements for such information for manpower programs, at the National, State, and local levels, made a number of recommendations regarding needed improvements in the employment and unemployment data of the Federal-State employment security system. The recommendations involve the collecting of additional data as well as studies to evaluate and improve estimating methods. To implement some of these recommendations, the Bureau of Employment Security in fiscal 1965 plans to direct its efforts toward the following improvements in manpower data.

1. Current job vacancy information

We will improve the quality and form of area job vacancy data to meet the widespread interest in data on unfilled jobs, and will undertake intensive research on the availability and methods for collecting such data. The studies will be directed toward the development of a system which will provide area job vacancy information by occupation, on a consistent and regular basis. This work will be coordinated with the Bureau of Labor Statistics research on developing job vacancy data on a national basis. The knowledge concerning where job openings exist and the kinds of workers needed is essential for the successful operation of the employment service. Uniform reporting in terms of precisely defined concepts and occupations will increase the effectiveness of the employment services' local manpower services of recruitment, counseling, and placement. Standardized information will accelerate the interarea recruitment and placement program making the nationwide operations more effective in meeting industry's manpower needs.

2. Improving occupational labor market information

We will conduct further research to determine the nature and reliability of the information now being obtained from employers on the occupational pattern of employment and on current and anticipated shortages of skills. These data are used for the development of local training programs and to mobilize community actions to meet current and anticipated local economic problems as well as in the day-to-day operations of the Employment Service.

3. Improving State and area estimates of unemployment

We will also conduct further research on improving the methods used for estimating unemployment by State and area, as strongly urged by the Committee. The only figures available with respect to total unemployment in specific labor market areas are those estimated by the State employment security agencies using procedures developed by the Bureau of Employment Security. The President's Committee recommendations are based on the fact that these unemployment estimates are playing an increasingly important role in the administration of various Government programs.

The research will involve household surveys of the labor force in a number of typical areas for the purpose of refining the relationships between the various segments of the unemployed used in the unemployment estimating procedure and to take into account differences in the industrial and economic conditions to be found among the areas. However, the usual household survey procedures will need to be modified to meet the special objectives of the surveys. In addition, studies of specific segments of the unemployed will also be undertaken.

This research program will require several years to complete. During fiscal year 1965, the Bureau proposes to conduct household surveys in selected areas (buying services from the Bureau of Census to assist in conducting these surveys). In addition, the Bureau of Employment Security will design surveys and provide technical assistance to the State agencies in conducting other types of research. These studies will be such as to obtain measures of the number of unemployed exhaustees, the number of unemployed new entrants into the work force, and the number of unemployed workers not covered by unemployment insurance. Of the total requested, \$195,000 will be used for the purchase of services from the Bureau of the Census.

4. Improving establishment (payroll) data

We will narrow the gap in the current employment statistics program with respect to employment, hours, and earnings data for a number of industries in the trade and service segment of the economy and for the 100 standard metropolitan statistical areas not now covered by this program. We propose to expand the sample so as to provide the additional data for the trade and service industries and for some 50 of the 100 standard metropolitan statistical areas for which data are not now available. As a part of the joint program with the Bureau of Labor Statistics and the State agencies, the Bureau of Employment Security will participate in the work related to expansion of the sample. The Bureau will assist in the development by the State agencies of additional employment benchmarks that will be required and will provide technical assistance to the States in the utilization of the additional data. There will also be an increase in the Bureau's responsibility for the administrative aspects of the program.

FARM LABOR SERVICE INCREASES

No additional amounts are requested in fiscal year 1965 for the Bureau's farm placement activities.

Fiscal year 1964 saw a continuation of the sweeping technological changes which have characterized American agriculture in the last several years, including the long-term movement toward fewer but larger farms and intensive crop specialization. The effect on the farm labor market has been most profound, yet erratic, reducing seasonal labor needs sharply in some areas, but increasing them in others, while the demand for high-skilled, year-round farmworkers has steadily increased.

In conformance with program projections for fiscal year 1964, the Bureau's Farm Labor Service carried out the following activities, all of which involved intensive technical assistance and guidance to State agencies: restructuring some of the principal migratory routes; laying the groundwork for improving labor market information, especially as it related to new and extended forms of mechanization and new crop areas; field testing proposed improvements in the Bureau's annual worker plan, including the use of crew and group manifests; improving the methods for local and State program evaluation and expanding this activity in State agencies; rendering effective cooperative assistance to State and local committees on migratory labor; refining and otherwise improving the quality of local recruitment and placement programs; and developing, cooperatively with related Government agencies, training projects to increase the skills of unemployed and underemployed agricultural workers.

Throughout the year the Bureau continued the Department of Labor's program for preventing adverse effect on domestic workers incidental to the temporary employment of foreign workers; this action was also extended to aliens seeking permanent entry under Public Law 414.

The Bureau's plans for fiscal year 1965 call for continuation of all the foregoing activities. However, as is discussed more fully in my statement on grants to States, there will be a shifting of program emphasis in the last half of this fiscal year; i. e., January through June, 1965. Assuming that Public Law 78 (the Mexican farm labor program) will not be extended beyond December 31, 1964, it will be imperative that first priority be given to the recruitment of domestic seasonal workers.

During this period the Bureau's Farm Labor Service will develop the basic plans for, and will initiate within each State, task forces or field-service teams to explore previously untapped sources of labor for seasonal agricultural employment. The Bureau will give broad-scale technical assistance to the States in these activities, and will act as the coordinating unit in collecting, classifying, and disseminating information with respect to labor resources available for interstate recruitment. In addition, the Bureau will provide staff for the development of a pilot mobile team to demonstrate the usefulness of such a unit in recruiting, scheduling, and dispatching workers to jobs under the interstate annual worker plan.

The Bureau is well conscious of the fact that unless we have an adequate seasonal farm labor force in 1965, the farm employers of this country will sustain a great economic loss. We are prepared to go all out to help them avoid this loss, but I would make it clear that we are facing this task with no additional resources. Moreover, throughout the entire Federal-State system there is at this time an average of less than one person per local office budgeted for domestic

farm placement work. Even so, in fiscal year 1963 the system accomplished close to 8 million placements in agriculture. In 1965, this system faces the task of replacing nearly 200,000 Mexican workers in agriculture, for the first time in 13 years. You may be assured that the Bureau will do everything possible to satisfy the needs of our agricultural workers and farmers.

UNEMPLOYMENT INSURANCE INCREASES

No increases are requested for the Unemployment Insurance Service in 1965. In addition to continuing activities, it will, during 1965, be expending considerable effort along several lines of special emphasis. These are: first, developing and assisting States in using appropriate management tools for field supervisors; second, developing improved standards for the claims process which take account of potential uses of data transmission and automatic data processing; third, devising ways to measure fixed or minimum State staffing requirements which do not vary with workload fluctuations; and fourth, developing standards for selection and training of State personnel which take cognizance of complexities of the job to be performed.

ADMINISTRATION AND MANAGEMENT SERVICE INCREASES

In the "Grants to States" request, we have indicated a need for an additional 50 man-years to improve the accounting and financial management systems of the State agencies. In the "Salaries and expenses" request, we will require 16 positions in fiscal year 1965 to assist the State agencies toward the attainment of an improved financial management system and to mechanize some of the clerical functions involved.

At present, there is only one employee available to assist the State agencies in the establishment and improvement of accounting systems. The present audit staff can audit only 10 of the 54 agencies each year, with all other agencies receiving an audit every other year. This means that the books containing the expenditure of 1 year's appropriated funds are not audited until the following year and therefore do not reflect the true financial condition of the State agencies. A recent analysis of State agency accounting systems made by the Bureau's audit staff indicated that in many States the systems are not adequate for control purposes for full disclosure of important information.

Most of the clerical operations involved in the Bureau's administrative and management functions are now being performed manually. These clerical operations are primarily located in the budget, fiscal accounting, and statistical reporting areas. In order to fully utilize the information which is available in the above areas and which is needed both for administrative planning and for program operations, the Bureau intends to mechanize the clerical operations involved. Action has already been initiated to realize the value of automatic data-processing methods in collecting, summarizing, and storing the vast amount of available data and information related to financial management. A task force has been assigned to develop a modern, efficient accounting system, amenable to high speed, mechanical operations. The results of this work should provide the Bureau with prompt and accurate information for analyses urgently needed to assure proper and timely decisions on financial matters.

Mr. Chairman, this concludes my statement on the Bureau of Employment Security's salaries and expenses request.

SUMMARY OF BUDGET

Mr. GOODWIN. Mr. Chairman, on "Salaries and expenses," we are requesting \$13,471,000 for operation of the Bureau of Employment Security in fiscal 1965, which is an increase of \$1,125,600 over 1964. This increase provides a net increase of only four positions.

Program increases are requested for the Employment Service to carry out the recommendations of the President's Committee to Appraise Employment and Unemployment Statistics (17 positions and \$370,000), and to expand and improve financial management procedures and automatic data processing techniques, 16 positions and \$304,000. The 33 new positions will be partly offset by reductions of 18

positions resulting from the absorption of some centralized services and 11 positions resulting from increased productivity.

Mandatory increases for such items as additional pay costs, within-grade increases, and General Services Administration telecommunications total \$435,900, although this will be partly offset by \$42,000 for 1 less working day in fiscal 1965.

Centralized services are estimated at \$366,800.

EMPLOYMENT SERVICE

On the Employment Service increases, the \$370,000 is requested to carry out the recommendations of the President's Committee to Appraise Employment and Unemployment Statistics, which will enable the Employment Service to collect additional data on employment and unemployment and evaluate and improve its statistical methods. These data are becoming increasingly useful and necessary.

Currently, for example, they play an important part in the allocation of military procurement, the Area Redevelopment Act, the Manpower Development and Training Act, and the Public Works Acceleration Act.

FARM PLACEMENT ACTIVITIES

On the Farm Labor Service, we are requesting no additional funds for the Bureau's farm placement activities in fiscal year 1965. I would like to point out, however, that there must be a shift in program emphasis beginning the last part of the fiscal year 1965 because of the termination on December 31, 1964, of the Mexican farmworker program.

At this point the dimensions of the task we may face cannot be estimated accurately. However, we shall begin immediately to explore all previously untapped sources of labor for seasonal agricultural employment. Our goals will be the advancement of the welfare of domestic farmworkers and the protection of the interests of American growers.

Although we shall do everything possible to prepare for the termination of Public Law 78, this request will not enable us to carry out a program for the replacement of 200,000 Mexican workers with domestic workers.

UNEMPLOYMENT INSURANCE

On unemployment insurance, no increases are requested for this program in fiscal 1965. The existing resources will place special emphasis on developing and assisting States in using appropriate management tools for field supervisors, and in developing improved standards for claims processing which takes into account potential uses of data transmission and automatic data processing.

ADMINISTRATION AND MANAGEMENT SERVICES

On the "Administration and management services" increase, I mentioned in the beginning of this statement that we will need 16 additional positions in the Bureau in fiscal 1965 to strengthen and improve financial management within the employment security system.

With the requested positions, we would devote staff effort to the developmental work involved in defining budget and accounting policies, principles, terms and procedures; in designing adequate accounting systems which can be adopted by State agencies; in redesigning budget and fiscal report forms; and in preparing other types of tools for financial management purposes. This activity would provide systems, techniques, and methods for application in State agencies as well as capability to carry out fieldwork involved in evaluating financial management systems currently in use in State agencies, introducing improved systems and training State personnel and related operations.

Paralleling the effort to improve financial management capability in State agencies, our request includes nine positions for assignment in functional areas where we need to strengthen our existing resources. Specifically, we need additional resources to (1) provide us with current analysis of financial reports; (2) speed up present work in mechanizing clerical operations; and (3) keep the auditing program on a more current basis by enabling annual audits in States which account for two-thirds of annual expenditures for administration.

This is the statement on "Salaries and expenses," Mr. Chairman.

VETERANS EMPLOYMENT SERVICE

Mr. FOGARTY. I think we will put Mr. Miller's statement in the record at this point. There is not much change in the overall program. (The statements follow:)

REMARKS OF MARSHALL C. MILLER, CHIEF, VETERANS EMPLOYMENT SERVICE

Mr. Chairman, I want to express my appreciation for this opportunity to appear before your committee to tell you of our plans for operation of the Veterans Employment Service in fiscal 1965. However, before I get into my statement, I would like to bring you regards and best wishes from Mr. Edward L. Omohundro who is now serving on a State Department mission in Bolivia.

Our request for fiscal 1965 is \$1,604,900. This is \$39,900 more than the \$1,562,700 appropriated for 1964. However, \$71,800 is required for mandatory costs including the pay increase which became effective on January 5 of this year. This is an actual reduction of \$31,900 from our current level of operations. As a result, we have had to reduce our current staffing pattern to 138 positions from the 141 positions which we have had since 1959. Attached is a table showing State by State the veteran population and comparing our current staffing pattern with the proposed staffing pattern for 1965.

The Veterans Employment Service is charged with the responsibility for providing veterans with an effective job counseling and placement service. It also provides for the assignment to each State of veterans employment representatives to carry out these programs on the local level.

In carrying out these responsibilities in fiscal 1965 State veterans employment representatives will have to place more emphasis on improving State services to veterans because the increased age of veterans makes it more difficult to place them in gainful employment. As of June 30, 1963, there were 22.2 million veterans. Over 41 percent of these veterans are 45 years of age or older. About 1 million additional veterans will reach the older worker category—45 and older—each year for the next several years.

The State veterans employment representatives will assist State agencies to improve services furnished to veterans at the local office level by:

(1) Working with State employment agency staff in developing and preparing policies and procedures and in obtaining information to carry out an effective employment program.

(2) Evaluating the effectiveness of local office operations in furnishing job counseling, testing, registration, and placement services to veterans

paying particular attention to the services provided to disabled veterans. Evaluation of local office service to veterans will be accomplished through:

- (a) Personal visits to local offices.
- (b) Review of local and State office reports.
- (c) Analysis of local office and State statistical records.
- (d) Personal discussions with State agency officials and supervisory staff.

Veteran employment representatives will continue their efforts to obtain and furnish information on available job openings and employment opportunities to local veteran organizations, posts, and chapters for dissemination to veterans. They will also continue to work with individual veterans in solving their employment problems. Another important work area of the veterans employment representatives will be promoting employment opportunities for veterans—especially disabled veterans—through personal contacts with employers, veterans' organizations, civic associations, and governmental units. The veterans' employment representative will also work closely with State agency staff in selecting veteran trainees for training opportunities under the Manpower Development and Training Act.

In addition, veterans employment representatives will actively participate at national, State, and local levels in programs for Employ the Handicapped Week, Hire the Older Worker Week, and other organized job promotion activities through award programs to employers and workers.

The Veterans Employment Service will continue to maintain cooperative relationships with the Veterans' Administration, Bureau of Veterans Reemployment Rights, U.S. Civil Service Commission, Office of Vocational Rehabilitation, Post Office Department, and other Federal and State agencies and community groups to improve placement opportunities of rehabilitated veterans and to assist all veterans in problems related to employment. We will continue to facilitate the placement in jobs of patients being released from Veterans' Administration hospitals and will advise veterans of employment opportunities with the Federal Government and of procedures for applying for such jobs as well as their rights and benefits under the Veterans Preference Act.

Veterans employment representatives will continue to serve in an advisory capacity to veterans organizations, committees, and commissions, on interpretation of existing laws and regulations affecting veterans in the fields of training and employment.

The Veterans Employment Service will prepare reports on current labor market conditions in their States and other facts relating to the employment of veterans for distribution at State and national conventions of the major veterans organizations as well as State and district conferences.

Again, Mr. Chairman, I am very pleased to be able to appear before this committee and to report to you and the members of this committee that the major veterans organizations—the American Legion; the American Veterans of World War II and Korea; the Disabled American Veterans; the Veterans of Foreign Wars; the American Veterans Committee; and the Jewish War Veterans—have expressed their confidence and appreciation for the accomplishments of the Veterans Employment Service, the Bureau of Employment Security, and the State employment services in the area of services furnished veterans by passing resolutions at their last national conventions which endorse the principle of special employment efforts for veterans. Copies of these resolutions are available. Mr. Chairman, this concludes my formal statement and if you or any of the committee members have any questions, I will be glad to answer them.

Veterans population by State as of June 30, 1958, and June 30, 1963, and Veterans employment service positions by State, fiscal years 1964 and 1965

| | Veterans population (in thousands) | | Staffing pattern | | | |
|---------------------------|---------------------------------------|------------------|------------------|----------|--------------|----------|
| | June 30, 1958 | June 30, 1963 | 1964 | | 1965 | |
| | | | Professional | Clerical | Professional | Clerical |
| Total..... | 22,493 | 22,041 | 83 | 58 | 80 | 58 |
| Alabama..... | 366 | 314 | 1 | 1 | 1 | 1 |
| Alaska..... | 79 | 26 | 1 | 1 | 1 | 1 |
| Arizona..... | 129 | 187 | 1 | 1 | 1 | 1 |
| Arkansas..... | 207 | 168 | 1 | 1 | 1 | 1 |
| California..... | 1,999 | 2,361 | 3 | 1 | 3 | 1 |
| Colorado..... | 223 | 235 | 1 | 1 | 1 | 1 |
| Connecticut..... | 320 | 349 | 1 | 1 | 1 | 1 |
| Delaware..... | 54 | 57 | 1 | 1 | 1 | 1 |
| District of Columbia..... | 136 | 105 | 1 | 1 | 1 | 1 |
| Florida..... | 533 | 715 | 2 | 1 | 2 | 1 |
| Georgia..... | 412 | 381 | 2 | 1 | 1 | 1 |
| Hawaii..... | 79 | 52 | 1 | 1 | 1 | 1 |
| Idaho..... | 76 | 76 | 1 | 1 | 1 | 1 |
| Illinois..... | 1,343 | 1,254 | 3 | 1 | 3 | 1 |
| Indiana..... | 592 | 539 | 2 | 1 | 2 | 1 |
| Iowa..... | 240 | 308 | 1 | 1 | 1 | 1 |
| Kansas..... | 273 | 254 | 1 | 1 | 1 | 1 |
| Kentucky..... | 359 | 307 | 1 | 1 | 1 | 1 |
| Louisiana..... | 336 | 323 | 1 | 1 | 1 | 1 |
| Maine..... | 125 | 113 | 1 | 1 | 1 | 1 |
| Maryland..... | 364 | 407 | 1 | 1 | 1 | 1 |
| Massachusetts..... | 725 | 681 | 2 | 1 | 2 | 1 |
| Michigan..... | 1,029 | 926 | 3 | 1 | 2 | 1 |
| Minnesota..... | 447 | 401 | 2 | 1 | 2 | 1 |
| Mississippi..... | 226 | 181 | 2 | 1 | 2 | 1 |
| Missouri..... | 573 | 516 | 2 | 1 | 1 | 1 |
| Montana..... | 88 | 82 | 2 | 1 | 2 | 1 |
| Nebraska..... | 180 | 159 | 1 | 1 | 1 | 1 |
| Nevada..... | 36 | 31 | 1 | 1 | 1 | 1 |
| New Hampshire..... | 85 | 83 | 1 | 1 | 1 | 1 |
| New Jersey..... | 822 | 856 | 2 | 1 | 1 | 1 |
| New Mexico..... | 99 | 111 | 1 | 1 | 2 | 1 |
| New York..... | 2,200 | 2,173 | 3 | 1 | 1 | 1 |
| North Carolina..... | 500 | 436 | 2 | 1 | 3 | 1 |
| North Dakota..... | 72 | 54 | 2 | 1 | 2 | 1 |
| Ohio..... | 1,232 | 1,247 | 3 | 1 | 1 | 1 |
| Oklahoma..... | 314 | 286 | 3 | 1 | 3 | 1 |
| Oregon..... | 255 | 248 | 1 | 1 | 1 | 1 |
| Pennsylvania..... | 1,601 | 1,450 | 3 | 1 | 1 | 1 |
| Puerto Rico..... | | | 1 | 1 | 3 | 1 |
| Rhode Island..... | 135 | 111 | 1 | 1 | 1 | 1 |
| South Carolina..... | 243 | 208 | 1 | 1 | 1 | 1 |
| South Dakota..... | 88 | 75 | 1 | 1 | 1 | 1 |
| Tennessee..... | 428 | 375 | 2 | 1 | 1 | 1 |
| Texas..... | 1,156 | 1,125 | 3 | 1 | 1 | 1 |
| Utah..... | 107 | 106 | 1 | 1 | 3 | 1 |
| Vermont..... | 50 | 40 | 1 | 1 | 1 | 1 |
| Virginia..... | 454 | 459 | 2 | 1 | 1 | 1 |
| Washington..... | 369 | 384 | 1 | 1 | 2 | 1 |
| West Virginia..... | 272 | 187 | 1 | 1 | 1 | 1 |
| Wisconsin..... | 477 | 453 | 2 | 1 | 1 | 1 |
| Wyoming..... | 40 | 46 | 1 | 1 | 2 | 1 |
| Departmental..... | | | 6 | 6 | 6 | 6 |

GRANTS TO STATES

Mr. FOGARTY. You may now continue with your statement on grants. We shall place your prepared statement in the record.
(The statement referred to follows:)

GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION

Mr. Chairman, the request for grants to States is \$455,076,000, an increase of \$29,581,000 over the amount available for 1964.

Before commenting on the specific program increases, I would like, with the committee's permission, to discuss the major economic assumptions which serve as a basis for many of the requests contained herein.

The economy has been expanding steadily, reaching new highs in goods and services produced, in industrial output, in personal income and profits, and in employment. We anticipate further expansion during fiscal year 1965. Passage of the tax reduction bill would quicken the rate of expansion.

Despite continuing economic growth, however, increases in worker productivity (including automation) and the constant expansion in the size of the work force, have prevented any reduction in the volume of total unemployment. Total unemployment in calendar year 1963 averaged 5.7 percent of the work force. We should not be complacent with any amount of unemployment but such a high rate as this requires action on many fronts. However, it is assumed that the pace of economic expansion in fiscal 1965 will create enough additional job opportunities to help reduce the amount of unemployment.

We are, therefore, basing our budget requests for fiscal year 1965 upon the assumption that it will be a "good year" economically, and that volumes of unemployment will at last begin to be reduced. At the same time, I should like to point out that as unemployment declines, it will bring into sharper focus the problems of the hard-core unemployed—those groups who find it most difficult, even in good times, to find work. We will be able to determine more clearly the job-finding problems of inexperienced and untrained youth; of unemployed older workers; of those unemployed because automation has made their job skills no longer marketable; of minority groups; and of those stranded in a geographic area where depletion of natural resources or the shift of industry has resulted in steadily declining employment opportunities. These special groups of unemployed individuals create challenges to both the employment service and the unemployment insurance service. Fortunately, special programs have been authorized by the Congress to deal with many of these problems but these programs, in turn, place additional demands upon the resources of the employment security system.

Because employment is expanding and layoff rates are relatively low, the volumes of insured unemployment this fiscal year have been running slightly below the levels of fiscal year 1963. In recent months, State insured unemployment, seasonally adjusted, has been averaging about 1.8 million per week. We anticipate a gradual reduction in the period ahead, and have assumed that the average volume of insured unemployment for fiscal year 1965 will be 1.6 million per week.

Last year I reported to you the progress made with the additional resources provided in fiscal years 1961 and 1962 to reorganize the local employment service system into effective community manpower service centers. The basic build-up of recruitment and training of additional staff resources for the employment service systems has now been completed. In calendar year 1963, approximately 6.6 million nonagricultural placements were made. While this fell short of our expectations, it represented the second highest volume since World War II and about a 14-percent increase over 1960 (the period immediately prior to expanding employment service resources).

Much of the additional resources were used to strengthen our services in the 55 largest metropolitan areas of the country (those with populations in excess of a half-million) where over half of the national nonagricultural workers are employed. These are also the areas of greatest unemployment. Some 2½ years have passed since these additional funds were provided, and during this period the great majority of the large metropolitan areas have continued to grow in terms of population, labor force, and unemployment.

Before May 1961, this group of cities was staffed at a level proportionately lower than that of smaller areas. The greater proportion of new resources was allocated to these cities in order to provide additional staff to help deal with the large pools of hard-core unemployed in these areas. At the same time, major reorganizations were undertaken to improve the operation of these offices. This involved, in some cases, establishing separate facilities for employment service and unemployment insurance operations. It also involved the establishment of industrial-occupational placement units plus improved management and supervision.

All but 9 of the 55 largest areas have undertaken the aforementioned type of reorganization and there is ample evidence that it is paying off in results. For example, from fiscal year 1961 through fiscal year 1963, the national total of placements increased some 18 percent but in the 55 major areas, the increase was over 27 percent. Further, a review of activities of fiscal year 1963 as compared with fiscal year 1962 shows that in the 55 largest areas a total of 3.3 million

nonagricultural placements were made, an increase of 5.5 percent and accounting for nearly half of the national total.

With a more experienced staff we are confident that our services will continue to improve. We are encouraging the States to reorganize metropolitan area offices regardless of size along the lines of industrial-occupational specialization; to make objective evaluation of operating procedures and program achievement; and to install better management techniques at all levels of operation.

All local offices maintain close working relations with as many employers as possible. Preliminary estimates indicate that 1 million different employers placed 1 or more job orders with the employment service in 1963, an increase of 25,000 over calendar year 1962. In addition to placement service, local offices provide labor market information, job analysis and other technical services to employers, labor, and other organizations as aids in identifying and analyzing the basic causes of manpower problems.

As you know, much remains to be done to provide services that will bring about better utilization of the skills of the work force. This involves much more job counseling for individuals needing assistance in entering the labor market, particularly youth. It also involves the counseling, testing, training, and retraining of many thousands of workers displaced from jobs because of automation and technological changes as well as providing additional employment assistance to other segments of the labor market.

Certain identifiable groups of the labor force continue to constitute a large portion of this Nation's unemployed. Nonwhites, older workers, and youth constitute the major portion of the hard-core unemployed. Generally, they lack the education and skills demanded by our present day industrial economy. Unemployment among inexperienced youth is particularly alarming—about 17 percent of the total. We are finding that providing counseling and employment assistance only to those youth coming to the local employment offices is inadequate. In order to properly serve the hard-core unemployed youth, most of whom are educationally deficient and lack work history and experience, we must reach into neighborhood centers in urban slums where large concentrations of these youngsters are found. For these groups we must provide employment-counseling services in greater depth and over a longer period of time, with more frequent interviews, than is true for other segments of the work force.

Unemployed workers 45 and over, while representing a smaller proportion of the total unemployed, remain unemployed for longer periods—in October 1963, 26 percent of the unemployed workers 45 and over were unemployed 27 weeks and longer. Past experience in experimental projects demonstrates that intensified job market services to unemployed workers in this age group results in a higher proportion of placements. Although this means that cost per placement for this group rises by reason of this specialized service, the rise in cost is more than offset by gains for the individual and his family, the community, and the economy.

Workers engaged in professional occupations play an increasingly important role in the economy. Such workers frequently hold the key to employment of skilled, semiskilled, and unskilled production workers. They now total 8.5 million and forecasts indicate that this number will reach 10.7 million by 1970 and 12.4 million by 1975. However, these increases may well fall short of meeting all demands. Finding persons with the specialized skills needed in today's technically oriented industry is a crucial problem to many employers. On the other hand, the professionally qualified jobseeker is not exempt from employment problems involved in finding a suitable position. He must fit his qualifications into a vast, dynamic economy, which by its very size, geographic dispersion, intricacy and fluctuation, presents confusing and difficult problems.

The Employment Service is strengthening and improving its services to meet the needs of such a significant group. Emphasis during 1963 was placed and will continue to be placed on improving techniques for identifying the specific needs for manpower services in the professional, technical, and managerial occupations.

Increased placements are indicative of the results in the professional labor market achieved over the past 2 years. During fiscal year 1963, the Employment Service made more than 247,000 placements in professional, technical, and managerial occupations. This was some 26,000 more than in fiscal year 1962 and about 67,000 more than in fiscal year 1961.

We are continuing to receive requests to provide convention placement services at the national meetings of professional societies and associations. Whereas in fiscal year 1962 we served 9 such organizations, a total of 17 have requested our

services for fiscal year 1965. The total professional membership of these organizations approximates 175,000.

While on the subject of our activities in the professional labor market, I should like to report that past misunderstandings with the College Placement Council have been dispelled—as I was confident they would be—to the satisfaction of both the public employment service and the college placement officials. In a letter to all his members in October 1963, the president of the College Placement Council, John M. Brooks, said: "The College Placement Council is pleased to acquaint its associates in higher education as well as among employing organizations with what it believes will be a basis for cooperation between the council and the U.S. Employment Service * * *."

Unfortunately, there has been an attempt to link our slight differences with the College Placement Council to the attacks on the Public Employment Service by a certain few of the private fee-charging agencies. They are entirely different.

We anticipate a continuation of these self-serving attacks by the private agencies—they have already started their drive for funds to finance their new campaign.

Organized community economic development activities are a key extension of Federal programs designed to stimulate the orderly creation of increased job opportunities. A continuous and coordinated effort is required on the part of community leaders if they are to maintain adequate employment opportunities for a growing labor force. As communities continue to expand their activities in this area, they become increasingly involved in broad economic analyses and long-range planning. This planning, to be realistic, must be based substantially on local manpower trends and projections. For authoritative assistance of this kind, leaders in thousands of communities are dependent upon their local employment offices. The Federal-State employment service is ideally suited to assist in this decentralized approach to economic and employment development.

Today, the employment service's community development program meets the needs for current, comprehensive labor market and manpower information of over 3,900 community groups. In fiscal 1963 local employment offices provided technical guidance and economic development assistance to 1,846 community development organizations. These services helped to assure that local programs for strengthening an area's economy are geared to the most effective utilization of its manpower resources.

The Employment Service continued to improve its program to extend employment services to rural workers on an efficient, economical basis. Recognizing that it is not economical to establish a local office in many small communities, mobile employment service teams which move from one rural county to another are provided. These teams are now working in rural areas in 14 States. They are providing employment counseling and placement assistance, compiling labor market and other information regarding the community, developing training programs and selecting workers for them, and assisting in plans for economic development.

I mentioned previously an important factor contributing to today's labor market problems—the introduction of automated work processes. Beginning in fiscal year 1962, the Employment Service initiated a new, broadly based approach to keep abreast of the very difficult manpower and employment problems created by new developments in technology and in the organization of work in plants and large offices. Rapid advances in the fields of automation, computerization, and related innovations are producing a variety of impacts upon the labor force of the Nation which are not yet fully understood. Technological change affects the employment prospects of various categories of people in different ways. However, we do not as yet know enough about these differences. We also need to have more knowledge about the factors contributing to long-term unemployment. Hence, the Employment Service initiated a number of demonstration projects, designed to bring a number of different aspects of these new problems into clear focus and to generate scientifically based, predictive, and generally applicable knowledge about them.

A total of 20 demonstration projects were started in 11 States prior to this fiscal year. The preliminary results have already substantially increased our knowledge in this area. Work on the projects, however, must continue and be expanded in scale to permit complete analysis and evaluation of the data already gathered, as well as the acquisition of additional data. By the end of fiscal year 1964, projects will have been initiated in four additional States and nine more will be initiated in fiscal year 1965.

An example of the major problems which have been under study in the projects are the following:

1. Mass layoffs occurring in enterprises in connection with technological change and modernization; a nationally known example of this type of project is the one dealing with the closing down and relocation of Cudahy's meatpacking plant in Omaha.

2. Hard-core unemployment, that is the predicament of those people who remain unemployed for 27 weeks or longer; this question has been attacked by a study in depth of a large sample of 5,000 long-term unemployed in Detroit.

3. Employment problems created by changed techniques and procedures, new machinery, new staffing patterns, and hiring requirements, as exemplified by the introduction of computers in a large insurance company in Milwaukee.

All three types of projects have produced valuable results. Workers affected by mass layoffs, hard-core unemployment, and other difficulties stemming from technological change have been assisted in finding employment while their problem was being explored with a view to developing generally applicable methods for helping others similarly affected.

The effective operation of the State employment services depends heavily on having accurate and up-to-date descriptive information about jobs, including the qualification required of workers for satisfactory performance. This is particularly necessary for the counseling and placement of workers and in developing manpower training activities. During fiscal year 1963 and this year to date, 13 State agencies have made studies of over 18,000 jobs. Occupational analysts observe the worker's performance on the job and discuss job requirements with supervisors and employers. This information provides the major source data for the new edition of the "Dictionary of Occupational Titles" which will be completed this fiscal year.

State agencies also engage in research to develop aptitude and proficiency tests for use by local offices in selecting individuals for training or employment and in vocational counseling. During fiscal year 1963, Employment Service aptitude tests for 50 occupations were developed. More than 100 research studies to develop aptitude tests for additional occupations are in progress. Research was completed in fiscal year 1963 on development of a new Employment Service typing proficiency test. States are also conducting special studies which will result in increasing the usefulness of the Employment Service general aptitude tests in the selection of Manpower, Development and Training Act trainees.

An important new area of test research in the Employment Service is in the development of tests to evaluate the aptitude and achievement of individuals with little education. These have been given priority consideration. This work has important implications for counseling and selection for training of the hard-core unemployed.

Data also are being collected for a study to determine the relationship between scores on aptitude tests administered in lower high school grades and subsequent performance in occupations and college 2 years after high school graduation. This research will increase the usefulness of the general aptitude test battery for educational vocational counseling in lower high school grades.

I would like to bring out one more point at this time. Our Bureau and its affiliated State agencies have been used, over the years, to provide training to foreign visitors who come to study employment security and related manpower programs in the United States. Most of the visitors come from emerging nations. Their training consists of lectures, discussions and consultation by Bureau staff in Washington. Their programs are supplemented to an important extent by tours of practical study and observation in State agencies. Programs of study are varied to meet individual needs. Training is provided to generalists who are interested in overall operation and administration of the employment security programs. Others specialize in studying labor market information, counseling and testing, occupational analysis, unemployment insurance or manpower planning. During the 18-month period ending December 1963, more than 250 foreign participants visited local offices in approximately 70 cities in 40 States. Of this number, 20 received intensive programs. Each of these participants visited from 8 to 12 States and usually spent from 1 to 2 weeks in each State in practical study of their specialty. We believe this to be a significant contribution toward assisting other countries in initiating and improving their employment security systems.

EMPLOYMENT SERVICE INCREASES

In terms of accomplishment in fiscal year 1963, 10,971,000 new applications were received and 6.6 million nonagricultural placements made. We estimate that in fiscal year 1964 the State employment services will be called upon to take approximately 11 million new applications and there is a potential of some 6.7 million placements. We are depending upon improved organization, management methods and staff performance to enable the local employment offices to handle these workloads and related activities without significantly sacrificing quality of service. We estimate that in fiscal year 1965, 11,800,000 new applications will be taken and that there is a potential of 6,900,000 placements.

The increase requested for grants to the States for the operation of the employment service in fiscal year 1965 amounts to approximately 1,200 man-years. This increase is necessary to meet the greater demands on the employment service and at the same time to maintain the standards of performance which applicants and employers have learned to expect over the past few years.

By June 30, 1964, we expect that the Bureau's recommended organization and management system will have been installed and be in various stages of operation in 46 of the 55 major metropolitan areas with populations of over 500,000 people. We plan to extend this program to the remaining nine areas in fiscal year 1965. During fiscal year 1963, 6 of the 76 metropolitan areas of 200,000 to 500,000 population were reorganized in accordance with the same principles; an additional 11 are scheduled for completion during fiscal year 1964 and 20 more, bringing the total to 49 percent of these second tier areas, are planned for fiscal year 1965.

We are requesting the resources needed to carry out the program I have just outlined for the 29 additional metropolitan areas in fiscal year 1965.

I think it appropriate to mention at this time two major activities which we have had underway which are expected to produce significant results in fiscal year 1965. The first of these is the introduction of the revised edition of the "Dictionary of Occupational Titles." Since the current edition was introduced in 1949, many jobs have become obsolete and over 5,000 new jobs have come into existence, primarily as a result of technological and other changes in industry. In addition, the revised edition incorporates a new concept of job classification which will have a profound impact on local employment office operations. Improvement in the occupational classification of applicants is of prime importance to Employment Service placement operations. As the relationship between an individual jobseeker's occupational classification and the broad spectrum of job opportunities becomes more realistic, the possibility of significant placement results increases proportionately. The installation of the revised dictionary is scheduled for fiscal year 1965 and we are requesting the additional resources necessary to train approximately 20,000 employment service personnel in its use and to recode the applicant, employer and other records affected.

The second major activity is known as the labor inventory communications system, called, for short, LINCOS. It is designed to increase the efficiency, timeliness, and effectiveness of interarea and interstate recruitment, selection and referral of applicants for job openings and interviews. I should like to emphasize that these projects seek new and speedier methods to aid—not to replace—the human factors in placement—the face-to-face interview, employment counseling and testing, and final selection by the employer. The system involves the use of a teletype network to interconnect key offices and computerized equipment to quickly relate applicant qualifications to job requirements. The teletype interconnection of eight California State Employment Service offices was operational in fiscal year 1963 and an Arizona office is now being connected. All current indications point to success of the LINCOS system and additional resources to extend it to other offices and areas are requested for fiscal year 1965.

One of the major reasons for persistent underemployment and unemployment in the face of an increasing gross national product and rising total employment is automation and rapid technological change. This condition has been evidenced by mass layoffs in certain groups of workers. Moreover, these occurrences continue to spread and in many cases without significant advance notice. During fiscal year 1964, activities such as demonstration projects and continuing statewide program of help to parties affected which are related to automation, mass layoffs and persistent unemployment are underway or scheduled for 15 States, but many industries and areas remain to be covered. Additional resources to carry on these activities and to extend them to an additional nine States are requested for fiscal year 1965.

Our manpower problems are not confined to major metropolitan areas and to the effects of automation or mass layoffs in those areas. There is also an increasing need for service to smaller communities and to areas where there is a serious lack of job opportunities. Much of this condition results from the lack of jobs to replace those lost in declining activities such as mining and agriculture. Employment service assistance in solving the problems of smaller communities and rural areas has taken two forms in fiscal years 1963 (on an experimental basis) and 1964. First, 33 States received funds in fiscal years 1964 to establish smaller community employment development programs. Second, in fiscal year 1963, mobile employment service teams provided employment assistance to residents of 31 counties in 10 States where the communities involved were too small to justify the expense of full-time offices. This program was extended to an additional 11 counties in 4 States in fiscal year 1964. For fiscal year 1965, resources are requested to extend the smaller community employment development program to an additional 10 States and to provide mobile employment services to an additional 29 rural counties in 10 States which do not now receive such services.

The local offices must serve all segments of the labor market if they are to function with maximum effectiveness as the manpower service centers in their communities. One of the segments which has not been served to a significant extent, in the past is organized labor which constitutes approximately 25 percent of the work force. In the past few years, programs have been undertaken in several States and metropolitan areas to provide placement service to employers having contractual hiring agreements. We are requesting additional resources to extend this service to more States and metropolitan areas in fiscal year 1965.

The steadily increasing number of young people entering the labor force each year presents some of the most difficult employment problems we face today. The most serious aspect of this situation is the large number of high school dropouts who constitute about one-third of the unemployed youth group. Unemployment among boys 16-18 years of age now averages from 15 to 20 percent and has been as high as 30 percent in some months, with school dropouts the largest component of this total.

We are attacking the problem of employment for youth in two ways: first, by providing for staff specialists in youth activities in State offices and major metropolitan areas, and second, by establishing apprenticeship information centers.

In fiscal year 1964, there were State-level specialists in youth activities in 23 States and area specialists in 22 of the 55 major metropolitan areas. Some other States provide this service on a part-time basis. We are requesting resources for fiscal year 1965 to enable us to provide an additional 13 full-time State-level specialists and an additional 37 in major metropolitan areas.

The purpose of the apprenticeship information centers is to provide central points at which youth, particularly members of minority groups, can obtain information, counseling, and guidance regarding apprenticeship openings and requirements, and thus enable them to compete for openings for which they are qualified. In fiscal year 1964, the Bureau of Employment Security and Bureau of Apprenticeship and Training were given joint responsibility for the establishment and operation of the centers located in employment service local offices. The roles of the two Bureaus are clearly defined. The Bureau of Apprenticeship and Training will be responsible for developing the program in the community, establishing and serving as adviser to a local advisory committee comprising representatives of labor, management, minority groups and local civic and government organizations and agencies, and for providing liaison between the center management and the sponsoring groups. The role of the employment service in each center will be that of management and operation.

By the end of fiscal year 1964, we will have established centers in five cities with funds made available by the Manpower Administration. We are requesting funds for fiscal year 1965 to enable us to continue the financing of the 5 centers and to establish an additional 10 centers in areas where the need is greatest.

In addition to youth, the number of applicants who belong to other special groups, mainly the handicapped, older workers, minority groups and parolees, has been steadily increasing over the years. This is particularly true of older workers who have been the subject of a special study which I shall mention later. The members of all these groups require much more specialized and intensive assistance from the employment service to enable them to find suitable employment. We are requesting additional resources for fiscal year 1965 to enable us to serve these groups more effectively.

The President's Committee on Employment of Older Workers laid great stress in its report on two approaches to the problem of helping the older worker find employment for which he may be qualified.

The first of these is in part-time work. Such work frequently best meets the needs and desires of older workers, and employment service experience indicates that employers prefer mature workers in filling part-time jobs.

The second approach to the older worker problem is that of specialized counseling. Studies have shown that 20 to 25 percent of applicants over 45 years of age require such counseling. The scope of the service is on an individual basis and may include one or all of such areas as the need to change occupational plans or desires, motivation to undertake necessary training, assistance in methods of looking for a job and in presenting their qualifications most effectively. Furthermore, this type of counseling often must be carried on over an extended period of time. Our experience has shown that an average of five interviews is necessary to help the older worker make a successful occupational adjustment.

As the initial step in implementing the recommendations of the President's Committee we are requesting for fiscal year 1965 the funds necessary to develop more part-time job opportunities and to provide specialized counseling services in selected offices in the 55 largest metropolitan areas.

Local occupational labor market information is essential to the employment service in carrying out its manpower functions in the labor market. This information is used in two important activities. The first is a job opportunities information program resulting in the preparation of occupational guides. Such guides are used by the employment service in counseling job applicants, by school guidance personnel in orienting students on career opportunities and choices, and in helping educators adjust school curriculums to meet the changing occupational demands of the labor market. The second activity is the preparation of area skill surveys. These surveys are used to provide basic information for effective planning and utilization of community manpower resources. Additional funds are requested for fiscal year 1965 to meet the greater demands for labor market information required in carrying out these activities.

With the growing national concern and interest in local area manpower development and with the enactment of various Federal programs designed to alleviate localized unemployment such as under the Area Redevelopment Act and the Public Works Acceleration Act, there has been a greater need to obtain detailed work force information at the area level.

To meet the needs of these programs and to increase the effectiveness of employment service operations, we are requesting funds to extend the coverage to include more major labor market areas classified by the Bureau according to the relative adequacy of labor supply and demand. Also we plan to conduct additional studies on the operation of the labor market, covering such matters as hiring channels used by jobseekers and employers and to obtain in the larger metropolitan areas data on labor turnover in the nonmanufacturing industries.

As a part of our program to meet the recommendations of the President's Committee To Appraise Employment and Unemployment Statistics we are requesting for fiscal year 1965 funds to compile information on job vacancy statistics by area and occupation; the extension of data on the hours and earnings of workers, particularly in the trade and service industries, to some 20 metropolitan areas; and to carry out a comprehensive program to improve the usefulness of State and area employment and unemployment statistics.

Under the terms of the Immigration and Nationality Act, section 212(a) (14), one of the responsibilities of the Secretary of Labor, which has been delegated to the Bureau of Employment Security, is to insure that the permanent entry of aliens does not adversely affect our domestic work force. This responsibility begins with a thorough investigation by the State agency of the availability of domestic workers and the possible adverse effect upon them of permitting the alien to enter this country and culminates in a certification to the Secretary of State and the Attorney General.

Prior to June 30, 1963, these investigations were made only in cases involving 25 or more aliens, which amounted to approximately 100 cases per year. Beginning in fiscal year 1964, revised regulations were issued which required that investigations and recommendations be made on an individual basis and it is estimated that the resulting workload will be approximately 25,000 cases per year including both farm and nonfarm workers.

UNEMPLOYMENT INSURANCE INCREASES

The coverage of the unemployment insurance programs in the States is expected to increase in 1965 by 50,000 employers and 600,00 workers because of normal growth in the economy, with resulting increases in the costs of handling reports of employer taxes and employee wage records. To cover these costs the States will need \$1,022,000 including \$558,000 for 83 additional man-years of personnel time and \$464,000 for additional data processing expenses. The 83 man-years are requested for those activities such as audits of employers reports and collection of delinquent taxes which cannot be performed on data processing equipment. The \$464,000 will permit continuation of a program of converting the accounting and clerical work to electronic computers.

We have been authorizing these conversions under a policy which requires that they result, after they are completed, in sufficient savings to offset any increased equipment costs and to recover each year a portion of the costs of conversion. There are now 17 computer installations in State agencies which are returning estimated net savings of approximately \$3 million a year. Five other States are in the process of converting to computers and a number are performing studies preliminary to conversions. To continue this fruitful process in 1965, we propose to use the \$464,000 which I mentioned earlier as an investment in the further use of computers so that increased productivity will continue.

This program has been a major contributor during the past 5 years to an increased productivity in the tax operations of State agencies. In fiscal year 1959, the States used for all tax activities 3.4 man-years for every 1,000 covered employers. In 1963 the man-years had been reduced to 2.9 per 1,000 employers for a productivity increase of 14 percent. There was an even greater productivity increase in the accounting and clerical operations, amounting to 22 percent. Personnel used in these more routine tasks were reduced by 17½ percent while covered employers increased by 10 percent.

As I have already stated, the assumed level of insured unemployment, 1.6 million per week, is the same as the base for the 1964 appropriation. As a result there is no difference in the estimated man-years for the benefit functions because of the unemployment factor. There is, however, a requested increase over the 1964 appropriation to allow for a greater number of determinations of contested claims which arise because of questions as to the eligibility of claimants for benefits and a greater number of appeals related to those determinations.

Currently, for every 1,000 claims filed, 57 contested claim determinations are made. This ratio has exceeded budget estimates for 3 successive years with a resulting drain on contingency funds. The number of determinations increased by nearly one-third from 1958 to 1963 while the level of insured unemployment declined by more than 17 percent.

The Social Security Act requires that States withdraw money from the unemployment trust fund for payment of benefits only to individuals to whom they are properly due under the State laws. Therefore, every question which arises as to a claimant's unemployment must be investigated and a proper determination made. The contested claim determinations for which this increase is requested are mandatory under the State laws.

The Social Security Act also requires that State laws provide for an opportunity for a fair and impartial hearing for any claimant whose benefits are denied. Appeals under these State law provisions have also exceeded budget estimates in recent years by a greater margin than the excess of insured unemployment and have increased by 45 percent since 1958.

The budget request includes an increase of 171 man-years to cover an increase of 5 percent in the workload estimates for these two items.

We have also requested, as a mandatory item, an additional \$416,000 for administering changes in State unemployment insurance laws which were enacted in the most recent legislative sessions and which will have been financed out of the contingency amount during 1964. These changes deal with a variety of subjects and will affect costs in a variety of ways. They have been estimated by analyzing the changes involved to determine their effect on operations and by comparing them with similar changes in other States for which the costs are known.

In addition to the three mandatory increases which I have discussed up to this point we are asking for \$732,000 for improving the management control and methods of the unemployment insurance operations.

The keystone of management in a State operation is the field supervisor who maintains for the State central office a continuing surveillance of local office performance. Recent State estimates indicate that presently only 1 field supervisor is provided for every 16 offices, or about 1 for every 600 local office unemployment insurance personnel. This is nearly double a reasonable span of control. We are asking for \$282,000 to provide 34 additional man-years for field supervision. This request is sufficient only to cover the most pressing needs which we have been able to identify to date and about one-third of the shortage.

The other item in our request for improvement of the unemployment insurance program is an amount of \$450,000 to begin development of a system of continued claims and benefit payments which will make maximum use of the latest techniques of source data automation, data transmission, and data processing. This is an effort by which we hope not only to control the costs of the benefit operations but also to improve results by reducing errors and by making more time available for adequate surveillance of benefit claims.

I have already referred to the rather favorable experience with electronic data processing in a number of States and explained our request for funds to continue the type of conversion to computers with which we have had substantial experience. This request is for funds to finance one or more pilot installations in a new but very promising area. Through data transmission, it is possible that we can put the power of the computer literally at the fingertips of the personnel who take claims in local offices. They can thus be relieved of clerical operations so they can concentrate on proper interviewing of claimants and many of the errors they make in clerical detail can be eliminated.

FARM LABOR SERVICE INCREASES

In agriculture, as in industry, the dominant factor with respect to labor continues to be one of constant change, reflecting increasingly smaller demands for unskilled workers and stepped-up demands for higher skilled workers. During fiscal year 1964, the Bureau and its affiliated State agencies vigorously pursued programs to meet the basic challenge of recruiting and maintaining an adequate seasonal farm labor force.

State agencies, working with the Bureau's Farm Labor Service, made progress during fiscal year 1964 in: (1) Identifying and coordinating labor market changes created by mechanization and other technological advances; (2) restructuring some key migratory routes which had become disturbed by the effects of technological progress, thus offering greater job continuity to migrants traveling the routes; (3) improving operational aspects of the Bureau's "Annual Worker Plan," under which thousands of migrants travel and work, e.g., use of manifest lists, and improved selection of crew makeup; (4) increasing and improving the quality of youth and other local recruitment and placement programs, year round and seasonal; (5) strengthening community work for migrant families through better information on migrant family locations, makeup, etc.; (6) improving housing inspections and insuring prevailing wages, relative to interstate recruitment; (7) improving and maintaining basic farm labor market information; (8) handling applications of aliens (from Mexico) seeking permanent entry to the United States under Public Law 414, to prevent adverse effect on domestic workers; (9) preventing adverse effect incidental to the employment of temporary foreign agricultural workers; and (10) evaluation by State agencies of local farm placement operations.

All of these activities are of a continuing nature and will be carried on throughout fiscal year 1965. First priority, however, will be given to the recruitment and placement of seasonal farmworkers. The reason for this is the impending termination (on December 31, 1964) of Public Law 78, the Mexican farmworker program. The Federal-State employment system must gear itself for the task of recruiting and maintaining an additional force of domestic workers equal to that of almost 200,000 Mexican workers, the approximate number employed in calendar year 1964. To help meet this situation, State agencies in cooperation with the Bureau's Farm Labor Service, will, within the means available, engage in the following additional activities in fiscal year 1965: (1) Appraise the local office farm organization and management systems in all areas of intensive seasonal labor usage, to measure the systems' adequacy for achieving maximum utilization of local labor resources; and (2) organize task forces and mobile recruitment teams to explore previously untapped sources of labor, and to enroll workers for intrastate and interstate employment. Program guidance and technical assistance will be given by the Bureau's national office and regional office staffs.

The magnitude of the task of replacing nearly 200,000 Mexican workers should not be underestimated. It is conservatively estimated that one-third more domestic workers will be needed to replace the Mexicans, many of whom have been employed in areas remote from towns or other settled communities.

ADMINISTRATION AND MANAGEMENT INCREASES

The increase requested for grants to States for the operations of administration and management will provide approximately 115 additional man-years. The additional staff will be utilized in three areas with a view to a more effective and efficient direction of the employment security system based on improved financial, reporting, and personnel systems.

The resources available to the State agencies for effective fiscal services are entirely inadequate in relation to the size and complexity of the employment security program. The funds appropriated for fiscal year 1964 will provide for an allocation of an average of 15 people per State agency for fiscal services. These employees can only provide those fiscal services which are required to continue normal operations. These employees must: (1) prepare payrolls and maintain records of tax deductions, retirement, hospitalization, insurance, and other fringe benefits for the 56,265 employees of the agencies for each pay period throughout the year; (2) audit all vouchers for payment, including travel vouchers; (3) provide for the procurement of supplies, equipment, office space, repairs and alterations and service contracts; (4) post and maintain accounts to record and control the expenditure of the \$425 million appropriation and the collection and distribution of approximately \$3 billion in employer taxes; and (5) prepare monthly and quarterly reports of financial transactions.

Despite the increase in fiscal work and responsibility and because of a lack of resources in this area the financial management systems have not been updated to meet the needs of State agency administrators in making necessary program adjustments. Accounting and financial management systems were designed, for the most part, at the beginning of the program more than 25 years ago and must be updated to assure the efficient use of the resources appropriated by the Congress. Recent Bureau reviews point out that most State agencies need and want assistance in their accounting and financial management systems. We have requested 50 additional man-years, or about 1 additional fiscal employee per agency for 1965. The positions will be distributed to the agencies in greatest need of assistance and will constitute a first step in an improvement program which includes research and assistance on the part of the Bureau to improve procedures and systems.

Data collected through the employment security system is used for administrative planning, budgeting, economic forecasting, public accounting, and the classification of labor market areas. Therefore, this data has a substantial effect on the employment security program and on numerous other governmental programs. Inaccuracies, whether due to administrative error or to fraudulent reporting, can seriously hinder these programs. The Bureau proposes to assure the validity of employment security data by requiring periodic and systematic reviews, by State agencies, of the accuracy of statistical reports submitted to the Bureau. These reviews, requiring about 50 additional man-years, will provide for the correction of both erroneous procedures and of misinterpretations of report terms. They will also uncover and correct possible instances of fraudulent reporting.

Workload fluctuations, budget uncertainties, and responsibilities for administering new programs such as those resulting from the Manpower Development and Training Act, Area Redevelopment Act, etc., have created particularly difficult personnel problems in State employment security agencies. However, most agencies have not yet established comprehensive personnel management programs and some agencies do not yet have a technically qualified full-time personnel officer. Our intention is to provide technically competent staff to those agencies which have the greatest need.

MANDATORY INCREASES

Increases for salaries of State agency employees and nonpersonal services costs are mandatory and must be provided for in addition to the program increases for the unemployment insurance, employment service, and farm labor services.

The average annual salary for State employees is rising consistently with increases paid to employees of the State generally. It is now estimated that the average annual salary rate will be \$5,560 in 1965. This will require an increase of \$14.5 million above the appropriation for 1964 to provide for the amounts paid out of the contingency fund in 1964 and increments to be paid in 1965. This increase is \$213 above the estimated rate of \$5,347 for 1964 of which \$85 is for increments to be paid in 1964 as stated above. The balance of \$128 is for statewide increases approved in 1964.

To cover the rise in the cost of goods and services, an additional \$2.5 million is needed for nonpersonal services costs, primarily for higher rental costs.

Mr. Chairman, this concludes my request for the "Grants to States" appropriation.

SUMMARY OF BUDGET

Mr. GOODWIN. Mr. Chairman, since I appeared before this committee last year, Congress has passed Public Law 88-31 providing an annual ceiling for grants to States which is computed at 95 percent of the net collections under the Federal Unemployment Tax Act. Since these collections for fiscal year 1965 are estimated to be \$500 million, the applicable ceiling for this year is \$475 million.

Our request totals \$455,076,000, which is well within the ceiling. This request for grants to States is an increase of \$29,581,000 over the amount available for 1964. Of this amount, \$10,490,000 is for program improvement. The remainder represents mandatory increases and includes \$14,500,000 for salary increases for State employees and \$2,500,000 for increases in nonpersonal services, most of which represent rising rent costs.

Before commenting on the specific program increases, I would like to point out that our requests assume that the economy will continue to expand through fiscal year 1965, and especially if it is stimulated by the passage of the tax reduction bill.

Despite our current economic growth, however, expansion of the work force and the rapid rate of automation and technological progress have combined so far to prevent any reduction in total unemployment. Furthermore, the brunt of today's unemployment falls on certain groups in the work force. The major portion of the hard-core unemployed is made up of youth, older workers, members of minority groups, and particularly the uneducated among all of these groups. Even with the expected improvement in the economy, problems of unemployment with these groups are expected to be severe.

EMPLOYMENT SERVICE

The larger part of the workload involved in our new responsibilities will fall on the Employment Service with its 1,900 offices, operating at the local level in every State.

In fiscal 1963, the Employment Service received job orders from more than 1 million different employers and made 6.6 million non-agricultural job placements. We expect to make 6.7 million nonfarm placements this fiscal year and about 6.9 million in fiscal year 1965.

We have discussed with this Committee on a number of occasions the problems of older workers in today's job market. Recently, a report of the President's Committee on Employment of Older Workers stressed two approaches to the problem of helping older workers find employment. The first is to help them find part-time work, which many of them want and need. The second is to provide more spe-

cialized counseling to enable them to make better adjustments to the job market.

Our studies show that 20 to 25 percent of applicants over 45 need this kind of counseling, and that counseling assistance must be continued long enough to assure that a firm adjustment has been made to the work. Our experimental projects indicate that an average of five interviews are required for a successful placement of one of these disadvantaged workers, which is about three times the average for all workers.

Amendments to the Manpower Development and Training Act and program and policy decisions of the Secretary of Labor have greatly increased the emphasis on solutions to youth problems. I imagine the Secretary told you yesterday about the establishment of a new office in the Department to give greater emphasis to youth problems.

As an important part of this program, the employment security system has been asked to take on added responsibilities. This includes the program for Selective Service rejectees, the development of community resources, and the expansion of youth training opportunities.

We are proposing to increase the effectiveness of our attack on the serious problems of youth in two ways: First, by providing staff specialists for intensifying youth activities in State offices and major metropolitan areas; and second, by establishing apprenticeship information centers.

There are now youth specialists in 23 State offices and in 22 of the 55 largest metropolitan areas. We are requesting resources for fiscal 1965 to provide an additional 13 full-time State specialists and 37 more in major metropolitan areas.

APPRENTICESHIP INFORMATION CENTERS

On apprenticeship information centers, we provide central points at which youth, particularly Negro youth, can obtain information, counseling and guidance regarding apprenticeship openings and requirements.

We are requesting funds for fiscal 1965 to continue 5 existing centers and to establish 10 more in areas where the need is greatest.

EMPLOYMENT PROBLEMS OF MINORITY GROUPS

The complex employment problems of minorities require special attention. There has been a great public awakening to the need for the elimination of discrimination in all areas of American life, and one of the areas in which discrimination works the greatest hardship on minorities is in the field of employment.

The employment security system has been working toward the elimination of discriminatory practices in employment, but there is still much to be done.

However, I am happy to report to the committee that we have no segregated offices in the Employment Service. In addition, we have been making efforts to remove artificial obstacles to the promotion of Negroes into jobs at the administrative level in the States.

As you know, our policy would bar discriminatory specifications from job orders of private industry which are submitted to the public employment offices. The latter represents our largest single job in this area of discrimination.

The Bureau has also designated a staff member in each of the 11 regional offices who specializes in minority group problems.

OTHER SPECIAL GROUPS

I have already discussed our counseling needs in relation to older workers. However, this is a service which cuts across all groups in the labor force. We are requesting funds for fiscal 1965 to meet an anticipated increase of 471,000 counseling interviews.

The Employment Service has two areas of operation which are relatively understaffed to cope with the complex problems of employment and unemployment. One is the large metropolitan areas, and the other is small rural areas. We are requesting funds for increasing services in both.

We have discussed the problems of metropolitan areas in previous appearances before this committee, and today I will mention only our plans for rural areas.

In fiscal 1963, we began a special program to provide employment assistance to rural areas where it had not been economically feasible to maintain local offices. We are now sending mobile Employment Service teams into these rural areas to provide employment counseling and placement assistance which has not been previously available to those areas, and to compile labor market information.

This year the service is being extended to 11 more counties in 4 States, and for fiscal 1965 we propose to provide this program of assistance to residents in 29 additional counties in 10 more States.

LABOR MARKET INFORMATION

The Bureau of Employment Security is the only Government agency which gathers comprehensive labor market information at the local level. More and more Government activities are dependent upon this information.

For example, in defense procurement, under the Area Redevelopment Act, the Manpower Development and Training Act, and the Accelerated Public Works Act.

There are some weaknesses in our area estimates of employment and unemployment, and with so many important programs using these statistics, it becomes extremely important that they be improved.

The President's Committee To Appraise Employment and Unemployment Statistics has pointed out some existing deficiencies and some technical weaknesses in the gathering and utilization of such information and made recommendations for improvement. We are requesting funds to carry out these recommendations.

I will give one illustration. We have relatively little information about job vacancies. We all know that we have job vacancies going begging, while at the same time we have continued high unemployment. Uniform reports providing job vacancy information are essential for effective placement operations and for establishing training programs.

Other countries which have developed the most effective programs for dealing with the problems of unemployment have found it essential to develop their job vacancy information in order to determine the nature of their own employment problem.

Before I conclude my statement on the Employment Service, I should like to take time briefly to discuss two more matters.

You will remember that last year during the hearings there was some discussion of our relationships with the College Placement Council. I am happy to report that we have reached a mutual understanding with the College Placement Council which forms the basis for constructive, cooperative relationships in the future.

EMPLOYMENT SERVICE RELATIONSHIPS WITH FEE-CHARGING AGENCIES

I wish I could make the same kind of optimistic report concerning the private, fee-charging agencies. I am sorry to have to discuss this subject again, but the fee agencies have been so persistent in their attacks against the public employment service, and have made so many erroneous charges that it seems necessary to correct the record.

The private agencies continue to charge that the public employment service—

Mr. DENTON. Who are those agencies?

Mr. GOODWIN. The fee-charging agencies; the National Employment Association, which represents the private fee-charging agencies.

The private agencies continue to charge that the public employment service has turned its back on the unemployed, that 60 percent of its placements are of employed workers. They continue to use this charge despite that fact that it was a distortion in the first place and, in the second place, it has been repeatedly corrected in the Congressional Record and in the public press.

The truth is that a sample survey for the week of May 19, 1963, showed that 97 percent of nonfarm placements of the public employment service were of unemployed workers. This was further confirmed by a 100-percent survey during the week of January 12 through January 18, 1964, in all 50 States, which showed that 98 percent of the nonfarm placements were of unemployed workers.

We continue to believe in the position expressed by this committee in its report on the 1950 appropriations when it said, and I quote:

The Employment Service system under the basic law has responsibility for making its facilities available to all occupational groups and all employers.

UNEMPLOYMENT INSURANCE

I would like to turn briefly to unemployment insurance increases. In recent months, State-insured unemployment, seasonally adjusted, has been averaging about 1.8 million per week. The budget assumes a gradual reduction in the period ahead, and that the average volume of insured unemployment for fiscal 1965 will be 1.6 million per week.

As the economy continues to grow, coverage of the unemployment insurance programs in the States is expected to increase in fiscal 1965 by 50,000 employers and 600,000 workers. To cover the additional costs, the States will need \$1,022,000.

The local employment security offices will take about 100 million claims for unemployment and other types of benefits in fiscal year 1965. In addition to those for the basic unemployment insurance program, claims will be filed under the unemployment compensation of Federal employees, unemployment compensation for ex-servicemen, and training allowances under the Area Redevelopment Act and the Manpower Development and Training Act.

Recent studies have indicated that a substantial portion of the time of local office claims interviewers is spent on clerical operations which could be performed more economically and effectively through the use of computers and data-transmission equipment. Such a system would also eliminate many of the errors inherent in the handling of such a large volume of claims, reduce the time between the filing of the claim and the delivery of the benefit check to the claimant, and free staff time for more intensive interviewing of claimants.

We propose to develop and install a pilot installation in one State to determine whether such savings and efficiencies can be realized. For this purpose we are requesting an increase of \$450,000 in 1965.

Mr. LAIRD. What State is that?

Mr. GOODWIN. We are proposing to do this in New Jersey. They have a large-volume operation there. They have the technical personnel to cooperate in the program. Our suggestion is New Jersey.

ADMINISTRATION AND MANAGEMENT

As I have already indicated, the State employment security agencies are now administering a variety of programs. With the addition of new programs, financial management responsibilities have expanded both in size and in complexity. Moreover, the basic program has grown by some 5,000 employees in the last several years.

However, we have not provided State agencies additional financial management resources commensurate with the increased responsibilities. Our own evaluations make clear that financial management capability must be strengthened within the employment security system.

This need is also pointed up by the interest expressed in the fiscal affairs of the State agencies by your task force and the General Accounting Office.

To make a start on meeting this need in fiscal year 1965, we are requesting 50 additional positions, an average of 1 per State, which will be allocated to those State agencies where our preliminary surveys have indicated the greatest need.

In 1963, the Bureau decided that the validation of statistical reports should be made mandatory rather than optional. This decision was announced to the States on May 1, 1963, and the mandatory program became effective January 1, 1964, and will build up in scope over a 3-year period.

Some 46 States have informed us that they currently expected to have about 800 surveys completed, or underway, by the end of this fiscal year. The studies conducted to date indicate that most local office records and most reports are honest, but a few cases of deliberate falsification have been uncovered, although these are usually limited to one or two key items of activity.

Both the States and the Bureau intend to pursue vigorously the validating of all statistical reports.

FARM LABOR SERVICE

The Federal-State employment system will be faced during the first half of fiscal 1965 with carrying on Public Law 78, while at the same time planning for its impending termination on December 31, 1964

The magnitude of the task of recruiting domestic farmworkers to replace the loss of 100,000 Mexican workers in the last half of the fiscal year cannot be measured accurately at this time. We do know that major adjustments in present grower practices will be necessary, and that the recruitment task will not be an easy one.

NORMAL BUDGETARY ADJUSTMENTS

I want to talk briefly now about the problems in connection with some normal budgetary adjustment questions. There is one final problem concerning the grants to States appropriation which I would like to call to the attention of the committee.

For some 15 years the appropriation has contained a contingency fund:

To meet increased costs of administration resulting from changes in a State law or increases in the number of claims filed and claims paid or increased salary costs resulting from changes in State salary compensation plans embracing employees of the State generally over those upon which the State's basic grant * * * was based, which increased costs of administration cannot be provided for by normal budgetary adjustments. * * *

That language is taken from the language in the bill.

The law does not define the term "normal budgetary adjustments" and we have had no other guidance on its meaning. Our experience in attempting to get a supplemental appropriation for fiscal year 1963, the Senate report on our 1964 appropriation, and our recent experience when we decided not to seek a supplemental appropriation for 1964 have made it clear to us that there is no general agreement on the meaning of the phrase.

Our own thinking on this matter is along the following lines:

The legislative history indicates that the contingency fund was established to meet defined, unforeseen costs without resorting to forced savings which required the deferral or elimination of planned and needed work before authorizing contingency funds.

Positively, the expression can be defined as meaning the application of savings which occur in the planned use of administrative funds to offset specified added costs before authorizing contingency funds.

Thus, normal budgetary adjustments are not intended to require the curtailment of approved and planned programs for the sole purpose of meeting specified added costs. Savings from normal budgetary adjustments should be applied to meet contingency costs unless the use of these savings for other program objectives is approved by the Bureau of Employment Security. The Bureau may approve the use of such savings only when the program purpose is in accordance with the program approved by the Congress in the appropriation.

Compliance with the normal budgetary adjustment requirements involves:

1. The approval by the BES of a budget for each State, specifying the activities, programs, and objects for which the funds may be used, consistent with the appropriation approved by the Congress.

2. The preparation by each State of an operating budget which shows the way in which the State proposes to spend its funds for the approved activities, programs, and objects, by specified period, and the review and approval by the BES of such operating budget.

3. An accounting and reporting system which provides full information on State agency operations, both financial and program.

4. Adherence to the approved operating budget within established limits.

5. The identification of savings in each activity, program, or object at the end of each specified period.

6. The application of such savings to specified added costs in that State, in the absence of a showing, approved by the Bureau, that such savings should be otherwise used.

7. If such savings are not needed in the State in which they arise, they will be recovered.

We would appreciate any comments or reactions that the committee might have to these observations on what is involved in interpreting and applying normal budgetary adjustments.

Mr. Chairman, this completes the statement that I wanted to make on grants to the States, and I shall be glad to undertake to answer any questions that you might have.

INVESTIGATION OF ADMINISTRATION OF GRANTS PROGRAM

Mr. FOGARTY. First, we shall go into some of the questions on the investigation that was made. I want to take the time for it because your operations are criticized in the report in some areas.

We want to make sure you have a copy of the report, and later on when the transcript is returned, if there is something in this report with which you do not agree, we would appreciate your comments.

As you know, the committee had an investigation made of the administration of the grants program.

Mr. GOODWIN. Yes.

Mr. FOGARTY. This seems to show that certain deficiencies exist that we should discuss. To a large extent these are in the area of fiscal control.

PROGRAMING FUNDS IN EXCESS OF AVAILABILITY

According to the report, as of March 1963, allocations to the States, plus a postage reserve, and the estimated third and fourth quarter contingency and Federal program costs totaled about \$417 million, whereas the available funds amounted to only some \$412 million. Is that about right?

Mr. CURTIS. Yes, sir.

Mr. FOGARTY. That is what they said in the report.

Are these figures correct?

Mr. GOODWIN. They don't seem to be completely correct, Mr. Chairman. We never did allocate more than the \$412 million.

Mr. FOGARTY. This says that the allocations to the States, plus a postage reserve, the estimated third and fourth quarter contingency, and Federal program costs totaled about \$417 million. If it did not total \$417 million, tell us what it was and what the available funds were at the time if it was different than \$412 million, as the report says.

Mr. GOODWIN. I think Mr. Curtis may be able to respond to that.

Mr. CURTIS. I would like the opportunity to present specific information for the record, Mr. Chairman. We never did allocate more money than we had available, and we had available roughly \$412 million in 1963. We did not allocate money on the basis of \$417 million.

Mr. FOGARTY. They do not say you allocated to the States \$417 million, but allocations to the States plus the postage reserve and the estimated third and fourth quarter contingency costs an estimated Federal program costs totaled about \$417 million.

Mr. CURTIS. That is correct.

Mr. FOGARTY. Whereas available funds amounted only to some \$412 million. They did not say you made allocations to the States totaling \$417 million.

Mr. GOODWIN. This ties to the point that Mr. Curtis made.

Mr. FOGARTY. Is this correct, then—this statement?

Mr. CURTIS. I would phrase the statement this way: That as of March 1963, we had in the appropriation and in other funds available \$412 million for fiscal year 1963. At that time the allocations to the States, the approved budget to the States, plus our best estimate of additional contingency costs, not covered in the appropriation, totaled roughly \$417 million, so that we were short.

Mr. FOGARTY. That is just what this statement says.

Mr. CURTIS. Then it is correct.

REQUEST FOR SUPPLEMENTAL FUNDS

Mr. FOGARTY. The report shows that last March 1 you requested a supplemental of \$8,900,000 and after several revisions this was reduced to \$4 million on June 5 and it was not until June 10—20 days before the end of the fiscal year—that you advised the States that they could be certain of only \$401,800,000; is that correct?

Mr. CURTIS. It is correct in this sense: That we did not advise the States until June 7 that it appeared to us that the prospects of getting a supplemental were very dim. The States were advised earlier that the contingency fund would not meet all of the potential claims against it. This advice was given to the States in March, early March, through the executive committee of the interstate conference, which got out in connection with its meeting a highlight statement which informed the States that a potential deficiency existed in the contingency fund.

Mr. FOGARTY. What was the reason for not advising the States until the 10th of June that there was a shortage of funds?

Mr. GOODWIN. We had had no indication that we would not be successful in getting a supplemental and we were following the same practices that we had followed in the past when supplementals had been made available under similar circumstances. There was no question

that the States had shortages which are supposed to be covered by a kind of condition the contingency is set up to take care of and we assumed that a supplemental would be approved.

ESTIMATED SHORTAGE AND EFFECT OF SHORTAGE

Mr. FOGARTY. At the time you estimated the States had a deficit of about \$4 million which would require a reduction of 18,000 people for periods ranging from 3 days to 2 weeks. As it ended up the States had no deficit and no permanent personnel were furloughed. They received their full pay; is that right?

Mr. GOODWIN. There are several important points in connection with that statement, Mr. Chairman: One is that the information that we got from the States on the balances was faulty. It was not completely accurate, but secondly, we would have come out very close to the estimated supplemental of \$4 million except that very unusual actions were taken to make up the difference.

We have a summary of what happened which gives the picture. We would like to make sure it gets into the record.

Mr. FOGARTY. Put that in the record.

(The summary follows:)

Summary of State adjustments at the end of fiscal year 1963

| | |
|--|-------------|
| Cancellation of supply and equipment purchases—repairs and alterations of premises | \$1,700,000 |
| Curtailment of travel | 250,000 |
| Termination of intermittent employment | 250,000 |
| Deficit (7 States reporting) | 667,000 |
| Use of other State funds (8 States reporting) | 333,000 |
| Reallocation of miscellaneous receipts | 800,000 |
| Total | 4,000,000 |

Mr. GOODWIN. I think it might be desirable for Mr. Curtis to summarize that, if it meets with your approval, because this is an extremely important point.

Mr. FOGARTY. I think it is. Being so close to the end of the fiscal year makes it look like your estimates were pretty poor.

Mr. CURTIS. Mr. Chairman, we got the information on the 18,000 from the States on the basis of a 24-hour request. They had not had an opportunity to analyze thoroughly their financial condition at the time they submitted the information. We requested this information on June 10 as I remember it.

Subsequent to that, the States did effect savings through deferral of purchases and the like totaling about \$1,700,000. They laid off temporary people and effected savings of roughly \$250,000. They reduced travel to the extent of about \$250,000.

We were able to recover in this interval about \$800,000 in unencumbered balances and miscellaneous receipts in the States which we could redistribute. That added another \$800,000. The States actually wound up with deficits, either deficits in the grants appropriation or deficits resulting from use of other State funds totaling about \$1 million. Those three or four items put together totaled about \$4 million, which was the amount of the final supplemental that was submitted to the House.

MEANING OF NORMAL BUDGETARY ADJUSTMENTS

Mr. FOGARTY. We have carried language in connection with the contingency fund to the effect that it cannot be used for costs that can be taken care of by normal budgetary adjustments. That is law. Yet this report and an earlier GAO report states that this is not applied by you folks.

Mr. GOODWIN. We have not had agreement on this point. I do not think there has been a general understanding on what this term means and that is why we included some comment on the matter in my remarks this morning.

I think that one thing should be very clear, and I assume the committee agrees with this, that normal budgetary adjustments do not mean that you make cutbacks of the program approved by the Congress in order to balance out. Unfortunately that is what we are doing this year.

I mean we faced the fact a few weeks ago that the contingency fund would not meet the demands upon it. They would be short by some \$8 million. We made an attempt to get some information from the States on normal budgetary adjustments. They were very small. We made a decision to require the absorption of this \$8 million largely because there apparently is not an understanding, an agreement on what the rules of the game can be on this question of normal budgetary adjustment.

What I outlined here a short time ago, Mr. Chairman, is not that kind of normal budgetary adjustment. What I outlined here a minute ago would not require the States to absorb, or rather would not require the States to cut back approved operating programs in unemployment insurance to meet this kind of a deficit. That is what we are doing this year; that is what we did last year. The savings that were made last year were a cut in the operating program of the employment security system. In my opinion we should not have been required to make them.

Mr. FOGARTY. Increasing the contingency fund would take care of that.

Mr. GOODWIN. Yes, it would.

Mr. FOGARTY. If it is still held down for these three purposes, if it is not spent for that it just goes back into the fund anyway.

Mr. GOODWIN. That is right.

PROGRAM IMPROVEMENTS EXCEEDING AVAILABLE FUNDS

Mr. FOGARTY. Here is another quotation from the report: "Personnel of the major operating programs can and do urge the States to adopt program improvements or expansions which cost more than the funds available." Would you like to comment on that?

Mr. GOODWIN. I do not know of any specific instances when that has occurred, Mr. Chairman. I would certainly not take the position that it never had occurred. We try to get a coordinated approach with our program people and our fiscal people. Our controls tend to be with the fiscal people, but I do not know of any instances where that has happened.

Mr. FOGARTY. What is that, you don't—

Mr. GOODWIN. I don't know of any instances where that has happened. It may be that they could document it. I don't know.

Mr. FOGARTY. One of the State directors told a member of the committee that this was a major factor in their getting into fiscal difficulty last year.

Mr. GOODWIN. I would say this most emphatically: That does not represent the policy of the Bureau, and if we have such instances they will be corrected.

FALSIFICATION OF PLACEMENT REPORTS

Mr. FOGARTY. What about that discrepancy that was found in the Cleveland office?

Mr. GOODWIN. This was a situation where last spring our regional office received an anonymous letter indicating that there was falsification of reports on placements made by the commercial office in Cleveland. The regional administrator wrote to Mr. Dudley, the Ohio administrator, transmitted the copy of the anonymous letter he received, and recommended that he make an investigation to determine whether or not this allegation was true.

We had made two previous recommendations that a survey be made in Cleveland, not because we had any information that anything was wrong, but simply because we favor a periodic survey to determine whether there is accurate reporting. The State had not followed those recommendations.

Mr. FOGARTY. Did you make these recommendations to the State director?

Mr. GOODWIN. Yes.

Mr. FOGARTY. He did not follow them up?

Mr. GOODWIN. That is right. In this case, when we sent in, or when the regional administrator sent in a copy of the letter and made the recommendation, he did institute an investigation promptly. This revealed that there was some false reporting on placements in the Cleveland area.

We then recommended that the investigation be broadened and that he check on a joint investigation with us on other offices in Ohio. We recommended that this cover the larger offices plus a sampling of the smaller offices.

This recommendation was accepted and the investigation started. Several offices have been covered by that but I am not sure whether they have completed it or not. The report I have had is in the offices covered to date—and that is a couple of weeks ago at least—no serious discrepancies were found in other offices.

Mr. FOGARTY. Let's check that and make sure.

Can you also put in the record the dates of the two previous recommendations that were made?

Mr. GOODWIN. We can put that in the record. I do not happen to have it with me.

Mr. FOGARTY. And the recommendations.

(The information requested follows:)

RECOMMENDATIONS TO THE STATE OF OHIO ON PLACEMENT VALIDATION STUDIES

A series of operations studies were made in the Cleveland, Ohio, metropolitan offices during the period October 18 to November 9, 1961, by the national

and regional BES offices. One of the major recommendations contained in the written report of the BES to the former State administrator dated November 29, 1961, was that the Ohio State Employment Security Agency should institute a validation program of local employment service office activity reports. The basis for this BES recommendation was spelled out in the report as follows:

"1. The discrepancies found in the closed order study between the number of openings—compared with the number of placements and openings received, as shown in the employment service 209 reports.

"2. The reporting as a new application of the skeleton self-registration resulting from the carbon copy of the upper half of the form, 'Application for Determination of Benefit Rights and Work Registration.'

"3. A limited study of orders, referrals, and application records in one office showed that 16-plus percent of the sample orders and 84-plus percent of the sample of applications contained errors that could have affected workload activity statistics.

"Reports validation should not be limited to one office or area, or to a one-time only study. Since this is a regular and continuing function of sound administration, adequate staff time should be made available to survey every local office at least once a year.

"The imperative need at all levels of administration for accurate reports recognizes that all concerned with the reporting program insist upon accuracy."

This report was submitted to the former Ohio BES administrator. No response on these specific statements was received.

In April 1962, an evaluation of internal operations of the Cleveland district and local offices was made by staff members of the BES national and regional offices. Again, one of the recommendations was that a validation study of local office activity reports be made. The language in this report transmitted June 22, 1962, to the Cleveland regional office and submitted by that office to the former Ohio BES administrator, included the following:

"Recommendation—Establish a uniform system of reports and controls and a schedule for conducting regular on-the-spot evaluations.

"Compile report data from work documents rather than tallies.

"Periodically validate the accuracy of report data."

Nothing in our records indicates any resultant action being taken by the State agency on these recommendations of the BES.

On May 11, 1963, "Employees of the Ohio State Employment Service" anonymously addressed a letter to the Governor of Ohio with a copy to the Secretary of Labor describing in detail fraudulent records and reporting practices being resorted to in the Cleveland offices to artificially increase the number of placements reported by those offices.

On May 31, 1963, the Secretary of Labor's copy of this letter was handed to the BES regional administrator by an official of the BES national office.

On June 3, 1963, the BES regional administrator wrote the current administrator of the Ohio agency, transmitting this anonymous letter and again urging that the agency conduct an investigation of possible misreporting of placements made. The assistance of the BES regional office in this endeavor was offered.

This letter contained the following language:

"While ordinarily we do not give much consideration to anonymous letters, the specifics in this particular letter may indicate that an investigation would be in order. If it is your decision to have your staff make a placement validation of the Cleveland offices, staff members of this office will be available to assist."

No response to this assistance offer was ever received.

Staff members of the BES have been aware of the need for a validation study of local office activity reports in the Cleveland area for some time. The recommendation for such a validation study follows the basic policy of the Bureau on this subject.

The BES has long emphasized the necessity for validating the reliability of items on statistical reports. Basic responsibility for accuracy of the reports rests with the State agencies, but the BES has made every effort to assist them in carrying out programs of validation.

Within the last several years, the following specific actions have been taken. The BES has provided tools, including a handbook for reports validation, updated and reissued to all State employment security administrators in August 1961 with a letter which emphasized the need for its use. Technical assistance to State agency staff in the field in the use of such tools has been provided.

Within recent years, reports and analysis conferences for State agencies have been held annually all over the country. In each of these conferences, a session has been devoted to reports validation. The most recent of such conferences in which several representatives of the Ohio agency participated was held in Cleveland in May 1962.

In April 1963, in a BES letter to all State agencies outlining programs to be emphasized, the importance of statistical reports validation was again stressed. This was followed on May 1, 1963, with a letter to all State agencies announcing the steps being taken to initiate a required program, on a regular planned basis, for the validation of all prescribed reports.

Mr. LAIRD. Was this a broad recommendation for surveys all over the country?

Mr. CURTIS. It was a specific recommendation with respect to Cleveland in both cases.

Mr. GOODWIN. It should be mentioned here, I think, that these were with different administrators. I mean, there was a change of administration.

Mr. LAIRD. They were not sent to the present administrator? Did the present administrator cooperate with you when you asked him to?

Mr. GOODWIN. He cooperated on this Cleveland investigation; that is right. Now the thing I am not sure of and I will have to check is whether the second of those first two recommendations was to him or to his predecessor. I will have to check that.

Mr. FOGARTY. Then as far as you know, you haven't made any recommendations to this State or any other State urging them to adopt program improvements or expansions which cost more than the funds available?

Mr. GOODWIN. No. I do not know of any instances of that kind.

I would point out that we have very explicit instructions to all States that they are not to spend more than, or they are not to obligate or spend more than the money that is available. We certainly should not have one hand doing one thing and the other hand doing something else. If there is any evidence of that we will see that it is stopped, but there is no question about the specific instructions to the States to stay within the money available.

REPROGRAMMING

Mr. FOGARTY. The committee has been critical in the past of large amounts being reprogramed between activities and from equipment to personnel and vice versa. The report says it was not until January 1963 that you set up regulations to control this. Is that right?

Mr. GOODWIN. Well, we improved our regulations at that time. You might want to comment, Mr. Curtis, on the question further.

Mr. CURTIS. We have had a general policy position that funds were to be used for purposes for which allocated. We had not previously had a system for controlling the shift of funds between major programs and between nonpersonnel services until fiscal year 1963. We did at that point introduce some rules which prohibited the transfer of funds from defined major programs, to and from those programs, and to and from nonpersonnel services, except with the approval of the Bureau, or agreement with the Bureau.

If you will remember the States raised some questions about this policy, saying that it did not give them sufficient flexibility to oper-

ate in such fashion as to meet day-to-day problems, and in January, I believe—that must be the date referred to—

Mr. FOGARTY. That is what they say in the report.

Mr. CURTIS (continuing). We met with representatives of the State people and agreed on some tolerance limits which would give them some flexibility within the general position. As I remember it 3 percent or—

Mr. GOODWIN. Twenty-five positions.

Mr. CURTIS. At that time it was 10 positions and we would act further this year to 25 positions.

Mr. FOGARTY. At the request of the State people?

Mr. CURTIS. Yes.

Mr. FOGARTY. In commenting on the current situation in their report they say:

No records are readily available in BES which show the amounts transferred by the States between the various program areas.

Mr. CURTIS. Since we had not required prior approval of the Bureau for such transfers prior to fiscal 1963, we would not have records which showed prior approval. We do have records which show actual use of funds. Our time reports give us that information, but we do not have the records which go in front of those time reports. We get them now. We got them beginning with fiscal year 1963.

CONTROL BETWEEN MAJOR PROGRAMS

Mr. GOODWIN. Could I point out one thing on this particular point, Mr. Chairman?

Mr. FOGARTY. Comment on any of them you wish to.

Mr. GOODWIN. This point of control between major programs has taken on added importance and significance in the last few years. We used to have in the employment security program a much higher degree of integration of employment service and unemployment insurance and purely from the standpoint of program objectives this question of controlling how the money is spent is much more important now when we are trying to build up the Employment Service than it was a few years ago, and this is one of the reasons why we have wanted to move in this direction.

The other point I would like to make is this: We have a lot of disagreement with the States on this particular point. They feel that we have gone much too far in detailed control of the State business. They tend to feel that once the money is granted to the State that it ought to be within their discretion as to how they use it. Our position, of course, is that this is appropriated by the Congress for specific purposes, and that the Labor Department has the responsibility to see that it is used for those purposes. But every inch we have moved in this direction of the kind of thing that is set forth in your investigator's report, we have moved with great difficulty and with great opposition from the State people.

We happen to believe that what we have done in the last year is absolutely necessary for proper accountability of the money, but I merely want to make the point that this is not universally agreed to by the State agencies.

YEAREND BUYING

Mr. FOGARTY. In the Federal Government we have restrictions on yearend buying of equipment, because in the past sometimes this was a method of using up unobligated balances, whether the equipment was needed or not. The report indicates yearend buying with these funds is sometimes carried to extremes. For instance, they state that in both 1961 and 1962 the amounts obligated in the last quarter were greater than the total for the first three quarters combined. Do you have any regulations to control this as it is controlled in the average Federal agency?

Mr. CURTIS. We control it in this sense, Mr. Chairman, the States are not permitted to transfer money into the equipment category without prior approval of our regional offices, so to the extent which the States spend as is reflected here, the money was spent with our approval.

If I may say one other thing, however, we have not been over the years in a position to present to the Congress the needs of the States in the equipment area. We are now positioned to do so, and we will be doing so next year. We have not been able in the past. Hence, our request has been inadequate and our allocations have consequently been inadequate.

The practice of the States has been to try to produce savings wherever they could and if they were able to produce savings at the end of the year, then to use those savings to make up the deficiency in our allocation. That really accounts for the bulge in the last quarter in equipment purchases and it accounts also for the fact that the expenditures are considerably above the allocation.

USE OF FUNDS TO COMMUNICATE WITH LEGISLATORS

Mr. FOGARTY. The report also comments on the use of these grant funds to pay travel and communication costs of State people to influence appropriations or legislation. There is no allegation of violation of law, but a few instances are included for the committee's information.

There is a fine line and individuals differ where the line is between legitimate activities aimed at keeping the legislators advised of the situation in the State and lobbying with Federal funds.

Do you have any regulations on that?

Mr. GOODWIN. Yes, we do, Mr. Chairman. You may recall that we went into this matter in considerable depth with the committee back, I believe it was 1956, and we also had some discussions with our Advisory Council at that time, and subsequently we wrote to you—and this was February 6, 1957. This was in response to questions that you had raised at that time. We have set forth in our regulations of the States specifically what the rules of the game are.

They do recognize the right of the individual State administrator to contact his Congressman on any item he wishes.

They do recognize the right of the interstate conferences presenting to appropriate committees of the Congress the position of the States.

It might be appropriate at this time to put in the record specifically what our instructions are on this particular point.

Mr. FOGARTY. We will put them in.

(The information is as follows:)

[From the Employment Security Manual, Dec. 21, 1956]

FISCAL MANAGEMENT—EXPENDITURE OF FUNDS

USE OF GRANTED FUNDS FOR FEDERAL LEGISLATIVE ACTIVITY

Standard

A. Granted funds may be used to pay the expenses of the following activities, if not inconsistent with applicable State law:

1. Official contact by a State administrator or other duly authorized representative of a State employment security agency to present the views of his State to Members of Congress representing the State in which the agency is located, whether such contact is by request of a Member from that State or is initiated by the agency, and whether such contact is by letter, by telephone, by telegraph, or in person.

2. Official contact by a State administrator or other duly authorized representative of a State employment security agency to present the views of his State to any other Member of Congress at the request of such Member, whether such contact is by letter, by telephone, by telegraph, or in person.

3. Official appearances by a State administrator or other duly authorized representative of a State employment security agency to present the views of his State before a committee of the Congress, if there is a public hearing or if his request has been granted for an appearance before the committee at other than a public hearing.

4. Official communication by a State administrator or other duly authorized representative of a State employment security agency, when acting in the capacity of a representative of other State employment security agencies through the Interstate Conference of Employment Security Agencies or otherwise, to arrange for the introduction of legislation by a Member of Congress in either House, and official appearances in such capacity before a committee of the Congress, provided (1) that such individual has authorization from such other States to represent them, through a specific authorization from such States, through a resolution adopted at the annual meeting of the interstate conference, or through an interim poll of the States by the interstate conference; (2) that such individual indicates the existence of any known minority views by one or more States; and (3) that, in the case of an appearance before a committee of Congress, there is a public hearing or his request has been granted for an appearance before the committee at other than a public hearing.

B. Granted funds may not be used for—

1. Activities which are in violation of paragraph A.

2. The purpose of attempting to prompt any other State agency or any other person or organization to solicit or attempt to influence Members of Congress regarding pending or prospective legislation. Subject to the limitations imposed by this paragraph: (1) the Interstate Conference of Employment Security Agencies, through its officers and committees, may prepare and distribute to its member agencies descriptions, analyses, and evaluations of any pending or prospective Federal legislation affecting the employment security program; and (2) any State employment security administrator may prepare and present or distribute similar material to interested groups and individuals in his State or to other State employment security administrators.

Mr. FOGARTY. What are you doing about seeing that they are carried out?

ANNUAL REPORT FROM STATES

Mr. GOODWIN. We watch this carefully and check to see that it is carried out. We get an annual report of the travel by State agencies which indicates to us whether there has been any—well, I might say that report also gives the purpose of the travel, the purpose of the visits, so that we have a signed, certified report from the State agencies on all travel and the purposes of the travel.

Mr. LAIRD. Mr. Chairman.

Mr. FOGARTY. Yes?

Mr. LAIRD. Doesn't that report also include the cost of wires sent to Members of Congress and other contacts made, in accordance with the committee report of 1958 or 1956?

Mr. CURTIS. The committee, in the hearing on our 1956 appropriation requested that we get a report of interstate travel by State employment security administrators. I do not recall that it specified telegrams.

Mr. GOODWIN. We had a one-time request on other costs, I know, and we do cover items of this kind in our regular audits, and we frequently disallow payment of certain costs where it is apparent that they are not in line with this policy.

Mr. CURTIS. If I may supplement just a moment, the tracing back to this 1956 report and the requests contained in it and further reports of the committee, I believe in 1957 and 1958, we do three things, just to summarize: The committee recommended that we send this annually to the State agency, this policy, and we do that; that we get annually the report of travel of State administrators to Washington. We do that. And third, that we intensify our audit and make sure that our audit covered travel, communications, telegrams, telephones, and the like, and we are doing that.

These are the ways that we do attempt to enforce the policy.

Mr. FOGARTY. Of course, there is nothing wrong in the State administrator contacting his Congressmen or Senators, if their funds are getting low, to let them know the effect it will have in the State.

Mr. GOODWIN. That is right.

Mr. FOGARTY. If anything unusual is happening in the State, he ought to.

Mr. DENTON. If our State administrator came to Washington and did not come to see me, I would think something was wrong.

SALARIES AND EXPENSES

Mr. FOGARTY. In your salaries and expenses budget, there isn't much overall change except for mandatory costs, and to straighten out the working capital fund.

There is a total increase of \$1,125,600, and these things I mentioned total over \$750,000. There are several small minuses and two program increases.

GORDON COMMITTEE RECOMMENDATIONS

The first is \$370,000 and 17 positions, to implement the Gordon Committee recommendations.

You mentioned this in your prepared statement, but will you tell us a little more about why this is necessary and how it ties in with the increases that the Bureau of Labor Statistics requested?

Mr. GOODWIN. Yes.

I think Mr. Levine might speak to that.

IMPROVEMENT OF EMPLOYMENT AND UNEMPLOYMENT STATISTICS

Mr. LEVINE. Mr. Chairman, the President's Committee To Improve Employment and Unemployment Statistics dealt with several areas where it felt there could be considerable improvement in the accuracy and the techniques for organizing the data.

The committee felt that this was especially important in the light of the legislation which had recently been enacted that bears very heavily on estimates of unemployment and rates of unemployment in local areas; it was tied to the Arear Redevelopment Act and the Accelerated Public Works Act.

As you know, we have, for many years, Mr. Chairman, worked very closely with the Bureau of Labor Statistics in joint programs, utilizing the State employment security agencies and unemployment insurance data as reported through claims or covered employment for getting that employment and unemployment data below national totals. Whenever we had to get beyond the national totals for State and local areas, we relied very heavily on the Federal systems.

This the President's Committee felt that we need to improve the local area estimates of unemployment very considerably.

The only base that we have for unemployment data, other than that derived from employment security sources, is the census. That for 10 years covers the whole country, monthly only and a small sample, and lends itself only for a national total, and the national rate, but not for the State or local area rate.

In this request we are asking for some \$195,000 to contract with the Bureau of the Census so that for selected labor market areas it will be possible to develop through the household survey technique, the unemployment total and rate for these areas. Then we can make comparisons with administrative statistics of unemployment insurance and thus have a basis for adjusting estimates in other localities as well.

The improvement of establishment reported employment data is another part of the President's Committee recommendation, and here we work very closely with the Bureau of Labor Statistics, using the State agencies as the source of collection and jointly arriving at the requirements of how that, or what amounts shall be needed in improving data with the States. That is provided for here.

A third major area which was recommended by the Committee dealt with job vacancy data. This, by the way, is an area of concern in other quarters than the President's Committee on Improvement of Statistics, of the National Bureau of Economic Research. The former Chairman of the Council of Economic Advisers, Mr. Byrnes, has talked on this subject publicly a number of times.

Except for the data from employment security operations, we lack in this country job vacancy data which could be used as a gage of the vibrancy of the economy, its growth, and the extent of full employment being achieved in the economy. Job vacancy data are extremely important as a gage to placement opportunities.

For economic purposes, the national data need only be totals, aggregates of job vacancies. However, for employment security operations, job vacancy data are useful when they can be identified by industry, occupation, and by locality.

We have no funds for that purpose but we have done some experimenting in one State—Illinois. The Governor of Illinois had established a commission on unemployment. He was very much concerned with the lack of job vacancy data and has asked the State agency to—on a small-scale pilot base—to see what might be done to test the checks of such data.

We have been working with that State agency by providing some consultation and technical advice.

In this request there is a provision for—beginning on an experimental basis, not on a national basis—to collect, or to test what is involved in the collection of job vacancy data. This depends a great deal on personnel practices within an establishment, what kind of records they maintain, whether they are centralized or decentralized there is a lot experimental work that will have to be done.

AUTOMATIC DATA PROCESSING

Mr. FOGARTY. The other increase is \$304,000, and 16 positions, to improve financial management procedures and automatic data processing techniques.

Aren't the companies that manufacture the automatic data processing equipment willing to analyze any situation that might offer a market for their equipment and make reports?

Mr. LOVE. They are able to help us analyze our problems, to determine the feasibility of using their equipment.

There are a number of manufacturers. We would have to make a selection among them. The manufacturers, of course, do not operate their equipment. This request is essentially for funds to enable us to buy a service from the central installation within the Department of Labor, which is the less expensive way of getting the service. We buy that service, essentially from the Bureau of Labor Statistics.

Mr. FOGARTY. I have noticed a tendency in some agencies to think of all automatic data processing equipment as IBM equipment. I hope you see to it that the States get bids, or at least carefully check on all equipment that can do the job.

Mr. LOVE. That is required.

Mr. FOGARTY. I don't have any stock or any other interest in any of them.

CALIFORNIA LINES SYSTEM

How is the California Lines system working out?

Mr. LEVINE. Mr. Chairman, we have been, as you know, working very closely with the California Department of Employment and the Employment Security Agency there on the telecommunications system, which was experimentally established about 2 years ago. It really got underway in fiscal year 1963 on a firm basis, linking some eight offices by teletype.

The prime purpose was to expedite the processing and balancing of job openings with applicants in the professional and other shortage occupations.

The experience—and we have followed it rather closely—demonstrates clearly that the responsiveness of local offices under telecommunications systems is much greater than when they are operating with a mail system and a considerable timelag. Very often the office which has an applicant is not responsive to the office which has an order, if that office is some distance away. The applicant office assumes that by the time it has received the forms, et cetera, the order must have been filled, so applicants are not searched out. With the telecommunications system, you respond much more quickly.

MATCHING APPLICANTS AND JOBS BY AUTOMATIC DATA PROCESSING

This is one phase of the project. The second phase is to do research in identifying the key elements in hiring specifications and in applicants qualifications, so that they could be matched by, in the first instance, identifying these key elements, storing them in automatic data processing equipment, and then retrieving them quickly and matching them.

This is a much more difficult process. We have presented step by step, what the best qualified employment office personnel would do in picking out the key elements in employers hiring specifications and what he would do in selecting the applicants records that most nearly met the specifications.

That has now reached the stage where, in January of this year, in a Sacramento local office there is conversion taking place to automatic data records. Every key element of an individual's qualifications, and of the employer's hiring specifications are placed on automatic data processing equipment. That doesn't mean we have dropped the conventional method of maintaining records, either. We have to keep that system going. It is an experiment in the Sacramento office.

Some people misunderstood the second phase of the project and assumed that this meant the elimination of interviews between a prospective employer and an applicant. This is not the case. It is merely a means of screening those who obviously do not have the necessary qualifications. Then you still would have to go to the conventional hiring process.

I might add one more thing, Mr. Chairman. In Arizona, on a very limited basis, they have had some telecommunications. It has been possible to link the Phoenix office, which has had this system, into the California system at practically no cost at all, and this is being done. For the first time we will have a linkage between Arizona and California. This is quite important because, as you know, in that section of the country there is a great deal of interrelationship of job markets in the missile, rocket, and related fields.

Mr. FOGARTY. Would this be improvement of services only or would it also save money?

Mr. LEVINE. We believe it will do both. It will definitely improve services because labor markets in these occupations turn about very quickly. Unless you are responsive on a quick basis you fail to provide a service to the employer and to the applicant. We also think it will result in some considerable savings because the process of hunting through records manually and then examining them is a costly and time-consuming process.

GRANTS TO STATES

Mr. FOGARTY. For grants to States you are requesting \$455,076,000, an increase of \$30,076,000 over the \$425 million appropriated for 1964. About \$20 million of the increase is due to mandatory costs.

INCREASES FOR THE EMPLOYMENT SERVICE

The only large increase is \$3,569,000 for continuing the improvement of the Employment Service.

In what way do you plan to improve it?

Mr. LEVINE. The largest portion of that request, Mr. Chairman, is concerned with the continuation of the improvement of the service in the major metropolitan areas and particularly in categories involving service to applicants making up the hard core of unemployed, the educationally deprived and the least skilled, including the school dropouts.

Mr. FOGARTY. And part is for small communities.

Mr. LEVINE. This is the other part to which Mr. Goodwin referred. We have been experimenting since 1958, starting with selected counties in four States—Arkansas, Kentucky, Wisconsin, and Tennessee. We went to the rural county and worked very closely with the Agricultural Extension Service, the county agents, and others to get an economic profile of the county, the characteristics of the people living in that county, the labor force. Very often it was a situation of lack of job opportunities, with outmigration being about the only alternative.

Our approach was to do two things—one, to see what could be done, working with the Agricultural people and local community leaders to stimulate economic development in the county and thus retain the work force. Second, it was to provide job market information and services to those people so that the school systems and other agencies would be better geared to help fill the kinds of jobs these people might have to face up to.

That approach worked so well it resulted in both things happening. In some instances little plants came in—shoe plants in Arkansas, Kentucky, and Tennessee, and it also resulted in better preparation of youngsters to the job opportunities they would have open to them.

We subsequently extended that service to some 10 States and we are now proposing to extend it to an additional 10 States in the next year.

What we have been doing is taking the limited amount of money that we have used in one State, and perhaps in a subsequent year transferring it to another State planting a seed, so to speak, but reusing money from State to State hoping that the State, when it had developed the experience, would see the value of this and want to expand it insofar as it could itself.

Mr. FOGARTY. Part of the increase is for additional service for organized workers. I thought the unorganized were more in need of services than the organized.

Mr. LEVINE. This program, with respect to assistance of employment offices working with organized workers, is limited to the largest of our metropolitan areas. There has been experience in this field now for some years in the New York City metropolitan area, where by the very nature of the operations of the labor market, which are so complex and to the problems so immense, both management and organized labor have come to the employment offices and asked for assistance to regularize the job market and shorten the intervals in the shifting of workers between different establishments. It hap-

pened in the apparel industry first. The relationships between the employment offices and the Amalgamated Clothing Workers, the International Ladies Garment Workers Union, and management have been close. It permits a specialized service growing out of a particular knowledge of the characteristics of the industry and the patterns of employment and the kinds of occupations.

More recently this was extended to hotels and restaurants. You know, I am sure, the problem of the hotel and restaurant industry in New York City is an extremely difficult one, particularly in terms of **the kinds of workers that have been brought into it, especially Puerto Ricans in recent years, and a considerable number of other minority groups.**

Here again the union and management together came to the Employment Service and asked for assistance in regularizing the operations.

We have had that experience in New York for some time. It is now beginning to develop in Chicago and in Los Angeles where requests are coming in. We are not initiating these. These are coming out of industry problems for assistance in shortening the interval involved in shifting between jobs, finding out which jobs are open, and so on.

Both Chicago and Los Angeles have many of the characteristics—Los Angeles in some ways more than Chicago—of some of the New York City market operations.

INCREASE FOR APPRENTICESHIP INFORMATION CENTERS

Mr. FOGARTY. You have an increase of \$302,000 for apprenticeship information centers. Where will these be located and why shouldn't this be appropriated to the Bureau of Apprenticeship?

Mr. LEVINE. As Mr. Goodwin testified, Mr. Chairman, the Apprentice Information Centers now number five. These centers actually do not select or refer or engage in the placement of apprentices. I should make that clear at the outset. That arrangement is worked out between management and labor and it is part of the Apprenticeship Council technique and approach.

These information centers are really centers which provide occupational information, guidance, counseling assistance in apprenticeable occupations. They are established with the advice and the assistance of the Bureau of Apprenticeship and training people in the field and with the union and management groups dealing with apprenticeable occupations.

They are designed to get at the problems of individuals who in the past have not gotten into apprenticeable occupations. These are primarily minority groups, the groups which have had difficulty finding work in these fields.

Mr. FOGARTY. I thought that was being done by these apprentice offices now. In my State we have three men working in this office.

Mr. LEVINE. In California, for example, it is done by the State apprenticeship council, management, and labor, the employment service is not involved in that instance.

The first place we started was in the District of Columbia.

ORIGIN OF APPRENTICESHIP CENTER PROGRAM

Mr. LAIRD. I never heard of these before. You must have set these up through some sort of reprogramming.

Mr. LEVINE. No, sir. The beginning of this program was financed in connection with the work growing out of the Manpower Development and Training Act.

Mr. LAIRD. Where did they ever appear in the budget? I never heard of them before.

Mr. LEVINE. They have not been under the title III budget. The five that are now in existence have been financed this year from manpower development and training funds and not from this budget.

We are bringing before this committee for fiscal year 1965 the request that these 5 plus some 10 additional areas be provided with Apprentice Training Information Centers and that they be financed through this appropriation.

The character of the work is so closely related it is indeed almost an integral part of employment counseling activities, the differentiation being that these are apprenticeable occupations about which job market information and counseling assistance will be given.

Mr. LAIRD. Is that why the Department of Labor is phasing out the Bureau of Apprenticeship and Training?

Mr. LEVINE. I am not aware that it is phasing out that Bureau and as far as I am concerned, I know that our relationships with the Bureau of Apprenticeship and Training have increased tremendously in areas of manpower development and training, on the job training, Apprenticeship Information Centers, and the like.

Mr. GOODWIN. On this particular project the Under Secretary is very much interested. This was not initiated by the Bureau. We were asked to set these up—

Mr. LAIRD. Get them started and then ask for money.

Mr. GOODWIN. We felt there was a real need for this kind of project. It was tried out here in Washington and it seemed to operate effectively.

WASHINGTON APPRENTICESHIP CENTER

Mr. FOGARTY. What were some of the results of the Washington experiment?

Mr. LEVINE. As you know, Mr. Chairman, this problem started in the building trades in the District of Columbia, the question about the accessibility to job opportunities in the building trades through apprenticeship, with the allegation that the opportunities were pretty small for those in the minority groups.

It was felt that if minority groups, particularly youngsters, had better information as to what was required to be better qualified and prepared for apprenticeship in terms of education, background, and so on, this in itself would be one step forward in increasing the number of minority group people in apprenticeable occupations.

Many negotiations were undertaken between the Department of Labor and the groups in organized labor in the District and with management groups.

It was decided that the Bureau of Apprenticeship and Training representatives and the District of Columbia employment service representatives in consultation with management and labor could work

together to develop programs in the District of Columbia for the occupations in which these apprenticeships occur.

This now has been underway, I think, some 6 to 8 months. The experience has been very, very encouraging.

Another evidence of how closely apprenticeship information is to the so-called normal activities in employment offices is that it is tied in very closely with the Youth Section in the District of Columbia Employment Office; in fact it is carried on right in conjunction with the Youth Section.

A number of youngsters have been told about the various occupations, and how to go about seeking apprenticeships. Unions have indicated an interest in dealing with those youngsters—

Mr. FOGARTY. You think this has worked out real well here?

Mr. LEVINE. It represents a breakthrough. There has been nothing like it before.

Mr. FOGARTY. You can expand on your statement for the record.

Mr. LEVINE. Very well.

(The information requested follows:)

APPRENTICESHIP INFORMATION CENTER, DISTRICT OF COLUMBIA

In early 1963 the Advisory Committee to the U.S. Commission on Civil Rights stressed the serious and continuing problem of exclusion of Negroes from apprenticeship programs in Washington, D.C. The report of one survey reported at this Committee's Conference on Equal Opportunity, revealed only 1 Negro among 194 registered building trades apprentices. The possibility of a minority group strike against the builder of the new physical education building on the Howard University campus, because no Negroes were employed in the construction, helped to highlight the need for definite action to improve the employment opportunities of Negroes in the construction industry. As a result of these and other conditions the Department of Labor and the President's Committee on Equal Employment Opportunity took positive action which brought about the establishment of the District of Columbia Apprenticeship Information Center.

On June 17, 1963, the center was installed as a functioning operation in the offices of the U.S. Employment Service to provide information, counsel, and guidance about apprenticeship to District of Columbia youth of all races and backgrounds and to provide a major source of job tested apprenticeship applicants for industry. Also on this date, by administrative order, 10 representatives of labor, management, minority groups, and the general public were sworn in at a public ceremony as the official advisory committee to the new center. The president of the Greater Washington Central Labor Council was elected as the committee's first chairman.

As a result of close cooperation with unions, apprenticeship sponsors, school representatives, and other affected groups, the District of Columbia center has achieved the following results during its first 8 months of operation: 1,050 total youths (876 Negro) received information or further service; 362 youths were tested for apprenticeship (some appearing were tested previously at local high schools); 245 youths (199 Negro) qualified for apprenticeship; 369 referrals (293 Negro) were made to apprenticeship sponsors; 70 youths (59 Negro) were placed in apprenticeship jobs during this period.

For the most part, the center in the District of Columbia and centers planned in other metropolitan areas, are a dual agency concept shared by the Bureaus of Apprenticeship and Training and Employment Security. The role of the BAT is one of promotion during the early stages of center development in a community and of information and consultation once the center is established. BAT utilizes its public relations know-how and its previous acquaintance with the affected public; i.e., unions, and apprenticeship sponsors to gain acceptance by these groups. Jointly the two Bureaus coordinate their promotional activities with minority, school, and public groups. The BAT representative is a permanent consultant regarding the operation of each center and provides information and other materials to the center.

The role of the BES is management and operation. This activity is a combination of developing the greatest source of apprenticeship applicants through cooperative relations with school counseling and guidance departments, and minority organizations, and the development of apprenticeship opportunities through working with unions, and employers while maintaining a central source of information regarding apprenticeship opportunities and requirements for all interested youth.

As a result of demonstrated need as well as strong indications of community willingness and ability to support apprenticeship information centers, MDTA funds have been utilized to establish such centers, on a demonstration project basis, in Baltimore, Boston, Chicago, Cincinnati, and Philadelphia during fiscal year 1964. Continuation of these five centers and the establishment of additional centers (based on the experience gained in operating these centers and the demonstrated need of new communities), is a function of the Employment Service. Counseling and testing of youth for specific occupations, the promotion and development of jobs (apprenticeship opportunities), and the steering of job-tested applicants to employers (apprenticeship sponsors) for their selection, as will be done in apprenticeship information centers, are normal functions of the Employment Service and not found in any other agency of government or private industry.

INCREASES FOR PROGRAMS TO REDUCE THE NUMBER OF SCHOOL DROPOUTS

Mr. FOGARTY. Part of the increase is for programs to reduce the number of school dropouts. What kinds of programs are these?

Mr. LEVINE. For many years now the employment offices in the States have been working very closely with the school people, particularly the high schools. Some 10,600 high schools in the country have been involved. There are cooperative arrangements between the employment offices and high school authorities to counsel and to test 11th and 12th grade youngsters who have indicated they are not going on to college but will be entering the job market.

Out of that experience it has become evident that we are missing youngsters who do not reach the 11th and 12th grades, or who even drop out in the 11th and 12th grades.

The legislation of the last couple of years on improvement and development of our manpower resources, particularly with the emphasis on youth, has brought this very much to the fore. The employment offices, therefore, have been asked by school authorities to work more closely with them on the school dropout program.

I will give you an excellent illustration. In Detroit we have many concentrations of these manpower problems. There the superintendent of schools, Dr. Brownell, former Commissioner of Education in the Federal Government, is working closely with the Michigan employment officials and the Detroit Employment Office authorities to identify the school-leavers and dropouts, search out their labor force status and where they may be found and to bring them back into the picture.

One of the great problems is to bring them back into the world of reality.

Mr. FOGARTY. Will you place in the record some other examples?

Mr. LEVINE. Yes.

(The information requested follows:)

PLACEMENT RECORD ON SCHOOL DROPOUTS

In 1956, the Employment Service gave the first formal nationwide attention to school dropouts. Procedures for this service were developed in 1957. Under this program, schools furnish monthly lists of dropouts to local employment

services to enable them to contact dropouts who do not voluntarily visit Employment Service local offices. Formal cooperative arrangements exist between the schools and the Employment Service in 45 States. Employment Service personnel develop and maintain these cooperative arrangements with school superintendents, guidance directors, school counselors, principals, etc.

For the 1962-63 school year, the Employment Service registered 49,891 school dropouts as a part of a planned program with the schools; 21,222, or 42.5, of these dropouts were placed on jobs. Our present reporting procedures do not cover services provided to all dropouts who register for service at the public employment service offices.

The Employment Service also serves school dropouts through work-study programs. Under these programs Employment Service workers do job promotion and job solicitation, work closely with school counselors who are stationed in public Employment Service offices, and administer aptitude tests when requested by the schools. These programs have been excellent means of retaining many youth in school who would have otherwise dropped out. Twenty-two States reported participation with schools on work-study programs in 1963.

In St. Louis, Mo., and Newark, N.J., where two youth demonstration projects are underway, we have provided special services to school dropouts. While exact figures are not available, it is estimated that we place 45 percent of the registered dropouts on jobs.

In St. Louis, Mo., the Youth Division has cooperated in establishing a special youth training project for the 400 school dropouts. The course started in June 1963. These youth receive basic literacy training and skill development in several occupational areas. The Employment Service will place these youth when training has been completed.

A work-study program has been established in Newark with the Prudential Life Insurance Co. Mrs. Francis P. Quilliam, vice president of Prudential Life, has worked closely with Employment Service staff in the development of this program. Under this program, the potential dropout is placed in a regular work environment and permitted to learn the needed skills for employment. The Employment Service assists in the selection, referral, and placement of these trainees.

In Newark, all schools in the city now refer the dropouts and potential dropouts to the Newark Youth Office. Prior to the establishment of the Youth Center in 1962, a small percentage of the schools received this service. Excellent relations have been established between the Employment Service Youth Office and personnel in the Newark school system. Dr. Leo Litzky of the Newark school system has worked closely in establishing a program for school dropouts.

In Detroit, Mich., we have just completed a study of school leavers (high school dropouts and graduates) from two schools located in central Detroit. These schools have extremely high dropout rates. Dr. James B. Conant, an eminent educator and former Vice Chairman of the President's Committee on Youth Employment, stimulated the undertaking of this study. It was designed to follow the school leavers from these two schools to determine what difficulties they encounter in locating jobs, to gather information on how both the schools and the Employment Service could improve their service to dropouts, and to provide employment services to these youth. Dr. Brownell, superintendent of schools in Detroit, Mich., has given his support and cooperation in conducting this study.

A final report on this study is being prepared. It is hoped that the information obtained from this study will facilitate our efforts to serve dropouts in all local offices.

INCREASES DUE TO CHANGES IN STATE LAWS

Mr. FOGARTY. You say in 17 States there have been 23 changes in laws expected to increase administrative costs.

Supply for the record what these States are, and the types of changes.

Mr. NORWOOD. Yes, sir.

(The information requested follows:)

ESTIMATED COST OF STATE UNEMPLOYMENT INSURANCE LAW CHANGES

The request includes an amount of \$416,000 to cover estimated costs in fiscal year 1965 of unemployment insurance law changes enacted during their 1963 sessions by 17 State legislatures. These costs will arise out of 23 amendatory acts out of a total of 140 enacted by 42 State legislatures.

State listed

The 17 States involved in the cost estimates are:

| | | |
|----------|--------------|---------------|
| Arkansas | Nebraska | Tennessee |
| Colorado | New Mexico | Utah |
| Florida | New York | Vermont |
| Idaho | North Dakota | West Virginia |
| Indiana | Ohio | Wyoming |
| Michigan | South Dakota | |

Nature of changes

Five of the amendments will cause further increases in the claims contests and appeals workloads (not provided for in the request for correction of the workload base) because of more severe consequences of disqualifications; five provide for more involved methods of determining the amount of a claimant's benefit rights; five amend the provisions for determining an employer's tax rate; four change or add provisions relating to deduction of retirement benefits from a claimant's benefits; three relate to methods of collecting taxes; and two eliminate regular reports of worker's wages and provide instead for obtaining such reports by requesting them of employers after claims are filed.

Activities affected and estimated cost

| | |
|-----------------------------------|----------|
| Tax administration..... | \$57,747 |
| Tax rate determination..... | 62,313 |
| Contested claims and appeals..... | 54,709 |
| New claims processing..... | 145,912 |
| Other claims administration..... | 95,510 |
| Total..... | 416,191 |

CHARGES BY PRIVATE EMPLOYMENT AGENCIES

Mr. FOGARTY. The heads of the private agencies are still trying to run you people out of business according to this article in the Wall Street Journal of last Monday. Apparently they are mobilizing again this year.

I wish you would take this article and prepare comments on it and we will place both in the record.

Mr. GOODWIN. We will be glad to do so.

(The article and comments follows:)

[From the Wall Street Journal, Feb. 10, 1964]

PRIVATE-PUBLIC TIFF: EMPLOYMENT AGENCIES CHARGE THE UNITED STATES SEEKS JOB-PLACING MONOPOLY—USES STEPS UP PLACEMENT OF SCIENTISTS, ENGINEERS BUT CALLS ATTACK HOGWASH

CONGRESS MAY JOIN THE FIGHT

(By John A. Grimes, staff reporter of the Wall Street Journal)

WASHINGTON.—The Government's chief job broker is expanding operations—and bumping into angry charges of trying to corner the national labor market.

Accused is the U.S. Employment Service, a subdivision of the Labor Department's Bureau of Employment Security. The Bureau oversees and bankrolls, out of a special employer-supported fund, the "free" job placement activities of nearly 2,000 State-run public employment offices.

This network has been spreading; the number of local offices has risen 10 percent during the past 2 years. Operating outlays have been mounting, and officials are seeking still larger funds. And the Federal-State system has been moving to attract a wider, higher class clientele.

The attack is coming from some 4,000 private employment agencies, spearheaded by the 800-member National Employment Association, which find and fill jobs for a fee. Operators of the private agencies complain the USES is invading their bread and butter field—the placement of highly paid, highly skilled managers, engineers, scientists and technicians—with the intent of establishing a “Federal manpower monopoly.”

As one example of encroachment, private agency spokesmen cite a State office's ads in a major city newspaper for “an open-hearth superintendent for \$23,754 per year; a mechanical engineer for \$15,000; two electronic engineers for \$12,000.” The critics contend the USES was set up mainly to help the unemployed and is shortchanging them in seeking better jobs for the already employed.

Mr. Snelling's nightmare

Robert O. Snelling, head of the Pennsylvania Association of Personnel Services and president of the personnel consulting firm of Snelling & Snelling, Inc., even talks of a Federal grab for power with “nightmarish resemblance to the manpower methods of Nazi Germany and the Soviet Union.” D. Dale Hughes, executive director of the National Employment Association, reacts more mildly to rivalry from State offices: “They're hurting our business.”

While conceding they're providing stiffer competition for private agencies, USES officials boil at the stronger charges leveled at them. “This manpower monopoly is so much hogwash,” snorts one. “Both private and public employment offices account for only 20 percent of the total hires in the national labor market, and you can't make a monopoly out of that share.” Other channels of hiring, officials argue, prevent any monopoly: Word-of-mouth reports of vacancies, employers' own ads for workers, direct hiring at the plant gate or company office, and the like.

Federal-State employment service managers deny, too, that they spend too much effort digging up jobs for the already employed. BES Director Robert Goodwin points to a survey made last May of 22 State agencies which normally make 75 percent of the system's job placements. It showed 97 percent of the nonfarm placements were of unemployed workers. USES plans more frequent checks in the future, “and we expect the same high percentage will prevail,” says Mr. Goodwin.

This private versus public battle seems sure to burst out soon on Capitol Hill. Private agencies plan a heavy assault on the Labor Department's request for congressional permission to spend \$171 million in the fiscal year starting next July for USES job placement activities, up from \$165 million this year. As recently as 3 years ago, the outlay was below \$108 million. The money comes from the Federal unemployment compensation fund, built up by an 0.8 percent tax paid by employers on the first \$3,000 of each worker's annual wages.

Unsuccessful pioneering

The private agencies did make a pioneer, but unsuccessful, effort last year to win a congressional cut in the USES spending request. One reason for the failure, it's felt, is that the campaign hadn't been rolling long enough. This year the system's critics see more hope for getting a reduction.

As possible ammunition, the private agencies are eagerly awaiting results of an investigation by the House Appropriations Committee staff into financial management of the Federal-State system. The probe was ordered last year after the employment service requested an extra \$4 million to meet unforeseen expenses.

Fired by revelations of falsified job placement reports in the Cleveland office of the Ohio State Employment Service, the private agencies are pressing also for a more sweeping investigation of the system. Republican Representative Taft of Ohio has urged a special House Labor Subcommittee at least to dig deeply into the Cleveland affair. “This could turn into a hot potato,” opines one House aid. Some employees of the Cleveland office have said they thought the false hiring reports were made to build up its record to support the State agency's claim for Federal funds. USES officials deny a quota system is used to parcel out money.

An expanding scope

Meantime private agency spokesmen will bombard lawmakers with arguments designed to show the USES is disregarding antiunemployment aims of the Wagner-Peyser Act of 1933, which set up the Federal-State employment system in its present form. An avowed aim of the private agencies is to win a clarification of the law to confine the public employment system to finding jobs for the hard-core jobless—those with low skills and little education who have trouble getting and keeping work.

There's little question that the Federal-State system is expanding its scope, notably in placing skilled, specialized professional workers. This category of placements showed a 24-percent increase, to 221,000, during the fiscal year ended in mid-1962, and a further 12-percent climb, to 247,500, during the past year. (Private agency spokesmen are mum on their professional placements, but Federal officials figure they run about double the public system's total).

While professional placements are still tiny beside total nonfarm job placements—more than 6.6 million by the public system alone last fiscal year—the number of professionals in the labor force is rising rapidly and will surely account for a greater share of placements in the future. The Labor Department calculates professional workers will number 10.5 million in 1970, up from 7.5 million in 1960.

"Maximum economic growth which opens up new jobs at all levels of the labor market depends heavily on the efficient use of professional manpower," declares Mr. Goodwin. He argues that "the network of public employment security offices provides a unique framework for this kind of assistance."

To attract a greater professional clientele, the USES has reshuffled its setup in some 50 metropolitan areas, divorcing staffs handling job orders for the employment applications of professional workers from those handling industrial placement and unemployment insurance activities; sometimes the tasks are done in separate offices. Contacts with professional societies have been stepped up. In California, an experimental teletype network has been set up between several State offices to speed the transmittal of job request and job vacancy information for quicker placements.

Though Labor Department officials profess not to be worried by the attacks from the private agencies, they've been looking to their defenses.

After revelation of the Cleveland falsifications, Federal men snatched up job placement records in several other Ohio cities to sift them for scandal. Sandusky has been declared clean, but the results of studies for Akron, Cincinnati and others have not been announced.

Federal officials also say they'll make it mandatory for the public employment system to check systematically job placement records for possible falsification; previously, the procedure has only been recommended. From time to time, the employer, and possibly the employee, will be checked to make sure a job opening was filled as reported.

Also, officials have completed lengthy memos to hit back at critics. A 15-page "Fact Sheet on Fee-Agency Attacks on the Public Employment Offices" charges, among other things, that the opposition's campaign draws heavily on "misleading information, distortion of facts, and general scare phrases." The employment service also put out "an analysis of references to USES in *Life* magazine" last August, going through a *Life* article line by line to knock down "misstatements and inferences."

In another sort of counterattack, some Federal officials and some union men are suggesting that the fee-charging agencies need tighter regulation. "It is time that the Federal and State governments reviewed the all too common abuses of the private agencies," declares Labor Under Secretary John Henning. It's noted that five States require no regulation at all. They are Vermont, South Carolina, Mississippi, Alabama, and New Mexico. The AFL-CIO charges that laws controlling private agencies in those States which do have them are "piecemeal, ineffective, and outdated."

Federal-State employment officials have managed, they say, to patch up a quarrel with one private group: The College Placement Council, a nonprofit organization which represents regional placement associations that deal with nearly 900 colleges and universities as well as some 1,800 employers who visit campuses to recruit graduates. The council, along with the private job agencies, had been attacking the USES as trying to supplant the existing system for placing graduates. Meetings last fall between council officials and Mr. Goodwin, followed by an exchange of letters, helped bring peace. Federal officials promised there

would be no visits to a campus unless the school requested them. John Brooks, president of the College Placement Council, declared that while some differences remained, the Government's "clarification should be accepted in a spirit of cooperation and mutual trust."

COMMENTS ON WALL STREET JOURNAL

(Article of Monday, Feb. 10, 1964)

The February 10, 1964, edition of the Wall Street Journal carried an article bearing the headline "Private-Public Tiff: Employment Agencies Charge the United States Seeks Job-Placing Monopoly," which endeavored to present both sides of a controversy that has many ramifications. The author of the article has done a good job of describing the organized, continuing nature of the fee-charging agencies' attack against the public employment service system. He has quite perceptively summarized the issues and allegations being raised most frequently by the fee-charging employment agencies and has accurately reported the position of the Bureau of Employment Security concerning most of those issues and allegations.

However, the article contains certain statements about the public employment service system which need clarification and other statements which require additional background information if they are to be properly interpreted and evaluated. These statements and comments concerning them are as follows:

1. Statement: "This network has been spreading; the number of local offices has risen 10 percent during the past 2 years."

Comment: In November 1961, there were 1,795 local public employment service offices operating on a year-round basis. In November 1963, there were 1,904 such offices—an increase of about 6 percent over the 2-year period. This increase, specifically authorized by Congress, has been related to the effort being made to strengthen the capability of the public employment service to meet the rapidly changing manpower problems and needs of the Nation and to provide increased services required by the expanding work force, particularly youth and other special groups.

2. Statement: "Robert O. Snelling, head of the Pennsylvania Association of Personnel Services and president of the personnel consulting firm of Snelling & Snelling, Inc., even talks of a Federal grab for power with 'nightmarish resemblance to the manpower methods of Nazi Germany and the Soviet Union.'"

Comment: The American labor market operates on the basis of complete freedom of choice by both workers and employers. Many hiring channels, including public and private employment agencies, are available. Both workers and employers have the right to make a free choice with regard to using any or all of these hiring channels.

All policies and activities of the public employment service are positively directed toward the maintenance and protection of this freedom of choice for both workers and employers. It is ironical, therefore, that an agency which follows this course is here accused of using tactics resembling the manpower methods of Nazi Germany and the Soviet Union by a spokesman for a group which seeks to eliminate the freedom of choice of more than 94 percent of the Nation's work force (see statement and comment No. 5) with regard to the use of the public employment service.

3. Statement: "Federal-State employment service managers deny, too, that they spend too much effort digging up jobs for the already employed. Bureau of Employment Security Director Robert Goodwin points to a survey made last May in 22 State agencies which normally make 75 percent of the system's job placements. It showed 97 percent of the nonfarm placements were of unemployed workers. USES plans more frequent checks in the future, 'and we expect the same high percentage will prevail,' says Mr. Goodwin."

Comment: A more comprehensive survey, covering all State employment services, conducted during the week of January 12-18, 1964, found that 98 percent of nonagricultural placements involved unemployed workers.

4. Statement: "The money [for employment service job placement activities] comes from the Federal unemployment compensation fund, built up by an 0.8 percent tax paid by employers on the first \$3,000 of each worker's annual wages."

Comment: The regular Federal unemployment tax, provided in chapter 23 of the Internal Revenue Code, is 3.1 percent of the first \$3,000 paid to an employee. If, however, the employer is covered by an approved State unemployment com-

pensation law—and every State has such a law—he has a credit offset of 2.7 percent against his Federal tax, thus making a net Federal tax of 0.4 percent of the first \$3,000 paid each employee—not 0.8 percent as the article indicates. An additional 0.4 percent was assessed during calendar year 1962 and subsequently reduced 0.25 percent for calendar year 1963 for repayment of benefits paid under the Temporary Unemployment Compensation Act of 1961. The additional tax rate under this act was suspended after December 31, 1963.

The revenue from the 0.4 percent Federal tax provides for the Treasury costs of collecting the tax, the Labor Department's costs of assuring that State unemployment insurance laws comply with Federal law requirements, the State costs of collecting unemployment taxes, and paying benefits to unemployed workers, as well as all public employment service costs.

This 0.4 percent tax is also the source of funds for the Federal unemployment account—the so-called loan fund, from which States can borrow for benefits to unemployed workers if their State funds become depleted. Three States have borrowed from that fund.

5. Statement: "Meantime, private agency spokesmen will bombard lawmakers with arguments designed to show the USES is disregarding antiunemployment aims of the Wagner-Peyser Act of 1933, which set up the Federal-State employment system in its present form. An avowed aim of the private agencies is to win a "clarification" of the law to confine the public employment system to finding jobs for the hard-core jobless—those with low skills and little education who have trouble getting and keeping work."

Comment: As emphasized above (item No. 3), the efforts of the public employment service are heavily concentrated upon assisting the unemployed. This course has been followed consistently since 1933 and will be continued.

However, many factors should be considered in evaluating the fee-charging agencies' argument that existing legislation should be changed so that the more than 94 percent of the Nation's work force which is employed would be prohibited from utilizing the public employment service. For example, the employed worker who has been informed that his present job would be terminated, the worker who has temporarily accepted a job below his skill level, pending an opportunity in his usual occupation, and the worker who has taken training to prepare for a better job—all would be denied the assistance of the public employment service if the restrictive legislation proposed by the fee-charging agencies were to be enacted. Furthermore, such a change would be in conflict with the Manpower Development and Training Act which provides that assistance shall be given to the employed worker who is already underemployed and faced with the eventual obsolescence of his skills.

Moreover, it should be remembered that the Nation is experiencing the paradoxical situation of having serious unemployment problems on one hand and simultaneous shortages of workers on the other—primarily in occupations requiring specialized skills which most of the jobless do not possess. However, the filling of these vacancies can greatly aid the unemployed by opening up jobs further down the skill ladder. The key to this process lies in the constant upgrading of our labor force at all levels. As those already having skills train for and move into even more demanding jobs, they create vacancies for many of the less-skilled unemployed. Therefore to preclude the public employment service from assisting employed workers to move up the skill ladder would largely destroy its ability to carry out its public responsibilities for helping to resolve the Nation's manpower problems and to meet its manpower needs. Unfortunately, the fee-charging agencies seemingly are unconcerned about the impact of their goals and objectives on the welfare of the Nation.

6. Statement: " * * * some Federal officials and some union men are suggesting that fee-charging agencies need tighter regulation."

Comment: The manpower problems of the Nation are serious and complex. The resolution hinges, in large part, upon the extent to which the functioning of our labor markets can be improved. In the furtherance of this endeavor, the maximum contribution of every hiring channel is needed. This affords great opportunities for ethical private agencies to prosper, while advancing the national interest by contributing to a better utilization of our human resources.

Unfortunately, many fee-charging agencies are apparently indifferent to the public interest. Instead of working to upgrade their own competence in order to make a greater contribution toward meeting the Nation's manpower needs and problems, they endeavor to enhance their own relative position in the labor market by utilizing unethical business practices and trying to weaken or destroy the public employment service.

It is obvious that reputable private employment agencies and the public welfare should not be adversely affected by unscrupulous and self-seeking agencies which operate contrary to the public welfare and violate the ethics and code of the great majority. Therefore the public interest can only be protected through the enactment of effective legislation regulating the business conduct of private agencies.

Mr. FOGARTY. Is there anything more you want to say about this?

Mr. GOODWIN. I don't think anything more than I said, Mr. Chairman. We believe that theirs is a self-serving proposition and we believe we should have an efficient employment service. We are not trying to run them out of business but we do think the workers of this country are entitled to a good alternative and they should not have to pay a fee in order to get a good placement service.

If they think they can get a better service by going to a fee-charging agency and paying for it, that is fine, but we do not think their business should be expanded by inadequate financing of the public employment service which appears to be one of their objectives.

COMPLAINTS ABOUT PRIVATE EMPLOYMENT AGENCIES

Mr. FOGARTY. I have received quite a number of complaints about excessive fees and the way some of these private organizations are operating in the larger cities, such as New York, Chicago, Detroit, Los Angeles, Washington, D.C., and places such as these. I have also received quite a number of letters from legitimate places who think it might not be a bad idea if this were looked into by a congressional committee or some other group.

Was there a Senate committee that looked into these operations here in the District?

Mr. GOODWIN. When the bill was before the Senate District Committee for regulating fee charging agencies they published a rather extensive report which included some of the criticisms of fee-charging agencies. I am not sure whether that was limited to experience in the District or whether it was somewhat broader than that. It was principally on experience in the District. This information did include some statements about alleged excessive fees and other bad practices.

Mr. FOGARTY. Will you get those together and put them in the record at this point?

Mr. GOODWIN. Yes.

(The information requested follows:)

COMMENTS ON SENATE INVESTIGATION OF FEE-CHARGING AGENCIES, 1962

The hearings before the Senate Subcommittee on Public Health, Education, Welfare, and Safety of the Committee on the District of Columbia on S. 3259 to regulate private employment agencies in the District of Columbia were held on June 26 and 29, 1962. The purpose of the bill, which was introduced by Senator Morse on May 4, 1962, was to regulate further private employment agencies in the District of Columbia by providing the Commissioners of the District the necessary and required authority to deal effectively with a variety of abuses which have developed in the private employment agency industry.

The Commissioners advised the committee that the existing law pertaining to the regulation of employment agencies was grossly inadequate for the District government to maintain effective supervision and control over employment agencies. The Commissioners also indicated that, except for the issuing of licenses to employment agencies, there was little if anything else that could be done by the District in the way of effective regulatory enforcement.

S. 3259 is the result of a study made and public hearings held on the subject of abuses being carried on by certain District employment agencies, which were brought to the attention of the committee by various civic, business, and Government organizations. It was pointed out that there was a growing pattern of complaints from jobseekers in the District who had been exposed to various unethical practices by certain private employment agencies.

The numerous complaints which the committee received concerning abuses of the industry generally fell into the following categories of malpractice: Exorbitant registration, placement, and résumé fees, splitting of fees between an agency and employer, false and misleading newspaper advertising, racial discrimination in accepting applicants and in accepting employer orders, agencies operating in conjunction with small loan companies, false promises and misrepresentations, and the failure to return fees to the jobseeker when he has lost employment through no fault of his own.

Some of the typical complaints presented to the committee were the following:

Col. Sam P. Triffy, Air Force, retired, testified that he engaged the services of a private employment agency "which enjoys an outstanding reputation." He signed a contract with the agency, and the fee was \$390 and 8 percent of the first year's salary with any company which hired him. He immediately paid one-half the fee—\$195. He then received 25 copies of the résumé which the agency prepared, and was requested to submit the remaining part of the fee, another \$195. This was paid by check. After a year, he had not been referred to or placed in a job, and he had no results from the entire operation. He stated, "I am at a loss to determine why this sort of an operation can go on like this. There is no time limit, of course. I have no results. I have no recourse. I am out \$390."

Statement of Katherine N. Fox, Assistant Director, USES

"In our Youth Employment Office, the chief complaints from our applicants are about paying a registration fee and getting no employment. Now, these are youth between the ages of 16 and under 22.

"In our Trades and Industrial Office, we get complaints from persons who have physical handicaps that are not visible, and they are paying a registration fee, but when the handicap is discovered, they are just forgotten about.

"We had a complaint from an applicant who paid a \$5 initial fee for a \$40 job, and he called up saying he had a bill for \$20 and should he pay it.

"In our professional office, most of the complaints are from persons who paid a high fee for the preparation of brochure résumés, which are mailed to a particular number of employers, and very often there are no results from that at all; but if there is a result, they have to also pay a placement fee along with the preparation and mailing of the résumé.

"We had an ex-serviceman who was disabled. He had an emotional disability. He paid a fee for such a résumé, and he never received any service from it.

"Also in connection with these résumés, on some of them the information is not correct.

"A professional man came in and told us that he had gone to a local agency to apply for a position through that agency, and he found later that they had put him on their stationary as a consultant to that firm, and he had paid \$400 for a placement fee through them. He was a college professor. He was a consultant. But he did not expect to be represented as a consultant to an employment agency on their stationary.

"In our commercial office, the biggest complaint, of course, is about getting fees, about having to pay fees and then losing the job. That is also a chief complaint in our hotel-restaurant office. It seems that when they have paid up their fees, they just do not last very long on some of the jobs.

"Among the clerical workers, their fees have gone up as high as 65 percent of the first month's salary, so we are told, and then the bureaus report that they are hounded to pay their fees out of their first 2 or 3 weeks' salary."

The most objective basis for judging the adequacy of existing legislation regulating the private employment agencies in the District is a comparison of District of Columbia legislation with the provisions of the model law which was developed by the Bureau of Labor Standards in 1959 in consultation with State officials from California, Colorado, Florida, Illinois, New York, and West Virginia. Compared with this model legislation, the current District of Columbia regulations are deficient in seven important respects:

1. Lack of fee regulation: The District of Columbia regulations do not forbid registration fees as suggested in the model legislation. Thirty-four States

either prohibit or regulate the charging of registration fees. S. 3259 prohibits registration fees.

Placement fees are not regulated in the District of Columbia. The model legislation sets maximum fees which are lower for temporary employment than for permanent employment. At present, 28 jurisdictions regulate placement fees and 17 set maximum fees. S. 3259 provides for maximum fees that do not exploit the worker and appear to provide the private agency with a reasonable return for its services.

The District of Columbia regulations do not now provide for the return of fees or securing another position when the job does not last for a reasonable period, nor is the private agency required to get another job for the applicant. The model legislation does have such a requirement, along with 35 States. S. 3259 would remedy this defect in the District of Columbia regulations.

2. Omission of prerequisites for obtaining a license other than payment of a license fee: The current regulations do not describe the character of a person or persons who may be granted a license to operate a private agency. The model legislation recommends that only persons of good moral character be eligible. Thirty-two jurisdictions have this requirement. S. 3259 includes such a provision.

3. The absence of prohibitions against fee splitting: The District of Columbia regulations do not prohibit this pernicious practice, which is specifically forbidden in 31 other jurisdictions. S. 3259 does not allow fee splitting.

4. Referring workers to places where a labor dispute exists without informing the worker: This very undesirable practice may occur under current District of Columbia regulations. The model law places considerable emphasis on avoiding referrals under strike conditions. Twenty-three jurisdictions now require the worker to be advised preferably in writing prior to referral to a strike-bound employer. S. 3259 requires that the worker be fully advised in writing prior to referral to an employer involved in a labor dispute.

5. Referring applicants to illegal employment: The District of Columbia regulations do not permit minors to be referred to illegal employment. All other applicants are not similarly protected. The model law prohibits any applicant from being referred to illegal employment. Some State laws do prohibit any applicant from being sent to employment in violation of law. S. 3259 does not permit referral to employment in violation of existing laws.

6. Using a name similar to that of a Government agency: Many States prohibit agencies from using a name similar to that of the public employment service. A casual review of the private agencies listed in the yellow pages of the telephone directory is ample evidence that this practice flourishes in the District of Columbia. S. 3259 does not allow the use of a name that may be confused with the name of a Government agency.

7. The omission of express authority for the Commissioners to issue rules and regulations: The District of Columbia regulations do not give the Commissioners the authority to issue rules and regulations. The model law does authorize the administrative agency to establish and enforce rules and regulations to effectuate the purposes of the act. Twenty-three States and jurisdictions have this authority. S. 3259 assigns to the Commissioners the authority to formulate rules and regulations to administer and enforce the act.

The hearings on S. 3259 have demonstrated that existing regulations in the District of Columbia, compared with the provisions of the proposed model law, are completely inadequate and need to be appreciably strengthened to permit the District government to maintain effective supervision and control over private employment agencies and to eliminate abuses and malpractices which were described by civic, business, and Government representatives.

The fee charging agencies themselves seem to recognize that the present District regulations must inevitably be strengthened. The agencies in the District—financially supported in their attack on S. 3259 by funds made available from all over the United States, and also supported in the hearings before the committee by representatives from other States who appeared to testify—and acting under the guidance of the National Employment Association, drafted a substitute bill of their own. However, this bill fell far short of the provisions of S. 3259 and would be completely inadequate as a regulatory device. Perhaps as a substitution for their own ineffective proposal, the private employment agencies then developed a code of ethics which would, presumably, be practiced by all of the fee charging agencies in the District of Columbia. Current information indicates that only 9 out of the 87 local private employment agencies have subscribed to this code of ethics.

The Bureau of Employment Security takes the position that private employment agencies are a legitimate business, performing—in many instances—a worthwhile service for workers and employers. Private employment agencies should receive the same consideration that is accorded all business—that is, freedom to function as effectively as their competence and enterprise permit. At the same time, they should be expected to function as responsible members of the business community.

Employers and workers should be permitted to exercise complete freedom of choice concerning the use of public or private employment agencies.

The Bureau believes that the public interest can only be protected through adequate regulation of the business conduct of private agencies. The Bureau therefore endorses the objectives of the Morse committee to strengthen legislation regulating fee charging agencies in the District of Columbia.

Mr. FOGARTY. Mr. Denton?

BASIS FOR ALLOCATING UNEMPLOYMENT INSURANCE FUNDS TO STATES

Mr. DENTON. I was asked over the telephone to ask you a question by the National Association of Manufacturers in my State. They wanted to know the basis on which funds were allocated to the States for unemployment insurance.

They stated Indiana has ninety-nine one-hundredths employment for each person getting unemployment. They say that of the four-tenths of 1 percent that is paid into the Federal fund, Indiana receives back 50 percent. They gave me the figures for New York and California but I do not have it here.

Indiana is the lowest State in the Union and they wanted to know on what basis it was and why is Indiana so much lower than the other States in these two categories.

Mr. GOODWIN. I don't understand this ninety-nine one-hundredths.

Mr. DENTON. For every 1,000 workers covered for unemployment insurance, Indiana has 0.99 employees in the unemployment insurance office. For every 1,000 covered in New York and California they have 1.52 workers.

Mr. GOODWIN. I see. I don't recall figures on that particular comparison, Mr. Congressman. We would have to check that and furnish any comment on that for the record. We can give you what our rules are.

Mr. DENTON. Would you do that?

Mr. GOODWIN. The first point I would like to make is that there is no relationship between the amount of money collected in any given State and the grants to that State, and there never has been. There are a lot of variables that would make such a distribution of funds inequitable and which would make the whole program cost a great deal more than it does.

One example, for instance, is on the density of population. You take a State like Montana where they have great distances and relatively small population. The overall administrative cost in that State is proportionately much greater. I am not sure what it runs, but it is at least 150 percent, I would imagine.

The way these budgets are developed, the rule is that the allocation to the States provide for the amounts necessary for proper and efficient administration.

Mr. DENTON. You mean that is because New York and California asked for more and Indiana did not?

Mr. GOODWIN. No; they are able to justify more.

We asked the States to submit their budget requests. These are then reviewed with them and the same rules are applied to all of them.

Basically the major factor involves the estimates of workload in that State. Then these are priced out on the basis of the salary costs in that State and the other factors, but the basic consideration in development of the budget in any given State is the workload in that State.

One of the reasons why the Indiana proportion is lower is that the salaries in Indiana are lower than in most States, particularly for an industrial State. Ohio and Indiana are both in this category. I think Indiana is perhaps around 40th.

Mr. DARLING. They are 45th in their rating on wage scale.

Mr. GOODWIN. Our basic policy on salaries is that they must be in conformity with the salaries paid other State officials so that this item alone makes a very big difference in the total amount of money that goes to each State.

I am not aware of any complaint from the Indiana officials on the allocation that they received.

Mr. LAIRD. His employers in Indiana should be raising some Cain with you. They are helping support the New York and California program.

Mr. DENTON. That is where this came from, as a matter of fact.

Mr. GOODWIN. This is a matter which has been considered on many occasions, how the tax should be used. You will remember a few years ago Congress had before it a proposal for 100-percent tax offset. This would have done what you are referring to, Mr. Congressman.

Mr. DENTON. See if I understand this. The money that the State gets back depends upon how well they can justify the need for employees.

Mr. GOODWIN. Depends basically on the workload.

Mr. DENTON. On the workload, how well they can justify it. Then the salary they receive also is an item to be considered in that.

Mr. GOODWIN. That is right.

Mr. DENTON. The reason Indiana is low in this respect is because the salaries are lower than in California and New York?

Mr. GOODWIN. That is one of the principal reasons. That is not the only reason. We could check this out and furnish a more complete statement for the record.

Mr. DENTON. Will you do that for me?

Mr. GOODWIN. Yes.

Mr. DENTON. Let me give you these notes. You can insert them in the record along with your more retailed comment.

(The information referred to follows:)

FEBRUARY 13, 1964.

Telephone call from Claude Loesch, 832 Indiana Building, Indiana Manufacturers Association, Indianapolis, as to how the money is allocated in the States.

He said we have an allowance in the State of 0.99 employment security for each 1,000 covered workers. New York and California have 1.52 workers employment security per 1,000; they have 50 percent more workers than we do. The Labor Department has a list for all the States.

He said the thicker the population the fewer workers per thousand you should have.

Indiana gets back to operate this division 50 percent of what the Indiana Employment Security sends to Washington for Federal unemployment tax.

In other words, four-tenths of 1 percent that we send to Washington we get back 50 percent. Indiana is positively the lowest State in the country on the percentage of funds we get back compared with what Indiana employers pay in.

Find out more about how the Labor Department allocates the money which the Appropriations Committee appropriates for this.

Department's comments

The figures presented by Mr. Loesche, of the Indiana Manufacturers Association, are essentially correct. Our records show some minor variations, but the differences are too small to be significant.

The essential reason for the situation described by Mr. Loesche is that the cost of administering a State employment security agency has no relationship at all to the amount of money collected from the employers of that State under the Federal Unemployment Tax Act. Neither are administrative costs directly related to the number of covered workers.

The table below shows for fiscal year 1963 the percentage of the total administrative costs of all State employment security agencies received by each State. The table also shows, for each State, its percentage of the national total of covered workers and subject employers.

Percentage of selected employment security items by State

| | Percent of total allocation, fiscal year 1963 | Percent of covered employment, December 1962 | Percent of subject employers, December 1962 |
|---------------------------|---|--|---|
| United States..... | 100.00 | 100.00 | 100.00 |
| Alabama..... | 1.20 | 1.28 | .93 |
| Alaska..... | .42 | .08 | .21 |
| Arizona..... | 1.25 | .62 | .72 |
| Arkansas..... | .97 | .71 | 1.44 |
| California..... | 12.26 | 9.78 | 13.95 |
| Colorado..... | 1.01 | .89 | .72 |
| Connecticut..... | 1.53 | 1.89 | .72 |
| Delaware..... | .23 | .30 | .38 |
| District of Columbia..... | .79 | .62 | .81 |
| Florida..... | 1.88 | 2.28 | 2.03 |
| Georgia..... | 1.32 | 1.87 | 1.27 |
| Hawaii..... | .41 | .40 | .51 |
| Idaho..... | .62 | .31 | .64 |
| Illinois..... | 4.76 | 6.35 | 3.82 |
| Indiana..... | 1.61 | 2.65 | 1.49 |
| Iowa..... | .88 | 1.07 | 1.02 |
| Kansas..... | .75 | .86 | .81 |
| Kentucky..... | 1.04 | 1.09 | .97 |
| Louisiana..... | 1.31 | 1.31 | 1.10 |
| Maine..... | .47 | .46 | .38 |
| Maryland..... | 1.58 | 1.71 | 2.24 |
| Massachusetts..... | 3.50 | 3.70 | 4.49 |
| Michigan..... | 4.20 | 4.24 | 2.45 |
| Minnesota..... | 1.31 | 1.90 | 1.90 |
| Mississippi..... | .92 | .68 | .55 |
| Missouri..... | 1.77 | 2.32 | 1.56 |
| Montana..... | .52 | .27 | .68 |
| Nebraska..... | .48 | .58 | .55 |
| Nevada..... | .43 | .24 | .34 |
| New Hampshire..... | .37 | .38 | .30 |
| New Jersey..... | 3.89 | 3.86 | 2.79 |
| New Mexico..... | .58 | .39 | .76 |
| New York..... | 14.97 | 12.22 | 16.06 |
| North Carolina..... | 1.72 | 2.27 | 1.53 |
| North Dakota..... | .39 | .17 | .25 |
| Ohio..... | 4.22 | 5.72 | 4.37 |
| Oklahoma..... | 1.32 | .92 | .81 |
| Oregon..... | 1.23 | .98 | 1.05 |
| Pennsylvania..... | 7.28 | 7.00 | 8.30 |
| Puerto Rico..... | .71 | .61 | .38 |
| Rhode Island..... | .89 | .59 | .89 |
| South Carolina..... | .93 | 1.07 | .64 |
| South Dakota..... | .29 | .20 | .25 |
| Tennessee..... | 1.17 | 1.65 | 1.01 |
| Texas..... | 3.94 | 4.42 | 3.1 |
| Utah..... | .95 | .47 | .76 |
| Virginia..... | .28 | .18 | .21 |
| Vermont..... | 1.03 | 1.79 | 1.23 |
| Washington..... | 1.84 | 1.53 | 2.63 |
| West Virginia..... | .76 | .75 | .55 |
| Wisconsin..... | 1.46 | 2.20 | 1.48 |
| Wyoming..... | .29 | 1.58 | .42 |

The questions raised by the Indiana Manufacturers Association about tax collections and amounts of money allocated for the administration of State employment security agencies seem to imply that there should be a relationship between administrative costs and tax collections.

Because there seems to be basic misunderstanding concerning the financing arrangement established by the Congress, we would like to present a statement on this subject, and statistical data on how the allocation process worked out in fiscal year 1963.

Administrative costs are not related to tax collections

By congressional decision there is no relationship between the amount of taxes collected within a State, under the Federal Unemployment Tax Act, and the amount of money necessary in that State for "proper and efficient administration" of the employment security program.

Some of the reasons for this decision of the Congress were expressed in a 1946 report to the House Ways and Means Committee by its "social security technical staff." This report points out " * * * Federal grants provide the funds to cover all State administrative expenses. * * * This arrangement for Federal grants was incorporated in the Social Security Act at the time of its enactment in 1935. This type of grant was unique in Federal-State fiscal relationships. While a number of considerations influenced the decision of the Congress in 1935 * * * probably the major factor was the desire of the Congress to insure adequate administrative financing * * *."

"A primary advantage of the present method of financing State administration is that it provides a completely pooled administrative fund for all States on an annual basis, which can be used in whatever States the funds are required * * *."

"This situation, of considerable unpredictable variations in costs, is a continuing one. It should always be possible to make better use of a single pooled Federal administrative fund allocated among the States in accordance with their changing needs * * * than it would be to have * * * separate administrative funds, with no possibility of shifting funds from a State where they are not needed to one where they are.

"A second advantage is that Federal budgetary procedures offer a way of meeting the rapidly changing needs of a dynamic system * * *."

"A third advantage of the present system is that it provides a mechanism for adequate administrative funds for operation by small States. This system of financing State administrative costs is far more equitable than, for example, a system of Federal financing which limited administrative expenses in each State to the proceeds of the Federal unemployment tax collected from employers in the State."

"Despite the difficulties of allocating Federal funds for the proper administration of * * * laws which vary widely in innumerable details, the 100-percent grant has permitted the Social Security Board to develop more objective and exact methods for allocating funds among the States."

These principles are as sound today as they were in 1935 when they were first adopted, and in 1946 when they were reviewed by the Ways and Means Committee.

Administrative costs vary widely

The total cost of operating a State employment security program is the sum of the number of individual costs each of which vary widely from State to State. The basic differences between States, of course, is the volume of work to be performed, measured in terms of unemployment insurance and employment service workloads. To these must be added the cost of specific program improvements proposed by the State, such as improved services to youth, veterans, minority groups, or older workers. But there are other significant differences

which influence the cost of State administration. Some of these are easy to measure; others are more difficult to compare from one State to another.

For example, the provisions of State unemployment insurance laws influence the costs of administration, although it is difficult to price these differences. The most common differences between State laws are with respect to the experience rating provisions, to the determination of a claimant's eligibility for unemployment insurance benefits, and with respect to the employers subject to the act. The administrative costs of these provisions (particularly the first two) can vary widely, depending upon how simple or how complicated an administrative procedure is needed to comply with State laws. Generally speaking, the more complicated legal provisions cost more to administer. As far as the "coverage provisions" are concerned, nine States have an unemployment insurance law which applies to employers with one or more workers; in four States, the law covers employers with three or more employees; while in the rest of the States, coverage is limited to employers with four or more workers.

The general cost level of goods and services in a State also has a bearing upon administrative costs, since it tends to determine rental costs which are an important cost item.

Costs of administration are also affected by differences between States in salary scales. In each State, the salary paid to employment security employees is comparable to that paid employees in other branches of the State government, but the rates vary widely between States.

In fiscal year 1963, the average salary of State employment security personnel ranged from a high \$7,030 in Alaska to a low of \$3,146 in Puerto Rico. Obviously, therefore, it would cost well over twice as much to accomplish the same volume of work in Alaska as it would in Puerto Rico.

While Alaska and Puerto Rico represents the extremes in the salary scale, there are also extensive differences between the other jurisdictions. The second highest average salary, \$6,693, was paid in Utah, and was more than 50 percent greater than the average annual salary in Tennessee which was \$4,296.

The following table shows the average annual salary paid to the employment security workers in each agency during fiscal year 1963.

Average annual salary, fiscal year 1963

| | | | |
|---------------------------|---------|---------------------|---------|
| United States..... | \$5,170 | Missouri..... | \$4,534 |
| Alabama..... | 4,897 | Montana..... | 5,548 |
| Alaska..... | 7,030 | Nebraska..... | 4,603 |
| Arizona..... | 5,997 | Nevada..... | 5,453 |
| Arkansas..... | 5,137 | New Hampshire..... | 4,536 |
| California..... | 6,178 | New Jersey..... | 4,788 |
| Colorado..... | 5,503 | New Mexico..... | 5,412 |
| Connecticut..... | 4,934 | New York..... | 5,605 |
| Delaware..... | 5,077 | North Carolina..... | 4,892 |
| District of Columbia..... | 6,043 | North Dakota..... | 5,115 |
| Florida..... | 4,526 | Ohio..... | 4,678 |
| Georgia..... | 4,835 | Oklahoma..... | 5,621 |
| Guam..... | 4,780 | Oregon..... | 5,295 |
| Hawaii..... | 5,630 | Pennsylvania..... | 4,686 |
| Idaho..... | 5,665 | Puerto Rico..... | 3,146 |
| Illinois..... | 5,424 | Rhode Island..... | 4,971 |
| Indiana..... | 4,553 | South Carolina..... | 5,509 |
| Iowa..... | 5,025 | South Dakota..... | 4,846 |
| Kansas..... | 4,794 | Tennessee..... | 4,296 |
| Kentucky..... | 4,642 | Texas..... | 4,625 |
| Louisiana..... | 4,976 | Utah..... | 6,693 |
| Maine..... | 4,487 | Vermont..... | 5,027 |
| Maryland..... | 4,527 | Virginia..... | 4,694 |
| Massachusetts..... | 4,832 | Virgin Islands..... | 4,113 |
| Michigan..... | 5,684 | Washington..... | 5,141 |
| Minnesota..... | 5,085 | West Virginia..... | 4,547 |
| Mississippi..... | 5,472 | Wisconsin..... | 5,293 |
| | | Wyoming..... | 5,276 |

Variation in workload

One of the big differences between States in administrative costs is the amount of work to be done. The extent of this variation can be indicated by looking at some of the key workloads performed by each State in fiscal year 1963. These are presented in the tables below, which also show the size of the staff in each State for the same fiscal year. (A comparison based upon staff resources has the advantage of eliminating the distortion created by different salaries and other costs.)

The first table shows the volume of work performed in some of the key functions of State Employment Security activity in fiscal year 1963. The second table shows the percent of the national total performed by each State, and the percent each State had of the total staff resources of all State employment security agencies.

It should be noted that the workload items presented by no means cover all the activities of the State. Therefore, any comparisons between States are illustrative, rather than complete.

One important function which is not reported on the table is that of obtaining a record of the earnings in covered employment of those unemployed individuals who file a claim for unemployment insurance. This cost has been omitted because the States use two different systems which are not comparable. Most States collect each quarter, from each employer, a wage record for each employee. These are filed against the day when one of their employees files for benefits. A different system, called "request reporting," is used by about a quarter of the States. Under this system, no wage records are collected quarterly; instead, the employer is asked to furnish the employment and wage experience of a former employee only when that worker has filed for benefits. The request reporting system is much cheaper when volumes of insured unemployment are relatively low, as they were in fiscal year 1963. Among the large States on this system are Massachusetts, Michigan, New Jersey, New York, and Ohio.

Among other factors which affect the relationship between staff requirements and workload achievements are the degree of industrialization of the State; and its size, both geographically and in terms of its employment security operations. States with a relatively small operation sometimes need relatively more staff than their workload would seem to justify, because a basic minimum staff must be maintained if the State is to provide the services called for.

Number of staff and volumes of selected workload, by States, fiscal year 1963

[In thousands]

| States | Staff ¹ | Initial claims | Continued claims | Contested claims ² | Employer accounts ³ | Total counseling interviews | Total individuals tested | Non-farm placements |
|---------------------------|--------------------|----------------|------------------|-------------------------------|--------------------------------|-----------------------------|--------------------------|---------------------|
| Total..... | 59,973 | 15,737 | 89,715 | 5,817 | 9,763 | 2,082 | 2,301 | 6,632 |
| Alabama..... | 768 | 186 | 1,270 | 65 | 90 | 20 | 38 | 117 |
| Alaska..... | 182 | 23 | 168 | 7 | 20 | 3 | 8 | 10 |
| Arizona..... | 653 | 100 | 484 | 37 | 70 | 19 | 21 | 113 |
| Arkansas..... | 592 | 128 | 744 | 27 | 143 | 29 | 33 | 107 |
| California..... | 6,276 | 1,846 | 10,378 | 664 | 1,384 | 203 | 228 | 797 |
| Colorado..... | 603 | 97 | 625 | 42 | 69 | 20 | 31 | 97 |
| Connecticut..... | 970 | 256 | 1,451 | 93 | 140 | 33 | 29 | 101 |
| Delaware..... | 134 | 31 | 179 | 7 | 39 | 4 | 4 | 7 |
| District of Columbia..... | 420 | 44 | 281 | 20 | 79 | 19 | 22 | 52 |
| Florida..... | 1,244 | 302 | 1,748 | 101 | 199 | 31 | 54 | 252 |
| Georgia..... | 808 | 208 | 1,067 | 76 | 122 | 33 | 47 | 154 |
| Guam..... | 4 | | | | | | 1 | 1 |
| Hawaii..... | 226 | 39 | 342 | 20 | 49 | 5 | 6 | 14 |
| Idaho..... | 346 | 51 | 295 | 14 | 62 | 10 | 11 | 40 |
| Illinois..... | 2,801 | 682 | 4,200 | 445 | 370 | 85 | 106 | 212 |
| Indiana..... | 1,105 | 348 | 1,615 | 63 | 144 | 35 | 63 | 101 |
| Iowa..... | 513 | 79 | 488 | 36 | 97 | 20 | 32 | 88 |
| Kansas..... | 493 | 87 | 473 | 29 | 78 | 23 | 26 | 90 |
| Kentucky..... | 692 | 161 | 662 | 51 | 94 | 37 | 56 | 68 |
| Louisiana..... | 793 | 200 | 1,119 | 37 | 106 | 23 | 32 | 86 |
| Maine..... | 316 | 82 | 559 | 27 | 36 | 13 | 12 | 23 |
| Maryland..... | 1,057 | 229 | 1,477 | 86 | 218 | 27 | 24 | 88 |
| Massachusetts..... | 2,235 | 694 | 4,150 | 172 | 437 | 62 | 46 | 173 |
| Michigan..... | 2,317 | 673 | 3,221 | 136 | 238 | 81 | 89 | 175 |
| Minnesota..... | 834 | 179 | 1,332 | 86 | 183 | 24 | 52 | 103 |
| Mississippi..... | 526 | 109 | 674 | 41 | 54 | 39 | 41 | 109 |
| Missouri..... | 1,223 | 388 | 1,829 | 69 | 152 | 44 | 57 | 103 |
| Montana..... | 281 | 45 | 250 | 11 | 67 | 19 | 20 | 36 |
| Nebraska..... | 309 | 46 | 170 | 9 | 52 | 17 | 24 | 63 |
| Nevada..... | 228 | 42 | 196 | 15 | 36 | 6 | 8 | 36 |
| New Hampshire..... | 246 | 60 | 323 | 14 | 29 | 10 | 8 | 17 |
| New Jersey..... | 2,505 | 703 | 4,105 | 264 | 272 | 46 | 40 | 149 |
| New Mexico..... | 331 | 58 | 295 | 20 | 75 | 13 | 15 | 49 |
| New York..... | 8,028 | 2,506 | 13,444 | 1,212 | 1,571 | 211 | 121 | 837 |
| North Carolina..... | 1,094 | 405 | 1,793 | 71 | 148 | 43 | 66 | 158 |
| North Dakota..... | 203 | 18 | 160 | 8 | 25 | 6 | 13 | 30 |
| Ohio..... | 2,846 | 759 | 5,081 | 277 | 421 | 124 | 148 | 243 |
| Oklahoma..... | 666 | 124 | 779 | 40 | 80 | 31 | 39 | 160 |
| Oregon..... | 730 | 197 | 939 | 53 | 163 | 35 | 28 | 78 |
| Pennsylvania..... | 5,039 | 1,527 | 9,512 | 670 | 808 | 182 | 116 | 254 |
| Puerto Rico..... | 637 | 113 | 892 | 48 | 36 | 32 | 24 | 46 |
| Rhode Island..... | 555 | 137 | 668 | 48 | 89 | 13 | 12 | 32 |
| South Carolina..... | 559 | 125 | 720 | 39 | 61 | 11 | 34 | 88 |
| South Dakota..... | 175 | 17 | 129 | 7 | 25 | 7 | 10 | 26 |
| Tennessee..... | 854 | 232 | 1,521 | 59 | 90 | 29 | 62 | 115 |
| Texas..... | 2,701 | 423 | 2,789 | 179 | 323 | 134 | 131 | 502 |
| Utah..... | 395 | 55 | 349 | 28 | 75 | 14 | 29 | 51 |
| Vermont..... | 169 | 33 | 205 | 9 | 21 | 2 | 4 | 16 |
| Virginia..... | 643 | 137 | 418 | 43 | 121 | 41 | 45 | 109 |
| Virgin Islands..... | 23 | 16 | 126 | | | 1 | 1 | 1 |
| Washington..... | 1,080 | 347 | 1,813 | 109 | 257 | 39 | 48 | 88 |
| West Virginia..... | 520 | 136 | 613 | 31 | 53 | 22 | 17 | 44 |
| Wisconsin..... | 865 | 231 | 1,493 | 97 | 143 | 48 | 66 | 108 |
| Wyoming..... | 160 | 23 | 101 | 10 | 40 | 4 | 3 | 15 |

¹ Number of staff members computed from time reports, submitted by State agencies.² Equivalent to number of nonmonetary determinations. Excludes appeals.³ Employer tax reports processed.

Percent distribution among the States of staff and selected workloads, fiscal year 1963

| States | Staff ¹ | Initial claims | Continued claims | Contested claims ² | Employer accounts ³ | Total Counseling | Total individuals tested | Nonfarm placements |
|---------------------------|--------------------|----------------|------------------|-------------------------------|--------------------------------|------------------|--------------------------|--------------------|
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Alabama..... | 1.3 | 1.2 | 1.4 | 1.1 | .9 | 1.0 | 1.7 | 1.8 |
| Alaska..... | .3 | .1 | .2 | .1 | .2 | .1 | .3 | .2 |
| Arizona..... | 1.1 | .6 | .5 | .6 | .7 | .9 | .9 | 1.7 |
| Arkansas..... | 1.0 | .8 | .8 | .4 | 1.5 | 1.4 | 1.5 | 1.6 |
| California..... | 10.5 | 11.7 | 11.6 | 11.4 | 14.2 | 9.7 | 9.9 | 12.0 |
| Colorado..... | 1.0 | .6 | .7 | .7 | .7 | 1.0 | 1.3 | 1.5 |
| Connecticut..... | 1.6 | 1.6 | 1.6 | 1.6 | 1.4 | 1.6 | 1.3 | 1.5 |
| Delaware..... | .2 | .2 | .2 | .1 | .4 | .2 | .2 | .1 |
| District of Columbia..... | .7 | .3 | .3 | .3 | .8 | .9 | .9 | .8 |
| Florida..... | 2.1 | 1.9 | 1.9 | 1.7 | 2.0 | 1.5 | 2.3 | 3.8 |
| Georgia..... | 1.3 | 1.3 | 1.2 | 1.3 | 1.3 | 1.6 | 2.0 | 2.3 |
| Guam..... | .0 | | | | | | | |
| Hawaii..... | .4 | .3 | .4 | .3 | .5 | .2 | .3 | .2 |
| Idaho..... | .6 | .3 | .3 | .2 | .6 | .5 | .5 | .6 |
| Illinois..... | 4.7 | 4.3 | 4.7 | 7.7 | 3.8 | 4.0 | 4.6 | 3.2 |
| Indiana..... | 1.8 | 2.2 | 1.8 | 1.1 | 1.5 | 1.7 | 2.7 | 1.5 |
| Iowa..... | .9 | .5 | .5 | .6 | 1.0 | 1.0 | 1.4 | 1.3 |
| Kansas..... | .8 | .5 | .5 | .5 | .8 | 1.1 | 1.1 | 1.4 |
| Kentucky..... | 1.2 | 1.0 | .7 | .9 | 1.0 | 1.8 | 2.4 | 1.0 |
| Louisiana..... | 1.3 | 1.3 | 1.2 | .6 | 1.1 | 1.1 | 1.4 | 1.3 |
| Maine..... | .5 | .5 | .6 | .5 | .4 | .6 | .5 | .3 |
| Maryland..... | 1.8 | 1.5 | 1.6 | 1.5 | 2.2 | 1.3 | 1.1 | 1.3 |
| Massachusetts..... | 3.7 | 4.4 | 4.6 | 3.0 | 4.5 | 3.0 | 2.0 | 2.6 |
| Michigan..... | 3.9 | 4.3 | 3.6 | 2.3 | 2.4 | 3.9 | 3.9 | 2.6 |
| Minnesota..... | 1.4 | 1.1 | 1.5 | 1.5 | 1.9 | 1.1 | 2.3 | 1.6 |
| Mississippi..... | .9 | .7 | .7 | .7 | .6 | 1.9 | 1.8 | 1.6 |
| Missouri..... | 2.0 | 2.5 | 2.0 | 1.2 | 1.6 | 2.1 | 2.5 | 1.6 |
| Montana..... | .5 | .3 | .3 | .2 | .7 | .9 | .9 | .5 |
| Nebraska..... | .5 | .3 | .2 | .2 | .5 | .8 | 1.0 | .9 |
| Nevada..... | .4 | .3 | .2 | .2 | .4 | .3 | .4 | .3 |
| New Hampshire..... | .4 | .4 | .4 | .2 | .3 | .5 | .3 | .3 |
| New Jersey..... | 4.2 | 4.5 | 4.6 | 4.5 | 2.8 | 2.2 | 1.7 | 2.2 |
| New Mexico..... | .6 | .4 | .3 | .4 | .8 | .6 | .7 | .7 |
| New York..... | 13.4 | 15.9 | 15.0 | 20.8 | 16.1 | 10.1 | 5.3 | 12.6 |
| North Carolina..... | 1.8 | 2.6 | 2.0 | 1.2 | 1.5 | 2.1 | 2.9 | 2.4 |
| North Dakota..... | .3 | .1 | .2 | .1 | .3 | .3 | .6 | .5 |
| Ohio..... | 4.7 | 4.8 | 5.7 | 4.8 | 4.3 | 5.9 | 6.5 | 3.7 |
| Oklahoma..... | 1.1 | .8 | .9 | .9 | .8 | 1.5 | 1.7 | 2.4 |
| Oregon..... | 1.2 | 1.2 | 1.0 | .9 | .9 | 1.7 | 1.2 | 1.2 |
| Pennsylvania..... | 8.4 | 9.7 | 10.6 | 11.4 | 8.3 | 8.7 | 5.0 | 3.8 |
| Puerto Rico..... | 1.1 | .7 | 1.0 | .8 | .4 | 1.5 | 1.1 | .7 |
| Rhode Island..... | .9 | .9 | .7 | .8 | .9 | .6 | .5 | .5 |
| South Carolina..... | .9 | .8 | .8 | .7 | .6 | .5 | 1.5 | 1.3 |
| South Dakota..... | .3 | .1 | .1 | .1 | .3 | .3 | .4 | .4 |
| Tennessee..... | 1.4 | 1.5 | 1.7 | 1.0 | 1.0 | 1.4 | 2.7 | 1.7 |
| Texas..... | 4.5 | 2.7 | 3.1 | 3.0 | 3.3 | 6.4 | 5.7 | 7.6 |
| Utah..... | .7 | .3 | .4 | .5 | .8 | .7 | 1.3 | .8 |
| Vermont..... | .3 | .2 | .2 | .2 | .2 | .1 | .2 | .2 |
| Virginia..... | 1.1 | .9 | .5 | .7 | 1.2 | 2.0 | 2.0 | 1.6 |
| Virgin Islands..... | 0 | .1 | .1 | | | | | |
| Washington..... | 1.8 | 2.2 | 2.0 | 1.9 | 2.6 | 1.9 | 2.1 | 1.3 |
| West Virginia..... | .9 | .9 | .7 | .5 | .5 | 1.1 | .8 | .7 |
| Wisconsin..... | 1.4 | 1.5 | 1.7 | 1.7 | 1.5 | 2.3 | 2.9 | 1.6 |
| Wyoming..... | .3 | .1 | .1 | .1 | .4 | .2 | .1 | .2 |

¹ Represents staff members as computed from time reports, submitted by State agencies.

² Represents the number of nonmonetary determinations. Excludes appeals.

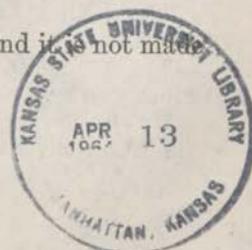
³ Employer tax reports processed.

LOCAL UNEMPLOYED STATISTICS

Mr. DENTON. I was interested in your statement about the local figures for unemployment. In the District I represent there are two places where they give me a statement every month on unemployment. I gather from you that you make that up from the figures on unemployment.

Mr. LEVINE. That is right.

Mr. DENTON. And also from the Census Bureau and it is not made by the Bureau of Labor Statistics but your agency.



I know you have figures for the unemployment insurance. You also say you use the census figures. Do you use the census figures generally or you have Census check in that particular area?

Mr. LEVINE. As I indicated, on the local area basis for unemployment figures there is no source other than employment security. The census data come from a household survey of a small sample and it is available only on a national basis but not for a State or locality.

Mr. DENTON. In making up those local figures the only factors you use are the unemployment insurance statistics?

Mr. LEVINE. We start with the unemployment insurance statistics as representing a very considerable part of the total unemployment.

Mr. DENTON. How do you get the figures from those not covered by unemployment insurance?

Mr. LEVINE. Then we have a technical handbook. I am shamed to say how thick it is. It goes to the statisticians and labor market analysts for estimating the gap between the covered and noncovered portion of the labor force.

For example, youth coming into the job market represent an addition to the unemployed which would not be reflected in the insured unemployed.

The size of firm differences will influence the total unemployment. For example, if a State covers only eight or more in its establishment then we must estimate for the unemployment between one and eight employees to make up the difference.

There are estimates for immigration and outmigration.

To do this there is a number of special studies being made constantly.

Mr. DENTON. Who does that?

Mr. LEVIN. The States do that but we work closely with them.

Mr. DENTON. In both these areas I would have two States. I would have Kentucky and Indiana in both cases.

Mr. LEVINE. That depends on whether it is an interstate labor market. If it is on both sides of the river you would have.

In that case we provide for a labor market area not bound by the jurisdiction of the States, so we get the estimates on both sides of the river and combine them.

Mr. DENTON. As I get it, then, you make these up from the unemployment insurance figures and a rather complicated formula you worked out which embraces a number of factors which you think would give you the number of unemployed not covered by unemployment insurance.

Mr. LEVINE. That is right, sir, and in addition they have been tested out and discussed with statisticians and economists specializing in this field from other agencies.

Mr. DENTON. I would have to be a statistician and need your records to talk to you much more about it, wouldn't I? I would like to know how accurate it is.

AREA REDEVELOPMENT ACT

This book states you are to make checks in rural areas in order to determine whether or not they come under the Area Redevelopment Act. We could not find anywhere in the rural areas in my district where you had made such checks.

Mr. GOODWIN. Some of those areas may have been designated by the Area Redevelopment Administration.

Mr. DENTON. This book I just read, this report, stated that was one of your duties, to make a check so you can determine whether or not it came under area redevelopment.

Mr. GOODWIN. We do it for the areas we normally survey but the Area Redevelopment Act provides that the Area Redevelopment Administration can make these designations under certain circumstances, including rural areas. They do it on the basis of income in some cases.

Mr. DENTON. If Area Redevelopment asks you to make a survey you do it for them?

Mr. LEVINE. When we are asked to make a special survey we do if there are basic data in the area that can be tapped, but the counties to which you refer are strictly rural counties. The formula for their designation under the Area Redevelopment Act turns not on unemployment but income in the county, per capita income. This recommendation to the Area Redevelopment Administration comes from the Department of Agriculture for those counties.

Mr. DENTON. The county in my district which had the worse unemployment problem was not designated as an area redevelopment area. It was a coal mining county.

We finally got it in but it was not originally designated. Agriculture did that and not you.

Mr. LEVINE. I am not familiar with the particular county you refer to.

Mr. DENTON. I would rather not put it in the record. You made a survey. You made a survey in two counties of the district I represent. This was one of them. The information you gave us was very valuable. I do not know that it brought any industry in.

One place a stone quarry developed which would perhaps have developed, anyway, but the information was very valuable. To get industry there somebody has to start it. You have to have an individual to do that. You might give them information.

Mr. LEVINE. The information frequently has a considerable bearing on industrial decisions as to location of plants. Insofar as availability of manpower and certain types of manpower, such information is frequently valuable in economic development.

Mr. DENTON. So whether or not a rural area is in the area of area redevelopment depends on income?

Mr. LEVINE. That is right.

STATE SALARY AND MERIT SYSTEMS

Mr. DENTON. One thought goes through my mind about your act. It seems there is an incongruity in it. The State selects the unemployment workers in the State. Under the State system the State fixes their salaries. I imagine they have some form of merit system. I don't see how you have very much control over them.

Mr. GOODWIN. The Federal act requires they have a merit system. There are definite standards set up for the merit system.

The actual selection of the State people is entirely a State matter. We are forbidden by Federal law from participating in the actual selection.

Mr. DENTON. You pay them and that is all.

Mr. GOODWIN. We pay them and pay them on the basis of prevailing rates. In other words, they are to receive no more and no less than the prevailing rates in that State for comparable work.

These are State employees and basically this is a State program.

BUREAU CONTROL OVER STATE EXPENDITURES

Mr. DENTON. In this report there is a great deal of criticism about what the State agencies have done. I don't know what you can do about it and what we can do about it.

Mr. GOODWIN. I gather this report also criticizes the Bureau?

Mr. DENTON. That is right.

Mr. GOODWIN. In terms of lack of adequate control.

Mr. DENTON. And the information given them.

Mr. GOODWIN. Lack of control over State expenditures.

Mr. DENTON. What control do you have over State expenditures?

Mr. GOODWIN. We have a substantial amount. We should not make the mistake of regarding this program in the same way we would look at a completely Federal program. I don't think you can expect the Federal Government to have the same degree of control over the funds in a Federal-State program of this character as the Department of Labor would have, for instance, over the Bureau of Employment Security or the other components of the Department of Labor.

I think when you have, as we do, a 100-percent Federal grant that this means we have to be able to account to the Congress for the expenditure of that money. The regulations we put into effect are designed to do that. It still falls short of the controls that would be involved in a direct Federal operation.

Mr. DENTON. Indiana has a low salary rate and New York has a high one.

Mr. GOODWIN. Yes, sir.

Mr. DENTON. The State legislature determines that. While they are paid by the Government the Government has nothing to do with it?

Mr. GOODWIN. Not with that because it has to be comparable with the State salary.

APPRENTICESHIP INFORMATION CENTERS

Mr. DENTON. You talked about setting up this apprenticeship information center program in the bureau of employment security. We have a man in Evansville who has charge of apprentice training. What could the employment security agency do that he is not doing?

Mr. LEVINE. In the first place, we are not likely to establish an apprentice information center in Evansville because this is limited to the very largest metropolitan areas.

Without knowing the two individuals involved in this instance I venture to guess there is a very considerable exchange of information between them. The employment office has a good deal of information about the applicant seeking jobs and their qualifications and characteristics.

The apprentice training person is thoroughly familiar with the apprenticeable occupations and the opportunities that might exist there. The exchange of information between them would be very useful. In some instances the apprentice training organization, that is, the union and management together with the apprentice training official, have even asked local offices to do the entire interviewing and testing of aptitudes.

Mr. DENTON. Could you tell me just what the employment security office will do that he cannot do?

Mr. LEVINE. Well, he is one man. The employment office has the relationship with the school system I just described, the high schools.

Mr. DENTON. Would you tell me what you will do that he cannot do?

Mr. LEVINE. The largest part of it is employment counseling and job market information. This he does not have access to in the same way as the employment office.

Mr. GOODWIN. I think if you took that apprentice training man and set him up in the employment service office, and he could devote a major part of his time to being in that office to deal with people when they came in for information, he could do it. There is no question about that.

One of the purposes of these new information centers was that we would have a place in the community where people could go to find out about opportunities.

Mr. DENTON. This man's office is around the corner from the unemployment insurance office. Surely they could send people a block to talk with him.

Mr. GOODWIN. I am not sure that condition prevails in other places. We have been doing recruiting and selecting for some time. This is an organization of that effort, and getting one focal place where they can go for this information.

Mr. DENTON. That is all.

Mr. FOGARTY. Mr. Laird?

HISTORICAL STATISTICS ON EMPLOYMENT SERVICES AND UNEMPLOYMENT COMPENSATION PROGRAMS

Mr. LAIRD. Mr. Goodwin, you had prepared, at my request, some historical tables showing the funds available and activities carried out in connection with the employment services and unemployment insurance programs. I would like to have those placed in the record at this point.

(The tables referred to follow:)

Grants to States for unemployment compensation and employment service administration—Man-years by activity, fiscal years 1956-65

| | Unemployment insurance service | Employment service | Administration and management | Total |
|-------------------------|--------------------------------|--------------------|-------------------------------|--------|
| Fiscal year: | | | | |
| 1956..... | 22,064 | 15,324 | 4,603 | 41,991 |
| 1957..... | 23,731 | 15,729 | 4,599 | 44,059 |
| 1958..... | 29,536 | 15,594 | 4,791 | 49,921 |
| 1959..... | 29,154 | 16,529 | 4,997 | 50,680 |
| 1960..... | 25,650 | 15,476 | 4,965 | 46,091 |
| 1961..... | 30,529 | 15,951 | 5,097 | 51,577 |
| 1962 ¹ | 32,691 | 20,076 | 2,438 | 55,205 |
| 1963 ¹ | 29,730 | 21,332 | 2,376 | 53,438 |
| 1964 ¹ | 27,047 | 21,266 | 2,391 | 50,704 |
| 1965 ¹ | 27,388 | 22,514 | 2,506 | 52,408 |

¹ Beginning in 1962, administration and management, as applicable, was assigned to the Unemployment Insurance Service and the Employment Service.

Nonagricultural placements by category

[In thousands]

| | Professional and clerical | Skilled and semi-skilled | Unskilled, except casual | Service, except daywork | Daywork and casual | Total |
|----------------------|---------------------------|--------------------------|--------------------------|-------------------------|--------------------|-------|
| Fiscal year: | | | | | | |
| 1960..... | 1,129 | 1,224 | 1,514 | 1,400 | 1,041 | 6,308 |
| 1961..... | 1,094 | 1,049 | 1,345 | 1,374 | 951 | 5,813 |
| 1962..... | 1,309 | 1,330 | 1,550 | 1,561 | 1,010 | 6,760 |
| 1963..... | 1,352 | 1,290 | 1,593 | 1,576 | 1,056 | 6,867 |
| 1964 (estimate)..... | 1,396 | 1,285 | 1,612 | 1,593 | 1,069 | 6,955 |
| 1965 (estimate)..... | 1,463 | 1,319 | 1,641 | 1,649 | 1,099 | 7,171 |

The costs listed below cover direct placement operations, including related employer contacts and clerical services. The amounts do not cover time spent in taking applications, in conducting tests, in counseling applicants, and in providing labor market information since the portions of such time directly related to placement operations are not identifiable.

| | |
|----------------------|--------------|
| Fiscal year: | |
| 1960..... | \$37,945,000 |
| 1961..... | 35,918,000 |
| 1962..... | 44,656,000 |
| 1963..... | 47,751,000 |
| 1964 (estimate)..... | 49,726,000 |
| 1965 (estimate)..... | 53,312,000 |

Selected unemployment insurance data, fiscal years 1956-65

[In thousands]

| Fiscal year | Number of claimants ¹ | Monetary determinations ² | | Weeks compensated | Amount of benefits paid |
|-------------|----------------------------------|--------------------------------------|---------------------------|-------------------|-------------------------|
| | | Sufficient wage credits | Insufficient wage credits | | |
| 1956 | 6,931 | 5,557 | 843 | 51,805 | \$1,282,452 |
| 1957 | 7,407 | 5,989 | 823 | 58,117 | 1,504,471 |
| 1958 | 11,139 | 9,049 | 1,178 | 100,176 | 2,875,492 |
| 1959 | 8,846 | 6,945 | 1,274 | 93,106 | 2,790,236 |
| 1960 | 9,205 | 7,348 | 1,202 | 76,729 | 2,356,113 |
| 1961 | 11,120 | 8,902 | 1,415 | 106,550 | 3,509,225 |
| 1962 | 9,204 | 7,146 | 1,366 | 84,280 | 2,777,591 |
| 1963 | 9,268 | 7,385 | 1,224 | 81,331 | 2,788,542 |
| Estimated: | | | | | |
| 1964 | 8,800 | 7,000 | 1,000 | 71,400 | 2,500,000 |
| 1965 | 8,800 | 7,050 | 1,050 | 70,000 | 2,450,000 |

¹ Approximates number of different claimants during the fiscal year.² Excludes predeterminations of eligibility.

NOTES.—Above data for State programs only; excludes UCFE-UCX claims and benefits.

EMPLOYMENT, UNEMPLOYMENT, AND JOB VACANCIES STATISTICS

Mr. LAIRD. Yesterday I had a discussion with Mr. Clague of the Bureau of Labor Statistics, about this whole area of employment, unemployment, and job vacancy statistics. He was of the opinion that he had sufficient funding to develop this information adequately.

I personally think that we have a lack of this information in the United States today and that we are basing a great many very expensive programs on very inadequate information. I want to see this information developed in the Bureau of Labor Statistics or I want to see it developed in the Bureau of Employment Security. Somewhere or other, it must be developed. I do not think we have it now. Do you think we have it?

Mr. GOODWIN. No, I do not think we have adequate information. This particular phase of the request is a cooperative job. Part of the information must come through the employment security system because it is local. I assume Mr. Clague was not saying that he could cover this aspect of the program.

Mr. LAIRD. No.

You should be able to develop the job vacancy figures, I should think.

Mr. GOODWIN. Yes. That is an important part of it.

Mr. LAIRD. I do not know who should be developing these figures in each instance, but I do not think we have them. I do not think we know enough about unemployment to properly deal with many of the problems we are facing in the Congress on almost a daily basis, whether it is the tax reduction bill or the \$15 billion of expenditures that are in this budget this year for programs to supposedly lift the standard of living of some of our citizens in the so-called poverty program as it is popularly referred to now. I just do not think we have adequate information.

Mr. GOODWIN. We certainly would agree with that, and we are in this program, Mr. Congressman, because the States have the raw data. They have the unfilled job vacancies. They also have data from

unemployment insurance. We are in a position where we can make a major contribution to improvements in the development of these data.

Mr. LAIRD. It seems to me in the Department of Labor a better job must be done to try to coordinate and improve this information so we have one place where we can get employment, unemployment, and job vacancy figures, and know a lot more about them in some depth.

JOB VACANCIES STATISTICS

You cannot give me job vacancy figures if I wanted them, say, on carpenters in the United States.

Mr. GOODWIN. We could give you some, but it would not be adequate.

Mr. LAIRD. Would it be adequate to base any kind of national program on?

Mr. GOODWIN. No, we do not think so. That is why we are asking for additional funds.

Mr. LAIRD. Please supply at this point the total amount that you have asked for to develop this kind of information?

Mr. GOODWIN. Yes, we will be glad to do that.

(The requested information follows:)

TOTAL REQUEST IN 1965 BUDGET ON DEVELOPING JOB VACANCY INFORMATION

The U.S. Employment Service and its affiliated State agencies are in the process of developing a series of pilot studies examining problems of definition, analysis, and operational application in anticipation of congressional approval of the fiscal year 1965 budget. This budget includes requests for appropriations of 5 persons, or \$55,700, for salaries and expenditures in the national office and 16 jobs, or \$107,000, for grants to the States. Of course, these totals cover only a limited number of pilot studies and represent only a fraction of the amount needed to initiate a full-scale program. The Employment Service has been able this year to initiate a pilot survey in Illinois in cooperation with the Governor's commission on unemployment dealing with the feasibility of collecting such information on an areawide occupational basis. This pilot project has been completed and an analysis of the survey results should be ready soon.

The information which the Employment Service intends to collect on job vacancies would be used primarily to improve its operations function at the local level, namely in job development, placement, counseling, determination of training needs, and community manpower planning. As such, it supplements a national figure on job vacancies which the Bureau of Labor Statistics intends to gather which would be used primarily as an economic indicator.

APPRENTICESHIP INFORMATION CENTER

Mr. LAIRD. In the discussion today we ran across this new program, the apprenticeship information center program which was never justified before this committee, to my knowledge. I have never heard it even talked about, either as an Employment Service activity or as a Manpower Administration operation. The funding of these five centers, to my knowledge, was never discussed at any time with this committee.

We also have before us the Bureau of Apprenticeship and Training budget. It seems to me we must have a better understanding of who is to have the responsibility for handling the information on the apprenticeship training program. We find the Secretary has justified a reduction in the work force in the Bureau of Apprenticeship and Training, and we come in here and find we have an increase for the same activities.

Is it the feeling of the Department of Labor as they went over the overall program that your agency can do a better job in disseminating this kind of information than the Bureau of Apprenticeship and Training?

Mr. GOODWIN. I think the feeling is to tie it into the labor market conditions; in other words, the shortages and surpluses of occupations within the labor market. This is one of the principal ingredients in what they are going to try to do in the centers. This is information that the Employment Service has. I personally think this would work all right if we gave the money to the Apprenticeship Bureau and they hired the right kind of people and put them in the offices.

SCHOOL DROPOUT PROGRAMS

Mr. LAIRD. Let us take this school dropout program. We have a program we started funding about 3 years ago that is a school dropout program in the Bureau of Labor Standards. We were led to believe they would be the agency in the Department to handle this activity. They would work with the high schools and vocational schools and public and private agencies to carry on a massive program.

I have no objection to your doing this job if you are better equipped to do it. But just because the school dropout program seems to have a popular appeal right now, I don't think two or three agencies in the same department should be given funds to run the program. Should we have the Bureau of Labor Standards and the Bureau of Employment Security both working in this area?

Mr. GOODWIN. All we have ever done on the school dropout program, Mr. Congressman, is to be of some assistance. We never have had responsibility for it and we have never asked for additional funds for it.

Mr. LAIRD. They do not have direct responsibility for it, either, but they have a program to be of assistance.

Mr. GOODWIN. I think I am right that they have had the principal responsibility for the school dropout program. Is that not correct?

Mr. HUDSON. Mr. Laird, the Secretary is seriously considering and probably will propose very shortly a transfer of certain youth activity functions from the Bureau of Labor Standards to Manpower Administration, with many of these jobs going into the Bureau of Employment Security which has responsibility for State and local level problems. He probably will propose this to the Bureau of the Budget very shortly, and also to the committee for its consideration before it marks up the bill.

Mr. GOODWIN. That would not necessarily include what they have been doing on school dropouts.

Mr. HUDSON. Anything they have been doing in the area of youth employment. The primary function that would be left would be that which has to do with youth, labor standards, occupational safety orders, and so on.

Mr. LAIRD. It seems to me that the proper way to handle it is to have it in one organizational unit.

ALLOCATIONS FOR STATE ADMINISTRATIVE EXPENSES

Mr. Goodwin, when you were here last year, I inquired into the manner in which you allocated the budget for State administration to the respective States. Mr. Denton has gone into this matter today and has discussed it with you earlier this morning. You indicated to Mr. Denton, as you did last year, that the allocations of the requested amounts really came later in the year, and at the time the budget was prepared you did not have a State-by-State breakdown.

I think it is appropriate for this committee to be informed as to just what these rules and regulations and policies may be and how they are applied to each of the States. I understand, for instance, taking my State of Wisconsin, as Mr. Denton took his State of Indiana earlier, in fiscal 1963 the allocations to the State of Wisconsin were about \$6 million and the employers of the State of Wisconsin paid in some \$10 million in taxes to finance this program. Wisconsin used only 59 percent of the revenues collected in the State.

Similarly, our neighboring State of Illinois used about 61 percent of the taxes which were collected from the employers of that particular State.

In contrast, when we go to a State like California, it received an allocation of about \$50 million, and the employers of that particular State paid in about \$48 million, really a net deficit of almost \$2 million in the State of California. We find California, New York, and many of the other States are treated just a little bit differently because their incomes are higher, and some other factors.

You would think the employers of those States could really afford to pay for these services themselves, rather than going to Indiana and Illinois and Wisconsin to have these States help foot the bill for this service.

In the Midwest area in particular, job opportunities are decreasing. Employment opportunities have been greater in the coastal States. Yet, when we look and see who is paying for this program, we find the areas where the job opportunities are somewhat on the decline, where the per capita income per worker is not keeping pace with California, New York, and some of the other States, are the areas paying more than their share of the cost.

I would like to have for the record—if you cannot give it to me now, perhaps you can take it back to the technicians in the Bureau and have them prepare a full analysis of the considerations entering into the allocation of funds and explain this comparison I have just made.

Since we are here in the District of Columbia, perhaps we could use the District, whose grants for several years have exceeded substantially the tax collections from employers.

Go over to Virginia, and you find a little different situation exists there.

Looking at the District, you have just one office in the District of Columbia, and yet it is up to Indiana, Illinois, Wisconsin, and other States to help foot the bill. I cannot understand that.

Could you supply for the record, if you cannot do it now, a detailed explanation and the basis on which these allocations are made?

Mr. GOODWIN. Yes, I would be glad to do that, Mr. Congressman.

There are a couple of comments I would like to make on this now, if it is all right with you. One is that the rule for making these allocations is what is necessary for proper and efficient administration, not what the tax produces. I think the test of whether the system is working adequately or whether there has been equity between the States has to be judged on the point of whether the allocation is taking care of what is necessary for proper and efficient administration. If we have not met that test, if we have not been equitable in the distribution of the money in line with that test, then we would be subject to criticism.

I do not think any relationship can be built as between the amount produced from tax and the amount going to the State, because there are so many variable factors, some of which have been mentioned here earlier, the difference in salary rates, the amount of unemployment, the numbers in covered employment. Many different factors are variable, State by State.

We will furnish the information you requested.
(The requested information follows:)

ALLOCATIONS OF FUNDS TO STATES

A brief explanation of the process used by the Bureau in allocating funds to State agencies is included in answer to a later question. Some background information is, however, presented to explain some of the rules, regulations, and policies used in making allocations to States.

The Bureau of Employment Security is charged with the responsibility of allocating available funds to the various State employment security agencies in a manner calculated to equip the Nation's employment security machinery to operate as effectively as possible in minimizing the total impact of unemployment.

Under the Federal-State relationship incorporated in our employment security system, each State agency must develop annually a budget proposal which reflects its operating plan for the fiscal year. The State is furnished with the following material for use in the preparation of this document: (1) economic assumptions for the fiscal year; (2) guidelines and statements of program emphasis developed by the BES; and (3) a format for use in the submittal of the information.

Resources available for allocation to State agencies are limited to amounts appropriated by Congress. Since State agency budget proposals invariably request more operating funds than are provided by Congress, many specific budgetary requests that might appear to meet the ordinary tests of reasonableness must therefore be rejected.

The budget is made up of some 50 major components, most of which are in turn made up of smaller components.

Each of these program functions is evaluated by employees of the Bureau in relation to past experience, anticipated levels of workload, economic conditions, standards of performance, and the development of a balanced program.

Approximately three-fourths of the cost of financing the employment security program is in the form of compensation for personal services. The workers who staff the employment security agencies are State employees. The salaries of employees of a given employment security agency are determined on the basis of salaries of that State doing comparable work. State salary scales vary widely. Thus the amount of money required to finance the services of 1,000 employees in one State might finance the services of 1,500 employees in another State. It is necessary to avoid the inequities that might develop because of this situation. Accordingly, the Bureau of Employment Security concerns itself first with the matter of the staff resources needed to operate an effective State program. When a determination has been made that a given number of

employees are needed to operate a State program, that number is multiplied by the average State agency salary in computing the amount of money to be earmarked for the "Personal services" category of that State's budget. Thus, the budgetary process is designed to allocate to each State the funds required to maintain the staff determined to be necessary.

For the most part, amounts of money allocated to States for personal services are based on a State agency's demonstrated capacity to perform a given unit of work in a given time. This is particularly true of those functions associated with the processing of unemployment insurance claims. Workloads generated by the filing of claims for benefits fluctuate widely. Since only about half as many employees are required to process 50,000 claims as are required to process 100,000 claims, a State agency is expected to adjust its staff downward as claims loads fall and upward as those loads rise. Good business practice would, of course, dictate such a reaction. In addition, this principle is included in the guidelines by which the BES expects State agencies to operate.

The level of unemployment in the Nation exercises a most telling effect on the amount of money budgeted for employment security purposes. Similarly, the level of unemployment in a given State is the chief determinant in fixing that State's share of the total funds available.

ALLOCATIONS AND TAX RECEIPTS BY STATES

Attached is a table comparing fiscal year 1963 allocations to States and Federal unemployment tax receipts for all State agencies. The many factors which account for the differences between the allocations to States and Federal unemployment taxes are explained in several of the insertions provided by the Bureau. The allocation process requires the Bureau to determine an amount which is considered necessary for the proper and efficient administration of the employment security program in each State. There is no attempt made to relate allocations to States to Federal unemployment taxes paid by employers in a State.

In the attached table you will note that the District of Columbia allocation amount is \$3,278,000, whereas the tax receipts amounted to only \$2,780,000. Since the District of Columbia is not a highly industrialized area, it will not collect large amounts of taxes. The employment security structure in the District of Columbia and the work which it is required to perform necessitates an allocation in excess of tax collections.

The Wagner-Peyser Act provides that the employment service functions be performed by a separately designated agency administered by the Bureau of Employment Security. Unemployment insurance activities are under the administrative control of the District Unemployment Compensation Board. These two separate entities submit budget requests for amounts which they feel are needed to continue operations and for necessary improvements. The Bureau reviews these requests to determine a separate allocation for each agency from within the amount appropriated by the Congress.

Unemployment insurance allocations are related to the estimated level of insured unemployed in the District, and to the estimated number of subject employers and covered workers. Employment service positions were allocated according to the employment services required. Although the District of Columbia experiences a lower rate of unemployment than the national average, it has added costs because of the number of Federal employees in the area. The District of Columbia must pay unemployment compensation to ex-Federal employees and ex-servicemen under the Federal unemployment compensation programs.

As indicated in other insertions, one of the most important reasons for variations in allocations between States is the salary rate paid the State employees. The salary rate paid to the District of Columbia employees, the leave rate, and the retirement rates paid are comparable to Federal Government rates. Therefore, after workloads have been established and positions are determined to efficiently accomplish this workload, these positions must be financed at the established rates. The average annual salary rate for the District of Columbia was \$873 above the average for all States in 1963.

*Estimated Federal unemployment tax receipts and Federal funds allocated to States
for administration during fiscal year 1963*

[In thousands]

| State | Federal unemployment tax collections ¹ | Federal funds allocated to States (including postage) | State | Federal unemployment tax collections ¹ | Federal funds allocated to States (including postage) |
|---------------------------|---|---|--------------------------------|---|---|
| United States.. | \$474,695 | \$411,577 | Missouri..... | \$11,236 | \$7,295 |
| Alabama..... | 5,848 | 4,950 | Montana..... | 1,260 | 2,142 |
| Alaska..... | 520 | 1,749 | Nebraska..... | 2,728 | 1,962 |
| Arizona..... | 3,200 | 5,150 | Nevada..... | 1,200 | 1,780 |
| Arkansas..... | 2,712 | 4,001 | New Hampshire..... | 1,740 | 1,531 |
| California..... | 48,839 | 50,513 | New Jersey..... | 19,584 | 15,998 |
| Colorado..... | 4,428 | 4,153 | New Mexico..... | 1,708 | 2,388 |
| Connecticut..... | 8,800 | 6,311 | New York..... | 58,607 | 61,626 |
| Delaware..... | 1,408 | 969 | North Carolina..... | 10,320 | 7,091 |
| District of Columbia..... | 2,780 | 3,278 | North Dakota..... | 800 | 1,598 |
| Florida..... | 10,896 | 7,761 | Ohio..... | 27,531 | 17,368 |
| Georgia..... | 8,500 | 5,428 | Oklahoma..... | 4,380 | 5,438 |
| Hawaii..... | 1,588 | 1,697 | Oregon..... | 4,352 | 5,073 |
| Idaho..... | 1,220 | 2,553 | Pennsylvania..... | 32,095 | 29,992 |
| Illinois..... | 32,307 | 19,580 | Puerto Rico ² | 1,968 | 2,957 |
| Indiana..... | 13,260 | 6,636 | Rhode Island..... | 2,540 | 3,666 |
| Iowa..... | 5,076 | 3,627 | South Carolina..... | 4,892 | 3,833 |
| Kansas..... | 4,120 | 3,076 | South Dakota..... | 968 | 1,199 |
| Kentucky..... | 5,160 | 4,274 | Tennessee..... | 7,620 | 4,824 |
| Louisiana..... | 6,164 | 5,414 | Texas..... | 21,000 | 16,231 |
| Maine..... | 2,168 | 1,934 | Utah..... | 2,068 | 3,820 |
| Maryland..... | 7,340 | 6,500 | Vermont..... | 772 | 1,162 |
| Massachusetts..... | 17,176 | 14,417 | Virginia..... | 8,308 | 4,247 |
| Michigan..... | 21,420 | 17,280 | Washington..... | 7,120 | 7,611 |
| Minnesota..... | 7,504 | 5,413 | West Virginia..... | 3,680 | 3,122 |
| Mississippi..... | 2,972 | 3,769 | Wisconsin..... | 10,160 | 5,995 |
| | | | Wyoming..... | 652 | 1,195 |

¹ State distribution estimated on basis of data from the 1962 ES-202 reports, "Employment, Wages, and Contributions"; the ES-202 "Taxable Wage Supplement" for calendar year 1962; and "Employment and Wages," 1st quarter, 1962.

² Includes allocations to Virgin Islands, \$126,000; and Guam, \$25,000.

³ Puerto Rico became part of the Federal-State unemployment insurance system, beginning January 1961.

ALLOCATIONS TO OHIO

Mr. LAIRD. I have a copy of a letter here which was sent to the Secretary of Labor. It was signed by the ranking Democrat in the Ohio congressional delegation, the Honorable Michael J. Kirwan, who is a member of the House Appropriations Committee; and also by the ranking Republican of the Ohio delegation, the Honorable Clarence J. Brown, along with the other members of the Ohio delegation. This letter was dated February 6, 1964. This is a five-page letter. In it, certain objections are set forth to the allocation for the State of Ohio which were announced on January 13, 1964. Are you familiar with this letter?

Mr. GOODWIN. Yes; not in detail. I read it quickly. I am familiar with the Ohio problem.

Mr. LAIRD. They set forth on page 3 of this letter five points which they do not feel you have taken into consideration in establishing this budget for the State of Ohio. They also point to the fact that the State of Ohio is receiving back in its budget allocation only 63 percent of the taxes collected from employers in Ohio.

I will put their letter in the record and if you answer it before the transcript goes to the printer, please place it in the record also.

(The letters referred to follow:)

HOUSE OF REPRESENTATIVES,
Washington, D.C., February 6, 1964.

HON. W. WILLARD WIRTZ,
Secretary of Labor,
Washington, D.C.

DEAR MR. SECRETARY: We the undersigned Members of Congress from the State of Ohio understand that Ohio's allocation of funds for the administration of the Ohio Bureau of Unemployment Compensation for fiscal year 1964 will be reduced by approximately \$1 million below the allocation for fiscal year 1963. We have been informed that this is the result of an allocation received from the Department of Labor on December 31, 1963, or 6 months after the beginning of the fiscal year. Prior to this allocation, Ohio was advised to plan early fiscal 1964 operations on the basis of their 1963 operating budget. In addition, we have been informed that this reduction includes an additional cut of 2.2 percent, announced January 13, 1964, effective apparently for all States.

We understand that your Department relates the Ohio reduction to the following four considerations:

A. "(1) Our appropriation request for 'Grants to States' was reduced from \$432,570,000 to \$425,000,000."

B. "(2) For the country as a whole, average annual salary rates and rents of premises costs are higher than was provided in the appropriation. It was necessary to divert personal services funds to pay these higher mandatory costs, thus reducing the number of jobs available for allocation."

C. "(3) For the country as a whole, the claims workloads in the 1964 appropriation are related to a weekly average insured unemployed of 1,600,000, as compared to a weekly average of 1,700,000 in the 1963 appropriation. Thus, the 1964 appropriation provided fewer jobs for the claims activities.

"As a result of those three factors:

"(1) There were no funds available to expand programs in any State.

"(2) For the country as a whole, the number of positions available for allocation was about 1,745 less than were contained in the initial allocations for fiscal year 1963."

D. "In the case of Ohio, a third overall factor affecting the allocation was the greater number of hours in the work year. There are 44 more hours in the fiscal 1964 work year in Ohio than in the 1963 work year. As a consequence, a smaller number of people are required to perform a given workload."

Source: "Statement on the Fiscal Year 1964 Allocation to the Ohio Unemployment Compensation Commission for the Administration of the Ohio Public Employment Service and Unemployment Compensation Law."

According to Willard P. Dudley, administrator of the State of Ohio Bureau of Unemployment Compensation, Ohio had already reduced its personnel in the bureau of unemployment compensation prior to the end of fiscal year 1963, and any further cut would severely restrict the operation of the bureau.

We understand that in making any allocation to a State you must consider the following factors:

"(1) The population of the State;

"(2) An estimate of the number of persons covered by the State law and of the cost of proper and efficient administration of such law; and

"(3) Such other factors as the Secretary of Labor finds relevant" (sec. 302(a), Social Security Act, as amended).

According to our information, Ohio ranked fifth among the States in total population, and fifth in the number of persons working in covered employment in fiscal year 1963. Yet, Ohio ranked 47th among the States as to the ratio of Federal unemployment taxes collected to the administrative funds allocated. Therefore, we must conclude that these three factors have not been given equal, or even near equal, weight in arriving at Ohio's administrative allocation for the fiscal year in question. Is it the practice of your Department that these factors should not be weighed equally, and, if so, what weight do you give them and under what statutory authority?

While we recognize the statute allows you to use other relevant factors, we would like to inquire whether the following factors which we consider relevant were considered:

1. Ohio had already reduced its personnel in the bureau of unemployment compensation prior to the end of fiscal year 1963. The fact that this had to be reflected in its request should not penalize the State.

2. The fiscal year 1964 allocation was not received from the Department of Labor until December 31, 1963, or 6 months after the beginning of the fiscal year involved.

3. Prior to the fiscal year 1964 allocation, Ohio was advised to plan early fiscal year 1963 operations on the basis of its fiscal year 1963 operating budget.

4. The additional reduction of 2.2 percent was not announced until January 13, 1964, or 6½ months after the beginning of the fiscal year involved.

5. That only 5½ months remained in fiscal year 1964 after the Department of Labor finalized the fiscal year 1964 allocation, thereby necessitating that the Ohio bureau make a sharp reduction in its operations for the remainder of the fiscal year to compensate for the reduction in its allocation and for its having operated on the basis of its fiscal year 1963 operating budget for at least 6 months of fiscal year 1964 under advice from your Department.

In summary, we find the information made available to us, and referred to in this letter, as to the reasons for the reductions in the Ohio allocation by your Department to be insufficient and incomplete. We trust that you can inform us as to the weight given the three factors set forth in section 302(a) of the Social Security Act, as amended, and the reasoning. Further, we trust that you can inform us as to whether or not the factors we suggest were considered by your Department, and in what manner.

Respectfully,

FRANCES P. BOLTON.
JACKSON E. BETTS.
CHARLES A. MOSHER.
PAUL F. SCHENCK.
ROBERT TAFT, JR.
HOMER ABELE.
ROBERT T. SECREST.
DONALD D. CLANCY.
DELBERT L. LATTA.
WILLIAM H. AYRES.
THOMAS L. ASHLEY.

CLARENCE J. BROWN.
MICHAEL J. KIRWAN.
CARL W. RICH.
OLIVER P. BOLTON.
FRANK T. BOW.
WILLIAM M. McCULLOUGH.
WILLIAM H. HARSHA, JR.
JOHN M. ASHBROOK.
SAMUEL L. DEVINE.
WILLIAM E. MINSHALL.
MICHAEL A. FEIGHAN.

(NOTE.—The following was sent to each of the Members who signed the foregoing letter:)

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, February 22, 1964.

I am happy to provide the information requested in your letter of February 6, 1964.

As pointed out in your letter, section 302(a) of the Social Security Act, as amended, provides that the following factors shall be considered in the allocation of employment security administrative funds:

- (1) The population of the State;
- (2) An estimate of the number of persons covered by the State law and of the cost of proper and efficient administration of such law; and
- (3) Such other factors as the Secretary of Labor finds relevant.

The 1964 Appropriations Act, however, contains the following language:

"* * * notwithstanding any provision to the contrary in section 302(a) of the Social Security Act, as amended, the Secretary of Labor shall * * * certify for payment to each State * * * such amounts as he determines to be necessary for the proper and efficient administration of its unemployment compensation law and of its public employment offices during fiscal year 1964 * * *"

This proviso has been in the annual appropriations acts for many years, and was adopted after thorough consideration of the relevancy of "population" and "covered workers" as determinants of administrative costs. It is our authority for making allocations to State employment security agencies on the basis of program requirements and local costs in each State, within the limits, of course, of available funds.

We believe that the action of the Congress in waiving "population" and "covered workers" as bases for State agencies' allocations is a sound one. The cost of operating a State employment security program is related only

indirectly to "population" and "covered workers" and not at all to the amount of Federal taxes collected in a State. Instead, the cost of operations depends upon a number of individual costs, each of which varies from State to State. Among the more important of these are the volume of work to be done, measured in terms of unemployment insurance and employment service workloads, plus specific program proposals, such as improved services to youth, veterans, minority groups, and older workers. Rental costs, of both premises and equipment, vary widely and are an important item in the varying costs of administration from one State to another. The salary scale of the States is also an important cost item because it affects the total number of dollars needed for personal services and also the amount of funds needed for retirement contributions. The salary paid in each State employment security agency is determined by and is comparable to, the salaries paid by that State to other State employees and they vary widely from State to State.

I should like to turn now to our action on the Ohio budget. On a comparable basis, the Ohio Bureau of Unemployment Compensation spent \$16,651,147 in fiscal year 1963; it requested \$18,119,331 for fiscal year 1964; the Bureau of Employment Security approved a basic budget of \$15,540,086 for 1964 (excluding a reserve of \$341,880 for moves to new premises). The Ohio agency's budget request for 1964 was reviewed against the same guidelines that were used for reviewing the budget requests of all other State employment security agencies, and the Ohio budget was treated in precisely the same way as were other State agency budgets.

Ohio's basic budget for 1964 is \$1,111,061 below the agency's expenditures in 1963, primarily for the following reasons:

(1) Ohio's claims load is expected to be about 22 percent lower this fiscal year than last fiscal year. The lower claims load reduces the need for funds by about \$900,000.

(2) The contribution rate to the State retirement system is lower this year than last year, with a consequent reduction in need for funds of about \$174,000.

(3) The Ohio agency requested reductions in four overhead functions, with a consequent reduction in need for funds by about \$200,000.

On this basis, Ohio's budget would have been reduced \$1,274,000. After considering all relevant factors, however, the actual difference was \$1,111,061.

At the request of the Ohio administrator, national office officials of the Bureau of Employment Security met with the Ohio administrator and the chairman of the Ohio Board of Review in Washington on January 22. At this meeting the Bureau of Employment Security agreed to review its action on the budgets for both the Ohio Bureau of Unemployment Compensation and the Ohio Board of Review. Following that reconsideration the Bureau concluded:

(1) That there was no basis for changing its initial action on the Ohio base budget as far as the bureau of unemployment compensation was concerned.

(2) That the higher workload of the board of review justified an increase in the budget for the appeals activities. An increase of \$74,452 for the appeals function was approved on February 5. This amount increases the base budget for Ohio to \$15,614,538.

I should like now to discuss the five specific points on which you asked for comment.

1. "Ohio had already reduced its personnel in the bureau of unemployment compensation prior to the end of fiscal year 1963. The fact that this had to be reflected in its request should not penalize the State."

The personnel reductions made by the Ohio agency prior to the end of fiscal year 1963 had no relationship to the Ohio allocation for fiscal year 1964. Programs and estimated workloads for a given year are the bases for acting on State budget. Improvement in the Ohio economy resulting in an estimated 22 percent reduction in insured unemployment is the key factor in the difference between the two budgets.

2. "The fiscal year 1964 allocation was not received from the Department of Labor until December 31, 1963, or 6 months after the beginning of the fiscal year involved."

We did not have an approved appropriation until October 11, 1963. Neither Ohio nor any other State could have an approved budget before we had an appropriation. We made tentative allocations to all States except Ohio on October 8, after the Congress had cleared the appropriation but before the President had signed it.

The Ohio agency had been asked to revise its budget estimates following a press statement on September 6 in which the Ohio BUC administrator said that he was cutting the Cleveland office by 23 positions "because of overstaffing." In the light of this press statement, the BUC was asked on September 11 and again on September 26 for official revised estimates to determine if it felt that there was overstaffing in other offices. Its final budget request was not received until October 28. The request was reviewed and evaluated in accordance with the same guidelines used to evaluate and review budget requests for all other States, and the agency was advised by letter dated December 30, 1963, of the action on its budget.

3. "Prior to the fiscal year 1964 allocation, Ohio was advised to plan early fiscal year 1964¹ operations on the basis of its fiscal year 1963 operating budget."

As noted earlier, since we did not have an appropriation until October 11, we could not provide any State with an approved budget at the beginning of the fiscal year. We did give the States as specific guidance as possible on how to operate pending approval of an appropriation and a State allocation.

The Ohio agency, and every other State employment security agency, was advised as follows in fiscal letter No. 535 on June 27, 1963 " * * * each State agency should assume that for all activities *except the claims and benefit functions*, it will receive approval for no more than the number of positions in its approved fiscal year 1963 operating budget." [Italics supplied.] The agency was advised in the same letter that staff adjustments in claims and benefit functions should be made in light of generally declining workloads. Furthermore, Ohio and all other State agencies were advised in early July 1963 of the maximum claims workloads which the Bureau of Employment Security could approve, based on the national weekly average of insured unemployment in the pending appropriation request. This information was given to Ohio in a letter dated July 2, 1963, and should have provided specific guidance on reductions in staffing in the claims functions.

In another letter dated July 30, 1963, we specifically advised State agencies to take the following actions:

1. Adjust staff for the claims and benefit functions to workloads (with appropriate seasonal adjustments) which had already been furnished to each State agency.

2. Reduce other staff to conform with the guidelines given in fiscal letter No. 535.

3. Reduce nonpersonal services expenditures to a minimum by deferring all possible items until the approved allocation was made.

4. Consider freezing vacancies to reduce staff below the number of positions authorized by the guidelines in fiscal letter No. 535.

4. "The additional reduction of 2.2 percent was not announced until January 13, 1964, or 6½ months after the beginning of the fiscal year involved."

This action referred to here is not, technically, a reduction in the base allocation. It was made necessary because estimated claims on the contingency fund exceed the amount provided for this purpose by Congress. The announcement to all State Agencies was made as soon as we were able to make a reasonably firm estimate that the contingency fund would be insufficient to cover contingency claims. The States were then advised (on January 10, 1964) that it would be necessary to absorb contingency costs in an amount equal to 2.2 percent of their base budget. Contingency costs in excess of this amount will be paid on the basis of 97.8 percent of approvals.

As you know, the grants to States appropriation contains a "contingency fund" of \$15 million which is available to pay the added costs resulting from specified contingencies which develop during the year, after the Congress has considered and acted on the appropriation. The specified contingencies are: increased claims loads, statewide increases in State employee salaries, and increased costs resulting from changes in State laws. The extent of contingency claims cannot be determined at the beginning of the year. We did make every effort to develop estimates as promptly as possible in order that the States might know what to expect from the contingency fund.

5. "That only 5½ months remained in fiscal year 1964 after the Department of Labor finalized the fiscal year 1964 allocation, thereby necessitating that the Ohio Bureau make a sharp reduction in its operations for the remainder of the

¹ We have taken the liberty of changing this figure from "1963" as shown in your letter to "1964."

fiscal year to compensate for the reduction in its allocation and for its having operated on the basis of its fiscal year 1963 operating budget for at least 6 months of fiscal year 1964 under advice from your Department."

As indicated in our comment on point 2, we believe that the advice given in fiscal letter No. 535 and in subsequent letters provided the kind of guidance that should have enabled the agency to operate pending its budget allocation.

Mr. Dudley has been in Washington for the last 2 days for intensive discussions with my staff. These discussions are continuing. We are hopeful that the Ohio agency will be able to justify additional allocations from the contingency fund which should largely meet its financial problems.

Yours sincerely,

Secretary of Labor.

SECRETARY'S ROLE IN ALLOCATING FUNDS

Mr. LAIRD. Mr. Goodwin, yesterday I discussed this matter with the Secretary, and he indicated to me that the Secretary of the Department of Labor was playing a part in the allocation of funds to the States.

When he answered that question in this manner, I was a little surprised because, having served on this committee for the few years that I have, I had never known a Secretary of Labor to take part in this allocation.

Is this the first year that this has been done?

Mr. GOODWIN. No. The Secretary's Office has played a part in this process as long as I have had anything to do with it. This does not mean they have approved the detailed allocations to the States, but they do consult with the Secretary of the Department on the rules that control the allocation of funds.

Mr. LAIRD. Our investigative staff, when they went into this particular matter, gave us just the opposite impression; that as far as the allocation was concerned, the Department of Labor felt this was really the responsibility of BES and left it entirely up to them.

Mr. GOODWIN. On the allocation?

Mr. LAIRD. Yes. The Secretary, in answering my question yesterday, implied that this was not the case. I did not realize he was getting into the business of allocating the budget State by State, but evidently that is a new approach within the last year.

Mr. GOODWIN. If this has to do with the determination of what a given State gets—

Mr. LAIRD. That is correct. That is what my question was directed to yesterday.

Mr. GOODWIN. I might just cover the points on which there is departmental participation in the State grant budget process.

First, the Department reviews and approves all budget submittals to the Bureau of the Budget and the Congress. Secondly, the Department approves apportionment requests. Third, the Bureau discusses major policy issues which arise in connection with allocations to the States with the Department. Fourth, the Department reviews and approves the system used in making allocations to State agencies. Five, the Bureau does make the individual decisions with respect to amounts needed for proper and efficient administration in individual States agencies.

These are discussed with the Secretary's Office only if there is some special problem or some special reason to do so.

Mr. HUDSON. May I respond a little to that?

Mr. LAIRD. I am just looking for information.

Mr. HUDSON. So far as the Office of the Secretary is concerned, the Secretary himself, we do not get into and never have gotten into—

Mr. LAIRD. But you heard his response to my question yesterday.

Mr. HUDSON. Yes. We do not get into and never have gotten into the individual allocations to a specific State. We do get into it in terms of the overall distribution of the dollars to the various programs.

We get into it, as Mr. Goodwin says, through the budget process, through the apportionment process. It may well be that yesterday the Secretary did not really understand the import of that particular question. We do not get into allocations to Ohio, New York, California, and so on.

Mr. GOODWIN. Mr. Congressman, as an example of the sort of thing we go to the Secretary's Office with, when we had this question up of the \$8 million deficit in the contingency fund, this presented a serious across-the-board problem and this was discussed with the Secretary's Office, not only on the major policy issues involved, but we also pointed out the impact in certain States of alternative methods of meeting this particular problem.

This was done in order to get a policy decision, and not to get from the Secretary's Office individual State-by-State decisions. I would say the individual State-by-State decision process has been delegated to the Bureau, and that the Secretary's Office would get into that sort of thing only on complaint, as a rule.

Mr. LAIRD. Title III of the Social Security Act gives to the Secretary of Labor the authority to extend to each State the sum of money that is determined to be necessary for "proper and efficient administration."

Mr. GOODWIN. Right.

Mr. LAIRD. This defining of "proper and efficient administration" is a judgment factor that you have to arrive at on each individual State?

Mr. GOODWIN. The rules of the game by which you determine proper and efficient administration are discussed with the Secretary's Office. The individual application of that, State by State, is made in the Bureau.

Mr. LAIRD. Do these rules cover almost any situation in detail, or is there quite a little latitude to make certain judgments as far as your Bureau is concerned?

Mr. GOODWIN. The total budget process is complicated, and there are areas of judgment involved in it; that is correct.

Mr. LAIRD. Does this mean you have to make a judgment on each and every activity of the State?

Mr. GOODWIN. No. Many of them are subject to formula.

Mr. LAIRD. This formula is broad enough that you do not have to make a judgment on each and every activity or an evaluation of each and every activity in the State?

Mr. GOODWIN. That is correct. For instance, those items in the budget that are paid off on the basis of the time factors which we have worked out with the State, that is, the time it takes to do a specific function involved in employment security. This is then applied to

the workload, the number of such items they have in the workload, and then it is again related to the salary scale in that State.

That becomes a formula type of computation. We would apply the same thing across the board in all States.

COMPLAINTS FROM THE STATES

Mr. LAIRD. Last year you reported to this committee that you were receiving no complaints from the States. I asked you some questions about it, and you said that there had been pretty much an accord worked out between you and the States. The letters that I referred to were old letters, and you thought there were really no complaints as far as the States were concerned.

It seems to me as a member of this committee I have never had as many complaints as I have had in the last year. I note that scheduled to appear here this year are representatives of the State administrators. They have asked for time to appear before this committee.

Mr. GOODWIN. To complain?

Mr. LAIRD. I do not know any other reason that they would ask for time to appear before this committee. If they were well satisfied I do not think they would be asking for time. They did not ask for time last year. They haven't asked for time for 3 or 4 years.

Mr. GOODWIN. Well, the point I was making last year, as I recall, was that on the distribution of the money to States we had had very little complaint that we had not been equitable in the distribution between the States.

That situation is not true at the moment. Ohio is complaining that we have not been equitable in the amount given to Ohio. We have many complaints currently that we did not go for a supplemental this year. Many of the States feel that we should have asked the Congress for this \$8 million supplemental.

Mr. LAIRD. The States seem to be complaining most, and the report of our investigators would indicate that they were complaining most about compartmentalization of their budget allocations, the fact that at one time you put a freeze on and then you take a freeze off with regard to things like allowing unemployment claims personnel to go over and work on employment problems. What is this business of putting freezes on and taking freezes off?

Mr. GOODWIN. I do not know. As I understand this particular complaint the States want a maximum amount of flexibility on the use of the money. As I indicated earlier, the other side is that we think we have an obligation to see that the money is spent for the purposes for which it is appropriated, so we do not permit transfer from the major classification, employment service, unemployment insurance, or the farm program. We have limited the transfers that can be made without approval of the Bureau to 3 percent or 25 jobs, whichever is the smaller.

This particular thing was worked out with a State committee and was acceptable to them. I do not say that this represented what they would prefer because naturally the State administrators would like to have complete flexibility on the use of the money.

COORDINATION BETWEEN PROGRAM PERSONNEL AND FISCAL PERSONNEL

Mr. LAIRD. On page 36 of this investigative report there is a rather serious allegation made that would indicate that the BES program staff urged more program expansion that can be financed; that there isn't good coordination between the program personnel and the fiscal personnel. What is your comment on that?

Mr. GOODWIN. I do not know of any instances where that was true. I would make the point that in terms of our regulations and requirements of the States, they are not to spend any more money than they get, whether they are urged to do so or not. We certainly would not approve of our people representing the different programs going out and promoting more program than we have money for and if we have any evidence that that is going on we will stop it.

I do not know whether this gives the specific facts in the case or not, but as a matter of policy, we do not believe that should take place, but in any event, instructions to the States are clear that they are not to spend any more money than they get.

PERSONNEL FOR REGIONAL OFFICES

Mr. LAIRD. On page 50 of the staff report, regarding the regional and other BES staff expansion, the staff report shows that there were 162 in the regional offices in 1959 and 255 in 1963. I wondered if you could supply for the record at this point the 10- or 12-year record of personnel as far as the regional offices are concerned?

Mr. GOODWIN. Yes.

Mr. LAIRD. Also a little discussion of what duties they perform.

Mr. GOODWIN. Yes. You realize, of course, that these jobs were all justified to the Congress and the Congress approved them.

Mr. LAIRD. I understand that.

(The information requested follows:)

List of positions assigned to regional offices for 12-year period and explanation of changes since 1959

| [Salaries and expenses appropriation] | | | |
|---------------------------------------|-----------|-----------------------|-----------|
| Fiscal year: | Positions | Fiscal year—Continued | Positions |
| 1954 | 150 | 1960 | 161 |
| 1955 | 150 | 1961 | 211 |
| 1956 | 144 | 1962 | 211 |
| 1957 | 141 | 1963 | 255 |
| 1958 | 144 | 1964 | 249 |
| 1959 | 162 | 1965 | 241 |

Increase in fiscal year 1959

The additional positions provided for strengthening of selected regional office professional staffs and supplementing clerical help to intensify assistance and guidance to State employment security agencies in streamlining unemployment benefit payments and devising methods of locating and identifying individuals with potentialities for occupations that were in short supply, especially those in technical fields supporting scientists and engineers.

Increase in fiscal year 1961

Eleven of the additional positions added were for giving guidance and assistance to State employment security agencies in (1) bringing about improved recruitment services for farmers and domestic farmworkers, and (2) assuring that qualified available domestic farmworkers were given first opportunity for employment in agriculture and that conditions of employment offered domestic farmworkers met the requirements of the Secretary of Labor's regulations.

The other 39 additional positions permitted strengthening of our regional employment service staffs (and supplementary clerical assistance) to enable them to maintain a continuing evaluation of the direction and quality of employment service activities in the State agencies. With the expansion of local office operations in the States, it was of increasing importance to assure that the additional resources were effectively employed to accomplish the intended purposes. With the added staff the regional offices were able to give guidance and assistance to State agencies in developing new programs to meet localized situations while at the same time insuring that national objectives were understood and provided for in State plans; and to guide and stimulate the State agencies in making necessary studies for sound manpower planning by the employment service, by employers, by training agencies, and by community groups, and taking the necessary follow through action to relate study results to operations.

Increase in fiscal year 1963

Seven positions were added to regional office staffs to permit more intensive assistance to State agencies in the organization and management of employment service resources in metropolitan areas, coping with the problems of automation, providing specialized services for youth, and promoting greater use of the employment service.

Thirty-seven additional positions were for intensified regional office work with the State agencies regarding the expansion of recruitment programs to get more of the unemployed into farm jobs, and to provide for enforcement of the Secretary's regulations regarding living and working conditions for domestic migrant agricultural workers. The expanded recruitment activity was concentrated mainly on the interstate annual worker plan, and aimed at extending that plan to new areas of labor supply; it also included cooperative action with the States in sending teams of regional and State agency personnel to recruit harvest workers in economically depressed areas. The expansion of activity toward enforcement of the Secretary's regulations (occasioned by previous lack of uniformity in the States in understanding and implementing them) was directed toward regional office work with State agencies to insure the proper application of those regulations with respect to housing, transportation, and prevailing wage considerations.

Decrease in fiscal year 1964

The reduction of six positions in this fiscal year was the result of a reduction in the number of positions approved by Congress.

Decrease in fiscal year 1965

In this fiscal year, the regional staff reduction of eight positions is necessary to absorb part of the working capital fund increase and for increased productivity.

INSTRUCTIONS TO REGIONAL OFFICES

Mr. LAIRD. Perhaps you could supply for the record too, some information as to the instruction given to these regional offices.

Mr. GOODWIN. Instructions?

Mr. LAIRD. As to their duties and responsibilities.

Mr. GOODWIN. Yes, sir.

(The information requested follows:)

INSTRUCTIONS TO REGIONAL OFFICES

In fiscal year 1959, the small increase averaging less than one professional and one clerical position for each of our regional offices required no special instructions to the field as to their use. The positions were allocated to those regions in which the greatest need existed for added help to meet ongoing work programs in both employment service and unemployment insurance.

In the fiscal year 1961, guidance for the use of the 39 new regional office employment service staff was given to the field through the Bureau's official series of releases—regional memorandums to regional offices and USES program letters to State employment security agencies. These communications described the functions of employment service operations that should be given current emphasis. The functions of employment service expansion and improvement for

which the new staffs were provided were discussed at meetings of the Bureau's regional directors held in July 1960 and in February and in April of 1961. Similar discussions were held at a meeting of regional employment service representatives in September 1960. In addition, there was, of course, the continual interchange of individual communications between national and regional staffs regarding employment service program and operating matters—all of which had the effect of advising and delineating functions of expanded regional staffs.

With respect to the 11 additional farm placement positions in fiscal year 1961, instructions regarding expanded farm labor programs were given the regional offices during meetings of regional farm labor representatives in July 1960 and in early 1961, and in the program emphasis statement for farm placement for fiscal year 1961. The main phases of regional work to be emphasized were the evaluation of the State agency domestic farm placement operations, the expansion and improvement of methods of interstate recruitment of migratory workers, and the selection and referral of year-round workers.

Advice to the field on the use of the seven additional employment service staff members approved for fiscal year 1963 was disseminated in the same general manner as that described for the fiscal year 1961 increase. Intensified personal national-regional discussions of the responsibilities of the regional employment service staffs took place at meetings of regional employment service directors in October 1962, in January 1963, and again in June 1963.

With respect to the use of the 37 additional farm labor positions for fiscal year 1963, it was pointed out at the meeting of the Bureau's regional administrators in September 1962 that the primary objective was the strengthening of the domestic farm labor program. Later, at the national farm labor conference in January 1963, emphasis was again placed on the use of regional staffs to expand and improve the utilization of domestic agricultural labor. This included bringing about improved conformity with the regulations of the Secretary of Labor, increased cooperation with community agencies in providing better services to migratory workers, work with States in improving recruitment, selection, and referral practices, and stimulation of training in rural areas as a means of increasing worker supply for more highly skilled agricultural jobs.

STAFF VISITS TO STATE OFFICES

Mr. LAIRD. The staff report indicates that the Federal people are continually going into the State offices with suggestions and ideas on this, that, and the other. Personally I couldn't figure out exactly what they were doing by just reading over the report, but I would like you to take one region and for, say, the last year, show the record of the number of visits the people in that regional office made to State offices. I do not know if you want to take the Southwest.

Mr. GOODWIN. California, Arizona, and Nevada are in one region. They also have Hawaii.

Mr. LAIRD. Why don't we take that. Do they have Alaska, too?

Mr. GOODWIN. No. That is with Seattle.

Mr. LAIRD. Take the California, Arizona, Nevada, and Hawaii region. Let's have the record of the visits made by regional office personnel to these State offices.

Mr. GOODWIN. Yes; I might comment that this is their principal reason for being out there. I mean their basic job is to stay in touch with the State, to know what is going on in the State, to carry out or to see that the Federal responsibilities with relation to the State are carried out. This is their basic job. This means that a substantial amount of their time must be spent in the State offices. The regions average four or five States to the region and so this personnel is not in there all the time, but they are out in the field; I would imagine on an average of maybe 3 days a week they would be in State offices, 2 to 3 days a week.

Mr. LAIRD. I would just like to see it. Reading over this report I got the idea that the States think these people are running in and out of the State offices to the point that the State people could not do any work.

(The material requested follows:)

SUMMARY OF SAN FRANCISCO REGIONAL OFFICE TRAVEL, AND PURPOSE, TO ARIZONA, CALIFORNIA, HAWAII, AND NEVADA STATE AGENCIES, FISCAL YEAR 1963 (INCLUDES TRAVEL FOR REGULAR FUNCTIONS, MANPOWER DEVELOPMENT AND TRAINING ACT, AREA REDEVELOPMENT ACT, THE MEXICAN PROGRAM AND OFFICE OF EMERGENCY PLANNING)

Administration and management

| | Arizona | California | Hawaii | Nevada |
|--------------------------|---------|------------|--------|--------|
| Number of travelers..... | 6 | 6 | 3 | 6 |
| Number of trips..... | 24 | 56 | 4 | 21 |
| Number of days..... | 72 | 99 | 45 | 40 |

To discuss overall policy and administration and management matters with State agency officials; to review the State agencies' budgets and to give leadership, guidance, and assistance to State agencies on financial management and fiscal operations; and to give leadership to defense manpower mobilization planning and to evaluate such plans.

Employment service

| | Arizona | California | Hawaii | Nevada |
|--------------------------|---------|------------|--------|--------|
| Number of travelers..... | 7 | 8 | 3 | 7 |
| Number of trips..... | 18 | 84 | 6 | 20 |
| Number of days..... | 54 | 177 | 96 | 50 |

To give leadership, guidance, and assistance to the State agencies regarding both the policy and procedural aspects of employment service. To assist the State agencies in reorganization of employment service activities in metropolitan areas. To give leadership and assistance in the development of Manpower Development and Training Act courses and to participate as a member of review teams on Manpower Development and Training Act projects proposed by the States. To evaluate the various phases of the Employment Service programs and operations. To give leadership and assistance to the development of Area Redevelopment Act projects and to make recommendations with respect to projects proposed by the States.

Unemployment insurance

| | Arizona | California | Hawaii | Nevada |
|--------------------------|---------|------------|--------|--------|
| Number of travelers..... | 3 | 3 | 2 | 2 |
| Number of trips..... | 10 | 46 | 2 | 8 |
| Number of days..... | 64 | 88 | 24 | 24 |

To give leadership, guidance, and assistance to the State agencies regarding both the policy and procedural aspects of unemployment insurance. To evaluate State agencies' unemployment insurance programs and operations. To assist the State agencies in organizational problems. To participate in training of State agency personnel.

Farm Labor Service

| | Arizona | California | Hawaii | Nevada |
|--------------------------|---------|------------|--------|--------|
| Number of travelers..... | 4 | 7 | | 1 |
| Number to trips..... | 9 | 113 | | 5 |
| Number of days..... | 31 | 217 | | 11 |

To assist the State agencies in the improvement and expansion of programs for the recruitment and placement of domestic agricultural workers. Assist the States in the preparation and review of farm labor budgets for both domestic and foreign labor programs. Maintain cooperative relationships with the State agencies and the growers associations in order to facilitate operation of the foreign labor program. Give leadership and assistance to agricultural State wage surveys designed to determine prevailing wages for agricultural workers, both foreign and domestic. Actively participate with the States in the development of research studies designed specifically to meet the needs of the foreign labor program. Coordinate investigations and review labor disputes in the agricultural industry.

Recapitulation

| | Arizona | California | Hawaii | Nevada |
|--------------------------|---------|------------|--------|--------|
| Number of travelers..... | 20 | 24 | 8 | 16 |
| Number of trips..... | 61 | 299 | 12 | 54 |
| Number of days..... | 221 | 581 | 165 | 125 |

In addition to the trips specified above there were approximately 50 visits to the California agency's central office in Sacramento by regional office staff members using Government-owned car for which no travel expenses were claimed. These trips were 1 day or less in duration and were for the purpose of discussing various program and operating matters with the State agency officials.

Mr. GOODWIN. I got the rather general impression that this report was on the whole critical that we had not been doing enough by way of controlling what the States do; is that correct or not?

Mr. LAIRD. I think the report would indicate that there isn't much uniformity in control over the budgets as far as the States are concerned.

I mean one State office can be an entirely different operation than another State office.

NUMBER OF PLACEMENTS

Mr. LAIRD. According to your justifications, the number of placements made by the employment service in fiscal year 1963 is about the same as calendar year 1951 when your insured employment was about one-quarter less. Can you explain that fact to me?

Mr. GOODWIN. Can you explain this, Mr. Levine?

Mr. LEVINE. I do not have the figures in front of me. I am very well aware of the fact, however, that in 1951 we were right in the midst of the Korean conflict and we were making placements involving military and other types of production somewhat similar to our wartime activity. That may be a factor in the level. I know that the placements—

Mr. LAIRD. Let's take, say, 1964. The placements in the first part of 1964 were lower than 1963, yet the expenditures were higher. How do you explain that, if you want to get a little more current?

Mr. LEVINE. From May and June of 1961 until the last half of the last calendar year, the employment service was breaking records in

placements going back to the Korean conflict. That period had been peak placement since World War II. There comes a stage at which you cannot go on breaking placement records month after month.

Mr. LAIRD. Are you going to come up to this production of a year ago of 7.4 million?

Mr. LEVINE. I do not think we will.

Mr. LAIRD. That was your prediction when you were before this committee a year ago; that you would make 7.4 million placements. Is that figure going to be achieved in 1964?

Mr. GOODWIN. It was based in part on the staff increase, which we did not get.

Mr. LEVINE. That is right. We did not get any staff increase. On top of that I must say, and I think the facts will show, that the employment offices in this interval have had to take on a good many other closely related activities in the manpower field, pending the time when staff could be acquired for those activities in the manpower training and retraining areas.

Mr. LAIRD. It seems that placements decline when unemployment is high; is that correct?

Mr. LEVINE. Normally placements decline in a recession period; yes, sir; that is correct. Opportunities for placement increase as the economy is improving, as a rule.

DIVERSION OF STAFF

Mr. LAIRD. Our report, on page 42, indicates that diversion of staff was not permitted. During a period of time when you have a lot of unemployment you have not been allowing any of the staff, although placements are difficult to make, to work on the unemployment claims; is that correct?

Mr. LEVINE. Mr. Goodwin indicated what the rules were with respect to the transfers between major programs and he referred to the 3 percent and 25 positions—it was 10 before and it has been increased to 25 positions.

Mr. GOODWIN. Over and above that, though, the State can submit a request and plan for the transfer of funds which will be approved if it is justified. This would be done if we had major changes in the economic situation.

We have discussed with this committee on many occasions the problem of the employment service staff being diverted to carry on unemployment insurance activities, and in the majority of cases that is done under circumstances when you could still place people. In other words, there would still be the opportunities for placement and we felt that the employment service needs protection against that kind of situation. We feel that it should not be easy to transfer funds from the employment service to unemployment insurance.

SEPARATE STAFFS FOR EMPLOYMENT SERVICES AND UNEMPLOYMENT INSURANCE

Mr. LAIRD. I have here a Vermont "Job Finder," which is published by the Vermont State Employment Service, and the first paragraph in this report for December of 1963 says—

Under the direction of the Commissioner of Employment Security, employment service personnel have been completely relieved of unemployment insurance claims taking functions in all Vermont local offices.

Doesn't this mean that all the local offices, however small they might be, will have to maintain two staffs?

Mr. GOODWIN. It would mean they would have to have personnel in the local office for employment service and for unemployment insurance. That is right.

Mr. NORWOOD. If I may comment, as a matter of fact, what they did in the smaller office was to go on a part-time basis for claims taking activities so that one person would cover say two or three offices, where it was less than the equivalent of a full-time person working on claims activities.

Mr. LAIRD. And then you would pay travel costs that would not be involved if you were letting one man handle both the claims and handle the employment services work?

Mr. NORWOOD. This is a part of the unemployment insurance point of view, too, that the claims taking jobs have become considerably more complex; there are a number of different programs that they are engaged in.

Mr. LAIRD. As I understand this is something that you encouraged.

Mr. LEVINE. May I speak to that, Mr. Congressman? You are talking about the State of Vermont and I happen to have discussed this very situation with the lady who is the new administrator of the State of Vermont. She requested our regional office in Boston to go into a thorough survey with her of the duties performed in the various local offices in Vermont. She, of her own volition, and without any encouragement from us—on the contrary, we suggested to the regional office to look very carefully at the size of offices—determined that better service would be rendered to the people in Vermont if there could be concentration on unemployment insurance and on employment service work. That was strictly a State decision, made entirely on her own volition.

Mr. GOODWIN. I would have serious questions, Mr. Congressman, on the desirability of this in anything like a one or two man office.

I think that specialization is desirable when you get into larger offices, but I would not believe it would be desirable in the extremely small office.

Mr. LAIRD. I have got just one or two more questions about this report.

EXPANSION OF EMPLOYMENT SERVICES IN LARGE CITIES

On page 70 the report says, and I quote: "The initial action taken by BES to strengthen the employment service in the metropolitan areas was to increase personnel."

If we look over the expenditures for the big city expansion, we find that of the \$52 million which has been added to your budget between 1960 and 1964, \$30 million of this has gone into the big city expansion program.

I would like to get some figures on the cost of placement in some of these big cities.

Mr. GOODWIN. Yes, sir.

PLACEMENT COSTS IN DISTRICT OF COLUMBIA

Mr. LAIRD. Could you supply at this point the cost per placement for the District of Columbia office? I happened to go down and walk through the District of Columbia office unannounced and that is a fairly expensive looking office that we are maintaining here in the District. What is the cost of each of those placements?

Mr. GOODWIN. I do not know offhand, but we can furnish it. The overall figure for the system as a whole, if you just take the total cost of the Employment Service and divide it, or divide in the total placement, it runs about \$25 per placement.

(The material requested follows:)

COST PER PLACEMENT IN THE DISTRICT OF COLUMBIA EMPLOYMENT SERVICE OFFICE

The cost per placement in the District of Columbia Employment Service Office is slightly less than \$22. Cost per placement was computed by dividing the total cost of operating the District Employment Service Office by the number of placements made. Operating costs include: Administrative, staff and technical services, local office management, direct applicant services, services to employers, labor market information service, leave and other benefits, and nonpersonal services.

The concept of the cost per placement derived in this manner is not used in the Employment Service. It is too all-inclusive for operating purposes since it includes such supporting activities as labor market information services, services to employers, and similar functions which are not directly related to making placements. In addition it ignores or glosses over the "mix" of placements from professional to unskilled or casual workers, services to youth, older workers, minorities, and the like. It is at best a broad index but should not be used as the basis for specific conclusions.

1962 ALLOCATIONS TO CALIFORNIA, ILLINOIS, AND NEW YORK

Mr. LAIRD. You are familiar with the Comptroller General's charge that you did not follow your normal procedures in allocating money in 1962 to California, Illinois, and New York; are you not?

Mr. GOODWIN. Yes, sir. I read that charge.

Mr. LAIRD. Do you feel that the Comptroller General is justified in that charge as far as Illinois, California and New York are concerned?

Mr. GOODWIN. Well, I do not think he is justified in drawing the conclusions that he drew. I think Mr. Curtis might be better equipped to comment on this because I asked him to check into this fully.

Mr. CURTIS. We did make, as the Comptroller General report indicated, allocation to California, New York, and Illinois on June 28, 1962. The allocations totaled about \$5½ million. The reason we made those allocations was that at that time we did not have an appropriation for 1963. The action of the House was \$350 million, because the House at that time was bound by the \$350 million, because the House at that time was bound by the \$350 million legislative ceiling.

If we had followed the joint resolution we would have had to reduce the States to a level of expenditure of \$87,500,000 a quarter.

We decided, after appropriate consultation, to use the advance language in our own appropriation which gave us as a yardstick the amount of funds paid to the States in the comparable quarter of the preceding year. Our interest was to try to get the financing level up as high as we could, approaching the level of expenditure in the quar-

ter that was ending. To do this we made these allocations to these three States, with the understanding that those funds would show up as unencumbered balances, that they would not be spent by the States, but show up as unencumbered balances and under our policy we could allot unencumbered balances.

The net effect of the transaction was to increase by \$5½ million the funds available for all the States in the quarter beginning July 1. Had we not taken that action the State expenditure levels would have had to have been reduced by that amount.

This was an action, not to benefit California or Illinois or New York, but to benefit all the States and to keep the employment security program operating as effectively as possible in the light of the appropriation situation on July 1, following June 28.

That explains the action.

Mr. LAIRD. Have you answered the Comptroller General on this?

Mr. CURTIS. We commented, yes, sir, at the time.

Mr. LAIRD. Have you had further correspondence from the Comptroller General since then?

Mr. CURTIS. No.

Mr. GOODWIN. I do not think the Comptroller General claimed the action was illegal.

Mr. CURTIS. No; that is right.

Mr. GOODWIN. He thought it was not proper.

Mr. CURTIS. Maybe it is appropriate to indicate now that in some newspapers over the country, or in a specific State, this action—it has been implied that this action was designed to help those three States, whereas it was designed to help all States.

PROMOTIONAL ACTIVITIES

Mr. LAIRD. Mr. Goodwin, we have been reading some charges that have been made against the Employment Service. A colleague of mine called to my attention the fact that a few months ago a pen was being handed out by one of the States to advertise the Employment Service. I guess it was an advertising gimmick of some sort to promote the services that are available.

These pens were paid for as I understand it by Federal funds; is that correct?

Mr. GOODWIN. I assume they were.

Mr. LAIRD. Is that a general practice? Is there much of that going on?

Mr. GOODWIN. No. I know of only one State that has done that.

Mr. LAIRD. When you go over a budget, you probably would not pick up anything like that; would you?

Mr. GOODWIN. This probably was covered in a general item on advertising, I imagine, and it would be in there as a general item and not itemized; is that right?

Mr. CURTIS. That is right.

Mr. LAIRD. You checked into this and this was paid for by Federal funds?

Mr. CURTIS. Yes.

Mr. GOODWIN. The answer is "Yes."

RELATIONSHIPS WITH OTHER EMPLOYMENT SERVICES

Mr. LAIRD. We have been getting a lot of correspondence from private employment agencies complaining about the policy of the U.S. Employment Service in competing with the non-fee-charging private employment services. What is your policy as far as the non-fee-charging employment services?

Mr. GOODWIN. Well, our policy is to cooperate with them and not try to displace them. One example is the college placement group and we have worked out our problems with that group.

Mr. LAIRD. This has been pretty well worked out, has it not?

Mr. GOODWIN. Yes. I am not aware of any criticism from any of these other non-fee-charging agency groups. There are a lot of fraternal organizations and different groups of that kind that maintain a free employment service.

We are glad to have them in the field. We want to encourage them and we would only want to cooperate with them.

Mr. LAIRD. You are, though, in competition with the fee-charging agencies?

Mr. GOODWIN. Yes, but there we are not trying to run them out of business. We are merely trying to operate a good public employment service.

Some of the fee-charging agencies would like us to get out of the business because they would get more business. I don't think this is the policy of the Congress or the executive branch.

Mr. LAIRD. Some of the complaints I have looked into have not been based on the facts which have been presented to the committee from time to time but I did think it was a good idea to make it very clear that there was no attempt being made to put the nonfee groups out of business.

Mr. GOODWIN. That is right.

BASIS FOR STATE BUDGET ALLOCATIONS

Mr. LAIRD. I would like you to supply for the record the formula that you use in arriving at a State's budget. I had this explained to me by one of your regional people and still do not understand it.

The formula evidently has something to do with the number of minutes for the interview, testing, claimstaking, and so on. I could not tell how many other activities are involved in arriving at the cost figures. This formula must be written down some place so I can read it over and perhaps understand it then.

Mr. GOODWIN. We will supply for the record, if it meets with your approval, a statement on how we develop the budget and what goes into the cost.

Mr. LAIRD. Do all of the activities of employment security operation go into these cost figures? I refer to rental and everything else all the way down the line.

Mr. GOODWIN. You have the workload items. We refer to this as costing out, taking a time factor and then applying the salary rates. This is what we call a costing out process.

Then we have added to that some of the nonpersonnel costs, such as rents, and this type of thing.

Mr. LAIRD. Mostly the allocation is on a time per estimated number of workload units basis?

Mr. LEVINE. Since May and June of 1961 funds for the employment offices have not been allocated on a unit time workload basis.

We do maintain unit time and workload information for management and supervisory purposes, program purposes.

Mr. LAIRD. That is the only purpose for which it is maintained?

Mr. LEVINE. That is right. The budget is provided to the States on the basis of the programs that they propose to undertake and the staff resources that they claim would be necessary to achieve those programs.

Mr. LAIRD. It used to be on a cost basis; is that correct?

Mr. LEVINE. Prior to 1961. Since then we started making allocations on the basis of a ratio of personnel to wage and salary workers, to increase the ratio in the cities.

We have discovered that the personnel in the cities, the large metropolitan areas, was much lower. Since then we have been examining for each major area the program it proposes to undertake in that area, the personnel it has, what it has accomplished with that personnel, but it is not done on a unit time or workload basis in arriving at the cost.

Mr. GOODWIN. Unemployment insurance still operates on a unit basis.

Mr. LAIRD. In correspondence when these people talk about costs, you are maintaining these records merely for a management guide in the office?

Mr. GOODWIN. Yes. I gather at least one of the complaints you referred to was that in the figures available on the costs of placement we were not including our overall costs. We can give you the picture on that.

Mr. LAIRD. I think Life magazine carried that in some detail, didn't they?

Mr. NORWOOD. They included the cost of operating the whole system, including unemployment insurance, in arriving at that.

(The information requested for the record follows:)

REVIEW, APPRAISAL, AND DETERMINATION OF STATE BUDGET ALLOCATIONS

The system of allocating funds to State employment security agencies is geared to the responsibility of the Department to determine an amount for each State which is necessary for the proper and efficient administration of the employment security program. It is accomplished through an orderly review of each agency's requirements with total allotments held within the amount appropriated by the Congress.

Since the system is intended to provide for the administrative needs of each State agency, the Bureau must take into consideration the many differences between States. The Bureau must recognize and reconcile in its allocations: (1) The wide variations in economic conditions existing within each State and among States; (2) the wide variations in the requirements of the 50 different State unemployment compensation laws; (3) variations among States in the number of workers and employers covered by the State unemployment compensation laws; (4) variations in salary rates paid to State employees; and (5) variations in workload processing methods with workloads of larger State sizable enough to use ADP equipment.

Each State agency is a going concern, and has certain inherent costs which must be provided for to maintain operations. The agency's administrative staff, and those administrative services such as legal, fiscal, personnel, reports and analysis, payroll operations and office services constitute the overhead costs of

the agency. These costs are provided to the agencies on the basis of each State's past experience, and a determination of the proper amount of these services for each agency. These determinations are made according to the size of the organization and its structure which is prescribed by each State. It should be recognized that although "size of organization" is a determinant, small States require the same services as larger States although not in the same proportion.

Personnel benefits, such as retirement, health benefits, hospitalization plans, workmen's compensation, and other fringe benefits are allocated in relation to the personal services approved for the State agencies. There is a direct relationship between salaries and benefit costs and allocations are made to the States according to the requirements of the State agencies.

Other nonpersonal services costs are determined on the basis of actual costs, where available, and estimates of these supporting costs as they relate to the program to be accomplished by the State agency for a given fiscal year. Actual signed leases and their related costs are covered by exact allocations. Other costs such as communications, supplies, travel, and equipment rentals are determined on the basis of experience and the size of the employment security workload in each State. [Equipment purchases costs have been curtailed in the Bureau's allocations for the past several years due to the fact that most of the funds appropriated by the Congress had to be used in the operating areas to cover anticipated unemployment compensation workloads and needed employment services to find jobs for the unemployed.]

Unemployment insurance costs are determined according to the estimates included in the appropriation as to the level of unemployment, and the growth in unemployment compensation coverages. The appropriation request includes an estimated level of insured unemployment anticipated nationally. This level of unemployment is converted into workloads of claims to be taken and benefits to be paid on a State-by-State basis. [Using time factors, which are determined on the basis of experience and expected standards, these workloads are converted into positions and into dollars to constitute the benefit program allocations.] Tax and wage record allocations are calculated according to the number of employers subject to taxes, and the number of employees covered by the program in each State.

It should be noted that unemployment compensation workloads will vary between States and that the time required to pay benefits and collect taxes are dependent upon the degree of mechanization and the complexity of a State's law.

More specifically, before they prepare their budget requests, the States are furnished with a statement of economic assumptions which describe the expected national trends in employment and unemployment and other factors relating to them. These assumptions are given for the economy generally and for major groups of industrial activity. Each State then determines the effect of these assumptions on the situation within their own boundaries and prepares estimates of workloads accordingly. The State estimates are expected to reflect any special situations which may result in variations from the national assumptions.

The key estimates which depend on economic assumptions are: covered employment, the average weekly percentage of covered workers who are expected to be unemployed, the resulting average weekly volume of insured unemployment, the length of the average spell of insured unemployment, and the number of employers who are expected to be subject to the taxing provisions of the State laws. A total of 13 different workload items are then derived from these key estimates. These are determined primarily on the basis of past relationships to the key items but may be modified because of changes in State laws or because of special operating problems.

Personnel requirements are determined by multiplying the workload estimates by factors expressing the required personnel time per item of workload. For fiscal years 1962, 1963, and 1964 the personnel time factors have been those which the States used in calendar year 1960. These have been modified in a few cases in which one or more of the following conditions apply:

1. If required by a change in the State law.
2. If the State had used substantially less personnel than indicated by the computation.
3. If the calendar year 1960 experience had been exceptionally high or low.
4. If personnel requirements had been reduced by conversion to electronic data processing.

Of the total unemployment insurance positions allocated to all the States in fiscal year 1964, 31 percent was allowed for administration of the taxing provisions and 65 percent for administration of the benefit provisions. Seventy-four

percent of the positions allocated for tax operations were totally dependent on the estimates of subject employers and 88 percent of the benefits positions were dependent on the estimates of the volume and duration of insured unemployment.

An additional 4 percent of the total unemployment insurance positions was allowed for maintaining files of workers' quarterly earnings, the number of positions for any State depending on the estimates of covered employment.

Out of the total of 22,043 positions allocated nationally for unemployment insurance administration, 84 percent were thus dependent on the factors determined by the economic assumptions.

Employment Service costs are determined according to the level of the employment service to be accomplished in each State. Standards have been developed by the U.S. Employment Service that consider the amount of services required, and therefore employment service positions needed to service a given level of wage and salary employees in each area of the country. These standards are applied in relation to the total funds available, and a distribution made according to need and ability of the State agency to efficiently utilize the determined resources.

A particular area of concern in making allocations to State agencies is the salary rate to be used in computing the cost of personal services. Each year's allocation becomes more difficult because of the higher than anticipated increases being approved by the States, and because of the uneven increase between States.

Allocations to the States for Employment Service activities are developed around the concept of program budgeting, which comprises six essential elements, as follows:

1. Program definition, which consists of a statement of the program objective and the specific activities necessary to achieve the objective.
2. Accomplishments, if the program is continuing, in the current year to date or in the past 12 months.
3. Actions to be taken to carry out the program in terms of approaches, methods, procedures, where and under what conditions the work will be done, etc.
4. Results anticipated in relation to the various actions proposed.
5. Resources required for personal and, where applicable, nonpersonal services.
6. Urgency or priority in relation to State or area needs and to other programs.

Unit costs developed on the basis of workloads and standard time allowances are only one of the criteria used in developing allocations to the States for employment service activities. They are not, however, the sole or direct basis for that purpose. Our experience has demonstrated that there are three serious weaknesses in this approach to budgeting and appraisal of performance.

First, the time allowances are necessarily averages covering very large numbers of cases and many types of jobs. The allowances are only coincidentally valid in any one area (such as a major metropolitan area) or for a given group of applicants such as professional, skilled or semiskilled workers.

Second, the use of workloads and time allowances as the sole criterion has resulted in placing primary emphasis on workload accomplishment instead of on service to the applicant.

Third, as a corollary to the second point, a very strong tendency develops to provide the majority of service to the easy-to-place applicant. Conversely, the hard-to-place worker, whatever his difficulty, may not receive all the assistance that it is intended for the employment service to provide.

For these reasons, we do not use unit costs as the sole criterion in developing allocations to the States. We use other criteria such as the ratio of employment service staff to wage and salary employment in the State or area, experience in the State, programs as planned by the State, and the justification submitted by the State. Requests from the States are reviewed by the regional and national offices before allocations are made, and thus in the large majority of cases represent an informed consensus.

We believe that our present policy carries out the intent of the Congress when substantial additional resources were provided for improvement of the employment service in 1961 and 1962.

State employment security agency employees' salaries are determined on the basis of other State employees' salaries performing comparable work. Total personal services cost for each State are obtained by multiplying the approved number of positions by the State's average annual salary rate. Differences in costs of State administration are obviously affected by differences in salary rates.

Contingency costs are not allocated to the State agencies until there is a need for the expenditure of additional funds, and only for the three categories prescribed in the appropriation act. Benefit and claims workloads must exceed the allocated levels. Statewide salary increases must be legally established above those anticipated in the appropriation request, and State laws concerning the employment security program must be revised to qualify a State for additional funds.

These determinations of allocations to State agencies cover a complete review process starting with the Bureau's regional office. Each State submits its budget request usually one-half year ahead of the start of the fiscal year. The Bureau's regional office representatives review these requests and outline their recommendations to the national office reflecting a review of workloads, positions, and cost in relation to their personal knowledge of needed levels of resources and past experience.

The national office, using the regional office recommendations, then reviews the States' requests in view of past experience, needs, levels of performance, anticipated workloads, and consistency between States. The national office review also brings the total of the individual State approvals within the amount approved by the Congress.

Mr. LAIRD. That is all I have.

JUSTIFICATION MATERIAL

Mr. FOGARTY. We will place your justifications for salaries and expenses and grants to States in the record.

(The justifications referred to follow:)

SALARIES AND EXPENSES

LIMITATION: SALARIES AND EXPENSES (TRUST FUND), BUREAU OF EMPLOYMENT SECURITY

Amounts available for obligation

| | 1964 | 1965 |
|--|--------------|--------------|
| Limitation or estimate..... | \$12,400,000 | \$13,471,000 |
| Comparative transfer to the Office of the Secretary..... | -54,600 | |
| Limitation or estimate, revised..... | 12,345,400 | 13,471,000 |

Obligations by activity

| Description | Limitation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|--|--------------------------|-------------|----------------|-------------|-------------|------------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Unemployment Insurance Service..... | 299 | \$3,334,200 | 297 | \$3,590,300 | -2 | +\$256,100 |
| (a) Unemployment insurance..... | 165 | 1,880,300 | 160 | 1,948,700 | -5 | +68,400 |
| (b) Administration and management..... | 83 | 883,600 | 86 | 1,032,400 | +3 | +148,800 |
| (c) Regional offices..... | 51 | 570,300 | 51 | 609,200 | | +38,900 |
| 2. U.S. Employment Service..... | 745 | 8,023,100 | 748 | 8,783,500 | +3 | +760,400 |
| (a) U.S. Employment Service..... | 265 | 2,746,300 | 275 | 3,216,000 | +10 | +470,600 |
| (b) Farm Labor Service..... | 59 | 625,500 | 59 | 665,500 | | +40,000 |
| (c) Veterans' Employment Service..... | 141 | 1,562,700 | 138 | 1,604,000 | -3 | +42,200 |
| (d) Administration and management..... | 82 | 883,200 | 86 | 1,032,400 | +4 | +149,200 |
| (e) Regional offices..... | 198 | 2,205,400 | 190 | 2,263,800 | -8 | +58,400 |
| 3. Administration and management..... | 97 | 988,100 | 100 | 1,097,200 | +3 | +109,100 |
| (a) Office of the Administrator..... | 26 | 300,500 | 26 | 311,200 | | +10,700 |
| (b) Administration and management..... | 71 | 687,600 | 74 | 786,000 | +3 | +98,400 |
| Total obligations..... | 1,141 | 12,345,400 | 1,145 | 13,471,000 | +4 | +1,125,600 |

Obligations by object

| | Limitation revised, 1964 | Estimate, 1965 | 1965 change |
|--|--------------------------|----------------|-------------|
| Total number of permanent positions..... | 1,141 | 1,145 | +4 |
| Average number of all employees..... | 1,092 | 1,093 | +1 |
| 11 Personnel compensation..... | \$9,740,100 | \$10,103,000 | +362,900 |
| 12 Personnel benefits..... | 743,100 | 748,700 | +5,600 |
| 21 Travel and transportation of persons..... | 842,500 | 861,000 | +18,500 |
| 22 Transportation of things..... | 28,200 | 28,200 | |
| 23 Rent, communications, and utilities..... | 351,000 | 525,800 | +174,800 |
| 24 Printing and reproduction..... | 237,800 | 270,300 | +32,500 |
| 25 Other services..... | 290,700 | 735,300 | +444,600 |
| 26 Supplies and materials..... | 81,000 | 153,800 | +72,800 |
| 31 Equipment..... | 31,000 | 44,900 | +13,900 |
| Total obligations..... | 12,345,400 | 13,471,000 | +1,125,600 |
| Working capital fund items included above..... | (303,200) | (670,000) | (+366,800) |

Summary of changes

| | |
|--|--------------|
| 1964 limitation..... | \$12,400,000 |
| Comparative transfer to Office of the Secretary..... | -54,600 |
| 1964 limitation, revised..... | 12,345,400 |
| 1965 estimate..... | 13,471,000 |
| Total change..... | +1,125,600 |

Mandatory items:

Increases:

| | |
|--|----------|
| Net additional costs on a full-year basis of the 2d step of pay increase (effective Jan. 5, 1964) for current year (base) staff pursuant to Public Law 87-793..... | +251,500 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff..... | +146,400 |
| Net increase in rates in telecommunications services furnished by the General Services Administration..... | +38,000 |

Decreases:

| | |
|---|---------|
| To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 work-days funded in 1964; there will be 261 in 1965..... | -42,000 |
|---|---------|

Financing items:

Increases:

| | |
|--|----------|
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... | +366,800 |
| Absorption of a portion of above increases (program reduction, 18 positions; \$163,700, personal services)..... | -185,100 |

Program items:

Increases:

| | |
|---|----------|
| To initiate program of the implementation of the President's Committee To Appraise Employment and Unemployment Statistics (17 positions, \$142,300; nonlabor, \$227,700)..... | +370,000 |
| To expand and improve financial management procedures and automatic data processing techniques (16 positions, \$149,700; nonlabor, \$154,300)..... | +304,000 |

| | |
|--|----------|
| Decreases: Increased productivity permits a reduction of (11 positions, \$115,700; nonlabor, \$8,300)..... | -124,000 |
|--|----------|

| | |
|-------------------|------------|
| Total change..... | +1,125,600 |
|-------------------|------------|

Mandatory and financing changes for 1965

Mandatory items:

Increases:

| | |
|-------------------------|------------|
| Pay increase costs..... | +\$251,500 |
|-------------------------|------------|

To finance on a full-year basis the second step of pay increases (effective Jan. 5, 1964) granted by Public Law 87-793 for current year (base) staff. This second step was funded on a part-year basis in 1964. The object schedule includes these changes as follows:

| | |
|-----------------------------|-----------|
| Personnel compensation..... | \$233,900 |
| Personnel benefits..... | 17,600 |

| |
|-----------|
| \$251,500 |
|-----------|

| | |
|-----------------------------------|----------|
| Within-grade promotion costs..... | +146,400 |
|-----------------------------------|----------|

Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964, and provides for further absorption of costs estimated to be saved through normal turnover:

| | |
|-----------------------------|-----------|
| Personnel compensation..... | \$161,500 |
| Deduct lapse..... | 25,200 |
| Personnel benefits..... | 10,100 |

| | |
|---------------|-----------|
| Net cost..... | \$146,400 |
|---------------|-----------|

| | |
|----------------------------------|---------|
| GSA telecommunications cost..... | +38,000 |
|----------------------------------|---------|

Net income in rates in telecommunication services furnished by the General Services Administration.

| | |
|---|--------|
| Decreases: Reduction of 1 less day of pay in 1965 over 1964.... | 42,000 |
|---|--------|

To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 work-days funded in 1964, there will be 261 in 1965.

Financing items: Increases:

| | |
|--|----------|
| To finance centralized services furnished through the working capital fund and that were not identified at the proper level of expense in the 1964 budget..... | +366,800 |
|--|----------|

| | |
|---|----------|
| Absorption of a portion of above increases (reduction 18 position; \$163,700 personnel services)..... | -185,100 |
|---|----------|

The volume of central administrative services in the Department of Labor have increased rapidly over the past few years because of a number of factors; a larger Department; increased services (such as Regional Administrative Service Office and data processing for payroll and increased costs, salary, and other).

In these years of growth of the Department, it has been impossible to coordinate the budget requests of the bureaus (for centralized services) with the facts of performance. Increased costs have been met out of whatever funds were available (e.g., savings growing out of lapses, unused travel, etc.). In many cases (and in varying degree) base budgets and budget requests were not adjusted to reflect the increased costs paid. The Department was able to "get by" in times of growth. Now that we are no longer expanding rapidly and we are fully staffed, it is essential to cover these costs in the basic budgets.

In order to properly reflect the cost of these services in various bureau budgets in 1965, the Department is requesting that each affected appropriation be granted a base adjustment to maintain in 1965 the 1964 level of operation of central administrative services. This is being done by asking for a net increase in funds of about 50 percent and by reducing personal services in the program area in order to absorb the balance.

Mandatory and financing changes by activity

| Type of change | Activity 1 | Activity 2 | Activity 3 | Activity Total |
|-------------------------------------|------------|------------|------------|----------------|
| Mandatory changes: | | | | |
| Pay increase costs..... | \$67,800 | \$164,200 | \$19,500 | \$251,500 |
| Within-grade promotion costs..... | 41,000 | 91,200 | 14,200 | 146,400 |
| Less 1 day of pay..... | -10,700 | -28,000 | -3,300 | -42,000 |
| Other (GSA telecommunications)..... | 9,900 | 25,600 | 2,500 | 38,000 |
| Net financing changes..... | 53,100 | 116,300 | 12,300 | 181,700 |
| Total..... | 161,100 | 369,300 | 45,200 | 575,600 |

ACTIVITY 1.—Unemployment Insurance Service

| | 1964 | 1965 |
|--|-------------|-------------|
| Ia. Unemployment insurance..... | \$1,880,300 | \$1,943,700 |
| Ib. Administration and management..... | 883,600 | 1,032,400 |
| Ic. Regional offices..... | 570,300 | 609,200 |
| Total..... | 3,334,200 | 3,585,300 |

NARRATIVE DESCRIPTION OF PROGRAM

The Unemployment Insurance Service is responsible for the operation of the Federal-State unemployment insurance system comprising three major income maintenance programs; State unemployment insurance, unemployment insurance for ex-servicemen, and unemployment insurance for Federal employees. The Service's overall responsibility is to insure adequacy and prompt payment of benefits and to oversee continued efforts toward improvement of operations and administration. The Service provides leadership and technical support for the States in program, managerial, operational, actuarial, and research efforts. The Service reviews State laws for conformity with the Federal acts and evaluates administration of the laws for adequate performance, consolidates and reviews the State and Federal budget requests and allocates the congressional appropriation for State administration of the unemployment insurance program, assists in development of new State and Federal legislation, directs the administration of the programs of unemployment compensation for Federal employees and for ex-servicemen. Regional directors for the Unemployment Insurance Service represent the Service in the field in matters relating to the income maintenance programs; maintain effective working relationships with State officials responsible for program administration; provide leadership, guidance, interpretation, and assistance to State employment security agencies in carrying out program objectives and operations; review State budget estimates and submit recommendations; and evaluate State operations and recommend improvement where necessary.

PROGRAM CHANGES FOR 1965

Increased productivity in the operations of the Unemployment Insurance Service permits a reduction of three positions and \$35,300.

Workload statistics

| | Actual | | Estimated | |
|--|--------|--------|-----------|--------|
| | 1962 | 1963 | 1964 | 1966 |
| REVIEW OF PERFORMANCE | | | | |
| Review of proposed State legislation: | | | | |
| Agency proposals..... | 30 | 153 | 30 | 170 |
| Bills introduced..... | 450 | 1,892 | 700 | 1,850 |
| State bills digested for publication..... | 61 | 451 | 60 | 450 |
| Review of proposed rules and regulations..... | 13 | 37 | 24 | 40 |
| Review of State legislation relating to disability insurance..... | 84 | 187 | 80 | 190 |
| Review of State documents filed for review pursuant to law to determine conformity with the Federal act, laws, regulations, interpretations, legal opinions, etc..... | 1,284 | 1,360 | 1,425 | 1,460 |
| Miscellaneous inquiries from employers, labor organizations, claimants, Congressmen, and others answered..... | 3,200 | 3,586 | 3,664 | 3,674 |
| Evaluation of, or assistance to, States in evaluating a major phase of State's operations..... | 73 | 92 | 135 | 123 |
| Conduct field survey of a major phase of State unemployment insurance operation such as tax administration, fraud detection, internal audits, internal controls (assignments)..... | 22 | 35 | 54 | 54 |
| Analyze sample of benefit appeals decisions for compliance and selection of precedents: | | | | |
| Decisions reviewed for conformity, compliance, and precedent content..... | 42,000 | 64,000 | 72,000 | 72,000 |
| Precedent decisions published for distribution to all agencies..... | 425 | 425 | 425 | 425 |
| Review of organization structures and management systems in metropolitan areas..... | | | 10 | 10 |
| Review of unemployment insurance State office organization..... | | | 4 | 4 |
| TECHNICAL AND COORDINATING SERVICE—STATE OPERATIONS | | | | |
| Advise States on data-processing systems for unemployment insurance operations: | | | | |
| Advise and assist in the conduct of electronic data processing feasibility studies..... | 8 | 8 | 14 | 16 |
| Readiness checks for electronic data processing installation..... | 6 | 6 | 17 | 20 |
| Develop procedural instructions and training units for major phases of State operations (projects)..... | 6 | 3 | 6 | 6 |
| Analysis of State budgetary requests and recommendation of allocations for unemployment insurance administrative cost (base and supplemental)..... | 335 | 335 | 335 | 335 |
| Establish programs for developing and for testing improved claims procedures in selected local offices..... | 1 | 1 | 3 | 3 |
| Review analysis of time distribution, fiscal, and related reports pertaining to staffing of State agencies..... | 560 | 560 | 1,230 | 1,230 |
| Review quarterly distribution of the original approved budget allocation..... | 72 | 80 | 190 | 245 |
| Miscellaneous reports relating to fiscal management of State agencies including fiscal letters and unemployment insurance program letters..... | 75 | 175 | 504 | 672 |
| Accumulate data, analyze it, and prepare estimates and justifications for the annual Federal budget submissions, including supplemental requests..... | 5 | 5 | 175 | 175 |
| Give technical advice on specific State operating problems (memorandums)..... | 5 | 5 | 5 | 5 |
| Assist State agencies on specific operating problems through consultation in the field or in the national office (assignments)..... | 200 | 180 | 250 | 250 |
| Conduct survey of State organizations and methods for executive management and field supervision of unemployment insurance operations..... | 12 | 13 | 20 | 20 |
| Develop material and conduct training of unemployment insurance supervisors (field)..... | | | 10 | 10 |
| | | | 5 | 10 |

Workload statistics—Continued

| | Actual | | Estimated | |
|--|---------|---------|-----------|---------|
| | 1962 | 1963 | 1964 | 1965 |
| PROGRAM DEVELOPMENT AND IMPROVEMENT | | | | |
| Federal legislative proposals developed and reviewed, including the preparation of background statements, comments, and cost estimates..... | 20 | 41 | 40 | 50 |
| Provide technical advice and assistance on development and administration of temporary disability insurance programs coordinated with unemployment insurance, and obtain data on experience with existing programs (assignments)..... | 14 | 22 | 22 | 14 |
| Advise and assist States in conducting studies of effects of unemployment insurance programs, to provide basic data for program development (studies)..... | 25 | 35 | 45 | 45 |
| Preparation of technical articles for publication of unemployment insurance programs and operations..... | 29 | 30 | 37 | 38 |
| Advise and assist States in conducting actuarial studies of benefit costs..... | 25 | 45 | 45 | 35 |
| Assist State agencies and legislative committees in development of tax rate structures and other financial provisions..... | 28 | 40 | 30 | 45 |
| Consultation in devising or applying actuarial and financial research methods..... | 32 | 40 | 40 | 50 |
| Develop training materials on actuarial methods and conduct training program for State agency staff (number of trainees)..... | 25 | 20 | 25 | 60 |
| ADMINISTRATION OF FEDERAL BENEFIT PROGRAMS (UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN) | | | | |
| State administrative and program reviews (evaluations) to appraise the administration of all Federal programs (unemployment compensation for Federal employees and ex-servicemen) for adherence to Federal laws and regulations (number of evaluations)..... | 92 | 66 | 53 | 53 |
| Conducting training of regional, State staff, and Federal agency payroll and personnel officers with respect to their responsibilities under the unemployment compensation for Federal employees and ex-servicemen programs (field assignments)..... | 15 | 15 | 20 | 20 |
| Field analysis of time factors required for adequate performance of the various operating functions to determine validity of State agencies' cost for processing payments to claimants (assignments)..... | | | 3 | 18 |
| Assist State agencies on specific operating problems other than those listed above (field assignments)..... | | | 1 | 20 |
| Development and revision of procedures, handbooks, guides, training units, and manuals of procedures for Federal agency of State agency operations (pages)..... | 99 | 75 | 110 | 110 |
| Review State manuals, forms, directives, and training material for compliance with Federal laws, regulations and procedures for all Federal programs (pages)..... | 3,240 | 3,000 | 3,000 | 3,000 |
| Review Federal agency manuals, directives and training material for compliance with Federal law, regulations and procedures (agency issuances)..... | 90 | 90 | 100 | 100 |
| Advise and assist State agencies on specific operating questions, by letter or telephone (letters and telephone calls)..... | 600 | 650 | 700 | 700 |
| Advise and assist Federal agencies on specific operating questions, by letter or telephone (letters and telephone calls)..... | 500 | 1,150 | 1,175 | 1,175 |
| Obtain employment information for Solicitor to permit coverage rulings. Inform Federal and State agencies with interpretations of title XV regulations and procedures with respect to coverage and wage assignments (number of rulings and interpretations)..... | 25 | 30 | 40 | 40 |
| Obtain from Federal agencies information concerning major layoffs and notify State agencies (cases)..... | 48 | 60 | 80 | 80 |
| Review and analysis of evaluation and visit reports to determine adequacy of State and Federal agency title XV performance (number of visit reports)..... | 405 | 662 | 650 | 650 |
| Central control file of ex-servicemen claimants for purposes of preventing duplicate payments in different States and within the same State (cards filed)..... | 215,000 | 265,000 | 269,000 | 268,000 |
| Central control file of unemployment compensation for Federal employees claimants for purposes of preventing assignment of a Federal civilian employee's wages for a specific period to more than 1 State (cards filed)..... | | 68,479 | 133,000 | 131,000 |
| Correspondence to be conducted with States covering duplicate assignment of wages, duplicate filing or incomplete reporting, etc. (letters)..... | 2,000 | 2,600 | 3,000 | 3,000 |
| Preparation of certification for grants of unemployment compensation for Federal employees and ex-servicemen (number of certifications)..... | | 33 | 30 | 30 |
| Maintenance of ledgers for unemployment compensation for Federal employees and ex-servicemen benefit payments (number of reports)..... | | 636 | 636 | 636 |

ACTIVITY 2.—U. S. Employment Service

| | 1964 | 1965 |
|--|-------------|-------------|
| 1a. U.S. Employment Service..... | \$2,746,300 | \$3,216,900 |
| 1b. Farm Labor Service..... | 625,500 | 665,500 |
| 1c. Veterans Employment Service..... | 1,562,700 | 1,604,900 |
| 1d. Administration and management..... | 883,200 | 1,032,400 |
| 1e. Regional offices..... | 2,205,400 | 2,263,800 |
| Total..... | 8,023,100 | 8,783,500 |

NARRATIVE DESCRIPTION OF PROGRAM

The U.S. Employment Service functions as an overall manpower agency, providing national leadership, direction, and coordination for programs and operations of a nationwide system of public employment offices. To carry out these responsibilities, it develops all basic policies, program activities, procedures, tools, and techniques to assist State and local offices to effectively provide (a) an efficient job placement service in all occupations for all workers and employers; (b) employment counseling and testing services to assist both workers and employers to meet their employment needs; (c) specialized services for disadvantaged jobseekers to facilitate their employment, such as youth, older workers, handicapped, minority groups, and workers displaced by automation and technological change; (d) for greater mobility of labor, guiding necessary shifts of workers between geographic locations and across occupational and industrial lines; and (e) labor market information, occupational analysis, and industrial services needed to stimulate and support community action to develop expanded job opportunities and to stabilize employment.

A specialized service evaluates local office job counseling and placement services for veterans, and interprets and carries out policies of the Secretary of Labor pertaining to veterans.

The Office of Farm Labor Service develops policies, program objectives, and operating procedures for a nationwide program to service the needs of farm workers and farm employers and, as an integrated part of that program, assists State agencies in carrying out the Secretary of Labor's overall regulations relating to interstate recruitment; determines the availability of domestic farm labor and recommends certification of need for foreign agricultural workers to supplement domestic labor in areas of shortages; and recommends to the Secretary certification of need for foreign agricultural workers to supplement domestic labor in areas of shortages; and recommends to the Secretary certification of need for foreign agricultural workers who can enter the United States under Public Law 414 (Immigration and Nationality Act).

PROGRAM CHANGES FOR 1965

Increased productivity in the operations of the U.S. Employment Service permits a reduction of seven positions and \$81,900.

The U.S. Employment Service will require 17 positions, \$142,300 for personal services, and \$227,700 for nonpersonal services to carry out the following activities:

OBJECTIVES AND PLANS

During 1965 the major objective of the U.S. Employment Service will be to provide effective leadership, program direction, and technical resources to the nationwide employment service system so that its responsibilities as the Nation's civilian manpower agency are carried out. The constantly growing economy and labor force, plus changing manpower skill requirements, are creating many new and more complex problems in the entire field of manpower development, organization, and utilization. Program emphasis must be tailored to meet these shifting needs at the community level and collectively to meet the Nation's needs.

Implementations of report of President's Committee To Appraise Employment and Unemployment Statistics (\$370,000; 17 positions)

The President's Committee, in its report on "Measuring Employment and Unemployment," made a detailed analysis of the Nation's programs for measuring employment and unemployment. The report noted that the need for reliable and expanded data on employment and unemployment is growing every day, and that without question it would continue to grow in the years ahead. The Committee in its endeavor to assess the mounting requirements for such information in manpower programs at the National, State, and local levels made a number of recommendations regarding needed improvements in employment and unemployment data stemming from operations of the Bureau of Employment Security.

These recommendations involve the collecting of additional data and studies to evaluate and improve estimating methods used in the Federal-State employment security system. The Bureau of Employment Security in fiscal year 1965 plans to direct its efforts toward the following improvement in manpower data in line with the Committee's recommendations.

Current job vacancy information.—In accordance with the strong recommendations by the President's Committee regarding the widespread interest on data in unfilled jobs, the Bureau intends to improve the quality and form of area job vacancy data and undertake intensive research on the availability and methods for collecting such data. The studies will be directed toward the development of a system which will provide areas, on a consistent and regular basis, job vacancy information by occupation. The knowledge concerning where job openings exist and the kinds of workers needed is essential for the successful operation of the Employment Service. Uniform reporting in terms of precisely defined concepts and occupations will increase the effectiveness of the Employment Service's local manpower services of recruitment, counseling, and placement. Standardized information will accelerate the interarea recruitment and placement program, making the Bureau's operations more effective to meet changing industry manpower needs.

Five positions, four professional and one clerical, and \$55,700 are required for this purpose.

Improving occupational labor market information.—Data on the occupational pattern of employment are used in determining current and anticipated shortages of skills for the development of local training programs and to mobilize community actions to meet current and anticipated local economic problems, as well as in the day-to-day operations of the Employment Service. For more effective utilization of such information, further research is needed to determine the nature and reliability of the occupational information now being obtained from employers. The U.S. Employment Service will conduct response research to determine employers' interpretation of job categories and the best respondents; i.e., sources for occupational job information in an establishment.

This work will require three positions, two professional and one clerical, and \$31,200.

Improving State and area estimates of unemployment.—The only figures available with respect to total unemployment in specific labor market areas are those estimated by the State employment security agencies using procedures developed by the Bureau of Employment Security. The President's Committee commended the Bureau on its work in this area. However, since these unemployment estimates are playing an increasingly important role in the administration of various Government programs influenced by the unemployment conditions in a community, the Committee strongly urged that further research be conducted on improving the methods used for estimating unemployment by State and area.

In accordance with these recommendations, the Bureau is planning a comprehensive research program to obtain information needed to increase the usefulness of the State and area unemployment data. It will involve household surveys of the labor force in a number of typical areas, for the purpose of refining the relationships between the various segments of the unemployed used in the unemployment estimating procedure, and to take into account differences in the industrial and economic conditions to be found among the areas. However, the usual household survey procedures will need to be modified to meet the special objectives of the surveys. In addition, studies of specific segments of the unemployed will also be undertaken.

This research program will require several years to complete. During fiscal year 1965 the Bureau proposes to conduct household surveys in two areas (buying services from the Bureau of the Census to assist in conducting these surveys). In addition, the Bureau of Employment Security will design surveys and provide technical assistance to the State agencies in conducting other types of research. These studies will be such as to obtain measures of the number of unemployed exhaustees, the number of unemployed new entrants into the work force, and the number of unemployed workers not covered by unemployment insurance.

Five positions, four professional and one clerical, and \$54,500; and \$195,000 for the purchase of services from the Bureau of the Census, are needed for this project.

Improving establishment data (Joint Bureau of Employment Security, Bureau of Labor Statistics Current Employment Statistics program).—The President's Committee noted that the gap in the current employment statistics program with respect to employment hours and earnings data for a number of industries in the trade and service segment of the economy and for the 100 standard metropolitan statistical areas represented a serious lack in our knowledge of economic conditions. It is proposed to expand the sample so as to provide the additional data for the trade and service industries and for some 50 of the 100 standard metropolitan statistical areas for which data are not now available. As a part of the joint program with the Bureau of Labor Statistics and the State agencies, the Bureau of Employment Security will participate in the work related to expansion of the sample. The Bureau will assist in the development by the State agencies of additional employment benchmarks that will be required, and will provide technical assistance to the States in the utilization of the additional data. There will be an increase in the Bureau's responsibility for the administrative aspects of the program.

Four additional positions, two professional and two clerical, and \$33,600 are needed for these purposes.

Workload statistics

| | Actual | | Estimated | |
|--|--------|--------|-----------|--------|
| | 1962 | 1963 | 1964 | 1965 |
| NONAGRICULTURAL PLACEMENT SERVICE | | | | |
| Evaluation and/or analysis of program activities, time factor studies, petitions for list of critical occupations or essential activities, plans of operations, manpower, and area legislation, etc. | 273 | 300 | 340 | 380 |
| Field assistance to State in program activities, organization and management supervision, evaluation, convention placement service, community employment development, rural area activities, etc. | 39 | 175 | 220 | 450 |
| Instructional materials, manual sections, program letters, pamphlets, handbooks, training materials, and units, etc., for ES personnel use (items printed) | 164 | 225 | 250 | 450 |
| Training courses conducted for Bureau and/or State personnel, and foreign visitors, on any phase of ES programs or activities | 55 | 125 | 160 | 200 |
| Correspondence—letters and memorandums initiating meetings, field trips, and other actions, or in reply to inquiries or requests for services, information, etc., internal and external (items) | 16,500 | 22,000 | 21,000 | 24,000 |
| Occupational codes and titles—development of titles, definitions, and classifications for DOT—includes both State and Bureau actions, if processed in headquarters | 8,800 | 10,033 | 6,000 | 1,100 |
| Budget—review and analysis of ES portion of State annual and supplemental budget request, analysis of current workloads, and recommendations for action on each budget request | 110 | 200 | 175 | 200 |
| Public relations items—includes articles prepared for outside publications, pamphlets, brochures, and displays explaining and promoting use of service by workers and employers. Contacts with multistate employers, trade associations, professional societies, employer associations, etc. | 185 | 240 | 300 | 350 |
| Demonstration projects, such as group approach to employer service, youth and older worker projects, local office management installations, etc. | 10 | 30 | 50 | 60 |
| Labor clearance—job inventories, index of professional openings, orders extended nationally, requests for labor market information, etc. | 5,000 | 9,000 | 9,400 | 9,400 |
| Certification for foreign workers under Public Law 414, etc. | 10,500 | 12,597 | 16,000 | 17,500 |
| Review of State materials—manuals, program letters, training units, reports, etc. | 1,750 | 1,800 | 1,800 | 2,500 |
| Special reports and statistical analysis on test activities—includes test development, services to special applicant groups, etc. | 60 | 102 | 50 | 50 |
| Conference and meetings—includes Federal or State agencies, employers, unions, and public groups—preparation of agenda, minutes, and reports for such conferences and meetings (does not include staff training sessions) | 420 | 450 | 400 | 350 |
| Number of areas covered by labor market analysis, classification, and labor surplus designation: | | | | |
| Major areas (monthly) | 150 | 150 | 150 | 160 |
| Small areas (bimonthly) | 200 | 200 | 200 | 200 |
| Very small areas (as required) | 300 | 400 | 500 | 500 |
| Area, State, and regional labor market summaries | 200 | 200 | 200 | 200 |
| Job opportunities information: | | | | |
| Area skill surveys (completed) | 20 | 23 | 34 | 40 |
| Occupational guides (number of States) | 30 | 30 | 30 | 32 |
| Miscellaneous | 6 | 15 | 20 | 25 |
| Analyses of labor market trends, and miscellaneous one time related actions | 18 | 25 | 25 | 30 |
| Analyses of Employment Service activities (national): | | | | |
| Monthly | 12 | 12 | 12 | 12 |
| Quarterly | 0 | 3 | 4 | 4 |
| Annual | 2 | 2 | 2 | 3 |
| Special analysis | 20 | 25 | 35 | 50 |
| Analyses of Employment Service operations—State by State (quarterly and annually) | 54 | 54 | 54 | 54 |
| Evaluation of Employment Service operations (completed special studies on hiring channels, new hires, penetration rates, services to workers and employers, etc.) | 15 | 25 | 30 | 50 |
| Review and justification of State needs for research, reporting and labor market information functions | 54 | 54 | 54 | 54 |
| Technical assistance to States on research and related functions | 55 | 60 | 75 | 85 |

See footnotes at end of table.

Workload statistics—Continued

| | Actual | | Estimated | |
|--|------------|------------|------------|------------|
| | 1962 | 1963 | 1964 | 1965 |
| NONAGRICULTURAL PLACEMENT SERVICE—continued | | | | |
| Industry manpower surveys..... | 8 | 8 | 8 | 10 |
| Special occupational information studies (industries or occupational groups reflecting technological change)..... | 0 | 0 | 2 | 10 |
| Monthly analysis of State statistics on professional placement activities..... | 0 | 0 | 6 | 12 |
| VETERANS PLACEMENT SERVICE | | | | |
| Number of living veterans..... | 22,275,000 | 22,166,000 | 21,891,000 | 21,728,000 |
| Number of living veterans with service since start of Korean campaign..... | 5,585,000 | 5,670,000 | 5,733,000 | 5,788,000 |
| Estimated total number of veterans registered in local offices for employment..... | 537,234 | 519,501 | 510,000 | 500,000 |
| Total number of disabled veterans registered for employment in local offices..... | 65,588 | 66,948 | 62,000 | 62,000 |
| Total number of veterans making application for employment in local offices..... | 1,526,100 | 1,532,800 | 1,520,000 | 1,510,000 |
| Total number of disabled veterans making application for employment in local offices..... | 129,000 | 131,800 | 129,000 | 129,000 |
| Total veteran nonagricultural placements..... | 1,191,100 | 1,148,600 | 1,150,000 | 1,175,000 |
| Total disabled veteran placements..... | 105,100 | 100,500 | 105,000 | 110,000 |
| Number of local office visits by State veterans employment representatives..... | 4,654 | 4,654 | 4,800 | 4,600 |
| Number of local office evaluations by State veterans employment representatives..... | 1,330 | 1,446 | 1,500 | 1,400 |
| Number of veterans visiting offices of State veterans employment representatives ¹ | 12,673 | 13,528 | 13,500 | 13,500 |
| Number of veteran employment problem cases referred to VES ¹ | 3,005 | 2,581 | 2,500 | 2,500 |
| Number of contacts made by State veterans employment representative: | | | | |
| Employer..... | 4,801 | 4,813 | 5,200 | 5,000 |
| Veterans organizations..... | 6,936 | 7,379 | 7,500 | 7,300 |
| Other ² | 7,543 | 7,631 | 7,700 | 7,600 |
| Total contacts..... | 19,280 | 19,823 | 20,400 | 19,900 |
| Number of performance evaluations of State veterans employment representatives offices by national office staff..... | 45 | 44 | 52 | 52 |
| FARM LABOR SERVICE | | | | |
| Review and analysis of State agency farm budget and supplemental requests and recommendations for allocation of funds..... | 65 | 72 | 72 | 72 |
| Assistance to States on setting up or improving specific operations (trips)..... | 52 | 85 | 85 | 85 |
| State program evaluations..... | 30 | 50 | 50 | 50 |
| Review of regional biannual and interim State agency evaluations..... | 50 | 50 | 50 | 50 |
| Followup action and interim progress reports on State program evaluations..... | 30 | 50 | 50 | 65 |
| Processing of domestic farm clearance requests..... | 1,200 | 1,500 | 1,500 | 1,800 |
| Semimonthly review of area inseason farm labor market reports (ES-223)..... | 3,500 | 3,500 | 3,500 | 3,500 |
| Review of States' annual postseason farm reports (ES-225)..... | 50 | 50 | 50 | 50 |
| National summary of State annual reports..... | 2 | 2 | 2 | 2 |
| Analyses of State programs and procedural materials..... | 600 | 600 | 600 | 600 |
| Preparation of regular and special reports of program activities..... | 7 | 12 | 7 | 7 |
| Revision of Bureau-required reports and procedures (annual and monthly)..... | 12 | 12 | 12 | 12 |
| Development of manual materials for farm placement program..... | 13 | 10 | 10 | 10 |
| Development of employment security program letters..... | 29 | 25 | 25 | 30 |
| Development of regional memorandums..... | 9 | 14 | 15 | 20 |
| Revision of evaluation outlines for State agency operations..... | 1 | 2 | 2 | 2 |
| Pamphlets issued and technical aids produced..... | 10 | 12 | 12 | 14 |
| Training courses conducted on farm labor subjects..... | 20 | 30 | 20 | 20 |
| Summary of annual worker plan in 3 pattern areas..... | 1 | 1 | 1 | 1 |
| Inventory of selected farm placement activities..... | 2 | 2 | 2 | 2 |
| BWI workers imported—Bahamians only..... | 1,417 | 1,600 | 1,600 | 2,500 |
| Other BWI workers imported..... | 9,089 | 9,000 | 8,000 | 10,500 |
| Canadian farmworkers imported..... | 8,600 | 8,300 | 8,000 | 8,700 |
| Public Law 414 (sec. 212(a)(14)) cases processed ³ | 76 | 7,500 | 50,000 | 62,000 |

See footnotes at end of table.

Workload statistics—continued

| | Actual | | Estimated | |
|---|--------|--------|-----------|--------|
| | 1962 | 1963 | 1964 | 1965 |
| FARM LABOR SERVICE—Continued | | | | |
| Public Law 414 (sec. 214(c)) cases processed ¹ | 475 | 500 | 525 | 600 |
| Public Law 414 (sec. 204(b)) cases processed ⁴ | 280 | 300 | 300 | 350 |
| Puerto Ricans..... | 14,136 | 13,000 | 15,000 | 15,000 |
| U.S. tobacco workers cleared to work in Canada..... | 3,133 | 3,200 | 3,500 | 4,000 |
| Review of employment offers for possible adverse effect, concerning admittances under Public Law 414, secs. 212(a)(14), 214(c), 204(b), and analyses..... | | 15 | 12,000 | 25,000 |
| Interregional movements of farm migratory labor directed through regional farm placement clearance system: | | | | |
| Eastern seaboard..... | 39,000 | 40,000 | 40,000 | 40,000 |
| Great Lakes..... | 39,500 | 39,000 | 40,000 | 42,000 |
| Gulf States..... | 23,000 | 25,000 | 28,000 | 30,000 |
| Great Plains States..... | 43,000 | 44,000 | 44,000 | 50,000 |
| Mountain States..... | 12,000 | 17,000 | 17,000 | 17,500 |
| Pacific Coast States..... | 25,000 | 27,000 | 29,000 | 30,000 |
| Housing inspections ² | | 2,500 | 2,500 | 2,500 |
| Vehicles inspections ³ | | 3,000 | 3,000 | 3,000 |
| Inspection of crew leader activity and practices..... | | 250 | 1,000 | 1,000 |
| Review of in-season reports (ES-232) for wage-findings purposes..... | | 500 | 500 | 600 |
| Weekly tabulations of prevailing wage findings..... | | 4 | 12 | 52 |

¹ Workload items over which VES has no control.

² Represents contacts with other Federal and State governmental agencies, labor unions, private organizations, and community groups on veterans employment activities.

³ Numbers include requests received by local offices, but for justifiable reasons not forwarded for certification.

⁴ Numbers include applications subsequently withdrawn by employers and processing discontinued.

⁵ Working with State health agencies and the Interstate Commerce Commission.

NOT MEASURABLE

Public relations contacts with national farm organizations, employer associations, and labor unions.

New forms for new or present farm-placement programs that are to be manualized.

Technical assistance or as a consultant at State farm-placement meetings. Reevaluation of State farm-labor operations in cooperation with the regional office as a result of regional office evaluations.

Evaluation in special areas affected as a result of new or revised Secretary of Labor's regulations and Bureau's policy pertaining to farm-labor service to employers and workers.

Technical assistance to State agencies in changing their format of farm-labor bulletins.

Technical assistance to State agencies receiving funds for expanding present or new farm-labor programs.

Active participation in hearings for the interpretation of new or revised Secretary of Labor's regulations or Bureau's policy pertaining to farm-labor service to employers and workers.

ACTIVITY 3.—Administration and management

| | 1964 | 1965 |
|--|-----------|-----------|
| 1a. Office of the Administrator..... | \$300,500 | \$311,200 |
| 1b. Administration and management..... | 687,600 | 786,000 |
| Total..... | 988,100 | 1,097,200 |

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides leadership to the employment security system, and executive direction to all activities of the Bureau; establishes Bureau programs and formulates plans to improve these programs; formulates policies to be followed by the Bureau staff; establishes and maintains effective Federal-State relations; monitors performance and accomplishments of State employment security agencies; and maintains special liaison with, and provides services to the Federal Advisory Council and the Interstate Conference of Employment Security Agencies. The "Administration and management" activity also includes those activities which can be performed more economically and effectively in centralized staff services, such as providing a public information service; estimating and justifying requests for all funds for Bureau needs, for State administrative costs, and for Federal unemployment compensation and allowance programs; planning and controlling administrative allocations and expenditures after appropriations are received; providing for fiscal accountability; conducting financial and management audits of State agencies; administering State merit system standards and improving State personnel management; providing coordination among the services on matters involving data processing and transmission facilities; performing overall economic research and analysis; maintaining a Federal-State statistical reporting program; and performing internal business management functions.

PROGRAM CHANGES FOR 1965

Increased productivity in the operations of the Administration and Management Service permits a reduction of one position and \$6,800.

The Administration and Management Service will require 16 positions, \$149,700 for personal services and \$154,300 for nonpersonal services.

Design and application of management information program

This Bureau receives from the cooperating State employment security agencies a vast amount of information required to fulfill its legal responsibilities, and to perform its administrative management functions. It has promoted in State agencies more efficient and economic operations, utilizing mechanized methods of data processing, when warranted, and today practically every cooperating State agency has mechanized data processing installations. In 21 of these agencies, electronic data-processing equipment is being used. Eighteen additional States are now in one stage or another of study or conversion.

The Bureau has continued to process the multitude of data and information received from State agencies by manual methods, with a few exceptions. In these exceptions, it has negotiated contractual arrangements with other agencies for mechanized data processing services.

First conceived under the Bureau's reorganization, the Division of Automatic Data Processing in the Administration and Management Service, was given three major responsibilities: (1) To coordinate Bureau actions on the management and use of data-processing equipment approved in State agencies, where interservice interests are involved; (2) to develop and execute plans for the mechanization of administrative management functions within the Bureau, with specific attention being directed to increasing effectiveness in the financial management area; and (3) to provide leadership and technical assistance to State employment security agencies in feasible mechanization of their administrative management operations.

The job at hand is almost unlimited in scope when viewed in the light of the multitude of regular and special statistical and fiscal reports received from State agencies; the infinite number of calculations required in budget preparation, financial accounting, actuarial studies, economic analyses, activity analysis, etc.; the indeterminate number of records which must be maintained on equipment, supplies, publications, personnel, local office leases, contracts, etc.; the potential savings in manpower through machine editing of statistical, fiscal, and personnel reports, and machine processing of purchase and travel vouchers; and the unrealized potential of a data transmission system between State agencies and the Bureau's national office.

The present budget requirements reflect: (1) The need for three additional positions in the Division of Automatic Data Processing, and (2) a need for \$120,000 to pay for contract automatic data-processing services to be obtained from outside sources.

With the additional positions, the Bureau proposes to:

1. Conduct feasibility studies related to the conversion to mechanized processes of the current manual operations of the Bureau in controlling, editing, and summarizing data of a statistical, budgetary, or fiscal nature, with priority attention being directed to increasing effectiveness in the processing of financial management data. This will involve study of information gathering and processing methods at every organizational echelon.
2. Program all such operations for which feasibility studies are affirmative.
3. Negotiate for contract services to furnish machine-processed reports of data and information needed by the Administration and Management and Program Services.
4. Coordinate the development of and issue guidelines and technical aids on applications, techniques, and program objectives.

The Bureau had started work on the mechanized processing of complex statistical reports, and had found significant advantages in the machine editing of reports to which the technique was applied. Meanwhile, difficulties encountered with regard to the allocation and control of State grants at the end of fiscal year 1963, caused a recent transfer of attention from the mechanization of the statistical processing activities of the Bureau, to its fiscal operations. A partial solution of the fiscal control problem appears to lie in the realm of mechanized processes.

During fiscal year 1965, it is contemplated that at least the essential mechanization of administrative management functions will be programed, with priority end products obtained through contract services. In this way, the mechanized processes can be refined, and experience can be obtained on which cost analyses can be based to determine whether or not it will be more efficient and economical to establish a machine service unit as a component part of the Division of Automatic Data Processing.

Attention should be called to the difference between this request and somewhat similar requests included under other services in the Bureau. The interest of other services, in their reference to automatic data-processing systems, focuses on operations related to their assigned programs. The Unemployment Insurance Service, for example, is concerned with automatic data-processing processes related to claimstaking, monetary determinations, benefit payments, tax auditing, tax-rate establishment, fraud prevention, etc. The U.S. Employment Service is interested in the mechanization of processes which will improve placement and other Employment Service operations. These separate interests do not conflict, and will not result in separate automatic data-processing installations in State agencies. The role of the Automatic Data Processing Division with regard to these separate interests is to coordinate and interrelate the common information requirements of the three services: The Unemployment Insurance Service, the U.S. Employment Service, and Administration and Management Service, and to assure that analysis, systems design, and implementation achievements are disseminated to the program directors. Only in this manner can the benefits from new processing techniques be realized.

A total of \$120,000 is necessary to cover costs of obtaining data-processing services from outside facilities. It is contemplated that the outside facility furnishing the service will prepare end products in the format, and with the content prescribed by the Bureau and that the Bureau will obtain such outside services at the lowest possible cost.

Three positions and \$154,300, of which \$120,000 is needed to cover automatic data-processing services, are required for these purposes.

Improved financial management

The responsibilities of the Bureau of Employment Security require that it provide the leadership and direction that will assure sound budget and fiscal management throughout the employment security system.

The need for improved management of the funds granted to State employment security agencies has been emphasized recently by the Congress and the administration. The Bureau's summary reviews of State agency financial management has also disclosed important deficiencies in about 40 percent of the agencies. The administration has pointed up the necessity for improved procedures which will assure the availability of more current and meaningful data to determine the financial status and requirements of and the appropriateness of funds allocated to the States. The internal analysis points out that account-

ing systems in some States are not adequate for control purposes, or for full disclosure of important information and where accounting systems are sufficient, the system of reporting financial data is not adequate, timely, or given necessary attention when operating decisions are being made by the executive staffs of the agencies.

Some of these deficiencies can be corrected by providing staff resources in relation to the size of the program. The 13 additional positions will be used in fiscal year 1965 to improve Bureau and State agency management of granted funds in three areas. These areas are providing systems accounting services to the State agencies; analyzing State agency financial management on a State-by-State and national basis; and bringing the Bureau of Employment Security financial audit of State agency records on a more current basis.

Providing improved accounting systems

At the beginning of the employment security program, the Bureau had a staff of systems accountants who helped the State agencies to develop and install their accounting and financial management systems. This staff was disbanded about the time of World War II and since then such technical assistance to the States has been on an extremely limited basis, even though the program has had extreme growth during the same period. There is, at present, only one Bureau employee engaged in this work, and he is able to devote only part of his time to this purpose. As a result, we will be able to give only limited technical assistance to four State agencies in fiscal year 1964. Recruiting, staff training, and development of procedures will largely occupy the first 6 months of fiscal year 1965. In the remainder of the year, it is anticipated that about four comprehensive studies will be made of State agency accounting and financial management systems, and that recommendations for improvement will be presented to the States. By fiscal year 1966, it is expected that there will be an intensive followup with the four States studied in 1965 to assist in the installation of new procedures, and that studies will be initiated in about eight other States. Such a schedule would enable us to render technical accounting assistance to each State agency once every 6 or 7 years.

For fiscal year 1965, we will require an additional five professional and two clerical positions and \$79,800 to assist the State agencies in the improvement of their accounting systems.

Analyzing State agency financial management

There is a demonstrated and acute need for current, regular, and formal analysis of State agency financial conditions. Some data to provide the basis for such analysis has been available in recent years, though not on as timely a basis as should be in a program of this size. Additional and more refined data will be reported in fiscal year 1964 and in 1965 as a part of our current program to improve financial reporting. There is, however, no full-time staff available in the organization to analyze these reports on a State-by-State or national basis. On a part-time basis, a budget staff overburdened with existing program requirements, and swamped with new program requirements has been able to do less than the minimum required. With the requested staff, and through the use of automatic data processing equipment, fiscal data submitted by the 54 State agencies will be examined on a monthly basis. Comparisons will be made of obligations against the approved operating budget for each State, and rates of expenditures with program accomplishments. The results of these analyses will be used by the "program" employees in the national office and regional office to improve operations and provide for a more efficient use of granted funds. In addition, this group will prepare national summaries and reports required within the Bureau, the administration, and the Congress. It will also make recommendations to shift program emphasis, adjust available funds between programs, and/or States, and to seek supplemental funds from the Congress when required.

It is therefore, proposed to establish a fiscal analysis unit and request two professional and one clerical positions and \$34,100.

Bringing the Bureau of Employment Security financial audit of State agency records on a more current basis

The auditing system makes its contribution to good financial management through an actual on-the-spot audit of the accounting records of the agency which show the receipt, disbursement, and application of funds granted to the State agencies. The audit also provides information on the administration and utilization of funds, and the deviations from prescribed fiscal rules, regulations,

and standards. At the present time, only 10 of the 54 State agencies are audited each year. All other agencies are audited every other year, allowing the expenditure of 1 year's appropriated funds to remain without being audited until the following year. The addition of three positions would enable the Bureau to make three more annual audits in States having significantly large allocations, reduce the backlog of field audits presently pending, and decrease the timelag between the completion of the audit in an agency and the submittal of the official audit report.

Three professional positions and \$36,000 are required for these activities.

Workload statistics

| | Actual | | Estimated | |
|---|-----------|-----------|-----------|-----------|
| | 1962 | 1963 | 1964 | 1965 |
| Pieces of material handled (total Bureau): | | | | |
| Classified..... | 47,668 | 54,567 | 55,000 | 56,000 |
| Cross references..... | 6,555 | 6,673 | 7,000 | 7,000 |
| Searched..... | 6,856 | 7,218 | 7,500 | 7,500 |
| Filed..... | 70,029 | 66,022 | 70,000 | 70,000 |
| Incoming mail..... | 1,014,200 | 1,487,593 | 1,600,000 | 1,700,000 |
| Outgoing mail..... | 913,514 | 1,339,051 | 1,400,000 | 1,500,000 |
| Interoffice communications..... | 967,116 | 2,298,500 | 2,300,000 | 2,500,000 |
| Records destroyed or otherwise disposed of (cubic feet)..... | 1,417 | 1,430 | 1,500 | 1,500 |
| Messenger trips..... | 18,718 | 17,605 | 20,000 | 20,000 |
| Requisitions handled: | | | | |
| Supplies and equipment..... | 1,824 | 1,792 | 1,800 | 1,900 |
| Duplicating..... | 4,342 | 5,268 | 5,500 | 6,000 |
| Printing..... | 342 | 300 | 320 | 330 |
| Number of pages of official releases reviewed and cleared for conformity with applicable policies, regulations and procedures and determination as to appropriate clearances with concerned organizational elements within and outside the Bureau..... | | | | |
| Requests for personnel action (S.F. 52) processed..... | 2,350 | 3,328 | 4,000 | 4,500 |
| Notification of personnel action (S.F. 50) processed..... | 2,400 | 3,350 | 3,000 | 3,200 |
| Letters and telegraphic notices concerning personnel actions prepared..... | 2,200 | 3,100 | 2,300 | 3,000 |
| Telephone inquiries and personal contacts concerning personnel problems..... | 1,650 | 1,800 | 1,700 | 1,800 |
| Vouchers prepared and/or audited..... | 30,000 | 30,000 | 28,000 | 30,000 |
| Schedules prepared..... | 12,771 | 13,307 | 13,500 | 13,500 |
| Travel advances processed..... | 2,266 | 3,085 | 3,000 | 3,000 |
| Voucher suspension notices prepared..... | 515 | 513 | 550 | 600 |
| Certificates of deposit prepared..... | 403 | 400 | 400 | 400 |
| Develop and prepare regular and supplemental appropriations requests to the Bureau of the Budget and Congress..... | 125 | 103 | 150 | 150 |
| Grants to States..... | 17 | 9 | 13 | 7 |
| Farm supplemental..... | 2 | 2 | 2 | 2 |
| Temporary extended unemployment compensation..... | 2 | | | |
| Employment service expansion supplemental..... | 2 | | | |
| Unemployment compensation for Federal employees and ex-servicemen benefits..... | 2 | 2 | 2 | 2 |
| Unemployment compensation for Federal employees and ex-servicemen supplemental..... | 2 | 2 | 2 | |
| Temporary extended unemployment compensation benefits..... | 2 | | | |
| Salaries and expenses..... | 2 | 2 | 2 | 2 |
| Farm supplemental..... | 2 | | | |
| Temporary extended unemployment compensation supplemental..... | 2 | | | |
| Employment service expansion supplemental..... | 2 | | | |
| Unemployment trust fund..... | 1 | 1 | 1 | 1 |
| National status of grants to States appropriation..... | | | | 12 |
| Monthly analysis of State financial condition..... | | | | 708 |
| Analysis of unemployment insurance activities for economic and program purposes: | | | | |
| Weekly—Preliminary summary report on significant developments in new and insured unemployment for departmental use; public release of detailed information for economic use..... | 104 | 104 | 104 | 104 |
| Monthly—Release to public for economic use and release for program and economic use by Federal and State employment security staff..... | 24 | 24 | 24 | 24 |
| Annual—Calendar and fiscal year summaries for public information and for administrative use by BES and State agency staff..... | 2 | 2 | 2 | 2 |

See footnotes at end of table.

Workload statistics—Continued

| | Actual | | Estimated | |
|--|--------|------|-----------|------|
| | 1962 | 1963 | 1964 | 1965 |
| Administrative analysis and statistics: monthly, quarterly, and annually..... | 60 | 75 | 75 | 75 |
| Development of economic assumptions and estimates for program planning, budgeting, and allocation: | | | | |
| National economic assumptions, incl. revision..... | 12 | 12 | 12 | 12 |
| Detailed industry projections..... | 1 | 1 | 1 | 1 |
| National estimates of economic related items..... | 10 | 10 | 10 | 10 |
| Review of State assumptions and estimates..... | 150 | 150 | 150 | 150 |
| Review and justification of State needs for research, reporting, and labor market information functions..... | 53 | 53 | 53 | 53 |
| Quarterly and annual analysis of covered employment and wages (State and Federal program)..... | 4 | 4 | 4 | 4 |
| Analysis of significant economic trends in selected States..... | 4 | 6 | 8 | 12 |
| Technical assistance to State agencies: | | | | |
| Technical field visits to State agencies (number of States)..... | (1) | 10 | 10 | 20 |
| Training conferences and meetings..... | (1) | 8 | 5 | 8 |
| Issuance of technical publications: | | | | |
| Employment Security Review (Monthly)..... | 12 | 12 | 6 | 0 |
| Labor Market and Employment Security and Statistical Supplement (Monthly)..... | 12 | 12 | 6 | 0 |
| Employment Security Research and Reporting Exchange..... | 2 | 2 | 2 | 2 |
| Research transmittal series..... | 10 | 10 | 10 | 10 |
| Analysis of employment security activities for annual departmental reports and yearbooks..... | 4 | 4 | 4 | 4 |
| Administrative management surveys of State agencies..... | 2 | 1 | 1 | 3 |
| Number of States assisted in installation of new management controls..... | | | 2 | 3 |
| State organizational proposals reviewed..... | 5 | | 5 | 5 |
| Financial audits of State agencies completed..... | 24 | 32 | 32 | 35 |
| Number of States where followup on management surveys were made..... | | | 1 | 3 |
| Technical personnel assistance to State agencies: | | | | |
| Number trips..... | 14 | 29 | 30 | 25 |
| Number States assisted..... | 5 | 5 | 8 | 10 |
| Other trips..... | 7 | 5 | 5 | 5 |
| Days in travel status..... | 94 | 115½ | 180 | 200 |
| Review of State laws, rules, regulations, etc.: (estimated number of submittals)..... | 650 | 700 | 750 | 750 |
| Development of standards, guides, and policy materials (number of projects)..... | 8 | 8 | 10 | 12 |
| State training and executive development: | | | | |
| Field visits to provide technical assistance to State agencies..... | 18 | 34 | 30 | 52 |
| State training plans, reports, and units reviewed..... | 95 | 126 | 135 | 150 |
| State out-service training proposals reviewed and action taken..... | 45 | 55 | 60 | 75 |
| Approved..... | 40 | 45 | | |
| Disapproved..... | 5 | 10 | | |
| Training seminars arranged for State agency executive staff..... | 5 | 4 | 8 | 8 |
| New and revised training units prepared..... | | 1 | 1 | 2 |
| Guidelines for management of automatic data processing for use by the States..... | | | 2 | 1 |
| Guidelines for submission of State automatic data processing equipment proposals..... | | | 1 | |
| Guidelines for submission of State automatic data processing utilization and cost reporting..... | | | 1 | |
| State automatic data processing equipment requests reviewed..... | | 4 | 10 | 15 |
| Automatic data processing systems analysis completed..... | | 6 | 9 | 12 |
| Accounting and statistical reports converted to automatic data processing..... | | 3 | 6 | 8 |
| Automatic data processing research studies completed..... | | | 2 | 4 |

¹ Comparable information not available since technical assistance to States was conducted by Office of Program Review and Analysis prior to reorganization and covered a wider range of activities.

² 15 to Baltimore.

³ 15 to Baltimore.

NOT MEASURABLE

Improving and modernizing the nationwide employment security reporting program (report revisions, new reports, manual instructions, conversion to EDP, etc.).

Validation of local and State office reports (technical handbooks, spot surveys, training, etc.).

Analysis of activities relating to special groups and special programs, i.e., ex-servicemen, unemployment compensation for Federal employees, etc.

Special analyses and assistance to State agencies in the development of comprehensive administrative statistics programs.

Development of assumptions and selected estimates for use in budgeting special programs—unemployment compensation for Federal employees and ex-servicemen.

Distribution of field staff (non-VES)

| Regional offices | 1964 | | | 1965 | | |
|---------------------------|--------------|----------|-------|--------------|----------|-------|
| | Professional | Clerical | Total | Professional | Clerical | Total |
| Atlanta, Ga..... | 15 | 10 | 25 | 14 | 10 | 24 |
| Boston, Mass..... | 13 | 9 | 22 | 13 | 9 | 22 |
| Chambersburg, Pa..... | 13 | 9 | 22 | 13 | 9 | 22 |
| Chicago, Ill..... | 12 | 8 | 20 | 12 | 8 | 20 |
| Cleveland, Ohio..... | 14 | 8 | 22 | 13 | 8 | 21 |
| Dallas Tex..... | 15 | 6 | 21 | 15 | 6 | 21 |
| Denver, Colo..... | 13 | 8 | 21 | 13 | 8 | 21 |
| Kansas City, Mo..... | 15 | 9 | 24 | 13 | 9 | 22 |
| New York, N.Y..... | 15 | 9 | 24 | 14 | 9 | 23 |
| San Francisco, Calif..... | 19 | 8 | 27 | 17 | 8 | 25 |
| Seattle, Wash..... | 12 | 8 | 21 | 12 | 8 | 20 |
| Total (field staff)..... | 157 | 92 | 1 249 | 149 | 92 | 1 241 |

¹ Excludes auditors who audit State agency accounts and report directly to the Washington office.

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$10,103,000

This estimate provides for 1,145 full-time positions or 1,093.0 net man-years and 0.3 man-years of intermittent employment. Of this, 372.4 man-years and \$3,506,500 are allocated to field personnel compensation and 720.9 man-years and \$6,596,500 for departmental. The net increase of \$362,900 over 1964 is due to the following: (1) An increase of 33 positions and \$270,700 for program increases; \$251,500 annualization of 1964 pay increase for base staff; \$146,400 within-grade promotions for base staff; and (2) a decrease of \$42,000 for 1 less day of pay and 29 positions, and \$263,700 for productivity and working capital fund absorption.

The average grade has remained stable, 9.6, for 1963, 1964, and 1965.

Personnel benefits, \$748,700

This estimate is an increase of \$5,600 over the 1964 estimate and will provide for related personnel benefit costs for the additional positions.

| | |
|---|-----------|
| Employees' group life insurance..... | \$32, 800 |
| Employees' health benefits..... | 68, 700 |
| Contributions to CSC retirement fund..... | 628, 300 |
| Refunds, awards, and indemnities..... | 10, 400 |
| Contributions under the Federal Insurance Contribution Act..... | 8, 500 |
| Total..... | 748, 700 |

Travel and transportation of persons, \$861,000

This estimate is an increase of \$18,500 over 1964 and will provide for the following:

| | 1964 | 1965 | Change |
|---|-----------|-----------|----------|
| 27,450 days of travel at \$16 per diem..... | \$429,700 | \$439,100 | +\$9,400 |
| Mileage and transportation costs..... | 396,000 | 404,700 | +8,700 |
| All other transportation costs..... | 16,800 | 17,200 | +400 |
| Total..... | \$42,500 | \$61,000 | +18,500 |

Transportation of things, \$28,200

This estimate will provide for the moving of household goods, shipment of supplies, printed material, and equipment to the field.

| | 1964 | 1965 | Change |
|-------------------------------|----------|----------|--------|
| Transportation of things..... | \$28,200 | \$28,200 | ----- |

Rent, communications, and utilities, \$525,800

This estimate is a net increase of \$174,800 over 1964, and includes an increase of \$38,000 for telecommunications, \$3,000 for program increases, and \$4,400 decrease for productivity and working capital fund absorption. This estimate will provide for the following:

| | 1964 | 1965 | Change |
|---------------------------|-----------|-----------|-----------|
| Rent..... | \$115,700 | \$126,900 | +\$11,200 |
| Paid official mail..... | 31,800 | 31,800 | ----- |
| Telephone service..... | 76,900 | 96,500 | +19,600 |
| Teletype service..... | 25,200 | 42,200 | +17,000 |
| Working capital fund..... | 101,400 | 228,400 | +127,000 |
| Total..... | 351,000 | 525,800 | +174,800 |

Printing and reproduction, \$270,300

This estimate is an increase of \$32,500 over 1964 and will provide for printing of forms, publications and studies as follows:

| | 1964 | 1965 | Change |
|------------------------------------|----------|----------|---------|
| Publications: | | | |
| Employment security review..... | \$19,500 | \$19,500 | ----- |
| Unemployment insurance review..... | 19,500 | 19,500 | ----- |
| Benefit series..... | 11,000 | 11,000 | ----- |
| Miscellaneous publications..... | 30,000 | 30,000 | ----- |
| Forms and schedules..... | 30,000 | 30,000 | ----- |
| Reproduction services..... | 44,500 | 42,300 | -2,200 |
| Working capital fund..... | 83,300 | 118,000 | +34,700 |
| Total..... | 237,800 | 270,300 | +32,500 |

Other services, \$735,300

This estimate is an increase of \$444,600 over 1964 and will provide for the following:

| | 1964 | 1965 | Change |
|--|----------------|----------------|-----------------|
| Moving, maintenance, repairs..... | \$14,800 | \$16,400 | +\$1,600 |
| Visual exhibit services..... | 28,400 | 28,400 | |
| Health room services..... | 10,000 | 10,000 | |
| Repairs to office machines and equipment..... | 8,500 | 8,500 | |
| Security investigations (10 security investigations at \$360 per investigation)..... | 3,500 | 3,600 | |
| Working capital fund..... | 51,600 | 184,000 | +133,000 |
| Services of other agencies: | | | |
| State merit system..... | 115,700 | 110,700 | -5,000 |
| Machine tabulation..... | 18,400 | 18,400 | |
| Automatic data processing..... | | 120,000 | +120,000 |
| Bureau of Census..... | | 195,000 | +195,000 |
| Central departmental services..... | 39,800 | 39,800 | |
| Total..... | 290,700 | 735,300 | +444,600 |

Supplies and materials, \$153,800

This estimate is an increase of \$72,800 over the 1964 estimate and will provide for the following:

| | 1964 | 1965 | Change |
|---------------------------------------|---------------|----------------|----------------|
| Desktop and duplicating supplies..... | \$12,800 | \$13,500 | +\$700 |
| Envelopes and letterheads..... | 800 | 800 | |
| Subscriptions..... | 500 | 500 | |
| Working capital fund..... | 66,900 | 139,000 | +72,100 |
| Total..... | 81,000 | 153,800 | +72,800 |

Equipment, \$44,900

This estimate is a net increase of \$13,900 over the 1964 estimate and includes the following:

| | 1964 | 1965 | Change |
|---|---------------|---------------|----------------|
| Equipment for new positions..... | | \$13,900 | +\$13,900 |
| Replacement of wornout typewriters, calculators, and furniture..... | \$31,000 | 31,000 | |
| Total..... | 31,000 | 44,900 | +13,900 |

Summary of new positions

| | |
|--|----------------|
| U.S. Employment Service: | |
| 1 GS-14 labor economist | \$13,624 |
| 2 GS-13 labor economist | 23,462 |
| 1 GS-13 statistician | 11,731 |
| 1 GS-12 labor economist | 9,984 |
| 2 GS-12 labor market analyst | 19,968 |
| 2 GS-12 statistician | 19,968 |
| 3 GS-11 labor market analyst | 25,272 |
| 1 GS- 5 clerk | 4,701 |
| 2 GS- 5 secretary | 9,402 |
| 1 GS- 4 clerk | 4,222 |
| 1 GS- 4 clerk-stenographer | 4,222 |
| Total (17) | <u>146,556</u> |
| Administration and management: | |
| 1 GS-14 financial analyst | 13,624 |
| 1 GS-14 supervisory systems accountant | 13,624 |
| 1 GS-14 systems accountant | 13,624 |
| 1 GS-13 digital computer systems analyst | 11,731 |
| 1 GS-13 financial analyst | 11,731 |
| 3 GS-12 auditor | 29,952 |
| 1 GS-12 digital computer systems analyst | 9,984 |
| 2 GS-12 systems accountant | 19,968 |
| 1 GS-11 systems accountant | 8,424 |
| 1 GS-11 digital computer systems analyst | 8,424 |
| 1 GS- 5 secretary | 4,701 |
| 2 GS- 4 clerk-stenographer | 8,444 |
| Total (16) | <u>154,231</u> |
| Grand total (33) | <u>300,787</u> |

GRANTS TO STATES

LIMITATION ON GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND
EMPLOYMENT SERVICE ADMINISTRATION (TRUST FUND)*Amounts available for obligation*

| | 1964 | 1965 |
|---|---------------|---------------|
| Appropriation or estimate..... | \$425,000,000 | \$455,076,000 |
| Carryover of unexpended State agency funds..... | 495,000 | |
| Appropriation or estimate, revised..... | 425,495,000 | 455,076,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|---|-----------------------------|---------------|----------------|---------------|-------------|---------------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Unemployment Insurance Service: | | | | | | |
| (a) State Unemployment Insurance Service..... | 26,948 | \$204,501,000 | 27,406 | \$215,693,000 | +458 | +\$11,192,000 |
| (b) Federal Unemployment Insurance Service..... | 881 | 6,520,000 | 884 | 6,791,000 | +3 | +271,000 |
| (c) Administration and management..... | 2,174 | 14,095,000 | 2,220 | 14,928,000 | +46 | +833,000 |
| 2. Employment Service: | | | | | | |
| (a) Employment Service..... | 22,001 | 151,855,000 | 23,429 | 169,406,000 | +1,428 | +15,432,000 |
| (b) Administration and management..... | 1,608 | 13,029,000 | 1,651 | 11,646,000 | +43 | +736,000 |
| 3. Administration and management..... | 2,653 | 20,000,000 | 2,792 | 21,612,000 | +139 | +1,612,000 |
| 4. Contingency fund..... | | 15,000,000 | | 15,000,000 | | |
| Carryover of unexpended State agency funds..... | | 495,000 | | | | -495,000 |
| Total obligations..... | 56,265 | 425,495,000 | 58,382 | 455,076,000 | +2,117 | +29,581,000 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|---|-----------------------------|----------------|---------------|
| 41 Grants, subsidies and contributions..... | \$425,495,000 | \$455,076,000 | +\$29,581,000 |

Summary of changes

| | |
|---|---------------|
| 1964 limitation..... | \$425,000,000 |
| Carryover of unexpended State agency funds..... | 495,000 |
| 1965 estimate..... | 455,076,000 |
| Total change..... | +29,581,000 |

Mandatory items, increases:

| | |
|--|-------------|
| To finance the increase in the average annual salary rate from \$5,347 in 1964 to the estimated \$5,560 average annual salary rate for fiscal year 1965..... | +14,500,000 |
| Increases in nonpersonal services..... | +2,500,000 |

The increases are based on States 1963 actual experience adjusted for the rise in the prices of goods and services, and the cost of new leases and rental costs occurring in fiscal year 1964.

Summary of changes—Continued

Mandatory items, increases—Continued

Increase due to growth in unemployment insurance program coverage ----- +\$1, 022, 000

Estimated increases of 600,000 covered workers and 50,000 taxable employers will require \$558,000 for additional personnel to maintain present levels of performance in registering new employers, auditing tax returns, and collecting delinquent taxes and \$464,000 for additional programing and equipment for data processing.

Workload increases due to increases in claims contests and appeals ----- +1, 148, 000

Determinations of contested claims for unemployment benefits and appeals by both employers and unemployed workers have increased in volume for a number of years. On the assumption that at least one-third of the increase will continue in 1965, funds are requested for additional personnel to investigate and decide additional eligibility questions as required by State laws and standards established in the Social Security Act.

Increased costs due to changes in State laws ----- +416, 000

During their most recent legislative sessions, 17 State legislatures enacted amendments to their State unemployment insurance laws which will increase administrative costs in fiscal year 1965. These increased costs are originally provided for out of contingency funds during the 1st fiscal year in which they are effective. Such additional costs as are continuing in nature must be provided for in the base budget for subsequent fiscal years.

Program items, increases:

Strengthening control of local office claims operations ----- +282, 000

Supervision of local claims offices by State central offices is too thinly spread to assure prompt payment of benefits in correct amounts to individuals properly determined to be entitled to them. An increase is requested to provide additional field supervisors in a limited number of States where supervision is now least adequate and planned improvements require additional staff.

Development and installation of a data processing and transmission system for paying unemployment benefits --- +450, 000

Local claims offices now use substantial numbers of personnel for manual clerical operations which produce costly errors in benefit payments and preoccupy time which should be spent in more careful interviewing of claimants. Funds are requested for a pilot installation of equipment in local offices which will be connected by data transmission to a central computer, thus permitting automatic maintenance of records, automatic audits of claims, and issuance of checks by the local offices. Systems of this nature can be expected eventually to save enough in personnel, supply, and postage costs to cover their expense and to afford a considerable improvement in claims interviews.

Continuing the improvement of the Employment Service --- +3, 569, 000

Although levels of employment continue high, the number of new jobs fails to approximate the number of new entrants into the labor force, and job openings often require skills and abilities which available jobseekers do not possess. To properly guide jobseekers and to keep pace with the rapid rate of change which is characteristic of the current economy, the Employment Service must continue the improvement and expansion of the public employment offices toward the goal of maximizing the effectiveness of the employment process.

Summary of changes—Continued

| | |
|---|--------------|
| Program items, increases—Continued | |
| Extension of labor inventory communications systems..... | + \$350, 000 |
| <p>The extension of the project designed to increase the efficiency, timeliness, and effectiveness of interarea and interstate recruitment, selection, and referral of workers through the application of telecommunications and electronic data processing is necessary to enable it to effectively meet contemporary demands for manpower services in several States in addition to the State of California.</p> | |
| Impact of technological changes..... | + 561, 000 |
| <p>Technological changes in industrial work processes and the numbers of areas requiring assistance and know-how to cope with their problems are increasing. Additional resources are requested to increase the assistance to employers and unions in identifying changing job skills, relating present worker skills to those required on new or changing jobs; developing tests for the selection of employees, relating labor market information to the needs of the employer and aiding in the orderly transition of displaced workers. To determine how to best cope with these situations, special services and operations research will be required in 1965.</p> | |
| Community employment development and services to smaller communities..... | + 749, 000 |
| <p>In recognition of the fact that local community efforts is needed to develop action programs to increase local employment opportunities, the number of community organizations engaged in employment development has more than doubled from 1958 through 1961. To establish effective working relationships with the communities' organizations, additional and improved services are needed in the local employment offices.</p> | |
| Services to organized workers and employers..... | + 221, 000 |
| <p>If the State employment services are to meet their responsibilities as manpower service centers, they must serve all segments of the labor market. Approximately 25 percent of the work force, composed of organized labor, has not been adequately served in the past. If this group is to be served properly, working arrangements must be established with labor unions. The significant result of such arrangements will be that, through the employment services, all workers, both union and non-union, will receive equal consideration or job openings for which they are qualified.</p> | |
| Apprenticeship information centers..... | + 302, 000 |
| <p>Establishment of pilot information and service centers in carefully selected labor market areas to provide specialized information, guidance and counseling for apprenticeship requirements, opportunities and placements. To assist in equal opportunity in apprenticeship for minority groups raising skill levels of the lesser skilled workers and helping to reduce turnover at the apprentice level in occupations.</p> | |

Summary of changes—Continued

| | |
|--|--------------|
| Program items, increases—Continued | |
| Services to special applicant groups..... | + \$443, 000 |
| <p>Additional funds are requested to assist the rapidly growing number of new entrants to the labor force in solving their employment problems. New and improved techniques developed in pilot projects started in 1962-63 will be extended to other areas. Special attention will be given to the employment problems of school dropouts and other out-of-school and out-of-work youth. Closer relationships will be developed with the schools for improved vocational guidance and for programs designed to reduce the number of school dropouts.</p> <p>An increase is also necessary to enable the Employment Service to meet the demands for special services required by a steadily growing number of handicapped, older workers, minority groups, and parolees.</p> | |
| Implementation of recommendations of the President's Committee on Employment of Older Workers..... | +1, 630, 000 |
| <p>Part-time jobs in a large porportion of the cases best meet the needs and desires of older workers. Units will be established in the major metropolitan areas to promote and develop part-time employment opportunities in private industry, commerce, Government, and other employment sources for older workers, retirees, and others seeking that type of employment.</p> <p>Specialized counseling services will be provided in the 25 to 35 major labor market areas where the problem of the older worker is most serious in order to provide improved counseling services to this group. These counselors will not only work directly with applicants but also work with regular counseling personnel to improve their understanding of the problems of older workers and increase their ability to serve this group.</p> | |
| Labor market operations research..... | +371, 000 |
| <p>To increase the effectiveness of employment service operating programs and to assist unemployed workers and new labor force entrants in making sound vocational choices, funds are requested to increase the quantity and improve the quality of labor market information. Projects include: Extending current area labor market reporting to all 215 standard metropolitan statistical areas; developing and preparing data on the number of workers hired in the metropolitan areas; increasing the number and comprehensiveness of area skilled surveys; introducing additional studies on the role of the employment service in the job market; improving basic labor market information; and preparing additional occupational guides in order to obtain information needed to improve employment counseling and vocational education.</p> | |
| Implementation of recommendations of the President's Committee To Appraise Employment and Unemployment Statistics..... | +295, 000 |
| <p>Increases recommended by the President's Committee to develop improved techniques for measuring State and area employment and unemployment statistics and obtaining job vacancy data.</p> | |
| Immigration and adverse effects..... | +228, 000 |
| <p>Expanded workload to cover the additional investigation and clearance in cases involving 1 or more rather than 25 or more to prevent the permanent entry of aliens from adversely affecting our domestic work force.</p> | |

Summary of changes—Continued

| | |
|---|---------------|
| Program items, increases—Continued | |
| Increases for farm placement activities..... | +\$254, 000 |
| <p>In 1965 State agencies will be faced with markedly increased difficulties in coping with farm labor supply and demand situations primarily because of the uneven progression of mechanization. It will therefore be necessary to expand and improve recruitment of local intrastate, and interstate farmworkers; to restructure migratory labor routes, and to improve farm labor market information.</p> | |
| Improvement of financial management systems..... | +349, 000 |
| <p>Increases are requested to provide in each State a financial management system organized to provide current and timely data for the effective management of the employment security agencies.</p> | |
| Validation of State statistical reporting..... | 335, 000 |
| <p>An increase is requested to enable State employment security agencies to improve and strengthen their programs for the regular validation of all statistical reports.</p> | |
| Improved personnel management..... | 101, 000 |
| <p>Funds requested give recognition to the need for improving personnel administration in State agencies. Personnel administration now involves approximately 60,000 employees throughout the States. To assure effective management of these manpower resources requires improved personnel administration, not possible under existing arrangements in many States where the personnel function is primarily one of recordkeeping, or where responsibility is combined with unrelated functions, thus diminishing attention given to the management of personnel.</p> | |
| Decrease due to nonrecurring State agency unexpended balance for use in fiscal year 1965..... | -495, 000 |
| <p>The provision of the language that requires unobligated balances to be returned to the Treasury and credited to the account from which derived will take effect on all such balances beginning in fiscal year 1964. Unobligated State agency balances will not be available for use in subsequent fiscal years.</p> | |
| Total change..... | +29, 581, 000 |

Mandatory and financing changes for 1965

Mandatory items: Increases:

Average annual salary rate costs, +\$14,500,000

It is estimated that the average annual salary rate will rise from \$5,347 in fiscal year 1964 to \$5,560 in 1965.

The original salary rate estimate for 1964 was \$5,301. However, it was necessary to increase this amount by \$46 in order to compensate for the higher than expected average in 1963 when the \$5,126 allocated was realized at \$5,169 at the end of the year. This results in a salary rate of \$5,347 for fiscal year 1964. In fiscal year 1965, an increase of \$128 for each employee is estimated to be needed for salary increases paid for out of contingency in fiscal year 1964 due to statewide compensation plan changes. This amount must be met in the base budget in fiscal year 1965. An additional \$85 is needed in 1965 for within-grade salary increments for employees which are mandatory after a prescribed period of satisfactory service. These amounts total \$213 above the 1964 rate of \$5,347 for an average annual salary of \$5,560 in fiscal year 1965.

The total amount approved and pending for statewide compensation plan changes as of December 31, 1963, is \$6,161,164. The salary rate for the month of November 30, 1963, as reported by the States is \$5,419. The increases in the

average salary rate for the past 5 years and numbers of personnel equivalents with estimates for 1964 and 1965 are as follows:

| Year | Personnel equivalents | Actual salary rate | Change from prior year |
|------|-----------------------|--------------------|------------------------|
| 1959 | 54,038 | \$4,308 | |
| 1960 | 51,338 | 4,631 | +\$323 |
| 1961 | 56,934 | 4,708 | +77 |
| 1962 | 61,198 | 4,929 | +221 |
| 1963 | 59,538 | 5,169 | +240 |
| 1964 | 1 56,265 | 1 5,347 | +178 |
| 1965 | 1 58,382 | 1 5,560 | +213 |

¹ Estimated.

The salary rate change in fiscal year 1961 over 1960 was depressed because of the high number of temporary employees on the rolls due to the high benefit workloads that occurred in that year.

The following table illustrates the trend of the salary rate and personnel equivalents for fiscal year 1964 and the actual history for 1963.

Salary rate and personnel equivalents by month for fiscal years 1963 and 1964

| Month | Personnel equivalents | Salary rate | Month | Personnel equivalents | Salary rate |
|-------------------|-----------------------|-------------|-----------------------|-----------------------|-------------|
| Fiscal year 1963: | | | Fiscal year 1963—Con. | | |
| July | 60,497 | \$5,069 | June | 58,709 | \$5,225 |
| August | 59,883 | 5,145 | National average | | |
| September | 58,288 | 5,161 | 59,592 5,169 | | |
| October | 57,966 | 5,218 | Fiscal year 1964: | | |
| November | 58,523 | 5,189 | July | 59,022 | 5,304 |
| December | 59,078 | 5,172 | August | 58,644 | 5,324 |
| January | 60,595 | 5,161 | September | 57,034 | 5,390 |
| February | 61,573 | 5,121 | October | 56,587 | 5,414 |
| March | 60,754 | 5,154 | November | 56,877 | 5,419 |
| April | 60,020 | 5,200 | | | |
| May | 59,218 | 5,226 | | | |

Nonpersonal services costs, \$2,500,000

The increases for non-personal-service costs are primarily due to the higher cost of rents-premises. This cost is related to the renewal of leases upon expiration of presently existing leases, amortization of rental purchase agreements, annualization of new leases, and rental purchases that occurred in fiscal year 1964. An estimated \$2 million is needed for these purposes, representing approximately 3 percent of the total non-personal-service costs. This increase does not represent the rise in costs of goods and services in 1 year, but over several years since building leases being renewed at the present time have a higher current rental rate.

The following list of non-personal-service items is estimated to have increased slightly less than one-tenth of 1 percent. The increases for these items are related directly to the price rise of goods and services.

| | |
|-----------------------------------|-----------|
| Supplies | \$100,000 |
| Communication services | 50,000 |
| Travel | 50,000 |
| Rents, equipment | 100,000 |
| Repairs and alterations, premises | 50,000 |
| Heat, light, and water | 50,000 |
| Equipment purchases | 100,000 |

Growth in unemployment insurance program coverage, \$1,022,000

Estimated increases of 600,000 covered workers and 50,000 taxable employers will require additional personnel and data processing capacity for registering new employers, auditing tax returns, collecting delinquent taxes, and maintaining employer and worker records.

Workload increases in claims contests and appeals, \$1,148,000

Determinations of contested claims for unemployment benefits and appeals by both employers and unemployed workers have increased in volume for a number of years.

On the assumption that at least one-third of the increase will continue in 1965, funds are requested for additional personnel to investigate and decide additional eligibility questions as required by State laws and standards established in the Social Security Act.

Increased costs due to changes in State laws, \$416,000

During their most recent legislative sessions, 17 State legislatures enacted amendments to their State unemployment insurance laws which will increase administrative costs in fiscal year 1965. These increased costs are originally provided for out of contingency funds during the first fiscal year in which they are effective. Such additional costs as are continuing in nature must be provided for in the base budget for subsequent fiscal years.

Mandatory and financing changes by activity

| Type of change | Activity 1 | | Activity 2 | | Activity 3 | | Total | |
|--|------------|-------------------|------------|------------------|------------|----------------|------------|-------------------|
| | Man-years | Amount | Man-years | Amount | Man-years | Amount | Man-years | Amount |
| MANDATORY CHANGES | | | | | | | | |
| Average annual salary rate costs..... | | \$7,660,000 | | \$6,136,000 | | \$704,000 | | \$14,500,000 |
| Nonpersonal services costs..... | | 1,318,000 | | 1,059,000 | | 123,000 | | 2,500,000 |
| Growth in unemployment insurance program coverage..... | 83 | 1,022,000 | | | | | 83 | 1,022,000 |
| Workload increases in claims contests and appeals..... | 171 | 1,148,000 | | | | | 171 | 1,148,000 |
| Change in State laws costs..... | 62 | 416,000 | | | | | 62 | 416,000 |
| Total..... | 316 | 11,564,000 | | 7,195,000 | | 827,000 | 316 | 19,586,000 |

BASIC ASSUMPTIONS, FISCAL YEAR 1965

A steady and more rapid growth in the Nation's economy is assumed for fiscal year 1965, continuing the expansion anticipated during fiscal year 1964. As a result, levels of overall economic activity and employment should reach successively higher record levels and unemployment levels should be reduced, despite the expected large yearly increments in the size of the civilian work force and a growth in worker productivity. The increased rate of growth in economic activity is assumed to be accompanied by an increase in covered employment. Because insured unemployment is already low in relationship to the total unemployment, because a further reduction to 1.6 million weekly average is assumed for fiscal year 1964, and because more workers will be covered by State unemployment insurance laws, it is assumed that the rate of insured unemployment for fiscal year 1965 will be reduced to 3.7 percent but that the volume will remain at a weekly average of 1.6 million.

The assumption of rising levels of economic activity receives support from many sources. It is assumed that a continuation of the almost uninterrupted increases in personal income will result in substantially higher levels of expenditures by consumers, leading in turn to further gains in activity and employment in industries producing goods and services for individuals, and in the supplying and supporting industries; that Federal expenditures will continue high; that expenditures by State and local governments will expand further to meet the needs for schools, hospitals, and other public buildings, and for highways, streets, and public facilities in general; that expenditures by business for new plant and equipment will continue to rise; that tax reductions occurring before the beginning of the fiscal year will provide a continuing general economic stimulus at the same time that other Federal programs aid in the reduction of unemployment among specific groups and in specific areas.

Although, on a national basis, broad economic and employment gains are assumed, there is likely to be considerable variation in the rate of growth among industries and geographic areas. As a result, it is assumed that not all areas will

share in the overall economic gains and that changing patterns of industrial location, the depletion of local natural resources, and changes in product demand and distribution practices will result in the persistence of pockets of relatively high unemployment which may continue at serious proportions in some areas and for some categories in the labor force.

It is also assumed that the employment security system will be called upon to meet steadily growing demands stemming from increased activity in the training and retraining of workers, the need for more complete evaluations of current and future labor demands and supplies, sharp increases in the number of youth entering the Nation's labor force each year, and growing demands in industry for more highly qualified workers, and workers with highly specialized skills.

ACTIVITY 1. UNEMPLOYMENT INSURANCE SERVICE (1964 \$225,116,000; 1965 \$237,412,000)

NARRATIVE DESCRIPTION OF PROGRAM

This activity includes administration of the State unemployment insurance programs which have been enacted pursuant to the Social Security Act and the Federal Unemployment Insurance Tax Act. The program operates through a Federal-State partnership in which the amounts necessary for proper administration of the State laws are borne by the Federal Government; and except for meeting the requirements of limited standards in the Federal laws, the States are responsible for developing their own programs. They are also allowed wide latitude in administering their programs while the Federal partner provides leadership and technical assistance and oversees the use of the funds granted for administration. The activity includes the two major functions of tax collection and benefit payments. The tax collection function includes identifying potentially taxable employers and determining their liability, maintaining tax accounts, processing quarterly tax and wage reports, collecting delinquent reports and taxes, refunding overpayments, auditing employer records for compliance, determining each employer's tax rate according to past experience with unemployment, and maintaining records of workers' wages as a basis for future benefit payments.

The benefit payment function includes taking and processing claims for benefits, determining entitlement to benefits based on past employment, determining questions of disqualification involving reasons for unemployment or failure to accept work, determining each week the claimant's eligibility for benefits, issuing benefit payments, preventing, detecting, and recovering overpayments, including those due to fraud, and conducting hearings on appeals by both claimants and employers. The State agencies carry on a variety of research work relating to covered employment and wages, unemployment and characteristics of the unemployed, and other problems of concern to the Federal Government and to State officials and State legislatures, relating to program development and legislation, including funding requirements of the insurance program.

Under agreements with the Secretary of Labor and subject to his regulations, the State agencies also administer locally the federally enacted programs for payment of unemployment compensation to ex-servicemen and to civilian employees of the Federal Government.

Program changes for 1965

| | Changes | |
|---|-----------|--------------|
| | Man-years | Cost |
| 1. Workload increase due to an estimated growth in program coverage of 50,000 employers and 600,000 workers | +83 | +\$1,022,000 |
| 2. Workload increase due to increase in claim contests and appeals | +171 | +1,148,000 |
| 3. Increased costs due to 1963 changes in State laws | +62 | +416,000 |
| 4. Strengthening control of local office claims operations | +34 | +282,000 |
| 5. Pilot projects in data transmission and data processing | | +450,000 |
| Total change | +350 | +3,318,000 |

Workload increases due to growth in program coverage

Tax and wage record workloads are expected to increase because of an estimated normal growth in the number of subject employers from 2,400,000 in 1964 to 2,450,000 in 1965 and in the number of covered workers from 42,600,000 in

1964 to 43,200,000 in 1965. An additional 83 man-years at a cost of \$588,000 are needed to continue the present levels of program performance in identifying and registering newly liable employers, auditing tax returns against employer records, and collecting delinquent taxes. In addition, \$464,000 will be required for additional programing and equipment costs for data processing to accommodate the accounting and clerical operations. The total of \$1,022,000 is an increase of 2 percent over the estimated 1964 costs, the same as the estimated percentage increase in coverage.

Program statistics—Workload statistics

[In thousands]

| | 1964 | 1965 | Increase | Increase in man-years |
|---------------------------------------|----------------------|----------------------|----------|-----------------------|
| Determinations of taxable status..... | 726 | 741 | 15 | 29 |
| Employer tax reports..... | 9,943 | 10,200 | 257 | -13 |
| Employer audits..... | 256 | 261 | 5 | 24 |
| Collection of delinquencies..... | ¹ (1,455) | ¹ (1,485) | ----- | 30 |
| Employee wage items..... | 130,334 | 138,000 | 1,666 | 13 |
| Total..... | ¹ (7,671) | ¹ (7,754) | ----- | 83 |

¹ Man-years.

Workload increase due to increase in claims contests and appeals

State unemployment insurance administrative agencies are required by provisions of State law and by the Federal social security laws to investigate and decide all questions which arise as to the eligibility of claimants for unemployment benefits. These cases are identified as "claims contests." In addition, any employer or claimant who is adversely affected by a determination of a claim is legally entitled to appeal and to receive a fair hearing and impartial decision. In proportion to the volume of claims, these claims contests and appeals have been increasing for a number of years, except during the period of higher unemployment in fiscal year 1961. Since legislative changes have been responsible primarily for these relative increases, the additional workloads have been financed out of the contingency portion of the appropriation. However, since the increases have continued for a sufficient length of time to require recognition, 171 man-years and \$1,148,000 are requested for 1965 to provide for volumes of claims contests and appeals more nearly consonant with the assumed level of claims.

| Fiscal year | Average weekly insured unemployment (thousands) | Claims contests | | Appeals | |
|------------------------------|---|-----------------|--------------------------------------|---------|---------------------------|
| | | Number | Per 100 initial and continued claims | Number | Per 100 contest decisions |
| 1958..... | 2,192 | 4,581,000 | 3.7 | 265,000 | 5.8 |
| 1959..... | 1,962 | 4,745,000 | 4.2 | 309,000 | 6.3 |
| 1960..... | 1,708 | 5,123,000 | 5.2 | 280,000 | 5.5 |
| 1961..... | 2,349 | 5,878,000 | 4.4 | 350,000 | 6.1 |
| 1962..... | 1,878 | 5,810,000 | 5.4 | 376,000 | 6.5 |
| 1963..... | 1,821 | 5,976,323 | 5.7 | 383,659 | 6.5 |
| 1964 (budget)..... | 1,600 | 4,640,000 | 5.0 | 298,000 | 6.4 |
| 1964 (revised estimate)..... | 1,725 | 5,655,000 | 5.7 | 367,000 | 6.5 |
| 1965 (estimate)..... | 1,600 | 4,865,000 | 5.25 | 315,000 | 6.5 |

The requested increase is based on the minutes per workload item currently required by the States to make nonmonetary determinations and to hear and decide appeals. These allow 1 employee for approximately each 2,000 determinations and 1 employee for approximately each 200 appeals.

Increased costs due to changes in State laws

During their most recent sessions, State legislatures enacted 140 bills amending State unemployment insurance laws. Twenty-three enactments in 17 States are expected to increase administrative costs by a total of \$416,000 in fiscal year 1965. The increased costs incurred in fiscal year 1964 will have been paid out of grants from the contingency amount in the 1964 appropriation. However, the

continuing costs in subsequent years will become a change to base funds. Since title III of the Social Security Act provides for grants to cover the costs necessary for proper and efficient administration of the State laws, these increases are mandatory items. The amount has been estimated by comparison with costs of similar changes previously made in other States.

Strengthening control of local office claims operations

Responsibilities for organization and management of unemployment insurance operations in local employment security offices were assigned primarily to the employment service staff both at the National and State levels prior to 1962. This pattern had been adopted at the outset of the program because local offices were expected to perform only rather simple functions in the administration of relatively uncomplicated laws. Decentralization of responsibilities to local offices, adoption of more complex laws, institution of three distinct plans for payment of benefits to workers whose earnings have spanned State lines, introduction of programs for payment of benefits to ex-servicemen and separated employees of the Federal Government, and special provisions for allowances to trainees and others have accumulated in the intervening years. In the same span of time the public Employment Service has acquired many new responsibilities related to effective development and utilization of the labor force. By the end of the 1950's, it had become evident that the span of functions had outgrown the limits of competence of the old management structure. Recent estimates submitted by State agencies indicate that only 120 man-years are currently used for supervision of local claims offices by field supervisors. This provides about 1 field supervisor for every 16 offices.

To provide effective organization and management of unemployment insurance operations in State agencies will require considerable developmental work and technical assistance and substantial increases in State staffs in 1966. For 1965, we are requesting 34 man-years for additional field supervision in those States where present supervision is least adequate and planned improvements require additional staff.

Pilot installation of data processing and transmission

The methods of operation followed by practically all States require attention to clerical detail in the local offices to the extent of at least three-fourths of the total time spent in taking and processing weekly claims. This degree of concentration diverts time and attention from requirements of sound interviewing to assure that benefits are paid to those properly entitled to them and in the correct amounts. These methods rely heavily on manually maintained files, manual entries on records, manual computations, and visual audits and inspections. In such a large volume-highly repetitive operation, which is usually performed under pressure, errors frequently result. The more prevalent systems also require transmittal of large volumes of items by mail between local offices and central offices and between central offices and beneficiaries, involving heavy outlays for supplies and postage.

Equipment and techniques are now available which promise success in automating the clerical processes and eliminating a high percentage of large volume mailings. These systems would make possible two-way data transmission between input-output stations in local offices and central computers capable of receiving, processing, and transmitting data and locating records in random sequence. Theoretically, such a system can reduce the present clerical process to inserting cards or "passbooks" in the local office stations and operating a very simple keyboard.

The request is for \$450,000 in fiscal year 1965 to cover the necessary systems design, programming and other one-time costs, and the initial period of equipment rentals and communication line costs. This amount would be used to develop a pilot installation in one State, test the proposed system, and develop knowledge usable in extending the system to other States. Assuming success of the pilot installation, it is anticipated that a total initial investment of \$5 million over a period of 4 years will provide for approximately 10 State installations. Each installation would be expected, after approximately 12 to 18 months, to produce sufficient savings in personnel and supply and postage costs to offset increases in equipment and communication line costs, provide a fund for further installations in other States, and to finance additional interviewing efforts to improve benefits administration.

ACTIVITY 2. EMPLOYMENT SERVICE (1964, \$164,884,000; 1965, \$181,052,000)

NARRATIVE DESCRIPTION OF PROGRAM

This activity is concerned with the administration, supervision, and operation of a nationwide Federal-State system of public employment offices. A network of 1,900 local offices is administered by the State employment security agencies under Federal leadership and direction and with funds provided by Federal grants. Each local office operates as the manpower agency of the community, primarily concerned with finding jobs for workers seeking employment, recruiting workers to fill employers' job openings both locally and in other areas, and working with other agencies and local groups to resolve the manpower problems of the area. Supporting the basic worker placement program are specialized employment counseling and job-finding activities for applicants who have special labor market problems, such as inexperienced youth, older workers, the handicapped, and members of minority groups. Through the activities of the Veterans' Employment Service, special attention is also given to the employment problems of veterans.

To facilitate basic operations and to provide workers and employers with a basis for making sound labor market decisions, local offices gather and interpret labor market information reflecting current relationships and estimated future changes in occupational demand and supply, with particular emphasis on the effects of automation and technological change and other industry changes upon the labor market. They assist workers affected by such changes in finding new jobs or in developing the new or improved skills needed to obtain employment. Local offices also provide job analysis, applicant testing, assistance in establishing in-plant training, and other personnel assistance to employers. They cooperate with community organizations seeking to expand employment opportunities, and work with the schools and other community agencies in vocational guidance and placement of young workers.

The system of local employment offices provides special services to the Nation's farmers and farmworkers. In addition to recruiting and placing year-round farmworkers, local offices help farmers meet critical seasonal labor needs and help farmworkers increase their annual gainful employment by scheduling worker groups for successive seasonal jobs in different places. Local offices also organize day haul programs for youths and others not normally in the farm work force to meet peak seasonal needs. In addition to the basic placement of agricultural workers, local offices also cooperate with State and community organizations in improving the welfare of migrant workers and their families.

Program changes for 1965

| | Changes | |
|--|-----------|--------------|
| | Man-years | Cost |
| 1. Continuing improvement of the employment service..... | +487 | +\$3,569,000 |
| 2. Labor inventory communication systems..... | +33 | +350,000 |
| 3. Automation and persistent unemployment..... | +83 | +561,000 |
| 4. Community employment development and services to smaller communities..... | +87 | +749,000 |
| 5. Services to organized workers and employers..... | +33 | +221,000 |
| 6. Apprenticeship information centers..... | +45 | +302,000 |
| 7. Services to special applicant groups..... | +66 | +443,000 |
| 8. Implementation of recommendations of President's Committee on Employment of Older Workers..... | +230 | +1,630,000 |
| 9. Labor market operation research..... | +59 | +371,000 |
| 10. Implementation of recommendations of President's Committee to Appraise Employment and Unemployment Statistics..... | +44 | +295,000 |
| 11. Immigration and adverse effects..... | +34 | +228,000 |
| 12. Increase for farm placement activities..... | +38 | +254,000 |
| Total change..... | +1,239 | +8,973,000 |

Continuing the improvement of the employment service

In fiscal year 1965, the employment service must continue the improvement and expansion of its services begun early in this decade. The overall goal of the public employment service is to contribute to the optimum utilization of the work force through effective counseling and job placement. If it is to make a worthwhile contribution, the employment service must make every effort to keep pace

with the rapidly changing characteristics of the economy as it is reflected in the labor market.

Economic conditions place heavy demands upon the public employment service system. On the one hand, while high levels of employment prevail, the number of new jobs generated by economic expansion fails to balance out with the number of new entrants into the labor force. On the other hand, current job openings often require skills and abilities which available jobseekers fail to possess. The activities of the nationwide system of local employment offices are geared to achieve the maximum utilization of the Nation's manpower resources. This involves the effective guidance of workers from declining to expanding industries, from area to area and to employment situations involving maximum utilization of workers' skills. An integral part of such a program is maximum labor market service to employers.

Current labor market conditions require more dynamic performance by local employment offices as community manpower service centers. They must be prepared to: (1) Give effective placement assistance and testing and counseling services to individuals seeking employment, including the disadvantaged groups such as youth, older workers, handicapped, minorities, etc.; (2) Provide technical recruitment and staffing assistance to employers; and, (3) Determine occupations for which training courses are needed to prepare the unskilled and lesser educated members of the community work force for existing jobs.

During the period (fiscal year 1961 to fiscal year 1963) placements rose from 5.8 to 6.9 million or 18 percent. Total counseling interviews increased 17 percent. In fiscal year 1963, 2.2 million persons were given occupational tests, an increase of 20 percent in the 2-year period. New applications increased only 3 percent reflecting primarily the net growth of the labor market. In fiscal year 1963 placements in the 55 largest metropolitan areas at 3.3 million were 27 percent over the 2.6 million placements of fiscal year 1961. These metropolitan areas, which contain about half of the Nation's nonagricultural wage and salary employment, also accounted for nearly 50 percent of the total placements.

Present and future emphasis must be on building upon this strengthened foundation. Particularly, improved labor market services must be extended to all metropolitan areas, and the entire system of employment office operations reinforced through better management and evaluation.

During 1965, the use of the revised edition of the Dictionary of Occupational Titles will be instituted in all local employment offices. Since the last revision of the dictionary, many jobs have become obsolete, and between 5,000 and 6,000 new jobs have come into being, as a result of technological and other changes in industry and business. Moreover, the revised dictionary applies a wholly new occupational classification system which will have a profound impact on local office operations. Its installation will require retraining of the approximately 20,000 employment service operating staff, and reclassification and recoding of all appropriate employment service records.

Maintaining the desired rate of progress in raising standards of service to workers and employers in the Nation's metropolitan areas will require additional resources in fiscal year 1965.

It is expected that by the beginning of fiscal year 1965, the Bureau's recommended organization and management system will have been installed and be in various stages of development in 46 of the Nation's 55 major metropolitan areas (over 500,000 population). During fiscal year 1965, similar activity will be undertaken in the nine remaining major metropolitan areas.

In addition to personnel requirements developed through these initial plans, the metropolitan areas previously reorganized will be under continuing review to assure that personnel resources and operating techniques are being used effectively and are adequate to meet community labor market needs.

Additional positions will be allocated to State agencies to be used in employment service offices in specified metropolitan areas. The following considerations will govern these allocations: (1) sufficient positions in newly reorganized metropolitan areas to carry out the plan of service for meeting the needs for employment assistance in the area; (2) sufficient positions in all reorganized metropolitan areas to maintain a 2-percent annual rate of performance increase (on a national basis, this increment will about match the anticipated growth in the work force); (3) sufficient positions to permit staff increases where justified by changing labor market conditions and ability of metropolitan area management to make effective use of all additional staff. Additional resources for these purposes were not provided in fiscal years 1963 and 1964. As a result, the staffing in the metropolitan areas has not kept pace with the increase in the work force and consequent increased need for employment services in those areas. It is considered most

important that this growth factor be recognized and that the necessary additional resources be provided in fiscal year 1965.

Improving the employment services provided by the local offices in the 76 metropolitan areas of 200,000 to 500,000 population (second tier) will be continued in fiscal year 1965. Six of these areas were reorganized in fiscal year 1963; 11 additional areas are scheduled for completion in fiscal year 1964, and 20 more are planned for fiscal year 1965, representing approximately 49 percent of these second tier areas to be completed by the end of fiscal year 1965.

Additional management staff at all supervisory levels is needed in offices serving both first- and second-tier metropolitan areas. Staff allocated for this purpose will make it possible to provide the much needed additional supervision and training of local office professional and clerical employees. This staff will better enable metropolitan local offices to achieve the placement service and other labor market objectives under the newly reorganized structure.

Additional State office staff is needed for analysis work in local offices to help administration improve the planning, direction, and control of local office management and operations. Management analysts will be added selectively as States adopt the employment service long-range statewide management and operations improvement program. The number of staff to be furnished to a participating State will be governed by the number, size, and complexity of its local offices. It is expected that eight States will be able to utilize one or more management analysts during fiscal year 1965.

In 1965, these basic activities will require 487 additional man-years and \$3,569,000. This is predicated on the following total projected employment service workloads for fiscal year 1965:

Workload statistics

[In thousands]

| | Fiscal year 1962 actual | Fiscal year 1963 actual | Fiscal year 1964 estimate | Fiscal year 1965 estimate |
|----------------------------|----------------------------|----------------------------|------------------------------|------------------------------|
| Application for work..... | 10,414 | 10,971 | 11,018 | 11,828 |
| Counseling interviews..... | 2,021 | 1,976 | 2,200 | 2,671 |
| Individuals tested..... | 2,176 | 2,158 | 2,348 | 2,650 |
| Placements..... | 6,760 | 6,867 | 6,955 | 7,171 |

Labor inventory communications system (Lines)

The labor inventory communications system is an application of telecommunications and automatic data processing to the placement operation of State employment services. The project is designed to increase the efficiency, timeliness, and effectiveness of interarea and interstate recruitment, selection, and referral of workers.

A pilot project known as Lines West has been established in California where a fully operational teletype network connects eight offices. Addition of a ninth office, located in Phoenix, Ariz., is scheduled for early 1964. Research and development work pertaining to computerized storage and retrieval of placement of information is nearing completion. Automated preselection of job applicants is scheduled for trial operation in the Sacramento office in January 1964. Extension of this installation to other California offices now connected by teletype is scheduled on a sequenced basis, to be completed early in fiscal year 1965. Preliminary indications of labor information and exchange potential will be available toward the end of fiscal year 1964.

The project cannot validly be assessed in terms of system effectiveness and improved production until both the telecommunications and automatic data processing phases have been fully operational for a suitable period. The results of this evaluation will also determine whether the project will be expanded in substantially its present form or in a modified version.

Assuming the success of the pilot project and notwithstanding the final form which the teleprocessing system may take, expansion to other areas will be mandatory if the Employment Service is to achieve a posture that will enable it effectively to meet contemporary demands for manpower services. Ultimately, Lines is envisioned as being national in scope. Early in fiscal year 1965, studies will be initiated to: (1) assess the end result of the California project; (2) define the form in which the project is to be expanded; and (3) determine the most effective expansion paths to be taken.

Resources required to carry on this activity in fiscal year 1965 will be 33 additional man-years and \$350,000.

Automation and persistent unemployment

Employment displacement brought about by automation and technological changes in industrial work processes often evidenced in mass worker layoffs and persistent unemployment tends, at any given time, to appear concentrated in certain industries, geographical areas, or among certain groups of workers. However, these changes continue to spread, and more and more places require assistance and know-how to cope with the employment problems involved.

During fiscal year 1964, a number of automation demonstration projects are being conducted through State employment service agencies. These are designed to discover the impact of technological change on employment in local labor markets, and the impact and nature of mass layoffs and persistent unemployment, along with the development of specialized and concentrated employment service actions to alleviate the impact. Several such projects will be completed during 1964 and others extend into 1965.

In these activities, there has been assessment of changing labor-supply labor-demands relationships, description of occupational performance requirements, descriptions of new staffing patterns, and special services to affected workers in the form of interviewing, testing, counseling and placement efforts, and referral to training. This has been aimed at enhancing opportunities for continuous employment and facilitating reemployment, and occupational reorientation where required so as to minimize occupational dislocation and the impact on a community.

The first demonstration project, initiated when a major meatpacking company in Omaha, Nebr., modernized operations by moving to a new automated plant, illustrates the activities of this program. Through the employer's cooperation, project staff prepared flow charts of the automated operation, job analysis, and staffing patterns of both the old and new operations. All of the 1,100 workers scheduled for layoff were interviewed and registered by the project staff. Net results were: Only 700 were actually laid off; 400 were given employment service tests; 650 were counseled. Only 100 were still seeking work (were in our active file) 1 year later. In achieving this, the employment service secured the coordinated effort of a number of community groups, and actively participated in the Omaha mayor's committee on automation.

The local labor market research that has been accomplished in these projects during fiscal year 1962-64 will be extended into wider employment service use. These will take the form of guides for operations research, standard schedules for establishing characteristics and problems of workers exposed to persistent unemployment, and means for analyzing local labor market data for improving employment service operations toward action to alleviate employment problems that might otherwise develop into chronic status.

Carefully controlled actions are also undertaken to relate worker characteristics, and services and training given, to job-finding experience and success. A national system for obtaining advance notice of the employment impact of technological change is well started, and undergoing further development.

During 1964, activities related to automation, mass layoffs and persistent unemployment will have been carried on in 15 States. While these States included important economic concentrations, many areas and industries remain to be covered. To extend the activities into another 9 States will require an additional 83 man-years and \$561,000 in fiscal year 1965.

Community employment development and services to smaller communities

In recognition of the fact that a sustained organized effort on the part of community leaders is indispensable to the development of action programs to increase employment opportunities and strengthen local urban economies, the number of community organizations engaged in employment development programs has more than doubled within the 3-year period 1958-61 (from 2,596 to 5,205). It is anticipated that this trend will continue through fiscal year 1965.

The community employment program is designed to involve the Employment Service in community programs to expand employment opportunities. Through the medium of participation as members or consultants to development groups on both the State and local level, representatives of the State employment service and its affiliated local office are the community's primary source of information and technical assistance regarding the manpower aspects of economic development. The essence of the program is service to the community whether on a State or local level.

To insure that these employment development services are of a high and uniform quality, it has been necessary to appoint a minimum of one community employment program supervisor in each State. In addition to stimulating training and providing technical assistance to local office managers involved in community employment development activities, the community employment program supervisor is responsible for maintaining liaison with statewide development organizations. Currently, 33 States have received funds for this position.

In the light of the relevance of the community employment development program to the concerted Federal-State effort to expedite the economic and social development of the Appalachian area, it is requested that funds for the position of community employment program supervisor be provided for the six Appalachian States in which this position has not been established.

Four additional man-years are needed to finance community employment program supervisor positions in States outside the Appalachian region in which a significant number of areas are experiencing substantial and persistent labor surpluses.

To carry out the Employment Service's responsibilities for assisting voluntary community employment development programs in 10 States, a total of 10 man-years and \$67,000 are required in fiscal year 1965.

Smaller communities program

The smaller communities program provides employment services to rural-low income areas through the use of mobile teams and its objectives are: (1) determining the current and potential manpower resources of the area; (2) assisting in evaluating the overall economic resources of the area; (3) cooperating with other agencies and community groups in developing programs to strengthen the economy and create job opportunities, and (4) providing employment counseling and placement assistance to individuals for jobs or training within or outside the area.

Of the 3,047 counties in the Nation, over 1,000 do not receive adequate placement service because of the remoteness and the limited employment opportunities existing in these counties. During fiscal year 1963, mobile employment service teams provided employment assistance to 23,600 residents of 31 rural counties in the 10 States of Arkansas, Georgia, Indiana, Iowa, Mississippi, Oklahoma, South Carolina, Tennessee, Texas, and Wisconsin. The majority of the 136,392 people in the nonurban labor force represented by these counties could not have received any employment service assistance from other than these mobile team operations.

Improved efficiency and judicious redistribution of available resources is expected to result in expansion of mobile employment service to 9,000 more persons in 11 additional counties in Maine, Minnesota, New Mexico, and North Carolina during fiscal year 1964.

Proposed expansion in fiscal year 1965 will extend mobile employment service to an additional 21,500 persons in 29 rural counties of Alaska, Florida, Idaho, Kansas, Michigan, Montana, North Dakota, Oregon, South Dakota, and Vermont.

To accomplish this expansion, an additional 77 man-years and \$682,000 will be required.

Services to organized workers and employers

To further the effectiveness of the local office as the community manpower service center, the employment service must meet its responsibilities in serving all segments of the labor market. A virtually untapped means of increasing effectiveness is to establish and effectuate a program of service to organized labor as well as to employers in resolving, alleviating, and/or preventing problems concerning recruitment, development, utilization and stabilization of the work force. It is particularly important to provide full service to both unions and employers in industries in which significant automation and other technological changes are occurring. It is only through the establishment of cooperative working relationships with unions that many employers and a large segment of the labor force can be served. This segment is made up of the employers having contractual agreements with unions which exercise tight job control—that is, unions which maintain and operate hiring halls through which all workers referred to employers must clear.

Approximately 40 percent of all union membership is in craft and service unions of this type. Where contractual type agreements exist between unions and employers there is restricted opportunity to serve those workers or employers unless the employment service can develop specific cooperative working relationships with the individual unions. With few exceptions, workers who are not members of unions are excluded from consideration for jobs covered by these contrac-

tual agreements. The exceptions occur in those States or areas where the employment service has developed cooperative working agreements with unions and employers which provide for employment service participation in the complete placement process. These types of arrangements are possible only where the employment service has the resources and personnel skilled in union relations to deal effectively with both unions and their contracting employers. The real significance of such arrangements is that through employment service placement all workers, nonunion as well as union, receive equal consideration for all job openings for which they are qualified.

Approximately 25 percent of the total work force is comprised of union members. Additional technical staff should be provided State agencies for extending employment service facilities to more adequately serve this significant segment of the work force. This action will help to centralize placement services in the community for all workers. As an example, one State agency has established and is currently operating a union relations program in one of its metropolitan areas. Placement arrangements have been developed in one of its metropolitan areas. Placement arrangements have been developed with nine local unions, who have contractual hiring agreements with their employers. This segment of the employment service operation has proven to be mutually beneficial to the unions, the workers and the employers. As proof of its worth, statistics over a 5-year period show that this activity was responsible for 185,000 workers receiving job placement service who would not have otherwise benefited from the employment service program. This is not a unique example. Similar arrangements in a metropolitan area in another State provides a job-finding service for an average of 2,200 workers each month. Because of the continually increasing urban concentration of organized labor and employers, additional emphasis must be placed on the development of cooperative arrangements in these potential service areas if the employment service is to become a true community manpower service center. By 1965 it is anticipated that this special service will be urgently needed in at least 30 of the larger metropolitan areas.

In order to accomplish this activity in fiscal year 1965, 33 man-years and \$221,000 are requested.

Apprenticeship information centers

Most unions, employers, and others responsible for apprenticeship in the skilled trades have traditionally followed the practice of selecting apprentice applicants from within their own ranks; i.e., relatives and friends. Although this method provided an adequate number of applicants for apprenticeship openings, it restricted the selection of applicants to a narrow segment of the community and ignored those outside this segment, including minorities, who were equally qualified. The effect of this practice has contributed to discrimination in the hiring of apprentices and makes the attainment of journeyman status in the skilled trades difficult for any outside this group.

In order to compete for apprenticeship openings, high school graduates, especially minorities, need to have accurate up-to-date information regarding the requirements and opportunities of apprenticeship in each community. Manpower Administration Order No. 12, dated November 12, 1963, provides for the Bureau of Employment Security and the Bureau of Apprenticeship and Training to join in the promotion, establishment, and operation of apprenticeship information centers in local offices of the State employment services. These centers will provide easily accessible sources of information, counseling and guidance on apprenticeship requirements and opportunities. The role of each Bureau has been clearly defined in this new activity. BAT will utilize its expertise in program promotion in the local community, bringing together the necessary public; i.e., labor, management, joint apprenticeship committees, minority groups, government and civic organization, in securing the community support necessary to establish and operate each center. BAT will also provide a continuing service to each center through membership on the local center advisory committee, by providing liaison between the center's management and apprenticeship sponsors, and by keeping the center supplied with up-to-date information regarding apprenticeship trends and requirements.

The employment service role in each center will be that of management and operation. The broad experience of the employment service in the fields of interviewing, counseling, testing, and referring of young persons to selected fields of work, makes it the logical facility to provide a central and easily accessible source of information concerning apprenticeship.

Local unions, employers, minority groups, civic leaders and government agencies contribute their knowledge, experience and guidance to each center

through an advisory committee. This committee aids the center in helping to overcome community problems in apprenticeship and in expanding the center concept to future community needs.

During the past year, as a result of local interest expressed by minority groups, government agencies, management and labor, and other community leaders, a few apprenticeship information centers have been established, on an individual basis, in local offices of State employment services. The manpower agencies within the Department of Labor; i.e., BAT, BES, and OMAT, are developing arrangements to establish additional apprenticeship information centers in fiscal 1964 to the extent that limited funds can be made available within the Department of Labor. Manpower Development and Training Act funds have been made available, and the cities named where five additional centers will be established during the period ending June 30, 1964. Experience gained in promoting and establishing such centers should enable these manpower agencies to develop procedures which are likely to be the most productive in establishing additional centers, as well as in selecting the size and types of labor market areas for future centers.

Based on the experience of centers now in operation, and on the expected results of centers to be established, it is anticipated that apprenticeship information centers operated under the BES-BAT concept will:

1. Increase the efficiency of the apprenticeship program through the availability of employment service job-tested and counseled applicants. Greater use of these scientifically selected applicants should materially reduce the loss through subsequent dropouts as well as improve the skill level of journeymen.

2. Improve equal opportunity in apprenticeship for minorities and others by disseminating apprenticeship information over a much wider public than in the past.

3. Improve the guidance and counseling of high school students through use of up-to-date information obtained from the centers.

4. Assist apprenticeship sponsors in complying with all aspects of the antidiscrimination requirements imposed on apprenticeship programs.

In order to take over centers established in fiscal year 1964 and to establish additional centers in appropriate new labor market areas in fiscal year 1965, 45 man-years and \$302,000 will be required to staff a total of approximately 15 centers.

Services to special applicant groups

Unemployment is consistently more than twice as great for youth as for the general working population. Unemployment among boys 16 to 18 years of age now averages from 15 to 20 percent and has been as high as 30 percent in some months. In 1962, youth constituted approximately 23 percent of the new applicants, yet only 14 percent of the placements made by local offices. This situation is partly due to job restrictions for those in lower age brackets, but it is due also to the fact that the present number of professional youth staff is not large enough to provide the necessary quality of registration, counseling, and job promotion.

It is expected that in 1965, 2.7 million youth, aged 14 to 19, will be entering the labor market, about 1½ million more than 1960. Without additional staff at the State and metropolitan area levels, the employment service will not be able to provide the necessary staff leadership for services required to ease the employment problems of youth.

At present, there are State level staff supervisors for youth services in 23 States. Some of the remaining States have only part-time supervisors of services to youth. Currently, 22 of the 55 major metropolitan areas (over 500,000 in population) have area coordinators or supervisors for youth programs; the remaining 33 do not.

In addition to the States and major metropolitan areas which do not have full-time supervisors or coordinators of youth services, a number of metropolitan areas with population from 200,000 to 500,000 should have such personnel to meet increasing needs for youth services. However, it is expected that with establishment of local office operating units for youth in many of these cities, the unit supervisor will assume the duties or area coordinator with respect to other offices so that a full-time coordinator will not be needed.

To provide the necessary services to the increasing number of youth entering the labor market, it is estimated that an additional 50 man-years and \$336,000 specifically directed at providing technical services to youth will be required. Of these, 13 additional man-years will be needed at the State level and 37 additional man-years at the metropolitan area level.

The results which can be expected if these requests for additional manpower resources are granted are: (1) professional supervision and training of staff assigned to youth will be greatly improved; (2) more time will become available for development of new jobs and of other methods for obtaining employment for youth; (3) more necessary coordination, at both State and city levels, of activities for rural youth coming to cities for jobs; (4) it will be possible to establish and maintain better liaison with school officials and leaders of community organizations serving youth and will permit needed expansion in this area; and (5) more attention can be given to preparing and presenting interpretative materials regarding services to youth.

In addition to youth, the numbers of applicants for employment office services who belong to other special groups, mainly the handicapped, older workers, minority groups and parolees, have been increasing steadily over the past several years. At the same time, the proportion of such applicants having difficult employment problems requiring intensive employment service assistance has also increased. The employment service will be called upon in fiscal year 1965 to serve a greater number of people who are disadvantaged by their lack of full physical or mental capacities, by their lack of education and marketable skills, and by prejudice directed against their particular groups. More than ordinary placement services are required to enable these persons to compete for jobs on an equal basis with other workers in our rapidly changing large urban labor markets. The employment service is not now adequately meeting the demands of these workers for assistance. The increased staff requested for fiscal year 1965 will be needed to maintain the present quality of service in the face of the increased demand expected in fiscal year 1965.

An additional 16 man-years and \$107,000 will be needed to meet these increasing demands for such specialized services.

Since heavy concentrations of each special applicant group are found in the major metropolitan areas, at least 10 of the requested technicians will be assigned to such areas in order to strengthen services to special applicant groups. The remaining special applicant technicians will be assigned at the State office level to strengthen and improve services on a statewide basis.

The technicians requested, whether assigned to State or area offices, will supervise and coordinate special applicant services, develop and maintain cooperative working relationships with other agencies serving members of special applicant groups, conduct educational and promotional programs on behalf of applicants, and provide local offices with needed technical assistance in applying newly developed and proved methods and techniques for serving these groups.

Implementation of recommendations of the President's Committee on Employment of Older Workers

Part-time employment.—Many older persons need or desire employment on a part-time basis either for the money or the satisfaction of a job, or both. At the same time there are increasing numbers of part-time opportunities. While full-time employment rose by about 20 percent between 1949 and 1962, part-time employment rose about 62 percent, and is continuing to rise at a significant rate, especially in the faster growing industries such as the service industry. About 11 million persons are now employed on a part-time basis, two-thirds of them because they prefer to work part time.

The employment service provides placement service in part-time employment at present but on a limited scale. Employment service experience with a demonstration project on part-time workers in Dallas, Tex., indicates employer preference for mature workers in filling part-time jobs, with a substantial growing demand for women. Less than a quarter of the openings received specified workers under 45 years of age.

A special service to develop part-time jobs will enable the employment service to concentrate more effectively on this area of employment and assist in meeting part-time job needs of elderly citizens.

The establishment of units to develop part-time employment opportunities, primarily in selected offices in the 55 largest metropolitan areas, will require an additional 180 man-years and \$1,288,000.

Units will be established in those offices with responsibility for placing individuals, particularly those 45 years of age and over, in suitable part-time jobs. This service would be concerned with discovering and developing part-time employment opportunities in private business and industry, government, institutions, and other sources of employment, for retirees, mature workers, housewives, and others seeking part-time jobs, and placing such individuals in those jobs.

Counseling needs.—A substantial proportion of the hard-core unemployed are older workers, that is, those 45 years of age or over. As an individual continues to be unemployed over a longer and longer period of time, he tends to accept the situation as a permanent condition. Repeated failures in the older worker's search for employment are so demoralizing that occupational rehabilitation becomes more and more difficult and in many cases borders on the impossible. Effective placement assistance requires intensive counseling. This must be carried on over extended periods of time terminating only after the older worker is satisfactorily adjusted in suitable employment. Experience has demonstrated that an average of five counseling interviews per applicant is required to assist the older worker in making a successful occupation adjustment. Counselors must have a thorough knowledge of work motivations, attitudes, aspirations, and the like to provide the kind of intensive counseling services needed.

At the present time, 7 percent of the 2 million new applicants in the older worker group have received counseling services. Studies have shown that 20 to 25 percent of this group require counseling services to assist them in obtaining suitable employment. Only one-third of the older workers requiring counseling now receive such service.

As an initial step in meeting the counseling needs of applicants 45 years of age and over, an additional 50 man-years and \$342,000 are required to provide more adequate services.

The 50 counselors will be assigned to the 25 to 35 largest offices selected on the basis of older worker counseling needs as well as size of office. They will provide counseling services to applicants 45 years of age and over, usually on a full-time basis, and will supplement counseling services presently being provided to older workers in these offices, with the objective of raising the percentage of older workers counseled to as near 20 percent as possible. In addition, these counselors will provide group counseling, as needed, to assist older jobseekers in overcoming lack of self-confidence, fear of training, and other similar obstacles to their preparing for and entering upon new employment.

Labor market operations research

Improvement of basic labor market information.—To carry forward the improvement in the employment service, it is necessary to broaden the scope of several current programs which provide basic labor market information needed in developing effective management, planning and evaluation of the public employment service. These include: (1) Extension of the Bureau of Labor Statistics-Bureau of Employment Security labor turnover statistics program to nonmanufacturing industries in order to provide data on the number of workers hired for all industries by metropolitan area. In fiscal year 1965, the expanded industry coverage will be developed in the 55 largest metropolitan areas; (2) introduction of studies on the role of the employment service in the job market in additional areas. These studies of such matters as hiring channels used by employers and by jobseekers will provide valuable data for policy formulation; planning and development of new tools for the Employment Service program; and for redefining, modifying, or expanding the role of the Employment Service; (3) undertake studies to improve the usefulness of employer forecasts as an advance indicator of economic developments. Reliable forecast information is essential to employment security operations at all levels, as well as to general analysis and evaluation of economic conditions.

To accomplish these activities, an additional 34 man-years and \$214,000 will be necessary in fiscal year 1965. Fourteen of these positions are required to match the Bureau of Labor Statistics extension of the labor turnover statistics program to the nonmanufacturing industries in the 55 largest areas.

Extension of area labor market analyses program.—The area labor market reporting and classification program operated by the U.S. Employment Service and the affiliated State employment service covered all standard metropolitan areas until mid-1953. At that time, budget and staff curtailments affecting both the Bureau and the State agencies forced cutback in this program from approximately 180 to 150 areas. There has been no change in this level of coverage in the past decade, despite the increased interest during this period in the problem of localized unemployment and despite the increase in the number of standard metropolitan statistical areas to a total of 215.

In fiscal year 1965, the request is made to step up the area coverage under these programs from 150 to 160 metropolitan areas.

In order to carry out these activities an additional 10 man-years and \$63,000 will be needed.

Industry and local occupational information.—An increase in the number of area skill surveys is planned as these studies provide basic information for community utilization of manpower through effective planning of employment office operations, job counseling, and placement of workers, and industrial development activities. Additional resources are also needed for an expansion of the job opportunities information program which will result in increased preparation of occupational guides for use by counselors, school officials, students, and other interested groups to facilitate vocational choice. Information resulting from these programs will also be helpful in providing clues to identify additional training needs under the ARA and MDTA programs. These increased activities will require an additional 15 man-years and \$94,000.

Implementation of recommendations of President's Committee To Appraise Employment and Unemployment Statistics

Participation of the State agencies affiliated with the Bureau of Employment Security is required to fully carry out the recommendations of the President's Committee with regard to improving the usefulness of State and area employment and unemployment statistics. Increases in the following State agency activities are required to implement the Committee's recommendations:

Unemployment statistics.—State agencies will conduct special studies directed toward the development of information to improve the estimates for those segments of the unemployed group which, while covered by the unemployment insurance laws, are not counted among the insured unemployed. This group includes persons who have delayed filing their claims for unemployment insurance, have been disqualified for benefits, or have exhausted their benefit rights. These studies will be coordinated with the Bureau's plans for conducting household surveys and will provide important supplemental information which could not be obtained in the necessary detail from the household survey. An additional 15 man-years and \$100,000 will be needed to conduct the proposed studies.

Job vacancy statistics.—Job vacancy statistics by area and occupation are essential for effective local office operations. These data provide the basis for job development programs, counseling, and placement of workers. Further improvement in these data are needed to increase their usefulness. In conjunction with the Bureau's research program to determine the most effective methods for obtaining current vacancy information by area and occupation, the State agencies will undertake studies designed to test and evaluate the quality of the job vacancy statistics they are now collecting and to obtain information needed in the solution of problems relating to defining job vacancies and reporting methods. For this research 16 additional man-years and \$107,000 are requested.

Joint Bureau of Employment Security-Bureau of Labor Statistics current employment statistics program.—The current employment statistics program which is carried on jointly by the Bureau of Labor Statistics and the Bureau of Employment Security and its affiliated State agencies now provides the basic information on employment of wage and salary workers in nonagriculture establishments by State and for a number of the major industrial areas of the country. However, this program does not provide complete coverage on employment, hours, and earnings for the trade and service sections of the economy or for all standard metropolitan statistical areas. The need for the expansion of these data was recognized by the President's Committee and it recommended that intensive work be undertaken to expand the coverage of the program including the strengthening of the samples so as to provide needed additional industry and area data. In line with these recommendations, the current employment statistics program sample will be expanded to provide additional employment, hours, and earnings data, particularly in the trade and service activities, and employment earnings data will be collected for some 20 additional standard metropolitan statistical areas for which such data are not being obtained at present. This extension of the program will provide data for all standard metropolitan statistical areas with populations in excess of 200,000 and will bring the total number of areas covered by the program to 135.

An increase of 13 man-years and \$88,000 is requested for expanding the current employment statistics program sample and related activities to provide employment, hours, and earnings data for the additional industries and standard metropolitan statistical areas.

Immigration and adverse effects

Section 212(a)(14) of the Immigration and Nationality Act precludes the entry of aliens " * * * seeking to enter the United States for the purpose of performing skilled or unskilled labor, if the Secretary of Labor has determined

and certified to the Secretary of State and to the Attorney General that: (a) Sufficient workers in the United States who are able, willing, and qualified are available at the time (of application for a visa and for admission to the United States) and place (to which the alien is destined) to perform such skilled or unskilled labor, or (b) the employment of such aliens will adversely affect the wages and working conditions of the workers in the United States similarly employed.¹⁷

The responsibility for determining the availability of workers and the adverse effect on the domestic work force begins with a thorough investigation made by the State agencies. State agencies were previously requested to make investigations when 25 or more aliens were seeking permanent entry into the United States as workers.

A new procedure was issued by BES on July 1, 1963, to review individual visa requests. This change (from 25 or more to 1) requires significant additional work to properly review and approve or disapprove these importation requests. Employers file orders for workers and State agencies attempt to recruit domestic applicants for these jobs where feasible. State agencies must also investigate these cases to determine that the job offer, wages, and housing are such that they will not have an adverse effect on domestic workers.

An additional 34 man-years and \$228,000 will be needed in fiscal year 1965 to carry out this added responsibility to assure that indiscriminate entry of aliens does not occur where domestic workers are available.

Increases for farm placement activities

For expanded and improved recruitment of local, intrastate, and interstate farmworkers; for restructuring migratory labor routes and improving farm labor market information, 38 additional man-years and \$254,000 are requested.

In 1963, a fair degree of progress was made in all the above areas, and a sound base laid for bringing all program components into more effective operational alignment. Unfortunately, progress in several important areas was unavoidably checked in fiscal year 1964 when not only were essential program increases eliminated completely, but program financing was reduced to a level below that of fiscal year 1963. The 38 man-years requested will provide for consolidating and improving the work begun in fiscal year 1963. It is estimated that in 1965 State agencies will be faced with markedly increased difficulties in coping with farm labor supply and demand situations, particularly in respect to crops requiring large numbers of seasonal workers. The problem is genetically related to the uneven progression of mechanization in a few major harvesting activities such as those of cotton, sugarbeets, and green beans. This progression, while successfully eliminating or reducing dependency on hand labor in such crop activities, is having seriously adverse effects on those of other growers whose crop operations are not mechanized, and which must continue with hand labor. Much of this labor has been migratory, and the loss to it of work now done by machines has discouraged many migrants from appearing in these areas. In this manner job continuity for migrants has become disrupted and, in consequence, many growers face real hardships if not actual losses. It is the purpose of the Farm Labor Service and the State agencies to help resolve these and other difficulties faced by growers and workers, and toward this end the following activities will be undertaken:

(a) The State agencies and the Farm Labor Service will collaborate in restructuring migratory labor routes which have become broken and will establish a system for the maintenance of such routes as long as the need exists. It will be necessary to make continuous observation and document changes in the structure of the farm labor market occasioned by advancing mechanization and technology in agriculture. Changes to be identified include (1) alterations in the channels of recruitment, (2) extent of increased mechanization and other technological changes to substitute for hired workers, (3) the extent of shifts of cropland use from labor intensive crops requiring large amounts of seasonal hired labor, (4) changes in the farm wage structure, (5) changes in the earnings and duration or employment of domestic workers, (6) changes in migratory patterns of domestic workers, (7) the extent and effect of the use of restrictive practices such as emigrant labor laws by labor-supply States, and (8) extent to which unemployed urban residents are recruited and accept farm jobs. The data obtained through these activities will be translated as quickly as possible into usable operating tools and distributed throughout the Federal-State system. Their use by local office staff will enhance the placement process in terms of volume and utilization of farmworkers. The greater part of the staff services needed in the above-mentioned activities will be provided by the State agencies. All aspects of the program will be under the direction and leadership of the re-

gional and national office, and the end products of these activities will be developed by the national office.

(b) Assistance will be given to State agencies in improving farm labor market information, in improving its format for public use, and in its distribution for local use and coordinated interstate use. The objective here is to broaden the informational programs of the State and local offices, and to sharpen up all publicity media to stimulate greater interest in agricultural employment. It is expected that State agencies will spend considerably more time and effort in this area, and provision has been made for it in this request.

(c) New and sustained emphasis will be placed on the recruitment and utilization of all labor resources available for local seasonal farm employment. State agencies will be required to exert maximum recruitment efforts to reach those persons not ordinarily considered a part of the farm work force, especially youth, housewives, and unemployed urban workers. The most pressing need to successfully implement expanded recruitment is that of additional seasonal staff workers. Agencies will be provided means for hiring a temporary staff as recruiters for a 3-month period.

(d) The Department's annual worker plan, a proven means for arranging and coordinating successive farm jobs in interstate migrations, will be extended to accommodate still more workers. This is necessary because many who migrate independently ("freewheelers") do so on change employment, which is now rendered more hazardous because of advancing mechanization. Assistance to this group—numbered in the thousands—will entail a need for additional staff services as many migrants are home based in areas remote from local office services. The seasonal staff workers to be provided (as described in (c) above) will be used extensively in recruiting workers under the annual worker plan.

(e) The steady movement toward mechanization in various cultural and harvesting operations has disclosed wide regional shortages of men skilled in these operations and in farm machinery maintenance. To meet these shortages, all State agencies have stepped up their search for qualified workers. In addition, State agencies will be required to speed up and expand development of institutional training courses in farm mechanization and maintenance work.

ACTIVITY 3. ADMINISTRATION AND MANAGEMENT (1964, \$20 MILLION; 1965, \$21,612,000)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides the executive leadership and planning for the unemployment compensation and Employment Service activities in the central and local offices. It assures that the administration and management and fiscal operations of the employment security system in the State agencies are effective, efficient, and economical. It also includes such common activities which cross program lines and cannot be effectively performed by the separate services such as personnel management, fiscal services, information services, office services, and coordination with other departments in carrying out the responsibilities of the employment security agencies.

Program changes for 1965

| | Changes | |
|---|-----------|------------|
| | Man-years | Cost |
| 1. Improvement of financial management systems..... | | |
| 2. Increase for improved programs of statistical reporting and economic analyses..... | +50 | +\$349,000 |
| 3. Increase for improved personnel management..... | +50 | +335,000 |
| | +15 | +101,000 |
| Total change..... | +115 | +785,000 |

Improvement of financial management systems

After recent experience in 1963, which indicated the lack of accurate and adequate financial information, the Bureau must have an improved management program that will assure the availability of more current and meaningful data needed in order to determine the financial status, requirements, and the appropriateness of funds allocated to the State agencies. Such data will also be useful in making an early determination as to the need for the submission of a supplemental appropriation request.

The Bureau's reviews of financial management methods in State agencies find much to be accomplished before these desirable objectives are attained. In addition to the employment security program, these objectives apply to the various types of programs conducted in the States such as the Manpower Development and Training Act, Area Redevelopment Act, Trade Expansion Act, Office of Emergency Preparedness Functions, and Public Works Acceleration Act programs. During the past 10 years the employment security program appropriations alone have more than doubled (\$204,305,000 in 1954 and \$425 million in 1964). In addition, it has become more complicated with the addition of the new Federal programs for unemployment compensation for Federal employees and ex-servicemen. With this vast increase in the size of the program, the financial management program in many States is given only as a secondary assignment to a unit in the State agencies.

It is the Bureau's viewpoint that there should be in each employment security agency a financial management system tailored to meet the needs of top level management. This viewpoint reflects the belief that financial management systems should be oriented more to program purposes; based on longer term forward planning; able to furnish agency management with analytical information to improve the functions of planning, executing, and evaluating action programs; organized to provide current and timely data for effective management purposes; and conducive to an integration of programing, budgeting, accounting, and reporting.

As the Bureau develops programs, techniques, and concepts in the area of financial management, and facilitates the interchange of related practices and techniques between State agencies, it will stress the importance of financial management in the control of the business affairs of an employment security agency. This will require not only higher quality employees who have the capability of becoming financial managers in the sense of the comptroller in business enterprises, but also qualified technical staff to carry out the financial management program aspects in the State agencies. It is pertinent to observe that the State employment security agencies process about \$6 billion a year in tax collections and benefit payments. In addition, well over \$400 million a year is obligated to pay for the salaries and expenses of the employees administering the system. Nonpersonal services alone account for almost \$100 million a year in obligations. Therefore, by almost any standard of measurement, employment security with its approximately 60,000 employees is extremely large business.

Recent Bureau reviews indicate that at the present time there are about 20 States where there are major deficiencies in the accounting and financial management systems, and in most States there is a need for review and updating of the existing financial management system. Accounting and financial management systems in the State agencies were designed for the most part at the beginning of the program more than 25 years ago. Because of the increase in fiscal work without a commensurate adjustment in staff these systems have not been updated and improved to take account of modern conditions.

During fiscal year 1964, the Bureau of Employment Security is installing an improved system of fiscal and budgetary reports for the State agencies which will enable it to give this better public accountability. The State agencies must be staffed to provide these reports to the Federal Bureau and to their own top management. To recognize the apparent need for and to realize the potentialities in sound financial management systems, the request for grants to States in fiscal year 1965 includes 50 additional man-years and \$349,000. This will provide for the allocation of about one additional position to all States. These additional positions will be used advantageously in State employment security agencies to improve budgeting, accounting, financial systems analyses, and financial data to the end that agency administration will be furnished comprehensive and accurate advice on the financial aspects of their management responsibilities.

Validation of State statistical reporting

Fifty additional man-years and \$335,000 are requested to enable State employment security agencies to expand activities related to the validation of statistical reports submitted by local and State offices in the system.

In view of the widespread use of data and information collected through the employment security system for administrative planning, budgeting, economic forecasting, public accounting, etc., the Bureau feels an obligation to assure that data and information collected and published are accurate. It cannot ignore the fact, for example, that statistical data can influence the classification of labor market areas, with implications related to numerous other governmental pro-

grams. Neither can it ignore the inherent potential of fraudulent reporting when budget allocations are related to workload statistics.

Fifty additional man-years would be allocated to the State agencies for assignment to programs designed by the Bureau to assure that more required statistical reports are validated. The Bureau's validation program contemplates periodic and systematic reviews of the accuracy of data reported on statistical reports coming into the Bureau. The validation process contemplates reviews to determine proper understanding of report terms and definitions, the adequacy of reporting procedures, and the accuracy of data reported.

Improved personnel management

Under this category, 15 man-years and \$101,000 are requested to meet the more critical needs for improving personnel administration. In a significant number of agencies, personnel administration has been relegated to a routine clerical function. In some agencies the personnel function is combined with other staff services, such as fiscal administration, office services, and public information services. In only a few agencies is there a comprehensive, well-rounded program for personnel administration adequate to provide effectively for recruiting, placement, training, and otherwise assuring maximum utilization of the agency work force. The frequent fluctuations of workload, budget uncertainties, and new responsibilities in the employment security program also have created exceptional personnel problems.

Greater emphasis should be given to sound personnel and employee development programs or with the objective of using staff to get work done efficiently and economically. This is not feasible without the assistance of a technically competent staff devoting time to the development and execution of sound personnel policies and procedures. To make the need for improved personnel administration more urgent, it must be recognized that the function has become increasingly complex under new laws and regulations on pay, leave, insurance, training, retirement, discipline, etc. Added to these complexities is the increasing number of new activities involved in personnel administration, including employee management relationships, safety, health and recreation programs, incentive awards, consultation on employee personnel problems, outservice training arrangements, etc.

ACTIVITY 4. CONTINGENCY FUND (1964, \$15 MILLION; 1965, \$15 MILLION)

NARRATIVE DESCRIPTION OF PROGRAM

The purpose of the contingency fund is to assure that funds will be available to meet increased costs of administration resulting from changes in a State law or increases in the number of claims filed and claims paid or increased salary costs resulting from changes in State salary compensation plans which are applicable to employees of the State generally.

Program changes for 1965.—None.

Comparison of personal and nonpersonal services for fiscal years 1962, 1963, 1964,
and 1965

[In thousands of dollars]

| Category | 1962, actual | 1963, actual | 1964, estimate | 1965, estimate | Change between 1964 and 1965 |
|--|-----------------|-----------------|-------------------|-------------------|---------------------------------------|
| Personal services cost..... | 301,647 | 307,741 | 300,850 | 324,604 | +23,754 |
| Retirement and contributions..... | 26,938 | 29,095 | 29,214 | 31,321 | +2,107 |
| Total personal services costs..... | 328,585 | 336,836 | 330,064 | 355,925 | +25,861 |
| Supplies..... | 7,342 | 7,109 | 6,810 | 6,928 | +118 |
| Communication services..... | 5,226 | 5,508 | 5,593 | 5,703 | +110 |
| Travel..... | 7,471 | 7,374 | 7,424 | 7,777 | +353 |
| Printing and binding..... | 480 | 398 | 608 | 608 | ----- |
| Rents, equipment..... | 6,752 | 6,906 | 6,900 | 7,947 | +1,047 |
| Repairs and alterations, equipment..... | 649 | 628 | 660 | 660 | ----- |
| Rents, premises..... | 24,510 | 28,064 | 32,020 | 34,327 | +2,307 |
| Repairs and alterations, premises..... | 1,175 | 646 | 465 | 545 | +80 |
| Heat, light, and water..... | 2,723 | 2,983 | 3,167 | 3,267 | +100 |
| Equipment purchases..... | 3,305 | 1,406 | 699 | 799 | +100 |
| Miscellaneous: Total..... | 6,070 | 5,678 | 6,465 | 6,465 | ----- |
| Merit system-civil service..... | 883 | 947 | 1,080 | 1,080 | ----- |
| Janitor and maintenance service..... | 1,543 | 1,670 | 1,914 | 1,914 | ----- |
| Transportation of things..... | 387 | 347 | 477 | 477 | ----- |
| Advertising..... | 619 | 618 | 500 | 500 | ----- |
| Court costs..... | 157 | 194 | 178 | 178 | ----- |
| Bonding and insurance..... | 171 | 80 | 114 | 114 | ----- |
| Subscription and clipping service..... | 99 | 104 | 98 | 98 | ----- |
| Services by other State departments..... | 682 | 781 | 748 | 748 | ----- |
| Other..... | 1,529 | 937 | 1,356 | 1,356 | ----- |
| Subtotal..... | 65,703 | 66,700 | 70,811 | 75,026 | +4,215 |
| TEUC nonpersonal services costs (including \$812,000 postage)..... | 1,355 | ----- | ----- | ----- | ----- |
| Postage..... | 7,928 | 8,817 | 9,125 | 9,125 | ----- |
| Total nonpersonal services costs..... | 74,986 | 75,517 | 79,936 | 84,151 | +4,215 |
| Contingency..... | ----- | ----- | 15,000 | 15,000 | ----- |
| Total..... | 403,571 | 412,353 | 425,000 | 455,076 | +30,076 |

The table comparing nonpersonal services expenditures in fiscal years 1962 and 1963 with the estimates for 1964 and 1965 is explained as follows:

Supplies, \$118,000

An increase of \$100,000 in this item is related to the price rise in the cost of goods and services, and \$18,000 is for the Project LINCS in connection with the improvement of the Employment Service.

Communication services, \$110,000

An increase of \$50,000 in this item is related to the price rise in cost of services. An additional \$60,000 is needed for the continuation of a combined data processing and communication system for the improvement of the Employment Service. This system will provide a more effective and efficient interstate job placement program by establishing a national manpower inventory which will be stored at one or more central locations to be utilized in matching workers skills, knowledge and abilities with employers needs. The national inventory would also be available in time of national emergency to mobilize national manpower.

Travel, \$353,000

An increase of \$120,000 is related to strengthening field supervision of local offices and management of operations in metropolitan areas; \$18,000 is related to Project LINCS in California in connection with the improvement of the Employment Service; \$165,000 is for services to smaller communities; and an additional \$50,000 is needed for the price rise in cost of services.

Rents—equipment, \$1,047,000

An increase of \$100,000 is related to the price rise in rental rates for presently installed equipment and \$33,000 is needed for Project LINCS in connection with the improvement of the Employment Service. An additional \$450,000 is needed

to improve the quality of interviews and reduce erroneous payments through the use of automatic data transmission and data processing equipment. To properly evaluate the advantages and savings to be gained from the use of such equipment, it is necessary to install exploratory systems in one or more State agencies. An amount of \$464,000 will be used to continue the productivity in the tax and wage record functions by installing additional automatic data processing equipment.

Rents, premises, \$2,307,000

An increase of \$2 million in this item is for the rise in costs of renewed leases upon expiration of presently existing leases, amortization of rental purchase agreements, annualization of new leases and rental purchases that occurred in fiscal year 1964 and for moving to other locations. An additional \$221,000 is needed for completion of physical separation of Unemployment Insurance and the Employment Service offices in the 55 metropolitan areas in connection with the improvement of the Employment Service, and \$86,000 is related to the implementation of recommendations of the President's Committee on Employment of Older Workers.

Repairs and alterations, premises, \$80,000

An increase of \$30,000 in this item is related to the separation of Unemployment Insurance and Employment Service facilities in connection with the improvement of the Employment Service. An additional \$50,000 increase is needed for the price rise in the cost of goods and services.

Heat, light, and water, \$100,000

An increase of \$50,000 for this item is related to the price rise of services. An additional \$50,000 is needed for the separation of Unemployment Insurance and Employment Service facilities in connection with the improvement of the Employment Service.

Equipment purchases, \$100,000

The increase in this item is related to the price rise in the cost of equipment.

Employees retirement contributions, workmen's compensation, unemployment insurance contributions, and group insurance

[In thousands of dollars]

| | 1962 actual | 1963 actual | 1964 estimate | 1965 estimate | Change between 1964 and 1965 estimate |
|---|----------------|----------------|------------------|------------------|---|
| Employees retirement contributions: | | | | | |
| (a) State..... | \$18,970 | \$20,181 | \$20,264 | \$21,726 | +\$1,462 |
| (b) OASI..... | 5,227 | 5,834 | 5,858 | 6,281 | +423 |
| Workmen's compensation..... | 421 | 438 | 440 | 471 | +31 |
| Unemployment insurance contributions..... | 860 | 803 | 806 | 864 | +58 |
| Group insurance..... | 1,460 | 1,839 | 1,846 | 1,979 | +133 |
| Total..... | 26,938 | 29,095 | 29,214 | 31,321 | +2,107 |

The 1965 employment retirement contributions, workmen's compensation, unemployment insurance, and group insurance costs are estimated on the same basis as that of the 1964 allocation. Since fiscal year 1962 the ratio of retirement and other fringe benefits to the personal services amount has risen from 9.2 percent in 1962 to 9.45 percent in 1963. State requests for 1964 have increased this ratio to 9.7 percent which is the basis for the 1965 request. This higher ratio is primarily caused by the adoption of group insurance plans along with increases in OASI contributions and individual State retirement plans.

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Payments to Federal employees..... | 55,300 | 45,135 | 50,335 |
| 2. Payments to ex-servicemen..... | 94,160 | 65,707 | 76,507 |
| 3. Obligations incurred for above program in subsequent year..... | 1,533 | 537 | ----- |
| Total program costs, funded—obligations (object class 13)..... | 150,993 | 111,379 | 126,842 |
| Financing: | | | |
| Appropriation available from subsequent year..... | -11,463 | -12,000 | -12,000 |
| Appropriation available in prior year..... | 9,930 | 11,463 | 12,000 |
| Recovery of prior year obligations..... | -2,204 | -842 | -842 |
| Unobligated balance lapsing..... | 3,744 | ----- | ----- |
| New obligational authority (appropriation)..... | 151,000 | 110,000 | 126,000 |

Proposed for separate transmittal:

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Payments to Federal employees..... | ----- | 7,200 | ----- |
| 2. Payments to ex-servicemen..... | ----- | 22,800 | ----- |
| Total program costs, funded—obligations..... | ----- | 30,000 | ----- |
| Financing: New obligational authority (proposed supplemental appropriation)..... | ----- | 30,000 | ----- |

GENERAL STATEMENT

Mr. FOGARTY. Let us proceed with unemployment compensation for Federal employees and ex-servicemen. We shall insert in the record your prepared statement, Mr. Goodwin, on the 1965 budget. (The information referred to follows:)

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. Chairman, beginning with the Servicemen's Readjustment Act of 1944, the Federal Government has provided the protection of unemployment insurance to ex-servicemen following their separation from the armed services under conditions other than dishonorable. In 1958, such protection for ex-servicemen became a permanent program through amendment of title XV of the Social Security Act. Federal civilian employees, likewise, have been afforded unemployment insurance protection under title XV of the Social Security Act. The program for Federal workers was initiated in 1955.

Generally, the benefits provided under title XV to ex-servicemen are paid in accordance with the provisions of the unemployment compensation laws of the State in which the ex-serviceman first files for benefits after separation from service. The benefits provided Federal civilian workers under title XV are paid in accordance with the law of the State to which his wages have been assigned; this usually is the State where the individual performed his Federal service. Thus, the respective State unemployment compensation laws cover the amounts as well as the qualifying and eligibility requirements for the receipt of benefits by both ex-servicemen and Federal civilian workers. The protection afforded ex-servicemen

and Federal employees may equal but cannot exceed the protection available to workers in private industry under the regular State unemployment insurance programs.

We have assumed an improved economy in fiscal year 1965, and accordingly the estimate is that the costs of benefits paid under title XV will amount to \$126 million. The estimate provides \$76 million for unemployment compensation for ex-servicemen and \$50 million for unemployment compensation for Federal employees.

The combined total of \$126 million that we are requesting for these two Federal programs for fiscal year 1965 is \$26 million less than the amount we now estimate will be required in fiscal year 1964, and also \$26 million less than the amount actually paid in benefits under these two programs in fiscal year 1963.

I am sure that the committee is aware of the movement to reduce Federal employment, and of the plans of the Defense Department to close various installations. Information is not now available to determine the effect of such economies on the unemployment benefits to be paid in 1965, and an amount has not been included for these anticipated costs.

As you know, these benefit payments to unemployed Federal employees and ex-servicemen are mandatory under title XV of the Social Security Act, and moneys appropriated by the Congress for this purpose cannot be used for any other purpose.

Mr. Chairman, this concludes my statement on the request for unemployment compensation for Federal employees and ex-servicemen.

1965 BUDGET

Mr. FOGARTY. The request is \$126 million, a reduction of \$26 million from 1964 if Congress appropriates the \$42 million deficiency.

What was the original estimate for 1965 to the Bureau of the Budget?

Mr. NORWOOD. This is it.

Mr. FOGARTY. Payments to ex-servicemen are down from last year but payments to Federal employees are higher. What is the reason for this?

Mr. NORWOOD. The 1965 estimate anticipated fewer military separations based on what the Defense Department told us. We are hopeful of a drop from the present estimate of \$88 million for ex-servicemen to \$76 million.

Mr. FOGARTY. You expect more Federal employees to be laid off?

Mr. NORWOOD. This did not take it into account. This is based on the same assumption of the level of the insured unemployment of 1.6 million that the State grants appropriation is based on.

Mr. FOGARTY. Mr. Laird?

Mr. LAIRD. I have nothing.

JUSTIFICATION MATERIAL

(The formal justifications follow:)

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN, BUREAU OF EMPLOYMENT SECURITY

Amounts available for obligations

| | 1964 | 1965 |
|---|---------------|---------------|
| Appropriation or estimate..... | \$110,000,000 | \$126,000,000 |
| Estimated supplemental..... | 30,000,000 | |
| Appropriation available from subsequent year..... | -12,000,000 | -12,000,000 |
| Appropriation available in prior year..... | 12,000,000 | 12,000,000 |
| Recovery of prior year obligations..... | 842,000 | 842,000 |
| Total fund availability or estimate..... | 140,842,000 | 126,842,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|---|-----------------------------|----------------|--------------|
| 1. Unemployment compensation for Federal employees..... | \$52,335,000 | \$50,335,000 | -\$2,000,000 |
| 2. Unemployment compensation for ex-servicemen..... | 88,507,000 | 76,507,000 | -12,000,000 |
| Total obligations..... | 140,842,000 | 126,842,000 | -14,000,000 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|---------------------------------------|-----------------------------|----------------|---------------|
| 13 Benefits for former personnel..... | \$140,842,000 | \$126,842,000 | -\$14,000,000 |

Summary of changes

| | Direct appropriations | Recovery of net prior year funds | Estimated available |
|--|-----------------------|----------------------------------|---------------------|
| 1964 appropriation and recovery of prior year funds..... | \$110,000,000 | \$842,000 | \$110,842,000 |
| 1964 supplemental proposed for later transmittal..... | 30,000,000 | | 30,000,000 |
| 1964 appropriation, revised..... | 140,000,000 | 842,000 | 140,842,000 |
| 1965 estimate..... | 126,000,000 | 842,000 | 126,842,000 |
| Total change..... | -14,000,000 | | -14,000,000 |

MANDATORY ITEMS

| | | |
|--|--|--------------|
| Increases | | |
| To provide for a higher average weekly benefit rate..... | | +\$5,800,000 |
| The average weekly unemployment benefit rate for Federal employees has risen from \$35.86 in July 1962 to \$37.82 in June 1963 for an average of \$36.75 and, based on the average yearly increase for the period covering fiscal years 1959-63, is expected to average \$38.15 for fiscal year 1964 and \$39.55 for fiscal year 1965..... | | |
| | | +1,800,000 |
| The average weekly unemployment benefit rate for ex-servicemen has risen from \$32.21 in July 1962 to \$33.17 in June 1963 for an average of \$32.67. Based on the average yearly increase for the period covering fiscal years 1959-63 and including adjustments for the Secretary's revised schedule based on the Uniform Services Pay Act of 1963, the weekly benefit amount is expected to average \$35 for fiscal year 1964 and \$36.83 for fiscal year 1965..... | | |
| | | +4,000,000 |
| Decreases: | | |
| Reduction due to fewer weeks compensated resulting from expected improvement in the economy..... | | -17,800,000 |
| Unemployment compensation: | | |
| Federal employees..... | | -2,800,000 |
| Ex-servicemen..... | | -15,000,000 |
| Reduction due to decrease in number of supplemental and joint claims under California's extended duration program due to an expected improvement in the economy..... | | |
| | | -2,000,000 |
| Unemployment compensation: | | |
| Federal employees..... | | -1,000,000 |
| Ex-servicemen..... | | -1,000,000 |
| Total change..... | | -14,000,000 |

Activity 1. Unemployment compensation for Federal employees (1964, \$52,335,000; 1965, \$50,335,000)

Narrative description of program.—Title XV of the Social Security Act, as amended, provides for the payment of unemployment compensation on unemployed Federal employees. The program started on January 1, 1955. The claims of unemployed Federal employees are processed by State unemployment insurance agencies on the same basis as claims of other unemployed workers whose employment is covered under the State unemployment compensation law. In Puerto Rico and the Virgin Islands benefits are paid in accordance with the provisions of the District of Columbia unemployment compensation law. Under this program Federal funds are allocated to the States, which act as agents for the Federal Government, for the payment of benefits.

Changes for 1965

| | 1964 | 1965 | Cost of change |
|---|-----------|-----------|----------------|
| 1. Increase in average weekly benefit amount..... | \$38.15 | \$39.55 | +\$1,800,000 |
| 2. Decrease in number of weeks compensated..... | 1,300,000 | 1,230,000 | -\$2,800,000 |
| 3. Decrease in number of joint and supplemental claims..... | 1.05 | 1.03 | -\$1,000,000 |
| Total change..... | | | -\$2,000,000 |

The average weekly benefit amount in fiscal year 1963 was \$36.75, increasing from \$35.86 in July 1962 to \$37.82 in June 1963. Based on the average yearly increase from the period covering fiscal year 1959 to fiscal year 1963, the average weekly benefit amount is expected to be \$38.15 for 1964 and \$39.55 for 1965.

With the anticipated improvement in economic conditions during 1965, it is expected that there will be fewer weeks compensated and fewer supplemental and joint claims compensated under California's extended duration program. This program was suspended after September 1963.

Estimate of benefit costs under unemployment compensation for Federal employees program for fiscal years 1964 and 1965

| | Fiscal year 1964 | Fiscal year 1965 | Difference |
|--|------------------|------------------|--------------|
| 1. Assumed State insured unemployment rate based on an average assumed level of 1,600,000 (percent)..... | 3.8 | 3.7 | -.01 |
| 2. Number of weeks compensated for "UCFE No. UI," excluding supplemental and joint claims, based on assumed State insured unemployment rate..... | 1,300,000 | 1,230,000 | -70,000 |
| 3. Average weekly benefit amount excluding supplemental and joint claims, based on an average yearly increase of \$1.40 from fiscal year 1959..... | \$38.15 | \$39.55 | +\$1.40 |
| 4. "UCFE No. UI" benefit cost excluding supplemental and joint claims (line 2 times line 3)..... | \$49,600,000 | \$48,600,000 | -\$1,000,000 |
| 5. Adjustment factor for inclusion of supplemental and joint claims based on May to August 1963 experience for fiscal year 1964 ¹ and on fiscal year 1959-63 experience for fiscal year 1965..... | 1.05 | 1.03 | -.02 |
| 6. "UCFE total" benefit cost including supplemental and joint claims (line 4 times line 5)..... | \$52,000,000 | \$50,000,000 | -\$2,000,000 |
| 7. Minimum payment balances in States..... | \$335,000 | \$335,000 | |
| Total..... | \$52,335,000 | \$50,335,000 | -\$2,000,000 |

¹ This recent experience is used for fiscal year 1964 because of the impact during fiscal year 1964 of the California extended duration program which suspended payment of benefits to new claimants after September 1963.

Activity 2. Unemployment compensation for ex-servicemen (1964, \$88,507,000; 1965, \$76,507,000)

Narrative description of program.—Public Law 848 of the 85th Congress approved August 28, 1958, amended title XV of the Social Security Act to create a permanent program of unemployment compensation for ex-servicemen to be administered similarly to the program of unemployment compensation for civilian employees of the Federal Government. A claim for benefits by an eligible ex-serviceman is

processed under the unemployment insurance law of the State in which he first files his claim after his most recent release from active service.

Changes for 1965

| | 1964 | 1965 | Cost of change |
|---|-----------|-----------|----------------|
| 1. Increase in average weekly benefit amount..... | \$35.00 | \$36.83 | +\$4,000,000 |
| 2. Decrease in number of weeks compensated..... | 2,427,000 | 2,010,000 | -15,000,000 |
| 3. Decrease in number of joint and supplemental claims..... | 1.04 | 1.03 | -1,000,000 |
| Total change..... | | | -12,000,000 |

The average weekly benefit amount in fiscal year 1963 was \$32.67, increasing from \$32.21 in July 1962 to \$33.17 in June 1963. Based on the average yearly increase for the period covering fiscal years 1959-63 and including adjustments for the Secretary's revised schedule which is based on the Uniform Services Pay Act of 1963, the average weekly benefit amount is expected to be \$35 for 1964 and \$36.83 for 1965. The schedule is estimated to become effective November 15, 1963, resulting in an increase of \$3 million in benefits during fiscal year 1964 and an increase of \$5 million in fiscal year 1965.

The estimate for weeks compensated during fiscal year 1964 has been obtained by decreasing the fiscal year 1963 "UCX only" weeks compensated by 15 percent to account for the combined impact of the assumed decreases in the State-insured unemployment rate from 4.4 percent in fiscal year 1963 to 3.8 percent in fiscal year 1964, and in the number of military separations from 620,000 to 600,000.

With the anticipated improvement in economic conditions during 1965, it is expected that there will be fewer weeks compensated and fewer supplemental and joint claims compensated under California's extended duration program. This program was suspended after September 1963.

Estimate of benefit costs under unemployment compensation for ex-servicemen program for fiscal years 1964 and 1965

| | Fiscal year 1964 | Fiscal year 1965 | Difference |
|--|------------------|------------------|---------------|
| 1. Assumed State insured unemployment rate based on an average assumed level of 1.6 million (percent)..... | 3.8 | 3.7 | -0.1 |
| 2. Number of weeks compensated for "UCX only," excluding supplemental and joint claims, based on assumed State-insured unemployment rate..... | 2,427,000 | 2,010,000 | -417,000 |
| 3. Average weekly benefit amount excluding supplemental and joint claims, based on an average yearly increase of \$7.83 from fiscal year 1959 and including adjustments for the Secretary's revised schedule which is based on the Uniform Services Pay Act of 1963..... | \$35.00 | \$36.83 | +\$1.83 |
| 4. "UCX only" benefit cost excluding supplemental and joint claims (line 2 times line 3)..... | \$84,900,000 | \$74,000,000 | -\$10,900,000 |
| 5. Adjustment factor for inclusion of supplemental and joint claims based on May-August 1963 experience for fiscal year 1964, ¹ and on fiscal year 1959-63 experience for fiscal year 1965..... | 1.04 | 1.03 | -.01 |
| 6. "UCX total" benefit cost including supplemental and joint claims (line 4 times line 5)..... | \$88,000,000 | \$76,000,000 | -\$12,000,000 |
| 7. Minimum payment balances in States..... | 507,000 | 507,000 | ----- |
| Total..... | 88,507,000 | 76,507,000 | -12,000,000 |

¹ This recent experience is used for fiscal year 1964 because of the impact during fiscal year 1964 of the California extended duration program which suspended payment of benefits to new claimants after September 1963.

Average weekly insured unemployment level for UCFE and UCX programs

| Month | "UCFE only" ¹ | | "UCX only" ² | |
|----------------|--------------------------|------------------|-------------------------|------------------|
| | Fiscal year 1963 | Fiscal year 1964 | Fiscal year 1963 | Fiscal year 1964 |
| July..... | 25,813 | 29,542 | 45,528 | 44,221 |
| August..... | 25,773 | 29,221 | 51,908 | 45,305 |
| September..... | 25,364 | 27,771 | 51,815 | 42,033 |
| October..... | 26,771 | 28,651 | 51,819 | 42,500 |
| November..... | 28,890 | 31,537 | 57,118 | 48,444 |
| December..... | 30,553 | ----- | 65,229 | ----- |
| January..... | 36,664 | ----- | 76,947 | ----- |
| February..... | 37,574 | ----- | 76,970 | ----- |
| March..... | 35,119 | ----- | 71,043 | ----- |
| April..... | 31,242 | ----- | 57,714 | ----- |
| May..... | 28,464 | ----- | 46,740 | ----- |
| June..... | 26,490 | ----- | 41,869 | ----- |

¹ Excludes supplemental claims with State UI programs.² Excludes supplemental claims with State UI and UCFE programs.

Weeks compensated for UCFE and UCX programs

| Month | "UCFE only" | | "UCX only" | |
|-------------------------|------------------|------------------|------------------|------------------|
| | Fiscal year 1963 | Fiscal year 1964 | Fiscal year 1963 | Fiscal year 1964 |
| July..... | 97,371 | 110,477 | 174,550 | 175,930 |
| August..... | 113,891 | 123,457 | 211,246 | 183,851 |
| September..... | 98,002 | 114,309 | 199,889 | 169,586 |
| October..... | 110,895 | 119,952 | 214,175 | 174,088 |
| November..... | 115,209 | 111,480 | 222,210 | 164,202 |
| December..... | 116,015 | ----- | 234,647 | ----- |
| Total 1st 6 months..... | 651,383 | ----- | 1,256,717 | ----- |
| January..... | 155,912 | ----- | 337,990 | ----- |
| February..... | 147,708 | ----- | 306,097 | ----- |
| March..... | 150,051 | ----- | 303,116 | ----- |
| April..... | 137,232 | ----- | 286,804 | ----- |
| May..... | 119,059 | ----- | 203,340 | ----- |
| June..... | 112,683 | ----- | 181,166 | ----- |
| Total 2d 6 months..... | 822,645 | ----- | 1,598,513 | ----- |
| Total for year..... | 1,474,028 | 1,300,000 | 2,855,230 | 2,427,000 |

Benefits paid for UCFE and UCX programs

| Month | UCFE | | UCX | |
|--------------------------|------------------|------------------|------------------|------------------|
| | Fiscal year 1963 | Fiscal year 1964 | Fiscal year 1963 | Fiscal year 1964 |
| July..... | \$3,660,158 | \$4,304,537 | \$5,751,542 | \$6,047,673 |
| August..... | 4,293,718 | 4,814,539 | 7,005,860 | 6,355,648 |
| September..... | 3,777,994 | 4,508,719 | 6,644,499 | 5,837,389 |
| October..... | 4,228,317 | 4,732,583 | 7,216,800 | 6,015,800 |
| November..... | 4,302,989 | 4,375,372 | 7,444,159 | 5,543,829 |
| December..... | 4,283,239 | ----- | 7,709,360 | ----- |
| Total, 1st 6 months..... | 24,546,415 | ----- | 41,772,220 | ----- |
| January..... | 5,853,240 | ----- | 11,328,720 | ----- |
| February..... | 5,517,276 | ----- | 10,157,119 | ----- |
| March..... | 5,672,270 | ----- | 10,180,187 | ----- |
| April..... | 5,334,541 | ----- | 8,981,604 | ----- |
| May..... | 4,932,061 | ----- | 7,354,231 | ----- |
| June..... | 4,532,479 | ----- | 6,237,012 | ----- |
| Total, 2d 6 months..... | 31,841,867 | ----- | 54,238,873 | ----- |
| Total for year..... | 56,388,282 | 52,000,000 | 96,011,093 | 88,000,000 |

Average weekly benefit amount for all unemployment for UCFE and UCX programs

| Month | Fiscal year 1961 | | Fiscal year 1962 | |
|----------------|-------------------|----------------|-------------------|----------------|
| | Federal employees | Ex-service-men | Federal employees | Ex-service-men |
| July..... | \$33.29 | \$30.45 | \$33.86 | \$30.68 |
| August..... | 33.98 | 30.76 | 34.52 | 30.98 |
| September..... | 33.88 | 30.73 | 34.57 | 31.05 |
| October..... | 34.12 | 30.83 | 34.60 | 31.21 |
| November..... | 34.01 | 30.96 | 34.64 | 31.39 |
| December..... | 33.90 | 30.76 | 34.77 | 31.31 |
| January..... | 34.21 | 31.02 | 35.40 | 31.34 |
| February..... | 34.13 | 30.98 | 35.32 | 31.16 |
| March..... | 33.91 | 30.92 | 35.28 | 31.31 |
| April..... | 34.46 | 30.99 | 36.04 | 31.53 |
| May..... | 34.04 | 31.13 | 36.02 | 31.64 |
| June..... | 34.35 | 30.77 | 36.51 | 32.00 |
| Average..... | 34.05 | 30.89 | 35.13 | 31.27 |

| Month | Fiscal year 1963 | | Fiscal year 1964 | |
|----------------|-------------------|----------------|-------------------|----------------|
| | Federal employees | Ex-service-men | Federal employees | Ex-service-men |
| July..... | \$35.86 | \$32.21 | \$36.55 | \$32.81 |
| August..... | 36.29 | 32.38 | 36.65 | 32.94 |
| September..... | 36.64 | 32.38 | 37.10 | 32.98 |
| October..... | 36.52 | 32.57 | 37.15 | 33.01 |
| November..... | 36.43 | 32.70 | 36.97 | 32.45 |
| December..... | 36.56 | 32.69 | ----- | ----- |
| January..... | 36.74 | 32.81 | ----- | ----- |
| February..... | 36.71 | 32.75 | ----- | ----- |
| March..... | 37.07 | 32.75 | ----- | ----- |
| April..... | 37.46 | 32.84 | ----- | ----- |
| May..... | 36.57 | 32.66 | ----- | ----- |
| June..... | 37.82 | 33.17 | ----- | ----- |
| Average..... | 36.75 | 32.67 | 38.15 | 35.00 |

Duration per spell of unemployment for UCFE and UCX programs

| Month | UCFE only | | UCX only | |
|---------------------------|------------------|------------------|------------------|------------------|
| | Fiscal year 1963 | Fiscal year 1964 | Fiscal year 1963 | Fiscal year 1964 |
| July..... | 7.6 | 7.0 | 6.6 | 6.4 |
| August..... | 10.6 | 10.9 | 5.8 | 6.8 |
| September..... | 10.1 | 10.2 | 8.0 | 6.8 |
| October..... | 8.7 | 9.0 | 7.5 | 6.2 |
| November..... | 10.0 | 9.4 | 8.5 | 6.7 |
| December..... | 10.0 | ----- | 8.2 | ----- |
| 1st 6 months average..... | 9.4 | ----- | 7.4 | ----- |
| January..... | 8.3 | ----- | 9.1 | ----- |
| February..... | 12.6 | ----- | 11.4 | ----- |
| March..... | 14.3 | ----- | 12.3 | ----- |
| April..... | 11.1 | ----- | 11.6 | ----- |
| May..... | 12.2 | ----- | 10.8 | ----- |
| June..... | 9.1 | ----- | 8.1 | ----- |
| 2d 6 months average..... | 10.9 | ----- | 10.5 | ----- |
| Average for year..... | 10.1 | 9.8 | 8.8 | 7.8 |

COMPLIANCE ACTIVITIES, MEXICAN FARM LABOR PROGRAM

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Program by activities: | | | |
| Compliance and employer services (program costs, funded)..... | 1,252 | 1,300 | 878 |
| Change in selected resources ¹ | 6 | ----- | -8 |
| Total obligations..... | 1,258 | 1,300 | 870 |
| Financing: Unobligated balance lapsing..... | 111 | ----- | ----- |
| New obligational authority..... | 1,369 | 1,300 | 870 |
| New obligational authority: | | | |
| Appropriation..... | 1,387 | 1,300 | 870 |
| Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728)..... | -18 | ----- | ----- |
| Appropriation (adjusted)..... | 1,369 | 1,300 | 870 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$2,000; 1963, \$8,000; 1964, \$8,000; 1965, \$0.

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 905 | 955 | 588 |
| Other personnel compensation..... | 2 | 10 | 85 |
| Total personnel compensation..... | 907 | 965 | 673 |
| 12 Personnel benefits..... | 69 | 72 | 47 |
| 21 Travel and transportation of persons..... | 158 | 158 | 105 |
| 22 Transportation of things..... | 11 | 11 | 7 |
| 23 Rent, communications, and utilities..... | 65 | 64 | 28 |
| 24 Printing and reproduction..... | 4 | 4 | 2 |
| 25 Other services..... | 10 | 10 | 3 |
| 26 Supplies and materials..... | 17 | 16 | 5 |
| 31 Equipment..... | 17 | ----- | ----- |
| Total obligations..... | 1,258 | 1,300 | 870 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Total number of permanent positions..... | 164 | 164 | 164 |
| Average number of all employees..... | 136 | 136 | 136 |
| Employees in permanent positions, end of year..... | 134 | 134 | 0 |
| Employees in other positions, end of year..... | 0 | 0 | 0 |
| Average GS grade..... | 8.0 | 8.0 | 8.0 |
| Average GS salary..... | \$6,644 | \$7,012 | \$7,179 |

MEXICAN FARM LABOR PROGRAM

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 1,040 | 721 | 431 |
| Positions other than permanent..... | 68 | 152 | 81 |
| Other personnel compensation..... | 37 | 48 | 114 |
| Total personnel compensation..... | 1,145 | 921 | 626 |
| 12 Personnel benefits..... | 77 | 58 | 32 |
| 21 Travel and transportation of persons..... | 30 | 30 | 25 |
| 22 Transportation of things..... | 4 | 4 | 13 |
| 23 Rent, communications, and utilities..... | 80 | 61 | 41 |
| 24 Printing and reproduction..... | 7 | 7 | 3 |
| 25 Other services..... | 5 | 5 | 2 |
| 26 Supplies and materials..... | 14 | 14 | 8 |
| 31 Equipment..... | 3 | | |
| 41 Grants, subsidies, and contributions..... | 421 | 200 | 100 |
| Total obligations..... | 1,785 | 1,300 | 850 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Total number of permanent positions..... | 213 | 100 | 160 |
| Full-time equivalent of other positions..... | 27 | 48 | 25 |
| Average number of all employees..... | 201 | 167 | 94 |
| Employees in permanent positions, end of year..... | 195 | 133 | 0 |
| Employees in other positions, end of year..... | 4 | 8 | 0 |
| Average GS grade..... | 6.1 | 6.6 | 6.6 |
| Average GS salary..... | \$5,696 | \$6,123 | \$6,247 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Program by activities: | | | |
| 1. Determining Mexican labor requirements..... | 475 | 244 | 131 |
| 2. Supplying Mexican labor..... | 1,211 | 968 | 662 |
| 3. Administration and management..... | 105 | 88 | 57 |
| Total program costs, funded..... | 1,791 | 1,300 | 850 |
| Change in selected resources ¹ | -5 | | |
| Total obligations..... | 1,785 | 1,300 | 850 |
| Financing: | | | |
| Unobligated balance transferred from "Farm labor supply revolving fund." (annual appropriation act): | | | |
| Current receipts..... | -1,785 | -1,300 | -520 |
| Contingent receipts..... | | | -330 |
| New obligational authority..... | | | |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$5,000; 1963, 0; 1964 0; 1965, 0.

GENERAL STATEMENTS

Mr. FOGARTY. We shall place your two statements on the Mexican farm labor program in the record.
(The statements referred to follow:)

COMPLIANCE ACTIVITIES, MEXICAN FARM LABOR PROGRAM

Mr. Chairman, since Public Law 78 is due to terminate on December 31, 1964, this request is for the first half-year of fiscal year 1965 only. The sum requested is \$870,000 which includes \$190,000 for liquidation.

I should mention here that the \$148,500 previously made available for liquidation, if the program had expired on December 31, 1963, has been carried forward to provide part of the operating funds for the last half of fiscal year 1964.

In the first half of fiscal year 1965, it is expected that upward of 125,000 Mexican workers will be in the country under this law. An estimated 93,000 will be contracted in the July-December period, while the remainder represents a carry-over from fiscal year 1964. The Bureau does not expect any substantial reduction in the number of employers engaged in this program.

Mr. Chairman, we propose to retain the present level of compliance staff right through to the scheduled termination date of this program. Apart from the fact that the estimated workload will not be appreciably less than in fiscal year 1964, there is significant reason for retaining this present level of field compliance personnel.

As you may recall, a legal obligation in the program is that the U.S. Government guarantee the performance by employers of their obligations regarding wages, transportation, and contributions to the Mexican Social Security Institute. Payments by the U.S. Government under this guarantee have been held to a minimum as the result of the successful efforts of our compliance staff in effecting settlement by employers of amounts determined due. As a result of the expected termination of the program on December 31, 1964, our primary compliance responsibility will be to assure total payment by employers directly to workers of amounts due as unpaid wages, wage adjustments, subsistence, employment guarantee settlements, and reimbursements for transportation expenses and the like. This will be accomplished through an intensive program of investigations and payroll inspections. Any reduction in our present compliance staff would be detrimental to our efforts and could substantially increase the financial burden of the United States since the Government would be required to pay to workers, in its capacity as guarantor, amounts which should have been paid to them directly by the employers.

These activities will be in addition to the regular day-to-day workload of compliance officers. I would point out, Mr. Chairman, that in this field of work there is a very wide range of distance which the field officers must cover to reach the employers and the Mexican work camps, and these have not diminished in number. Since this is commonly held to be the last year of this program, we anticipate a larger volume of complaints from all sources—from the braceros (concerning wages) and from segments of the public who have long been interested in terminating the Mexican program. In fact, the nature of the complaints investigated in recent months has become more diverse and increasingly complex, thus requiring the expenditure of more manpower with each investigation.

Mr. Chairman, this concludes my statement on the request for funds with respect to compliance activities of the Mexican farm labor program.

SALARIES AND EXPENSES, MEXICAN FARM LABOR PROGRAM

Mr. Chairman, since Public Law 78 expires on December 31, 1964, the Bureau is requesting \$850,000 for fiscal year 1965 which provides \$704,000 for the salaries and expenses of the Mexican farm labor program from July through December of 1964, and \$146,000 for liquidation of the program. The salaries and expenses portion is only slightly higher than the amount requested for the same period in fiscal year 1964, but the liquidation costs are \$89,000 less than were provided in the 1964 appropriation.

Mr. Chairman, I should mention here that the \$235,000 previously made available for liquidation, if the program had expired on December 31, 1963, has been carried forward to provide part of the operating funds for the last half of fiscal year 1964.

The number of contracted Mexican workers has declined in the last 2 years, dropping from 288,000 in fiscal year 1962 to less than 196,000 in fiscal year 1963. We now expect a further drop to 188,000 in fiscal year 1964, and estimate that 93,000 workers will be contracted in the first half of fiscal year 1965. Because of these reductions in workers, we have closed two reception centers. The 1965 budget request reflects savings proportionate with the reduced workload. In-

volved in these economies was a reduction in permanent positions, which resulted in lowering the cost of personal compensation from \$721,000 in fiscal year 1964 to \$431,000 in fiscal year 1965, and a reduction in the cost of temporary employees from \$152,000 to \$81,000 in the same period. Since the Mexican program is due to terminate on December 31, 1964, the amount requested includes full terminal compensation with respect to all employees now engaged in the program.

As the committee knows, all of the costs of the Mexican farm labor program are financed from the farm labor supply revolving fund. Employers who contract or recontract Mexican workers are now paying the \$15 maximum fee provided in Public Law 78.

The State employment security agencies also have costs which are attributable to the Mexican farm labor program. Of the \$704,000 requested, \$100,000 is for operations in the July-December 1964 period to be granted to the States for such activities.

Mr. Chairman, this concludes my statement on the request for "Salaries and expenses, Mexican farm labor program."

BASIS FOR 1965 BUDGET

Mr. FOGARTY. For both salaries and expenses and compliance the request is enough to operate through December 31, 1964.

Does the Department plan to oppose any continuation of the program?

Mr. GOODWIN. The Department does not favor a continuation of Public Law 78.

PLANS FOR PHASING OUT PROGRAM

Mr. FOGARTY. What are your plans for phasing out the program to avoid hardships that might occur if it were allowed to run with the normal volume of imported labor and then abruptly cut off?

Mr. GOODWIN. Our plans for the rest of this year are to get as much emphasis as we can on the recruitment of domestic workers. This last calendar year we brought in about 190,000 Mexican workers. If you have to make that adjustment all in 1 year it is a lot. Our efforts will be directed toward convincing employers that this source will not be available next year and it is to their own interest to develop a domestic labor source this year.

I attended the National Farm meeting Monday of this week and spoke to the group there. We had a lot of growers in attendance there. In my speech to them I made two assumptions. One was that Public Law 78 would not be extended in the next year.

The next was that other farm labor programs would not be used to take its place.

Then I called upon them to take all the necessary action to recruit domestic workers.

LIQUIDATION COSTS

Mr. FOGARTY. How much is included in each appropriation request for liquidation costs? Place the breakdown in the record.

(The information requested follows:)

Liquidation costs, Mexican farm labor program

| | Compliance activities | Mexican S. & E. |
|---------------------------------|-----------------------|---------------------|
| Number employees..... | (27) | (25) |
| Duration..... | ¹ 3 | ² 2 |
| Amount..... | \$62,500 | \$30,400 |
| Lump sums..... | ² 85,000 | ³ 95,000 |
| Net personnel compensation..... | 147,500 | 125,400 |
| Personnel benefits..... | 4,500 | 2,300 |
| Travel..... | 30,000 | 3,000 |
| Transporting things..... | 3,000 | 11,000 |
| Rent, communications..... | 3,000 | 2,300 |
| Supplies..... | 2,000 | 2,000 |
| Total..... | 190,000 | 146,000 |

¹ Months.² Average 19 days per employment.³ Average 25 days per employment.

APPROPRIATION LANGUAGE

Mr. FOGARTY. There is a change in the requested appropriation language for salaries and expenses.

What is that for?

Mr. CURTIS. That is in case the funds are not adequate, the revolving fund is not adequate to keep the program in operation through December 31, that we would be able to terminate it earlier.

STATISTICS ON STATES' USE OF MEXICAN LABOR

Mr. FOGARTY. Place the number of Mexicans used in 1961, 1962, and 1963, by State, and the man-months of employment by major crops for the same years, and payments under the Sugar Act and price support costs for cotton in these States using this labor.

Mr. GOODWIN. Very well.

(The information requested follows:)

Number of Mexican agricultural workers contracted and recontracted for calendar years 1961, 1962, and 1963, by State

| States | Contracted | | | Recontracted | | | Total contracted and recontracted | | |
|-------------------|------------|---------|---------|--------------|--------|--------|-----------------------------------|---------|---------|
| | 1961 | 1962 | 1963 | 1961 | 1962 | 1963 | 1961 | 1962 | 1963 |
| Arizona..... | 16,747 | 11,985 | 15,857 | 4,605 | 4,921 | 2,651 | 21,352 | 16,906 | 18,508 |
| Arkansas..... | 26,849 | 8,850 | 5,806 | 7,224 | 3,560 | 1,434 | 34,073 | 12,410 | 7,240 |
| California..... | 98,733 | 116,455 | 110,823 | 14,436 | 10,547 | 10,085 | 113,169 | 127,002 | 120,908 |
| Colorado..... | 9,083 | 9,119 | 9,337 | 1,466 | 1,253 | 1,101 | 10,549 | 10,372 | 10,438 |
| Georgia..... | 25 | 0 | 0 | 752 | 0 | 0 | 777 | 0 | 0 |
| Illinois..... | 35 | 0 | 0 | 60 | 113 | 70 | 95 | 113 | 70 |
| Indiana..... | 0 | 25 | 35 | 780 | 562 | 368 | 780 | 587 | 403 |
| Iowa..... | 0 | 0 | 0 | 212 | 174 | 0 | 212 | 174 | 0 |
| Kansas..... | 145 | 123 | 223 | 0 | 19 | 0 | 145 | 142 | 223 |
| Kentucky..... | 45 | 0 | 0 | 12 | 0 | 0 | 57 | 0 | 0 |
| Michigan..... | 6,744 | 9,968 | 9,932 | 8,136 | 3,359 | 3,898 | 14,880 | 13,327 | 13,830 |
| Minnesota..... | 0 | 0 | 0 | 55 | 39 | 38 | 55 | 39 | 38 |
| Montana..... | 2,640 | 1,814 | 2,208 | 0 | 0 | 0 | 2,640 | 1,814 | 2,208 |
| Nebraska..... | 2,129 | 2,119 | 2,037 | 33 | 0 | 10 | 2,162 | 2,119 | 2,047 |
| Nevada..... | 83 | 66 | 55 | 0 | 0 | 9 | 83 | 66 | 64 |
| New Mexico..... | 7,503 | 1,634 | 1,823 | 808 | 510 | 447 | 8,311 | 2,144 | 2,270 |
| Oregon..... | 327 | 253 | 67 | 0 | 112 | 0 | 327 | 365 | 67 |
| South Dakota..... | 252 | 98 | 49 | 0 | 0 | 0 | 252 | 98 | 49 |
| Tennessee..... | 688 | 165 | 0 | 15 | 0 | 0 | 703 | 165 | 0 |
| Texas..... | 117,368 | 30,162 | 26,084 | 18,147 | 6,137 | 5,721 | 135,515 | 36,289 | 31,805 |
| Utah..... | 365 | 371 | 370 | 50 | 269 | 307 | 415 | 640 | 677 |
| Wisconsin..... | 110 | 383 | 602 | 844 | 395 | 120 | 954 | 778 | 722 |
| Wyoming..... | 1,549 | 1,398 | 1,557 | 0 | 0 | 0 | 1,549 | 1,398 | 1,557 |
| Total..... | 291,420 | 194,978 | 186,865 | 57,635 | 31,970 | 26,269 | 349,055 | 226,948 | 213,124 |

Number of man-months of employment of Mexican nationals, by major crop, 1961-63

| Crop | 1961 | | 1962 | | 1963 | |
|-------------------------------|------------------------|------------------|------------------------|------------------|------------------------|------------------|
| | Man-months (thousands) | Percent of total | Man-months (thousands) | Percent of total | Man-months (thousands) | Percent of total |
| Total..... | 1,148.9 | 100 | 716.4 | 100 | 545.9 | 100 |
| Cotton..... | 425.2 | 37 | 134.2 | 19 | 86.1 | 16 |
| Tomatoes..... | 96.6 | 8 | 120.1 | 17 | 79.5 | 15 |
| Lettuce..... | 88.5 | 8 | 77.5 | 11 | 70.3 | 13 |
| Citrus..... | 88.4 | 8 | 64.7 | 9 | 55.1 | 10 |
| Cucumbers..... | 27.6 | 2 | 21.2 | 3 | 31.1 | 6 |
| Sugar beets..... | 31.3 | 3 | 30.6 | 4 | 30.0 | 5 |
| Sorghum..... | 22.8 | 2 | 9.1 | 1 | 4.5 | 1 |
| Livestock..... | 37.8 | 3 | 24.1 | 3 | 5.0 | 1 |
| All others ¹ | 330.7 | 29 | 234.9 | 33 | 184.3 | 33 |

¹ The major crops in the "all others" category are beans, asparagus; "other vegetables" strawberries, melons, and "all other fruits."

Payments made under the Sugar Act to producers in States where Mexican nationals were used in sugarbeet work, 1962¹

| State: | Amount of payment (in thousands) |
|-----------------|----------------------------------|
| California..... | \$10,500 |
| Colorado..... | 6,837 |
| Kansas..... | 522 |
| Michigan..... | 2,459 |
| Montana..... | 2,128 |
| Nebraska..... | 2,526 |
| Utah..... | 1,047 |
| Wyoming..... | 1,607 |

¹ Payments data for 1963 not complete.

PRICE-SUPPORT COSTS

The table below shows the amount of cotton price-support loans on the 1963 crop which were outstanding as of December 20, 1963, in States where Mexican nationals were used in 1963 cotton activities:

| State: | Thousands |
|------------------|-----------|
| Arizona | \$13, 710 |
| Arkansas | 52, 295 |
| California | 35, 329 |
| New Mexico | 7, 989 |
| Texas | 138, 949 |

Since growers have until July 31, 1964, to repay loans and take their cotton out of the price-support program, it cannot be determined at this time how much of the loan amounts shown above will eventually remain outstanding. The figures for the 1962 crop provide some indication. The amount of price-support loans which the Government finally took over on the 1962 crop is shown below:

| State: | Thousands |
|------------------|-----------|
| Arizona | \$23, 781 |
| Arkansas | 79, 573 |
| California | 12, 891 |
| New Mexico | 8, 754 |
| Texas | 295, 170 |

Mr. FOGARTY. Is there anything else you wish to say?

Mr. GOODWIN. We want to express our appreciation for the prompt handling of our deficiency needs for the Mexican program.

As you know, we had a number of people subject to being furloughed and you really did that in the fastest possible time and we appreciate it.

Mr. FOGARTY. Mr. Laird?

IMPORTATION OF LABOR UNDER PUBLIC LAW 414

Mr. LAIRD. You had 190,000 Mexican workers last year under this program. When we visited the Southwest recently, I asked about the use of Public Law 414. Many of the growers I ran into and people in the Texas-California area, especially Texas, seem to think this will come into use next year to quite a large extent.

I was impressed in visiting with the people who have the responsibility for this program that really the Mexican farm labor program gives us better supervision than the use of Public Law 414.

Mr. GOODWIN. That is correct.

Mr. LAIRD. Is there any way you can put controls on as far as living standards and working conditions are concerned when a worker comes in under Public Law 414? Perhaps Public Law 414 should be explained.

Mr. GOODWIN. Farmworkers come in under the provisions of the General Immigration Act known as Public Law 414. That act authorizes two kinds of entries, one which comes in permanently under visa arrangements, and the other authorizes temporary workers.

Mr. LAIRD. So-called blue card workers?

Mr. GOODWIN. Green card workers.

There is in that law a general authority given to the President for controlling the conditions under which migrants are admitted to the United States.

We are in the process of exploring this now with the attorneys to see what might be done under that particular section. I am under the impression it has not been used but I am not sure I am correct on

that point, but one of the things we can do under Public Law 78 is that the U.S. Government can be the guarantor, that the international agreement and the law will be carried out.

If an employer defaults, for instance, on his obligations, the U.S. Government can carry out those commitments and then charge the employer and sue him if necessary.

I doubt if that could be done under any 414 arrangement.

It is possible other requirements on housing, insurance, and matters of this kind might be worked out.

As a matter of fact, a contract was worked out for a relatively small number of Filipinos brought in and also there is a contract for about 1,200 Japanese and these are brought in under 414.

Mr. FOGARTY. Thank you very much, Mr. Goodwin.

JUSTIFICATION MATERIAL

We will place your formal justifications in the record.
(The justifications referred to follow:)

COMPLIANCE ACTIVITIES

COMPLIANCE ACTIVITIES, MEXICAN FARM LABOR PROGRAM

Amounts available for obligation

| | 1964 | 1965 |
|---|-----------|-----------|
| Appropriation or estimate..... | \$870,000 | \$870,000 |
| Estimated supplemental..... | 430,000 | ----- |
| Appropriation or estimate, revised..... | 1,300,000 | 870,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|---------------------------------------|-----------------------------|-------------|----------------|-----------|-------------|------------|
| | Position | Amount | Position | Amount | Position | Amount |
| Compliance and employer services..... | 164 | \$1,300,000 | 164 | \$870,000 | ----- | -\$430,000 |

Obligations by objects

| | Appropriation, revised, 1964 | Estimate, 1965 | 1965 change |
|--|------------------------------|----------------|-------------|
| Total number of permanent positions..... | 164 | 164 | ----- |
| Average number of all employees..... | 136 | 82 | -54 |
| 11 Personnel compensation..... | \$964,700 | \$873,400 | -\$291,300 |
| 12 Personnel benefits..... | 72,400 | 45,900 | -25,500 |
| 21 Travel and transportation of persons..... | 158,000 | 104,500 | -53,500 |
| 22 Transportation of things..... | 10,800 | 7,000 | -3,800 |
| 23 Rent, communications, and utilities..... | 64,000 | 28,000 | -36,000 |
| 24 Printing and reproduction..... | 4,100 | 1,700 | -2,400 |
| 25 Other services..... | 10,000 | 3,500 | -6,500 |
| 26 Supplies and materials..... | 16,000 | 5,000 | -11,000 |
| Total obligations..... | 1,300,000 | 870,000 | -430,000 |
| Working capital fund items included above..... | (50,000) | (25,000) | (-25,000) |

Summary of changes

| | |
|--|------------------|
| 1964 appropriation..... | \$870,000 |
| Estimated supplemental..... | 430,000 |
| 1964 appropriation, revised..... | <u>1,300,000</u> |
| 1965 estimate: | |
| 6 months operation..... | 680,000 |
| Liquidation costs..... | 190,000 |
| Total..... | <u>870,000</u> |
| Total change..... | -430,000 |
| Mandatory item: Decrease: Reduction due to operation of the program for 6 months plus liquidation..... | -430,000 |

Compliance and employer services (1964, \$1,300,000; 1965, \$870,000)

Narrative description of program.—This activity is concerned with determining that the employment of Mexican nationals does not have an adverse effect on the employment opportunities and working conditions of domestic farmworkers and determining that the terms and conditions of the international agreement with Mexico, the standard work contract, and the standards of the department governing the operation of the program are complied with. Employees in this activity also act for the Secretary of Labor by working with representatives of the Mexican Government in resolving issues pertaining to the employment of Mexican agricultural workers. This activity is further concerned with protecting the interest of the U.S. Government in connection with its financial guarantee to Mexican workers; with developing a plan of operation consistent with the provisions of the law, the agreement, and the work contract; with providing supervision of all field compliance activities by analyzing reports of investigations and by accompanying employer services representatives in their work; with determining effectiveness of compliance operations and identifying areas in need of program emphasis; and with conducting training programs.

During the fiscal year 1963, 3,157 investigations of complaints, 9,311 housing inspections, and 36,189 payroll inspections were made. As a result of these investigations and inspections, 8,471 violations were uncovered; 3,236 resulted from housing inspections, 2,882 from payroll inspections, 1,276 from complaint investigations, and 1,077 had to do with other phases of the program. During this period 12 employers were declared ineligible for contracting Mexican nationals and 18 employers were reinstated to use or contract Mexican workers; a total of \$245,365.05 was collected from employers for workers; \$5,200.49 was paid to workers by the United States as guarantor; while \$1,100.16 was collected from employers and applied against the outstanding balance under the guarantee. In addition, 61 cases were reviewed and transmitted to the special designee of the Secretary of Labor for final joint determination pursuant to article 30 of the agreement and 19 decisions were prepared pursuant to article 7 of the agreement; 25 employers petitioned for reinstatement, of these 16 were granted the right to use or contract Mexican nationals by action of representatives of both Governments, pursuant to article 7 of the agreement.

The impending termination of the Mexican farm labor program on December 31, 1964, makes it imperative that all problems and complaints of a monetary nature be resolved before liquidation of the program. Therefore projected workloads for fiscal year 1964 and 1965 in many compliance activities have been set at higher levels than for fiscal year 1963 in order to assure that the responsibilities of the U.S. Government as guarantor in meeting unpaid obligations in the areas of wages, transportation, and other specified areas are fulfilled.

Changes for 1965.—The net reduction of \$430,000 is a decrease of \$620,000 due to 6 months' operation of the program plus \$190,000 for liquidation of the program.

Workload statistics

| | Actual, 1963 | Estimated | |
|--|-----------------|-----------|--------|
| | | 1964 | 1965 |
| Feeding installations inspected..... | 2,010 | 3,000 | 800 |
| Payroll inspections..... | 36,189 | 50,000 | 20,000 |
| Housing inspections..... | 9,311 | 10,000 | 4,000 |
| Extension of contracts..... | 140,886 | 135,000 | 60,000 |
| Recontracts, field..... | 12,760 | 16,000 | 6,000 |
| Termination of contracts, field..... | 14,242 | 16,000 | 6,500 |
| Investigation of complaints..... | 3,157 | 3,000 | 1,400 |
| Joint investigations..... | 73 | 150 | 35 |
| Appeals to Secretary adjudicated..... | 61 | 80 | 25 |
| Administrator's decision: | | | |
| Agreement art. 7..... | 19 | 50 | 20 |
| Cases considered for reinstatement to use or contract Mexican nationals..... | 25 | 30 | 18 |
| Transportation inspections..... | 3,664 | 3,800 | 1,300 |
| Wage studies and payroll transcriptions..... | 6,389 | 3,500 | 2,000 |
| General record inspections..... | 338 | 400 | 120 |
| Terminal interviews..... | 3,599 | 8,000 | 12,500 |
| Employers' meetings..... | 449 | 450 | 250 |
| Meeting with workers..... | 448 | 500 | 700 |
| Payroll audits..... | 19,160 | 20,000 | 8,000 |
| Evaluation of field compliance activities..... | 26 | 3 | 10 |
| Immediate review of wage reports for wage-determination purposes..... | 2,047 | 2,000 | 1,200 |
| Post review of wage reports..... | 300 | 300 | 200 |
| Wage determinations made..... | 1,078 | 1,500 | 700 |
| Review of wage data for determination of wage rate for "dominated activities" and studies of possible existence of adverse effect..... | 190 | 230 | 110 |
| Adverse effect determinations issued..... | 26 | 110 | 60 |
| Analysis of wage trends and problems..... | 25 | 20 | 10 |
| Special wage surveys in field..... | 2 | 2 | 1 |
| New crop-wage areas delineated..... | 100 | 100 | 50 |
| Wage survey plans and amendments reviewed..... | 460 | 500 | 250 |
| State and local office visits to provide technical assistance in wage survey work..... | 15 | 20 | 10 |
| Studies of opening wages in problem areas..... | 123 | 200 | 100 |
| Weekly tabulations of prevailing wage data..... | 52 | 52 | 26 |
| Review of area data relating to adverse effect..... | 600 | 2,000 | 850 |
| Visits to work sites..... | | 20,000 | 6,500 |
| Monthly tabulations of prevailing wage data..... | 12 | 12 | 6 |

Distribution of field staff

| Regional offices | 1964 | | | 1965 | | |
|---------------------------|-------------------|----------|-------|-------------------|----------|-------|
| | Profes- sional | Clerical | Total | Profes- sional | Clerical | Total |
| Chicago, Ill..... | 1 | | 1 | 1 | | 1 |
| Cleveland, Ohio..... | 4 | 1 | 5 | 4 | 1 | 5 |
| Dallas, Tex..... | 42 | 21 | 63 | 42 | 21 | 63 |
| Denver, Colo..... | 11 | 1 | 12 | 11 | 1 | 12 |
| Kansas City, Mo..... | 2 | | 2 | 2 | | 2 |
| San Francisco, Calif..... | 41 | 16 | 57 | 41 | 16 | 57 |
| Total field staff..... | 101 | 39 | 140 | 101 | 39 | 140 |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$673,400

This estimate will provide for 164 full-time positions for 6 months' operation and 27 full-time positions for an additional 3 months' operation for liquidation of the program or 81.9 net man-years. Of this, 69.9 man-years and \$551,700 are allocated to field personnel compensation and 12 man-years and \$121,700 for departmental; \$147,500 of this amount (including \$85,000 for lump sums) is for liquidation of the program.

Personnel benefits, \$46,900

This estimate is a decrease of \$25,500 from 1964 and will provide for related personnel benefits of \$42,400 for 6 months' operation and \$4,500 for liquidation as follows:

| | |
|--|---------------|
| Employees' group life insurance..... | \$2,000 |
| Employees' health benefits..... | 4,200 |
| Contributions to CSC retirement fund..... | 40,200 |
| Contributions under the Federal Insurance Contributions Act..... | 500 |
| Total..... | 46,900 |

Travel and transportation of persons, \$104,500

| | 1964 | 1965 | Change |
|-------------------------------------|----------------|----------------|----------------|
| Number of travelers..... | 118 | 118 | ----- |
| Number of days traveled..... | 3,650 | 2,430 | -1,220 |
| Estimated cost of per diem..... | \$58,400 | \$39,000 | -\$19,400 |
| Estimated transportation costs..... | 96,600 | 64,400 | -32,200 |
| Estimate of all other charges..... | 3,000 | 1,100 | -1,900 |
| Total..... | 158,000 | 104,500 | -53,500 |

Of this amount, \$30,000 is for liquidation.

Transportation of things, \$7,000

This estimate is \$3,800 less than 1964 and will provide for shipment of equipment and supplies to the field and \$3,000 for liquidation of the program.

| | |
|--------------------|---------------|
| 1964..... | \$10,800 |
| 1965..... | 7,000 |
| Change..... | -3,800 |

Rent, communications, and utilities, \$28,000

This estimate is a decrease of \$36,000 from 1964 and will provide for the following:

| | 1964 | 1965 | Change |
|-------------------------------------|---------------|---------------|----------------|
| Rent..... | \$11,000 | ----- | -\$11,000 |
| Paid official mail..... | 7,600 | \$3,000 | -4,600 |
| Telephone and teletype service..... | 12,000 | 8,300 | -3,700 |
| Working capital fund..... | 33,400 | 16,700 | -16,700 |
| Total..... | 64,000 | 28,000 | -36,000 |

Three thousand dollars of this amount is for liquidation of the program.

Printing and reproduction, \$1,700

This estimate is \$2,400 less than 1964 and will provide for the printing of forms, schedules, and reports. This estimate provides for the following:

| | 1964 | 1965 | Change |
|----------------------------|--------------|--------------|---------------|
| Forms and schedules..... | \$500 | ----- | -\$500 |
| Reproduction services..... | 1,000 | \$400 | -600 |
| Working capital fund..... | 2,600 | 1,300 | -1,300 |
| Total..... | 4,100 | 1,700 | -2,400 |

Other services, \$3,500

This estimate is a decrease of \$6,500 from 1964 and will provide for reporting services for meetings and conferences, health room services, repairs to office

machines and equipment, and other services including reimbursement to the Bureau of Employment Compensation for expenses of injured employees.

| | 1964 | 1965 | Change |
|---|---------|-------|----------|
| Reporting services for meetings and conferences, health room services, repairs to office machines, and equipment and other services including reimbursement to the Bureau of Employment Compensation for expenses of injured employees..... | \$4,000 | \$500 | -\$3,500 |
| Working capital fund..... | 6,000 | 3,000 | -3,000 |
| Total..... | 10,000 | 3,500 | -6,500 |

Supplies and materials, \$5,000

This estimate is a decrease of \$11,000 from 1964 and will provide for supplies and for crating equipment to be shipped to local points for disposal.

| | 1964 | 1965 | Change |
|---------------------------|---------|---------|----------|
| Supplies..... | \$8,000 | \$1,000 | -\$7,000 |
| Working capital fund..... | 8,000 | 4,000 | -4,000 |
| Total..... | 16,000 | 5,000 | -11,000 |

Two thousand dollars of this amount is for liquidation of the program.

Summary of new positions.—None.

SALARIES AND EXPENSES

SALARIES AND EXPENSES, MEXICAN FARM LABOR PROGRAM

Amounts available for obligation

| | 1964 | 1965 |
|---|-------------|-----------|
| Appropriation or estimate (transfer)..... | \$1,135,000 | \$850,000 |
| Estimated supplemental..... | 165,000 | |
| Appropriation or estimate, revised..... | 1,300,000 | 850,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | Change, 1965 | |
|--|-----------------------------|-----------|----------------|-----------|--------------|------------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Determining Mexican labor requirements..... | 7 | \$243,700 | 7 | \$130,700 | | -\$113,000 |
| 2. Supplying Mexican labor..... | 138 | 968,200 | 138 | 661,800 | | -306,400 |
| 3. Administration and management..... | 15 | 88,100 | 15 | 57,500 | | -30,600 |
| Total obligations..... | 160 | 1,300,000 | 160 | 850,000 | | -450,000 |

Obligations by objects

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|-----------------------------|----------------|-------------|
| Total number of permanent positions..... | 160 | 160 | |
| Positions other than permanent..... | 48 | 25 | -23 |
| Average number of all employees..... | 167 | 94 | -73 |
| 11 Personnel compensation..... | \$920,600 | \$625,800 | -\$294,800 |
| 12 Personnel benefits..... | 57,900 | 32,300 | -25,600 |
| 21 Travel and transportation of persons..... | 30,000 | 25,100 | -4,900 |
| 22 Transportation of things..... | 3,600 | 12,700 | +9,100 |
| 23 Rent, communications and utilities..... | 61,000 | 40,800 | -20,200 |
| 24 Printing and reproduction..... | 7,500 | 3,300 | -4,200 |
| Other services..... | 5,400 | 2,000 | -3,400 |
| 26 Supplies and materials..... | 14,000 | 8,000 | -6,000 |
| 41 Grants, subsidies and contributions..... | 200,000 | 100,000 | -100,000 |
| Total obligations..... | 1,300,000 | 850,000 | -450,000 |
| Working capital fund items included above..... | (50,000) | (25,000) | (-25,000) |

Summary of changes

| | |
|---|-------------|
| 1964 appropriation..... | \$1,135,000 |
| Estimated supplemental..... | 165,000 |
| 1964 appropriation, revised..... | 1,300,000 |
| 1965 estimate (transfer): | |
| 6 months' operation..... | 704,000 |
| Liquidation costs..... | 146,000 |
| Total..... | 850,000 |
| Total change..... | -450,000 |
| Mandatory item: Decrease: Due to operation of the program for only 6 months plus liquidation..... | -450,000 |

Activity 1. Determining Mexican labor requirements (1964 \$243,700; 1965 \$130,700)

Narrative description of program.—This activity is concerned with determining the number of Mexican agricultural workers needed in a given labor market area at a given time to meet the deficit between labor requirements and the supply of available domestic workers.

This activity also provides farm labor market information as a guide in planning and evaluating the Mexican farm labor program, by controlling, processing, and analyzing reports on farm labor employment, labor requirements, and supply received from State agencies.

The Bureau establishes procedures for States to use in analyzing farm labor requirements and supply, provides technical materials to States, and participates in development of new analytical techniques for farm labor market analysis.

The Bureau also maintains administrative controls on the employment of foreign workers in each agricultural area to insure that ceilings are not being exceeded. It evaluates State programs to assure that the use of foreign workers is not detrimental to the employment opportunities of domestic workers by determining that available domestic workers are considered before any foreign workers are brought into an area and that wages offered and working conditions are conducive to the recruitment of domestic workers.

Changes for 1965.—A net decrease of \$113,000 includes \$5,800 for liquidation costs, a decrease of \$18,800 for the headquarters office, and a decrease of \$100,000 for State agencies due to operation of the program for only 6 months.

Workload statistics

| | Actual, 1963 | Estimated | |
|---|-----------------|-----------|-------|
| | | 1964 | 1965 |
| Farm Labor Service Headquarters: | | | |
| Control and processing of local and State farm labor reports: | | | |
| (a) ES-223, in-season farm labor report (semimonthly from 267 areas)..... | 3,600 | 3,700 | 2,300 |
| (b) ES-225, agricultural and food processing report (annually from each State)..... | 50 | 50 | 0 |
| (c) ES-229, area ceiling report from areas using foreign labor (varies from 1 to 6 per season from 100 areas)..... | 300 | 300 | 125 |
| (d) ES-232 and 232-A, periodic prevailing wage reports, from 1 a season to semimonthly, (depending on crop wage area)..... | 2,100 | 2,500 | 1,500 |
| Visits to States for technical assistance in farm labor analysis..... | 5 | 6 | 5 |
| Review of overall foreign and domestic worker employment and wage trends and foreign worker program policies..... | 1 | 1 | 0 |
| Monthly analysis of foreign and domestic farm employment ceilings issued to determine foreign worker employment, and trends in prevailing wages in areas using foreign labor..... | 12 | 12 | 6 |
| Annual summary of foreign worker employment ¹ | 1 | 1 | 0 |
| Review of State agricultural reporting area delineations ¹ | 20 | 21 | 6 |
| Farm labor supply and demand reports reviewed..... | 300 | 300 | 125 |
| Postreview of ceiling actions by regional offices ¹ | 400 | 400 | 150 |

¹ Work done in conjunction with employees in activity 2, "Supplying Mexican labor."

Activity 2. Supplying Mexican labor (1964, \$968,200; 1965, \$861,800)

Narrative description of program.—This activity is concerned with recruiting and transporting Mexican agricultural workers, contracting these workers to employers, and repatriating workers who have completed their contract.

Workers are recruited and examined for occupational and physical fitness at three migratory stations in Mexico, provided with entrance permits, furnished subsistence and transportation to three reception centers maintained on the U.S. side of the border, where employers are assisted in selecting and contracting the workers needed.

During fiscal year 1964 approximately 216,000 Mexican workers will have been contracted or recontracted to an estimated 1,470 individual employers, and 212 associations, for seasonal farmwork in the United States. In the first half (July–December) of fiscal year 1965, it is estimated that 93,400 Mexicans will be contracted and 14,100 recontracted, for a total of 107,500. The number of individual employers likely to participate is estimated at 1,400 and the number of associations about 200, with a representative user-membership of 26,500 growers.

This activity also includes the overall direction and supervision of the program, management of the farm labor supply revolving fund, and the conduct of the "skip" assessment program. Functions performed under this category include preparation of program materials, informational leaflets, and establishing and reviewing staffing patterns. This activity has been assigned responsibilities delegated to the Bureau by the Secretary to resolve issues arising from the program with the Mexican Government.

This activity provides for the overall coordination of the operation of the regional offices, and the maintenance of liaison between them and the national office of the Bureau on operational activities. It includes:

- (1) Assisting the States in installing reporting programs and operational procedures; and
- (2) Maintaining relationships with employers and employee groups.

Changes for 1965.—The net decrease of \$306,400 includes \$131,100 for liquidation costs and a decrease of \$437,500 due to operation of the program for only 6 months.

Workload statistics

| | Actual 1963 | Estimated | |
|--|-------------|-----------|---------|
| | | 1964 | 1965 |
| Reception centers: | | | |
| Workers received..... | 198,677 | 191,300 | 94,900 |
| Workers contracted..... | 195,525 | 188,300 | 93,400 |
| Workers rejected..... | 3,082 | 3,000 | 1,500 |
| Workers recontracted..... | 29,097 | 28,000 | 14,100 |
| Meals supervised..... | 1,084,541 | 1,044,500 | 518,000 |
| Workers housed overnight..... | 78,037 | 75,100 | 37,300 |
| Deceased workers processed..... | 52 | 50 | 25 |
| Workers receiving medical care..... | 3,872 | 3,700 | 1,800 |
| Workers transported..... | 400,002 | 385,100 | 191,100 |
| Number of photographs taken..... | 270,948 | 264,500 | 129,400 |
| Individual employers transacting business..... | 1,527 | 1,470 | 1,400 |
| Associations transacting business..... | 220 | 212 | 200 |
| Vehicles inspected..... | 11,477 | 11,150 | 5,500 |
| Workers' claims processed..... | 1,382 | 1,330 | 650 |
| Contracts terminated..... | 236,749 | 227,900 | 123,100 |
| Migratory stations: | | | |
| Workers selected and processed..... | 198,332 | 190,900 | 94,700 |
| Workers rejected..... | 4,679 | 4,500 | 2,200 |
| Meals supervised..... | 896,188 | 862,800 | 428,100 |
| Headquarters: | | | |
| ES Manual revisions and new sections relating to program..... | 4 | 4 | 2 |
| Training programs on operating and administrative problems..... | 5 | 6 | 3 |
| Develop and issue letters on procedural aspects of the program..... | 16 | 16 | 30 |
| Evaluation activity concerning reception centers and migratory stations..... | 4 | 4 | 4 |

Projection of income and expense for the farm labor supply revolving fund (for the period July 1, 1964, through Dec. 31, 1964)

| | Fiscal year 1965 |
|--|------------------|
| Unobligated balance carried forward..... | \$46,400 |
| Estimated income: 93,400 contracts plus 14,100 recontracts, at \$15..... | 1,612,500 |
| Total funds available..... | 1,658,900 |
| Estimated expenses: | |
| Direct charges: | |
| Transportation and subsistence..... | 890,900 |
| Public Health Service..... | 125,000 |
| Physical examinations and vaccinations..... | 19,100 |
| Photographs..... | 32,200 |
| Guarantee of wages..... | 3,000 |
| Rents-premises and utilities..... | 42,600 |
| Supplies and expendable equipment..... | 7,200 |
| Hospital and medical care..... | 3,700 |
| Motor vehicle operations..... | 3,400 |
| Printing and reproduction..... | 2,500 |
| Repairs and maintenance..... | 6,000 |
| Transportation of things..... | 3,300 |
| Subtotal..... | 1,138,900 |
| Bureau operations..... | 604,000 |
| State agency operations..... | 100,000 |
| Liquidation..... | 146,000 |
| Subtotal..... | 850,000 |
| Total estimated expenses..... | 1,988,900 |
| Estimated balance..... | -330,000 |

Activity 3. Administration and management (1964, \$88,100; 1965, \$57,500)

Narrative description of program.—This activity includes maintaining fiscal and budgetary controls; preparing budget estimates; processing and certifying for payment payrolls and miscellaneous vouchers for the farm labor supply revolving

fund and compliance activities in addition to the Mexican farm labor program; reviewing and establishing space location requirements; furnishing switchboard services, duplicating and multilith services; processing requisitions for supplies, materials, and equipment; recruiting, terminating, and assigning personnel; and performing annual audits of funds.

Changes for 1965.—A decrease of \$30,600 in this activity includes \$9,100 for liquidation costs and a decrease of \$39,700 due to operation of the program for only 6 months.

Workload statistics

| | Actual, 1963 | Estimated | |
|---|--------------|-----------|-------|
| | | 1964 | 1965 |
| Technical inquiries answered concerning audit problems..... | 263 | 260 | 140 |
| Vouchers audited..... | 4,218 | 4,000 | 2,300 |
| Schedules prepared..... | 696 | 700 | 400 |
| Travel advances processed..... | 53 | 50 | 30 |
| Voucher suspension notices prepared..... | 78 | 70 | 40 |
| Refund requests of employers of Mexican workers processed..... | 182 | 200 | 120 |
| Requisitions handled: | | | |
| Supplies and equipment..... | 236 | 170 | 80 |
| Publications..... | 62 | 50 | 25 |
| Develop and prepare regular and supplemental appropriation requests to the Bureau of the Budget and Congress..... | 4 | 8 | 4 |
| Requests for personnel actions (SF-52) processed..... | 236 | 210 | 250 |
| Notification of personnel actions (SF-50) processed..... | 236 | 190 | 250 |
| Letters and telegraphic notices concerning personnel prepared..... | 125 | 195 | 275 |
| Telephone inquiries concerning personnel problems..... | 800 | 1,900 | 1,500 |

Distribution of field staff

| | 1964 | | | 1965 | | |
|----------------------------|--------------|----------|-------|--------------|----------|-------|
| | Professional | Clerical | Total | Professional | Clerical | Total |
| Regional offices: | | | | | | |
| Chicago, Ill..... | | 1 | 1 | | 1 | 1 |
| Cleveland, Ohio..... | | 1 | 1 | | 1 | 1 |
| Dallas, Tex..... | 2 | 2 | 4 | 2 | 2 | 4 |
| Denver, Colo..... | 1 | 1 | 2 | 1 | 1 | 2 |
| San Francisco, Calif..... | 3 | 3 | 6 | 3 | 3 | 6 |
| Seattle, Wash..... | | 1 | 1 | | 1 | 1 |
| Total..... | 6 | 9 | 15 | 6 | 9 | 15 |
| Reception centers: | | | | | | |
| Eagle Pass, Tex..... | 10 | 11 | 21 | 10 | 11 | 21 |
| El Centro, Calif..... | 11 | 25 | 36 | 11 | 25 | 36 |
| El Paso, Tex..... | 9 | 18 | 27 | 9 | 18 | 27 |
| Total..... | 30 | 54 | 84 | 30 | 54 | 84 |
| Migratory stations: | | | | | | |
| Chihuahua, Chihuahua..... | 3 | | 3 | 3 | | 3 |
| Guaymas, Sonora..... | 5 | | 5 | 5 | | 5 |
| Monterrey, Nuevo Leon..... | 5 | 2 | 7 | 5 | 2 | 7 |
| Total..... | 13 | 2 | 15 | 13 | 2 | 15 |
| Total, field staff..... | 49 | 65 | 114 | 49 | 65 | 114 |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$625,000

This estimate will provide for 160 full-time positions and 24.7 man-years of intermittent employment for 6 months operation and 25 full-time positions for an additional 2 months operation for liquidation of the program or 93.6 net man-years. Of this 73.8 man-years and \$455,700 are allocated to field personnel compensation and 19.8 man-years and \$170,100 for departmental; \$125,400 of this amount (including \$95,000 for lump sums) is for liquidation of the program.

Personnel benefits, \$32,300

This estimate is a decrease of \$25,600 from 1964 and will provide for related personnel benefits of \$30,000 for 6 months operation and \$2,300 for liquidation as follows:

| | |
|---|---------------|
| Employees' group life insurance..... | \$1,400 |
| Employees' health benefits..... | 3,500 |
| Contributions to Civil Service Commission retirement fund..... | 26,000 |
| Contributions under the Federal Insurance Contribution Act..... | 1,400 |
| Total..... | 32,300 |

Travel and transportation of persons, \$25,100

| | 1964 | 1965 | Change |
|-------------------------------------|---------------|---------------|---------------|
| Number of travelers..... | 55 | 55 | |
| Number of days traveled..... | 640 | 530 | -110 |
| Estimated cost of per diem..... | \$10,200 | \$8,500 | -\$1,700 |
| Estimated transportation costs..... | 19,500 | 16,200 | -3,300 |
| Estimate of all other charges..... | 300 | 400 | +100 |
| Total..... | 30,000 | 25,100 | -4,900 |

Included in the above amount is \$3,000 for liquidation of the program.

Transportation of things, \$12,700

This estimate is an increase of \$9,100 over 1964 and will provide for the moving of household goods, shipment of training materials, equipment, and supplies to the field.

| | |
|--------------------|---------------|
| 1964..... | \$3,600 |
| 1965..... | 12,700 |
| Change..... | +9,100 |

Included in the above amount is \$11,000 to cover costs of bills of lading and other costs related to liquidation of the program.

Rent, communications, and utilities, \$40,800

This estimate is a decrease of \$20,200 from 1964 and will provide for the following:

| | 1964 | 1965 | Change |
|-------------------------------------|---------------|---------------|----------------|
| Rent of space and equipment..... | \$1,000 | \$500 | -\$500 |
| Paid official mail..... | 7,800 | 6,000 | -1,800 |
| Telephone and teletype service..... | 17,400 | 16,900 | -500 |
| Working capital fund..... | 34,800 | 17,400 | -17,400 |
| Total..... | 61,000 | 40,800 | -20,200 |

Two thousand three hundred dollars of this amount is for liquidation of the program.

Printing and reproduction, \$3,300

This estimate is a decrease of \$4,200 from 1964 and will provide for the following:

| | 1964 | 1965 | Change |
|----------------------------|--------------|--------------|---------------|
| Forms and schedules..... | \$1,900 | \$1,000 | -\$900 |
| Reproduction services..... | 2,600 | 800 | -1,800 |
| Working capital fund..... | 3,000 | 1,500 | -1,500 |
| Total..... | 7,500 | 3,300 | -4,200 |

Other services, \$2,000

This estimate is a decrease of \$3,400 from 1964 and will provide for the following:

| | 1964 | 1965 | Change |
|--|---------|-------|----------|
| Reporting services for meetings and conferences, health room services, repairs to office machines and equipment, and other services..... | \$3,200 | \$900 | -\$2,300 |
| Working capital fund..... | 2,200 | 1,100 | -1,100 |
| Total..... | 5,400 | 2,000 | -3,400 |

Supplies and materials, \$8,000

This estimate is a decrease of \$6,000 from 1964 and will provide for desk-top and duplicating supplies, envelopes and letterheads, and for crating equipment to be shipped to local points for disposal.

| | 1964 | 1965 | Change |
|---------------------------|---------|---------|----------|
| Supplies..... | \$4,000 | \$3,000 | -\$1,000 |
| Working capital fund..... | 10,000 | 5,000 | -5,000 |
| Total..... | 14,000 | 8,000 | -6,000 |

Two thousand dollars of this amount is for liquidation.

Grants, subsidies, and contributions, \$100,000

This estimate is a reduction of \$100,000 from 1964 and will be used to finance State agencies for work performed in connection with the Mexican farm labor program.

State agency operations:

| | |
|-------------|-----------|
| 1964..... | \$200,000 |
| 1965..... | 100,000 |
| Change..... | -100,000 |

Summary of new positions.—None.

USE OF PUBLIC LAW 414

NOTE.—Subsequent to the hearing the committee requested further information regarding applications received and approved under Public Law 414 by region. The information received in reply to this request follows:

Requests for permanent entry under sec. 212(a)(14) (Mexicans) of the Immigration and Nationality Act

CUMULATIVE JULY 1-DEC. 25, 1963

| | A. Cases subject to U.S. Department of Labor certifications | | | | | | | | | | B. Cases not subject to U.S. Department of Labor certification (parents, spouses, and children) | | | |
|--|---|-------|-----------------|-------|------------------|------------------------|-------|------------------|--------------|-------|---|------------------|--------------|-----|
| | Total number | | | | | Regional office action | | | | | Total | Non-agricultural | Agricultural | |
| | Number disapproved | | Number approved | | Percent approved | | Total | Non-agricultural | Agricultural | | | | | |
| 1. Number of cases received..... | 8,716 | 3,594 | 5,122 | 6,424 | 2,684 | 3,740 | | | | 2,292 | 910 | 1,382 | 26 | 25 |
| 2. Number of employers involved..... | 6,681 | 3,594 | 3,087 | 4,706 | 2,684 | 2,022 | 1,975 | 910 | 1,065 | 30 | 25 | 34 | 221 | 84 |
| 3. Distribution by region of cases received: | | | | | | | | | | | | | | |
| Region I—Boston..... | 2 | 2 | 8 | 8 | 8 | 8 | 2 | 2 | 6 | 100 | 100 | 17 | 259 | 119 |
| Region II—New York..... | 14 | 6 | 6 | 15 | 10 | 5 | 6 | 6 | 6 | 43 | 100 | 100 | 221 | 84 |
| Region III—Chambersburg..... | 7 | 7 | 6 | 15 | 10 | 5 | 7 | 7 | 7 | 100 | 100 | 17 | 259 | 119 |
| Region IV—Atlanta..... | 17 | 11 | 6 | 15 | 10 | 4 | 8 | 7 | 1 | 12 | 9 | 20 | 221 | 84 |
| Region V—Cleveland..... | 26 | 21 | 5 | 18 | 14 | 4 | 8 | 7 | 1 | 31 | 33 | 20 | 259 | 119 |
| Region VI—Chicago..... | 250 | 232 | 18 | 218 | 203 | 15 | 32 | 29 | 3 | 13 | 13 | 17 | 221 | 84 |
| Region VII—Kansas City..... | 30 | 16 | 14 | 20 | 8 | 12 | 10 | 8 | 2 | 33 | 50 | 14 | 259 | 119 |
| Region VIII—Dallas..... | 3,176 | 1,192 | 1,984 | 1,636 | 761 | 885 | 1,540 | 441 | 1,069 | 48 | 37 | 55 | 259 | 119 |
| Region IX—Denver..... | 358 | 70 | 288 | 163 | 41 | 122 | 195 | 29 | 166 | 54 | 41 | 58 | 221 | 84 |
| Region X—San Francisco..... | 4,778 | 2,030 | 2,748 | 4,288 | 1,650 | 2,638 | 490 | 380 | 110 | 10 | 19 | 4 | 259 | 119 |
| Region XI—Seattle..... | 58 | 7 | 51 | 58 | 7 | 51 | 51 | 7 | 7 | 10 | 19 | 4 | 221 | 84 |

CUMULATIVE JULY 1, 1963-FEB. 19, 1964

| | | | | | | | | | | | | | | |
|--|--------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|----|-----|-----|
| 1. Number of cases received..... | 10,939 | 4,726 | 6,213 | 8,003 | 3,485 | 4,518 | 2,936 | 1,241 | 1,695 | 27 | 26 | 27 | 704 | 327 |
| 2. Number of employers involved..... | 8,671 | 4,726 | 3,945 | 6,173 | 3,485 | 2,688 | 2,498 | 1,241 | 1,237 | 20 | 26 | 32 | 564 | 190 |
| 3. Distribution by region of cases received: | | | | | | | | | | | | | | |
| Region I—Boston..... | 3 | 3 | 8 | 10 | 2 | 8 | 3 | 3 | 3 | 100 | 100 | 6 | 704 | 327 |
| Region II—New York..... | 22 | 14 | 17 | 27 | 11 | 16 | 11 | 11 | 1 | 79 | 79 | 8 | 564 | 190 |
| Region III—Chambersburg..... | 14 | 14 | 17 | 27 | 11 | 16 | 11 | 11 | 1 | 7 | 8 | 6 | 704 | 327 |
| Region IV—Atlanta..... | 29 | 12 | 7 | 25 | 19 | 6 | 11 | 10 | 1 | 31 | 34 | 14 | 564 | 190 |
| Region V—Cleveland..... | 36 | 29 | 7 | 268 | 250 | 18 | 42 | 39 | 3 | 14 | 13 | 14 | 704 | 327 |
| Region VI—Chicago..... | 310 | 289 | 21 | 268 | 250 | 18 | 42 | 39 | 3 | 31 | 46 | 11 | 564 | 190 |
| Region VII—Kansas City..... | 45 | 26 | 19 | 31 | 14 | 17 | 14 | 12 | 2 | 31 | 46 | 11 | 704 | 327 |
| Region VIII—Dallas..... | 4,070 | 1,507 | 2,563 | 2,097 | 956 | 1,141 | 1,973 | 551 | 1,422 | 48 | 37 | 55 | 288 | 112 |
| Region IX—Denver..... | 4,007 | 79 | 328 | 204 | 47 | 157 | 203 | 32 | 171 | 50 | 41 | 52 | 42 | 30 |
| Region X—San Francisco..... | 5,920 | 2,743 | 3,177 | 5,256 | 2,174 | 3,082 | 664 | 569 | 95 | 11 | 21 | 3 | 402 | 175 |
| Region XI—Seattle..... | 83 | 10 | 73 | 82 | 9 | 73 | 73 | 1 | 1 | 1 | 10 | 4 | 8 | 7 |

THURSDAY, FEBRUARY 13, 1964.

LABOR-MANAGEMENT SERVICES ADMINISTRATION

WITNESSES

JAMES J. REYNOLDS, ASSISTANT SECRETARY FOR LABOR RELATIONS
 NELSON M. BORTZ, DEPUTY ASSISTANT SECRETARY FOR LABOR RELATIONS
 FRANK M. KLEILER, DIRECTOR, OFFICE OF LABOR-MANAGEMENT AND WELFARE-PENSION REPORTS
 ALBERT L. MOORE, JR., DIRECTOR, OFFICE OF ADMINISTRATION AND MANAGEMENT
 V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR
 RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

(In thousands of dollars)

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 5,168 | 5,594 | 5,815 |
| Positions other than permanent..... | 90 | 87 | 87 |
| Other personnel compensation..... | 134 | 70 | 50 |
| Total personnel compensation..... | 5,392 | 5,751 | 5,952 |
| 12 Personnel benefits..... | 392 | 431 | 450 |
| 21 Travel and transportation of persons..... | 455 | 470 | 483 |
| 22 Transportation of things..... | 27 | 15 | 20 |
| 23 Rent, communications, and utilities..... | 241 | 207 | 213 |
| 24 Printing and reproduction..... | 134 | 140 | 143 |
| 25 Other services..... | 219 | 233 | 215 |
| Services of other agencies..... | 105 | 110 | 125 |
| 26 Supplies and materials..... | 130 | 110 | 113 |
| 31 Equipment..... | 105 | 21 | 32 |
| Total obligations..... | 7,200 | 7,488 | 7,746 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Total number of permanent positions..... | 721 | 660 | 660 |
| Full-time equivalent of other positions..... | 23 | 12 | 12 |
| Average number of all employees..... | 682 | 662 | 659 |
| Employees in permanent positions, end of year..... | 670 | 660 | 660 |
| Employees in other positions, end of year..... | 8 | 0 | 0 |
| Average GS grade..... | 9.0 | 9.1 | 9.2 |
| Average GS salary..... | \$8,315 | \$8,830 | \$9,074 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|----------------|------------------|------------------|
| Program by activities: | | | |
| 1. Employee-management relations services..... | 75 | 227 | 421 |
| 2. Labor-management policy development..... | 101 | 134 | 247 |
| 3. Administration of reporting and disclosure laws: | | | |
| (a) Reports analysis, interpretations, and compli- ance..... | 2,766 | 2,764 | 2,758 |
| (b) Field service..... | 3,616 | 3,638 | 3,572 |
| 4. Executive direction and administrative services..... | 740 | 726 | 748 |
| Total program costs, funded..... | 7,298 | 7,489 | 7,746 |
| Change in selected resources ¹ | -98 | | |
| Total obligations..... | 7,200 | 7,489 | 7,746 |
| Financing: | | | |
| Comparative transfers to or from other accounts..... | -7,200 | 20 | |
| Advances and reimbursements from non-Federal sources ² | | -10 | -10 |
| New obligational authority..... | | 7,499 | 7,736 |
| New obligational authority: | | | |
| Appropriation..... | 0 | 7,450 | 7,736 |
| Transferred to "Operating expenses, Public Buildings Service," General Services Administration (77 Stat. 436)..... | | -1 | |
| Transferred from "Salaries and expenses, Office of the Secretary" (77 Stat. 224)..... | | 50 | |
| Appropriation (adjusted)..... | 0 | 7,499 | 7,736 |

¹ Selected resources as of June 30 are as follows: Unpaid, undelivered orders, 1962, \$151,000; 1963, \$53,000; 1964, \$53,000; 1965, \$53,000.

² Reimbursements from non-Federal sources are derived from payments for reproduction of pension plans and financial reports (29 U.S.C. 9-9(a)).

Mr. FOGARTY. The committee will come to order.

We have before us the Labor-Management Services Administration. Mr. Reynolds, do you wish to justify this appropriation?

Mr. REYNOLDS. I appreciate the opportunity to do so.

I have my associates here—Mr. Nelson M. Bortz, the Deputy Assistant Secretary, on my immediate left; Mr. Albert L. Moore, Jr., who is in charge of budget and administrative matters for the Labor-Management Services Administration; and Mr. Frank M. Kleiler, in the rear, who is the Director of our new office, which administers, on a combined basis, the two Report and Disclosure Acts.

GENERAL STATEMENT

In the course of last year's budget hearing, Secretary Wirtz outlined the reorganization plans for the combination of the Office of Welfare and Pension Plans and the Bureau of Labor-Management Reports.

That venture has been completed, and the two offices are now combined, and Mr. Kleiler is the Administrator of the two of them. Previously he had been Deputy Commissioner of the Bureau of Labor-Management Reports and most recently, Director of the Office of Welfare and Pension Plans.

In connection with that combination, the Department was admonished to accomplish a savings of some \$160,000 and the elimination of 25 positions. That has been accomplished. In fact, it has been exceeded.

The budget for the combined office, and for two additional activities that we have brought together with it to create the Labor-Management Services Administration, provides for an employment level of

660 positions. It is of some significance, I think, to note that this is the same number as that authorized for 1964, and represents a reduction of 83 positions from the total authorized in the Department's 1963 budget for the then existing comparable function. In other words, we are proposing to take on the new duties which I would like to outline to you very briefly, and still keep within the personnel limitation.

We feel this can be done and still do the job effectively, as we know you like us to do.

The new Labor-Management Services Administration has four principal activities within it.

INDUSTRIAL RELATIONS SERVICES

One is the Industrial Relations Services, which is an external arm to service unions and employers and the mediation services. Primarily, it is designed to bring into one central point of concentration all of the facilities and talents of the Department of Labor which can be usefully played in this increasingly complicated area of labor-management relations. It also is the office in my general administration, of which Mr. Bortz is the Deputy Administrator, which is brought into the ad hoc situations such as the railroad rules case, the Upper Lakes dispute, the Russian wheat sales which we have been working actively on for the last couple of weeks, and the unfortunate dispute on the Florida East Coast Railroad in which we are engaged because of the involvement of the Cape Kennedy complex, and which has resulted in a work stoppage there.

LABOR-MANAGEMENT POLICY DEVELOPMENT

The second Office that we have within the Labor-Management Services Administration is that of the Labor-Management Policy Development. This is a small unit which is devoted to the analytical work of reviewing various developments in the field of labor-management relations, planning, reviewing various techniques that can be employed, bringing to bear the existing talents of the Department, again through our Bureau of Labor Statistics, our Bureau of Labor Standards, and any other activity in the Department which can contribute the type of material needed in the labor-management field.

Then of course we have the Office, of which Mr. Kleiler is Director, which is the combined operation of the Bureau of Labor-Management Reports, administering the Labor-Management Reporting Disclosure Act, and the Office of Welfare and Pension Plans administering Welfare and Pension Plans Disclosure Act.

Finally, there is Mr. Moore's group, which is the Administrative Services activity for the combined Labor-Management Services Administration.

1965 BUDGET INCREASE

Getting down to the specifics of this and talking in terms of the number of jobs, which I am sure is the most important thing that you want to talk about, and the monetary terms it encompasses, the appropriation request, as you gentlemen know, is for a total of \$7,736,000. This represents an increase of \$256,200 over the ad-

justed amount available for fiscal 1964 but a net change of \$236,000 from the 1964 appropriation. The additional funds requested are to provide the needed added cost of the full-year impact of the pay increase which was effective January 5, 1964, in the amount of \$138,119. Additionally, it is to finance within-grade salary advancements during the fiscal year 1965, \$53,200. Finally, it is to bridge the gap between the cost of the 20 positions and related expenses eliminated in reporting and disclosure and management services activities, and the amount needed for the 20 new positions which we will need for these new activities. This is estimated to be in the amount of \$112,511. These are offset by a number of adjustments, so the net increase comes to \$256,200.

Gentlemen, I think I can be most useful to you by answering questions, probably.

(Mr. Reynolds' prepared statement follows:)

(This is the first budget for the newly established Labor-Management Services Administration. It is a scaled-down, self-contained budget conforming to the wishes expressed by the Congress last year and the President's insistence upon economical and efficient administration of Government programs.

The committee will recall that during the course of last year's budget hearings Secretary Wirtz outlined his reorganization plans in the labor-management field. Subsequently, in the report of the Senate Appropriations Committee and the final actions of the Congress on the Department's appropriation bill the Congress approved the consolidation of the separate budget accounts for administering the Welfare and Pension Plans Disclosure Act and the Labor-Management Reporting and Disclosure Act into a single account embracing certain key responsibilities of the Department in the labor-management relations area. In connection with this action the Senate committee called for a "savings" of 25 positions and \$160,000 from the amounts theretofore approved. This request has not only been achieved but exceeded.

The budget proposed for all activities of the Labor-Management Services Administration in fiscal 1965 provides for an employment level of 660 positions. It is significant to note that this is the same as that authorized for 1964 and represents a reduction of 83 positions from the total authorized in the Department's 1963 budget for existing comparable functions. Thus, for the work to be performed by the Labor-Management Services Administration the Department is not requesting any increase in the overall total number of positions and additionally is proposing to undertake, on a limited scale, several significant services without any increase in employment beyond the base figure of 660—a figure well below the previous peak.

In monetary terms, the appropriation request for 1965 is for a total of \$7,736,000, an increase of \$256,200 over the \$7,479,800 available for 1964. The additional funds requested are to provide for (a) the added cost (\$138,119) of the full year effect in 1965 of the second step of the pay increase effective January 5, 1965, pursuant to Public Law 87-793; (b) to finance within-grade salary advancements occurring during fiscal year 1965 (\$53,200); and (c) to bridge the gap between the cost of the 20 positions and related expenses eliminated in reporting and disclosure and management services activities, and the amount needed for the 20 positions and related nonlabor costs to be established in the new offices (\$112,511). Some miscellaneous adjustments, as for example, the reduction in base costs due to only 1 extra day in 1965 compared with 2 in 1964, offset the total increase to the extent of approximately \$47,630. Thus, new cost items in 1965 total \$454,200, and offsetting adjustments and elimination of positions provide some \$198,000, resulting in the net increase request of \$256,200.

The steps taken—and results achieved in the approximately half year since the new administration was formally authorized—reflect a serious and sincere effort to accomplish two objectives. First, to integrate into a single agency the heretofore separate operations of the Department's two "reporting and disclosure" units and, second, to bring together and coordinate the Department's varied and growing labor relations activities, and thereby provide a common center for the direction or performance of services helpful in the strengthening of collective bargaining, sound labor-management relations, and a vigorous competitive, and technologically—advanced national economy.

As the committee is well aware, the past quarter of a century has produced substantial and profound changes in the labor field. The union-organizing campaigns of the midthirties brought to millions of workers the concept and practice of free collective bargaining. The postwar period yielded substantial improvements in employee earnings followed by a system of fringe benefits, including welfare and pension programs, of unparalleled dimension and value. During the same period, and particularly since the end of World War II, the pace of technological change quickened as competition both at home and abroad intensified.

Today, many of our free-world allies can compete effectively in many markets in which U.S. firms formerly had a dominant interest. As a consequence, American initiative and invention and American management have been put to the task to maintain our hitherto unchallenged cost and quality advantages. These changes and challenges have had their counterparts in the labor-management relations area.

This is not to imply that all of our current labor-management relations problems arise solely from increased competition and the effects of technological change. Issues related to wages, hours, improved benefits, and similar matters are, of course, of continuing basic concern with the emphasis varying from time to time depending upon economic conditions. Overall, our society and economy are extremely complex, and become more so as each day passes. Such factors as the persistent high rate of unemployment, foreign trade and the balance of payments, shifts in the occupational composition of the work force, higher standards of education, and a variety of other phenomena have all served in one way or another to place a greater strain on labor-management relations and collective bargaining relationships.

The types of problems with which the economy, and ultimately the Government, must cope as a consequence of these present-day pressures are illustrated by the following areas with which the Department of Labor is particularly concerned and which give rise to serious labor-management relations implications:

(1) Typically, technological change and management innovation are accompanied by numerous labor problems. Work force mobility, seniority rights, job security, retirements, pension vestings, retraining, and protection in the event of loss of jobs are some of the principal types of problems emerging from these sets of circumstances.

(2) Mergers and other consolidations of large-scale firms, particularly in the transportation industries, as well as plant shutdowns and migration raise questions with respect to the consequences of such actions on employees directly involved and on communities affected.

(3) The development of large, privately administered employee pension and welfare plans through collective bargaining, or private arrangements, have been accompanied by a public concern that such plans be properly and prudently administered and disclosed.

(4) The growth in the size, structure, and financial resources of labor organizations has imposed upon the Government a responsibility to assure adequate protection of the rights and privileges of the members of these organizations.

(5) The increased complexity of our economy, and the interrelationship of its various parts, require delicate balance to prevent serious disruption. Prolonged, or in some cases even short or threatened work stoppages are met with strong resistance on the part of the general public and the Government is increasingly urged to intervene and seek a resolution compatible with the interests of all concerned.

The Labor-Management Services Administration was established by the Secretary of Labor in August 1963 as the Department's response to the demands placed upon it by these growing and emerging labor relations problems. Establishment of the Administration does not bring with it the creation of substantial new or additional duties or activities in the labor-management area nor does it impinge upon the functions of other offices or agencies; rather, it brings together in one central organization the responsibility for overseeing and coordinating the variety of labor relations activities already being performed by the Department. It is an effort to delegate initial responsibility for matters in this highly sensitive, volatile, and time-consuming area so as to permit the Secretary of Labor greater opportunity to fulfill his growing responsibilities with respect to overall direction of the Department and to minimize, to the extent practicable, his personal involvement in critical dispute situations.

To meet these objectives the Labor-Management Services Administration has been developed along functional lines. The largest office carries out the Department's reporting and disclosure, investigative, and technical assistance activities

relating to the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act. Merging the activities in connection with these statutes, formerly performed by two separate units within the Department, is resulting in an increasingly effective administration of the acts, better utilization of employee skills, and reduced administrative and operating costs.

The Office of Industrial Relations Services has been established to provide assistance to employers, unions, groups of employees, Government agencies, and other parties in appraising and solving complex labor-management relations problems before they reach an acute stage. The Department's responsibilities under Executive Order 10988, "Federal Employee-Management Cooperation in the Federal Service," are performed by a small, separate unit. The Office of Labor-Management Policy Development provides a limited central staff service for the critical appraisal and analysis of short- and long-range proposals, programs, and administrative policies bearing upon labor-management relations. Lastly, the administrative, fiscal, and management functions which formerly serviced the separate disclosure units have been consolidated in a single Office of Administration and Management to handle similar functions for all LMSA operating units.

OFFICE OF LABOR-MANAGEMENT AND WELFARE-PENSION REPORTS

This Office is the largest unit of the Labor-Management Services Administration and is the result of the merger of the former Office of Welfare and Pension Plans and Bureau of Labor-Management Reports. It consolidates the programs and operations of the two previous organizations—excluding the small research unit of the former Bureau of Labor-Management Reports.

The 1965 budget proposal includes 549 positions which is 16 positions less than authorized for the fiscal year 1964, 65 less than in the 1964 budget request to the Congress, and 122 less than were authorized for administering the two disclosure laws in fiscal 1963. The savings derived from the merger in 1964 have served to permit absorption of the pay increase costs, to finance various initial costs of the establishment of the Labor-Management Services Administration and those arising out of the merger of the Office of Welfare and Pension Plans and Bureau of Labor-Management Reports, and to finance part-year employment in some of the positions established in the new offices of the Labor-Management Services Administration. In 1965 the further reduction of 20 positions in the reporting and disclosure activities and the administrative services functions, accounts for all of the positions and most of the financing for the proposed increased staffing to meet the needs of the new Labor-Management Services Administration offices.

Current year reporting and disclosure program activities remain at approximately the levels of the previous year. As in the past, activities involving the receipt, examination, filing, disclosure, and limited selected analysis of the reports under the two laws account for a substantial portion of the total budget. Another significant portion is required for the investigation of complaints arising under the acts. Technical assistance to persons and organizations affected by the acts will continue at approximately the same scale as will those programs involving the issuance of regulations and interpretations, particularly with regard to matters stemming from the 1962 Amendments to the Welfare and Pension Plans Disclosure Act.

The previous experience under the Labor-Management Reporting and Disclosure Act demonstrating that most violations of the law are due to inadvertence or misunderstanding rather than to willful misconduct, again was sustained in fiscal year 1963. Of the 1,437 violations found in that year 1,290 were settled by voluntary compliance following staff conferences with the parties involved. However, in 147 instances the violations were found to be willful or it was impossible to achieve voluntary compliance and therefore legal action was instituted. Meaningful information is not available under the Welfare and Pension Plans Disclosure Act due to the small number of investigations that were conducted in the first year following the amendments to the law authorizing investigations.

Department of Labor investigative and enforcement action under the Welfare and Pension Plans Disclosure Act is expected to reach the minimal levels shown in the budget submission in 1964 and 1965.

OFFICE OF INDUSTRIAL RELATIONS SERVICES

The responsibilities of the Office of Industrial Relations Services fall into three broad categories: (1) Providing assistance to employers and unions in meeting long-range complex problems caused by major economic changes by coordinating and marshaling the labor-management services available within the Department

for immediate use to the mediation services, other Government agencies, and to management and labor; (2) staff support to the Secretary and the Administrator of the Labor-Management Services Administration in discharging the Department's responsibilities in the labor-management relations area with respect to various governmental programs; and (3) as requested, providing assistance in particular dispute situations and servicing ad hoc commissions and boards established to deal with specific labor-management relations matters.

Basically, the Office of Industrial Relations Services is an "externally oriented" service agency. Its primary function is to see that those perplexed or concerned with a serious labor problem and seeking help will have, within the Department of Labor, a central point of contact and convenient source of assistance. This service is equally available to employers and union, jointly or separately, as well as to the mediation or other agencies of Government which may likewise be involved in the resolution of the problem. It is intended to supplement and complement existing activities of the Department by marshaling, coordinating, or providing as circumstances require the needed data and technical or advisory services so that those directly involved can be better equipped to discharge their responsibilities.

The types of assistance provided will be as varied as the programs of the Department and the matters coming within the orbit of collective bargaining and current labor-management concerns. These range from specific, pinpointed problems tied to such matters as the readjustment of the workforce, revised seniority rosters, work sharing, wage levels and comparisons, hours of work, safety, grievance and arbitration procedures, contracting out, and pension and welfare programs to matters of broader or long-term significance such as the encouragement, along with other agencies such as the Federal Mediation and Conciliation Service, of efforts to improve the underlying climate of industrial relations through the voluntary organization of various types of joint labor-management committees on a company, community, or industry basis.

During the remainder of fiscal 1964, the Office of Industrial Relations Services will be staffed by three professionals and two clerical positions financed by amounts derived from the previously described consolidation of reporting and disclosure operations. For fiscal 1965 the budget provides for 14 additional positions within the ceiling of 660 positions.

OFFICE OF LABOR-MANAGEMENT POLICY DEVELOPMENT

In contrast to the Office of Industrial Services, the Office of Labor-Management Policy Development is largely "internally" oriented and is designed to undertake such review, analysis, and exploration of problems which present short- or long-run questions in the labor-management relations area calling for careful policy consideration. The office has the following responsibilities: (1) developing appropriate policies and actions in the broad area of labor-management relations and collective bargaining; (2) undertaking specialized studies relating to the administration and experience under Labor-Management Reporting and Disclosure Act and Welfare and Pension Plans Disclosure Act; (3) conducting other appropriate policy-oriented research in the labor-management relations area; (4) and coordinating the labor-management relations research activities within the Department. In short, activities of this Office are directed toward meeting needs in the labor-management relations area not presently accommodated by existing departmental programs outside the Labor-Management Services Administration. For example, the Department is responsible for conducting a continuing review, through appropriate research examination, of the reports and information filed under the two reporting and disclosure laws. Activities in this area will be conducted through the Office of Labor-Management Policy Development by a research and analysis unit, the staff of which was transferred from the former Bureau of Labor Management Reports. It is proposed to add six positions in 1965 primarily to perform the new functions assigned to the Office of Policy Development.

This completes a brief summary of the principal objectives and functions of the key offices of the Labor-Management Services Administration. Obviously, the bulk of our work—in terms of time, personnel and financing—will be directed toward the administration of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act. Other labor-management relations activities will be performed within the limits outlined above.

As mentioned earlier, the Department of Labor has for a long time felt the need to bring together, in a unified operation, its labor-management relations functions.

We feel that the Labor-Management Services Administration will accomplish this desired goal. Although the Administration is still in the process of formation, and while it is too early to indicate tangible results, we already have indications, both from within the Department and outside, that this new approach brings with it the capability for carrying out in a highly satisfactory manner the responsibility the Department of Labor has in the labor-management relations area.

SUMMARY OF BUDGET

Mr. FOGARTY. Your appropriation for 1964 is \$7.5 million, and the request for 1965 is \$7.736 million, an increase of \$236,000. No additional positions are requested. Actually, you estimate a decrease of 3 man-years in average employment, is that right?

Mr. REYNOLDS. Right.

Mr. FOGARTY. As a result of internal adjustments, you show an increase of \$193,800 and 14 positions for the activity Industrial Relations Services. The justifications show five positions for 1964. Have any of these been filled?

Mr. BORTZ. No, sir.

ACTIVITIES OF THE INDUSTRIAL RELATIONS SERVICES

Mr. FOGARTY. Just what activities do you propose to carry out if you get the funds?

Mr. BORTZ. In terms of the Industrial Relations Services, Mr. Chairman?

Mr. FOGARTY. Yes.

Mr. BORTZ. Perhaps I could explain it in this fashion, elaborating on what Mr. Reynolds has said.

We have felt the need, and the Secretary has so indicated, of bringing together in one central coordinating unit within the Department, the various activities and functions which relate to labor relations matters. We have labor relations activities of one sort or another in almost every one of the bureaus in the Department. In many instances they are a part of another ongoing program.

We can view this in the perspective that we get numerous requests from the outside, from labor organizations, from employers, from groups that are involved in collective bargaining situations, from various public and private agencies, universities, as well as from the Mediation Service, for information relating to a variety of factual matters, some of which may be in the Bureau of Labor Statistics some in the new Office of Manpower, Automation, and Training, others in the Bureau of Employment Security or the Bureau of Labor Standards in terms of safety.

These questions coming in from the outside would be handled by the Office of Industrial Relations Services as a central point, pulling together the different information that might be needed and then making it available to either the outside organization or perhaps another agency in the Government.

Mr. FOGARTY. Would you be doing anything that the Mediation and Conciliation Service or the National Mediation Board would not have the authority to do?

Mr. BORTZ. I think in this sense, Mr. Chairman, the function of the two mediation agencies to which you have referred, as you well know from their coming before you year after year, is the mediation of disputes and whatever efforts and work they can contribute to prevent

disputes from arising, but the factual information which is frequently needed and which can only be provided because of the research and statistical background out of the resources of the Department, this the mediation agencies, of course, do not undertake to do.

This is what they receive and would be receiving through the coordinating efforts of the Office of Industrial Relations Services.

DEPARTMENT OF LABOR'S MEDIATION ACTIVITIES

Mr. FOGARTY. You are not taking over any part of their work?

Mr. REYNOLDS. I would say not. I think as a matter of fact, our activities would very well complement theirs. I think we are very conscious of the necessity not to duplicate any of their activities, which would mean a double cost and double drain on the Treasury for doing the same thing.

Unfortunately, as happens so frequently, the Secretary of Labor, as the Cabinet representative responsible for labor matters in the Government, is drawn into these major disputes which involve the national health and welfare. Usually this occurs after the Mediation Service has expended all of its efforts and talents and, through no fault of its own or no lack of diligence, they have failed to resolve it.

The same applies to the National Mediation Board. At the present time, for instance, there is still the big railroad rules case which is still with us, as you know. Unfortunately, we have another deadline coming on February 24 in that case. I have been working constantly on that case. As a matter of fact, this morning some of the representatives of the railroad brotherhoods were in the office, and I will meet with them again tonight.

The National Mediation Board has the prime statutory responsibility to handle these disputes, but they get to a point where they just cannot handle them, and there will be a stoppage of all of our railroads unless we can resolve it.

The same is true of the Florida East Coast, where a spur has now been built right into the heart of Cape Kennedy, and day before yesterday railroad pickets appeared.

These require an approach which is a little beyond the statutory limitations of either of these agencies.

Mr. FOGARTY. They have the authority, have they not?

Mr. REYNOLDS. Indeed they have the authority. The Railway Labor Act, as you know so much better than I, provides mediation service and proffer of arbitration and an emergency board and assisting the emergency board getting into operation and reporting to the President, and then they are through. They have done their statutory duties, and you are still faced with the possibility of a major railroad strike. It is at that time that the President calls in the Secretary of Labor and says, "You step in and try to resolve it."

Mr. FOGARTY. Sometimes the Secretaries have stepped in without the President asking them.

Mr. REYNOLDS. Occasionally they have. I assure you we try to avoid that.

Mr. FOGARTY. Some have done that from time to time.

Mr. REYNOLDS. Despite the hot dog cases and the opera case, we try to keep out of them, I can assure you.

COMPLIANCE ACTIVITIES

Mr. FOGARTY. When we were in California a few weeks ago, we talked to the man in charge of your operations there, and it seemed they were only scratching the surface in their compliance activities, and the workload data on pages 23 and 24 indicate the same thing on a national basis.

Do you think you are doing a halfway decent job?

Mr. REYNOLDS. This is under the Labor-Management Reporting Act, I assume?

Mr. FOGARTY. Yes.

Mr. REYNOLDS. Mr. Kleiler, would you speak to that?

Mr. KLEILER. The question of how much investigation is enough is always debatable among reasonable men. We are now staffed so we are investigating with reasonable promptness every complaint filed with us alleging any violations of the act. I am speaking now of the Landrum-Griffin Act particularly.

These investigations are proceeding. Some of them take a long time. Some of them finish rather quickly. I can say that every complaint is being investigated where it presents a cause of action.

There are other types of investigations which we conduct, self-initiated examinations of union records, in the absence of any complaint or cause to believe there is a violation of the act.

It has been a matter of considerable debate within our staff as to how much of that we should be doing. Some people think we ought to be planning to examine the records of every labor organization in the United States at least once every 5 years. Some think a sampling of perhaps 5 percent every year should be sufficient.

Bearing in mind that the overwhelming majority of unions subject to the Landrum-Griffin Act have assets of less than \$20,000 and receipts of less than \$20,000 annually, we have chosen to concentrate in this type of investigation on examining the records of only the larger organizations and a very small sample of the small ones.

All I can say is that there are differences of judgment, differences of opinion within our organization, within the Department, on how much of that is enough.

I am speaking now only of the Landrum-Griffin Act, of course.

Under the Welfare and Pension Plans Disclosure Act, the investigation problem is quite different. There are statutory limitations there on the power of the Secretary to conduct any investigations. Any investigation may not be conducted without reasonable cause to believe that the investigation will disclose violations of the act.

Quite frankly, we have been most cautious in opening investigations under the Welfare and Pension Plans Disclosure Act until we have a better understanding of what is meant by "reasonable cause."

Most of our investigations under that statute have been rather simple investigations to collect reports where the administrator of the plan has failed to file the reports required by law. In those instances the failure to file reports has turned out to be instances of oversight, inadvertence, and in only one possible instance, thus far, do we think there is an element of criminality involved in that type of failure.

That is all I can say, sir, without being redundant and giving you the complete details of the annual reports which have been filed with

the Congress under the Landrum-Griffin Act and the report which is about to be filed with the Congress under the Welfare and Pension Plans Disclosure Act. I think that sums it up.

Mr. FOGARTY. What percentage of your investigations has revealed violations?

Mr. KLEILER. The majority of our investigations, I cannot give you an exact percent, disclose a violation of some kind under the Landrum-Griffin Act. Usually they are technical violations in that a union in its financial report did not report items on line 17 but put them on line 18, and that sort of thing. Sometimes there are omissions in the amount of detail.

When it comes to the actual percentage of violations of a willful variety, I think I have some statistics here. I am sorry I cannot give it to you in percentage terms, but I can advise you that we brought more than 300 criminal actions under the Landrum-Griffin Act, some of them investigated by the Department of Justice, since the passage of the act.

PERCENTAGE OF COVERAGE

Mr. FOGARTY. What percentage of coverage do you have with the number of investigations you are making in 1964?

Mr. KLEILER. When you talk in terms of investigations, you must bear in mind that we keep our statistics on a violations basis. One investigation may cover two violations of different sections of the act. In the last year we conducted some 1,700 investigations of one kind or another, of different labor organizations. Of that number, only a few hundred were of the program financial investigations not resulting from a complaint. I suppose in percentage terms, that means that the so-called program financial investigations amount to something in the neighborhood of 1 percent of the universe.

Mr. FOGARTY. Do you think you are getting pretty good compliance with the staff you have?

Mr. KLEILER. Is it rather difficult to say. We know that we are getting excellent compliance with the staff we have with respect to the large unions.

Bear in mind that this statute contains no exemption for small unions. We have many reporting delinquencies, failures to file reports.

Mr. FOGARTY. Should there be some exemptions?

Mr. KLEILER. Let me give you an example.

Under the law, a union with only five members is subject to the reporting obligations, as well as bonding and other obligations. I am not ready to speak to the legislative question as to whether there should be an exemption, but I was a little bit distressed to find one of the cases we opened, a failure to file a report, when we found the union had failed to file, its membership had dwindled to only two members and it seemed hardly worth the trip to collect a report from that union.

I want to indicate there are many very small labor organizations in the country, and to determine how much expenditure of taxpayer money there should be to insure that they are filling out these reports properly and promptly is a debatable issue.

We are not getting 100 percent compliance. With a larger staff we could, surely, but I do not think there is any operation of this

kind anywhere in the Government that expects to get 100 percent compliance on matters of that sort.

We are staffed adequately to investigate every complaint filed with us.

Mr. FOGARTY. You are?

Mr. KLEILER. Yes.

Excuse me. I want to make one qualification. We have an agreement with the Department of Justice by which embezzlement actions under this statute are referred to the FBI for investigation. So, many of the cases in which we receive evidence of criminality, under the agreement between the Secretary of Labor and the Department of Justice are referred immediately to the Department of Justice for action.

Mr. FOGARTY. Mr. Denton.

ADEQUACY OF COMPLIANCE ACTIVITIES UNDER LANDRUM-GRIFFIN ACT

Mr. DENTON. How much do you request for the reporting and disclosure provisions under the Landrum-Griffin Act?

Mr. KLEILER. The lump sum, as shown on page LMSA-3 for administration of reporting and disclosure laws, totals \$6,445,700 and 549 positions under both laws.

Mr. DENTON. Could you break it down for the Landrum-Griffin Act?

Mr. KLEILER. I do not believe we can break it down to a very fine point, but I say the bulk of it is Landrum-Griffin Act.

Mr. DENTON. How much would it cost to enforce the law as you think it should be enforced?

Mr. KLEILER. One hundred percent compliance, both laws?

Mr. DENTON. What you think for 100 percent compliance and for what you think should be done.

Mr. KLEILER. I would hate to risk a guess on that.

Mr. DENTON. You are investigating only complaints, and of course that is not a complete check.

Mr. KLEILER. True.

Mr. DENTON. You miss the main cases that way. To do a thorough job, what would it cost you?

Mr. KLEILER. I honestly do not know. I hate to seem to be unresponsive to that question. Quite frankly, we have launched—

Mr. DENTON. Would you need twice as much as you have now?

Mr. KLEILER. Probably.

Mr. DENTON. You would have to double the amount to get full compliance?

Mr. KLEILER. You want to bear in mind that the question of how much is enough is a matter that is subject to considerable disagreement. All I am saying is, I imagine every man in Government would say he could do better with a larger staff, but the decision has been made.

Mr. DENTON. But if we enact a law, it ought to be enforced.

Mr. KLEILER. I believe this law is being enforced, sir.

Mr. DENTON. Not 100 percent.

Mr. KLEILER. There is not a 100-percent examination of union records in the absence of any cause to believe there is a violation.

Mr. DENTON. It is not enforced to the extent you think it should be. You are able to enforce when there are complaints.

Mr. KLEILER. I am not sure I understand.

Mr. REYNOLDS. Could I discuss that. I think your observation is very well taken, Congressman Denton, but I think with respect to any feature of the act which is brought into play by reason of the complaint of a citizen or a member of the union, it is thoroughly investigated and he is getting the full measure of protection which the law affords him.

When we come to the activities on our own motion, something comparable to the Internal Revenue Service making an occasional audit of a citizen's income tax return, that is a different matter. That is where Mr. Kleiler very well points out it depends on what you want. You can get a \$100 package or a \$50 package. I think we could perform more.

I think, fortunately, however, our record is revealing that most of the labor unions of this country conduct themselves with a high degree of fiduciary responsibility and rectitude. So, on the basis of what is revealed, I do not believe there are willful violations and widespread embezzlement of any sort that we are missing. It would be quite correct to say we could do a better job with more people. I think we are trying to strike that balance of what is in the entire public interest.

Mr. DENTON. I did not like this law, but anyhow, since it is here, I think it ought to be enforced. You are enforcing it when somebody complains, but if somebody does not complain, he does not get the benefit of this law.

Mr. KLEILER. May I make one slight addition to the record. When it comes to failures to file a report or deficiencies in the reports, in the absence of complaints we are going out and getting them. We are doing that job, I think, rather thoroughly.

RELATIONSHIP OF DEPARTMENT OF LABOR WITH NATIONAL MEDIATION BOARD AND MEDIATION AND CONCILIATION SERVICE

Mr. DENTON. One last question. Do you think the Mediation and Conciliation Service and the National Mediation Board should be under the Department of Labor?

Mr. REYNOLDS. If you ask the question, you get an answer. I would assume Secretary Wirtz should be the one to answer, but I will answer in the affirmative.

I did not think that at one time, Congressman Denton, but I do think so now. I think the Department of Labor and its posture in our society has risen to a point that it is respected by both management and labor. It is viewed as a real instrument of service which is dedicated to its fundamental charter of fostering the aims and aspirations of the workers of this country, but it is primarily devoted to the broader interests of labor peace and, in that regard, I think it would be well to have both the Conciliation Service and the National Mediation Board right under the Secretary of Labor.

Mr. DENTON. I think you made a very good answer, the best answer we have had, about the Labor Department and these two agencies settling disputes, when you said some cases fall back on the Secretary of Labor after these people cannot do anything else. When you say that, there does not seem much justification for having three separate agencies. It is bound to lead to conflict and duplication.

Mr. REYNOLDS. I assure you there isn't any conflict. The Secretary is most respectful of their roles. We jealously guard our conduct so we do not encroach. We maintain a very cordial relationship.

When the point comes where bringing to bear the good offices of the Secretary of Labor can be useful, they are brought to bear. I think both the Conciliation Service Director and the members of the National Mediation Board recognize this relationship as a very useful one. We accommodate one another and complement one another. Our relationship is most cordial, I can assure you.

Mr. DENTON. That is all.

Mr. FOGARTY. Mr. Laird.

Mr. LAIRD. Mr. Secretary, did I understand you to say that you would recommend putting the Conciliation and Mediation Service under the Secretary of Labor?

Mr. REYNOLDS. You understood me to respond to a question. I did not volunteer that I would recommend it. I was asked, "Do I think it would be well to have it there," I believe, and I answered in the affirmative, "Yes."

I did not think that years ago, but I think it firmly now, having been Assistant Secretary for 3 years.

Mr. LAIRD. When I look over some of these justifications, they read like the justifications used to read for the Conciliation and Mediation Service. Day before yesterday we had a hearing on the Conciliation and Mediation Service, and I quoted from the justifications of the Department of Labor to do this kind of work in fiscal year 1965. I came to the conclusion that you have the same justification writer in the Department of Labor in 1965 as the Conciliation and Mediation Service had in 1963. Do you have the same writer?

Mr. REYNOLDS. Frankly, I would not have the remotest idea.

Mr. HUDSON. No, sir; we do not.

Mr. REYNOLDS. I would not think so. I understand your concern, and I share it, and we have gone into this to some extent.

An illustration of the type of work that we do that they cannot do is the Department's manpower and job security study of the longshore industry. As you know, last winter we had, unfortunately, a strike in this industry. One of the ways that was settled was to get the parties to agree that the Department of Labor would embark on a comprehensive study of manpower utilization and job security in the longshore industry.

That is the sort of study and service that we contemplate doing here with this group, by drawing upon the resources of the Department, not adding any excessive manpower to do it, but to use what we have more effectively. That is what we have been doing here. We have been doing this with the full cooperation of the Mediation and Conciliation Service.

As we get into the next round this summer, the Mediation Service will be in a much better position, we hope, to resolve the difficulties without having the devastating strike that we had last December and January.

Mr. LAIRD. Do you think because of your work we can cut back on some of the services of the Mediation and Conciliation Service?

Mr. REYNOLDS. No; I do not think so.

FINANCING AD HOC GROUPS ON LABOR-MANAGEMENT RELATIONS

Mr. LAIRD. They have in their budget justification that it is necessary for them to have funds to provide services for the ad hoc commissions which are established to deal with specific labor-management relations matters. They made the point that this was their responsibility.

Mr. REYNOLDS. It is, under the Taft-Hartley law, under the 80-day injunction feature, but it is not their responsibility, for instance, to handle such matters as the Presidential Railroad Commission or the Rosenman Emergency Board that we established or the Board of Inquiry that I chaired in the Florida East Coast and Cape Kennedy dispute. These Boards which come up on an ad hoc basis throughout the year are matters that are not their responsibility but, rather, ours.

Mr. LAIRD. In your justifications on page LMSA-7, you state under "Industrial relations services," dropping down to the second paragraph:

Providing assistance in particular dispute situations and servicing ad hoc commissions and boards to deal with specific, labor-management relations matters.

That refers to the type of board that you have just outlined and ad hoc commissions, not the Taft-Hartley type.

Mr. REYNOLDS. That is correct, yes.

ENFORCEMENT OF THE LANDRUM-GRIFFIN ACT

Mr. LAIRD. A law note which appeared in the October 1963 Cornell University publication, *Industrial and Labor Relations Review*, points out with respect to the administration of the Landrum-Griffin Act that despite over 360 investigations in over 3 years, the Department of Labor has not instituted a single enforcement action, either civil or criminal.

This particular article which appeared in the *Review* says the Department of Labor is well known for its aggressive enforcement of wage-hour violations.

Have you any comment on this article?

Mr. REYNOLDS. I am not familiar with the article, Congressman, but I can assure you that there has been diligence with respect to the enforcement of the law. I think very possibly one of the difficulties here arises from the fact, as Mr. Kleiler, the Director of this particular activity in the Department, has stated, that when we find evidence of embezzlement as we go in to make an investigation of financial conditions or any other matters, we refer it immediately to the Department of Justice, and the Department of Justice then proceeds with the prosecution. We are the fellows who in a sense make the snowballs, and they are the ones who throw them. I have no jealousy about that. Again when one hears of the indictment and conviction of some unworthy union member—fortunately, there are not so many—frequently, as in some of the Teamster cases, for instance, an investigation started with us, but the case finishes with the Department of Justice because of the nature of the violation.

Mr. LAIRD. You think, then, this article is unfair—

Mr. REYNOLDS. I have not read it.

Mr. LAIRD. In trying to draw a comparison between the wage-hour violations and the Landrum-Griffin violations?

Mr. REYNOLDS. I think it would be a rather hasty statement to say there is a lesser degree of diligence in the administration of Landrum-Griffin possibly because it is directed against labor unions whereas wage-hour is directed against employers. I think that would be most unfair. Both of them come under my office, and I can assure you, as far as I am concerned, they are equally pursued.

Mr. LAIRD. Are you familiar with this article, Mr. Kleiler?

Mr. KLEILER. Is that the article related to the enforcement of the trusteeship provisions of the Landrum-Griffin Act? It is true that until recently no legal action has been brought by the Secretary of Labor under title III.

Mr. LAIRD. The article is before you now.

Mr. KLEILER. This simply relates to trusteeships, the provisions of title III of the Landrum-Griffin Act. It does not relate to the administration of the entire statute.

Actually, up to December 31, 1963, we brought more than 355 legal actions under the Landrum-Griffin Act, 311 of them criminal indictments. So, it certainly proceeds from the wrong premise.

You will recall that one section of the Landrum-Griffin Act required the Secretary of Labor to file a report with the Congress with respect to the operation of title III of the act. That report was filed in September 1962. It runs to about 180 pages. The Secretary's entire administration of title III of the act for the first 3 years was fully described statistically, analytically, and in every conceivable way. So that document is now before the Congress.

Mr. REYNOLDS. This is the section pertaining to trusteeships.

Mr. KLEILER. Yes. That report of the Secretary indicates that the operation of the law itself resulted in the termination of a great many trusteeships of long standing and cured most of the situations which the McClellan committee found were so notoriously bad in the administration of trusteeships.

I think this point also needs to be noted: The Secretary may not initiate action to bring about the removal of a trusteeship where one has been established, unless there is a complaint from a member of the local over which the trusteeship has been established. So, we do not have this broad enforcement authority in connection with trusteeships that we have in other areas.

Mr. LAIRD. Thank you. That clears up this comment.

That is all, Mr. Chairman.

Mr. FOGARTY. Is there anything else, Mr. Reynolds?

Mr. REYNOLDS. No, thank you.

Mr. FOGARTY. Thank you very much.

JUSTIFICATION MATERIAL

We shall place your formal justifications in the record.
(The justifications referred to follow:)

SALARIES AND EXPENSES, LABOR-MANAGEMENT SERVICES ADMINISTRATION

Amounts available for obligation

| | 1964 | 1965 |
|--|-------------|-------------|
| Appropriation or estimate..... | \$7,450,000 | \$7,736,000 |
| Transfer from Office of the Secretary..... | 50,000 | ----- |
| Comparative transfer to Office of the Secretary..... | -20,200 | ----- |
| Reimbursement for sale of welfare and pension filings..... | 10,000 | 10,000 |
| Total fund availability or estimate, revised..... | 7,489,800 | 7,746,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|---|-----------------------------|-----------|----------------|-----------|-------------|------------|
| | Position | Amount | Position | Amount | Position | Amount |
| 1. Employee-management relations services: | | | | | | |
| a. Industrial relations services..... | 5 | \$190,200 | 19 | \$384,000 | +14 | +\$193,800 |
| b. Federal employee-management relations..... | 3 | 36,600 | 3 | 36,900 | ----- | +300 |
| 2. Labor-management policy development..... | 12 | 134,000 | 18 | 246,600 | +6 | +112,600 |
| 3. Administration of reporting and disclosures laws: | | | | | | |
| a. Reports and disclosure..... | 169 | 1,391,500 | 164 | 1,408,000 | -5 | +16,500 |
| b. Interpretations and regulations..... | 42 | 443,400 | 38 | 429,500 | -4 | -13,900 |
| c. Technical assistance..... | 19 | 243,400 | 17 | 248,000 | -2 | +4,600 |
| d. Compliance operations..... | 50 | 685,800 | 48 | 672,500 | -2 | -13,300 |
| e. Field service..... | 279 | 3,638,300 | 276 | 3,572,200 | -3 | -66,100 |
| f. Administration..... | 6 | 113,300 | 6 | 115,500 | ----- | +2,200 |
| Subtotal (activity 3)..... | 565 | 6,515,700 | 549 | 6,445,700 | -16 | -70,000 |
| 4. Executive direction and administrative services..... | 75 | 613,300 | 71 | 632,800 | -4 | +19,500 |
| Total obligations..... | 660 | 7,489,800 | 660 | 7,746,000 | ----- | +256,200 |
| 5. Reimbursements..... | | -10,000 | | -10,000 | ----- | ----- |
| Total direct obligations..... | 660 | 7,479,800 | 660 | 7,736,000 | ----- | +256,200 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|-----------------------------|----------------|-------------|
| Total number of permanent positions..... | 660 | 660 | ----- |
| Average number of all employees..... | 662 | 659 | -3 |
| 11 Personnel compensation..... | \$5,754,000 | \$5,951,600 | +\$197,600 |
| 12 Personnel benefits..... | 431,000 | 450,500 | +19,500 |
| 21 Travel and transportation of persons..... | 470,000 | 483,000 | +13,000 |
| 22 Transportation of things..... | 15,000 | 20,000 | +5,000 |
| 23 Rent, communications, and utilities..... | 208,000 | 212,600 | +4,600 |
| 24 Printing and reproduction..... | 140,000 | 143,500 | +3,500 |
| 25 Other services..... | 341,800 | 340,000 | -1,800 |
| 26 Supplies..... | 110,000 | 112,900 | +2,900 |
| 31 Equipment..... | 20,000 | 31,900 | +11,900 |
| Total obligations..... | 7,489,800 | 7,746,000 | +256,200 |
| Deduct: For sale of copies of welfare and pension filings..... | -10,000 | -10,000 | ----- |
| Total direct obligations..... | 7,479,800 | 7,736,000 | +256,200 |
| Working capital fund items included above..... | (332,075) | (317,375) | (-14,700) |

Summary of changes

| | Appropriation | Transfer | Total available |
|---------------------------|---------------|----------|-----------------|
| 1964..... | \$7,450,000 | \$50,000 | \$7,500,000 |
| Comparative transfer..... | -20,200 | | -20,200 |
| 1964, revised..... | 7,429,800 | 50,000 | 7,479,800 |
| 1965 estimate..... | 7,736,000 | | 7,736,000 |
| Total change..... | +306,200 | -50,000 | +256,200 |

Mandatory items:

Increases:

| | |
|---|--------------|
| Net additional cost on a full-year basis the 2d step of pay increase (effective Jan. 5, 1965), for current year (base) staff pursuant to Public Law 87-793..... | + \$138, 119 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff..... | + 53, 200 |

Decreases:

| | |
|--|-----------|
| To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964; there will be 261 in 1965..... | - 22, 230 |
| To reduce the base estimate for centralized services furnished through the working capital fund to the level of expense needed for 1965..... | - 14, 700 |
| Nonrecurring rent transferred to GSA..... | - 1, 300 |

Program items:

Increases:

| | |
|--|------------|
| To establish and expand the program and functions of the Office of Industrial Relations Services (personnel compensation and benefits—14 positions, \$134,299; nonlabor costs \$39,800)..... | + 174, 099 |
| To establish and expand the program and functions of the Office of Labor-Management Policy Development (personnel compensation and benefits—6 positions, \$63,032; nonlabor costs \$25,750)..... | + 88, 782 |

Decreases:

| | |
|---|------------|
| Reductions resulting from consolidation of activities, program contraction and increased productivity in the Office of Labor-Management and Welfare-Pension Reports and the Office of Administration and Management (personnel compensation and benefits—20 positions \$144,370; nonlabor costs \$6,000)..... | - 150, 370 |
| Nonrecurring moving costs relative to consolidation..... | - 9, 400 |

| | |
|-------------------|------------|
| Total change..... | + 256, 200 |
|-------------------|------------|

Mandatory and financing changes for 1965

MANDATORY ITEMS

| | | |
|---|--|----------------|
| Increases: | | |
| Pay increase costs..... | | + \$138, 119 |
| To finance on a full-year basis the 2d step of pay increases (effective Jan. 5, 1964) granted by Public Law 87-793, for current year (base) staff. This 2d step was funded on a part-year basis in 1964. The object schedule includes these changes as follows: | | |
| Personnel compensation..... | | 128, 580 |
| Personnel benefits..... | | 9, 539 |
| | | <hr/> 138, 119 |
| Within-grade promotion costs..... | | +53, 200 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover: | | |
| Personnel compensation..... | | 53, 689 |
| Deduct lapse..... | | -4, 516 |
| Personnel benefits..... | | 4, 027 |
| | | <hr/> 53, 200 |
| Net cost..... | | 53, 200 |
| Decreases: | | |
| Reduction of 1 less day of pay in 1965 over 1964..... | | -22, 230 |
| To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 work-days funded in 1964, there will be 261 in 1965. | | |
| Nonrecurring rent in 1965..... | | -1, 300 |
| Rental costs for field offices transferred to General Services Administration in 1965. | | |
| Working capital fund decrease..... | | -14, 700 |
| To reduce the base estimate to level of expense needed for 1965. Less services will be needed from the working capital fund in 1965 than were funded in 1964. | | |

Mandatory and financing changes by activity

| Type of change | Activity 1 | | Activity 2 | | Activity 3 | | Activity 4 | | Total | |
|--|------------|-----------|------------|-----------|------------|-------------|------------|------------|----------|-------------|
| | Position | Amount | Position | Amount | Position | Amount | Position | Amount | Position | Amount |
| Mandatory changes: | | | | | | | | | | |
| Pay increase cost..... | | +\$2, 083 | | +\$3, 440 | | +\$122, 543 | | +\$10, 053 | | +\$138, 119 |
| Within-grade promotion costs..... | | +472 | | +1, 527 | | +45, 728 | | +5, 473 | | +53, 200 |
| Less: 1 day of pay..... | | +407 | | -157 | | -20, 676 | | -1, 804 | | -22, 230 |
| Other: | | | | | | | | | | |
| Reduction in working capital fund..... | | -400 | | -400 | | -12, 300 | | -1, 600 | | -14, 700 |
| Nonrecurring..... | | | | | | -1, 300 | | | | -1, 300 |
| Total..... | | +2, 562 | | +4, 410 | | +133, 995 | | +12, 122 | | +153, 089 |

ACTIVITY 1. EMPLOYEE-MANAGEMENT RELATIONS SERVICES (1964, \$226,800;
1965 \$420,900)

(A) INDUSTRIAL RELATIONS SERVICES

Narrative description of program

Significant social and economic changes, an increased awareness on the part of labor, management, and the public of the impact of such changes, together with new legislation and executive orders, have substantially broadened the Department of Labor's role in the area of labor-management relations in recent years. The Secretary has delegated the major responsibility for the discharge of the duties imposed in this area to the Administrator of the Labor-Management Services Administration. The Office of Industrial Relations Services has been established to carry out the "external" or direct public service aspects of this function through the recruitment of a small but sophisticated staff of professionals experienced in labor-management relations matters.

Responsibilities of the Office fall into three major categories: (1) Coordinating and marshaling together the variety of labor-management services performed within the Department for ready availability to the mediation services, other Government agencies, and to management and labor; (2) providing staff support to the Secretary and the Administrator in discharging the Department's responsibilities in the labor-management area in relation to various interagency activities; and (3) providing assistance in particular dispute situations and servicing ad hoc commissions and boards established to deal with specific labor-management relations matters.

The Office will serve as the focal point in the Department's relations with other labor-management relations agencies of the government, particularly FMCS, NMB, and the NLRB. Upon the request of such agencies, or the Secretary, the Office will proceed in advance of emergencies or collective bargaining deadlines to assess the character and dimension of potential areas of controversy and gather and supply information, from within the Department, other Government agencies, and private sources, which will be of assistance in resolving collective bargaining problems. Similar services will be provided upon request and within the resources available to the parties in collective bargaining situations. At the outset, information will be developed on the mechanics of establishing joint labor-management "human relations" type committees for use by the FMCS in appropriate cases.

The Department's expertise, advisory guidance, or policy determination in the labor-management relations area are required for a variety of intragovernmental activities, some requiring continuing assistance and others of an ad hoc nature. Activities in the former category include the Department's participation on Interagency Committee on Transport Mergers, the Missile Sites Labor Commission, and the Atomic Energy Labor Panel. By their nature future demands of an ad hoc nature are not readily identifiable; however, the following recent activities are representative examples of the types of matters which require the Department's participation and assistance; development of an appropriate labor relations policy for the National Capital Transportation Agency, assessing the labor implications of proposals for the establishment of new, rapid transit facilities along the Eastern seaboard megalopolitan corridor, reviewing proposed U.S. policy with respect to international air transportation, examining the labor relations and manpower adjustment problems which may arise from the development of new forms of transportation, and resolving problems with the longshoremen's union concerning the handling of shipments to Communist countries. Staff support for the performance of such responsibilities will be furnished by the Office of Industrial Relations.

The third major responsibility of the Office will be to provide interagency liaison and staff assistance to the Office of the Secretary with respect to particular labor dispute situations of national concern in which the Department becomes involved. Experiences over the past several years in the railroad, airline, aero space, maritime, and longshore industries are illustrative of the types of situations in which the participation of the Department and policy actions on behalf of the President become necessary. Other recent illustrative examples include participation of the Department on the Federal Inquiry Board appointed to investigate the impact of the Florida East Coast Railway strike on our defense and space programs and the United States-Canadian meetings on the Great Lakes maritime labor problem. Also, as circumstances require, the Office of Industrial Relations Services will render staff assistance to ad hoc boards and commissions established to consider particular labor-management relations problems.

Status of program—Fiscal year 1964 and fiscal year 1965

This Office is being established during 1964 and initially staffed with only a nucleus of personnel. Fiscal year 1964 financing is wholly from the merger savings discussed in the general statement, and is expected to provide only for part-year employment for about five positions. Staff recruited in 1964 will be engaged principally in planning and developmental work for full-scale staffing and operation during 1965. Of course, the limited staff will perform such of the above-described functions as required and as possible.

Program changes for 1965

The availability of 19 positions in fiscal year 1965 will permit the full scope of functions and services that have been described. This is an increase of 14 positions and \$191,538 over 1964. The increase will permit the expansion of the operations started in fiscal year 1964.

(B) FEDERAL EMPLOYEE-MANAGEMENT RELATIONS

Narrative description of program

The Office performs the functions vested in the Secretary under section 11 of Executive Order 10988 which includes (1) the examination and handling of agency or employee organization requests for the nomination of arbitrators in cases involving appropriateness of units for the purpose of exclusive recognition or questions as to majority status determinations and in appropriate cases makes such nominations and (2) the rendering of such assistance as may be appropriate to Federal agencies in connection with advisory decisions or determinations.

The Office issues interpretations pertinent to the Secretary's responsibilities under the order; develops and issues policies, procedures and guides; recommends the issuance, revisions or amendments of rules and regulations; renders assistance and advice to agencies and employee organizations concerning the order and the Standards of Conduct for Employee Organizations and the Code of Fair Labor Practices; maintains liaison with the Civil Service Commission and other agencies and performs other advisory and technical services to implement the order. During the past year this Office has processed 63 requests for the nomination of arbitrators and issued two procedural guides covering majority status determinations and section 11 hearings.

Issuance of Executive Order 10988 has been characterized by labor leaders as the most significant action in the Government employee relations field since enactment of the Lloyd-LaFollette Act in 1912. Implementation of the order has in many respects just begun. Some significant aspects of the program are merely at the threshold stages. The organizing potential is substantial and union activity will undoubtedly be sustained. The role of the Department of Labor in terms of assigned responsibility under the order, as well as its general expertise in labor relations matters, strongly suggests that increasing resources will need to be devoted to the practical, effective administration of the order.

On January 1, 1964, pursuant to a memorandum of the President and Civil Service Commission regulations, a system of voluntary withholding of employee organization dues became effective. This arrangement is likely to stimulate increased organizational activity among employees on the part of labor organizations which at the present time represent, on an exclusive basis, about 12 percent of the nonpostal Federal employees. Increased organizational activity and agency implementation of the standards and code by November 21, 1963, will further increase the caseload of the Office.

Status of program—Fiscal year 1964 and fiscal year 1965

These functions, previously performed by staff of the immediate Office of the Assistant Secretary for Labor-Management Relations, are being continued by this new Office staffed currently by one professional employee transferred from the Office of the Assistant Secretary staff and who now will devote full time to this program. The relative newness of the Federal policy and of agency implementation will require a total staff of three during 1964 to carry out the several facets of the Secretary of Labor's responsibility, as well as to be responsive to requests for guidance and assistance in the indirect responsibility areas.

Program changes for 1965: None.

ACTIVITY 2. LABOR-MANAGEMENT POLICY DEVELOPMENT (1964, \$134,000; 1965, \$246,600)

NARRATIVE DESCRIPTION OF PROGRAM

The Office of Labor-Management Policy Development has two basic functions: (1) to serve as a support arm to the Secretary of Labor in the discovery, consideration, and development of appropriate policies and actions in the broad area of industrial relations and collective bargaining and (2) to undertake necessary research and studies in specialized fields such as those covered by the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act and, additionally, to coordinate the labor-management relations research activities within the Department of Labor.

In the general policy area, this Office will undertake a continuing review of the performance of collective bargaining in order to advise on prospective issues and situations which may require policy or affirmative action by the Secretary or the Administrator. Significant proposed or existing private policies affecting collective bargaining, such as the proposal for a national trucking contract, existing employee protection plans and other job security arrangements, the operations of joint industry-labor committees of various kinds, the influence of strike insurance plans (employer and union) on dispute settlements, and shorter workweek proposals will be examined in terms of the impact, contribution, or difficulties these practices or proposals present in the labor-management field.

The Office will assess the need for, and develop policy in the area of labor-management relations legislation and review proposals for statutory amendments in this area, as, for instance, the recommendations of the President's Advisory Committee on Labor-Management Policy. Policy questions involving the issuance of Executive orders in the labor-management relations field will also be handled by this Office.

The Office will also assist the Administrator in advising the Secretary on matters before the President's Advisory Committee on Labor-Management Policy and undertake such substantive analysis as may be assigned it by the Secretary or requested by the Committee.

The Office will also develop plans and procedures to carry out the Department's delegated responsibilities for national emergency planning in the area of wage stabilization and labor disputes administration.

In the area of research and analysis, the Office will coordinate the labor-management relations research activities within the Department and will encourage a greater interagency focus and liaison on existing and needed research undertakings. An index and inventory of all research resources available within the Department in terms of projects planned, in process, or completed, as well as a roster of personnel within the Department possessing specialized knowledge of certain industries or particular industrial relations problems will be developed.

Particular collective bargaining situations will be evaluated in cooperation with the mediation agencies, where experience and information indicate that such situations are likely to result in serious disputes in forthcoming negotiations.

The Office will undertake two types of research and analysis in the area of Labor-Management Reporting and Disclosure Act and Welfare and Pension Plans Disclosure Act. At periodic intervals interpretative, analytical, and statistical materials will be issued based on significant data from union financial reports and welfare and pension reports. In addition, specific studies related to the operation of these statutes will be undertaken, using as resources the reports, the investigative files, and field surveys. Other research activities will relate to specific problem matters not typically performed by existing research units within the Department, or in new areas of activity; for example, a study of the experience of the Office of Federal Employee-Management Relations to date under Executive Order 10988. This will include an analysis of the number and types of employee organization units accorded recognition, units agreed upon and determined by arbitrators, agreements signed, number and types of employees covered, etc.

STATUS OF PROGRAM, FISCAL YEARS 1964 AND 1965

This Office is being established during 1964 and partially staffed—mainly through transfer of the research staff of the former BLMR. Funding of the 12 positions is accomplished wholly through merger savings previously discussed. In 1964, planning and developmental work in terms of a total of 18 positions and programs for full-scale operation in 1965, will be carried out, specialized research studies will be initiated, and resource inventories and indexes will be started.

In 1965, the proposed staff will be available for most of the year and the full range of activities described above will be undertaken.

PROGRAM CHANGES FOR 1965

The availability of 18 positions in fiscal year 1965 will permit the full scope of functions and services that have been described. This is an increase of six positions and \$108,190 over 1964. The increase will permit the expansion of operations started in fiscal year 1964.

ACTIVITY 3. ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS (1964 \$6,515,700; 1965 \$6,445,700)

This activity consists of the Office of Labor-Management and Welfare-Pension Reports which performs nearly all functions in the administration of the Labor-Management Reporting and Disclosure Act and Welfare and Pension Plans Disclosure Act which formerly were performed in the Bureau of Labor-Management Reports and the Office of Welfare and Pension Plans. The exceptions are broad-range research and administrative management which now are included in activities 2 and 5, respectively. The operations of this new Office are categorized and described below in six subactivities.

(A) REPORTS AND DISCLOSURE

Narrative description of program

The Division of Reports and Analysis comprises this activity and includes the functions of control, processing, examination, and coding of reports filed under the Labor-Management Reporting and Disclosure Act and Welfare and Pension Plans Disclosure Act; performs comprehensive analyses and financial audits of reports; administers the disclosure provisions of the acts, including direction of the field in this function; conducts a statistical program; and replies to inquiries on the provisions of the two acts.

Workload data

| | Fiscal year 1963 actual | Fiscal year 1964 estimate | Fiscal year 1965 estimate |
|--|-------------------------------|---------------------------------|---------------------------------|
| A. Reports received (total) | 212,401 | 230,625 | 231,325 |
| 1. Registration type reports (organization reports LM-1; plan descriptions D-1 and D-1 amendments) | 36,894 | 37,500 | 39,000 |
| 2. Annual reports (financial reports LM-2, LM-3, and amended and terminal reports; financial reports D-2; and informational reports D-3) | 174,230 | 197,800 | 191,000 |
| 3. Special reports (trusteeship; union officer and employee; employer; labor relations consultant) | 1,277 | 1,325 | 1,325 |
| B. Summary examinations (total) | 188,747 | 208,625 | 169,625 |
| 1. Registration type reports (organization reports LM-1; plan descriptions D-1 and D-1 amendments) | 39,074 | 37,500 | 39,000 |
| 2. Annual reports (financial reports LM-2, LM-3, and amended and terminal reports; financial reports D-2) | 148,406 | 169,800 | 129,300 |
| 3. Special reports (trusteeship; union officer and employee; employer; labor relations consultant) | 1,267 | 1,325 | 1,325 |
| C. Desk audits | 1,361 | 1,500 | 1,500 |
| D. Detailed analyses | 1,272 | 1,200 | 1,200 |
| E. Deficiency and delinquency notices mailed | 31,179 | 46,500 | 46,500 |
| F. Disclosure activities: | | | |
| Number of reporting entities with respect to whom disclosure is made | 44,032 | 44,500 | 44,500 |
| Number of pages reproduced for sale | 81,920 | 83,000 | 83,000 |
| Number of visitors | 3,372 | 3,400 | 3,400 |
| G. Correspondence (total) | 40,229 | 40,200 | 40,200 |
| Composed replies | 11,718 | 11,700 | 11,700 |
| Form and checklist letters (other than delinquency and deficiency notices) | 28,511 | 28,500 | 28,500 |

Status of program, fiscal years 1964 and 1965

A. *Reports received.*—Establishment of the Office of Labor-Management and Welfare-Pension Reports brings together all of the reports and analysis functions previously performed by the Bureau of Labor-Management Reports and the Office of Welfare and Pension Plans. Fourteen different types of reports are required to be filed—11 under the Labor-Management Reporting and Disclosure Act and 3 under the Welfare and Pension Plans Disclosure Act.

Special attention is being given in fiscal year 1964 to developing more automated methods for receiving and controlling reports, and procedures are being adopted whereby both Labor-Management Reporting and Disclosure Act and Welfare and Pension Plans Disclosure Act reports can be handled in one overall unit under a single supervisory structure, rather than separately as was done formerly by the two independent offices. This planning and reorganization will be accomplished in fiscal year 1964 so that fiscal year 1965 operations will be on a combined basis.

It is estimated that almost 64,000 Labor-Management Reporting and Disclosure Act reports and 167,000 Welfare and Pension Plans Disclosure Act reports, or a total of approximately 230,000 reports, will be filed in fiscal year 1965.

Although the two acts apply, generally, to different groups and organizations, the reports received can be subdivided into three general categories:

(1) Of the 230,000 reports expected to be received in fiscal year 1965, 39,000 will be first-time filings describing the provisions of newly established welfare and pension plans or reports showing amendments to existing plans and reports from newly formed labor organizations.

(2) Annual reports showing the financial structure and operations of reporting entities under both laws and information reports from welfare and pension plans covering less than 100 participants will total an additional 191,000 filings.

(3) The remaining 1,325 are composed of a variety of special reports from trusted unions, union officers, and employees, labor relations consultants, and employers whose activities bring them within the scope of the Labor-Management Reporting and Disclosure Act.

Total receipts of Labor-Management Reporting and Disclosure Act reports in fiscal year 1965 will continue at the 1963 level, which is being maintained in 1964, and will be somewhat less than originally estimated in the 1963 budget request. In the Welfare and Pension Plans Disclosure Act area, comparison with earlier years is not fully meaningful because it is not yet possible to gauge fully the effects of the 1962 amendments to that law. Under the amendments, plans which have more than 25 participants and are therefore subject to its provisions, but cover fewer than 100 participants, may file a short informational form (D-3) in lieu of the detailed financial report (D-2). Lack of understanding of these amendments on the part of administrators of some of the smaller plans resulted in a significant number of failures to file either a D-2 report or a D-3 form. This problem will be reduced substantially when reports are filed for the reporting year 1963, that is in the spring of calendar 1964.

B. *Summary examination.*—As noted in the budget request for fiscal year 1964, all phases of Labor-Management Reporting and Disclosure Act reports processing and evaluation were combined, and mechanical processes initiated to obtain more efficient operation. These efforts are being continued in the remainder of fiscal year 1964 and, in addition, steps will be taken to coordinate the examination and analysis of Welfare and Pension Plans Disclosure Act reports with comparable processes on Labor-Management Reporting and Disclosure Act reports.

Specialized manual and automatic data processing techniques and procedures best suited for each of the various types of registration and annual reports will be applied to identify reporting errors and deficiencies and to enable segregation of those reports which should be made the subject of detailed desk audit and analysis or be referred for field investigation. Similar techniques will be extended to the identification of, and preparation of notices to, reporting entities under both acts whose reports are overdue.

In fiscal year 1965, over 169,000 reports of all types will be subjected to summary examination, and basic statistical data will be abstracted showing the characteristics and financial activities of the reporting entities. This represents a drop of 39,000 from the 208,000 reports it is estimated will be examined in fiscal year 1964. This reduction results from two basic causes. First, during fiscal year 1963 and the first half of fiscal year 1964 particular emphasis was placed on eliminating backlogs remaining from earlier years' intake. Second, the number of full financial reports to be examined will be fewer as a result of the 1962 amendments to Welfare and Pension Plans Disclosure Act.

C. *Desk audits.*—Primary emphasis is being placed on desk audits of reports in which serious discrepancies are disclosed through ADP processing or those which are the subject of specific complaints or otherwise suggest the need for intensive examination. In addition, and to the extent staff time will permit, it is planned to audit a sampling of reports of international unions, intermediate bodies, local unions, and various types and sizes of welfare plans.

We will continue these programs in 1965 and estimate that in both 1964 and 1965, 1,500 audits will be performed.

D. *Detailed analyses.*—Because of their specialized nature, trusteeship, union officer and employee, employer, and labor relations consultant reports, present individual problems which are not found generally in the other types of reports. Similarly, certain types of welfare and pension plans possess special characteristics relating to categories of persons covered, methods of financing and operation, or involve unusual and complex reporting problems.

Approximately 1,200 such special reports will be subjected to analysis on a professional level in both fiscal year 1964 and fiscal year 1965.

In line with the overall plan, detailed analysis of both Labor-Management Reporting and Disclosure Act and Welfare and Pension Plans Disclosure Act reports will be made as part of a single operation.

E. *Deficiency and delinquency notices.*—This program is designed to identify delinquent and deficient reports of particular international unions and their subordinate groups and information on such unions is referred to the Division of Technical Assistance for handling at the international level, or, where appropriate, directly to the field.

Increased attention will be given to this program in the remainder of fiscal year 1964.

In excess of 46,000 letters will be mailed in fiscal year 1965 indicating errors or omissions in reports or failure to file reports within the permitted reporting period. This figure represents an increase of 16,000 over the number mailed in fiscal year 1963 and will bring this program on a more current basis. In this connection, it should be noted that mailings of these notices produce corresponding workloads in terms of the responses. Consequently, the level of this activity will be controlled in line with the capability of the staff to handle the replies in a timely manner.

F. *Disclosure activities.*—Visitors to the national and field offices examine reports on file and requests are received in person and by mail for copies of reports or parts of reports.

Activity in this area is expected to continue at the present level whereby disclosure is made of more than 44,000 reporting entities each year. The furnishing of copies for sale at a cost of 25 cents per page, primarily through mail orders, will total 83,000 pages and 3,400 individuals will examine files in the national and field offices.

Although no increase is assumed for 1964 or 1965, the fact that information on the Welfare and Pension Plans Disclosure Act may now be obtained in area offices may result in an increase in the number of requests for disclosure of welfare and pension reports, which will be continued to be maintained in the National Office.

Information developed in the remainder of fiscal year 1964 will provide the basis for any needed modification of these figures.

G. *Correspondence.*—A significant portion of the staff time in fiscal years 1964 and 1965 will be devoted to the preparation of replies to inquiries which involve substantive questions of interpretation of provision of the two acts. On the basis of past experience, more than 11,000 such inquiries will be received by mail, phone, and personal visits from the Congress, employees, unions, trade associations, professional groups, plan administrators, and Government agencies.

H. *Statistical program.*—During 1964 and 1965 current programs involving statistical analysis and preparation of a wide variety of tabulations and presentations reflecting information and data contained in reports filed will be continued. In addition, operating statistics for the programs of this and other Divisions of the Office will be maintained for use in program planning, evaluation, and for similar general management purposes.

Program changes for fiscal year 1965

Increased productivity in program functions and full realization of economy and efficiency of the two former independent offices will permit a reduction of five positions and \$31,372 which have been reallocated to the Office of Industrial Relations Services and the Office of Labor-Management Policy Development.

(B) REGULATIONS AND INTERPRETATIONS

Narrative description of program

This activity includes the functions of developing rules and regulations; holding required hearings; issuing interpretations and opinions; administering the bonding provisions of the acts; providing technical advice and information to the public as well as to the LMWP staff; analyzing operations and experience of parties affected by either act for the purpose of developing policies, principles, and criteria to be applied in the determinations and decisions of the Director.

Initially the functions have been organized along lines stemming from the two acts, but the process of integration of operations is progressing as rapidly as possible. For example, all bonding matters are handled by the same personnel irrespective of the act involved.

As part of the reorganization aspect of the merger, the functions of handling of subpoenas, supervising elections, issuing determinations in election cases, and making recommendations in cases considered for litigation, have been removed from this activity and placed in the compliance operations activity.

Workload data

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| A. Requests for variation on reports and exemptions on bonding..... | 73 | 90 | 90 |
| B. Interpretations..... | 4,800 | 4,400 | 4,300 |
| C. Regulations..... | 5 | 6 | 7 |
| D. Interpretative bulletins..... | 1 | 3 | 5 |

Status of program—Fiscal year 1964 and fiscal year 1965

A. *Request for variation on reports and exemptions on bonding.*—Requests for variation from the reporting requirements (sec. 5, Welfare Pension Plans Disclosure Act) and petitions for bonding exemptions (sec. 13(e) Welfare Pension Plans Disclosure Act) are expected to continue at approximately the same level in regard to inflow (70 per year) but we expect to gradually reduce the backlog, particularly on bonding, to a more appropriate level.

B. *Interpretations.*—Interpretations are prepared, in conjunction with the Solicitor, as appropriate in the form of letters to labor organizations, attorneys, plan administrators, associations, and to the public, and answers to queries from other elements of the staff in connection with their operations. These questions and problems involve financial, insurance, and reporting matters, bonding rulings, questions directly related to interpretative issues in investigations cases, etc., of a degree of complexity and policy formulation that precludes responses in the normal, routine operating manner. The period of large volumes of simple kinds of questions has long since passed and to the extent such questions still occur they are routinely answered in the field or in other operating units. The volume of the complex type of query responded to by this activity reflects a drop in 1964 and to a lesser extent in 1965.

C. *Regulations.*—With respect to the amended Welfare and Pension Plans Disclosure Act, Congress established broad standards and empowered the Secretary, or his authorized representative, to issue binding regulations in the following areas: (1) The form and detail of plan descriptions and annual reports; (2) the granting or denial of requests for variations in the reporting requirements, and (3) bonding.

Pending revision of the reporting forms (D-1, D-2, and D-3), the use of existing forms was made mandatory by regulation. Similarly, when the revised forms are ready a regulation will need to be issued making mandatory the use thereof.

With respect to the granting or denial of variations, section 5(a) states that "The Secretary may by regulations prescribe such other manner or other period * * * as he may determine to be necessary and appropriate to carry out the purposes of this act. Because of this specific language in the law, regulation is the only avenue by which the Secretary can grant, or deny, a formal petition for variation. Thus far a single regulation has been promulgated granting a variation in the publication requirements relating to filing with the Secretary, to certain plans underwritten by Blue Cross or Blue Shield.

With respect to bonding, subsection 13(e) provides: "The Secretary shall, from time to time, issue such regulations as may be necessary to carry out the provisions of this section." Moreover, the Secretary is authorized by subsection to grant exemptions from the requirements of subsection 13(a). When an exemption is granted, which in effect modifies the existing bonding regulations, an appropriate amendment to this regulation is promulgated. An example of such exemption granted involved a case wherein plans were permitted to place bonds with companies on the Treasury reinsurance list; the statutory provision stipulates placement with companies on the primary Treasury list.

D. *Interpretative bulletins.*—Prior to the Welfare and Pension Plans Disclosure Act amendments of 1962 the Secretary had no authority to issue binding interpretations under the act. The Secretary now has such authority and we propose to issue interpretations by means of interpretative bulletins. We expect to issue interpretative bulletins during fiscal year 1964 and fiscal year 1965 in the areas of severance and terminal pay plans, plan administrator, coverage and exemption from coverage, merger and termination of plans, employee beneficiary associations and territorial jurisdiction. These areas require clarification in order to establish uniform guidelines and criteria in applying specific factual situations to the broad general definitions and other provisions of the act.

While not susceptible to unit identification and measurement, a major part of the effort in this Division needs to be devoted to gathering and analyzing knowledge and experience on the principles and practices of organization and of operation in the trade union movement and among labor relations consultants to assist the Director in making the kinds of policy decisions and interpretations which the Congress deliberately did not attempt to make in the law. Areas such as membership classifications and their impact on title IV, "package deals" offered by labor relations consultants, where, at what level and by whom are the "executive functions" under section 3(n) performed are examples. Similarly, under Welfare and Pension Plans Disclosure Act analytical studies, basic to the formulation of determinations and interpretations in the field of employee benefit plans, are undertaken. Examples include, operational characteristics of the several types of plans, variations in methods of funding, State fiduciary standards, insurance practices, and other nonstatistical analyses. In this connection, available technical source references are being developed and maintained.

There also is great need for this Division to develop criteria for applying statutory principles to guide and assist such determinations as:

- (A) What bodies in the labor movement are:
 - (1) Locals.
 - (2) National or international labor organizations.
 - (3) Intermediate bodies.
- (B) What are reasonable limitations on the right to be a candidate for union office.
- (C) The circumstances under which labor organizations shall be required to adopt absentee balloting arrangements to make effective the statutory principle that every member in good standing shall have the right to vote for officers.

Program changes for 1965

Increased productivity in program functions and full realization of economy and efficiency of the two former independent offices will permit a reduction of four positions and \$25,382 which have been reallocated to the Office of Industrial Relations Services and the Office of Labor-Management Policy Development.

(C) TECHNICAL ASSISTANCE

Narrative description of program

The Division of Technical assistance has primary responsibility for all educational and instructional efforts to secure voluntary compliance with the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act. The Division develops and recommends policy decisions on the methods of informing persons of their rights and responsibilities under the acts, and the means of educating them on proper compliance. It recommends and exercises functional supervision over field technical assistance programs to implement the policy decisions. The Division itself performs the remaining work which is not delegated to the field. The Division also reviews and evaluates existing programs, and develops publications and training aids for public distribution.

Workload data

| Program | Fiscal year 1963 | Fiscal year 1964 | Fiscal year 1965 |
|---|---------------------|---------------------|---------------------|
| A. Inquiries..... | 52,000 | 53,700 | 60,000 |
| B. Group TA: | | | |
| Conventions..... | 150 | 150 | 75 |
| Labor-Management Reporting and Disclosure Act clinics..... | 689 | 350 | 150 |
| Welfare and Pension Plans Disclosure Act clinics..... | 25 | 75 | 75 |
| C. Contacts..... | 4,400 | 5,000 | 5,000 |
| D. Publications: | | | |
| Welfare and Pension Plans Disclosure Act..... | 5 | 10 | 10 |
| Labor-Management Reporting and Disclosure Act..... | 10 | 10 | 10 |

The above workload table represents, except for inquiries, the entire technical assistance activity of the Office of Labor-Management and Welfare-Pension Reports, both national office and field. The inquiries figure represents only the field workload.

Status of program, fiscal year 1964 and fiscal year 1965

A. *Inquiries.*—The inquiries program in the field includes all unsolicited requests for information or public disclosure of reports. There is no control over the volume of these requests, which have been running at about 52,000 per year under Labor-Management Reporting and Disclosure Act. The addition of the Welfare Pension Plans Disclosure Act to the scope of the field offices' responsibility is expected to raise the volume to 60,000 per year by 1965. This relatively small increase is due to the fact that Welfare Pension Plans Disclosure Act disclosure files will be maintained in Washington, while Labor-Management Reporting and Disclosure Act will continue to be available in the area offices as well.

B. *Group technical assistance.*—Group technical assistance is divided into three categories: Conventions, Welfare and Pension Plans Disclosure Act clinics, and Labor-Management Reporting and Disclosure Act clinics. Convention services include a display, distribution of publications, a compliance officer present to answer questions, and occasionally a speaker. This program is performed almost exclusively by field personnel, and it affords them the opportunity to meet with key officials of the labor movement and the welfare and pension field and to assist them with problems under the acts which are peculiar to their organizations. The reduction of convention coverage for fiscal year 1965 reflects the emphasis on selectivity in providing convention services.

Labor-Management Reporting and Disclosure Act clinics were designed to give basic instruction in the law to as many union officers as possible and thereby eliminate the most common technical errors in reporting and the most common bona fide violations of the election provisions. This objective has been largely attained, and the emphasis is now being directed to more specialized areas, such as a clinic to correct recurring reporting errors common to the locals of one international union. The decrease in workload reflects this change of emphasis. All Labor-Management Reporting and Disclosure Act clinics are prepared and conducted by field personnel.

Welfare and Pension Plans Disclosure Act clinics were begun late in fiscal year 1963, and are for the purpose of explaining the bonding requirements and coverage of the law. These clinics currently are conducted by national office personnel. The field staff is being trained in the Welfare and Pension Plans Disclosure Act, and responsibility for these clinics gradually will be decentralized to the field.

C. *Contacts.*—The contact program consists of individual meetings with key persons affected by the acts to discuss particular items and problem areas. These contacts are planned and initiated by LMWP personnel, as opposed to inquiries which are unsolicited.

Under Labor-Management Reporting and Disclosure Act, the contact program reaches those union officials who have a responsibility for compliance with the act or who are in positions of influence and authority. The "contact" being referred to here is not the "handshaking" variety or the "meet and greet at a convention" variety which are not even counted. Rather, it is a program of planned, structured contacts with individuals who are preselected by name in most instances, and at least by office, with an approach based on specific objectives for each such contact. In some instances, it will center around an election problem and in others around financial reporting difficulties. The kind of individ-

ual with whom such a contact is planned is a person who has far more influence in a trade union movement than does one individual voting member. He may be an international representative, a key individual in the State federation, or a full-time officer of an intermediate body or a local union.

Because the contact program serves as an effective complement to the educational program conducted with groups having responsibilities under the acts, it is being extended in fiscal year 1964 on a limited basis, to individuals in positions of importance in relation to reporting entities under the Welfare and Pension Plans Disclosure Act. A large scale expansion has not been projected because the welfare and pension plan field is not as highly structured as the labor movement, although some organizations have been formed and are growing.

Although the number of contacts projected for fiscal year 1965 is the same as for 1964, there will be a slight increase of those directed solely at Welfare and Pension Plans Disclosure Act in order to achieve a more nearly balanced program.

D. Publications.—All technical assistance publications are prepared by the Division. There are informational publications which briefly describe the law in simple nontechnical language. There are also instructional publications which explain the law in detail, giving specific examples of actions which are in compliance or in violation of the law, and which provide the individual with guidelines to use in compliance. Including revisions and new publications, it is expected that seven informational pamphlets and three instructional booklets will be published each year on each law.

Program changes for 1965

Increased productivity in program functions and full realization of economy and efficiency of the two former independent offices will permit a reduction of two positions and \$9,098 which have been reallocated to the Office of Industrial Relations Services and the Office of Labor-Management Policy Development.

Workload data

| Programs | 1963 actual cases | 1964 estimate cases | 1965 estimate cases |
|--|----------------------|------------------------|------------------------|
| A. Special investigations | 25 | 19 | 19 |
| B. Election investigations | 135 | 140 | 135 |
| Supervised reruns | 15 | 15 | 15 |
| C. Financial investigations | 226 | 335 | 305 |
| D. Reports followup | 315 | 230 | 230 |
| E. Complaint cases (specific violations, except election complaints) | 2,179 | 2,000 | 1,700 |
| F. Welfare and Pension Plans Disclosure Act investigations | 102 | 414 | 830 |
| G. Prosecutive support | 130 | 140 | 150 |

(d) COMPLIANCE OPERATIONS

Narrative description of program

This program is administered from the national office by the Division of Compliance Operations the responsibility of which is the combined missions of the former Compliance and Enforcement and Field Operations Offices of the BLMR and the Division of Enforcement, OWPP. In summary, its combined mission embraces the administration of the functions necessary to obtain compliance with the requirements of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act. Included are field staffing, training, and supervision; the providing of leadership in operations planning, the development of procedures best calculated to produce the most effective use of resources, the direction of the field program concerned with compliance and with enforcement of both the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act; the development of procedures best calculated to administer the two statutes with a maximum of productive techniques in the field of investigation, the supervision of field investigations and related activities; the compilation of intelligence obtained in the course of operations bearing on sensitive matters in the labor-management relations field; corrupt practices investigations and the evaluation of investigative results in violation cases and the formulation of appropriate recommendations for legal action or other determination.

Staffing of the Division is kept to a minimum by utilization of highly skilled personnel assigned to function in the specific areas of the program where their specialized abilities can be utilized most effectively.

Investigation conducted in behalf of this program is pursuant to authority conferred upon the Secretary by section 601(a), Labor-Management Reporting and Disclosure Act and section 9, Welfare and Pension Plans Disclosure Act, as amended, 1962. The program objective is full compliance with these laws, preferably through voluntary action. Where appropriate, civil or criminal litigation ensues. In most instances, however, we are able to achieve compliance through voluntary action.

Investigations are conducted almost entirely by the field complement of compliance officers assigned to the 24 area offices. On-the-spot assistance by regional and national office supervisors is provided when required. Direction of the total program is accomplished through five regional offices by implementation of investigative plans and procedures developed and supplied by the Division of Compliance Operations and in accordance with policies established by the Director.

Status of program, fiscal year 1964 and fiscal year 1965

The program estimates for investigation under the Labor-Management Reporting and Disclosure Act have been made with the benefit of four years experience in the administration of this law. In this time both field CO's and supervisors have developed marked proficiency in administering a law which has been pronounced by many observers as unique among the Federal statutes. The gains in decreased work unit time normally realizable from increased proficiency have been, for the most part, however, offset by the necessity to increase depth and scope of inquiry in a substantial portion of the program in order to cope successfully with refined and more complex violation patterns as they are recognized.

A. Special investigations.—Special investigations conducted where strong evidence exists of persistent willful violations identified in the past as corrupt practices investigations have been and will continue to be a major program of the LMWP's investigative efforts. This Office has had a continuing program heretofore involving approximately 20 projects directed to ferreting out corruption and corrupt practices in the labor-management field. These investigations are centered in major cities and are concerned with the exploitation of minority groups; the shakedown of employers for a guarantee of labor peace, particularly in the construction field, and the influence of persons having underworld connections which is found in certain trade unions. As a result of this program numerous instances of successful prosecutions have resulted during fiscal 1963 and 1964 and it is anticipated that as a result of matters now under investigation or contemplated, additional successful prosecutions will be forthcoming.

This will be a continuing program in 1965.

B. Elections.—Complaints of union members in which violations of law regulating the election of union officers are alleged, are investigated only after the complainant has sought and failed to obtain redress from his union and its parent body within the period of time prescribed by the statute. Because of the prevailing construction of the statutory language which authorizes the Secretary to take appropriate steps to have set aside elections found to have been conducted contrary to law, time is of the essence in conducting these investigations and in subsequent procedures preliminary to possible litigations. Once initiated, therefore, they must be assigned the highest priority. A substantial number of such complaints continue to result in detected violations capable of affecting the outcome of the elections involved. In fiscal 1962, 37 percent of cases investigated produced actionable findings and in fiscal 1963, 43 percent of cases investigated were actionable.

The supervision of reruns of elections is another phase of the election program and may entail, as is the case where parent type organizations are involved, on-the-spot guidance and supervision at the sites of each participating local or subordinate unit. Despite the relatively high percentage of violations developed in election investigations, litigation time has been substantially minimized by the policy of negotiating voluntary reruns of elections and thereby achieving compliance with the law short of the courthouse doors although supervisory time on the rerun is still involved.

C. Financial investigations.—The necessity that the Secretary assure himself that the reports filed with and subject to public disclosure by him are accurate and otherwise in compliance with the law and implementing regulations requires a continuing program of verification. The financial type reports filed pursuant to the Labor-Management Reporting and Disclosure Act alone number some 53,000 annually. Of these, only a small percentage can be subjected to searching verification in any one year. Available resources for this task are deployed, however, with a selectivity designed to bring under investigative scrutiny those reports

most likely to have been fraudulently or improperly compiled. This selectivity relies upon ADP processing, desk auditing and intelligence derived from various sources, implemented by knowledgeable planning. Because of the substantial percentage of actionable violations disclosed by operation of the program, our constant emphasis is on expanding its scope to include a more satisfactory percentage of financial reports. Despite the advisability of enlarging this program, however, emphasis thereon basically, is necessarily limited to resources available after allotments to programs whose demands are not administratively controllable. For this reason a slight decrease from the 1964 program has been necessary.

D. *Reports follow-up.*—This program is designed to bring into compliance with the Labor-Management Reporting and Disclosure Act those persons who are required thereunder to file reports and who have either failed to file or have filed unacceptable reports. Only those matters which persist after appropriate correspondence and/or contact with a parent body are scheduled for investigative activity in order that only a minimum of field resources need be utilized in this program. Recent experience indicates a declining rate and the 1965 estimate is further reduced.

E. *Complaint cases (except elections).*—This category embraces the investigation of all violations of the Labor-Management Reporting and Disclosure Act subject to enforcement by the Secretary, except those in title IV, Labor-Management Reporting and Disclosure Act. During the 4th year of the act's effective existence, a downward trend in complaint incidence has been noted. Estimated demands for this program in fiscal 1965 are based on a projection of this trend. Staffing herein provided is expected to permit a reduction in backlog of cases at the rate of approximately 100 per year.

F. *Welfare and Pension Plan Disclosure Act.*—This program is faced with the immediate problem of obtaining filing compliance as relates to pension plan financial reports of plans known to exist. As many of these delinquent plans as possible are eventually brought into compliance by correspondence initiated in the national office. The remainder are referred for field investigation. The estimate for 1965 is based on national office capacity to identify and refer nonresponsive delinquents and is predicated on the availability of field resources resulting from decreased requirements of other compliance programs.

G. *Prosecutive support.*—The progress of cases through the channels of litigation following recommendations for legal action continues to place demands upon the investigative staff for pretrial interviews and conferences, the assembly and processing of evidence, servicing of grand jury presentations and actual testimony before grand juries and in courts. The number of cases reaching this level of status has increased steadily with the maturity of the law and this trend is expected to continue in fiscal 1965.

Program changes for 1965

Increased productivity in program functions under this subactivity and full realization of economy and efficiency of the two former independent offices will permit a reduction of two positions in national office staffing. These positions along with \$26,390 have been reallocated to the Office of Industrial Relations Services and the Office of Labor-Management Policy Development.

(E) FIELD SERVICE

Narrative description of program

The major efforts of the field establishment consisting of the compliance and technical assistance programs have been covered under the respective activity descriptions. In addition a significant portion of field time is devoted to employee development.

A continuing inservice training program is conducted for the purpose of increasing proficiency of the professional staff and in order to instruct personnel in newly devised techniques, procedures, and changes in policy.

An on-the-job training program for nonaccountant investigators has been in effect for the past year and is being continued in order to develop an investigative staff capable of handling any type of assignment involving this particular skill. Indoctrination and training in Welfare and Pension Plans Disclosure Act matters is expected to increase in 1964 and 1965.

Status of program, fiscal years 1964 and 1965

The consolidation of the BLMR and OWPP appropriations and the establishment of LMSA resulted in 106 fewer positions for LMWP than were authorized in 1963 for its two predecessor agencies. The reduced appropriation eliminated

83, and the 23 others are positions established for new functions of the LMSA which are financed from BLMR-OWPP merger savings. This financing is only on a part-year basis in 1964 but must be full year in 1965. Because there was no field organization in the old OWPP the only source for "merger savings" was in the national office.

The field staff level financeable in 1964 in LMWP is less than the employment level at the start of the year. Because turnover in the field has been negligible, it is anticipated that most of the fiscal year will have passed before employment declines to the necessary level. Thus, the situation constructively is one of no employment lapse in 1964, and 100 percent of the manpower is programmed. To finance at the 100-percent rate it has been necessary to defer and to reduce nonsalary items. These adjustments can be managed for part of 1 year so as not to unduly affect program performance, or to build insurmountable backlogs. This type of operation cannot be continued indefinitely and in 1965 these nonsalary needs will have to be met at about the annual rate originally planned for 1964. With employment at a level commensurate with the number of budgeted positions, normal employment lapses can be expected to occur which will allow restoration of the nonsalary items. The natural result in 1965 is, of course, a lesser number of man-years of output than in 1964, and the work program will need to be adjusted accordingly.

The status and relationship of field activities are treated in the preceding material on the compliance operations and technical assistance subactivities. In general, Labor-Management Reporting and Disclosure Act activities continue at about the 1963 level.

The development of a field program as it relates to Welfare and Pensions Plan Disclosure Act derives from the 1962 amendments to the act which have been in effect for slightly more than a year. Initially, the primary effort of OWPP was directed to developing new and revised regulations, interpretations, and reporting forms made necessary by the amended act. More recently, the initial steps of a technical assistance program have been developed and implemented. Also more recently, enforcement activities under the reporting requirements of the act have been started. Both of these functions have been carried out to the limited extent possible, by a few professionals in the Washington headquarters, with a small amount of field investigation work done on a contract basis by the BLMR.

In 1964, these field activities under Welfare and Pensions Plan Disclosure Act are being continued on a slightly expanded basis in the merged organization.

Program changes for 1965

Increased productivity, made possible by increased experience and training and by application of more effective managerial controls will permit the increases in predicted workload to be handled by existing manpower. This predicted workload contemplates a gradual increase in technical assistance activity under the Welfare and Pensions Plan Disclosure Act, but at a rate based upon capacity to train personnel in the administration of the act. A more rapid rate of increase which would insure the obtaining of maximum voluntary compliance with the reporting requirements of the Welfare and Pensions Plan Disclosure Act is desirable and will be programmed in future estimates in the belief that much can be accomplished in this regard by expansion of this program as capabilities and resources permit.

The investigative program under Welfare and Pensions Plan Disclosure Act will be deliberately limited in scope until more experience is gained in administration of the amended act, but the need for additional fieldwork is evident.

An initial field investigation of 70 delinquent filing cases identified 40 instances in which reports were due from plan administrators. This result clearly indicates the necessity for early expansion of investigative effort in order to assure the integrity of the reporting requirements of the act.

Increased productivity in program functions and full realization of economy and efficiency of the two former independent offices will permit a reduction of three positions and \$29,952 which have been reallocated to the Office of Industrial Relations Services and the Office of Labor-Management Policy Development.

(F) ADMINISTRATION

Narrative description of program

Overall executive direction is supplied by a Director, Deputy Director, Special Assistant to the Director, and secretarial and clerical assistance. Division chiefs, responsible to the Director, provide inline direction and coordination to functions assigned to them.

Program changes for 1965: None.

ACTIVITY 4. EXECUTIVE DIRECTION AND ADMINISTRATIVE SERVICES (1964, \$613,300; 1965, \$632,800)

Secretary's Order No. 24-63 dated August 8, 1963, effective August 21, 1963, established a Labor-Management Services Administration and delegated authority and assigned responsibility for labor-management programs.

OFFICE OF THE ADMINISTRATOR

The Administrator has been delegated the authority and assigned the responsibility, by the Secretary of Labor, to perform functions of the Secretary in the labor-management area, and to provide functional supervision and coordination to all Department programs and activities in the labor-management relations field. The Administrator provides overall direction and coordination of the programs of the several offices in LMSA, and in all assures an integrated, balanced, and comprehensive labor-management program.

In addition to secretarial support, the Administrator is assisted by a deputy. Headquarters information activities have been removed from preexisting organizations and on a limited basis are established as a staff adjunct of the Office of the Administrator.

OFFICE OF ADMINISTRATION AND MANAGEMENT

Narrative description of program

As of the effective date of the Secretary's order, the functions and personnel of the Office of the Assistant Commissioner for Management, Bureau of Labor-Management Reports and the similar and related functions and personnel of the Office of Welfare and Pension Plans, were merged into the Office of Administration and Management, Labor-Management Services Administration. This Office provides administrative and management functions which support LMSA program activities, including budget administration, fiscal management and services, property management, personnel management, training services, management analysis, and mail, messenger, and other administrative services.

Status of program, fiscal years 1964 and 1965

The emphasis in 1964 is primarily toward effecting a smooth establishment of the initial LMSA organizational structure consisting of three new offices, the merged operations concerned with administration of the two reporting and disclosure laws, and the merger of the administrative management activities mentioned above. In addition, considerable effort will need to be devoted to assistance to operating units in the development of appropriate position descriptions for both new positions and those functions of which are affected materially by reorganization aspects of the merger. Added responsibilities in this area consist of an expanded directives management function due to the establishment of a system of issuances for the LMSA and the necessary adaptation of the former BLMR directives system to the requirements of the OLMWPR. Therefore, two directive systems will be operated concurrently. It is anticipated that the Department's objective of the decentralization of the personnel authority will be realized about midyear, which will further broaden the scope and responsibilities of this Office in the personnel management field. An additional matter of considerable emphasis during 1964 is the development of performance standards for all positions planned to be completed by the end of the fiscal year.

The foregoing special emphasis areas, coupled with maintenance of the normal and usual services for operations of the LMSA located both in Silver Spring and downtown Washington, will heavily burden the staff of this Office which in total numbers less than that which was being utilized in the former BLMR and OWPP.

During 1965 it is anticipated that some effort will be required toward completion of some of the programs mentioned above that will have been started in 1964. Thereafter, emphasis will be on improved management and operation of the functions of this Office as well as increased activities in the management analysis area directed toward management improvement throughout the LMSA. A considerable recruitment program will be necessary to fill the new positions proposed in this budget, followed by increased concern with employee counseling, training, and utilization.

Program changes for 1965

Plans for fiscal year 1965 call for further consolidation and refinement of administration and management procedures which will provide better housekeeping

functions to the various organizations served by this activity. The funds requested will finance 71 positions—4 positions and \$28,176 less than the total for fiscal year 1964. These positions and funds have been reallocated to the Office of Industrial Relations Services and the Office of Labor-Management Policy Development.

Distribution of field staff

| | 1964 | | | 1965 | | |
|-----------------------------|-------------------|----------|-------|-------------------|----------|-------|
| | Profes- sional | Clerical | Total | Profes- sional | Clerical | Total |
| Regional offices: | | | | | | |
| I. New York..... | 3 | 3 | 6 | 3 | 3 | 6 |
| II. Atlanta..... | 3 | 2 | 5 | 3 | 2 | 5 |
| III. Chicago..... | 3 | 3 | 6 | 3 | 3 | 6 |
| IV. Kansas City..... | 3 | 2 | 5 | 3 | 2 | 5 |
| V. San Francisco..... | 3 | 2 | 5 | 3 | 2 | 5 |
| Total regional offices..... | 15 | 12 | 27 | 15 | 12 | 27 |
| Area offices: | | | | | | |
| Region I: | | | | | | |
| Boston..... | 12 | 4 | 16 | 11 | 4 | 15 |
| Buffalo..... | 6 | 2 | 8 | 6 | 2 | 8 |
| Newark..... | 9 | 2 | 11 | 9 | 2 | 11 |
| New York..... | 23 | 6 | 29 | 22 | 6 | 28 |
| Philadelphia..... | 7 | 3 | 10 | 7 | 3 | 10 |
| Pittsburgh..... | 8 | 2 | 10 | 8 | 2 | 10 |
| Washington, D.C..... | 8 | 2 | 10 | 8 | 2 | 10 |
| Region II: | | | | | | |
| Atlanta..... | 6 | 2 | 8 | 6 | 2 | 8 |
| Miami..... | 6 | 1 | 7 | 6 | 1 | 7 |
| Nashville..... | 5 | 2 | 7 | 5 | 2 | 7 |
| Santurce, P.R..... | 3 | 1 | 4 | 3 | 1 | 4 |
| Region III: | | | | | | |
| Chicago..... | 18 | 6 | 24 | 18 | 6 | 24 |
| Cleveland..... | 12 | 3 | 15 | 12 | 3 | 15 |
| Detroit..... | 12 | 3 | 15 | 12 | 3 | 15 |
| Minneapolis..... | 4 | 1 | 5 | 4 | 1 | 5 |
| Region IV: | | | | | | |
| Dallas..... | 6 | 2 | 8 | 6 | 2 | 8 |
| Denver..... | 3 | 1 | 4 | 3 | 1 | 4 |
| Kansas City..... | 7 | 3 | 10 | 7 | 3 | 10 |
| New Orleans..... | 5 | 1 | 6 | 4 | 1 | 5 |
| St. Louis..... | 7 | 2 | 9 | 7 | 2 | 9 |
| Region V: | | | | | | |
| Honolulu..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Los Angeles..... | 9 | 2 | 11 | 9 | 2 | 11 |
| San Francisco..... | 10 | 3 | 13 | 10 | 3 | 13 |
| Seattle..... | 7 | 3 | 10 | 7 | 3 | 10 |
| Total area offices..... | 194 | 58 | 252 | 191 | 58 | 249 |
| Grand total..... | 209 | 70 | 279 | 206 | 70 | 276 |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$5,951,600

The estimate of \$5,951,600 will provide for 646.6 full-time man-years to be derived from 660 permanent positions, plus 11.4 man-years of temporary and intermittent employment. Also included in the funds are \$7,168 for cost-of-living allowances, \$53,200 for the cost of within-grade salary increases in 1965, plus \$129,564 to put the 1964 pay raise on a full-year basis.

The 1965 estimate is distributed as follows:

| Activity | Positions | Amount |
|---|-----------|-----------|
| 1. Industrial relations services..... | 19 | \$225,738 |
| 2. Labor-management policy development..... | 18 | 181,725 |
| 3. Federal employee-management relations..... | 3 | 27,362 |
| 4. Administration of reporting and disclosure laws..... | 549 | 5,013,973 |
| 5. Executive direction and administrative services..... | 71 | 502,862 |
| Total..... | 660 | 5,951,600 |

Specific program requirements for the positions are set forth in the activity justifications.

Personnel benefits, \$450,500

This estimate provides for the costs of employees' life insurance, health benefits, retirement, and similar payments. The estimate is based on 7.5 percent of the cost of permanent positions, plus 4 percent of the cost of temporary and intermittent employment. The following table shows the makeup of this cost:

| | <i>1965 estimate</i> |
|--------------------------------|----------------------|
| FICA and CSC retirement..... | \$392,913 |
| Employees' life insurance..... | 14,593 |
| Health benefits..... | 34,994 |
| Incentive awards..... | 8,000 |
| Total..... | 450,500 |

Travel and transportation of persons, \$483,000

The requested amount for travel and transportation will provide for 13,800 travel days, at \$35 per day. The following table shows the derivation of these costs.

| | 1964 estimate | 1965 estimate | Change |
|------------------------------|---------------|---------------|-----------|
| Number of travelers..... | 190 | 195 | +5 |
| Number of days traveled..... | 13,429 | 13,800 | +371 |
| Estimated cost..... | \$470,000 | \$483,000 | +\$13,000 |

The estimated number and cost of travel days by activity for fiscal year 1965 are as follows:

| Activity | Days | Amount |
|---|---------------|----------------|
| 1. Industrial relations services..... | 1,258 | \$44,000 |
| 2. Labor-management policy development..... | 271 | 9,500 |
| 3. Federal employee-management relations..... | 71 | 2,500 |
| 4. Administration of reporting and disclosure laws..... | 11,914 | 417,000 |
| 5. Executive direction and administrative services..... | 286 | 10,000 |
| Total..... | 13,800 | 483,000 |

The increase in the estimate for travel will provide for increased travel for the industrial relations services and labor-management policy development activities.

The derivation of this and the other estimates for new functions of LMSA cannot be precisely stated due to many unknown factors as to requirements of programs not yet fully developed. Activity 4 estimates are developed from experienced program requirements primarily in the technical assistance and investigation programs. The costs for central departmental services reflect 1964 and 1965 estimates as established by the Department. Those estimates will be justified by the Department.

Transportation of things, \$20,000

This estimate will provide for the costs of shipment of supplies, equipment, reporting forms, technical assistance and educational exhibits, informational materials, and household goods of employees. The following table illustrates the derivation of these costs:

| | 1964 estimate | 1965 estimate | Change |
|---------------------------------|---------------|---------------|---------------|
| Number of household moves..... | 7 | 15 | +8 |
| Cost of household moves..... | \$5,000 | \$10,000 | +\$5,000 |
| Other transportation costs..... | 10,000 | 10,000 | ----- |
| Total..... | 15,000 | 20,000 | +5,000 |

The increase in estimated household moves in 1965 is due to relocations resulting from changes in workload distributions and staff assignments. The cost of the household moves in 1964 and 1965, based on the average cost in 1963, is approximately \$675.

Rents, communications, and utilities, \$212,600

This estimate will provide for departmental and field communication costs, postage, and rental of equipment. The derivation of these costs are shown in the following table:

| | 1964 estimate | 1965 estimate | Change |
|----------------------------|----------------|----------------|---------------|
| Working capital fund..... | \$56,075 | \$56,075 | ----- |
| Field telephone costs..... | 65,000 | 65,000 | ----- |
| Postage..... | 62,400 | 62,400 | ----- |
| Rental of equipment..... | 24,525 | 29,125 | + \$4,600 |
| Total..... | 208,000 | 212,600 | +4,600 |

The increase in equipment rental costs results from anticipated increases in duplicating workload from the Office of Industrial Relations Services and the Office of Labor-Management Policy Development.

Printing and reproduction, \$143,500

This estimate provides for the printing of rules and regulations, interpretive material, and new or revised technical assistance, informational and educational publications and materials, and publication of special reports and research studies.

| | 1964 estimate | 1965 estimate | Change |
|---------------------------|----------------|----------------|---------------|
| Working capital fund..... | \$82,000 | \$82,000 | ----- |
| Other printing..... | 58,000 | 61,500 | + \$3,500 |
| Total..... | 140,000 | 143,500 | +3,500 |

The increased printing costs estimated for 1965 are due to the increased level of operations of the offices newly established in 1964. These offices will be issuing a variety of informational material and research data. The \$58,000 estimate in the 1965 base will be used for the printing of reporting forms, technical assistance material and other items, including reprinting of materials to reflect the change in organization. This includes the replacement of stationery and envelopes carrying former organization titles.

Other services, \$340,000

This estimate will provide funds for reimbursement to other organizations and agencies for services performed as well as for a variety of miscellaneous services. The makeup of the costs are as follows:

| | 1964 estimate | 1965 estimate | Change |
|--|----------------|----------------|---------------|
| Working capital fund..... | \$131,000 | \$116,300 | - \$14,700 |
| Contract data processing services: | | | |
| BLS..... | 90,000 | 110,000 | +20,000 |
| Other..... | 2,500 | 2,500 | ----- |
| Training services under Government Employees Training Act..... | 7,000 | 10,000 | +3,000 |
| Miscellaneous contractual services..... | 111,300 | 101,200 | -10,100 |
| Total..... | 341,800 | 340,000 | -1,800 |

The reduction in the working capital fund reflects reduced services required in 1965. A reduction is also projected in miscellaneous services. These decreases are partially offset by increased estimates for data processing and training.

Supplies and materials, \$112,900

This estimate is based upon experience to date and provides mainly for usual desktop and office supplies required by program operation and support services. The following table illustrates the development of these costs:

| | 1964 estimate | 1965 estimate | Change |
|---------------------------|------------------|------------------|----------|
| Positions | 660 | 660 | ----- |
| Working capital fund..... | \$63,000 | \$63,000 | ----- |
| Other supply costs..... | 47,000 | 49,900 | +\$2,900 |
| Total..... | 110,000 | 112,900 | +2,900 |

The small increase in the 1965 estimate is to provide for supplies for the increased level of operations in the industrial relations services and labor-management policy development activities.

Equipment, \$31,900

This amount provides funds to meet replacement needs for the base staff, plus costs of equipment for the new positions requested. The following table shows the development of the estimate:

| | 1964 estimate | 1965 estimate | Change |
|---------------------|------------------|------------------|-----------|
| Positions | 660 | 660 | ----- |
| Equipment cost..... | \$20,000 | \$31,900 | +\$11,900 |
| Total..... | 20,000 | 31,900 | +11,900 |

The average equipment replacement cost is estimated at \$30 per position. The increase is to provide for the furnishing of offices for the Industrial Relations Services and Labor-Management Policy Development activities.

THURSDAY, FEBRUARY 13, 1964.

BUREAU OF VETERANS' REEMPLOYMENT RIGHTS

SALARIES AND EXPENSES

WITNESSES

HUGH W. BRADLEY, DIRECTOR

W. J. R. OVERATH, DEPUTY DIRECTOR

V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY

RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 467 | 567 | 568 |
| Positions other than permanent..... | 10 | 22 | 22 |
| Other personnel compensation..... | ----- | 4 | 2 |
| Total personnel compensation..... | 477 | 593 | 592 |
| 12 Personnel benefits..... | 39 | 45 | 45 |
| 21 Travel and transportation of persons..... | 51 | 69 | 68 |
| 22 Transportation of things..... | 3 | 2 | 2 |
| 23 Rent, communications, and utilities..... | 28 | 26 | 27 |
| 24 Printing and reproduction..... | 22 | 22 | 26 |
| 25 Other services..... | 15 | 8 | 10 |
| 26 Supplies and materials..... | 7 | 15 | 19 |
| 31 Equipment..... | 5 | 2 | 2 |
| Total obligations..... | 646 | 782 | 791 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Total number of permanent positions..... | 65 | 76 | 76 |
| Full-time equivalent of other positions..... | 4 | 5 | 5 |
| Average number of all employees..... | 66 | 78 | 76 |
| Employees in permanent positions, end of year..... | 63 | 76 | 73 |
| Employees in other positions, end of year..... | 3 | 5 | 5 |
| Average GS grade..... | 8.3 | 8.2 | 8.2 |
| Average GS salary..... | \$8,076 | \$8,294 | \$8,443 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Program by activities: | | | |
| 1. Promotion of compliance and assistance to veterans.... | 517 | 642 | 644 |
| 2. Administration and management services..... | 129 | 140 | 147 |
| Total program costs, funded—obligations ¹ | 646 | 782 | 791 |
| Financing: | | | |
| Comparative transfers to other accounts..... | | 2 | |
| Unobligated balance lapsing..... | 5 | | |
| New obligational authority (appropriation)..... | 652 | 784 | 791 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$1,000; 1963, \$1,000; 1964, \$1,000; 1965, \$1,000.

GENERAL STATEMENT

Mr. FOGARTY. Mr. Bradley, we shall put your statement in the record at this point.

(Mr. Bradley's statement follows:)

The budget request for fiscal year 1965 is \$791,000. This is \$9,000 more than the adjusted appropriation for 1964. However, I am pleased to inform the committee that most of the mandatory increase of \$29,000 will be offset by a reduction of \$20,000 in intermittent personal services. Much of the routine correspondence heretofore handled manually will now be performed mechanically.

An intensification of our case and procedure review in the national office as a result of the "Berlin crisis" workload in the fall of 1962, made it clear that much improvement in the handling of complaint cases must be effected. It is our considered judgment that the greatest weakness in Bureau operations has been in the investigation and mediation of cases. The review also gave a good indication that a professional employee in the field can effectively develop and negotiate about 120 to 130 complaint cases a year in addition to compliance case action and other necessary compliance work. As a result of this, we are shifting our emphasis to complaint case handling and expect to achieve some reduction in backlog.

This concludes my statement. I will be glad to answer any questions.

SUMMARY OF BUDGET

Mr. FOGARTY. Your appropriation for 1964 is \$784,000, and the request for 1965 is \$791,000, an increase of \$7,000. There is no change in the number of positions, but there is an estimated decrease in average employment amounting to 2 man-years.

Mr. BRADLEY. Due to reduction in intermittent employment; yes, sir.

REDUCTION OF BACKLOG

Mr. FOGARTY. Do you consider your backlog to be larger than it should be for good service?

Mr. BRADLEY. Yes, it is. For the last 10 months we have been working and placing emphasis on this, Mr. Chairman. It appears that we shall have to make more onscene investigations of complaint-type cases. We have not been able to make these investigations on more than about 20 percent of the complaint cases.

The review for the last 10 months indicates we will have to do more investigating on some of the complaints to avoid long delays which have crept into this.

Mr. FOGARTY. On what do you base the estimated decrease in cases to be received in 1965?

Mr. BRADLEY. That is on the compliance-type cases, as you will see in the report. We will not be placing the emphasis on compliance cases because we will really be approaching it more from handling the complaints to get this backlog down. We hope to reduce the backlog, Mr. Chairman, by about 20 percent by the end of 1965, and I think by 1966 we are hopeful we can get it to a manageable figure.

Mr. FOGARTY. Tell us about the new mechanized process for handling part of your workload.

Mr. BRADLEY. We have a folding and stuffing machine. The procedure that we have with the military now in the exit processing is to offer the serviceman who had a job before he went into military service, specific information with respect to his rights, information about what has taken place during his absence of 2 to 4 years, and we will alert his employer to his possible return. They will have the serviceman fill out a form, and this form will have a block in two places on it for addresses which the serviceman will fill out. Then we will use a window envelope for mailing.

It means a good deal of the typing of addresses that we have been doing before on the alerting letters, will not be done manually, and we think it will result in a considerable savings in the w.a.e. part-time employment.

Mr. FOGARTY. The number of positions you will have next year is the same as you have in 1964.

Mr. BRADLEY. Yes.

Mr. FOGARTY. That is what you asked for?

Mr. BRADLEY. That is correct.

Mr. FOGARTY. Mr. Denton?

Mr. DENTON. No questions.

Mr. FOGARTY. Thank you very much, Mr. Bradley.

JUSTIFICATION MATERIAL

(The formal justifications follow:)

SALARIES AND EXPENSES, BUREAU OF VETERANS' REEMPLOYMENT RIGHTS

Amounts available for obligation

| | 1964 | 1965 |
|---|-----------|-----------|
| Appropriation or estimate | \$784,000 | \$791,000 |
| Comparative transfer to Office of the Secretary | -2,000 | ..... |
| Appropriation or estimate, revised..... | 782,000 | 791,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|--|-----------------------------|-----------|----------------|-----------|-------------|----------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Promotion of compliance and assistance to veterans..... | 63 | \$641,800 | 63 | \$644,100 | ----- | +\$2,300 |
| 2. Administration and management services..... | 13 | 140,200 | 13 | 146,900 | ----- | +6,700 |
| Total obligations..... | 76 | 782,000 | 76 | 791,000 | ----- | +9,000 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|-----------------------------|----------------|-------------|
| Total number of permanent positions..... | 76 | 76 | ----- |
| Positions other than permanent..... | 5 | 5 | ----- |
| Average number of all employees..... | 78 | 76 | -2 |
| 11 Personnel compensation..... | \$593,476 | \$592,277 | -\$1,199 |
| 12 Personnel benefits..... | 45,524 | 44,923 | -601 |
| 21 Travel and transportation of persons..... | 69,400 | 68,400 | -1,000 |
| 22 Transportation of things..... | 1,700 | 1,700 | ----- |
| 23 Rent, communications, and utilities..... | 25,600 | 27,400 | +1,800 |
| 24 Printing and reproduction..... | 22,200 | 26,200 | +4,000 |
| 25 Other services..... | 7,800 | 9,800 | +2,000 |
| 26 Supplies..... | 14,600 | 18,600 | +4,000 |
| 31 Equipment..... | 1,700 | 1,700 | ----- |
| Total obligations..... | 782,000 | 791,000 | +9,000 |
| Working capital fund items included above..... | (27,100) | (41,900) | (+14,800) |

Summary of changes

| | |
|---|-----------|
| 1964 appropriation..... | \$784,000 |
| Comparative transfer to Office of the Secretary..... | -2,000 |
| 1964 appropriation, revised..... | 782,000 |
| 1965 estimate..... | 791,000 |
| Total change..... | +9,000 |
| Mandatory items: | |
| Increases: | |
| Net additional cost on a full-year basis of the 2d step of pay increases (effective Jan. 5, 1964), for current year (base) staff pursuant to Public Law 87-793..... | +14,787 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff..... | +8,000 |
| Decreases: To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965..... | -1,587 |
| Financing items: | |
| Increases: | |
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... | +14,800 |
| Absorption of a portion of above increases (reduction 0.6 man-year; \$7,000 personal services)..... | -7,000 |
| Program items: | |
| Decreases: Management improvement: Replace manual procedure with mechanical process (1.4 man-years, \$16,000; non-labor \$4,000)..... | -20,000 |
| Total change..... | +9,000 |

Mandatory and financing changes for 1965

Mandatory items:

Increases:

| | |
|-------------------------|-----------|
| Pay increase costs----- | +\$14,787 |
|-------------------------|-----------|

To finance on a full-year basis the 2d step of pay increases (effective Jan. 5, 1964), granted by Public Law 87-793 for current year (base) staff. This second step was funded on a part-year basis in 1964. The object schedule include these changes as follows:

| | |
|-----------------------------|----------|
| Personnel compensation----- | \$13,709 |
| Personnel benefits----- | 1,078 |

| | |
|------------|--------|
| Total----- | 14,787 |
|------------|--------|

| | |
|-----------------------------------|--------|
| Within-grade promotion costs----- | +8,000 |
|-----------------------------------|--------|

Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover.

| | |
|-----------------------------|---------|
| Personnel compensation----- | \$9,113 |
| Deduct lapse----- | 1,671 |

| | |
|-------------------------|-------|
| Subtotal----- | 7,442 |
| Personnel benefits----- | 558 |

| | |
|---------------|-------|
| Net cost----- | 8,000 |
|---------------|-------|

Decreases:

| | |
|---|--------|
| Reduction of 1 less day of pay in 1965 over 1964----- | -1,587 |
|---|--------|

To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965.

Financing items:

Increases:

| | |
|--|--------|
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget----- | 14,800 |
|--|--------|

| | |
|--|--------|
| Absorption of a portion of above increases (reduction 0.6 man-years, \$7,000 personal services)----- | -7,000 |
|--|--------|

The volume of central administrative services in the Department of Labor has increased rapidly over the past few years because of a number of factors: a larger Department; increased services (such as Regional Administrative Services Office and data processing for payroll) and increased costs (salary and other).

In these years of growth of the Department, it has been impossible to coordinate the budget requests of the bureaus (for centralized services) with the facts of performance. Increased costs have been met out of whatever funds were available (e.g., savings growing out of lapses, unused travel, etc.). In many cases (and in varying degree) base budgets and budget requests were not adjusted to reflect the increased costs paid. The Department was able to "get by" in times of growth. Now that we are no longer expanding rapidly and we are fully staffed, it is essential to cover these costs in the basic budgets.

In order to properly reflect the cost of these services in various bureau budgets in 1965, the Department is requesting that each affected appropriation be granted a base adjustment to maintain in 1965 the 1964 level of operation of central administrative services. This is being done by asking for a net increase in funds of about 50 percent and by reducing personal services in the program area in order to absorb the balance.

Mandatory and financing changes by activity

| Type of change | Activity 1 | | Activity 2 | | Total | |
|-----------------------------------|------------|----------|------------|---------|----------|----------|
| | Position | Amount | Position | Amount | Position | Amount |
| Mandatory change: | | | | | | |
| Pay increase costs..... | | \$12,776 | | \$2,011 | | \$14,787 |
| Within-grade promotion costs..... | | 7,300 | | 700 | | 8,000 |
| Less 1 day of pay..... | | -1,276 | | -311 | | -1,587 |
| Net financing changes..... | | 3,500 | | 4,300 | | 7,800 |
| Total..... | | 22,300 | | 6,700 | | 29,000 |

Activity 1. Promotion of compliance and assistance to veterans (1964, \$641,800; 1965, \$644,100)

Narrative description of program.—The purpose of this activity is to provide direct assistance in connection with the reemployment rights of ex-servicemen, reservists and members of the National Guard and to promote employer compliance with the reemployment provisions of the Universal Military Training and Service Act.

The primary objective is the achievement and maintenance of improved standards of performance and production which will:

- (1) Provide prompt and effective services to all persons in need of information or assistance concerning their rights and obligations under the law.
- (2) Assure proper and complete handling of all complaint cases received with necessary emphasis on field factfinding and mediation conference techniques.
- (3) Continue to reduce the complaint case backlog to a more manageable figure.

Program changes for 1965.—A decrease of \$20,000 is estimated for 1965 due to introduction of a central mechanized process to replace a manual procedure now performed in all field offices by intermittent employees. This estimate provides for a decrease of \$16,000 for personal services and \$4,000 in nonlabor costs.

Workload statistics

| | 1962 | 1963 | 1964 | 1965 |
|--------------------------------|-------|-------|-------|-------|
| Complaint cases: ¹ | | | | |
| Carryover..... | 375 | 268 | 1,239 | 1,019 |
| Received..... | 3,133 | 4,271 | 3,500 | 3,600 |
| Closed..... | 3,240 | 3,300 | 3,720 | 3,640 |
| Pending..... | 268 | 1,239 | 1,019 | 979 |
| Compliance cases: ² | | | | |
| Carryover..... | 744 | 845 | 2,583 | 2,283 |
| Received..... | 2,264 | 3,788 | 3,700 | 2,400 |
| Closed..... | 2,163 | 2,050 | 4,000 | 3,000 |
| Pending..... | 845 | 2,583 | 2,283 | 1,683 |
| Total cases: | | | | |
| Carryover..... | 1,119 | 1,113 | 3,822 | 3,302 |
| Received..... | 5,397 | 8,059 | 7,200 | 6,000 |
| Closed..... | 5,403 | 5,350 | 7,720 | 6,640 |
| Pending..... | 1,113 | 3,822 | 3,302 | 2,662 |

¹ A complaint case involves a specific claim for, or a request for determination of entitlement to, a right or benefit under the reemployment section of the Universal Military Training and Service Act. It is received from a person entitled to the protection of this law (ex-serviceman, reservist, National Guardsmen, etc.), and requires factfinding, investigation, mediation, or legal action, as appropriate.

² A compliance case results from a routine discovery procedure which identifies a potential, and frequently inadvertent, violation of the reemployment rights provisions. Specific guidance is furnished to the employer thus achieving compliance through information.

Activity 2. Administration and Management Services, (1964, \$140,200; 1965, \$146,900)

Narrative description of program.—This activity covers the top staff of the Bureau in the national office who are responsible for Bureau policy and direction of all operations.

Program changes for 1965.—None.

Distribution of field staff

| Office | 1964 | | | 1965 | | |
|---------------------------|--------------|----------|-------|--------------|----------|-------|
| | Professional | Clerical | Total | Professional | Clerical | Total |
| Atlanta, Ga..... | 2 | 2 | 4 | 2 | 2 | 4 |
| Boston, Mass..... | 2 | 2 | 4 | 2 | 2 | 4 |
| Chambersburg, Pa..... | 2 | 2 | 4 | 2 | 2 | 4 |
| Chicago, Ill..... | 2 | 2 | 4 | 2 | 2 | 4 |
| Cleveland, Ohio..... | 2 | 2 | 4 | 2 | 2 | 4 |
| Columbia, S.C..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Dallas, Tex..... | 2 | 2 | 4 | 2 | 2 | 4 |
| Denver, Colo..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Detroit, Mich..... | 1 | 2 | 3 | 1 | 2 | 3 |
| District of Columbia..... | 1 | 2 | 3 | 1 | 2 | 3 |
| Indianapolis, Ind..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Kansas City, Mo..... | 2 | 2 | 4 | 2 | 2 | 4 |
| Los Angeles, Calif..... | 1 | 2 | 3 | 1 | 2 | 3 |
| Louisville, Ky..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Minneapolis, Minn..... | 1 | 2 | 3 | 1 | 2 | 3 |
| New Orleans, La..... | 1 | 1 | 2 | 1 | 1 | 2 |
| New York, N.Y..... | 2 | 5 | 7 | 2 | 5 | 7 |
| San Francisco, Calif..... | 2 | 2 | 4 | 2 | 2 | 4 |
| Seattle, Wash..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Total..... | 28 | 35 | 63 | 28 | 35 | 63 |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$592,277

This estimate provides for 76 full-time positions or 70.6 man-years and 5 man-years of intermittent employment. Of this, 63.3 man-years and \$482,147 are allocated to field personnel compensation and 12.3 man-years and \$110,130 are for departmental personnel compensation. The estimate includes 1 extra day of pay in 1965. The entire increase over 1964 is due to mandatory items.

Personnel benefits, \$44,923

This estimate is based upon personnel compensation and will cover the following benefits:

| | 1964 | 1965 | Change |
|---|----------|----------|--------|
| Contribution to the CSC retirement fund..... | \$39,105 | \$38,589 | -\$516 |
| Employees' group life insurance..... | 1,958 | 1,932 | -26 |
| Employees' health benefits..... | 3,824 | 3,773 | -51 |
| Contributions under the Federal Insurance Contribution Act..... | 637 | 629 | -8 |
| Total..... | 45,524 | 44,923 | -601 |

Travel and transportation of persons, \$68,400

This estimate provides for per diem, mileage, and transportation costs for 7 departmental and 28 field travelers and will provide for the following:

| | 1964 | 1965 | Change |
|--|----------|----------|--------|
| Number of days traveled..... | 2,600 | 2,550 | -50 |
| Number of days traveled, at \$16 per diem..... | \$41,600 | \$40,800 | -\$800 |
| Mileage costs..... | 18,100 | 17,800 | -300 |
| All other transportation costs..... | 9,700 | 9,800 | +100 |
| Total..... | 69,400 | 68,400 | -1,000 |

Transportation of things, \$1,700

This estimate provides for the cost of distributing handbooks, educational material, equipment and supplies to field installations.

Rent, communications, and utilities, \$27,400

This estimate is based upon past experience and provides for the following:

| | 1964 | 1965 | Change |
|---------------------------|---------|---------|--------|
| Paid official mail..... | \$8,500 | \$8,200 | -\$300 |
| Telephone costs..... | 12,300 | 11,800 | -500 |
| Working Capital Fund..... | 4,800 | 7,400 | +2,600 |
| Total..... | 25,600 | 27,400 | +1,800 |

Printing and reproduction, \$26,200

The estimate provides for the following:

| | 1964 | 1965 | Change |
|--|---------|---------|--------|
| Education material..... | \$3,100 | \$2,700 | -\$400 |
| Letterheads, forms, and schedules..... | 5,600 | 5,000 | -600 |
| Working capital fund..... | 13,500 | 18,500 | +5,000 |
| Total..... | 22,200 | 26,200 | +4,000 |

Other services, \$9,800

The estimate provides for the following:

| | 1964 | 1965 | Change |
|---|---------|---------|----------|
| Miscellaneous contractual services..... | \$1,300 | \$1,300 | ----- |
| Health room services..... | 200 | 200 | ----- |
| Working capital fund..... | 6,300 | 8,300 | +\$2,000 |
| Total..... | 7,800 | 9,800 | +2,000 |

Supplies and materials, \$18,600

This estimate is based upon past experience and provides for the following:

| | 1964 | 1965 | Change |
|--------------------------------------|---------|---------|--------|
| Duplicating supplies..... | \$8,100 | \$7,500 | -\$600 |
| Desk top supplies..... | 1,600 | 1,400 | -200 |
| Stock envelopes and letterheads..... | 2,400 | 2,200 | -200 |
| Working capital fund..... | 2,500 | 7,500 | +5,000 |
| Total..... | 14,600 | 18,600 | +4,000 |

Equipment, \$1,700

This estimate is based on past experience and provides for replacement of equipment.

THURSDAY, FEBRUARY 13, 1964.

PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE
HANDICAPPED

WITNESSES

HAROLD RUSSELL, VICE CHAIRMAN

WILLIAM P. McCahill, EXECUTIVE SECRETARY

Mr. FOGARTY. The President's Committee on Employment of the Handicapped will be heard next. Mr. Harold Russell, Vice Chairman is here. We are glad to have you with us, Mr. Russell.

GENERAL STATEMENT OF MAJ. GEN. MELVIN J. MAAS, CHAIRMAN

MR. RUSSELL. I am privileged this afternoon, Mr. Chairman and members of the committee, to represent Maj. Gen. Melvin J. Maas, who is convalescing from an illness. I have a brief statement on behalf of General Maas which it is my privilege to make. [Reading:]

Mr. Chairman and members of the committee. Unfortunately, my doctors have persuaded me that if I am to continue to serve the President's Committee, I must continue my convalescence at home for a few more months. Therefore, I have asked one of our Vice Chairmen to read my brief statement and to bring you my regrets for not being with you in person.

The President's Committee asks \$309,300 for fiscal year 1965. This represents no increase in personnel nor in programs. The Committee's \$300,000 appropriations ceiling permits funds over and above the ceiling only for mandatory pay increases.

The Senate has passed Senate Joint Resolution 103, providing a new ceiling of \$400,000. Favorable action is expected soon by the House of Representatives.

The projected budget of the President's Committee always has attempted to keep pace, percentage-wise, with increased efforts of the Vocational Rehabilitation Administration—since the success of VRA's efforts are related to the President's Committee's efforts of creating a climate of acceptance for rehabilitated handicapped persons. Yet, because of the ceiling, the Committee for the past 2 years has not been able to step up its activities in keeping with VRA increases (13 percent for the next year alone). Also because of the ceiling, the Committee has not been able to expand its programs over the past 2 years to meet urgent demands of the times.

Despite this, however, the Committee has not been standing still. Through a reevaluation of workloads, through the postponement of projects with somewhat lower priorities, through more effective utilization of manpower, the Committee has been able to move forward and to engage in new projects, mainly in the fields of the mentally retarded and mentally restored. These efforts are but worthy beginnings; but at least a start was made.

You already have our budget justification outlining our normal operations which includes our relations with the States, our efforts in behalf of the mentally retarded and mentally restored, and our special projects and activities. Of course we shall carry forth to the best of our ability, and shall continue to use our allotted funds judiciously and expeditiously. But the fact must be faced: because of the ceiling there is the possibility that we cannot accomplish all that would really be necessary for the greater welfare of job-seeking handicapped men and women.

In my first communication to President Johnson, I pledged "to continue our best efforts to increase employment opportunities for America's mentally and physically handicapped men and women." We shall do the best that is within our power. In subsequent communications, we have had the President's personal approval of our awards program as it affects him, of our plans for the annual meeting this spring which we hope he will attend, and of his plans to meet later this year with our executive committee.

The President has firmly indicated he will not retreat in the area of human needs. There is no human need requiring more bold new

approaches than that of creating community and job acceptance for record numbers of the mentally retarded and mentally restored. And the need is equally great for the physically handicapped, particularly victims of more serious disabilities such as cerebral palsy, epilepsy, blindness, and other crippling conditions.

I call your attention to the following documents: an HEW letter on Senate Joint Resolution 103; two brief papers submitted to the Bureau of the Budget at its request (narrative description with 1965 suggested changes and a budget justification for fiscal year 1965 under presumed legislation).

In closing, I am very sorry I cannot present this statement to you in person. With God's help, I shall be back next year.

(The documents referred to follow:)

ATTACHMENT I

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., August 19, 1963.

HON. LISTER HILL,
*Chairman, Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This letter is in response to your request of July 24, 1963, for a report on Senate Joint Resolution 103, a bill to increase the amount authorized to be appropriated for the work of the President's Committee on Employment of the Physically Handicapped.

The bill would provide for the amendment of the joint resolution authorizing an appropriation for the work of the President's Committee on National Employment of the Physically Handicapped Week, approved July 11, 1949 (63 Stat. 409), as amended. The amount authorized to be appropriated would be increased from \$300,000 to \$400,000.

The proposed increase would enable the Committee to give more help to the Vocational Rehabilitation Administration in reaching its present goal of rehabilitating and putting back to work 200,000 disabled people each year. The Committee, of which the Secretary is a member, and its associated Governors' and mayors' committees are an integral part of the Federal effort to bring understanding and acceptance throughout the country of the principle that every disabled person who can work has a right to earn his living.

In the years ahead the Department and the Committee expect to place increasingly greater emphasis upon the needs and employment capabilities of the mentally restored and the mentally retarded. To do so without reducing the mounted attack upon the problems faced by the cerebral palsied, the epileptic, and other groups of disabled, will require added resources in personnel, publications, and other tools for informing the public.

The Committee reaches many citizen groups with information about the employment needs and the good employment record of disabled people. The Governors' and mayors' committees are also, in many States, strong vehicles through which public understanding and support for the Federal-State vocational rehabilitation programs can be developed. These State and local committees depend in part upon stimulation and information materials from the President's Committee. For this reason, we support the efforts of this group to keep the concept and goal of vocational rehabilitation before the public through the work of the committees and other State and local groups of employers, workers, and lay citizens.

We would, therefore, recommend that Senate Joint Resolution 103 be acted upon favorably by the Congress.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

WILBUR J. COHEN,
Assistant Secretary.

ATTACHMENT II

ACTIVITY 5. PROMOTING EMPLOYMENT OF THE HANDICAPPED

NARRATIVE DESCRIPTION OF PROGRAM

Services are provided for the President's Committee on Employment of the Handicapped which develops and stimulates interest in employment of the mentally and physically handicapped through work with Federal agencies, cooperating State Governors' committees, with Committee member individuals and organizations, and through liaison with a variety of organizations working in the international field.

CHANGES FOR 1965

The Committee reached its appropriations ceiling in the 1964 fiscal year due to increases resulting from the pay bill, hence none of the requested increase of approximately \$47,000 was approved or granted. Changes for 1965 are made on the presumption that the ceiling will be raised. Changes incorporate both the previously requested \$47,000 plus an additional \$13,000 for a total increase of \$60,000 or approximately 20 percent.

Major program increases are in the area of stimulating increased employment opportunities for both the mentally retarded and the mentally restored; for increasing the size, quality, and circulation of our monthly magazine, Performance; for budgeting for the first time the cost of exhibits and exhibiting at major national and regional meetings; for increased travel to State and local committees under a new program which will deemphasize regional meetings in favor of State help and for a modest staff increase with which to handle the tremendous overload which has been forced upon us due to recently adopted promotional programs and those being planned in the field of jobs for handicapped teachers and more opportunities for the handicapped in an agricultural environment, not to mention the greatly expanded activities of the women's committee.

The changes include the following:

- (a) One additional GS-5 for the Information Office and one additional GS-4 for our Administrative Office, \$8,905.
- (b) Approximately \$8,600 for our previously unbudgeted exhibits program.
- (c) Approximately 100 days of extra travel to States, \$3,000.
- (d) Some \$19,000 additional for printing and promotion for jobs for the mentally retarded and mentally restored.
- (e) An estimated \$6,340 for the monthly magazine for increasing circulation from 17,000 monthly to 25,000 and an increase from 16 to 20 pages monthly, much of this to be used for special emphasis on the retarded.
- (f) One additional GS-12, with a GS-5 secretary, in the Field Operations Division to handle new programs, assist with old ones, and help in the new program of assigning a group of States to each of five or six staff executives for a 12- to 24-month program, \$9,980 and \$4,690, total \$14,670.

ATTACHMENT III

BUDGET JUSTIFICATION (FISCAL YEAR 1965 UNDER PRESUMED NEW LEGISLATION)

Stimulating increased employment opportunities for both the mentally retarded and the mentally restored

Mental illness and mental retardation are among the most widespread disabilities in America today. There are more persons hospitalized for mental illness than for all the other diseases of mankind combined. More than 17 million people have mental disturbances severe enough to require treatment. The number of the mentally retarded exceeds 5,500,000, and more than 100,000 babies each year are destined to be struck by retardation.

At present, breakthroughs have taken place in treatment and rehabilitation of the mentally ill and mentally retarded. They are returning to their communities in unprecedented numbers. Yet employers' attitudes toward them too often are throwbacks to earlier unenlightened times. The President's Committee has a tremendous task of changing these attitudes, of demonstrating the employability of the mentally restored and mentally retarded, of furthering employment opportunities for these two groups.

To reach (and convince) employers, we must rely on well-written and effective brochures and pamphlets, on exhibits displayed at employers' meetings, on TV and radio messages, and on material aimed at many disciplines involved in place-

ment of the mentally handicapped. A recently published "Guide to Job Placement of the Mentally Retarded," heralded by the White House, will be followed by a companion "Guide to Job Placement of the Mentally Restored," anxiously awaited by thousands of persons in the fields of mental illness and rehabilitation. Also contemplated are leaflets for employers, touching upon various specific aspects of hiring the mentally restored and mentally retarded—how to break them in; their first days on the job; how to get fellow employees to accept them, and the like.

Increasing the size, quality and circulation of the monthly magazine Performance

Present circulation is limited to 17,000; contemplated circulation would be 25,000. This is necessary to fill requests from persons who definitely should be receiving *Performance* and who need it as a resource in their own efforts. Examples are mental health and mental retardation societies, civil service coordinators responsible for furthering job opportunities for the handicapped in the Federal Government, members of Governors' committees on employment of the handicapped, interested employer groups such as Kiwanis and Civitan, and so on.

Because of the current tight limit on circulation, the President's Committee actually has turned down requests from Kiwanis and Civitan, thus missing opportunities to reach directly thousands of employers across the nation.

Size of the magazine would be increased from 16 to 20 pages. The additional pages would be devoted largely to employment of the mentally handicapped. Since the President's Committee has broadened its scope to include these two groups, it is a matter of logic to broaden the size of its own magazine to do them justice.

Budgeting the cost of exhibits and exhibiting at major national and regional meetings

In its earlier days, the President's Committee had a casual exhibits program, using funds from its printing allocations to produce inexpensive multiple copies of portable cardboard exhibits for Governors' committees. The past 2 years, however, witnessed a new development in the exhibits field for which we had not previously budgeted.

Our exhibit opportunities have become far more numerous, and the type of exhibits requested of us have become much more sophisticated. No longer can we count entirely on inexpensive generalized exhibits, designed for all purposes. Individual audiences made up of persons in positions vital to the cause of the handicapped want, and have every right to expect, thought-provoking, convincing, effective exhibits. For example, the President's Committee's medical exhibit was a blue ribbon first prize at the Industrial Medical Association Convention 2 years ago. This exhibit caused much comment and, we know, helped immeasurably in spreading medical understanding of the job potentials of the handicapped.

Exclusive of requests from Governors' committees, the President's Committee expects invitations to exhibit at conventions such as these in 1964 as well as 1965: National Association of Insurance Agents, American Library Association, National Association for Retarded Children, American Personnel and Guidance Association, American Academy of General Practice, American Industrial Health Conference, and others.

A review of fiscal year 1963 exhibit expenditures indicated a cost of \$7,706, mainly for shipping and refurbishing; in most cases exhibit space was given to us without charge, and we were able to obtain the services of local talent to man the exhibits.

Increased travel to State and local committees under a program emphasizing State help

It has been determined by the Chairman of the President's Committee that specific action programs be turned over to the various States whenever possible, for execution, rather than maintained at the Committee level. This trend toward State-administered programs would (a) bring them closer to grassroots levels where they rightly belong; (b) breathe new life into Governors' and mayors' committees on employment of the handicapped; (c) allow the President's Committee itself a bit more freedom and leeway in developing new action programs and projects.

At the same time, recent studies conducted by the Vocational Rehabilitation Administration and Bureau of Employment Security indicate that not all Governors' committees operate at the same level of effectiveness. Some, obviously, are better than others. Some need more guidance and assistance than others.

The President's Committee intends to send staff members to the Governors' committees, particularly those in need of strengthening, to hold "shirt-sleeve" sessions with them and provide them with guidance in conducting various pro-

grams in behalf of jobs for the handicapped. By enhancing the effectiveness of Governors' committees, the President's Committee will be adding immeasurably to the effectiveness of the entire hire the handicapped program.

Mr. RUSSELL. That is General Maas' statement.

If I may, I would like briefly to say I have had a close experience with this committee in the last year during General Maas' illness, and I cannot praise too highly the fine, dedicated work of the committee and the staff itself, including Mr. McCahill, who is on my left. I have said many times to audiences throughout the country they have done an excellent job, and I believe they have contributed much to creating a favorable acceptance of the handicapped and the mentally retarded in the field of industry and business throughout this Nation.

Mr. FOGARTY. Mr. Russell, I agree with you 100 percent. Thank you very much.

Mr. Denton?

Mr. DENTON. I agree, too, and I thank you very much.

Mr. FOGARTY. Mr. Laird?

Mr. LAIRD. I hope that General Maas will be back with us next year, but you have certainly done a fine job of presenting his statement. Thank you.

Mr. FOGARTY. Thank you very much, Mr. Russell and gentlemen.

THURSDAY, FEBRUARY 13, 1964.

BUREAU OF LABOR STANDARDS

WITNESSES

A. W. MOTLEY, DIRECTOR

GEORGE T. BROWN, DEPUTY DIRECTOR

ROBERT D. GIDEL, DIRECTOR, OFFICE OF OCCUPATIONAL SAFETY

MILTON BROOKE, CHIEF, DIVISION OF STATE SERVICES

WILLIAM E. AMOS, CHIEF, DIVISION OF YOUTH SERVICES AND
EMPLOYMENT STANDARDS

ROBERT P. VAN ZANT, ADMINISTRATIVE OFFICER

MRS. ESTHER PETERSON, ASSISTANT SECRETARY OF LABOR

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 2,172 | 2,581 | 2,639 |
| Positions other than permanent..... | 4 | | |
| Other personnel compensation..... | 2 | 23 | 14 |
| Total personnel compensation..... | 2,178 | 2,604 | 2,652 |
| 12 Personnel benefits..... | 157 | 188 | 193 |
| 21 Travel and transportation of persons..... | 241 | 227 | 227 |
| 22 Transportation of things..... | 17 | 18 | 18 |
| 23 Rent, communications, and utilities..... | 111 | 95 | 95 |
| 24 Printing and reproduction..... | 166 | 160 | 160 |
| 25 Other services..... | 219 | 111 | 141 |
| 26 Supplies and materials..... | 44 | 42 | 42 |
| 31 Equipment..... | 67 | 16 | 16 |
| Total obligations..... | 3,200 | 3,461 | 3,545 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Total number of permanent positions..... | 317 | 300 | 306 |
| Average number of all employees..... | 277 | 301 | 297 |
| Employees in permanent positions, end of year..... | 303 | 298 | 295 |
| Employees in other positions, end of year..... | 0 | 0 | 0 |
| Average GS grade..... | 9.2 | 9.2 | 9.1 |
| Average GS salary..... | \$8,221 | \$8,792 | \$8,992 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Improving State labor legislation..... | 328 | 288 | 296 |
| 2. Improving conditions of migratory workers..... | 103 | 118 | 121 |
| 3. Reducing industrial accidents..... | 1,740 | 1,822 | 1,881 |
| 4. Protecting young workers and advancing their employment opportunities..... | 485 | 691 | 682 |
| 5. Promoting employment of the handicapped..... | 294 | 303 | 309 |
| 6. Administration and management services..... | 247 | 239 | 256 |
| Total program costs, funded..... | 3,197 | 3,461 | 3,545 |
| Change in selected resources ¹ | 3 | | |
| Total obligations..... | 3,200 | 3,461 | 3,545 |
| Financing: | | | |
| Comparative transfers to other accounts..... | 1,279 | 9 | |
| Advances and reimbursements from non-Federal sources ² | -7 | | |
| Unobligated balance lapsing..... | 153 | | |
| New obligational authority..... | 4,625 | 3,470 | 3,545 |
| New obligational authority: | | | |
| Appropriation..... | 4,686 | 3,470 | 3,545 |
| Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728)..... | -61 | | |
| Appropriation (adjusted)..... | 4,625 | 3,470 | 3,545 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$12,000; 1963, \$15,000; 1964, \$15,000; 1965, \$15,000.

² Reimbursements from non-Federal sources are derived from payments for reproduction of pension plans and financial reports (29 U.S.C. 9-9(a)).

RETIREMENT OF DIRECTOR

Mr. FOGARTY. We were advised yesterday, Mr. Motley, that you are going to retire in the near future. In behalf of the committee, we want to thank you for your untiring efforts in the past in the Employment Service and as Director of the Bureau of Labor Standards, where you have done an outstanding job.

Mr. MOTLEY. May I also express to you and the members of the committee thanks for the constructive leadership that you have given our Bureau in the 6 years I have been its Director and the many years I was with the Employment Service. I have enjoyed meeting with this group each year.

Mr. LAIRD. How many years were you with the Employment Service?

Mr. MOTLEY. I started in the Employment Service in 1920. I have a small break in service. My Federal service is about 40 years. I have the happy honor of being in the Department of Labor programs since its first Secretary, Mr. Wilson. It has been quite a pleasure and a very enjoyable experience.

Mr. FOGARTY. I thought the Department of Labor was established in 1913.

Mr. MOTLEY. Mr. Wilson was Secretary through until 1921. I came in in the last year. That enabled me to be with the Department of Labor under each Secretary.

Mr. FOGARTY. That is quite an honor.

GENERAL STATEMENT

Mr. MOTLEY. May I present a very brief statement?

Mr. FOGARTY. Go right ahead.

Mr. MOTLEY. Thank you.

I would like to present a brief oral statement summarizing the narrative material which I understand you will insert in the record.

Fair progress was made by the various States during the year in improving their labor laws. In cooperation with the State representatives, we prepared suggested draft language for improved State legislation in various areas.

I would like to add at this point, it was an unusual year for State legislatures. We have a record of over 3,500 laws introduced by the various States in the field of labor legislation, and some 700 laws were enacted in various labor legislation fields by the States during the past year, which was a very good record.

Technical assistance was provided to State representatives, labor organizations, management groups, and others interested in improved State labor laws. Continual contacts were made with State committees, civic and church groups and others interested in the working and living conditions of migratory labor. Some legislation in this field was adopted by the States during the year. In view of the probable termination of Public Law 78 and the resulting increase in domestic migratory labor, migratory labor standards will receive top priority by our Bureau in 1965.

Excellent progress was made in accident prevention work in those areas for which we have a responsibility. The accident rate for long-shoremen and ship repairmen showed a further reduction, and very encouraging support was received from both management and labor in promoting safety programs. The accident frequency rate for Federal employees continued to show a downward trend and the severity and fatality rates were the lowest for some 25 years.

The community service program for youth which was approved by this committee 2 years ago by making funds available to our Bureau for this purpose, has been active. Our new field staff was instrumental in the organization of committees in 25 communities to undertake communitywide programs in preparation of youth for employment. We estimate by the close of the fiscal year the total will be 40 community committees, and our estimate for fiscal 1965 is for the organization of an additional 50 communities. Excellent support was received from national organizations which have community roots in giving their support to this community effort.

I think the Secretary has already talked to you about plans for the coordination of youth activities.

Several additional hazardous orders were issued in order to provide for protection of workers under 18 years of age.

This is a very brief summary of our activities for the current fiscal year.

(Mr. Motley's prepared statement follows:)

Mr. Chairman and members of the committee, I am glad to appear before you today and talk about the work of the Bureau. Our adjusted appropriation for 1964 is \$3,461,100, including funds for the President's Committee for the Handicapped. The request for 1965 is for \$3,545,000. This net increase of \$83,900 will provide for the cost of within-grade promotions effective in 1965; additional costs of annualizing the January 1964 pay raise; centralized services; and the decrease of one extra day of pay. In addition, funds are requested for financing increase in the Department of Labor's share of Federal Radiation Council costs.

The budget under consideration for the Bureau of Labor Standards represents a decrease in positions requested as compared to 1964. However, I would like to present a report on our activities since we appeared before this committee a year ago.

IMPROVING STATE LABOR LEGISLATION

In order to provide better assistance, we arranged within the funds available to establish a regional consultant in Chicago, Kansas City, Dallas, and Atlanta. We believe, that through this arrangement, more adequate and more prompt technical services have been given to all 50 States.

In cooperation with a committee of State minimum wage administrators, the Bureau developed jointly with the Women's Bureau, revised drafts of suggested language for a State bill establishing a fixed minimum wage and wage boards, together with explanatory memorandums. Revised drafts of the suggested language for a State wage payment and wage collection law and for a State occupational safety and health bill were also prepared by the Bureau. These drafts serve as a useful guide to the States in adopting new legislation or in improving existing laws. For example, the one on State wage payment and wage collection law was used by Hawaii, Vermont, and New Hampshire in preparing amendments adopted in 1963 to strengthen their laws.

Specific technical services given during this period included assistance to Oklahoma, North Carolina, and Virginia on a sanitary code for migratory agricultural workers; to Colorado, Indiana, North Dakota, and Texas on improvements in their child labor laws; to Ohio on major changes needed in wage payment and wage collection law and to Georgia in developing plans for introduction of such laws in next legislature; to Illinois on the analysis and drafting of a proposed minimum wage law; to California, Hawaii, Illinois, Michigan, New York, and Oregon on amendments to strengthen the law regulating private employment agencies; to Maryland on prevailing wage law; to Michigan, Missouri, New Mexico, and Wyoming on safety rulemaking authority; to Rhode Island on overtime pay provisions and hours of work laws and regulations; to Colorado on revision of four minimum wage orders; to Kentucky on reorganizing its State labor department; and to South Carolina and Tennessee on developing supporting material for a minimum wage law.

A revised draft of the inspection manual, originally published in 1938, was prepared to serve as a guide to the States in developing their own manuals. This manual will also serve as the basis for developing training courses for State wage and hour inspectors similar to those now being conducted by our bureau for State safety inspectors. A course is planned for Arkansas in March 1964.

Analysis of labor legislation

Approximately 3,500 bills were introduced in our areas of labor legislation in 1963, and about 700 of these were enacted into law. These laws were passed in 43 different States. The majority were improvements in existing laws, and some of these reflected our suggested language on certain subjects, or the efforts of our field persons to suggest improvements or new needed legislation.

Some of the major acts passed were the following: Minimum hourly wage rates were increased in Idaho, Nevada, New Hampshire, New Mexico, and North Carolina. Three States—New Hampshire, Hawaii, and Vermont—strengthened their wage payment and wage collection laws by setting certain standards included in our suggested language prepared in 1962. North Dakota passed a Private Employment Agencies Act, which followed many of the provisions set forth by our suggested language on that subject. New York changed its administration of its law regulating private employment agencies by specifying that the State labor department would administer the law from now on in all areas except New York City (formerly there was local administration statewide).

Four States prohibited discrimination in employment based on race, creed, color, or national origin, making 27 jurisdictions with such mandatory laws; and 2 States prohibited discrimination because of age, making 18 jurisdictions with such acts.

Improvements in workmen's compensation laws included increased benefits for disability or death in 21 States. Medical benefits were strengthened in 11 States, and provisions dealing with radiation diseases liberalized in 7 States; occupational safety laws included measures for the control of radiation hazards in 6 States.

Workmen's compensation

A six-member Advisory Committee on Workmen's Compensation, representing labor, management, and the public was appointed by the Secretary to assist the Bureau in the planning and developing of a comprehensive study of the administrative procedures and practices of workmen's compensation agencies. Progress in this study includes the following:

Administration machinery and cost of administration—will be completed in fiscal 1964.

Disability rating methods—analysis of State laws underway.

Techniques for processing contested and uncontested cases—project underway.

Insurance provisions—project to begin early in 1964.

Claimants' reaction survey—project underway.

Specific assistance given to Florida and Kentucky workmen's compensation agencies on claims filing procedures; to Colorado Legislative Study Group on Occupational Diseases; and to an Illinois State senator regarding problems involved in ionizing radiation cases; to Wisconsin Workmen's Compensation Advisory Committee on methods of protection for injured workers of uninsured employers; to International Brotherhood of Boilermakers on recommended loss of hearing provisions under workmen's compensation laws; to Congressmen from New Mexico and Rhode Island on improvements needed in their State workmen's compensation laws; to New Jersey Consumers League on experience of States with coverage of heart diseases and newsboys and time limits in filing claims; to Michigan Workmen's Compensation Study Committee on cost of workmen's compensation; to Connecticut Workmen's Compensation Commission on epilepsy and industrial injuries; to Florida Medical Association on use of advisory committees in administration of workmen's compensation laws; to Rhode Island Department of Labor on promoting rehabilitation for injured workers; to national office of AFL-CIO on problems of overlapping benefits under State workmen's compensation laws and Federal OASI disability program; and to Governor's office and State AFL-CIO in California regarding reorganization of workmen's compensation agency to provide more effective supervision of workmen's compensation cases and the establishment of a rehabilitation unit within the workmen's compensation agency.

Emphasis was given to the rehabilitation aspects of workmen's compensation laws and to the promotion of State seminars on rehabilitation in cooperation with BES, President's Committee on Employment of Handicapped, and Office of Vocational Rehabilitation. Such seminars were held or are being considered in Alaska, Arkansas, Delaware, Florida, Hawaii, Illinois, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Nebraska, New Jersey, New Mexico, North Dakota, Pennsylvania, South Dakota, Tennessee, Utah, and Wyoming.

The Bureau is also participating actively in a series of labor-rehabilitation conferences sponsored by the National Institutes on Rehabilitation and Health Services.

The Bureau is engaged in preliminary planning, in cooperation with the Atomic Energy Commission, on a proposed intensive study of ionizing radiation injuries and the problems involved in their coverage under workmen's compensation laws. This project is the result of congressional hearings conducted in 1962 on a proposed Federal workmen's compensation law for radiation injuries.

IMPROVING CONDITIONS OF MIGRATORY WORKERS

Two pilot community projects in North Carolina for migratory farmworkers were initiated by the Bureau, in cooperation with BES, to demonstrate the effectiveness of such programs. These community programs represent a concerted effort by all the public and private agencies, voluntary organizations, and individuals that are concerned with the improvement of the migrant worker situation in working and living conditions, particularly with respect to education, recrea-

tion, community acceptance, and child care. Each program functions through a citizens' committee whose members represent the various participating agencies and organizations, and all activities are coordinated by an executive secretary. A State services field consultant maintains close liaison with the projects through correspondence, weekly and monthly reports, and personal visits. On the basis of the successful experience with these two projects, the Bureau developed and published a new Bulletin 256 entitled "A Guide to Community Efforts To Improve Conditions for Agricultural Migrants." This bulletin is intended to promote and to facilitate the development of similar programs in other communities.

Significant progress in legislation affecting migratory farmworkers may be illustrated by the following comparison of the status of such legislation in 1953 with that in effect in 1963:

Year 1953

Year 1963

Fifteen States had laws or mandatory regulations applicable to migrant agricultural labor camps.

Five States had mandatory standards for vehicles used in the transportation of farmworkers.

Seven States, Hawaii, District of Columbia, and Puerto Rico had a set minimum age for farmworkers outside of school hours.

Five workmen's compensation laws covered farmworkers in the same manner as other workers.

Three jurisdictions had laws expressly covering farm labor contractors or crew leaders.

Thirty States have laws or mandatory regulations applicable to migrant agricultural camps.

Eight States have mandatory standards for vehicles used in the transportation of farmworkers.

Ten States, District of Columbia and Puerto Rico now set a minimum age for such work outside of school hours.

Nine States and Puerto Rico have workmen's compensation laws covering farmworkers in the same manner as other workers.

Nine States and Puerto Rico have laws expressly covering farm labor contractors or crew leaders.

Other services included:

Technical adviser to Advisory Committee on Economic Life of United Presbyterian Church in the United States of America;

Assistance was given to United Church Women of Missouri in organizing migrant program in the Bootheel area;

Consultant participated in the formation of an interdepartmental committee on migratory labor in Dallas region;

Consultant promoted a conference of Jewish, Protestant, and Catholic groups to consider a coordinated migratory labor program in Midwest;

Consultant promoted a conference of representatives of Bishops' Committee on Migrant Labor, the Home Services Division of the National Council of Churches, and the regional Public Health Service of HEW to discuss health projects for migratory farmworkers in Midwest;

Technical assistant was given to 27 State committees on migratory labor. The Michigan Office of Governor was given advice on establishing a State committee on migratory labor.

Consultant participated as member of steering committee for the Fourth Annual Conference on Families Who Follow the Crops to be held in California in February 1964.

Consultants participated in numerous meetings of Migrant Ministry of National Council of Churches held in various areas.

REDUCING INDUSTRIAL ACCIDENTS

I am pleased to report encouraging trends in the various accident frequency rates covered by our national safety programs. In the Federal program, the 1962 injury frequency rate was 7.9, marking the first time since 1955 that it has dipped below 8. The number of fatalities and the severity rate of injuries were reported at an alltime low. However, Federal compensation and medical costs when compared with our experience in the 1950's are still serious problems.

In our maritime program, the stevedoring rate of 101.1 for the first 9 months of 1963 continues to steadily decline and is down 10.7 percent from the same period for the previous year. The ship-repairing rate of 29.5 is down 17.6 percent for the same period. Although the rates are lower and both the longshoring and ship-repairing rates show a general decline, we do not of course claim total credit. We do, however, intend to continue our program efforts and provide

our resources and means to produce a substantial contribution toward the continued reduction of industrial accidents.

I am certain that you are interested in the attitude of the maritime industry, management, and labor with respect to willingness to comply not only with the regulations but with many of the recommendations that are made by our people in the areas not regulated by the law. We find that day-by-day employers are developing a more cooperative and aggressive safety attitude. More and more employers are expending funds for materials, equipment, etc., that are not required by law. They expend such funds because they have been convinced that the safer the operation the greater the productive output and return. For example, five ship-repair companies report that they have instituted a program for the compulsory wearing of safety hats in all of their repair activities, not only those covered by Federal law. A gulf port shipyard indicates that it has provided its employees with 900 pairs of safety goggles and requires all employees to wear safety goggles on the job regardless of whether or not the work is covered by Public Law 85-742. Shipyards are continuing to show greater improvements in their gas-freeing procedures. We have had reports of three Atlantic coast shipyards that have completed conversion of all electrical systems to conform with the new three-wire ground system. This is an extremely expensive conversion job, costing many thousands of dollars.

We have received from our field offices statements made by employers on reduction in their insurance costs. A few of these statements are: Reduction in 1962 insurance experience ratings were reported by nine ship repair companies, six reported reductions for the second consecutive year and two employers report expected further cuts for the 1962 insurance year. One terminal reported a rebate of \$38,000 to date during the year of 1963 and expects a greater savings in the year of 1964. A New England stevedore has reported that his operating cost per man-hour was reduced by 3 cents in port No. 1, and in port No. 2 his operating cost per man-hour was reduced by 6 cents as a result of his accident prevention improvements. A Middle Atlantic State stevedore indicates his insurance costs have been reduced for 2 years in a row. A shipyard in the South Atlantic area received a \$3,000 rebate on its insurance premium due to no disabling injuries for a 2-year period. This employer promptly took his rebate and turned it over to his employees as a safety incentive award. In the above instances it had been reported by management and other responsible company executives that much of the benefits have been attributable to the Bureau's untiring safety efforts.

In concluding this section of my report, I should like to interject a very interesting cost statistic which has just recently been developed by the Bureau of Employees' Compensation. The dollar cost of claims closed in 1962 was slightly less than in 1960 even though compensation benefits were raised some 30 percent due to amendments passed in 1960. The 1960 cost of compensation claims closed, for the maritime programs, totaled \$12,545,000; in 1962, the estimated cost for total claims closed was \$12,461,000.

In the way of legislation I should like to report that the gear testing regulations under the longshoring safety and health regulations, governing accreditation of persons to perform, and standards and procedures to be followed in testing, inspecting, and certificating ships cargo handling gear became effective in June of 1963. Thirty-one agencies and companies have applied for accreditation under these new regulations, 16 have been given accreditation and we are now processing 15 applications for granting of accreditation. More applications are expected to be submitted in this certification area. The Bureau has developed extensive additions and amendments to the safety and health regulations for ship repairing and shipbuilding. These proposed amendments were published in the Federal Register of August 23, 1963, and public hearings were held in October of 1963. The Bureau is now studying all of the comments and suggestions made by interested parties in hopes to have final drafts of the amendments for ship repairing and shipbuilding, as well as those for shipbreaking by late January or February of 1964.

The Bureau has been continually researching explosion hazards which exist in ship repairing operations. As a result of our research in this field, several very stringent rules and regulations to reduce the fire and explosion hazards have been written into the regulations which were recently proposed. The Bureau is now requiring employers to designate persons who are or will become competent to follow marine chemist orders or suggestions in maintaining a hazard-free atmosphere during the entire repair period. In this connection, the Bureau plans, through a series of training courses, to assist in raising the level

of competency of the responsible persons designated by the employer to do the testing necessary to maintain a safe environment in the repair operations. We have, through an extensive series of training operations, been progressively upgrading the training capabilities of our own staff people so that when the proposed regulations become law our people will be standing ready and available to provide the training needed.

In the area of research and development the Bureau is pleased to report several significant accomplishments. The Bureau recently concluded a study dealing with dangerous articles and substances. On the basis of our study and finding concerning the hazard of these substances, the Bureau developed recommendations covering the packaging and treatment of castor bean pomace in order to minimize the allergenic effects and eliminate the toxic hazard in handling of the substance. These recommendations were discussed with the U.S. Coast Guard and the latter included the regulations suggested by this Department into their regulation amendments for the year of 1963. This is considered a significant development since it is the first product placed among hazardous articles solely on the basis of its dangerous effects on individuals.

We have long been concerned about the fact that due to jurisdictional problems, longshoremen on docks do not receive protection comparable to that aboard ship. We think the dock should also be made a safe place to work. In an attempt to correct this illogical situation, we were instrumental in having the American Standards Association initiate a standards development project covering longshore safety on the docks. This project, designated MH9, is sponsored by the National Safety Council. Representatives from management, labor, and other interested groups, as well as the Bureau's safety engineers, are already at work on the various subcommittees of this project.

With respect to fire and toxic hazards, Bureau representatives are working with the special subcommittee of the NFPA Gas Hazards Committee, which is engaged in revising and updating NFPA 306, "Control of Gas Hazards on Vessels To Be Repaired." We are presently conducting a survey to study the effects of mechanization in the stevedoring industry and to implement safety to best advantage in those operations.

The Bureau takes some satisfaction in the progress that has been achieved to date in its maritime training and educational programs. When considering Public Law 85-742, Congress gave considerable attention to the educational and training possibilities of this law. There have been several important developments. On the west coast some 2,500 ILWU longshoremen who have been working as casuals are being given B class status only after completing 12 hours of safety training. This, in my opinion, shows a very constructive attitude on the part of labor and a willingness and desire to reduce the incidence of accidents. Recent reports with respect to the number of longshoremen taking "accident avoidance training" numbered some 400 in San Francisco, 500 for longshoremen in Long Beach-Los Angeles area, and a recent report indicates that a new series of training courses have commenced in Seattle to include some 200 additional longshoremen. The IIA in New York reports that formal safety training courses for shop stewards are to commence in the near future. A highly successful ship repair industrial safety seminar was held in July of 1963 on the west coast. This was a 2-day seminar and the Bureau cooperated with the Bay City Metal Trades, Industrial Union Council, both the mayors of San Francisco and Oakland, State of California Division of Safety, and the Marine Chemist Association conducted a 2-day seminar which included panel discussions and demonstrations of effective prevention methods and techniques to reduce the potential hazards connected with the use of flammable and toxic materials.

Particularly interesting in this area of training education is the willingness of the students and employees to take this training after hours on their own time, in many instances without any compensation whatsoever.

A recapitulation of our training efforts and accomplishments in areas other than those previously mentioned may be of particular interest to you. The Bureau presented 53 safety courses to some 2,135 students—representatives from labor and management—with class hours ranging up to 30 hours per course. In the ship repair areas, employer groups and local unions sponsored formal training both on and off the job in Chicago, St. Louis, Toledo, Paducah, New Orleans, Galveston, Philadelphia, Seattle, Portland, and San Francisco. Additionally, the Bureau has reached an additional 15,000 employees covered by Public Law 85-742 through its safety training sessions. There were some 900 sessions presented last year averaging close to 3 hours each. These sessions were originally set as 1 hour of training, however, the demand for more extensive training is

evidenced by the longer sessions the employer permits to be carried out on his time. The safety consultants participated in over 800 safety meetings held by employers, associations, and labor groups both on and off the job using safety talks, slides, movies, and other training media to stimulate a greater interest in safety. In furthering its educational endeavors the Bureau has distributed to management, labor and other groups interested in activities covered by Public Law 85-742, some 50,000 publications dealing with safety training and education. The Bureau has developed several educational and technical safety texts (the safety in industry series) which were very well received by the industry. Particularly well received by many foreign governments was the segments of the code covering access to vessels which was translated into Spanish, Greek, and Italian. This has been considered a great contribution to providing safer conditions aboard the vessels from those countries.

In the area of effective and efficient utilization of maritime personnel the Bureau presents the following recapitulation. Consultative services on safety engineering and accident prevention to both labor and management were increased by some 13 percent over last year. The ships inspected went from 19,000 last year to over 25,000 this year, an increase of over 30 percent. The safety consultants conducted over 450 safety program surveys during the year to determine the degree of program progress being made by individual employers. There were close to 4,500 recommendations made of which more than 80 percent were adopted or implemented. This more than doubles last year's activity in this program area. There was a total of 526 accident investigations conducted to determine cause and make appropriate recommendations for corrective measures.

State services

In addition to assisting States and other interested groups in the technical aspects of developing safety codes and other technical information the Bureau conducts safety training courses for States and other personnel. During the year the Bureau's safety specialists conducted 56 courses for 1,152 State employees. An additional 51 courses were presented which were sponsored by State labor departments, but at which employees of private industry, as well as labor department personnel, were permitted to attend. One thousand three hundred and fifty-one persons attended these latter 51 courses. They generally represented 30 hours of actual class work each. An additional, 1,184 persons participated in 26 special sessions of 6 hours or less duration. The subjects covered were such things as organization and administration of safety programs, control of mechanical and physical hazards, control of chemical and environmental hazards, protection against ionizing radiation, protection against low-voltage electricity, and the control of the special hazards of construction jobs. The courses made use of close to 100,000 training aids. In keeping these training courses up-to-date a substantial number of new training aids were produced during the year.

Among the 285 engineering and technical consultations services provided to the States and the District of Columbia, the assistance to the State of Illinois in organizing a safety program for State employees was notable, as were the awarding of safety certificates in North Carolina and in Rhode Island.

Other training activities

The amount of the Bureau's assistance in technical safety training requested by national and international unions continues to increase. In the past year 285 training sessions were presented, with 8,051 union members participating.¹ This is almost double the amount of such training in the previous fiscal year. Almost one-fourth of the participants in this union safety training program were in the nonmaritime industries. This training was presented in 19 States: Alabama, California, Florida, Georgia, Hawaii, Illinois, Louisiana, Maine, Maryland, Mississippi, Missouri, New York, Ohio, Oregon, Pennsylvania, Texas, Utah, and Washington, and in the District of Columbia. Twelve international unions participated in these safety training projects during the year. They were: The Longshoremen's Association; the Bakery & Confectionery Workers; the United Brotherhood of Carpenters & Joiners; the International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers & Helpers; the Longshoremen's & Warehousemen's Union; the Oil, Chemical & Atomic Workers; the United Association of Journeymen & Apprentices of the Plumbing & Pipe Fitting Industry of the United States & Canada; the Industrial Union of Marine & Shipbuilding Workers of America; the United Steelworkers of America; the United Automobile, Aerospace & Agricultural Implement Workers of America; the United

¹ This includes some maritime training previously reported.

Rubber, Cork, Linoleum & Plastic Workers of America; and the Independent Workers of Florida.

The Bureau makes continuing effort to promote joint labor management efforts in industrial safety and as part of that effort two of these safety courses, which have been recently presented, were for relatively high ranking company officials. One of these was presented in a large east coast shipyard and was attended by about 70 company officials and another was a 30-hour training institute sponsored by the Boilermakers in Houston, Tex., with the top management representatives from all of the principal shipyards in the vicinity invited to participate.

The Bureau continued to provide technical, educational, and safety promotional assistance to the Federal departments and agencies during the past year. In connection with these education endeavors the Bureau provided over 150,000 safety training aids and publications. The Bureau also provides the secretariat for the Federal Safety Council, and the Director of the Bureau serves as Chairman of the Federal Safety Council.

Development of safety standards

The Bureau participated in many standard-setting activities on both a national and international basis over the past year. Particularly noteworthy is the contribution to the drafting of safety codes under the American Standards Association procedures. In 1963 the Bureau maintained membership on 44 technical committees and three standards boards. During the year staff members attended 24 meetings of committees or boards, 39 ballots were cast on matters brought before these committees or boards, and 18 technical reviews were made of committee reports.

The Bureau provides the secretariat of the International Association of Governmental Labor Officials. In this capacity, the Bureau recommends State officials to serve on committees and boards of the American Standards Association. In 1963 the IAGLO maintained membership on 53 committees or boards, thus assuring that the States are represented and their experience is reflected in the process of drafting of safety standards.

The Department of Labor is a statutory member of the Federal Radiation Council which was established to advise the President on matters dealing with radiation safety. The Bureau's representative attended 65 Council and working group meetings and reviewed and commented on 11 specific reports dealing with such matters as control of radiation levels in uranium mining, and fallout problems due to weapons testing.

Planning for the 1964 President's Safety Conference on Occupational Safety scheduled for June 1964 is underway. Names of outstanding safety technicians around the Nation and from all segments of the economy have been selected to participate in the planning and programing committees, as well as those to make the presentations for this conference. The Bureau staff has started this work and it continues to assist all those participating in the conference in order to insure a successful completion of the program.

PROTECTING YOUNG WORKERS

The Bureau develops standards for the protection of young workers and to stimulate local community action programs to improve youth employability. In this area, the following projects were carried out:

Made a comparison of State and Federal hazardous-occupations prohibitions for 16- and 17-year-old persons. This comparison is reflected on a printed chart to graphically illustrate the lack of activity in the past of many of the States in the issuance of such prohibitions.

Amended Hazardous Occupations Order No. 10 (Meat Processing Operations) to extend coverage of the order to include meat patty forming machines, and also to extend coverage of the order to retail and service establishments and allow for employment of apprentices and student learners.

Completed an investigation of excavation operations on the basis of which and order was issued by the Secretary on April 2, 1963, setting an 18-year age minimum for employment in most excavation operations, effective May 9, 1963.

Inaugurated a program in which 32 States have voluntarily agreed to make a monthly report on injuries occurring to employed minors under 18 years of age to this Bureau. This is an attempt to assess more accurately the injuries experienced by young workers. Such information will assist the Division in identifying areas where investigation is needed to determine whether an 18-year age minimum should be set for employment under the child-labor provisions of the Fair Labor

Standards Act; determining suitable jobs for 14- and 15-year-old minors under child labor regulation No. 3; developing an effective series of safety promotion program for minors employed as paid workers on farms.

Three issues of the quarterly farm safety news service were prepared for distribution to county agricultural extension agents for use in their local newspaper and radio work. Prepared a combination guide, outline, and text ("Farmwork, Safety and You") for instructor's use in making a suggested safety presentation to prospective farm employed youth.

Prepared a general safety leaflet ("Going To Do Farmwork") addressed to youth who contemplate employment or are employed on farms. Gives common-sense safety "do's" and "don'ts" for working around machines and animals, using handtools, ladders, and other jobs.

Completed a leaflet which includes plans for construction and demonstration of a how-to-lift training model. This leaflet presents scaled drawings and an itemized list of materials for construction of the model and dramatically demonstrates how improper lifting causes back injuries as well as how to lift the right way—with the strong leg muscles instead of the back. The construction plans outlined in the leaflet are especially suited to school shops.

To provide better understanding of employment certificates, a new leaflet titled "Employment Certificates" was prepared. Over 75,000 copies were distributed, on request, to employers, young workers, guidance and other school officials, parents, State committees on children and youth, State labor departments, union officials and appropriate field staff of Federal agencies.

To promote better understanding of the provisions of child labor regulation No. 3 covering the employment of minors 14 and 15 in retail, food service, and gasoline service establishments which became effective June 1, 1962, State offices that supervise employment certificates were offered copies of "A Guide to Child Labor Provision of the Fair Labor Standards Act." In response to this offer, almost 10,000 copies were provided for the use of local issuing offices.

Maintained programs with 45 States, District of Columbia, and Puerto Rico for use of State employment and age certificates as proof of age under the child-labor provisions of the Fair Labor Standards Act. Representatives of State labor departments who visited the Branch for assistance included some from Alaska, Iowa, Kentucky, and Virginia. Other activities of this program concerned adjusting irregularities in certificate issuance in California, advising two local offices in Indiana at their request and summarizing the child labor provisions of the Federal law for Wyoming.

Some 10,000 issuing officials reported to us on the issuance of 1,071,965 certificates in 1962 to minors 14-17 years of age. This represents an approximate increase of 20 percent over 1961.

Following the amendment of regulation No. 3 covering retail trade, an article "Occupations Open to Minors in Retail Trade" was prepared and published in the September 1962 issue of Occupational Outlook Quarterly which has a circulation of 10,000 composed mainly of guidance and counseling personnel.

Prepared and distributed over 150,000 copies of a publication "Teenagers Can Be Hired" to combat the idea that child labor laws prevent young workers from obtaining employment.

Assisted in the preparation of a pamphlet "Questions and Answers on Child Labor Laws" which was distributed to all LSB field staff.

Prepared article "Do Child Labor Laws Prevent Youth Employment?" for the Journal of Negro Education to gain the understanding and support of this group.

IMPROVING YOUTH EMPLOYABILITY, FIELD OPERATIONS

The philosophy of the field operations is that the "whole" youth must be prepared for employment—socially, culturally, psychologically, physically, and vocationally—for it is the "whole" youth who presents himself for work. And the best place to prepare youth for employment is in his own hometown.

The mission of the field operations is to give assistance to communities in the organization and operation of local programs to solve problems in the preparation of youth for employment. Its directions are fourfold:

1. To assist communities to organize communitywide efforts to solve the problems of preparing youth for employment.
2. Assistance with special community programs in the preparation of youth for employment.
3. Public information and educational services in youth programs.
4. Coordination of public services in preparing youth for employment.

Programs tools

During the first half of 1964, a number of program tools have been developed for one field operation of the Division. Among them are a workbook on community committees for youth employment, a manual of field operations, and selected illustrations of local programs to solve problems in preparing youth for employment.

During the balance of the year, additional program tools will be developed. Emphasis will continue to be on the design of programs which communities can put into use to locally solve problems in the preparation of youth for employment.

Illustrative of work of the field staff and forecasts for its future achievements are:

1. *Organization of community committees.*—During the first half of 1964, the field staff was instrumental in the organization of 25 community committees to undertake communitywide programs in the preparation of youth for employment. We estimate that by the close of the fiscal year the total will be 40 community committees. The outlook for fiscal year 1965 is for the organization of an additional 50 communities.

Random examples are the following:

In Columbia, S.C., the regional youth consultant has assisted in the formation of a 21-member citizens youth committee by the City Council of Columbia, to deal with youth employment problems as well as related problems of education and delinquency; in St. Joseph, Mo., the mayor appointed a mayor's committee which will be conducting public education programs of vocational education in the public schools, and is now preparing for a week study program for economically deprived youth; in Grand Rapids, Mich., work by the regional youth consultant resulted in the board of directors of the Grand Rapids United Community Services approving its sponsorship of a communitywide "Committee on Out-of-Work, Out-of-School Youth." A great deal of community interest in this has been generated to effect achievements which promise solving many problems in preparing youth for employment in Grand Rapids.

2. *Program advisory service.*—In well over 115 communities the regional youth consultants have provided advisory services to special programs to meet the needs of preparing youth for employment. Demand for this service will soon far outstrip, and indeed has in some cases already outstripped, the manpower and travel allowances for the field operations of the Division.

Illustrative of these services are the following:

In Wisconsin, the regional youth consultant conducted inservice training of State public welfare community service staff in preparation of children of families on welfare for employment; in Evansville, Ind., the regional youth consultant helped plan and was one of the leaders of workshops of the National Conference of Methodist Youth Fellowship in the role of the church in preparation of youth for employment; in Delaware, the regional youth consultant assisted in developing and operating a statewide survey of dropouts. The purpose of this survey was to have person-to-person contact with all dropouts and to develop a referral system utilizing all public facilities (welfare, educational, etc.) to help these youngsters. One important fringe benefit has been a greatly increased public awareness of the problems of children who do not finish high school. In Dallas, after 3 months of intensive work by the regional youth consultant, a communitywide conference is planned for February of top leaders from industry, from commerce, from schools, and from the Negro and Mexican communities to make definite plans to increase employment opportunities to minority group youth. In a number of communities in the South, regional youth consultants are working with teachers on ways and means to psychologically as well as vocationally prepare Negro youth for job opportunities which are opening up for them.

3. *Public information and educational services.*—Our regional youth consultants have been speakers, panel members, and participants in an average of 20 programs a month in public information and education in the problems and their solutions of preparing youth for employment. These include public meetings, conferences of civic and professional organizations, and radio and television programs.

Just a sampling of the cities and types of service provided are:

Speaker on "Jobless Youth—A Call for Community Action" at the 62d Annual Meeting of the New Jersey Welfare Council; speaker at the annual meeting of the Illinois Commission on Human Relations, in Chicago; workshop leader on education and employment among minority group youth dealing with problems of discrimination and the President's Civil Rights Act, sponsored by the Southern California Women's Committee for Civil Rights; participant as a panel member in one workshop "Community" at the Fifth Annual Kansas Conference on Civil

Rights in Wichita; discussion leader in labor law workshop on University of Washington seminar on "Woman's Destiny—Choice or Chance"; featured speaker in Savannah Community Conference having the theme "Youth Employability—The Challenge of Change"; coparticipant with the Atlanta superintendent of schools on radio program dealing with school dropouts; speaker on radio and television program regarding problems of youth employment in Fort Wayne, Ind., and St. Joseph, Mo.

4. *Coordination of public youth services.*—As was pointed out, the maxim of the field operations of the Division is that solving the problems of youth for employment must involve the "whole" youth. This means that a variety of public services, such as schools, public welfare, recreational services, psychiatric and guidance clinics, employment services, and apprenticeship training must all pull together. The Division's field staff has made its beginning in assisting State and local communities to set up ways and means of getting these public services to pull together. Much more needs to be done and will be done by the Division's field operations.

Two examples of this type of field operation are in Ohio and Maine. The regional youth consultant was successful in Ohio in forming a Federal-State Youth Council on Service to Ohio Youth. This committee is chaired by the administrator of the Ohio Bureau of Unemployment Compensation and its members consist of the directors (or their designee) of the Department of Education, Department of Industrial Relations, Ohio Youth Commission, the U.S. Department of Labor's Bureau of Apprenticeship and Training, Office of Automation, Manpower, and Training, Bureau of Labor Standards, and Bureau of Employment Security. This group meets bimonthly to develop and give leadership to joint public programs solving the problems of preparing youth for employment. In Maine, the State has asked the regional youth consultant to do a study on how the various public and voluntary groups concerned with youth employment can do a better job of working together in local communities.

Special projects

The Division undertook a special project in the Appalachian South in February 1963. The local BES and BAT offices, University of Kentucky, Council of Southern Mountains, OMAT, and the Federal Extension Service were counseled and adviser by our staff to coordinate under the direction of the Eastern Kentucky Development Committee in an effort to resolve the many local problems affecting the youth in that area. Subsequently, headquarters were set up for a pilot program which is currently underway in four counties in eastern Kentucky. Almost a year of planning and consultation finally resulted in a logical and effective program.

Some 70 national organizations in New York, Washington, D.C., Philadelphia, Chicago, and other communities have been contacted by our staff to secure their support nationally and locally. They have been urged to work with our regional youth consultants in communities and to incorporate youth employment programs into their national and local activities. In addition, they have distributed our publications and have invited members of our staff to appear on their programs at conventions and other significant meetings in an effort to further promote our programs for youth employability.

The Division conducted a career day program at Cedar Knolls Children's Center at Laurel, Md., to assist disadvantaged youth in preparing themselves for the world of work. A similar program is planned for the youth center at Lorton, Va.

We have worked with the youth program of the Baptist Association of Southern Maryland to improve youth employability, particularly among minority youth in Prince Georges County. We are providing materials and consultative services as well as suggesting program concepts and techniques.

Staff is working cooperatively with the Berean Presbyterian Church in Philadelphia, Pa., in planning a 2-day youth employment seminar which will be a prelude to the establishment of a youth program in the area serviced by this church.

FINANCING FEDERAL RADIATION COUNCIL

Mr. FOGARTY. Thank you, Mr. Motley.

The appropriation for 1964 is \$3,470,000, and the request for 1965 is \$3,545,000, an increase of \$75,000.

There is a decrease of three positions due to mandatory cost increases and getting the working capital fund on its feet; and an increase of \$17,700 to provide for increased costs of financing Federal Radiation Council activities.

What is the Federal Radiation Council?

Mr. MOTLEY. Mr. Brown is the representative of our Bureau on that committee.

Mr. FOGARTY. Mr. Brown.

Mr. BROWN. It is an organization set up in 1959 by amending the Atomic Energy Act. It is made up, by statute, of the representatives of six agencies—HEW, Labor, Commerce, Agriculture, Defense, and AEC. Its primary function at the current time is to measure the impact of fallout from atomic weapons testing and any other testing, upon the welfare and health of the people of this country.

It is strictly an advisory body to the President. It sets up guidelines from which the agencies involved may adopt regulations.

Mr. FOGARTY. How is it financed?

Mr. BROWN. By contributions from each of the six member agencies.

Mr. FOGARTY. According to page 54 of the appendix to the President's budget, the total financing of this Council increases by \$9,000, but your justifications on page 6 show your contribution being increased by \$17,000. Why is your contribution going up almost twice as much as the total increase for the Council?

Mr. BROWN. Because the amount that we originally contributed was \$9,000, and then the budget demand went to \$25,000. The budget for the agency went from \$25,000 up to \$150,000. The proportionate share divided by six took care of that.

Mr. FOGARTY. \$17,700? All six pay that?

Mr. BROWN. They all pay that.

Mr. MOTLEY. There is \$8,000 additional in the Bureau of Labor Standards budget, making a total of \$25,000.

Mr. FOGARTY. All six are paying \$25,000 or \$17,000?

Mr. BROWN. \$25,000.

Mr. FOGARTY. Did they just tell you how much it would be, or were you consulted and did you agree to this increase?

Mr. BROWN. They explained that their activities were expanding and that they needed more money. As far as they were concerned, they would suggest that each agency at the time increase its contribution, and each agency went along with it at that time. However, I think the Department of Labor has strongly advised that hereafter the Federal Radiation Council should come and get its own appropriation for its own operation.

Mr. FOGARTY. It has been brought to my attention that on page 54 of the appendix to which I referred earlier, the 1964 estimate is \$145,000, and the 1965 estimate is \$154,000. The total obligations show a \$9,000 increase.

Mr. BROWN. There is something wrong with the figures somewhere.
 Mr. FOGARTY. Whose figures? The President's budget or yours?
 Mr. BROWN. We put the money in at \$25,000 representing what I understood to be one-sixth of the total cost.

ADJUSTMENTS IN 1964 STAFFING

Mr. FOGARTY. The decrease of three positions in 1965 seems to be largely due to a larger assessment for the Radiation Council, but I believe the Secretary also said something about your 1964 positions being cut back from what was authorized. What is the story on that?

Mr. MOTLEY. There were three positions reduced with the amount of money, \$25,000, to transfer from youth functions to activities under the manpower development and training. This was research work which it was felt could be better done in the manpower development and training program. A total of three positions and \$25,000.

SCHOOL DROPOUTS

Mr. FOGARTY. What are you doing about school dropouts?

Mr. MOTLEY. Our youth program has included the matter of school dropouts to work with the school authorities and with the Employment Service as well, in encouraging youngsters to remain in school. Through the community program for which you provided funds for us starting 3 years ago, we had been instrumental in helping communities to organize their resources to set up programs that would encourage youngsters to remain in school.

We have found that community organizations have been quite interested and quite active in this phase of their program. This is only one of the programs, however, which we encourage the communities to undertake.

SAFETY PROGRAM

Mr. FOGARTY. We shall put your justifications in the record, but in view of the almost spectacular advances they show in connection with the maritime safety program, I am sure the committee would like to hear a discussion of this subject. Tell us what has been done and what the results have been and what you see for the future.

Mr. MOTLEY. We have some material which we prepared in connection with the safety program. Mr. Gidel, the Director of our Office of Safety, has some charts you might wish to look at.

Mr. FOGARTY. Let us take a look at them.

LONGSHORE

Mr. MOTLEY. Let us look at the longshore first.

Mr. GIDEL. The charts are in the small papers. I might say, Mr. Chairman, since we have been in the program the rate in longshoring has reduced 30 percent, and the shipyards and ship repair rate is reduced 25 percent. The compensation benefits payable have increased some 30 percent, but the total cost of claims closed has increased only some 10 percent. So, we feel that the results have certainly more than paid for our efforts.

Mr. FOGARTY. These are dramatic results. Tell us where you started and where you are now.

Mr. GIDEL. We started in 1960, when we first started collecting injury frequency rates. The rate in longshoring was 131.8 disabling injuries per million man-hours. For the first 9 months in 1963, it is 101.1. We are hoping to break 100. Our full-year figures will not be available—

Mr. FOGARTY. Did you go down because of the time of the year in 1963? Was that because of cold weather?

Mr. GIDEL. We did have a strike at that time which reduced the rates a little bit, and I think it had some impact, but we have not completely analyzed it yet. The shipyard program started at 39.3 disabling injuries per million man-hours, and for 9 months in 1963 it is 29.5.

We have some extended jurisdiction in the last year due to the *Calbeck* decision which gave us some authority over shipbreaking and certain operations in shipbuilding.

Mr. FOGARTY. That is very good. What else do you have? Do you have any other charts?

FEDERAL AND MANUFACTURING AREAS

Mr. GIDEL. We have the charts on the Federal and manufacturing areas.

Mr. MOTLEY. I would like you to look at the Federal chart. We were quite pleased with the drop in fatalities this year.

Mr. GIDEL. Here is the picture for the Federal injury frequency rate and the costs, these are actually incurred costs by year. You can see the injury frequency rate last year, 1962, was 7.9, which is the lowest it has been since 1955. It is down one-tenth of a point. The costs went down these past 2 years from \$36 to \$33 million. This cost is the total cost of claims incurred last year, \$33 million. So we are hoping that this may trend out in the future, too. It is difficult to say.

As far as manufacturing, this is the picture here and the preliminary figure for 1963 will be 11.3 disabling injuries per million man-hours as compared with 11.4 in 1962. This we just checked with BLS yesterday.

Mr. FOGARTY. We shall place those charts and tables in the record. (The material referred to follows:)

OFFICE OF OCCUPATIONAL SAFETY
Workload statistics, maritime program, fiscal year 1963

| Functions | Longshoring | Shipyard | National totals |
|---|-------------|----------|-----------------|
| Number of ship arrivals ¹ | 178,000 | | |
| Number of shipyard jobs ² | | 60,000 | |
| Inspection volume (100 percent)..... | 178,000 | 60,000 | 238,000 |
| Number of ships inspected..... | 16,799 | 7,976 | 24,775 |
| Inspection performance (percent)..... | 9.4 | 13.3 | 10.4 |
| Violations issued..... | 1,585 | 1,295 | 2,880 |
| Contacts: Promotional consultative..... | 6,411 | 3,568 | 9,979 |
| Recommendations made..... | 2,818 | 1,127 | 3,945 |
| Number of establishments reporting under the act..... | 862 | 596 | 1,458 |
| Number of employees under the act..... | 106,000 | 80,000 | 186,000 |
| Training and educational activity: | | | |
| Training sessions presented..... | 492 | 410 | 902 |
| Number in attendance..... | 9,926 | 7,291 | 17,217 |
| Safety meetings (participation)..... | 468 | 334 | 802 |
| Number in attendance..... | 13,124 | 7,962 | 21,086 |
| Safety, technical and educational publications distributed..... | 24,873 | 18,508 | 43,381 |

¹ Estimate.² Estimate, under the act.

Summary of 1963 maritime activities and related data—Safety and health administration of Public Law 85-742

| Function | Programs | | |
|--|--------------|-------------|--------------|
| | Longshoring | Shipyard | Totals |
| 1. Man-hours of exposure ¹ | 56,352,000 | 76,577,000 | 132,929,000 |
| 2. Number of disabling injuries ¹ | 5,695 | 2,261 | 7,956 |
| 3. Injury-frequency rates ¹ | 101.1 | 29.5 | |
| 4. Injury-severity rates, 1962..... | 7,849 | 3,392 | |
| Injury cost data: | | | |
| Fiscal year 1960..... | \$8,855,537 | \$3,035,605 | \$11,891,142 |
| Fiscal year 1961..... | \$10,180,469 | \$3,238,446 | \$13,418,915 |
| Calendar year 1962..... | \$9,638,980 | \$3,423,808 | \$13,062,788 |
| Calendar year 1963..... | (?) | (?) | * 12,950,000 |

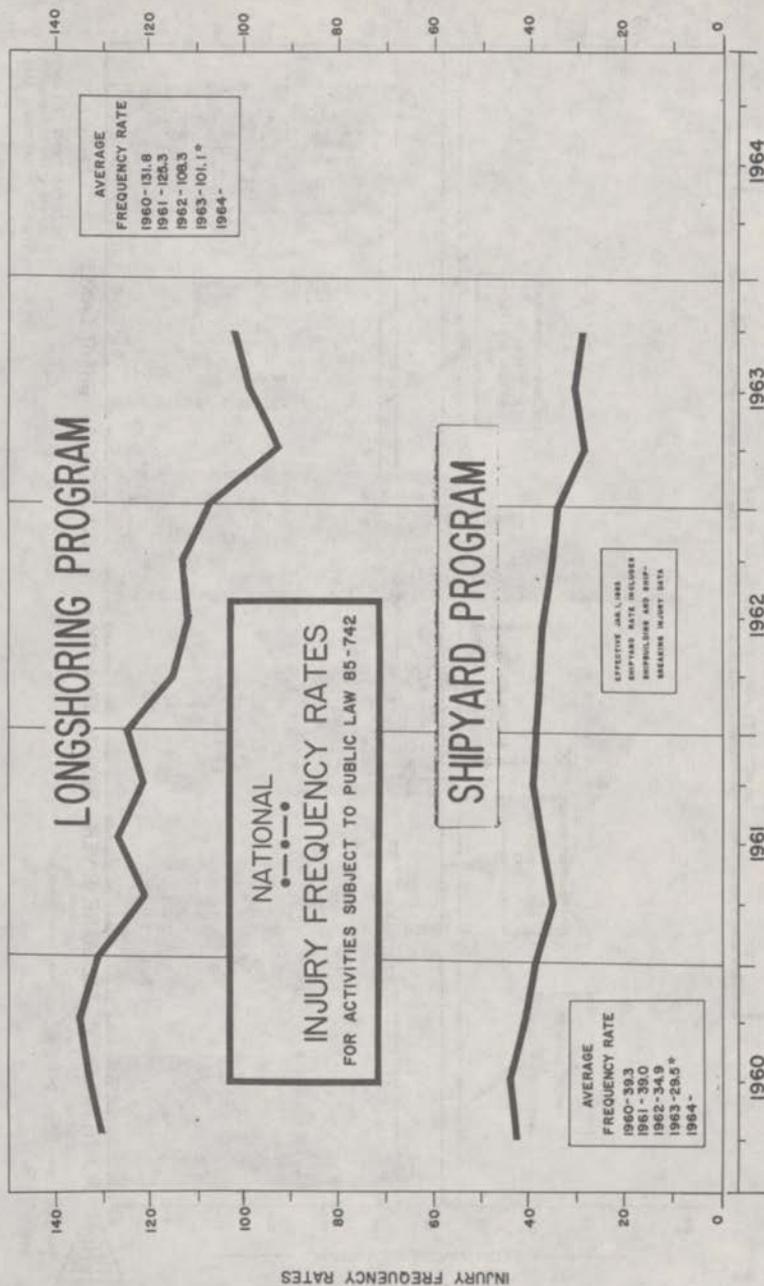
¹ 9-month (year-to-date) totals.² Not available at this time.³ Preliminary.

NOTE.—Data reflected in items 1 through 4 are collected under Public Law 85-742 and are on a calendar basis.

The preliminary accident costs reflected are for all cases closed as reported by the BEC under the Longshoremen's and Harbor Workers' Compensation Act. The costs are exclusive of medical care costs.

Injury-frequency rate is the number of disabling injuries per million employee-hours of exposure.

Injury-severity rate is the total days charged per million employee-hours of exposure.

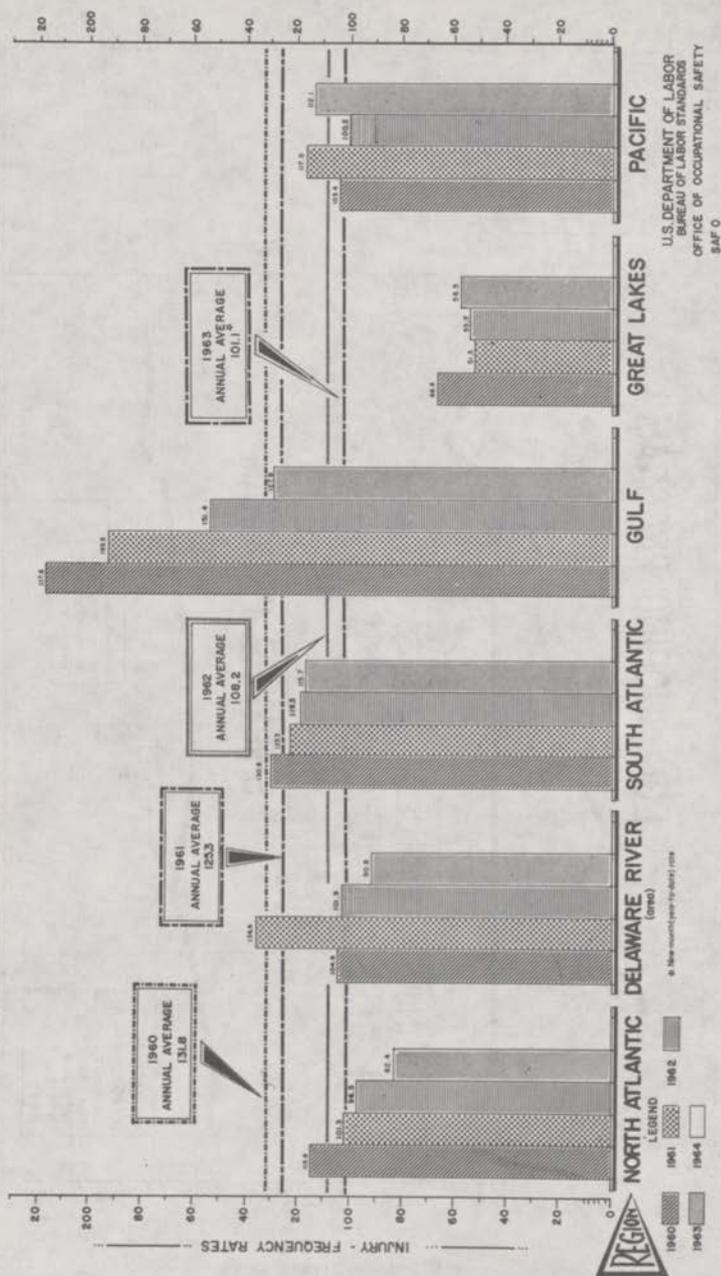


U. S. DEPARTMENT OF LABOR
 BUREAU OF LABOR STANDARDS
 OFFICE OF OCCUPATIONAL SAFETY

SAF-O

REGIONAL DISTRIBUTION of ANNUAL INJURY EXPERIENCE LONGSHORING WORK-INJURY FREQUENCY RATES

FOR ACTIVITIES SUBJECT TO PUBLIC LAW 85-742



U. S. DEPARTMENT OF LABOR
Bureau of Labor Standards
Office of Occupational Safety

NINE MONTH COMPARISON (YEAR TO DATE) LONGSHORE INJURY DATA
REPORTED UNDER PUBLIC LAW 85-742
1963 - 1962

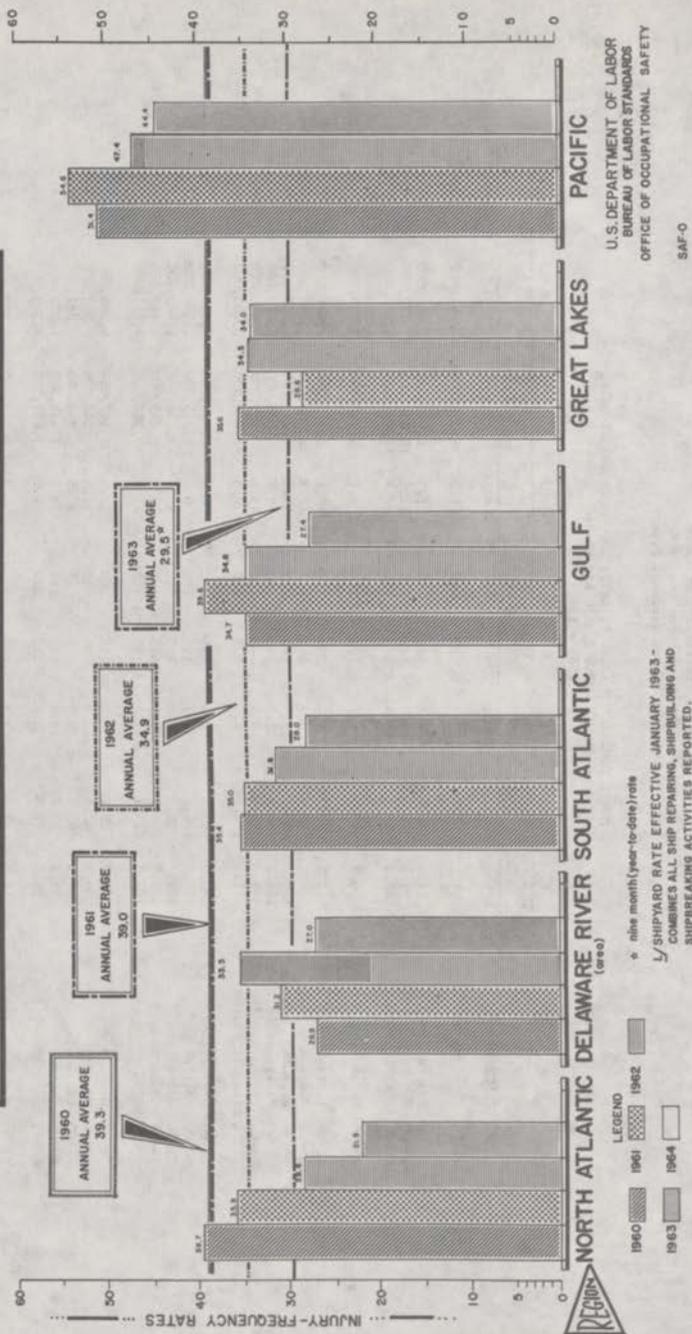
| CODE | DISTRICT | FREQUENCY RATES | | | NUMBER OF INJURY | | | MANHOURS | | |
|-------|-----------------------|-----------------|-------|----------|------------------|-------|----------|------------|------------|----------|
| | | 1963 | 1962 | % Change | 1963 | 1962 | % Change | 1963 | 1962 | % Change |
| 00-00 | National | 101.1 | 113.2 | - 10.7 | 5,695 | 6,549 | - 13.0 | 56,352,000 | 57,862,000 | - 2.6 |
| 03-00 | Boston-Prov. | 87.4 | 86.6 | + 0.9 | 91 | 146 | - 37.7 | 1,041,000 | 1,685,000 | - 38.2 |
| 06-00 | New York | 82.1 | 98.4 | - 16.6 | 1,392 | 1,774 | - 21.5 | 16,951,000 | 18,033,000 | - 6.0 |
| | NORTH ATLANTIC REGION | 82.4 | 97.4 | - 15.4 | 1,483 | 1,920 | - 22.8 | 17,992,000 | 19,718,000 | - 8.8 |
| 09-00 | Delaware River Area | 90.8 | 99.5 | - 8.7 | 301 | 316 | - 4.7 | 3,313,000 | 3,175,000 | + 4.3 |
| 12-00 | Baltimore | 112.1 | 99.7 | + 12.4 | 309 | 258 | + 19.8 | 2,755,000 | 2,586,000 | + 6.5 |
| 15-00 | Norfolk | 94.5 | 112.4 | - 15.9 | 148 | 165 | - 10.3 | 1,566,000 | 1,468,000 | + 6.7 |
| 18-00 | Savannah | 135.5 | 168.1 | - 19.4 | 172 | 213 | - 19.2 | 1,269,000 | 1,267,000 | + 0.2 |
| 21-00 | Jacksonville | 144.2 | 141.3 | + 2.1 | 141 | 144 | - 2.1 | 978,000 | 1,019,000 | - 4.0 |
| 24-00 | Ft. Lauderdale | 93.2 | 93.7 | - 0.5 | 43 | 36 | + 19.4 | 461,000 | 384,000 | + 20.1 |
| | SOUTH ATLANTIC REGION | 115.7 | 121.4 | - 4.7 | 813 | 816 | - 0.4 | 7,029,000 | 6,724,000 | + 4.5 |
| 27-00 | New Orleans | 80.2 | 90.0 | - 10.9 | 479 | 500 | - 4.2 | 5,973,000 | 5,555,000 | + 7.5 |
| 30-00 | Mobile | 160.5 | 166.6 | - 3.7 | 195 | 195 | 0 | 1,215,000 | 1,170,000 | + 3.8 |
| 33-00 | Galveston | 206.7 | 326.7 | - 36.7 | 265 | 483 | - 45.1 | 1,282,000 | 1,479,000 | - 13.3 |
| 36-00 | Houston | 185.9 | 281.1 | - 33.9 | 660 | 688 | - 33.1 | 2,425,000 | 2,447,000 | + 1.1 |
| | GULF REGION | 127.8 | 175.2 | - 27.1 | 1,399 | 1,866 | - 25.0 | 10,945,000 | 10,651,000 | + 2.8 |
| 39-00 | Cleveland | 38.7 | 29.7 | + 30.3 | 45 | 40 | + 12.5 | 1,162,000 | 1,348,000 | - 13.8 |
| 42-00 | Detroit | 44.2 | 62.5 | - 29.3 | 24 | 35 | - 31.4 | 543,000 | 560,000 | - 3.0 |
| 45-00 | St. Louis | 22.0 | 45.2 | - 51.3 | 15 | 39 | - 61.5 | 680,000 | 862,000 | - 21.1 |
| 48-00 | Chicago | 91.1 | 76.7 | + 18.8 | 134 | 118 | + 13.6 | 1,472,000 | 1,538,000 | - 4.3 |
| | GREAT LAKES REGION | 56.5 | 53.9 | + 4.8 | 218 | 232 | - 6.0 | 3,857,000 | 4,308,000 | - 10.5 |
| 51-00 | San Francisco | 115.6 | 97.9 | + 18.1 | 479 | 414 | + 15.7 | 4,142,000 | 4,228,000 | - 2.0 |
| 54-00 | Long Beach | 146.9 | 130.9 | + 12.2 | 386 | 347 | + 11.2 | 2,628,000 | 2,652,000 | - 0.9 |
| 57-00 | Seattle | 106.0 | 91.8 | + 15.5 | 294 | 228 | + 28.9 | 2,773,000 | 2,483,000 | + 11.7 |
| 60-00 | Portland | 99.1 | 104.0 | - 4.7 | 232 | 212 | + 9.4 | 2,342,000 | 2,038,000 | + 14.9 |
| 63-00 | Honolulu | 67.6 | 56.1 | + 20.5 | 90 | 89 | + 1.1 | 1,331,000 | 1,586,000 | - 16.1 |
| | PACIFIC REGION | 112.1 | 99.3 | + 12.9 | 1,481 | 1,290 | + 14.8 | 13,216,000 | 12,987,000 | + 1.8 |

NOTES: Disabling Injury-Frequency Rate is the number of disabling injuries per million employee-hours of exposure.

Due to continuous adjustments, manhours and injury totals are not additive.

REGIONAL DISTRIBUTION of ANNUAL INJURY EXPERIENCE SHIPYARD \swarrow WORK-INJURY FREQUENCY RATES

FOR ACTIVITIES SUBJECT TO PUBLIC LAW 85-742



U.S. DEPARTMENT OF LABOR
 BUREAU OF LABOR STANDARDS
 OFFICE OF OCCUPATIONAL SAFETY
 SAF-O

U. S. DEPARTMENT OF LABOR
Bureau of Labor Standards
Office of Occupational Safety

NINE MONTH COMPARISON (YEAR TO DATE) SHIPYARD¹/INJURY DATA
REPORTED UNDER PUBLIC LAW 85-742
1963 - 1962

| CODE DISTRICT | FREQUENCY RATES ² | | | NUMBER OF INJURY | | | MANHOURS | | |
|--|------------------------------|-------|----------|------------------|-------|----------|------------|------------|----------|
| | 1963 | 1962* | % Change | 1963 | 1962* | % Change | 1963 | 1962* | % Change |
| 00-00 National | 29.5 | 35.8 | - 17.6 | 2,261 | 1,689 | + 33.9 | 76,577,000 | 47,133,000 | + 62.5 |
| 01-00 Boston-Prov. | 14.0 | 25.3 | - 44.7 | 137 | 48 | + 85.4 | 9,752,000 | 1,894,000 | + 414.9 |
| 06-00 New York | 31.8 | 31.9 | - 0.3 | 245 | 247 | - 0.8 | 7,700,000 | 7,745,000 | - 0.6 |
| NORTH ATLANTIC REGION | 21.9 | 30.6 | - 28.4 | 382 | 295 | + 29.5 | 17,452,000 | 9,659,000 | + 81.1 |
| 09-00 Delaware River Area ³ | 27.0 | 22.5 | + 20.0 | 180 | 68 | + 164.7 | 6,672,000 | 3,018,000 | + 121.1 |
| 12-00 Baltimore | 16.0 | 12.8 | + 9.4 | 90 | 51 | + 76.5 | 6,417,000 | 3,987,000 | + 60.9 |
| 15-00 Norfolk | 25.2 | 31.1 | - 19.0 | 213 | 180 | + 18.3 | 6,467,000 | 5,790,000 | + 46.2 |
| 18-00 Savannah | 42.5 | 28.0 | + 51.8 | 317 | 153 | + 107.8 | 1,773,000 | 1,258,000 | + 41.1 |
| 21-00 Jacksonville | 53.7 | 64.8 | - 17.1 | 193 | 26 | + 13.8 | 1,703,000 | 3,258,000 | - 7.1 |
| 24-00 Ft. Lauderdale | 32.7 | 38.9 | - 17.1 | 33 | 26 | + 13.8 | 1,010,000 | 787,000 | + 28.3 |
| SOUTH ATLANTIC REGION | 26.2 | 34.0 | - 17.1 | 589 | 521 | + 13.1 | 20,867,000 | 15,344,000 | + 36.0 |
| 27-00 New Orleans | 30.9 | 38.0 | - 18.7 | 228 | 128 | + 78.1 | 7,373,000 | 3,372,000 | + 118.7 |
| 30-00 Mobile | 14.5 | 37.1 | - 61.0 | 79 | 52 | + 51.9 | 5,457,000 | 1,401,000 | + 289.5 |
| 33-00 Galveston | 36.5 | 33.1 | + 10.3 | 57 | 54 | + 5.6 | 1,563,000 | 1,633,000 | - 4.3 |
| 38-00 Houston | 74.3 | 73.2 | + 1.5 | 49 | 46 | + 6.5 | 660,000 | 629,000 | + 4.9 |
| GULF REGION | 27.4 | 39.8 | - 31.2 | 613 | 280 | + 47.5 | 15,053 | 7,035,000 | + 114.0 |
| 39-00 Cleveland | 18.2 | 21.7 | - 16.1 | 23 | 23 | 0 | 1,266,000 | 1,058,000 | + 19.6 |
| 42-00 Detroit | 35.9 | 32.7 | + 9.8 | 19 | 17 | + 11.8 | 529,000 | 521,000 | + 1.5 |
| 45-00 St. Louis | 44.9 | 56.2 | - 20.1 | 33 | 38 | - 13.2 | 736,000 | 676,000 | + 8.9 |
| 48-00 Chicago | 44.5 | 39.5 | + 12.7 | 47 | 45 | + 4.4 | 1,055,000 | 1,140,000 | - 7.5 |
| GREAT LAKES REGION | 34.0 | 36.2 | - 6.1 | 122 | 123 | - 0.8 | 3,386,000 | 3,395,000 | - 5.6 |
| 51-00 San Francisco | 26.6 | 36.4 | - 26.9 | 110 | 122 | - 9.8 | 4,128,000 | 3,350,000 | + 23.2 |
| 54-00 Long Beach | 28.1 | 38.5 | - 27.0 | 100 | 81 | + 23.5 | 3,560,000 | 2,103,000 | + 69.3 |
| 57-00 Seattle | 60.0 | 59.7 | + 0.5 | 200 | 185 | + 70.3 | 3,721,000 | 1,875,000 | + 30.6 |
| 60-00 Portland | 85.0 | 69.2 | + 30.5 | 17 | 8 | + 112.5 | 187,000 | 172,000 | + 8.7 |
| 63-00 Honolulu | 44.4 | 46.2 | - 3.9 | 575 | 402 | + 43.0 | 12,948,000 | 8,703,000 | + 48.8 |

NOTES: ¹ Effective January 1, 1963 the "Shipyard" classification combines all ship repairing, shipbuilding and shipbreaking activities reported under the Act.

* Reported ship repairing activities ONLY.

Disabling Injury-Frequency Rate is the number of disabling injuries per million employee-hours of exposure.

Due to continuous adjustments manhours and injury totals are not additive.

P
... and... **R**

DIVISION

ENGINEERING

**Research ...
development**

**ENGINEER-SCIENTIFIC
COMMITTEE ACTIVITY**

Interagency Committee for
Biological Assistance
Interdepartmental Highway Safety
Board
International Association of
Governmental Labor Officials
CIS - International Occupational
Safety and Health Information
Committee
Federal Fire Safety Council
National Fire Protection
Association
President's Conference on
Occupational Safety
American Society for
Construction Standards Board
Nuclear Standards Board
Safety Standards Board
Federal Radiation Council

TECHNICAL SERVICES

Requests for Technical Assistance, Code
reviews, Consultations re: Regulations,
Legislation, Codes, Orders, Publications, etc.

Federal Agencies
State & Local Governments
State Labor Officials
State Education Officials
Unions - Labor (National
and International)
Industry
Professionals
Educational Institutions
Individuals and Students

**PUBLICATIONS
TEXTS - TECHNICAL BULLETINS**

Inorganic Acid; Chemical Hazards
Hydroalcal; for the Safety Net
Compressed Gases; Handling of
Analysis; Accident Factor
Instrumentation; Industrial Hygiene
Environmental Hazards
Construction Safety
Using Injury Statistics*
Static Electricity*
Maintenance and Safety*
Fundamentals of Accident Prevention*
*Completed and issued during 1963,
others in research and development
stage.

CODE DEVELOPMENT

Power Presses
Laundry Machinery
Powered Industrial Trucks
Window Cleaning
Excavation Work
Fixed Ladders

Issued during 1963.

SPECIAL PROJECTS

Suggested Language for State
and Federal Codes
Suggested Language for Noise
Control Legislation
ILO - U. S. Position Papers

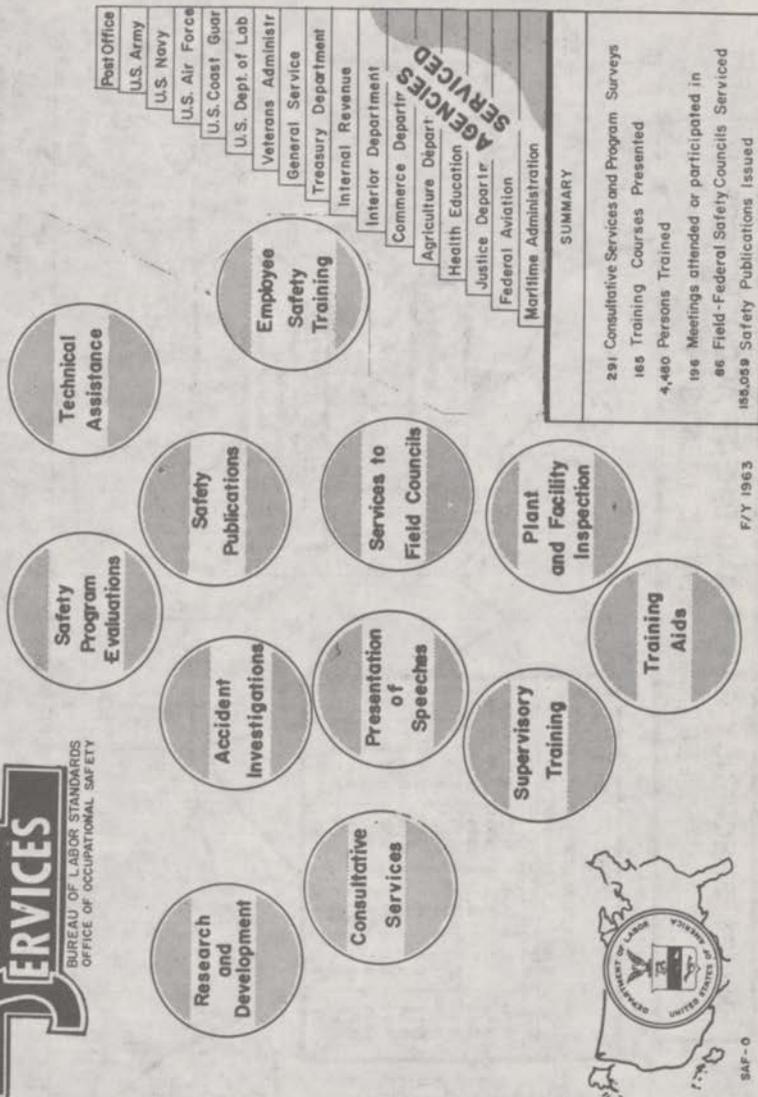
STANDARDS • CODES
Voluntary
RESEARCH
DEVELOPMENT - EVALUATIONS

High Strength Structural Steel
Building Construction
Industrial Standards for Radiation
Protection
Radiation Protection in Uranium
Mines and Mills
Proposed Nuclear Codes
Proposed Standards for Sealed Beta
Sources
Burst Explosions - Plastics Industry
Building Materials
Derricks and Derrick Hoists
Concrete Reinforcement (Steel bars)
Maximum Allowable Concentrations of
Acrylonitrile and its compounds
Radiation Protection at Reactor
Facilities
Mobile Scaffolds, Towers and
Platforms
Standardization in the Field of
Measurement of Electromagnetic
Radiation Hazards
ASA Radiation Protection (R7)
Standards for the Design of
Portable Levels of Radiation on
Scrap Materials and Equipment
Chemical Engineering for Nuclear
Fuel (R5-A)
Standards for the Use of Radio-active
Materials in Consumer Goods
Handling, Storage, Transportation
and Use of Flammable Liquids
Design and Operations of Local
Exhaust Systems

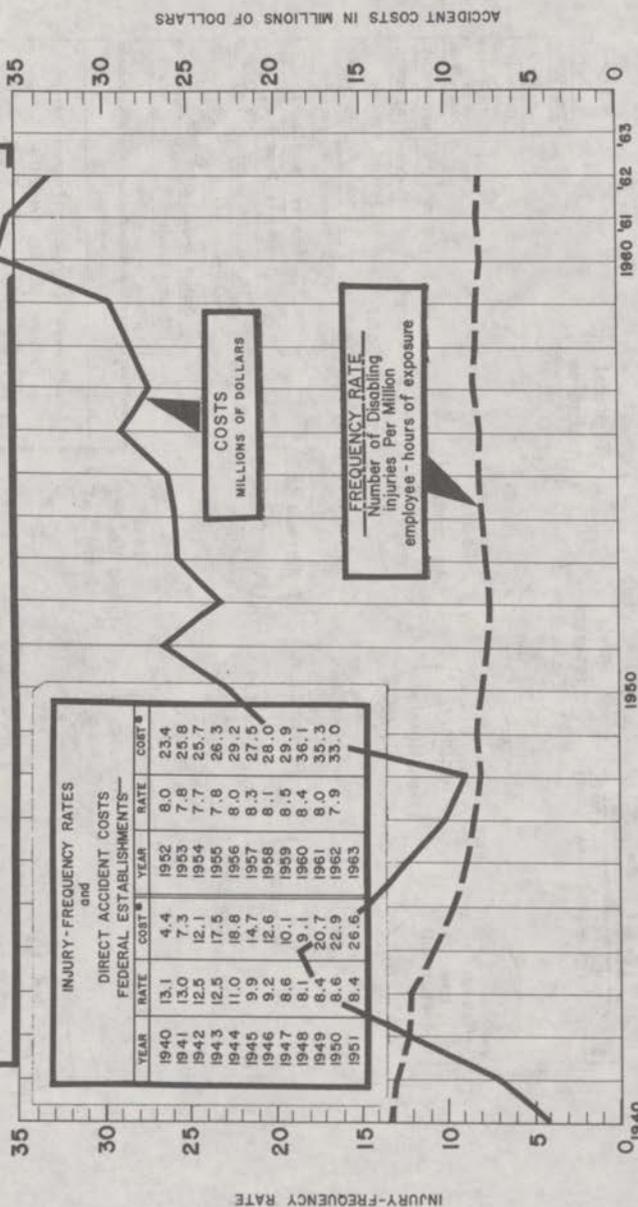
U. S. DEPARTMENT OF LABOR
ADMINISTRATIVE
OFFICE OF OCCUPATIONAL SAFETY



FEDERAL...



INJURY-FREQUENCY RATES AND DIRECT ACCIDENT COSTS FEDERAL ESTABLISHMENTS



U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

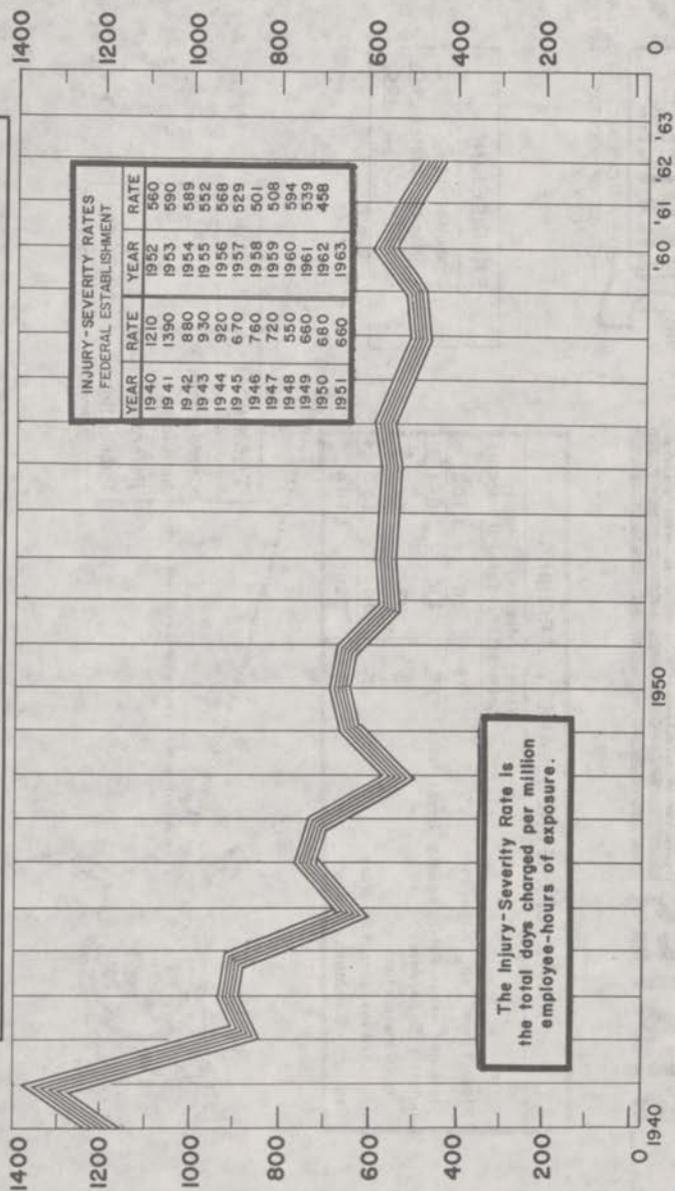
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FREQUENCY RATE
DIRECT ACCIDENT COSTS
COST IN MILLIONS OF DOLLARS
NUMBER OF EMPLOYEES IN FEDERAL ESTABLISHMENTS
VALUE OF LABOR IN MILLIONS OF DOLLARS
(INCLUDES UNPAID FUTURE PAY IN OPEN CASES)

SOURCE: BUREAU OF EMPLOYEES' COMPENSATION

ACCIDENT COSTS IN MILLIONS OF DOLLARS

INJURY-SEVERITY RATES IN FEDERAL ESTABLISHMENTS



The Injury-Severity Rate is the total days charged per million employee-hours of exposure.

DATA SOURCE: BUREAU OF EMPLOYERS' COMPENSATION

U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

SAF 0

STATES



BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL
SAFETY

STATE SPONSORED SAFETY TRAINING

| | States Served | Number Courses | Number Participants |
|---|---------------|----------------|---------------------|
| State Labor Dept. Inspectors | 19 | 56 | 1,152 |
| State and other Public Agency Supervisors | 6 | 20 | 661 |
| Industry Supervisors: Construction | 5 | 13 | 340 |
| Trades, Manufacturing | 5 | 18 | 350 |
| Sessions - Seminars | 3 | 25 | 1,184 |

ENGINEERING

Consultations:
Number States **40**
Total Number **166**

TECHNICAL ASSISTANCE

Conferences 12
Meetings 10
References and Publications 99,704

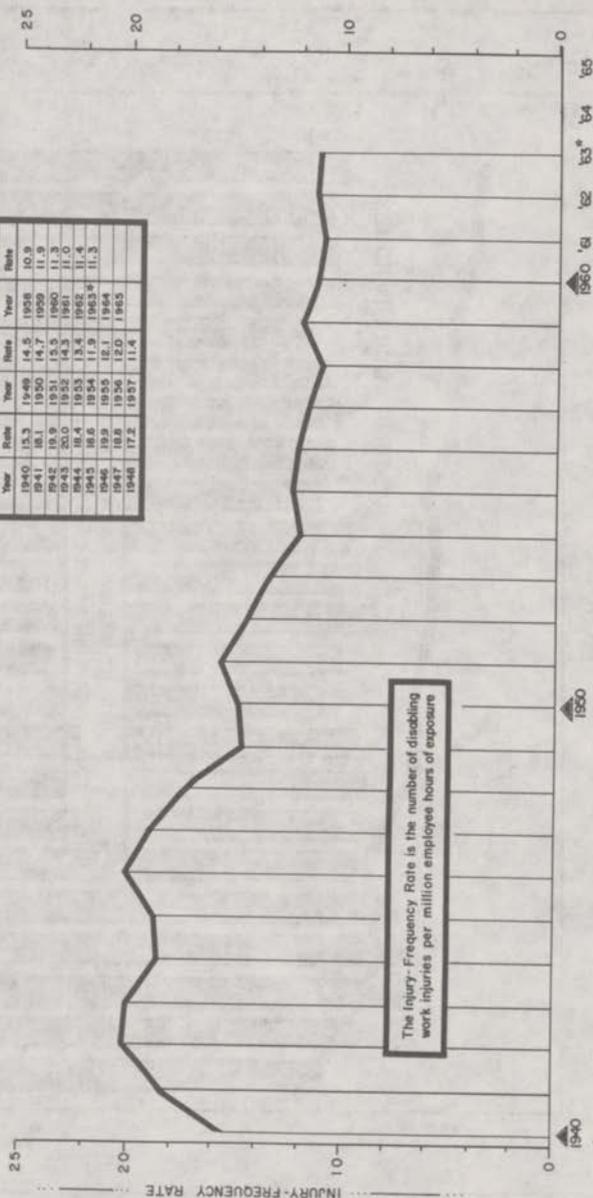


INJURY-FREQUENCY RATES IN MANUFACTURING

1940 to date

INJURY-FREQUENCY RATES IN MANUFACTURING
1940 to date

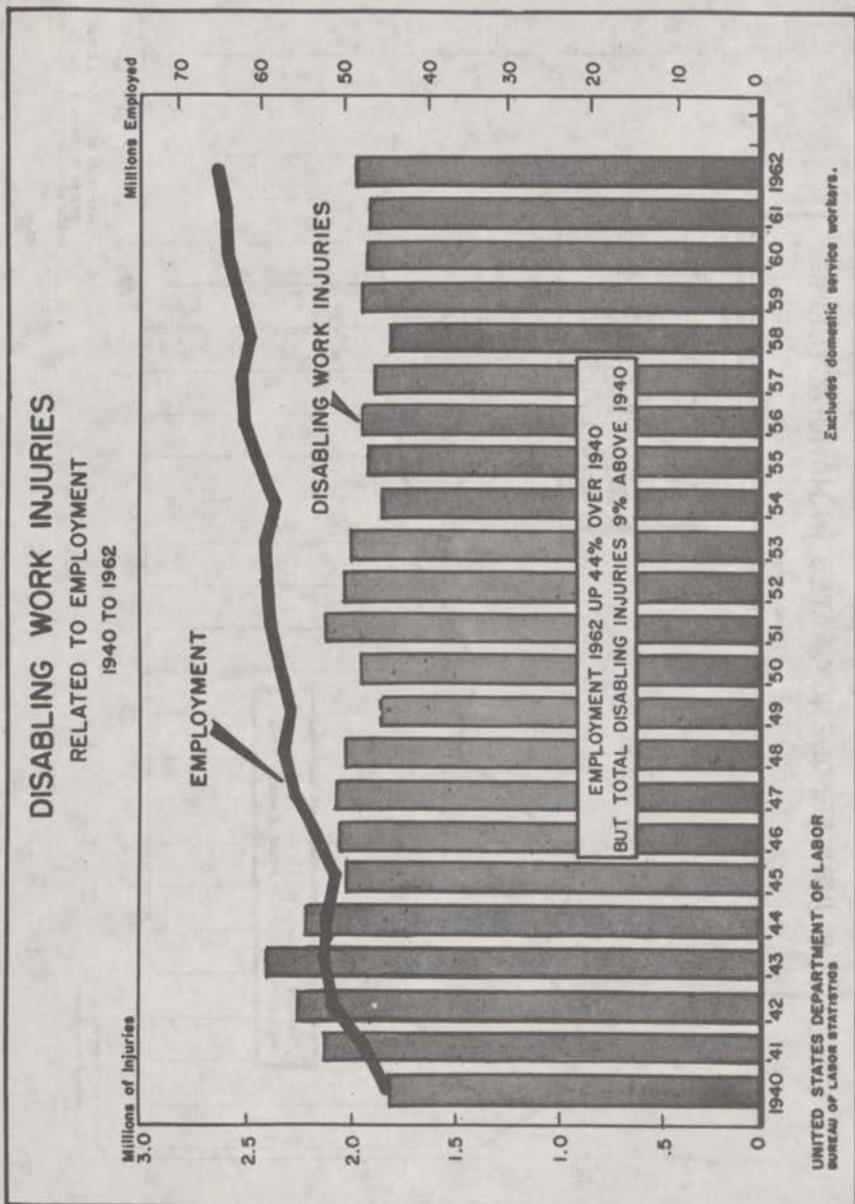
| Year | Rate | Year | Rate | Year | Rate |
|------|------|------|------|------|------|
| 1940 | 15.3 | 1948 | 14.5 | 1956 | 10.9 |
| 1941 | 16.1 | 1949 | 14.7 | 1957 | 11.9 |
| 1942 | 19.9 | 1950 | 14.3 | 1958 | 11.3 |
| 1943 | 20.0 | 1951 | 15.5 | 1959 | 11.0 |
| 1944 | 18.4 | 1952 | 14.3 | 1960 | 11.4 |
| 1945 | 19.9 | 1953 | 13.9 | 1961 | 11.5 |
| 1946 | 18.9 | 1954 | 12.0 | 1962 | 11.5 |
| 1947 | 18.0 | 1955 | 12.0 | 1963 | 11.5 |
| 1948 | 17.2 | 1956 | 12.0 | 1964 | 11.5 |
| 1949 | 17.2 | 1957 | 11.4 | 1965 | 11.5 |

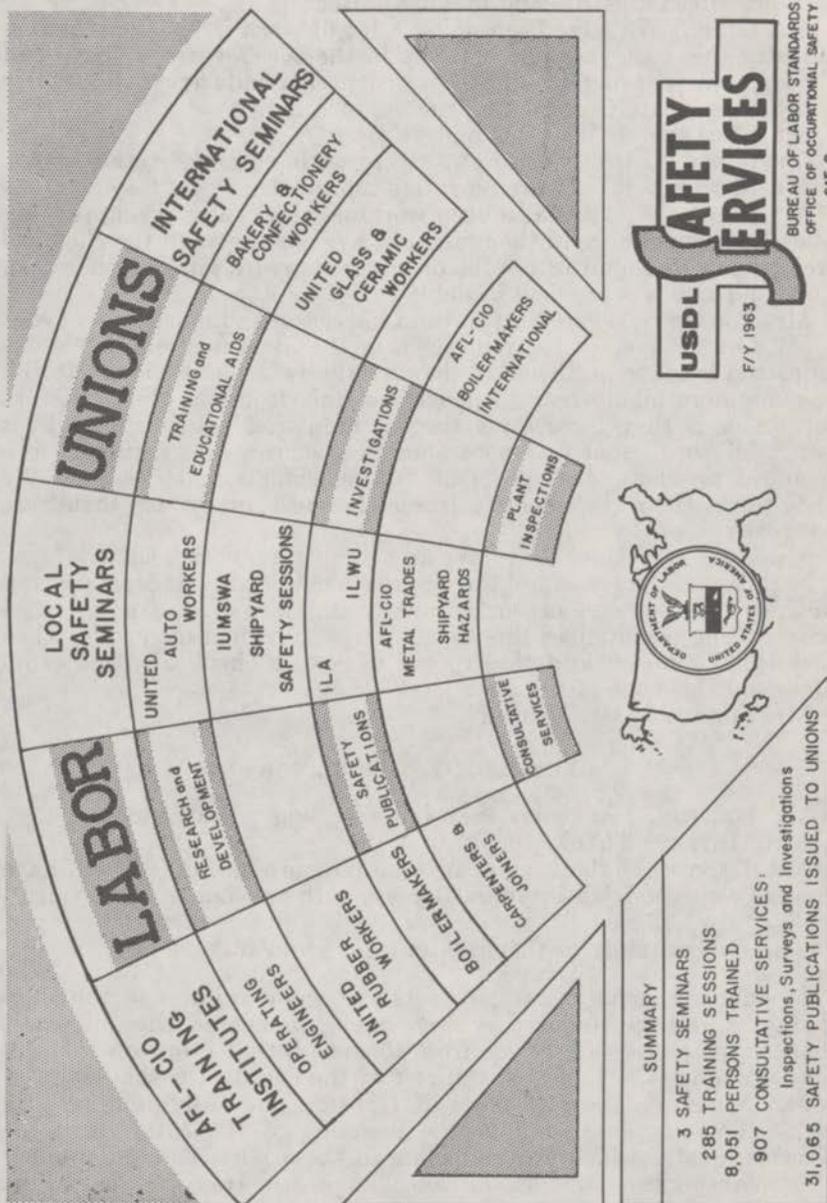


* preliminary - nine-month figure
Source: Bureau of Labor Statistics

U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

SAF 0





TRAINING PROGRAMS

Mr. FOGARTY. How many training programs do you have going on now, what industries and in what status?

Mr. GIDEL. We have been doing a lot of work in the construction industry this past year and actually in the last 2 years we have had 33 cooperative programs in the construction industry, with States and the Associate General Contractors of America.

Mr. FOGARTY. Is it in this budget report?

Mr. GIDEL. It isn't spelled out except we have some overall figures.

Mr. MOTLEY. It is in my narrative report, sir.

Mr. GIDEL. We have also been working with States trying to train State inspectors more in the industrial hygiene area and the chemical area, which we found is a problem in our shipyard and longshoreman work and also is a problem in industry.

Mr. FOGARTY. Where do you train inspectors in industrial hygiene?

Mr. GIDEL. We try to train them in the identification of possible industrial hygiene problems so they will know at least enough to call in some more highly trained people possibly from the Public Health Service or if they have some trained industrial hygienists on their own staff to go make a more thorough survey of whether it is a chemical problem, dust problem, fumes, explosion, et cetera. We just train them to identify these because many of them are not really—

Mr. FOGARTY. Does that have any connection with accidents?

Mr. GIDEL. It gets into the occupational health and safety and we have many cases in our shipyard and longshoring program of people being hospitalized due to exposures to carbon monoxide, when they spill chemicals and get exposed to certain chemicals, lead exposures and this type of thing.

Mr. FOGARTY. Mr. Denton?

RETIREMENT OF DIRECTOR

Mr. DENTON. I am sorry that you are going to leave, too.

Mr. MOTLEY. Thank you.

Mr. DENTON. I think you can take pleasure in the fact you have done a very good job in your 40 years with the Labor Department.

FREQUENCY OF INJURIES AT GULF AND PACIFIC PORTS

I remember some years ago we talked about injuries to the longshoremen and we found they were much higher on the gulf coast than anyplace else. I notice from this chart that down on the gulf they are almost in line with the rest of the country, is that right?

Mr. MOTLEY. The gulf ports of Houston and Galveston are still high. This is partly due to the handling of the cotton and the piecework rates which are prevailing in these ports and the number of casual workers among the longshoremen. However, as far as New Orleans is concerned, the rate in New Orleans compares favorably, but I think you can see from that chart there, the bar chart, the progress the gulf has made from the high point down.

Mr. DENTON. It is very good progress. You still seem to have a very high frequency of injuries on the Pacific coast in shipyards.

Mr. MOTLEY. Yes, we do, particularly in the Seattle and Portland region. We have been doing some special work with the shipyards in the Seattle area and we have had to take several enforcement cases to court in order to bring about a better enforcement of our regulations in the Seattle area.

SUPPORT FROM MANAGEMENT AND LABOR

I do want to say this, Congressman, that the support we receive from management and labor in this particular field, since this legislation was adopted—you remember the reluctance there was to it when this legislation was adopted—the cooperation has been tremendous. There was something that happened on the west coast among the longshoremen last year where they adopted a program whereby every longshoreman, in order to become a permanent member of the union, was required to take a certain number of hours of safety training before he was accepted as a member. Our representatives on the west coast provided the training formerly.

Mr. GIDEL. 400 to begin with.

Mr. MOTLEY. It is closer to 2,000 now in the various ports. This was done on their own time, too, which is even more cooperation on the part of the longshoremen. I think that you can be very pleased with the progress that has been made in this field.

Mr. DENTON. This year most every report we have seen has been good. I hope it keeps up through these hearings. That is all.

Mr. FOGARTY. Mr. Laird?

RETIREMENT OF DIRECTOR

Mr. LAIRD. Mr. Motley, I want to add to what Mr. Denton and the chairman have said.

Mr. MOTLEY. Thank you.

Mr. LAIRD. We hate to see you leave. It has been fine working with you. You have done a fine job for the Department of Labor and for your country.

Mr. MOTLEY. Thank you.

Mr. LAIRD. I have no questions.

Mr. FOGARTY. Is there anything else you want to say?

Mr. MOTLEY. No, that is all.

Mr. FOGARTY. Thank you very much.

JUSTIFICATION MATERIAL

(The formal justifications follow:)

SALARIES AND EXPENSES, BUREAU OF LABOR STANDARDS

Amounts available for obligations

| | 1964 | 1965 |
|--|-------------|-------------|
| Appropriation or estimate..... | \$3,470,000 | \$3,545,000 |
| Comparative transfer to Office of the Secretary..... | -8,900 | ----- |
| Appropriation or estimate, revised..... | 3,461,100 | 3,545,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|---|-----------------------------|-----------|----------------|-----------|-------------|---------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Improving State labor legislation..... | 25 | \$288,100 | 25 | \$296,100 | ----- | +88,000 |
| 2. Improving conditions of migratory workers.. | 11 | 117,800 | 11 | 121,300 | ----- | +3,500 |
| 3. Reducing industrial accidents..... | 162 | 1,821,800 | 162 | 1,880,500 | ----- | +58,700 |
| 4. Protecting young workers and advancing their employment opportunities..... | 61 | 691,600 | 58 | 681,500 | -3 | -10,100 |
| 5. Promoting employment of the handicapped.. | 24 | 303,000 | 24 | 309,300 | ----- | +6,300 |
| 6. Administration and management services.... | 26 | 238,800 | 26 | 256,300 | ----- | +17,500 |
| Total obligations..... | 309 | 3,461,100 | 306 | 3,545,000 | -3 | +83,900 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|-----------------------------|----------------|-------------|
| Total number of permanent positions..... | 309 | 306 | -3 |
| Average number of all employees..... | 301 | 297 | -4 |
| 11 Personnel compensation..... | \$2,604,200 | \$2,652,400 | +\$48,200 |
| 12 Personnel benefits..... | 187,600 | 193,000 | +5,400 |
| 21 Travel and transportation of persons..... | 227,200 | 227,200 | ----- |
| 22 Transportation of things..... | 17,700 | 17,700 | ----- |
| 23 Rent, communications, and utilities..... | 94,700 | 94,700 | ----- |
| 24 Printing and reproduction..... | 160,600 | 160,600 | ----- |
| 25 Other services..... | 110,700 | 141,000 | +30,300 |
| 26 Supplies and materials..... | 42,500 | 42,500 | ----- |
| 31 Equipment..... | 15,900 | 15,900 | ----- |
| Total obligations..... | 3,461,100 | 3,545,000 | +83,900 |
| Working capital fund items included above..... | (160,000) | (160,000) | ----- |

Summary of changes

| | |
|--|-------------|
| 1964 appropriation..... | \$3,470,000 |
| Comparative transfer to Office of the Secretary..... | -8,900 |
| 1964 appropriation, revised..... | 3,461,100 |
| 1965 estimate..... | 3,545,000 |
| Total change..... | +83,900 |

Mandatory items:

Increases:

Net additional cost on a full-year basis of the second step of pay increases (effective Jan. 5, 1964) for current year (base) staff, pursuant to Public Law 87-793..... +64,200

Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff.. +29,300

Payment to employees' injury compensation fund due to Public Law 86-767..... +2,300

Decreases: To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964; there will be 261 in 1965..... -11,200

Financing items: Increases:

To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... +12,600

Absorption of a portion of above increases (reduction—0.6 man-year; \$5,600 personnel compensation, \$400 personnel benefits). -6,000

Program items:

Increases: To provide for increase cost of financing Federal Radiation Council activities..... +17,700

Decreases: To transfer part of youth function to activities under the Manpower Development and Training Act (3 positions). -25,000

Total change..... +83,900

MANDATORY AND FINANCING CHANGES FOR 1965

Mandatory items:

Increases:

| | |
|-------------------------|-------------|
| Pay increase costs----- | + \$64, 200 |
|-------------------------|-------------|

To finance on a full-year basis the second step of pay increases (effective Jan 5, 1964) granted by Public Law 87-793 for current year (base) staff. This second step was funded on a part-year basis in 1964. The object schedule includes these changes as follows:

| | |
|-----------------------------|-----------|
| Personnel compensation----- | \$59, 900 |
| Personnel benefits----- | 4, 300 |

| | |
|------------|---------|
| Total----- | 64, 200 |
|------------|---------|

| | |
|-----------------------------------|-----------|
| Within-grade promotion costs----- | + 29, 300 |
|-----------------------------------|-----------|

Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover.

| | |
|-----------------------------|-----------|
| Personnel compensation----- | \$30, 703 |
| Deduct lapse----- | -3, 303 |
| Personnel benefits----- | 1, 900 |

| | |
|---------------|---------|
| Net cost----- | 29, 300 |
|---------------|---------|

| | |
|--|----------|
| Employees' Injury Compensation Fund Costs----- | + 2, 300 |
|--|----------|

To provide payment to employees' injury compensation fund due to Public Law 86-767.

| | |
|-------------------------|----------|
| Personnel benefits----- | \$2, 300 |
|-------------------------|----------|

| | |
|--|----------|
| Decreases: Reduction of 1 less day of pay in 1965 over 1964----- | -11, 200 |
|--|----------|

To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 work-days funded in 1964, there will be 261 in 1965.

Financing items: Increases:

| | |
|--|----------|
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget----- | +12, 600 |
|--|----------|

| | |
|--|---------|
| Absorption of a portion of above increases (reduction—0.6 man-year; \$5,600 personnel compensation, \$400 personnel benefits)----- | -6, 000 |
|--|---------|

The volume of central administrative services in the Department of Labor have increased rapidly over the past few years because of a number of factors: a larger Department; increased services (such as Regional Administrative Services Office and data processing for payroll and increased costs (salary and other).

In these years of growth of the Department, it has been impossible to coordinate the budget requests of the bureaus (for centralized services) with the facts of performance. Increased costs have been met out of whatever funds were available (e.g., savings growing out of lapses, unsured travel, etc.) In many cases (and in varying degree) base budget and budget requests were not adjusted to reflect the increased costs paid. Now that we are no longer expanding rapidly and we are fully staffed, it is essential to cover these costs in the basic budgets.

In order to properly reflect the cost of these services in various bureau budgets in 1965, the Department is requesting that each affected appropriation be granted a base adjustment to maintain in 1965 the 1964 level of operation of central administrative services. This is being done by asking for a net increase in funds of about 50 percent and by reducing personal services in the program area in order to absorb the balance.

BUREAU OF LABOR STANDARDS
Mandatory and financing changes by activity

| Type of change | Activity 1 | | Activity 2 | | Activity 3 | | Activity 4 | | Activity 5 | | Activity 6 | | Total | |
|---|------------|---------|------------|---------|------------|----------|------------|----------|------------|---------|------------|---------|-----------|----------|
| | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount |
| Mandatory changes: | | | | | | | | | | | | | | |
| Pay increase costs..... | | \$5,434 | | \$2,385 | | \$34,569 | | \$13,481 | | \$4,731 | | \$3,660 | | \$64,200 |
| Within-grade promotion costs..... | | 3,224 | | 1,403 | | 14,193 | | 6,155 | | 2,430 | | 1,895 | | 29,300 |
| Less 1 day of pay..... | | -968 | | -388 | | -5,902 | | -2,236 | | -861 | | -865 | | -11,200 |
| Payment to employees' injury compensation fund..... | | 300 | | 100 | | 1,200 | | 500 | | | | 200 | | 2,300 |
| Net financing changes..... | | | | | | -3,000 | | -3,000 | | | | 12,600 | | 6,600 |
| Total..... | | +8,000 | | +3,500 | | +41,000 | | +14,900 | | +5,300 | | +17,500 | | +91,200 |

Activity 1. Improving State labor legislation (1964, \$288,100; 1965, \$296,100)

Narrative description of program.—The core of the Bureau's program of improved working conditions is its assistance to the States in developing improved labor laws, more effective administration, and other measures to achieve this objective. The Bureau serves as a national resource for technical information on all types of labor law and administrative techniques; reviews changing developments, appraises State experience as a basis for development of new or improved standards for giving advisory technical assistance to State labor departments and others; aids in the elimination of duplication of labor law administration by promoting and servicing cooperative State agreements under which the States perform specified activities required by Federal law.

Accomplishments in 1963.—During 1963, the Bureau gave technical services to Virginia, Oklahoma, and North Carolina on a sanitary code for migratory agricultural workers; to Colorado, Indiana, North Dakota, and Texas on improvements in their child-labor laws; to Ohio on major changes needed in wage payment and wage collection laws and to Georgia in developing plans for introduction of such laws in the next legislature; to Illinois on the analysis and drafting of a proposed minimum wage law; to California, Hawaii, Illinois, Michigan, New York, and Oregon on amendments to strengthen the law regulating private employment agencies or on information to assist in the administration of this law; to Maryland on prevailing wage law; to Michigan, Missouri, New Mexico, and Wyoming on safety rulemaking authority; to Rhode Island on overtime pay provisions and hours of work laws and regulations; to Colorado on revision of four minimum-wage orders; to Mississippi on establishment of labor department; to Maryland and Kentucky on ways and means of strengthening existing labor departments; to South Carolina and Tennessee on developing supporting material for a minimum wage law. The Bureau is currently developing plans for conducting State seminars on protective labor legislation in Maryland, West Virginia, and several other States.

The Bureau analyzed the 700 labor laws which were passed in 43 States in 1963, most of them being improvements in existing laws. Many of them also reflected our suggested language on certain subjects or the efforts of Bureau field staff to suggest improvements or new needed legislation. Some of the major acts passed were: minimum hourly wage rates were increased in Nevada, Idaho, New Hampshire, New Mexico, and North Carolina. Three States—Hawaii, Vermont, New Hampshire—strengthened their wage payment and wage collection laws by setting certain standards included in our suggested language prepared in 1962. North Dakota passed a Private Employment Agencies Act which followed many of the provisions set forth by our suggested language. Colorado and Wyoming both set a 16-year minimum for employment during school hours. Four States prohibited discrimination in employment based on race, creed, color, or national origin, making 27 jurisdictions with such mandatory laws; two States prohibited discrimination because of age, making 18 jurisdictions with such acts.

In the field of workmen's compensation, the Bureau continued to give considerable assistance to the Subcommittee of the Council of State Governments which is preparing suggested language for a workmen's compensation and rehabilitation law. A six-member Advisory Committee on Workmen's Compensation, composed of representatives of labor, management, and the public, was appointed by the Secretary of Labor to assist the Bureau in planning and developing a comprehensive study of the administrative procedures and practices of workmen's compensation agencies. Considerable progress has been made in this area. In addition, the Bureau gave specific assistance to Florida and Kentucky on claims filing and office operating procedure; to Colorado Legislative Study Group on Occupational Diseases; to an Illinois State senator regarding the problems involved in ionizing radiation cases; to Wisconsin Workmen's Compensation Advisory Committee on methods of protection for injured workers of uninsured employers; to International Brotherhood of Boilermakers on recommended loss-of-hearing provisions under workmen's compensation laws; to Congressmen from New Mexico and Rhode Island on improvements needed in their State laws; to New Jersey Consumers League on experience of States with coverage of heart diseases and newsboys and time limits in filing claims.

The Bureau is also emphasizing the rehabilitation aspects of workmen's compensation laws and is promoting State seminars on rehabilitation in cooperation with the Bureau of Employment Security, the President's Committee for the Handicapped, and the Office of Vocational Rehabilitation. Such seminars have been or are being considered in Alaska, Arkansas, Delaware, Florida, Hawaii,

Illinois, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Nebraska, New Jersey, New Mexico, North Dakota, Pennsylvania, South Dakota, Tennessee, Utah, and Wyoming. The Bureau is also participating actively in a series of labor-rehabilitation conferences sponsored by the National Institutes on Rehabilitation and Health Services.

Recent improvements in workmen's compensation laws include increased benefits for disability or death in 21 States. Medical benefits have been strengthened in 11 States, and provisions dealing with radiation diseases were liberalized in 7 States. Occupational safety laws included measures for the control of radiation hazards in six States.

These activities will be continued in fiscal year 1965.

Workload statistics

| | Actual, 1962 | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|--|--------------|--------------|----------------|----------------|
| Technical assistance on labor law and administration: | | | | |
| States ¹ given technical assistance..... | 50 | 52 | 52 | 52 |
| Technical assistance or service given [on State labor legislation]..... | 510 | 2,100 | 2,500 | 3,000 |
| States given personal consultation..... | 42 | 50 | 50 | 50 |
| Number of States in which technical assistance was given on: | | | | |
| Workmen's compensation..... | 40 | 39 | 45 | 45 |
| Child labor..... | 35 | 49 | 25 | 25 |
| Wages..... | 30 | 41 | 45 | 45 |
| Safety..... | 10 | 24 | 25 | 25 |
| Industrial relations..... | 10 | 19 | 30 | 30 |
| Migratory labor..... | 34 | 49 | 40 | 40 |
| Number of State and regional conferences participated in..... | 34 | 35 | 60 | 60 |
| Legislative councils or committees serviced..... | 30 | 40 | 40 | 40 |
| State labor legislation: | | | | |
| State bills and acts received, recorded, indexed, and progress followed through the legislatures..... | 1,500 | 3,300 | 1,500 | 3,500 |
| Bills reviewed or summarized..... | 175 | 1,025 | 400 | 1,000 |
| Acts passed..... | 225 | 550 | 225 | 600 |
| Bulletins, articles, special reports: | | | | |
| Bulletins issued..... | 9 | 8 | 12 | 6 |
| Articles prepared or revised for publication..... | 20 | 11 | 10 | 10 |
| Special reports or charts prepared on State labor laws..... | 43 | 80 | 80 | 80 |
| Distribution..... | 74,000 | 70,600 | 80,000 | 80,000 |
| International: | | | | |
| Reports prepared..... | 24 | 18 | 25 | 25 |
| Foreign officials and groups referred to division for training conferences on labor laws and administration..... | 37 | 18 | 30 | 30 |
| Federal bills reviewed and commented on..... | 40 | 37 | 40 | 40 |

¹ For purposes of this table, "State" includes the District of Columbia and Puerto Rico.

Program changes for 1965.—None.

Activity 2. Improving conditions of migratory workers (1964, \$117,800; 1965, \$121,300)

Narrative description of program.—The Bureau assists the States in evaluating the need for and in securing public support necessary to get a State migratory labor committee established; it advises the State committees on programs and on ways to get State and local programs in operation.

During 1963, the Bureau gave service to the 27 State committees, to the Advisory Committee on Economic Life of the United Presbyterian Church; to the United Church Women of Missouri in organizing a migrant program in the Bootheel area; promoted a conference of Jewish, Protestant, and Catholic groups to consider a coordinated migratory labor program in the Midwest, among others.

Significant progress in State legislation affecting migratory farmworkers is illustrated through the following comparison: In 1953, 15 States had laws or mandatory regulations applicable to migrant agricultural labor camps; today there are 30. Eight States now have mandatory standards for vehicles used in the transportation of farmworkers; there were five in 1953. Twelve jurisdictions now set a minimum age for farmwork outside school hours, two more than in 1953. Nine States and Puerto Rico have workmen's compensation laws covering farmworkers in the same manner as other workers—up from five in 1953. Nine States

and Puerto Rico have laws expressly covering farm labor contractors or crew leaders; there were only three in 1953.

Workload statistics

| | Actual, 1962 | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|--|-----------------|-----------------|-------------------|-------------------|
| States given technical assistance..... | 42 | 49 | 40 | 40 |
| Migratory labor committees serviced..... | 23 | 27 | 27 | 27 |
| Total number of State committees..... | 30 | 27 | 27 | 27 |

Program changes for 1965.—None.

Activity 3. Reducing industrial accidents (1964, \$1,821,800; 1965, \$1,880,500)

Narrative description of program.—The Bureau provides safety services and consultation in five general areas:

- (1) Maritime safety services, required by the Longshoremen's and Harbor Workers' Compensation Act.
- (2) Federal safety services, required by the Federal Employees' Compensation Act and Executive Order 10194.
- (3) State safety services, as part of the Secretary's responsibility to improve the welfare of the wage earner.
- (4) Labor union safety services, as part of the Secretary's responsibility to improve the welfare of the wage earner.
- (5) Technical safety services, to provide a clearinghouse of information on industrial safety available to State labor departments, management, labor, safety, and other groups.

Accomplishments in 1963.—The Bureau's maritime safety program, carried out under the 1958 amendments to section 41 of the Longshoremen's and Harbor Workers' Compensation Act, is in its fifth full year of operation. The injury-frequency rate for stevedoring operations for the first 9 months of 1963 was 101.1, down 10.7 percent for the same period of 1962. The shipyard rate of 29.5 was down 17.6 percent for the same period.

While much has been accomplished in this area—and the Bureau has contributed substantially to the present reduction of industrial injuries—much remains to be done. The Bureau proposes to continue the work now in progress and exert every possible effort toward achieving a much greater reduction in industrial accidents in the coming years to the end that manpower, materials, and equipment are conserved to the maximum degree possible. We find that day-by-day employers are developing a more cooperative and aggressive safety attitude. More and more, they are expending funds for materials, equipment, etc., that are not required by law because they have been convinced that the safer the operation, the greater the productive output and return.

We have received the following reports of progress from our field offices:

Reduction in 1962 insurance ratings were reported by nine ship-repair companies; six reported reductions for the second consecutive year; and two employers report expected further cuts for the 1962 insurance year. One terminal reported a rebate of \$38,000 to date during the year of 1963 and expects a greater saving in the year of 1964. Two additional employers reported rebates to tally some \$650,000. A New England stevedore has reported that his operating cost per man-hour in port No. 1 was reduced by 3 cents and in port No. 2 his operating cost per man-hour was reduced by 6 cents as a result of his accident prevention improvements. A Midwest stevedore has reported his reduced compensation cost by 37 percent. A Middle Atlantic State stevedore indicates his insurance costs have been reduced for 2 years in a row; his cost for the first half of 1963 was 45 percent lower than that for the corresponding of the previous year. A shipyard in the South Atlantic area received a \$3,000 rebate on its insurance premium due to no disabling injuries for a 2-year period. This employer promptly took his rebate and turned it over to his employees as a safety incentive award. In the above instances it has been reported by management and other responsible company executives that much of the benefits have been attributable to the Bureau's untiring safety efforts.

An additional five ship-repair companies report that they have instituted a program for the compulsory wearing of safety hats in all of their repair activities, not only those covered by Federal law. A gulf port shipyard indicates that it has provided its employees with 900 pairs of safety goggles and requires all employees to wear safety goggles on the job regardless of whether or not the work is covered

by Public Law 85-742. Shipyards are continuing to show greater improvements in their gas-freeing procedures. We have had reports of three Atlantic coast shipyards that have completed conversion of all electrical systems to conform with the new three-wire ground system. This is an extremely expensive conversion job, costing many thousands of dollars.

The Bureau of Employees' Compensation has recently completed a very interesting cost statistic. The dollar cost of claims closed in 1962 was slightly less than in 1960 even though compensation benefits were raised some 30 percent due to amendments passed in 1960. The 1960 cost of compensation claims closed, for the maritime programs, totaled \$12,545,000; and in 1962, the estimated cost for total claims closed was \$12,461,000.

The gear-testing regulations under the longshoring safety and health regulations, governing accreditation of persons to perform, and standards and procedures to be followed in testing, inspecting, and certificating ships cargo-handling gear became effective in June of 1963. Thirty-one agencies and companies have applied for accreditation under these new regulations; 16 have been given accreditation and we are now processing 15 applications for granting of accreditation. More applications are expected to be submitted in this certification area. The Bureau has developed extensive additions and amendments to the safety and health regulations for ship repairing and shipbuilding. These proposed amendments were published in the Federal Register of August 23, 1963, and public hearings were held in October of 1963. The Bureau is now studying all of the comments and suggestions made by interested parties in hopes to have final drafts of the amendments for ship repairing and shipbuilding, as well as those for ship breaking by January or February of 1964.

The Bureau has been continually researching explosion hazards which exist in ship-repairing operations. As a result of our research, several very stringent rules and regulations to reduce the fire and explosion hazards have been written into the regulations which were recently proposed. The Bureau is now requiring employers to designate persons who are or will become competent to follow marine chemist orders or suggestions in maintaining a hazard-free atmosphere during the entire repair period. In this connection, the Bureau plans, through a series of training courses, to assist in raising the level of competency of the responsible persons designated by the employer to do the testing necessary to maintain a safe environment in the repair operations. We have, through an extensive series of training operations, been progressively upgrading the training capabilities of our own staff people so that when the proposed regulations become law our people will be standing ready and available to provide the training needed.

In the area of research and development, the Bureau recently concluded a study dealing with dangerous articles and substances and development recommendations covering the packaging and treatment of castor bean pomace in order to minimize the allergen content and eliminate the toxic hazard in handling of the substance. These recommendations were discussed with the U.S. Coast Guard and the latter included the regulations suggested by this Department into their regulation amendments for the year of 1963. This is considered a significant development since it is the first product placed among hazardous articles solely on the basis of its dangerous effects on individuals.

We have long been concerned about the fact that, due to jurisdictional problems, longshoremen on docks do not receive protection comparable to that aboard ship. In an attempt to correct this illogical situation, we were instrumental in having the American Standards Association initiate a standards development project covering longshore safety on the docks. This project, designated "MH-9," is sponsored by the National Safety Council.

With respect to fire and toxic hazards, Bureau representatives are working with the special subcommittee of the NFPA Gas Hazards Committee, which is engaged in revising and updating NFPA 306, "Control of Gas Hazards on Vessels To Be Repaired." We are presently conducting a survey to study the effects of mechanization in the stevedoring industry and to implement safety to best advantage in those operations.

The Bureau takes some satisfaction in the progress that has been achieved to date in its maritime training and education programs. On the west coast, some 2,500 ILWU longshoremen who have been working as casuals are being given B class status only after completing 12 hours of safety training. This is significant progress and shows a very constructive attitude on the part of labor and a willingness and desire to reduce the incidence of accidents. Recent reports with respect to the number of longshoremen taking "accident avoidance training" numbered some 400 in San Francisco, 500 for longshoremen in Long Beach-Los Angeles area, and a recent report indicates that a new series of training courses have commenced

in Seattle to include some 200 additional longshoremen. The ILA in New York reports that formal safety training courses for shop stewards are to commence in the near future. A highly successful ship repair industrial safety seminar was held in July of 1963 on the west coast.

In the area of effective and efficient utilization of maritime personnel the Bureau presents the following recapitulation. Consultative services on safety engineering and accident prevention to both labor and management were increased by some 13 percent over last year. The ships inspected went from 19,000 last year to over 25,000 this year, an increase of over 30 percent. The safety consultants conducted over 450 safety programs surveys during the year to determine the degree of progress being made by individual employers. There were close to 4,500 recommendations made of which more than 80 percent were adopted or implemented. This more than doubles last year's activity in this program area. There was a total of 526 accident investigations conducted to determine cause and make appropriate recommendations for corrective measures. In some instances the latter necessitated recommendation of new regulatory measures. We were particularly pleased to see that labor and management lodged about one-third fewer complaints with the Bureau this year as compared with a number registered last year. Most of these complaints were expeditiously handled to the satisfaction of all concerned.

In addition to assisting States and other interested groups in the technical aspects of developing safety codes and other technical information the Bureau conducts safety training courses for State and other personnel. During the year the Bureau's safety specialists conducted 56 courses for 1,152 State employees. An additional 51 courses were presented which were sponsored by State labor departments, with 1,351 in attendance.

The amount of the Bureau's assistance in technical safety training requested by national and international unions continues to increase. In the past year 285 training sessions were presented, with 8,051 union members participating.

The Bureau makes continuing effort to promote joint labor-management efforts in industrial safety and as part of that effort two of these safety courses, which have been recently presented, were for relatively high-ranking company officials.

The accident-frequency rate for Federal employment was 7.9 for 1962, continuing the downward trend which began in 1960.

The Bureau continued to provide technical, education, and safety promotional assistance to the Federal departments and agencies during the past year. In connection with these education endeavors the Bureau provided over 150,000 safety training aids and publications. The Bureau also provides the secretariat for the Federal Safety Council, and the Director of the Bureau serves as Chairman of the Federal Safety Council.

The Bureau participated in many standard setting activities on both a national and international basis over the past year. Particularly noteworthy is the contribution to the drafting of safety codes under the American Standards Association procedures. In 1963 the Bureau maintained membership on 44 technical committees and 3 standards boards. During the year staff members attended 24 meetings of committees or boards, 39 ballots were cast on matters brought before these committees or boards, and 18 technical reviews were made of committee reports.

The Department of Labor is a statutory member of the Federal Radiation Council which was established to advise the President on matters dealing with radiation safety. The Bureau representative attended 65 Council and working group meetings and reviewed and commented on 11 specific reports dealing with such matters as control of radiation levels in uranium mining and fallout problems due to weapons testing. The Bureau also participated in activities of the Federal Fire Council, the Federal Safety Council, the Maritime Safety Council, the National Fire Protection Association, and other safety standard producing or promotional agencies, activities, or associations.

During the last year the Bureau completed 5 additional code comparison charts, this now brings the total up to 16 code comparisons completed to date. The Bureau continues to act as one of the centers in the United States for the International Occupational Safety and Health Information Centre (CIS), a branch of the International Labour Organization. In this capacity it serves as a worldwide clearinghouse for the CIS by abstracting and disseminating safety and health documents throughout the world. Last year the Bureau safety personnel abstracted 38 items from safety standards literature initiated by industry and government (State and Federal). The United States is one of the 38 countries now participating in the work of the CIS.

Since 1948, the biennial President's Conference on Occupational Safety has enlisted the prestige and personal participation of the President in developing voluntary means of reducing the annual toll of nearly 14,000 deaths and 2 million occupational injuries. The next Conference will be held in June 1964. In April 1963 President Kennedy appointed as Conference leaders Reed O. Hunt, chairman of the board, Crown-Zellerbach Corp., and Leo Teplow, assistant vice president, American Iron & Steel Institute. Under the theme, "Mobilizing Leadership for a Safety Breakthrough," the tentative program is well developed at this time. President Johnson, who spoke at the 1962 Conference, will make a major address. Other Conference speakers are Dr. Hans Selye, considered one of the greatest medical scientists since Pasteur and famed for his researches into life stress and Dr. S. I. Hayakawa, world famous semanticist, both of whom will speak on human factors influencing safety. Workshops and other sessions will be held on the safety of health workers, of those in research and development, construction, trades and services, agriculture, manufacturing, and public employment; also on the safety implications of our changing technology for the schools, on safety through design, safety standards, environmental hazards, accident records and costs, and off-the-job safety.

Workload statistics

| | Actual, 1962 | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|---|--------------------|-----------------|-------------------|-------------------|
| State safety services: | | | | |
| Consultative and engineering services..... | 184 | 285 | 285 | 285 |
| Training and educational services: | | | | |
| Training courses: ¹ | | | | |
| State personnel: | | | | |
| Number courses..... | 36 | 56 | 56 | 56 |
| Students..... | 806 | 1,152 | 1,152 | 1,152 |
| Private industry personnel: ² | | | | |
| Number courses..... | 14 | 30 | 30 | 30 |
| Students..... | 441 | 751 | 751 | 751 |
| State, private industry, personnel and public employees: | | | | |
| Number courses..... | 21 | 21 | 21 | 21 |
| Students..... | 626 | 600 | 600 | 600 |
| Total courses..... | 71 | 107 | 107 | 107 |
| Total students..... | 1,873 | 2,502 | 2,502 | 2,502 |
| Training sessions: ³ | | | | |
| Number sessions ⁴ | | 25 | 25 | 25 |
| Number attendance..... | | 1,184 | 1,184 | 1,184 |
| Number of training aids issued..... | 72,478 | 99,704 | 99,704 | 99,704 |
| Federal safety service: | | | | |
| Consultative and engineering services..... | 199 | 291 | 291 | 291 |
| Training and education services: | | | | |
| Training courses: ¹ | | | | |
| Number courses..... | 94 | 165 | 165 | 165 |
| Number students..... | 3,666 | 4,480 | 4,480 | 4,480 |
| Training sessions: ³ | | | | |
| Number courses ⁴ | | 13 | 13 | 13 |
| Number attendance..... | | 485 | 485 | 485 |
| Safety meetings attended or participated in..... | 100 | 196 | 196 | 196 |
| Number in attendance..... | | 4,291 | 4,291 | 4,291 |
| Number of training aids issued..... | 144,067 | 155,059 | 155,059 | 155,059 |
| Federal Safety Councils serviced..... | 103 | 86 | 86 | 86 |
| Labor union safety services: ¹ | | | | |
| Consultative and promotional contacts..... | 841 | 907 | 907 | 907 |
| Training and educational services: | | | | |
| Training courses: ¹ | | | | |
| Number courses..... | ⁵ 266 | 17 | 17 | 17 |
| Number students..... | ⁶ 4,135 | 627 | 627 | 627 |
| Training sessions: ^{3,7} | | | | |
| Number sessions ⁴ | | 268 | 268 | 268 |
| Number attendance..... | | 7,424 | 7,424 | 7,424 |
| Number of training aids issued..... | | 31,065 | 31,065 | 31,065 |
| Technical assistance and consultation: | | | | |
| Technical problems handled: ⁸ | | | | |
| Federal..... | 15 | 19 | 20 | 20 |
| State (municipal)..... | 31 | 22 | 25 | 25 |
| Industry..... | 65 | 55 | 75 | 75 |
| Foreign..... | 33 | 5 | 5 | 5 |
| Individuals..... | 15 | 12 | 15 | 15 |
| Requests for publications: ⁸ | | | | |
| Federal..... | 152 | 215 | 200 | 200 |
| State (municipal)..... | 185 | 443 | 300 | 300 |
| Industry..... | 1,057 | 1,533 | 1,500 | 1,500 |
| Foreign..... | 35 | 39 | 50 | 50 |
| Individuals..... | 209 | 345 | 300 | 300 |
| Unions..... | 109 | 57 | 50 | 50 |

See footnotes at end of table, p. 729.

Workload statistics

| | Actual, 1962 | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|--|-----------------|-----------------|-------------------|-------------------|
| American Standards Association: | | | | |
| Representation on technical committees and boards..... | 44 | 47 | 47 | 47 |
| Standard letter ballots..... | 47 | 39 | 30 | 30 |
| Meetings attended..... | 11 | 24 | 25 | 25 |
| National Safety Council: Technical data sheet ballots..... | 5 | 5 | 5 | 5 |
| International Labor Office: | | | | |
| Position papers..... | 1 | 1 | 1 | 1 |
| Technical reviews..... | 3 | 5 | 3 | 3 |
| Publications processed: | | | | |
| Bulletins and pamphlets developed..... | 6 | 3 | 5 | 5 |
| Articles..... | 1 | 3 | 2 | 2 |
| Codes: | | | | |
| Code comparisons (State codes with national standards)..... | 5 | 5 | 5 | 5 |
| Model codes developed..... | 8 | 0 | 0 | 0 |
| Abstracts: Laws, standards and literature (CIS)..... | 90 | 38 | 50 | 50 |
| Federal Radiation Council: Meetings attended (technical contribution)..... | 63 | 65 | 60 | 60 |

¹ Formalized training, course hours ranging from 6 to 30 hours.

² Under sponsorship of State labor departments.

³ Training period was less than 6 hours' duration.

⁴ This information is not available for fiscal year 1962.

⁵ These maritime courses are made up of 3 or more sessions of related topics. The number of sessions and attendance is included in the above figures.

⁶ Includes all union activity for fiscal year 1962.

⁷ Includes some maritime activity.

⁸ In addition to that reflected elsewhere in this report.

| | Actual, 1962 | | | Actual, 1963 | | | Estimate, 1964 | | | Estimate, 1965 | | |
|---|--------------|-------------|-------------------|--------------|-------------|-------------------|----------------|-------------|-------------------|----------------|-------------|-------------------|
| | Long-shore | Ship repair | Other harbor work | Long-shore | Ship repair | Other harbor work | Long-shore | Ship repair | Other harbor work | Long-shore | Ship repair | Other harbor work |
| Consultations..... | 5,719 | 3,255 | 157 | 6,411 | 3,568 | 295 | 6,411 | *3,568 | 295 | 6,411 | *3,568 | 295 |
| Evaluation surveys..... | 306 | 440 | 23 | 212 | 223 | 23 | 212 | 223 | 23 | 212 | 223 | 23 |
| Accident investigations..... | 322 | 177 | 10 | 319 | 193 | 14 | 319 | 193 | 14 | 319 | 193 | 14 |
| Complaint investigations..... | 208 | 127 | 3 | 175 | 52 | 3 | 175 | 52 | 3 | 175 | 52 | 3 |
| Ships inspected..... | 13,159 | 5,633 | 78 | 16,799 | *7,976 | 419 | 16,799 | *7,976 | 419 | 16,799 | *7,976 | 419 |
| Cargo gear certification survey..... | 1,780 | 30 | --- | 5,433 | 272 | --- | 5,433 | 272 | --- | 5,433 | 272 | --- |
| Violations: | | | | | | | | | | | | |
| Employers cited..... | 1,826 | 1,329 | 5 | 1,585 | *1,295 | 217 | 1,585 | *1,295 | 217 | 1,585 | *1,295 | 217 |
| Immediately corrected..... | 1,145 | 567 | --- | 1,284 | *805 | 192 | 1,284 | *805 | 192 | 1,284 | *805 | 192 |
| Recommendations: | | | | | | | | | | | | |
| Made..... | 2,206 | 738 | 69 | 2,818 | *1,127 | 433 | 2,818 | *1,127 | 433 | 2,818 | *1,127 | 433 |
| Accepted or implemented..... | 1,613 | 468 | 39 | 2,224 | *1,020 | 324 | 2,224 | *1,020 | 324 | 2,224 | *1,020 | 324 |
| Training and educational services: | | | | | | | | | | | | |
| Training sessions: ¹ | 773 | 269 | 8 | 492 | *410 | 6 | 492 | *410 | 6 | 492 | *410 | 6 |
| Number sessions..... | 18,000 | 5,022 | 92 | 9,926 | 7,291 | 45 | 9,926 | 7,291 | 45 | 9,926 | 7,291 | 45 |
| Number in attendance..... | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Training courses: ¹ # | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Number courses..... | --- | --- | --- | 39 | 14 | --- | 39 | 14 | --- | 39 | 14 | --- |
| Number students..... | --- | --- | --- | 1,630 | 505 | --- | 1,630 | 505 | --- | 1,630 | 505 | --- |
| Safety meetings: | | | | | | | | | | | | |
| Number of meetings..... | 503 | 237 | 27 | 468 | 334 | 20 | 468 | 334 | 20 | 468 | 334 | 20 |
| Number of attendance..... | 14,326 | 3,621 | 1,348 | 13,124 | 7,952 | 721 | 13,124 | 7,952 | 721 | 13,124 | 7,952 | 721 |
| Number of training aids issued..... | --- | --- | --- | 12,646 | 3,128 | --- | 12,646 | 3,128 | --- | 12,646 | 3,128 | --- |
| Number safety publications distributed..... | 32,201 | 10,753 | 535 | 24,873 | 18,508 | 555 | 24,873 | 18,508 | 555 | 24,873 | 18,508 | 555 |

See footnotes at end of table, p. 729.

PROGRAM CHANGES FOR 1965

The Bureau estimates an increase of \$17,700 for 1965 to provide for financing of the Department of Labor's share of Federal Radiation Council activities. The Council was initially established by Executive order in August 1959, and given statutory status in September 1959, through an amendment to the Atomic Energy Act under Public Law 86-373. This statute provides that the Secretary of Labor shall be a member.

The Council's functions are:

1. To advise the President with respect to radiation matters affecting health and the development of criteria for the protection of humans against ionizing radiation; and
2. To take steps designed to further interagency coordination of measures for protecting humans against ionizing radiation.

The Department's share of financing the Council in 1965 is estimated at \$25,700—an increase of \$17,700 over the amount available in the current year.

Activity 4. Protecting young workers and advancing their employment opportunities (1964, \$691,600; 1965, \$681,500)

Narrative description of program.—This program is concerned with the elimination of harmful child labor and the development of suitable employment opportunities for youth. The Bureau collects and publishes facts on child labor and youth employment; formulates and promotes action programs to achieve the twin objectives of protecting children and youth from employment that would be injurious to their health or welfare, or that would interfere with their education, and furthering their opportunities for suitable employment. It encourages action in these areas by assisting and advising State and local public agencies, management, and labor groups, and private organizations interested in the Nation's youth and their problems.

The Bureau develops standards for child-labor regulations and hazardous occupations orders issued by the Secretary under the Fair Labor Standards Act, gives assistance to the Wage and Hour and Public Contracts Divisions and the Office of the Solicitor on child-labor provisions of the act, and maintains cooperative agreements with the States for use of State employment certificates as proof of age under the act.

Accomplishments in 1963.—Bureau staff has been instrumental in organizing 23 community committees such as the one in Columbia, S.C., which is embarking on a program to deal with youth employment problems as well as related problems of education and delinquency; in St. Joseph, Mo., the mayor appointed a mayor's committee which will be conducting a study of vocational education in the public schools and is now preparing a work-study program for economically deprived youth; the board of directors of the Grand Rapids United Community Services is sponsoring a communitywide "Committee on Out-of-Work, Out-of-School Youth." In about 115 communities, the Bureau has provided advisory services on special programs to meet the needs of preparing youth for employment, such as in-service training of Wisconsin Public Welfare Community Service staff in preparation of children of families on welfare for employment; participation in workshop of the National Conference of Methodist Youth Fellowship in the role of the church in preparation of youth for employment, in Evansville, Ind.; developing and operating a statewide survey of dropouts in Delaware with the purpose of having person-to-person contact with all dropouts and to develop a referral system utilizing all public facilities to help these youngsters; promoting a communitywide conference of top leaders from industry, from commerce, from schools, and from the Negro and Mexican communities to make definite plans to increase employment opportunities to minority-group youth, to be held in Dallas in February. On an average, staff attend and participate in 20 meetings a month dealing with youth problems, such as speaker at the 62d annual meeting of the New Jersey Welfare Council; annual meeting of the Illinois Commission on Human Relations; featured speaker in Savannah Community Conference having the theme "Youth Employability—the Challenge of Change"; discussion leader in labor law workshop at University of Wisconsin seminar on "Women's Destiny—Choice or Chance"; speaker on radio and television programs regarding problems of youth employment in Fort Wayne, Ind., and St. Joseph, Mo.

Bureau staff is also assisting State and local communities to set up ways and means of getting all public services (schools, welfare, recreational services, psychiatrists and guidance clinics, employment services, apprenticeship training) to pull together in helping young people improve their employability. In Ohio, our consultant was successful in forming a Federal-State Youth Council on Services to

Ohio Youth, which meets bimonthly to develop and give leadership to joint public programs solving the problems of preparing youth for employment. In Maine, the State has asked the Bureau representative to do a study on how the various public and voluntary groups concerned with youth employment can do a better job of working together in local communities.

In February 1963, the Bureau undertook a special project in the Appalachian South. The local bureaus of employment security and apprenticeship and training offices, University of Kentucky, Council of Southern Mountains, Office of Manpower, Automation, and Training, and the Federal Extension Service were counseled and advised by our staff to coordinate under the direction of the Eastern Kentucky Development Committee in an effort to resolve the many local problems affecting the youth in that area. Subsequently, headquarters were set up for a pilot program which is currently underway in four counties in eastern Kentucky. The Bureau conducted a career day program at Cedar Knolls Children's Center at Laurel, Md., to assist disadvantaged youth in preparing themselves for the world of work in August 1963. A similar program is planned for the youth center at Lorton, Va. We have worked with the youth program of the Baptist Association of Southern Maryland to improve youth employability and with the Berean Presbyterian Church, Philadelphia, in planning a 2-day youth employment seminar which will be a prelude to the establishment of a youth program in the area serviced by this church. Staff members are working with the Virginia Teachers Association and the Federation of Parents and Teachers in the planning, operation, and followup of a statewide conference on school dropouts. Information was furnished, at its request, to the American Legion on back-to-school campaigns and programs for each of the regions within which the Legion held meetings.

During 1963, the Bureau developed an amendment to hazardous occupations order No. 10 (meat processing operations) to extend coverage. The extended coverage also provides for the employment of apprentices and student learners. Investigation of excavation operations was completed and an order was issued setting an 18-year minimum for employment in most excavation operations. The Bureau also initiated a program in which 32 States are voluntarily submitting monthly reports on injuries occurring to employed minors under 18. This will be used to identify areas where investigation is needed to determine whether an 18-year-age minimum should be set for employment under the child-labor provisions of the Fair Labor Standards Act, determining suitable jobs for 14- and 15-year-olds under child labor regulation 3, developing an effective series of safety promotional leaflets for minors, and furthering our safety promotion program for minors employed as paid farmworkers.

To provide better understanding of employment certificates, the Bureau prepared and distributed, on request, more than 75,000 copies of an explanatory pamphlet to employers, young workers, guidance and other school officials, parents, State committees on children and youth, State labor departments, union officials, etc. The Bureau maintained programs with 45 States, the District of Columbia, and Puerto Rico for use of State employment and age certificates as proof of age under the child-labor provisions of the Fair Labor Standards Act. Some 10,000 issuing officials reported the issuance of 1,071,965 certificates in 1962 to minors 14 to 17 years of age—about a 20-percent increase over 1961.

Workload statistics

| | Actual, 1962 | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|--------------------------------|--------------|--------------|----------------|----------------|
| Services to: | | | | |
| National organizations..... | 614 | 620 | 1,400 | 1,400 |
| Federal and congressional..... | 1,578 | 1,731 | 2,500 | 2,500 |
| Other..... | 1,473 | 2,446 | 5,000 | 5,000 |

Program changes for 1965.—A decrease of \$25,000 (three positions) is estimated for 1965 because of transfer of part of research function to the Office of the Manpower Administrator.

Activity 5. Promoting employment of the handicapped (1964, \$303,000; 1965, \$309,300)

Narrative description of program.—Services are provided for the President's Committee on Employment of the Handicapped, which develops and stimulates interest in employment of the mentally and physically handicapped through

work with Federal agencies, State Governors' committees and committee member organizations, and cooperates with a variety of organizations working in the international field.

The President's Committee does not attempt to "go it alone" in its promotional efforts for hiring the handicapped. Many of its efforts are devoted to developing programs that can be taken over by Governors' committees. Visits to selected Governors' committees during the past 2 years have been responsible not only for enhancing the effectiveness of the latter but for completely reorganizing and revitalizing at least 1 dozen of them.

Accomplishments in 1963.—The Nation has embarked upon the most massive attack in history against mental illness and mental retardation, following enactment of legislation establishing a new system of mental health and mental retardation centers in communities throughout America. This legislation holds promise of restoring unprecedented numbers of the mentally restored and mentally retarded to productive life; for example, it is now estimated that the number of patients in mental hospitals may drop 50 percent over the next decade. This revolutionary trend in rehabilitation creates an urgent need for stepped-up activity by the Committee to break down barriers of prejudice and to create a climate of acceptance of the mentally restored and retarded. To this end, the Committee has played a vital role in such projects as the Junior Chamber of Commerce program to promote jobs for the mentally restored and retarded; a new program of hiring qualified retardates for certain Federal jobs; an experimental orientation program for top management of the U.S. Government in employment of the mentally restored; an employers' panel at St. Elizabeth's Hospital to encourage employment of discharged mental patients.

The Committee continues to provide leadership in a program of eliminating architectural barriers against the handicapped in the public buildings of America. So far, 14 States have taken action to eliminate such barriers in State buildings, and another 12 are expected to follow suit in a short time. The Committee has worked with the major airlines, which have now agreed to adopt a uniform policy which will permit travel by persons in wheelchairs, thus eliminating the stranding of wheelchair businessmen in strange airports. The Committee has worked with the Interstate Commerce Commission and interested Congressmen with a view toward lifting the ICC prohibition against amputee truck drivers. This change, opening new opportunities to handicapped truckers, will be announced shortly.

The Committee always is on the alert to enlist the support of like-minded organizations and agencies in hire-the-handicapped promotional projects. Here are some recent striking instances:

The AFL-CIO has just completed a \$50,000 film for the President's Committee, "They Have What It Takes." The Committee has purchased prints for distribution to the States—a small sum compared with the production costs for which the Committee did not pay. Warner Bros. is obtaining final union clearances for "Scenes to Remember," a motion picture it produced for the President's Committee featuring Hollywood stars who have portrayed the handicapped in movies.

The 1,600 members of American Women in Radio & Television have adopted the President's Committee program as their sole public service radio-TV project. So far they were responsible for obtaining hundreds of thousands of dollars worth of public service time donated to the cause of the handicapped. Also, the National Association of Broadcasters includes the hire-the-handicapped program as one of the few it supports.

The Veterans' Administration, which handles radio-TV coverage for National Employ the Physically Handicapped Week, reported that the broadcasting industry contributed \$2,750,000 in public service time for that 1 week alone.

The International Brotherhood of Electrical Workers donated 300,000 hire-the-handicapped pocket calendars to the President's Committee. These were distributed to employers through State veterans employment representatives.

The past year marked a stepped-up program of preparing articles for the Nation's business and trade publications, which reach employers and others who determine employment policies. One such article, for example, was "Hiring the Handicapped: Is It Really Good Business" in *Factory* magazine, published by McGraw-Hill, with a circulation of 72,000. This article evoked such favorable response that it was reprinted by the Executive, published by the Harvard graduate School of Business Administration (16,000 circulation to top management), and by *Management Review*, published by the American Management Association (38,000 circulation to leading executives of business).

Workload statistics

| | Actual, 1962 | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|--|-----------------|-----------------|-------------------|-------------------|
| Travel: States visited..... | 37 | 35 | 40 | 40 |
| Awards and contests: | | | | |
| States participating in essay contest..... | 44 | 45 | 47 | 47 |
| Awards (President's trophy, merit A awards, citations, etc.)..... | 214 | 215 | 225 | 250 |
| Meetings: | | | | |
| Annual meeting attendance..... | 1,750 | 1,800 | 1,800 | 1,900 |
| Number of regional meetings..... | 5 | 3 | 4 | 4 |
| Attendance at regional meetings..... | 1,300 | 800 | 1,400 | 1,000 |
| Public information: | | | | |
| Performance magazine: | | | | |
| Number of issues..... | 12 | 9 | 12 | 12 |
| Distribution..... | 144,000 | 120,000 | 288,000 | 312,000 |
| Newsletters (2): | | | | |
| Number of issues..... | 23 | 30 | 36 | 36 |
| Distribution..... | 24,600 | 40,000 | 50,000 | 60,000 |
| Publications: | | | | |
| Number developed..... | 45 | 40 | 45 | 50 |
| Distribution..... | 2,053,000 | 1,725,000 | 3,000,000 | 3,200,000 |
| Magazine articles: | | | | |
| Number..... | 5 | 12 | | |
| Reader impressions..... | 4,000,000 | 8,000,000 | | |
| Radio-TV: | | | | |
| Number of programs and spots..... | 178,000 | 180,000 | | |
| Listener-viewer impressions..... | 186,340,000 | 190,000,000 | | |
| Dollar value of donated time..... | \$2,525,000 | \$2,750,000 | | |
| Exhibits displayed at national conventions, trade fairs, and State fairs..... | 12 | 14 | 16 | 20 |
| Viewer impressions..... | 7,250,000 | 4,000,000 | 4,200,000 | 4,500,000 |

Program changes for 1965.—None.

Activity 8. Administration and management services (1964, \$238,800; 1965, \$256,300)

Narrative description of program.—Overall program planning and policy development are provided, as well as all administrative and management services for the Bureau.

Workload statistics.—None.

Program changes for 1965.—None.

Distribution of field staff

| | 1964 | | | 1965 | | |
|---------------------------|-------------------|----------|-------|-------------------|----------|-------|
| | Profes- sional | Clerical | Total | Profes- sional | Clerical | Total |
| Office: | | | | | | |
| Atlanta, Ga..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Baltimore, Md..... | 7 | 3 | 10 | 7 | 3 | 10 |
| Boston, Mass..... | 2 | 2 | 4 | 2 | 2 | 4 |
| Chicago, Ill..... | 8 | 4 | 12 | 8 | 4 | 12 |
| Cleveland, Ohio..... | 3 | 2 | 5 | 3 | 2 | 5 |
| Dallas, Tex..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Detroit, Mich..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Fort Lauderdale, Fla..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Galveston, Tex..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Honolulu, Hawaii..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Houston, Tex..... | 3 | 1 | 4 | 3 | 1 | 4 |
| Jacksonville, Fla..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Kansas City, Mo..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Long Beach, Calif..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Los Angeles, Calif..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Mobile, Ala..... | 2 | 1 | 3 | 2 | 1 | 3 |
| New Orleans, La..... | 7 | 4 | 11 | 7 | 4 | 11 |
| New York, N.Y..... | 13 | 7 | 20 | 13 | 7 | 20 |
| Norfolk, Va..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Philadelphia, Pa..... | 3 | 1 | 4 | 3 | 1 | 4 |
| Portland, Oreg..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Providence, R.I..... | 1 | | 1 | 1 | | 1 |
| San Francisco, Calif..... | 10 | 5 | 15 | 10 | 5 | 15 |
| Savannah, Ga..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Seattle, Wash..... | 4 | 2 | 6 | 4 | 2 | 6 |
| St. Louis, Mo..... | 22 | 1 | 3 | 2 | 1 | 3 |
| Total field staff..... | 86 | 46 | 132 | 86 | 46 | 132 |

Administrative adjustments.—The Bureau has reduced the number of positions in its presently approved 1964 budget from 320 to 309 and the number of man-years from 305.9 to 300.5. This is in keeping with the Department's policy of an overall lapse of about 3 percent on personal services. The Bureau's lapse has been reduced from about \$159,000 to \$79,000.

The changes are, briefly:

Activity 1 has been decreased by one position and \$1,300. The elimination of the one position will allow more adequate travel and printing funds.

Activity 2 has been reduced by \$400.

Activity 3 has been decreased by seven positions and \$400.

Activity 4 has been decreased by three positions and \$3,700.

Activity 6 has been increased by \$5,800 due solely to reduction in lapse.

No positions have been added.

Object classification

| | From— | To— | Change |
|--------------------------------|-------------|-------------|----------|
| Personnel compensation..... | \$2,596,700 | \$2,604,200 | +\$7,500 |
| Personnel benefits..... | 187,100 | 187,600 | +500 |
| Travel..... | 238,300 | 227,200 | -11,100 |
| Transportation of things..... | 18,200 | 17,700 | -500 |
| Rent, communications..... | 94,700 | 94,700 | ----- |
| Printing and reproduction..... | 157,000 | 160,600 | +3,600 |
| Other services..... | 119,600 | 119,600 | ----- |
| Supplies and materials..... | 42,500 | 42,500 | ----- |
| Equipment..... | 15,900 | 15,900 | ----- |
| Total..... | 3,470,000 | 3,470,000 | ----- |

NOTE.—The comparative transfer of \$8,900 to "Salaries and expenses, Office of the Secretary of Labor" has not been given effect in the above comparisons. It will make the following changes in the above schedule:

| | From— | To— | Change |
|---------------------|-----------|-----------|--------|
| Other services..... | 110,700 | 110,700 | ----- |
| Total..... | 3,461,100 | 3,461,100 | ----- |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$2,652,400

The 1964 estimate provides \$2,580,700 for 309 full-time positions and 300.5 man-years; \$2,500 for oversea differential for 2 employees stationed in Hawaii, and \$21,000 for 2 extra days of pay.

The 1965 estimate provides \$2,639,300 for 306 full-time positions and 296.9 man-years; \$2,500 for oversea differential; and \$10,600 for 1 extra day of pay.

The net increase of \$48,200 includes:

| | |
|--|-----------|
| Program decreases (3 positions, 3.6 man-years)..... | -\$28,700 |
| Mandatory increase for net cost of within-grade promotions due in 1965 for current year (base) staff..... | +27,400 |
| Mandatory increase to finance on a full-year basis the second step of pay increases (effective Jan. 5, 1964) granted by Public Law 87-793 for current year (base) staff..... | +59,900 |
| Decrease because of 1 less extra day of pay in 1965..... | -10,400 |

Personnel benefits, \$193,000

The estimate provides for all costs for retirement, social security, life and health insurance, and payment to employees' injury compensation fund as required by Public Law 86-767.

The net increase of \$5,400 includes:

| | |
|--|----------|
| Program decrease..... | -\$2,300 |
| Mandatory increase related to cost of within-grade promotions..... | +1,900 |
| Mandatory increase related to cost of pay increases..... | +4,300 |
| Mandatory decrease related to 1 less extra day of pay..... | -800 |
| Mandatory increase because of payment to EICF..... | +2,300 |

Travel and transportation of persons, \$227,200

| | 1964 | 1965 | Change |
|------------------------------|-----------|-----------|--------|
| Number of travelers..... | 170 | 170 | |
| Number of days traveled..... | 7,573 | 7,573 | |
| Estimated cost..... | \$227,200 | \$227,200 | |

Transportation of things, \$17,700

| | 1964 | 1965 | Change |
|--|----------|----------|--------|
| Shipment of NEPH posters, publications and exhibits..... | \$13,700 | \$13,700 | |
| Official station transfers..... | 4,000 | 4,000 | |

Rent, communications, and utilities, \$94,700

| | 1964 | 1965 | Change |
|---------------------------|----------|----------|--------|
| Paid official mail..... | \$30,000 | \$30,000 | |
| Telephone costs..... | 41,700 | 41,700 | |
| Working capital fund..... | 23,000 | 23,000 | |

Printing and reproduction, \$160,600

| | 1964 | 1965 | Change |
|----------------------------|----------|----------|--------|
| Forms and schedules..... | \$10,000 | \$10,000 | |
| Publications, posters..... | 108,600 | 108,600 | |
| Working capital fund..... | 42,000 | 42,000 | |

Other services, \$141,000

| | 1964 | 1965 | Change |
|----------------------------------|---------|----------|-----------|
| Federal Radiation Council..... | \$8,000 | \$25,700 | +\$17,700 |
| Working capital fund..... | 76,100 | 88,700 | +12,600 |
| Servicing equipment..... | 600 | 600 | |
| BLS statistical tabulations..... | 25,500 | 25,500 | |
| Miscellaneous..... | 500 | 500 | |

Supplies and materials, \$42,500

| | 1964 | 1965 | Change |
|-------------------------------|----------|----------|--------|
| Working capital fund..... | \$25,000 | \$25,000 | |
| Subscriptions..... | 8,400 | 8,400 | |
| Envelopes and letterhead..... | 3,900 | 3,900 | |
| Miscellaneous supplies..... | 5,200 | 5,200 | |

Equipment, \$15,900

| | 1964 | 1965 | Change |
|-----------------------|---------|---------|--------|
| NEPH film strips..... | \$4,000 | \$4,000 | |
| Books..... | 5,000 | 5,000 | |
| Miscellaneous..... | 6,900 | 6,900 | |

THURSDAY, FEBRUARY 13, 1964.

WOMEN'S BUREAU

WITNESSES

MRS. ESTHER PETERSON, ASSISTANT SECRETARY OF LABOR AND
DIRECTOR, WOMEN'S BUREAU
MISS BEATRICE McCONNELL, DEPUTY DIRECTOR, WOMEN'S
BUREAU
MISS DOROTHY A. CARROLL, CHIEF, DIVISION OF MANAGEMENT
SERVICES
MRS. MARY N. HILTON, CHIEF, DIVISION OF RESEARCH AND MAN-
POWER PROGRAM DEVELOPMENT
MISS JEAN A. WELLS, DEPUTY CHIEF, DIVISION OF RESEARCH
AND MANPOWER PROGRAM DEVELOPMENT
MRS. ALICE A. MORRISON, CHIEF, DIVISION OF LEGISLATION
AND STANDARDS
MRS. AGNES M. DOUTY, CHIEF, FIELD DIVISION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963- actual | 1964 estimate | 1965 estimate |
|--|-----------------|------------------|------------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 598 | 564 | 567 |
| Positions other than permanent..... | 19 | 7 | 3 |
| Other personnel compensation..... | | 5 | |
| Total personnel compensation..... | 617 | 567 | 570 |
| 12 Personnel benefits..... | 41 | 41 | 42 |
| 21 Travel and transportation of persons..... | 49 | 30 | 31 |
| 22 Transportation of things..... | 1 | 1 | 1 |
| 23 Rent, communications, and utilities..... | 20 | 21 | 25 |
| 24 Printing and reproduction..... | 48 | 80 | 55 |
| 25 Other services..... | 40 | 18 | 26 |
| Services of other agencies..... | 6 | 6 | 6 |
| 26 Supplies and materials..... | 14 | 7 | 15 |
| 31 Equipment..... | 7 | 3 | 1 |
| Total obligations..... | 843 | 782 | 772 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|----------------|------------------|------------------|
| Total number of permanent positions..... | 89 | 84 | 75 |
| Full-time equivalent of other positions..... | 2 | 1 | |
| Average number of all employees..... | 80 | 73 | 69 |
| Employees in permanent positions, end of year..... | 88 | 75 | 75 |
| Employees in other positions, end of year..... | 9 | 0 | 0 |
| Average GS grade..... | 8.6 | 8.5 | 8.3 |
| Average GS salary..... | \$7,800 | \$8,203 | \$8,270 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|----------------|------------------|------------------|
| Program by activities: | | | |
| 1. Advancement of women's employment opportunities and status..... | 674 | 703 | 735 |
| 2. President's Commission on the Status of Women..... | 182 | 79 | ----- |
| 3. Interdepartmental Committee and Citizens' Advisory Council on the Status of Women..... | ----- | ----- | 37 |
| Total program costs, funded..... | 856 | 782 | 772 |
| Change in selected resources ¹ | -13 | ----- | ----- |
| Total obligations..... | 843 | 782 | 772 |
| Financing: | | | |
| Comparative transfers to other accounts..... | 61 | 2 | ----- |
| Unobligated balance lapsing..... | 7 | ----- | ----- |
| New obligational authority..... | 911 | 784 | 772 |
| New obligational authority: | | | |
| Appropriation..... | 930 | 785 | 772 |
| Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728 and 77 Stat. 436)..... | -19 | -1 | ----- |
| Appropriation (adjusted)..... | 911 | 784 | 772 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$17,000; 1963, \$4,000; 1964, \$4,000; 1965, \$4,000.

Mr. FOGARTY. Mrs. Peterson? You are not quitting too, are you, Mrs. Peterson?

Mrs. PETERSON. No, not unless you make me.

Mr. FOGARTY. There are more pending retirements in the Labor Department than usual, this year.

Mrs. PETERSON. I am sorry to hear Mr. Motley is leaving. He has done a very fine job.

Mr. FOGARTY. Go right ahead.

Mrs. PETERSON. I am sure you know how pleased we are to be with you again.

GENERAL STATEMENT

I would like to file my statement, if I may, and just touch on a few highlights, if that is all right.

Mr. FOGARTY. Yes.

(Mrs. Peterson's statement follows:)

I welcome this opportunity to discuss with you the program of the Women's Bureau and to present the budget estimate of \$772,000 for fiscal year 1965. This amount provides \$735,000 for the regular programs and services of the Women's Bureau, with a reduction of two positions over the 1964 staffing. The estimate also includes \$37,000 for the work of the Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council on the Status of Women, established by Executive Order 11126 on November 1, 1963.

BASIC ECONOMIC FACTS

Today there are approximately 25½ million women in the labor force who are participating in the production of needed goods and services and contributing to our growing economy. The programs and services of the Women's Bureau are designed to improve the economic, social, and legal status of women and are directed to helping women workers make their maximum contribution by full utilization of their skills and talents. Moreover, the Women's Bureau is vitally concerned with overall working conditions and has as a basic objective raising the general welfare of women workers by the maintenance of good labor standards.

The recommendations of the President's Commission on the Status of Women, which concluded its work this past year and made its report to the President on October 11, 1963, have substantially broadened the scope and given new emphasis and priorities to the programs which the Women's Bureau has carried on over the years. The President in establishing the Commission gave it the mandate to study and recommend ways which would enable women to make their maximum contribution at work, at home, and in the community. In its recommendations the Commission stressed the importance of continuing education, training, and counseling for women. It emphasized the importance of improved employment opportunities and the need for maintenance and extension of basic protective labor laws. It pointed out the need for sound information on which to base constructive action programs. In 1965 the Women's Bureau proposes to give emphasis to those services which will best aid women to make their maximum contribution to the national economy and make it possible for them to realize their greatest potential not only at work, but in the home and in their community.

At the present time, women constitute one-third of the total work force. Over one-half the working women are married. More mature women are entering the labor force and the average age of working women is now 41. It is estimated that 8 or 9 out of every 10 young women of today will spend part of their lives in paid employment. We now have 2¼ million working women who are heads of families and 3½ million who are working to supplement substandard earnings of their husbands who earn less than \$3,000 a year. Women are found today in varying numbers in practically every type of employment, the range of women's occupations having consistently expanded over past decades. Women are living longer, marrying younger, and completing their families earlier; the average age of women at the birth of their last child is now 26. This means many years of activity for the average woman after her family responsibilities diminish. I have a more detailed statement of background facts on women workers in the United States which gives available figures for employment and unemployment of women workers, occupations, marital and family status, and income and earnings of women workers which you may wish to insert in the record.

EMPLOYMENT OPPORTUNITIES

The Bureau's factfinding and research program makes possible the incorporation of these and other related facts into the educational and employment counseling of young women so they are prepared to make intelligent choices in preparing for effective and satisfying participation in the changing world of today. In 1965 this will continue to have major emphasis. Through publications and reports and through participation in conferences and seminars the Bureau helps girls and mature women plan realistically for their education, training, and retraining in the light of changing economic and technological developments.

The Bureau completed in 1964 a comprehensive review of the variety of careers open to college women of today. This report will provide information about changing job requirements, duties, and opportunities for college women who want to consider the gamut of fields open to them before selecting the one most suited to their abilities and interests. In fiscal 1965, the Bureau plans to make a similar review of the major job fields which women high school graduates may enter.

Another area of our employment opportunities program focuses on the major types of jobs expected to be open to women clerical workers in the coming decade. It will include information about changing job requirements resulting from office automation and other economic developments. Special attention will be given in fiscal 1965 to women's opportunities for employment in subprofessional positions, including those in the fields of health, welfare, science, and education.

There is rising interest throughout the country in counseling and educational facilities which can help the mature college-educated woman prepare for future employment. In order to answer numerous inquiries from college officials and from the women themselves, we have undertaken several studies, including one about the so-called continuing education programs now in existence and their purposes and activities.

The Bureau is also starting a followup survey of college women 6 years after their graduation. This will help us gain a better understanding of their counseling, training, and employment needs. In addition, staff members participate frequently in workshops and conferences arranged in order to inform mature college women about pertinent opportunities for education and employment and to consider ways of extending these opportunities and information about them.

DISADVANTAGED WOMEN

While the program of the Women's Bureau is designed to help all girls and women, special importance attaches to the needs of the millions of disadvantaged women—many of them heads of families and many of them from minority groups—who work from economic necessity, and who are in the lowest paid jobs in industry and the service occupations including work in private households. Today it is estimated that at least 6 million women are employed in intrastate work not covered by minimum wage legislation; and many of these women earn less than \$1 an hour.

Protective labor legislation is needed by all workers and is a matter of urgent concern for the millions of working women who are part of the one-fifth of our citizens who live in poverty. The Women's Bureau, therefore, will continue to emphasize the establishment and effective administration of good labor standards for women. A major activity is the providing of technical advisory services to Members of Congress, State legislators, State labor departments, other groups, and individuals.

In the minimum wage area, the Women's Bureau in cooperation with the Bureau of Labor Standards, sponsored a conference of State minimum wage administrators in fiscal 1964. This conference provided an opportunity for State minimum wage administrators to exchange information on programs and problems of mutual concern to them and of benefit to working women. The preparation of the report of this conference is in progress and will provide a source of continuing help to State administrators in meeting current needs in the minimum wage field. A similar conference is planned for fiscal 1965.

Technical assistance was given to a number of State labor departments: For example, to North Dakota assistance preparatory to the issuance of a new laundry and drycleaning minimum wage order. The Bureau will continue to supply technical materials for use in this area.

Another important project underway is the collaboration with the Bureau of Labor Statistics on a cost-of-living budget for a self-supporting woman. The Women's Bureau receives many requests for technical assistance in this area, and the preparation of this budget will be of great help to the States in their development of minimum wage orders. An advisory committee made up of State labor commissioners and technical experts from the States is meeting at the end of January to formulate guidelines for the budget.

The passage of the Federal equal pay law has greatly increased requests for information in this area. To meet this demand the Women's Bureau is revising its leaflet, "Equal Pay Facts" and is in the process of preparing an equal pay legislative kit for the use of State Governor's commissions and women's groups. It is cooperating with Wage and Hour and Public Contracts Divisions and the Labor Department Research Committee in developing appropriate materials to aid in administration of the Federal Equal Pay Act. A bulletin, "The Movement for Equal Pay in the United States" is in process; a study of enforcement of State equal pay laws is planned in 1965.

The Federal Equal Pay Act has stimulated activity in the States to improve and extend their equal pay laws. Missouri in 1963 passed a new law and requested technical assistance for formulating rules and regulations.

Other technical materials which will aid States in establishing good labor standards are planned for 1965, including a report on State laws governing overtime work and pay.

PRIVATE HOUSEHOLD EMPLOYMENT

The Women's Bureau has started a comprehensive study of private household employment. There is a shortage of experienced domestic help and methods must be found to help raise the basic work skills of underemployed and unemployed women in this field. The study will include analysis of job qualifications, training opportunities which are available to help improve job skills, the effects of prevailing wages and working conditions on the status of domestic employment, and hiring practices which aid or impede employment in this field. Information will be obtained from both workers and employers.

One purpose of this study is to focus public attention on the facts and problems relating to private household employment—a field about which little authoritative information is available. Even more importantly, the study is intended to suggest ways to improve worker qualifications and performance, to recommend adjustments in prevailing industry practices, and thereby to help improve the occupational status and help develop jobs in the service section of the economy for disadvantaged workers.

A report entitled "Negro Women Workers in 1960" is now at the printer. Comparisons of 1960 census data with those available for 1940 and 1950 indicate a pattern of steadily rising employment gains for Negro and other nonwhite women.

During the remainder of this year and in fiscal 1965, we shall press forward with our studies of trends in women's occupations and industries and with updating the facts and figures in our basic handbook on women workers.

LEGAL STATUS OF WOMEN

Intimately connected with improvement in the economic status of women is improvement in their legal status. Increased earning capacity occasions increased participation in business transactions such as the buying and selling of property. Outmoded family and property laws which impede this participation need modernization. In addition, there is also a general lack of information on the part of women concerning their legal rights. To help meet this need the Bureau has in preparation a revised summary of the legal status of women, comprising analysis of State law in 50 States and the District of Columbia, governing political, family, and property rights of women. Separate State reports in this series are also being revised. A "Know Your Rights" bulletin, a nontechnical presentation of the legal status of women under State law, is planned for 1965 to carry out a recommendation of the President's Commission on the Status of Women.

To meet requests from the State Governor's commissions on the status of women simple summaries of specific discriminatory provisions in State family and property law will be compiled on a State-by-State basis. A new series of topical summaries on major areas in women's family and property laws is also planned. Another service of increasing importance to the basic program of improvement in the overall economic and social status of women is the information supplied by the Women's Bureau on Federal and State legislation, proposed and enacted, of particular interest to women. It is anticipated that the Governor's commissions on the status of women will also increase the demands made on the Women's Bureau for information in this area.

VALUE OF THE FIELD SERVICE

Last year I discussed with you the establishment of the four Women's Bureau regional offices in Boston, Atlanta, Chicago, and San Francisco. This field staff program has been most effective in terms of making possible the full utilization of the Bureau's services, and the fifth regional office will be opened in the very near future in Dallas, Tex. I want you to know how successful our regional directors have been in working with State and local agencies as well as with voluntary groups of many kinds who have been involved in carrying out national programs of the Bureau. The regional directors have provided technical assistance and advisory services to many groups which are interested in solving problems on the local level. The regional directors have brought to these groups knowledge of Federal programs which are available to community groups who wish to develop local programs to meet some of their pressing civic problems. In their assigned States, the regional directors have worked with Federal, State, and local government agencies, management, unions, civic and community organizations, educational institutions, and individuals.

One mechanism utilized by our regional directors, which made a real impact during 1963, was the promotion of State conferences on "Problems of Working Women." These were jointly planned and carried out with the State labor departments and State universities or colleges. Local organizations assisted in the planning of these conferences and participated in these 2-day meetings. During 1962-63, 11 such conferences were held. These were: University of Southern California, University of Michigan, Mount Holyoke, Roosevelt University, Howard University, University of Utah, University of Minnesota, Iowa State University, Boston University, Ohio State University, University of Washington, and Indiana University. One is scheduled at the University of Wisconsin January 31 and February 1, and others are being planned for 1964. Recommendations for State and national action have resulted in each case. In addition, Bureau staff have participated in many other similar conferences, although not sponsored by the Bureau, including Bryant College, Rhode Island, and in Massachusetts, Vermont, New Jersey, New York, New Hampshire, Tennessee, South Carolina, Georgia, Florida, Kentucky, Oklahoma, Arkansas, Virginia, Michigan,

Indiana, Missouri, Minnesota, Ohio, Iowa, Illinois, California, Utah, Oregon, Hawaii, and Colorado. These conferences have been the means of involving large numbers of people from all over the State in spreading information on needed programs and have resulted in concrete action directed to specific needs at both State and local levels.

In addition, the regional directors have worked with women's organizations throughout their regions to assist in the local implementation of the recommendations of the President's Commission on the Status of Women.

These joint activities toward implementation of the recommendations have to date resulted in action by 14 Governors who have established State commissions on the status of women and who have charged the members of the commission to explore problems and to recommend action. Commissions are now functioning in Alabama, Arkansas, Delaware, Georgia, Illinois, Indiana, Iowa, Michigan, Minnesota, New Hampshire, North Carolina, North Dakota, Tennessee, and Washington. In New York, the Governor has set up a committee which will review the State's role regarding education and employment of women and submit recommendations to him. Action in 24 other States has also been initiated and it is anticipated that by the close of fiscal 1964 at least 20 State commissions will be in operation.

Typical of the activities of the regional directors in a State are the following services in broad areas of concern to the Women's Bureau.

Regional directors have established close working relationships with community groups and State officials who are seeking to improve the employment situation through improved training and retraining programs and the extension in various ways of employment opportunities for minority groups as well. In California and Massachusetts, the regional directors have assisted in advancing MDTA programs for girls and have worked on overall planning on problems of school drop-outs.

Citizen committees on day-care services for working mothers have consulted with regional directors and have sought information and advice in furthering such projects in Illinois, Georgia, and Tennessee.

In Michigan, a State council on the employment of women which grew out of the Michigan Conference on the Problems of Working Women was a major factor in securing amendments to the equal-pay law which extended the coverage of the law from manufacturing to other employment. In the Upper Peninsula, the regional director, working with the State department of labor, has met with employers, working women, and community bodies to bring in more employment projects to what is classed as a hardship area.

In a number of States, at the request of the Governors and personnel of State departments of labor, regional directors have participated in meetings on such matters as services for migratory workers, a review of State labor laws, and planning for minimum wage conferences with other interested groups. Information and assistance to State labor departments and industrial commissions have been given on legislative planning and problems of administration.

Throughout 1965, the stress on community action on the problems of working women will be continued and accelerated and with the addition of one regional director in 1964 more service can be given to the State and local groups that are requesting assistance from the Bureau.

INTERDEPARTMENTAL COMMITTEE AND CITIZENS' ADVISORY COUNCIL ON THE STATUS OF WOMEN

I also welcome the opportunity to present the budget request of \$37,000 for the work of the Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council on the Status of Women in fiscal 1965.

Executive Order 11126, establishing the Committee and Council, was issued on November 1, 1963. The report of the President's Commission on the Status of Women, "American Women," submitted to the late President Kennedy on October 11, 1963, recommended this type of organization to give continuing leadership. The present administration is enthusiastically supporting the work of these groups. The order designates the Secretary of Labor as Chairman of the Committee and the Director of the Women's Bureau as Executive Vice Chairman. As you know, I served as Executive Vice Chairman of the President's Commission on the Status of Women, and will continue in that capacity on the Interdepartmental Committee.

Other Committee members are the Secretary of State, the Secretary of Defense, the Attorney General, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Health, Education, and Welfare, and the Chairman of the Civil

Service Commission. Funds for operating during 1964 will be provided by the agencies represented on the Committee.

The Committee and the Advisory Council will review and evaluate the progress of Federal agencies in advancing the status of women and stimulate cooperation and sharing of information and views among Federal agencies, State commissions on the status of women, and public and private organizations in areas of special concern to women.

The Citizen's Advisory Council on the Status of Women consists of 17 outstanding citizens, most of whom previously served as members of the President's Commission. We are fortunate to have their continued service. The Council serves without remuneration.

Anticipating that the Committee and the Council will have leadership and coordinating functions without operating responsibilities, we propose a minimum secretariat of one professional staff member and one secretary. The secretariat will have overall responsibility for liaison with agencies on the Committee, including arrangements for securing reports, data, and needed studies. With appropriate consultation, the secretariat will prepare agenda and make other necessary arrangements for meetings, follow up on progress on recommendations of the Committee and the Council which involve action by Federal agencies, and keep Council and Committee members informed between meetings of important developments in both Federal and non-Federal areas of interest. The secretariat will prepare the initial draft of the annual report and other staff papers of a general nature.

The first meeting of the Interdepartmental Committee was held on January 20, 1964, and the Citizens' Advisory Council will hold its first meeting on February 12. The recommendations of the President's Commission on the Status of Women will be reviewed and a plan of action adopted to carry out the responsibilities assigned to the Interdepartmental Committee and Council.

In addition to the personnel compensation and personnel benefits for two positions, the budget estimate for 1965 provides for travel funds for the Citizens' Advisory Council to hold three meetings in fiscal 1965. The estimate also provides funds for the usual operating expenses of mail and telephone service, reproduction of materials, reporting of meetings, and supplies. Equipment has already been provided for the office.

CONCLUSION

Mr. Chairman, I appreciate this opportunity to discuss the important work which the Women's Bureau has planned for 1965 and to go over the initiation of the program for the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women. I shall be glad to answer any questions.

Mrs. PETERSON. I thought first, although we are not requesting money for the President's Commission, on the Status of Women, I would like to explain to you a little bit about the results of that work which you made possible for us before, because I think you would be interested in it.

PAST YEAR ACTIVITIES OF THE WOMEN'S BUREAU

In the first place, I think you would like to know that we have produced a bestseller. This has gone into its second printing at the Government Printing Office and it is being sold for \$1.25. It has been translated into three languages and I received word today that it is being translated into a fourth language. It is proving to be a very useful document abroad. I think this is good.

We have many more requests for it than we can fill. We got a request the other day for 16,000 copies for the American Personnel and Guidance Association, wanting to have that for the counselors because the recommendations in it concern not just the labor field, but also counseling and all of those areas.

We have not yet received quite all the committee reports, all the supplementary ones. The ones on civil and political rights and educa-

tion are at the printers, but the whole set will soon be ready. The amount of interest that has been stirred up by this report is really considerable. We are pleased with the amount of interest that has just come naturally. We really had a very high degree of participation and I think if we had had to pay for the citizens who gave of their time on this it would have been quite something, because they were very high-caliber people. We have had a very fine reception in the press on it. I do not know if it was just this report. There have been a lot of things stimulating interest in women's activities. We cannot say it is all this report but I think it contributed to the big debate going on.

We have had so many requests to help with conferences that we just cannot manage them.

Mr. LAIRD. I am surprised that you are surprised with your reception. Most people like women.

Mrs. PETERSON. All I can say is thank you.

Sometimes they like women in the home and they don't quite understand that they have another role to play in other places as well.

This is a folder of a few of the conferences that have been held. Some of them we have initiated but most of them have been initiated by universities and community groups, where they have asked us to participate and help. If you are interested, we have the reports of many of the conferences where we have given assistance. This one, for example, we helped with Howard University on the World of Work Conference for young women. They came from all over the country, with very, very good participation in it.

We have had another interesting byproduct of this. This is that industries and corporations and companies are asking us and consulting us more than ever on the number of women, where they are working, and what they are doing. I am pleased that even the advertising agents are coming to us. I clipped some examples of people with whom we have consulted. They have asked us about this. I do not want to take credit for this. I think the public debate has influenced it. For example, the Bell Telephone Co., used to prefer the young girl. Now they think: What is the average working woman? She is back in the labor force, has nice wrinkles around her eyes and she is a much more mature person. This is a picture that is good. There is this one of the pharmaceutical corporation, helping recruit doctors, saying that is not bad for a girl; another one says, "This is a Man's World." These present an honest picture. Here we clipped this today, "Labeling Day at the Brewery." This one says they work for pin money. On that part I disagree. I am quite sure if they talk to those women, they are not working for pin money, but for bread and butter. The one I think is really very exciting is this one: "Here Comes Tomorrow." These are the young women going into the future, trained, well educated, with a possibility of a future. I think our consulting with these groups and bringing a degree of reality toward what is going on is very healthy and very positive.

We have had so much publicity of the Commission report, I do not think there is a women's magazine that has not featured it. This one came this morning from the Girl Scouts. Last Sunday, I don't know if you saw This Week, but the whole issue was devoted to working women, with interviews and material from us.

What I am saying is, I think we are getting good money's worth from the work that is being done.

BUDGET SUMMARY FOR 1965

We are asking this year for \$772,000. Of that, \$735,000 is for the Women's Bureau and \$37,000 for the Interdepartmental Committee and the Citizen's Advisory Committee on the Status of Women. This results in a reduction of two positions and \$16,000 in personnel compensation, to absorb partially the increased cost in centralized services, the higher scales in effect during the fiscal year and within-grade promotions. This raises the cost of the 73 positions for the Women's Bureau over the 1964 base by \$2,000. We have two positions included in our request which is a professional and a secretary to take care of the Interdepartmental Committee and the Citizens' Advisory Council. Actually, we are operating very much where we were before, aside from the additional amount that we had for the President's Commission, which of course was nonrecurring.

WOMEN IN WORK FORCE

I think you all know so well the basic facts about the number of women working. We have gone over that every year. The trend is just the same. It is increasing. It is higher. We are over 25 million now and the prediction of course is that there will be 30 million in the 1970's. We have an ever-increasing number of married women working. We have many, many working single women those who are widowed or divorced, and those who have small children. We are very much concerned and our program has been oriented a great deal toward the women in the lower income brackets, who need a great deal of help. Of course, we are cooperating and coordinating with the program which is asking for increased coverage under the Fair Labor Standards Act, and our work in the States through regional meetings, and through the regional offices I think is very fine, because it is stimulating a good deal of activity on that side.

If you have any other questions I would certainly like you to ask me, but just in review there are over 25½ million women now in the working force, and over half of these are married; the average age is going up. Now, it is 41. Two and a half million working women are heads of families, and 3¼ million are working to supplement the standard (under \$3,000) earnings of their husbands. We know that women are living longer, marrying younger, completing their families younger, and we know a larger and larger number of them are working.

A great deal of our work in the Bureau is carrying out the work of the President's Commission. Our requests are tremendous and the amount of work we have to do in this area is great. All of its recommendations have many implications for what we are doing. We are working through our five regional offices to service these groups as much as we can and to work with the States. We are working very hard on the minimum wage areas, and I am pleased that a great deal of activity is taking place in the States on that. There were 225 bills introduced relative to wages and hours and working conditions in State legislatures last years. There were 18 States that enacted 32 laws of special interest, 16 States adjusted their minimum wage laws, There is a very good report here on the amount of activity that has taken place on a State level, which indicates a good deal of work, of servicing the various groups that are interested.

We, of course, are working on minimum wage. We are working on equal pay, which was passed last year, and consulting a good deal in the field although we have not the responsibility, of course, for the operation of it. We are planning now in cooperation with the Wage and Hour Division and with the Equal Pay Committee that helped get this bill through, to have a national conference on June 11, the date the equal pay bill goes into effect.

I think one reason we have been successful—and I think we have been successful, too—is that we have had the help of so many public-spirited citizens, and of the organizations who are supporting and who have had a say in the program that we are working on.

We are very much concerned about the area of private household employment. A comprehensive study of conditions has been started. We are working on methods to improve the status of the domestic workers, to see what can be done in the training field.

We now have in press a report on the young Negro women, which will be very helpful to us in improving their status.

IMPROVING LEGAL STATUS OF WOMEN

A great deal is being done on improving the legal status of women. We are getting out a pamphlet, "Know Your Rights," as recommended by the President's Commission. People often do not know how well off they are. Very often we have to display the information so they can see it.

Our fieldwork is concentrated, you know, around the Boston regional office, Atlanta, Chicago, San Francisco, and now we are adding Dallas. There are 17 States now where Governors' commissions on the status of women have been established.

We are working with them and helping them and in addition to that there are many Governors in other States where they are asking for additional help on improving the status of women.

We work with all of the regular organizations in the communities to further the whole program, of course, not just the women's program but the programs of the whole Department of Labor.

The Interdepartmental Committee on the Status of Women, of which Secretary Wirtz is the Chairman, is working to carry out the recommendations of the President's Commission on the Status of Women and today we met with the Citizens' Advisory Council on the Status of Women. They completed their meeting today and of course outlined many of the areas where there is a great deal to be done.

This is just a very brief and quick thumbnail sketch, I think the highlights. I would be very happy to go into detail on any of the programs, more detail, if you would so like, but it is all in my testimony.

Mr. FOGARTY. Thank you.

Mr. Denton?

LEGISLATION PROHIBITING DISCRIMINATION IN EMPLOYMENT

Mr. DENTON. I do not have any questions about your statement; just one thing I did want to ask you: Do you think we ought to have legislation to prohibit discrimination in employment because of sex?

Mrs. PETERSON. The Commission report on this said that they thought that it would be well to try with an Executive order relative

to this and this was the conclusion of the Commission on the Status of Women.

Mr. FOGARTY. Mr. Laird.

REDUCTION IN WOMEN'S BUREAU IN 1965

Mr. LAIRD. I notice your appropriation for 1964 is \$785,000; your request for 1965 is \$772,000, a reduction of \$13,000 and nine positions. I thought with all the activity that was stimulated by the Commission that perhaps this year there would be a little broader activity recommended for the Women's Bureau. Evidently that was not the case.

Mrs. PETERSON. Certainly there is a great deal—you are asking me if more activity was recommended?

Mr. LAIRD. I just cannot understand why we are cutting back on the activity of the Women's Bureau in 1965. I pick up the local papers and I see these press releases emanating from the White House with regard to improving the status of women, especially with regard to employment. I realize you are wearing another cap over in the White House.

Mrs. PETERSON. The other hat today.

Mr. LAIRD. It seems to me that these press releases that are coming out of the White House are overlooking the Women's Bureau.

Mrs. PETERSON. Of course, this activity about the women is much broader than just the Women's Bureau, as you know.

Mr. LAIRD. The one place Congress has placed primary responsibility is in the Women's Bureau.

Mrs. PETERSON. Yes.

Mr. LAIRD. And you are cutting back.

Mrs. PETERSON. It is cut back.

Mr. LAIRD. And you recommend it be cut back?

Mrs. PETERSON. Did I recommend it be cut back?

Mr. LAIRD. Yes.

Mrs. PETERSON. No; I did not recommend it.

Mr. LAIRD. What did you ask for in this area?

Mrs. PETERSON. We asked for more than this, but I think it is important for us to be part of the whole operation at this moment, to try to respond to the appeal of getting as much as we possibly can for the dollar invested. That is certainly what we are trying to do.

Mr. LAIRD. There are many places we can make reductions but I wondered why the President picked the Women's Bureau. You are the only one that has such a substantial reduction in personnel in the whole Labor Department. Why is the Women's Bureau picked out for this distinction?

Mrs. PETERSON. Probably because we maybe can rely on a lot of help from the other agencies around.

Mr. LAIRD. You can get a lot of volunteer work because you are the Women's Bureau whereas the other agencies cannot?

Mrs. PETERSON. Not only that, but I think we do get a lot of help from our associates and friends. There is no question about this.

Mr. LAIRD. Maybe we should cut this budget in half, then.

Mrs. PETERSON. I think you had better not. I would say that we could do a far better job, I am sure, if we could have more staff. There is no question about this. You remember that nine of those jobs were

the jobs that were in the President's Commission and that has been terminated. Those are nonrecurring.

Mr. LAIRD. I understand.

Mrs. PETERSON. That is a nonrecurring part of it.

(NOTE.—The following was subsequently submitted to the subcommittee with a request that it be placed in the record:)

PROVISIONS IN THE 1965 APPROPRIATION REQUEST FOR SERVICES TO WOMEN

Many programs and activities of the Labor Department deal with problems of concern to women's groups which affect the employment and status of women.

The interests of women can be more effectively advanced in conjunction with programs and activities which provide similar services for other categories of which women are a part. The one-third of the work force made up of women also includes young and older workers, migrants, and the partially unemployed. Coordination by the Women's Bureau of women's interest in these diverse activities will enhance the overall service and deal more effectively with the problems.

Arrangements for other bureaus and officers of the Department of Labor to perform specific activities under the general policy, technical advice, and guidance of the Women's Bureau will expand the resources and improve the services available to deal with the special problems of women. Increased resources in several areas serve the interests of women: (1) manpower, (2) labor standards, including equal pay, (3) economic and labor statistics, and (4) international labor activities.

The Women's Bureau had 84 positions in 1964, 75 for its regular work and 9 positions for the Commission on the Status of Women. The work planned for this Commission has been completed. Therefore, 75 positions are being requested in fiscal year 1965.

The following paragraphs describe the activities of other programs:

Women constituted 36.5 percent of the trainees under manpower development and training programs in fiscal year 1963, and in 5 months of fiscal 1964 they represented 43.4 percent of the total. This percentage is expected to increase in 1965.

The Federal-State Employment Service in calendar year 1963 placed 2,814,000 women in nonagricultural employment. This was approximately 43 percent of all nonagricultural placements.

All of the economic and labor statistics furnished by the Bureau of Labor Statistics are available to identify the status and interests of the women in the work force and are designed to serve those purposes. BLS has the responsibility of preparing occupational outlook information. Attention is given to identifying opportunities for women.

The LSB provides services and information on hours of work, minimum wage and other labor standards to the States, special groups, and the public. These services and information materials serve men, women, youth, and other groups. LSB has agreed to increase the services and information for women.

The 1965 appropriation request includes 27 positions in WHPC for the administration of the equal pay amendments of the FLSA and 4 positions in the Solicitor's Office for legal services in connection with the act.

Congress has appropriated funds to ILAB for the purpose of financing positions in bureaus to perform international activities. One such position is allocated to the Women's Bureau.

The Manpower Administration which administers the Manpower Development and Training Act research funds is arranging for the Women's Bureau to perform certain manpower research which will add to the information concerning women and manpower programs. This will provide additional resources for the Women's Bureau.

INTERDEPARTMENTAL COMMITTEE AND CITIZENS' COUNCIL

Mr. LAIRD. This cut comes right at a time when you have additional workload placed on you due to the initiation of the program of the interdepartmental Committee and the Citizens' Advisory Council on the status of women.

Isn't that right?

Mrs. PETERSON. Yes.

Mr. LAIRD. Doesn't this create more of a workload for the Women's Bureau?

Mrs. PETERSON. It does and I must say that the group you see here are voluntarily working very, very hard.

OVERTIME WORK

Mr. LAIRD. Are you working these women in the Women's Bureau overtime?

Mrs. PETERSON. I am not working them overtime. They are working overtime.

Mr. LAIRD. Do you think that is a good idea, to set that kind of an example for women throughout the United States?

Mrs. PETERSON. I think this is something that, if there is a job to be done, we do it, if we think it must be done.

Mr. LAIRD. I think this 40-hour workweek for women is a pretty good idea and the President is talking about a 35-hour workweek, that it should be given some study, not recommending it at this time, but he feels that it is something that should be given some study. Here you are working people in your Bureau overtime.

Mrs. PETERSON. I am not working them overtime.

Mr. LAIRD. You are not?

Mrs. PETERSON. No.

Mr. LAIRD. Is there work there that needs to be done and they have to work overtime to do it?

Mrs. PETERSON. You know yourself that there is no limit to the amount of work that can be done in this field. You could be working—we are working hard, but we could work twice as hard and still not get it done.

Mr. LAIRD. But the women in your Bureau are working long hours.

Mrs. PETERSON. At times they do. Again at times they do not. It depends on what the situation is that is needed and the girls who are working as secretaries, they are all paid their overtime if they are working overtime.

PROGRAM UNDER EXECUTIVE ORDER 11126

Mr. LAIRD. The interdepartmental Committee and Citizens' Council were set up under Executive Order 11126 as I understand. Would you put this order in the record at this point?

Mrs. PETERSON. I would be happy to do that.

(The document requested follows:)

[Reprint from Federal Register, vol. 28, No. 215, dated Nov. 2, 1963]

TITLE 3—THE PRESIDENT

EXECUTIVE ORDER 11126

ESTABLISHING A COMMITTEE AND A COUNCIL RELATING TO THE STATUS OF WOMEN

The President's Commission on the Status of Women, established by Executive Order No. 10980 of December 14, 1961, has in fulfillment of its responsibilities, submitted a report concerning the steps that should be taken to further the effort to achieve the full participation of women in American life.

Enhancement of the quality of American life, as envisioned by the Commission's report, can be accomplished only through concerted action by both public and private groups, through coordinated action within the Federal Government,

and through action by States, communities, educational institutions, voluntary organizations, employers, unions, and individual citizens.

In order to assure effective and continuing leadership in advancing the status of women, it is deemed appropriate to establish an interdepartmental committee and a citizens' advisory council on the status of women.

Now, THEREFORE, by virtue of the authority vested in me as President of the United States, it is ordered as follows:

PART I—INTERDEPARTMENTAL COMMITTEE ON THE STATUS OF WOMEN

SECTION 101. (a) There is hereby established the interdepartmental Committee on the Status of Women (hereinafter referred to as the "Committee"), which shall be composed of the Secretary of Labor, who shall be the Chairman of the Committee, the Secretary of State, the Secretary of Defense, the Attorney General, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Health, Education, and Welfare, and the Chairman of the Civil Service Commission, all ex officio. The Director of the Women's Bureau of the Department of Labor shall serve as Executive Vice-Chairman of the Committee, and shall be an ex officio member thereof.

(b) When any matter especially related to the area of responsibility of any Federal department or agency, the head of which is not a member of the Committee, is to be considered by the Committee, the Chairman of the Committee shall invite the head of such department or agency to participate in the deliberations of the Committee with respect to such matter and to be a temporary member of the Committee during such deliberations.

SEC. 102. The Committee shall—

(1) Maintain a continuing review and evaluation of the progress of Federal departments and agencies in advancing the status of women.

(2) Serve as a clearing house for information as to the activities being directed toward, and the progress being made in, improving conditions of special interest to women.

(3) Stimulate cooperation and the sharing of data, views, and information among Federal agencies, State and local governments, State commissions on the status of women, and public and private organizations having responsibilities and interests in areas of special concern to women.

(4) Encourage research on factors affecting the status of women in the areas of education, home and community activities, employment, social insurance, taxes, civil and political rights, labor legislation, and related matters.

(5) Exchange information with the Citizens' Advisory Council on the Status of Women, established by Part II of this order, on progress toward advancing the status of women and on new developments requiring consideration by the Council and the Committee.

SEC. 103. Annually the Committees shall transmit to the President a consolidated report concerning the activities of the Committee and the Citizens' Advisory Council.

PART II—CITIZEN'S ADVISORY COUNCIL ON THE STATUS OF WOMEN

SEC. 201. There is hereby established the Citizens' Advisory Council on the Status of Women (hereinafter referred to as the "Council"), which shall be composed of 17 members appointed by the President, one of whom he shall designate to serve as Chairman. The council shall meet at the call of the Chairman of the Committee, but not less than twice a year. Members of the Council shall serve without compensation from the United States.

SEC. 202. The Council shall—

(1) Serve as a primary means for suggesting and stimulating action with private institutions, organizations, and individuals working for improvement of conditions of special concern to women.

(2) Review and evaluate progress of organizations in furthering the full participation of women in American life.

(3) Advise and assist the Committee in the evaluation of total progress made and recommend to the Committee, as necessary, action to accelerate such progress.

(4) Consider the effect of new developments on methods of advancing the status of women and recommend appropriate action to the Committee.

PART III—FINANCING AND ADMINISTRATION

SEC. 301. The departments the heads of which are, under Section 101(a) of this order, members of the Committee and the Civil Service Commission shall, as may be necessary, furnish assistance to the Committee in accordance with Section 214 of the Act of May 3, 1945, 59 Stat. 134 (31 U.S.C. 691). To the extent practical and not inconsistent with law, (1) all Federal departments and agencies shall cooperate with the Committee and the Council and furnish them such information and assistance as may be necessary for the performance of their functions, and (2) the Secretary of Labor shall furnish staff, office space, office facilities and supplies and other necessary assistance, facilities, and services for the Committee and Council (including travel expenses and per diem in lieu of subsistence for members of the Council).

JOHN F. KENNEDY.

THE WHITE HOUSE,
November 1, 1963.

[F.R. Doc. 63-11712; Filed, Nov. 1, 1963; 11:32 a.m.]

Mr. LAIRD. Would you tell us a little bit about what you are doing under this new order and the additional workload it has given to the Women's Bureau?

INTERDEPARTMENTAL COMMITTEE

Mrs. PETERSON. There are two parts to that Executive order, which we will give you now. There is the interdepartmental Committee headed by Secretary Wirtz, composed of a number of Cabinet-level members. We have a secretariat—an executive secretary and a clerical secretary that is working with this Committee. They help prepare the agenda. They are working on the recommendations made in the President's Commission report relative to Federal employment. Now, a great deal of this work is done by the Civil Service Commission, because it has to do with all the Federal employment. You see it is a much broader Executive order than the Labor Department. It involves all of the Cabinet members who are named in this order. So from that point, as far as the interdepartmental Committee goes, a great deal of help comes from the other areas although we do do the housekeeping.

CITIZENS ADVISORY COUNCIL

The second part, the Citizens Advisory Council, which met today, incidentally, and here is a list of the members, if you would like to have that—

Mr. LAIRD. I think that should be in the record.

Mrs. PETERSON. I would be happy to put this in at this time. (The document follows:)

CITIZENS' ADVISORY COUNCIL ON THE STATUS OF WOMEN

Miss Margaret Hickey, chairman, senior editor, Ladies' Home Journal, 560 North Skinker Boulevard, St. Louis, Mo.

Mrs. Ellen Boddy, Henrietta, Tex.

Dr. Mary I. Bunting, president, Radcliffe College, Cambridge, Mass.

Mrs. Mary E. Callahan, member, executive board, International Union of Electrical, Radio & Machine Workers, 3114 Princeton Avenue, Philadelphia, Pa.

Dr. Henry David, 15 Claremont Avenue, New York, N.Y.

Mrs. Anna Halsted, 32766 Bingham Lane, Birmingham, Mich.

Miss Dorothy Height, president National Council of Negro Women, 600 Lexington Avenue, New York, N.Y.

Mrs. Viola H. Hymes, 2044 Cedar Lake Boulevard, Minneapolis, Minn.

- Mr. Maurice Lazarus, chairman, board of directors, Wm. Filene's Sons Co., Boston, Mass.
- Dr. Richard A. Lester, chairman, Department of Economics, Princeton University, Post Office Box 248, Princeton, N.J.
- Miss Margret Mealey, executive director, National Council of Catholic Women, 1312 Massachusetts Avenue, N.W., Washington, D.C.
- Mr. Norman Nicholson, administrative assistant, Kaiser Industries Corp., 300 Lakeside Drive, Oakland, Calif.
- Miss Marguerite Rawalt, assistant director, Refund Litigation Division, General Counsel's Office, Internal Revenue Service, 1801 16th Street N.W., Washington, D.C.
- Mrs. Mary Roebling, president, Trenton Trust Co., Trenton, N.J.
- Mr. William F. Schnitzler, secretary-treasurer, AFL-CIO, 815 16th Street N.W., Washington, D.C.
- Dr. Caroline Ware, R.F.D. No. 1, Box 138, Vienna, Va.
- Dr. Cynthia C. Wedel, assistant general secretary for program, National Council of Churches, 404 Riverside Drive, New York, N.Y.
- Mrs. Catherine East, Executive Secretary.

INTERDEPARTMENTAL COMMITTEE ON THE STATUS OF WOMEN

- Secretary of Labor W. Willard Wirtz, Chairman.
- Assistant Secretary of Labor Esther Peterson, Executive Vice Chairman.
- Hon. Dean Rusk, Secretary of State, Washington, D.C.
- Hon. Robert S. McNamara, Secretary of Defense, Washington, D.C.
- Hon. Robert F. Kennedy, Attorney General, Washington, D.C.
- Hon. Orville L. Freeman, Secretary of Agriculture, Washington, D.C.
- Hon. Luther H. Hodges, Secretary of Commerce, Washington, D.C.
- Hon. Anthony J. Celebrezze, Secretary of Health, Education, and Welfare, Washington, D.C.
- Hon. John W. Macy, Jr., Chairman, U.S. Civil Service Commission, Washington, D.C.

ALTERNATES FOR INTERDEPARTMENTAL COMMITTEE ON THE STATUS OF WOMEN

- Mr. David A. Burke, Assistant to the Secretary of Commerce, U.S. Department of Commerce, Room 5887, Washington, D.C.
- Hon. Wilbur Cohen, Assistant Secretary of Health, Education, and Welfare, Washington, D.C.
- Miss Mary Eastwood, Assistant to the Assistant Attorney General, U.S. Department of Justice, Room 5213, Washington, D.C.
- Mrs. Mary Gresham, Special Assistant to the Administrator of Business and Defense Services Administration, U.S. Department of Commerce, Washington, D.C.
- Miss Evelyn Harrison, Deputy Director, Bureau of Programs and Standards, U.S. Civil Service Commission, Washington, D.C.
- Hon. Stephen S. Jackson, Special Assistant to the Assistant Secretary of Defense for Manpower, Room 3E-966, the Pentagon, Washington, D.C.
- Mrs. Dorothy Jacobson, Assistant to the Secretary of Agriculture, Washington, D.C.
- Mrs. Katie Louchheim, Deputy Assistant Secretary of State for Community Services, Room 7331, Washington, D.C.
- Hon. Norman Paul, Assistant Secretary of Defense (Manpower), Room 3E-966, the Pentagon, Washington, D.C.
- Hon. Norbert Schlei, Assistant Attorney General, Washington, D.C.

Mrs. PETERSON. This presents another problem. There are the problems relative to all of the broad aspects of the President's Commission. That too deals in a much broader area than just the Labor Department, because a great deal has to do with HEW for example, who are represented there, with Justice, represented there, and those various agencies, if their area falls within that, are the areas, they are the people who carry this out. What I am trying to say is all does not fall on our shoulders. A great deal of it does, but not all. This is true also in the Labor Department.

ORIGINAL REQUEST FOR 1965

Mr. LAIRD. What did you ask for as far as the budget is concerned?

Mrs. PETERSON. What we or the Secretary asked for?

Mr. LAIRD. What you asked for.

Mrs. PETERSON. We asked for \$1,166,000.

Mr. LAIRD. What did the Secretary ask for?

Mrs. PETERSON. He asked for \$874,000.

Mr. LAIRD. Then the President cut you back \$100,000?

Mrs. PETERSON. The Bureau of the Budget.

Mr. LAIRD. I assume the President approved of this budget.

Mrs. PETERSON. This is the President's budget; yes.

Mr. LAIRD. At least it was transmitted to Congress by the President.

Mrs. PETERSON. When I see the myriad of things I wonder if he could have looked at every feature.

Mr. LAIRD. I am sure he looked at this Women's Bureau budget. I cannot conceive of him having so little interest in this very important function that he would not look at this part of the budget. I am sure he looked at this, but I just cannot understand cutting back the Women's Bureau after these reports have been issued and after you have stimulated so much interest among women, women's groups, and women's magazines. You are going to have a flood of mail and requests for your services.

Mrs. PETERSON. We have a flood of requests.

Mr. LAIRD. I think 1965 will be a big year for you.

Mrs. PETERSON. Will you join our staff?

Mr. LAIRD. I think there will be an increase in your workload.

Mrs. PETERSON. I assure you all with this budget here, it is tight, and if this is the budget we live with, we will. We will do a good job on it. We probably won't do as good a job as we could, but we will do a good job.

Mr. LAIRD. I want to help the Women's Bureau along.

Mrs. PETERSON. We are grateful for your help, Congressman.

Mr. LAIRD. That is all I have.

JUSTIFICATION MATERIAL

(The formal justifications follow:)

SALARIES AND EXPENSES, WOMEN'S BUREAU

Amounts available for obligation

| | 1964 | 1965 |
|--|-----------|-----------|
| Appropriation or estimate..... | \$785,000 | \$772,000 |
| Comparative transfer to Office of the Secretary..... | 2,400 | |
| Appropriation or estimate, (revised)..... | 782,600 | 772,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|---|-----------------------------|-----------|----------------|-----------|-------------|-----------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Advancement of women's employment opportunities and status..... | 75 | \$703,300 | 73 | \$735,000 | -2 | +\$31,700 |
| 2. President's Commission on the Status of Women..... | 9 | 79,300 | | | -9 | -79,300 |
| 3. Interdepartmental Committee and Citizens' Advisory Council on the Status of Women..... | | | 2 | 37,000 | +2 | +37,000 |
| Total obligations..... | 84 | 782,600 | 75 | 772,000 | -9 | -10,600 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|-----------------------------|----------------|-------------|
| Total number of permanent positions..... | 84 | 75 | -9 |
| Average number of all employees..... | 73 | 69 | -4 |
| 11 Personnel compensation..... | \$575,800 | \$569,750 | -\$6,050 |
| 12 Personnel benefits..... | 41,180 | 42,450 | +1,270 |
| 21 Travel and transportation of persons..... | 30,650 | 30,550 | -100 |
| 22 Transportation of things..... | 1,050 | 1,050 | |
| 23 Rent, communications, and utilities..... | 21,450 | 24,950 | +3,500 |
| 24 Printing and reproduction..... | 80,000 | 55,500 | -24,500 |
| 25 Other services..... | 17,070 | 25,645 | +8,575 |
| Services of other agencies..... | 5,350 | 6,330 | +980 |
| 26 Supplies and materials..... | 6,950 | 14,675 | +7,725 |
| 31 Equipment..... | 3,100 | 1,100 | -2,000 |
| Total obligations..... | 782,600 | 772,000 | -10,600 |
| Working capital fund items included above..... | (30,395) | (62,795) | (+32,400) |

Summary of changes

| | |
|--|-----------|
| 1964 appropriation..... | \$785,000 |
| Comparative transfer to Office of the Secretary..... | 2,400 |
| 1964 appropriation, revised..... | 782,600 |
| 1965 estimate..... | 772,000 |
| Total change..... | -10,600 |

Mandatory items:

Increases:

| | |
|---|---------|
| Net additional cost on a full-year basis the 2d step of pay increases (effective Jan. 5, 1964) for current year (base) staff pursuant to Public Law 87-793..... | +12,800 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff..... | +8,100 |

Decreases:

| | |
|---|---------|
| To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965..... | -2,700 |
| Nonrecurring rent transfer to General Services Administration..... | -1,400 |
| Less amount required to provide for the President's Commission on the Status of Women for a portion of fiscal year 1964 (Executive Order 10980 required a report to the President by Oct. 1, 1963)..... | -79,300 |
| Nonrecurring equipment purchase..... | -1,000 |

| | |
|--|-------------|
| Financing items: | |
| Increases: | |
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... | + \$31, 900 |
| Absorption of a portion of above increases (reduction 2 positions; \$16,000 personal services)..... | - 16, 000 |
| Program items: Increases: To initiate program of the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women, Executive Order 11126 (2 positions, \$24,200; nonlabor, \$12,800)..... | + 37, 000 |
| Total change..... | - 10, 600 |

Mandatory and financing changes for 1965

MANDATORY ITEMS

| | |
|---|-------------|
| Increases: | |
| Pay increase costs..... | + \$12, 800 |
| To finance on a full-year basis the 2d step of pay increases (effective Jan. 5, 1964) granted by Public Law 87-793 for current year (base) staff. This 2d step was funded on a part-year basis in 1964. The object schedule includes these changes as follows: | |
| Personnel compensation..... | 11, 900 |
| Personnel benefits..... | 900 |
| | 12, 800 |
| Within-grade promotion costs..... | + 8, 100 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover. | |
| Personnel compensation..... | 8, 662 |
| Deduct lapse..... | - 1, 112 |
| Personnel benefits..... | 550 |
| | 8, 100 |
| Net cost..... | 8, 100 |
| Decreases: | |
| Reduction of 1 less day of pay in 1965 over 1964..... | - 2, 700 |
| To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 work-days funded in 1964, there will be 261 in 1965. | |
| Nonrecurring rent transfer to General Services Administration..... | - 1, 400 |
| Less amount required to provide for the President's Commission on the Status of Women for a portion of fiscal year 1964 (Executive Order 10980 required a report to the President by Oct. 1, 1963)..... | - 79, 300 |
| Nonrecurring equipment purchase..... | - 1, 000 |

FINANCING ITEMS

| | |
|--|-----------|
| Increases: | |
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... | + 31, 900 |
| Absorption of a portion of above increases (reduction 2 positions; \$16,000 personal services)..... | - 16, 000 |

The volume of central administrative services in the Department of Labor has increased rapidly over the past few years because of a number of factors: a larger Department; increased services (such as Regional Administrative Services Office and data processing for payroll and increased costs (salary and other).

In these years of growth of the Department, it has been impossible to coordinate the budget requests of the bureaus (for centralized services) with the facts of performance. Increased costs have been met out of whatever funds were available (e.g., savings growing out of lapses, unused travel, etc.). In many cases (and in varying degree) base budgets and budget requests were not adjusted to reflect the increased costs paid. The Department was able to "get by" in times of growth. Now that we are no longer expanding rapidly and we are fully staffed, it is essential to cover these costs in the basic budgets.

In order to properly reflect the cost of these services in various bureau budgets in 1965, the Department is requesting that each affected appropriation be granted a base adjustment to maintain in 1965 the 1964 level of operation of central administrative services. This is being done by asking for a net increase in funds of about 50 percent and by reducing personal services in the program area in order to absorb the balance.

Mandatory and financing changes by activity

| Type of change | Activity 1 | | Activity 2 | | Activity 3 | | Total | |
|---|----------------|-----------|----------------|-----------|----------------|--------|----------------|-----------|
| | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount |
| Mandatory changes: | | | | | | | | |
| Pay-increase costs..... | | +\$12,800 | | | | | | +\$12,800 |
| Within-grade promotion costs..... | | +8,100 | | | | | | +8,100 |
| Less: 1 day of pay..... | | -2,700 | | | | | | -2,700 |
| Other: | | | | | | | | |
| Nonrecurring rent transfer to General Services Administra- tion..... | | -1,400 | | | | | | -1,400 |
| Less amount required to provide for the President's Commis- sion on the Status of Women for a portion of fiscal year 1964 (Executive Order 10980 re- quired a report to the Presi- dent by Oct. 1, 1963)..... | | | -9 | -\$79,300 | | | -9 | -79,300 |
| Nonrecurring equipment pur- chase..... | | -1,000 | | | | | -9 | -1,000 |
| Net financing changes..... | -2 | +15,900 | | | | | -2 | +15,900 |
| Total..... | -2 | +31,700 | -9 | -79,300 | | | -11 | -47,600 |

ACTIVITY 1. ADVANCEMENT OF WOMEN'S EMPLOYMENT OPPORTUNITIES AND STATUS (1964, \$703,300; 1965, \$735,000)

NARRATIVE DESCRIPTION OF PROGRAM

The continuing activities of the Women's Bureau contribute to programs at the Federal, State, and local levels which promote the welfare of all wage-earning women, including the improvement of their working conditions, and the extension of their training and employment opportunities. The factfinding carried on by the Bureau provides the basis upon which suggestions and recommendations for the formulation of programs and policies are made to the various agencies and organizations working in areas of interest to working women. The Bureau provides advisory service to the Secretary and other Government officials on matters pertaining to women's economic opportunities and to their civil and political status.

The Bureau plans, develops, and distributes technical and nontechnical publications to insure full and most effective utilization of the Bureau's accumulated information through bulletins, pamphlets, leaflets, processed materials, and articles for professional journals and periodicals. Nearly 10,000 individuals and organizations have requested that they be placed on the Bureau's mailing list to receive publications as issued.

Consultative services and information are furnished to State departments of labor, unions, employers, national women's organizations, and State and local groups interested in improving women's economic, civic, and political status, and women's labor laws and their administration. The Bureau also furnishes advisory services and prepares special reports on various aspects of women's legal and economic status for specialized international agencies and for the use of U.S. delegates at meetings called by these agencies. Through five regional offices, the Bureau carries out its programs at the State and local level, making available

information and advisory service and technical assistance. The Bureau provides administrative and management support of the substantive program.

Stemming out of these continuing activities are certain specific programs upon which the Bureau will concentrate during fiscal year 1965.

The Bureau will support programs to carry out the recommendations of the President's Commission on the Status of Women which pointed out areas needing primary attention to improve the status of women. The recommendations pointed out that demands upon women in the economic world, the community, and the home often result in women carrying out several vital roles. In addition to a high quality basic education, all American girls should receive education in consumer and family responsibilities. Greater educational opportunities and better counseling for women at every age and level of educational attainment are needed. Of special concern are those women whose families have been deprived for generations and for whom improvement means a constant struggle against want and retardation. Child care services should be available for all children, regardless of the economic level of the family. Full utilization of community resources must be encouraged to provide needed services.

The Commission recommended that ways be sought to bring the large numbers of women workers who are not now covered by unemployment insurance in small firms, nonprofit organizations, State and local governments, and household workers, under such coverage. Low-paid workers who most need the protection of Federal or State wage and hour laws are not covered in hotels, motels, restaurants, laundries, some retail establishments, agriculture, and in nonprofit organizations, and need such protection. States who do not have the principle of equal pay for comparable work established by law need to be helped in their efforts to pass such laws.

The Commission recognized the need to stimulate action at the State level to repeal or modify State laws which discriminate against women and to encourage test cases in the courts which might lead to Supreme Court review of the validity under the 5th and 14th amendments of such laws and official practices which discriminate against women. Laws, regulations, and practices which distinguish on the basis of sex need to be reviewed to determine if contemporary conditions now justify them and to the end of removing archaic standards which are discriminatory. As requested, the Bureau provides advisory services and technical information to groups and organizations working toward elimination of discriminatory laws, regulations, and practices.

No attempt is made here to outline all of the recommendations of the President's Commission on the Status of Women relating to the work of the Women's Bureau which require action to assure the full participation of women in American life. However, the areas pointed out will have priority and will receive as much attention as our limited departmental staff and five regional directors can devote to stimulating such programs. Our priorities will be established to meet the needs of the lower paid women workers to receive a better share in our growing economy.

During 1965, the Bureau will provide technical assistance, information, and management services for the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women which was established to assure effective and continuing leadership in advancing the status of women.

Both departmental and regional staff will give technical assistance and support to the various commissions on the status of women being set up by Governors of the States to explore specific problems of women workers in the State and local areas and make recommendations for community action programs to solve these problems. To date, commissions have been established in 13 States: Michigan, Washington, Alabama, North Carolina, Illinois, Georgia, Tennessee, New Hampshire, Indiana, Minnesota, Iowa, North Dakota, and Delaware.

As in the past several years, the Bureau will stimulate and give leadership assistance to State and area conferences where representatives of community groups may discuss ways of solving problems of women workers in their areas, including such questions as adequate day-care services and other community services needed by working women; assistance to older women workers in finding employment and obtaining needed training or retraining for employment; improved training opportunities for women; and improved status for the lower paid woman worker. The Women's Bureau has provided leadership for these conferences since fiscal 1962. Six conferences were held in 1963, two more conferences are scheduled at the University of Wisconsin on January 31-February 1, and at Marquette University for northern Michigan on May 1-2; and two more are pending. These conferences have brought together widely representative

leaders all over the States and are already productive of action programs in the States. It is anticipated that such conferences will continue to receive priority attention in fiscal year 1965.

The Bureau's plans for research, in addition to the continuing statistical and other research services provided, are related to maximum utilization of women in the labor force and provision of current information which can be used for counseling as well as for other purposes. Publications planned include information on women production workers affected by automation, analysis of women's education as related to employment, employment of women college graduates 6 years after graduation, and more current information on job opportunities for high school girls, and the latest statistical information concerning women workers.

To provide information for action programs to assist in raising the status of lower paid women workers, the Bureau plans to update its minimum wage publications and provide a minimum wage guide which can be used by women's groups interested in working for new or improved minimum wage laws. Release of cost-of-living budget material, a State equal pay enforcement report, and a digest of State equal pay laws are also planned, as well as the 1964 summary of enactments of State labor laws for women, Federal legislation affecting women, and information in the civil and political status area concerning jury service and rights of women. Individual State reports on the legal status of women will also be updated.

Reports of conferences on problems of working women will be made available as held. In addition, it is planned to release information about the early days of the Women's Bureau by its first Director, Mary Anderson, and a special bulletin on counseling.

Program changes for 1965: None.

ACTIVITY 3: INTERDEPARTMENTAL COMMITTEE AND CITIZENS' ADVISORY COUNCIL ON THE STATUS OF WOMEN (1964, —; 1965, \$37,000)

NARRATIVE DESCRIPTION OF PROGRAM

Program changes for 1965

Executive Order 11126, establishing a Committee and a Council relating to the Status of Women, was issued by the President on November 1, 1963. The Secretary of Labor is designated as Chairman of the Committee and is directed to furnish staff, office space, supplies, and such other services and assistance as are necessary for proper functioning of the Committee and the Council. The Director of the Women's Bureau is designated as Executive Vice Chairman.

In order to provide for the work of the Committee and Council, we are submitting a request for funds to provide for a secretariat to the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women. Funding for the secretariat for the remainder of fiscal year 1964 will be assumed by the agencies represented on the Committee.

Secretariat to the Committee and Council

The purpose of the Interdepartmental Committee and the Citizens' Advisory Council on the Status of Women is to insure effective and continuing leadership in improving the status of women. Anticipating that the Committee and the Council will have leadership and coordinating functions without operating responsibilities, a minimum secretariat of one professional and one secretary is planned. The secretariat will have overall responsibility for liaison with agencies on the Committee, including arrangements for securing reports, data, and studies needed by the Committee and the Council. In consultation with the Executive Vice Chairman of the Committee and the Chairman of the Council, the secretariat will prepare agenda and make other arrangements for meetings. The secretariat will follow up on progress on recommendations of the Committee and the Council which involve action by Federal agencies and will see to it that Council and Committee members are kept informed between meetings of significant and relevant developments in both Federal and non-Federal spheres of activity. The secretariat will prepare the initial draft of the annual report and other staff papers of a general nature.

Interdepartmental Committee on the Status of Women

The Interdepartmental Committee will maintain a continuing review and evaluation of the progress of Federal departments and agencies in improving the status of women. It will review and assess the recommendations of the President's Commission on the Status of Women, considering relative priorities and

timing in relation to other national needs. It will serve as a clearinghouse for information as to activities and progress and stimulate cooperation and the sharing of data, views, and information among Federal agencies, State and local governments, State commissions on the status of women, and public and private organizations having responsibilities and interests in areas of special concern to women.

The Committee will encourage research on factors affecting the status of women in the areas of education, home and community activities, employment, social insurance, taxes, civil and political rights, labor legislation, and related matters. It will submit an annual consolidated report to the President concerning the activities of the Interdepartmental Committee and the Citizens' Advisory Council.

Citizens' Advisory Council on the Status of Women

The Citizens' Advisory Council, with broadly representative membership, will advise and assist the Committee in carrying out its functions and will recommend to the Committee actions to accelerate progress. The Council will serve as a primary means for suggesting and stimulating action with private institutions, organizations, and individuals working for improvement of conditions of special concern to women. It will review and evaluate progress of organizations in improving the status of women.

| | 1964 | | | 1965 | | |
|----------------------------|-------------------|----------|-------|-------------------|----------|-------|
| | Profes- sional | Clerical | Total | Profes- sional | Clerical | Total |
| Office: | | | | | | |
| Atlanta, Ga. | 1 | 1 | 2 | 1 | 1 | 2 |
| Boston Mass. | 1 | 1 | 2 | 1 | 1 | 2 |
| Chicago Ill. | 1 | 1 | 2 | 1 | 1 | 2 |
| Dallas, Tex. | 1 | 1 | 2 | 1 | 1 | 2 |
| San Francisco, Calif. | 1 | 1 | 2 | 1 | 1 | 2 |
| Total | 5 | 5 | 10 | 5 | 5 | 10 |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$569,750

This estimate provides for 75 full-time positions or 69.3 man-years. Of this, 65 positions and \$485,850 are allocated for departmental and 10 positions and \$83,900 for field personnel compensation. For the total personnel compensation there is a net decrease of nine positions and \$6,050; a decrease of nine positions and \$31,000 due to the termination of the President's Commission on the Status of Women; a decrease of two positions and \$16,000 in the Women's Bureau to partially absorb the increased cost of the working capital fund; a decrease of \$2,700 for one less extra day of pay in 1965; and an increase of two full-time positions, 2 man-years, and \$22,750 for the initiation of the program of the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women (Executive Order 11126). The estimate provides \$12,800 for the annualization of second phase of the second step of the pay increase for current staff due to Public Law 87-798, and \$8,100 for the estimated cost of within-grade promotions.

Personnel benefits, \$42,450

This estimate is based upon total personnel compensation and provides for the Bureau's contribution to employees' group life insurance, retirement fund, employees' health benefits fund, and the employer's contribution under the Federal Insurance Contributions Act as follows:

| | |
|---|---------|
| Employees' group life insurance | \$2,300 |
| Civil service retirement | 37,200 |
| Employees' health benefits | 2,000 |
| Federal Insurance Contributions Act taxes | 950 |
| Total | 42,450 |

This represents a decrease of \$2,200 for the termination of the President's Commission on the Status of Women and provides \$1,450 for the Interdepart-

mental Committee and Citizens' Advisory Council on the Status of Women and \$2,020 for increased costs of basic positions.

Travel and transportation of persons, \$30,550

This estimate represents a net decrease of \$100 in 1965, which reflects a mandatory decrease of \$7,000 relating to expiration of the President's Commission on the Status of Women, and an estimate of \$6,900 for the cost of travel of 17 members and staff of the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women. The budget provides for per diem and transportation costs of 15 Women's Bureau staff members, including 5 regional directors. The estimate provides for:

| | 1964 | 1965 | Change |
|------------------------------|----------|----------|--------|
| Number of staff members..... | 18 | 15 | -3 |
| Number of days traveled..... | 825 | 825 | ----- |
| Estimated cost..... | \$30,650 | \$30,550 | -\$100 |

The estimate in 1964 included 63 consultants for the President's Commission on the Status of Women; the 1965 estimate includes 17 consultants for the interdepartmental Committee and Citizens' Advisory Council on the Status of Women.

Transportation of things, \$1,050

This estimate provides for the cost of expressage and shipment of exhibits and publications to conferences, meetings, and field staff. No change is requested in 1965. The budget is as follows:

| | |
|-------------|---------|
| 1964..... | \$1,050 |
| 1965..... | 1,050 |
| Change..... | ----- |

Rent, communications, and utilities, \$24,950

This estimate is based on past experience and represents a net increase of \$3,500 in 1965 which reflects mandatory decreases of \$1,400 for nonrecurring rent and \$4,000 for telephone services for the expired President's Commission on the Status of Women; an estimate of \$7,000 to finance the increased cost of the working capital fund; and an estimate of \$1,900 for the interdepartmental committee and Citizens' Advisory Council on the Status of Women. The budget provides for the following:

| | 1964 | 1965 | Change |
|---------------------------|---------|---------|--------|
| Paid official mail..... | \$6,500 | \$6,600 | +\$100 |
| Telephone service..... | 8,000 | 5,850 | -2,200 |
| Working capital fund..... | 5,000 | 12,000 | +7,000 |
| Teletype service..... | 500 | 500 | ----- |
| Rent..... | 1,400 | ----- | -1,400 |
| Total..... | 21,400 | 24,950 | +3,500 |

Printing and reproduction, \$55,500

This estimate represents a net decrease of \$24,500 which reflects a mandatory decrease of \$32,600 for the expired President's Commission on the Status of Women, and \$1,000 in the Women's Bureau estimate. An increase of \$6,600 is requested in 1965 to finance the increased cost of the working capital fund charges; \$500 for reproduction services for the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women; and \$2,000 for printing for

the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women. The budget provides for the following:

| | 1964 | 1965 | Change |
|-----------------------------|----------|----------|-----------|
| Publications..... | \$68,600 | \$36,900 | -\$31,700 |
| Forms and job printing..... | 1,500 | 1,600 | +100 |
| Working capital fund..... | 9,900 | 17,000 | +7,100 |
| Total..... | 80,000 | 55,500 | -24,500 |

Other services, \$31,975

This estimate represents a net increase of \$9,555 which reflects a mandatory decrease of \$2,000 for the expired President's Commission on the Status of Women and a \$20 decrease in Women's Bureau's estimate. The increase of \$11,555 provides \$10,575 to finance the increased cost of the working capital fund charges, and \$1,000 for the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women. The budget provides for the following:

| | 1964 | 1965 | Change |
|--|--------|--------|----------|
| Security investigations..... | \$400 | \$400 | ----- |
| Repairs to office machinery, equipment and other miscellaneous services..... | 6,150 | 4,150 | -\$2,000 |
| Working capital fund..... | 10,520 | 21,095 | +10,575 |
| Services of other agencies..... | 5,350 | 6,330 | +980 |
| Total..... | 22,420 | 31,975 | +9,555 |

Supplies and materials, \$14,675

This estimate represents a net increase of \$7,725 in 1965 which reflects a mandatory decrease of \$500 for the expired President's Commission on the Status of Women. The increase of \$8,225 requested in 1965 provides \$7,725 to finance the increased cost of the working capital fund charges and \$500 for the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women. The budget provides for the following:

| | 1964 | 1965 | Change |
|--------------------------------|-------|--------|--------|
| Subscriptions..... | \$300 | \$200 | -\$100 |
| Duplicating supplies..... | 150 | 150 | ----- |
| Envelopes and letterheads..... | 250 | 450 | +200 |
| Desk top supplies..... | 1,275 | 1,175 | -100 |
| Working capital fund..... | 4,975 | 12,700 | +7,725 |
| Total..... | 6,950 | 14,675 | +7,725 |

Equipment, \$1,100

This estimate provides for the replacement of office machines and equipment which are beyond economical repair and/or not available from surplus stock, and represents a decrease of \$2,000 in 1965. The budget is as follows:

| | |
|-------------|---------|
| 1964..... | \$3,100 |
| 1965..... | 1,100 |
| Change..... | -2,000 |

Summary of new positions

| | |
|----------------------------------|----------|
| Activity 3: | |
| 1 GS-15 executive secretary..... | \$15,683 |
| 1 GS-7 secretary..... | 6,968 |
| Total (2)..... | 22,651 |
| Grand total (2)..... | 22,651 |

THURSDAY, FEBRUARY 13, 1964.

WAGE AND HOUR DIVISION

WITNESSES

CLARENCE T. LUNDQUIST, ADMINISTRATOR, WAGE AND HOUR DIVISION

IRVING LEVINE, ASSISTANT ADMINISTRATOR, WAGE AND HOUR DIVISION

WILLIAM R. REISE, CHIEF, DIVISION OF PROGRAM PLANNING AND EVALUATION, WAGE AND HOUR DIVISION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 12,737 | 14,056 | 15,103 |
| Positions other than permanent..... | 75 | 61 | 61 |
| Other personnel compensation..... | 56 | 167 | 119 |
| Total personnel compensation..... | 12,868 | 14,284 | 15,283 |
| 12 Personnel benefits..... | 970 | 1,072 | 1,149 |
| 21 Travel and transportation of persons..... | 1,361 | 1,453 | 1,485 |
| 22 Transportation of things..... | 75 | 65 | 65 |
| 23 Rent, communications, and utilities..... | 398 | 356 | 397 |
| 24 Printing and reproduction..... | 220 | 184 | 188 |
| 25 Other services..... | 254 | 64 | 64 |
| Services of other agencies..... | 1,582 | 1,492 | 1,658 |
| 25 Supplies and materials..... | 120 | 126 | 124 |
| 31 Equipment..... | 161 | 154 | 154 |
| Total obligations..... | 18,010 | 19,251 | 20,568 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Total number of permanent positions..... | 1,818 | 1,839 | 1,866 |
| Full-time equivalent of other positions..... | 10 | 8 | 8 |
| Average number of all employees..... | 1,759 | 1,790 | 1,814 |
| Employees in permanent positions, end of year..... | 1,774 | 1,802 | 1,815 |
| Employees in other positions, end of year..... | 32 | 8 | 8 |
| Average GS grade..... | 8.7 | 9.2 | 9.4 |
| Average GS salary..... | \$7,535 | \$8,309 | \$8,608 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Enforcement..... | 14,650 | 15,683 | 16,744 |
| 2. Wage determinations and regulations..... | 1,048 | 1,044 | 1,078 |
| 3. Research and legislative analysis..... | 1,590 | 1,775 | 1,954 |
| 4. Administration and management services..... | 775 | 774 | 793 |
| Total program costs, funded..... | 18,063 | 19,275 | 20,568 |
| Change in selected resources ¹ | -53 | -24 | |
| Total obligations..... | 18,010 | 19,251 | 20,568 |
| Financing: | | | |
| Comparative transfers to other accounts..... | | 59 | |
| Reimbursements for emergency preparedness functions..... | | -35 | -40 |
| Unobligated balance lapsing..... | 78 | | |
| New obligational authority..... | 18,089 | 19,275 | 20,528 |
| New obligational authority: | | | |
| Appropriation..... | 18,274 | 19,300 | 20,528 |
| Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728 and 77 Stat. 436)..... | -185 | -25 | |
| Appropriation (adjusted)..... | 18,089 | 19,275 | 20,528 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$122,000; 1963, \$69,000; 1964, \$45,000; 1965, \$45,000.

Mr. FOGARTY. Mr. Lundquist, are you ready? Do you have a statement for the committee on the Wage and Hour Division?

GENERAL STATEMENT

Mr. LUNDQUIST. Mr. Chairman, I have a statement. It has been filed with the committee. If you desire, I would read a paragraph or two.

Mr. FOGARTY. We will file the full statement in the record. (Mr. Lundquist's statement follows:)

Mr. Chairman and members of the committee, the Division's request for fiscal year 1965 is \$20,528,000 which provides for the continuation of our current programs and additional funds for carrying out the provisions of the Equal Pay Act of 1963. The net increase of \$1,287,000 from 1964 provides for the additional cost, on a full-year basis, of the second step of pay increases under Public Law 87-793; regulated investigator promotions; the additional cost of within-grade salary advancements becoming effective during 1965; contributions to the Federal employees' compensation fund; and funds for carrying out the Division's responsibilities under the amendment to the Fair Labor Standards Act which prohibits discrimination on account of sex in the payment of wages by employers engaged in commerce or in the production of goods for commerce. The Division's request shows decreases for 1 less day of pay in 1965 and a reduction in the base estimate for the working capital fund to the level of expense needed for 1965.

ENFORCEMENT NEEDS

Effective June 11, 1964, the Equal Pay Act (Public Law 88-38, enacted June 10, 1963), which is actually an amendment to the Fair Labor Standards Act, will prohibit wage differentials based on sex in establishments having employees subject to the Fair Labor Standards Act. There are about 1.1 million such establishments with about 28 million employees. Enforcement of the Equal Pay Act of 1963 will present new problems, increased workload and new challenges, as already evidenced by situations being brought to our attention.

Effective September 3, 1964, the minimum wage for about 3,600,000 employees in 200,000 establishments brought under the act by the 1961 amendments will increase from \$1 to \$1.15 per hour, and at the same time these employees

become entitled to the payment of at least time and one-half the regular rate of pay after 42 hours work in a workweek instead of after 44 hours as has been required since September 1963.

These statutory changes will become effective in a period in which there continues to exist many enforcement problems resulting from the increase in the minimum wage from \$1.15 to \$1.25 per hour, effective on September 3, 1963, for employees subject to the act prior to the 1961 amendments and the imposition for the first time of an overtime standard of 44 hours per week for newly covered employees on that date.

Continuation of the vigorous investigation program is essential to insure that workers actually receive the increases provided for them under the statute. Experience continues to demonstrate that noncompliance must be discovered and corrected to accomplish this purpose, as many employers do not for a wide variety of reasons, automatically make the legally required wage adjustments in the absence of enforcement action.

The upward trend in complaints received which allege violations of the law continues unabated, and current experience indicates complaints are now being received at an annual rate of 23,000, a 21-percent increase over last year. With the further statutory changes in prospect for fiscal year 1965, an even higher level of complaint inflow is anticipated. Prompt investigation of complaints is essential to protect employees' rights to recover wages due but not paid to which a 2-year statute of limitations applies, and to protect complying employers from unfair competition.

Again in fiscal year 1965 a broad-scale informational program will be undertaken to fully acquaint all concerned with the new provisions of the act. This will be in addition to the Divisions' continuing program to promote voluntary compliance through education.

ENFORCEMENT RESULTS

In fiscal year 1963 investigation findings again rose sharply. Investigations revealed more than \$49 million in minimum wage and overtime underpayments as compared to \$34 million found due in 1962. The number of employees with respect to whom such underpayments occurred also showed a sharp increase. Current operations reveal that further increases both in dollar amounts and number of employees affected will be experienced in fiscal year 1964.

PUBLIC CONTRACTS WAGE DETERMINATION PROGRAM

The overall volume of Government procurement subject to the Public Contracts Act increased again in fiscal year 1963. Also, there has been a further rise in the number and complexity of inquiries on the applicability of minimum wage determinations issued under the Public Contracts Act.

Initiation of six industry determination proceedings is planned for fiscal year 1965 and it is estimated that 10 such proceedings begun earlier will still be in process at the beginning of the fiscal year.

WAGE ORDER PROGRAM

In fiscal year 1965, the rates for all industries in Puerto Rico that have not been reviewed by appeals committees during 1964 will be reviewed under the biennial review program. Seven committees meetings are anticipated in Puerto Rico to review rates in 22 industries.

SPECIAL MINIMUM WAGES UNDER SECTION 14

The Divisions are developing procedures for improving wage standards in sheltered workshops, in cooperation with the Advisory Committee on Sheltered Workshops. The need for improvement is becoming increasingly important as the number of workshops for the mentally retarded grows, since wage rates in these shops tend to be lower than those in most other types of workshops. The minimum rates for other types of special minimum wage certificates are being increased by about 10 percent, in view of the increase in the general minimum wage rate from \$1.15 to \$1.25 an hour.

REGULATIONS AND INTERPRETATIONS

It is anticipated that an interpretative bulletin on the Equal Pay Act will be formulated within the next 60 to 90 days. The act becomes effective generally

June 11, 1964, and it is already apparent that numerous questions must be resolved as to how the law applies in a variety of fact situations.

ECONOMIC STUDIES

Special economic studies will be made in fiscal year 1965 in major industries in which there is reason to believe that women are employed in the same occupations as men but at lower wage rates. The objective of these studies will be to determine the effects of the amendments on wages and employment and ways in which employers adjusted to the equal pay requirements. As required under section 4(d) of the Fair Labor Standards Act the program of studies of the economic effects of the 1961 amendments to the act will continue. A nationwide survey of hours and earnings in retail trade will be initiated in fiscal year 1965 for use in a study of the effects of the 44-hour workweek standard effective September 3, 1963, as well as the possible effects of the \$1.15 minimum wage to become effective on September 3, 1964.

Surveys of earnings and employment in nonmetropolitan areas of the South and North Central regions and in small metropolitan areas of the South will be made in the summer of 1965.

Also, studies, surveys, and research projects in connection with legislative recommendations, litigation in process, foreign competition effects (as required under sec. 4(e) of the act), administrative problems, revision of interpretations and regulations, and effects of minimum wage determinations under the Public Contracts Act are planned for fiscal year 1965.

GENERAL COMMENTS

The Equal Pay Act which will become effective on June 11, 1964, and the provisions of the 1961 amendments which go into effect on September 3, 1964, will impose greater responsibilities upon the Divisions throughout the entire fiscal year. While a small staff increase is provided for enforcement of the Equal Pay Act, the increased workload of enforcing the more stringent wage and hour provisions and interpreting and otherwise administering the new and complex provisions of the Equal Pay Act, will be met without additional personnel. At the same time a high level of activity must be maintained to carry out our continuing enforcement programs together with those involving public contracts minimum wage determinations, Puerto Rican wage orders, special minimum wages, regulations and interpretations other than on equal pay and economic studies.

We intend to diligently strive for increases in productivity throughout the investigative staff and all parts of the Divisions. We will seek maximum effectiveness in manpower utilization, and we will continue a program which fosters the adoption of all feasible measures to improve operating efficiency designed to meet the challenge of our new and increased responsibilities.

SUMMARY OF 1965 BUDGET

Mr. FOGARTY. You may summarize the statement for the committee.

Mr. LUNDQUIST. The Division's request, Mr. Chairman, for fiscal year 1965 is \$20,528,000, which provides for the continuation of our current programs and additional funds for carrying out the provisions of the Equal Pay Act of 1963, which will prohibit wage differentials, based on sex, in establishments having employees subject to the Fair Labor Standards Act.

There is provided in this budget an increase of 27 investigator positions for enforcement of these new provisions of the Equal Pay Act, which will go into effect on June 11, 1964.

We recognize that this is a small increase in staff but we intend to diligently strive to attain additional operating efficiencies and increases in productivity throughout our present investigative staff and all parts of our organization in order to meet these new responsibilities and the responsibilities which will come upon us additionally as a result of the changes in the Fair Labor Standards Act, which auto-

matically go into effect next September when the minimum wage in the new coverage area moves up from \$1 to \$1.15 and the overtime provisions will be applied after 42 hours in lieu of 44.

Mr. FOGARTY. Thank you, Mr. Lundquist.

Your 1964 appropriation is \$19,300,000 and the request for 1965 is \$20,528,000, an increase of \$1,287,000 and 87 positions.

Mr. LUNDQUIST. Yes, sir.

TRANSFER TO OFFICE OF THE SECRETARY

Mr. FOGARTY. I notice there is a comparative transfer of \$59,000 to the Office of the Secretary. What is that for?

Mr. LUNDQUIST. These are the departmentwide charges that represent centralized functions and responsibilities.

Mr. FOGARTY. This isn't the working capital fund, is it?

Mr. LUNDQUIST. No.

Mr. HUDSON. We testified on this before. This appears in several Bureau areas. It involves a total of comparable transfer to the Secretary's office a sum of \$300,000 for such services as Public Health Services that we have in the Department, other types of central services and are not financed all out of the working capital. These are not new.

Mr. FOGARTY. Why don't you take it out of the working capital fund?

Mr. HUDSON. We do not have the authority to do it.

Mr. FOGARTY. You do not?

Mr. HUDSON. No, sir. The language is not broad enough to cover it.

ENFORCING THE EQUAL PAY ACT

Mr. FOGARTY. All of the increase for personnel is for administration of the Equal Pay Act of 1963. Tell us briefly what the act requires, how you propose to enforce it.

Mr. LUNDQUIST. The Equal Pay Act provides that there shall not be discrimination in any establishment, and I will read from the statute, that "No employer having employees subject to any provisions of this section," that is the minimum wage provisions of the Fair Labor Standards Act—

shall discriminate, within any establishment in which such employees are employed, between employees on the basis of sex by paying wages to employees in such establishment at a rate less than the rate at which he pays wages to employees of the opposite sex in such establishment for equal work on jobs the performance of which requires equal skill, effort, and responsibility, and which are performed under similar working conditions.

There are some exceptions; that is, if there is a merit system, a seniority system, a system which measures earnings by quantity or quality of production, a piecework system or a differential based on any other factor other than sex, which is used as a basis for paying additional sums. We will soon have in conjunction with the Solicitor of Labor, an interpretive bulletin. We will make a minor change in the record-keeping regulations, substantially to show that the employee is male or female. Most employers have that information already. We will require that in the regulations in order that we can make appropriate analysis of the records.

We will investigate equal pay problems in conjunction with all of our wage-hour investigations. In other words, last year, 54,000 investigations were made. If we make 54,000 this year, and we hope to, in the budget year, we will include in each one of those investigations an equal pay investigation, and to examine the extent to which there may be noncompliance or the extent to which there is in fact compliance.

ORIGINAL REQUEST FOR PERSONNEL

Mr. FOGARTY. How many people did you ask the Department for for this Equal Pay Act?

Mr. LUNDQUIST. We ask for 50 investigator-type people.

Mr. FOGARTY. And the Department cut you down to 27?

Mr. LUNDQUIST. The Department actually asked for 37 and the Bureau of the Budget, the President's budget, allowed 27.

Mr. FOGARTY. It was just testified that one-third of the work force are women today. Their average age is 41.

Mr. LUNDQUIST. Yes. However, under the Fair Labor Standards Act only about 7 or 8 million out of the 27 million covered are women. It is a little less than a third.

Mr. FOGARTY. Do you think you can give that fairly good coverage with 27 people?

Are these 27 inspectors or do you have clerks among these positions?

Mr. LUNDQUIST. We allocated all those positions to our investigative staff.

Mr. FOGARTY. Do you think you can do a half decent job with 27 people?

Mr. LUNDQUIST. We will do a very decent job, yes.

Mr. FOGARTY. I don't believe you can. I assume you have to say that anyway.

Mr. LUNDQUIST. We think we have been diligent in our activities. We believe that there will be violations of the Equal Pay Act, and we will find them, but we also believe that there will be many, many employers that will not get involved in this problem at all because of the nature of the work or they will voluntarily comply in fact.

Mr. FOGARTY. I do not think you are going to do a good job on your overall investigation. I do not see how you can with the cuts that you have in your request for personnel and the changes in the Fair Labor Standards Act coming up.

CHANGES IN FAIR LABOR STANDARDS ACT

Tell us what changes in the Fair Labor Standards Act become effective in fiscal year 1965.

Mr. LUNDQUIST. On June 11, 1964, the Equal Pay Act goes into effect. On September 3, 1964, the provisions with respect to new coverage, that is, substantially in retailing, will change.

The minimum wage will change from \$1 to \$1.15 and the overtime provisions will change from 44 to 42 hours. In other words, time and a half will be required after 42 hours in lieu of 44 as it is this year. This will add some additional responsibilities and possible violation situations but we think that retailing generally has made the major adjustment to an overtime provision as of now.

ADEQUACY OF INVESTIGATIONS

Mr. FOGARTY. According to your chart on page WH-10, what you have been saying here this afternoon doesn't seem to add up. In 1962 you had 89,000 employees who were paid less than the minimum rate; in 1963 you were up to 165,000; 1964, 200,000; and you anticipate 210,000 in 1965. This thing is just getting out of hand. Instead of doing a decent job you are really going way back. This is getting to be a terrible situation, I think.

Mr. LUNDQUIST. We think we are better able to find the violations that are occurring. We are not so sure that there is an increase in violations.

Mr. FOGARTY. The amount of underpayments in 1962, \$34 million; in 1964, \$55 million; minimum wages due, \$10 million in 1962; and they are up to \$24 million in 1965; overtime, from \$23 million to \$33 million. This thing is going up and up. That is not one-third of what you would find if you investigated all establishments covered by the law.

Mr. LUNDQUIST. We do not know the extent of noncompliance. It is the hidden equation really in our whole enforcement program.

Mr. FOGARTY. You do not even cover the number of new establishments going into business each year.

Mr. LUNDQUIST. We do, Mr. Chairman. There are about 50,000 that come in each year.

Mr. FOGARTY. But you do not take a look at half of them.

Mr. LUNDQUIST. Not in the new business area.

Mr. FOGARTY. They are often out of business before you even hear about them, are they not?

Mr. LUNDQUIST. That does happen, yes.

Mr. FOGARTY. That is where the law is broken most, by these temporary in-and-out businesses.

Mr. LUNDQUIST. We are fostering with dignity, the concept that an individual has a right to complain and the number of complaints are increasing.

We believe this represents enlightened labor-management relationships rather than an increase in noncompliance. We think rather that we are now better able to have people understand that they have a right to come to us, to talk to us about violations rather than that the number of people paid in violation are increasing. I would add in fact we do not totally know that. We want to know about it and we are trying to find ways and means of reestablishing what we called our compliance survey but we have had some difficulties along those lines, of getting a universal list of establishments in order to make a proper sample.

INDUSTRY REVIEWS IN PUERTO RICO

Mr. FOGARTY. How many industries in Puerto Rico are being reviewed this year?

Mr. LUNDQUIST. We will review this year—1965 or 1964, Mr. Chairman; is it 1965?

Mr. FOGARTY. Give us both, 1964 and 1965.

Mr. LUNDQUIST. In 1964 of course we will probably have a review of nine industries. They are covered in five committee meetings.

This year, in 1965, we will probably have 7 committee meetings covering some 22 industries. We are now moving into 1965, into the area where we have the biennial review and we are moving away from the so-called hardship review which is permitted to certain industries if they meet certain conditions. There are three more industries that have a possible right to a hardship review appeal: Leather and fabric gloves, leather and leather goods, and tobacco have a possible right to appeal between now and the middle of April for a hardship review. If they do not appeal or fail to meet certain criteria there will be an automatic increase of 10 percent, based upon the 1961 amendments but starting next summer we will be going into our regular biennial review.

Mr. FOGARTY. About what percentage of the workers are covered by minimum wages as high as required by Federal law in the States?

Mr. LUNDQUIST. As of last fall when we had our last committee meeting the data indicates as follows: About 31 percent of the workers in Puerto Rico are under a minimum wage of less than \$1; about 34 percent are under a minimum wage, in the various industries, in the area of \$1 through \$1.24, and 35 percent are under a minimum wage at \$1.25. We suspect this is on the low side because as of today wage increases probably occurred between last fall and today. This relates to industries covered by the law prior to the 1961 amendments.

STUDY OF JEWELRY AND SILVERWARE INDUSTRY

Mr. FOGARTY. Tell us about the study you are conducting for the jewelry and silverware industry mentioned on page 18.

Mr. LUNDQUIST. We made a rather extensive study of the jewelry industry. This resulted from a complaint from the industry alleging that foreign trade was having adverse effects upon employment. The study was undertaken to carry out the Department's responsibilities under section 4(e) of the Fair Labor Standards Act. In its early phases the study was limited to the analysis and review of economic and statistical data, which was published by other Government sources. Really, these were secondary sources. It included studies of the volume of imports and exports and trends in domestic production and employment. But we felt that that was not sufficient and we then fielded a study which was our own, through the BLS, and that study goes into greater depth with respect to employment and earnings in the costume jewelry manufacturing in the United States and that survey is now being analyzed. It will be submitted to the Congress shortly, I hope within a matter of weeks if we can get the analysis completed.

It covered more substantially employment in the costume jewelry industry in Massachusetts and Rhode Island, where the bulk of the costume jewelry industry is located.

TRANSFERS TO BLS

Mr. FOGARTY. I notice you have an increase of \$153,000 for transfer to the BLS. What is this for?

Mr. LUNDQUIST. This is due to several factors. First, we are proposing that we study, in some detail, problems in relation to equal pay and, in addition—of course these overall figures would vary a

little bit depending on some of the studies we are going to make. We are hoping to make a retail trade survey and a survey in non-metropolitan areas in the South and the North-Central States. I would say in the main, the increase is related to the special study on the Equal Pay Act.

Mr. FOGARTY. Are any additional positions involved?

Mr. LUNDQUIST. No.

Mr. FOGARTY. On page 584 of the appendix to the President's budget the BLS shows a transfer to it from the Wage and Hour Division of \$916,000 in 1964. On page 23 of your justifications you show \$920,800. You come pretty close to agreeing, but for 1965 you show \$1,174,000 and they show zero. Why is that?

Mr. LUNDQUIST. I do not know, because we will be transferring certain funds to the BLS for these various studies. They do our fieldwork in relation to statistical research. We do the analysis and the conclusions are Wage and Hour conclusions but BLS does, in fact, the field work for us. They will be working in 1965 in retail trade, as I indicated in nonmetropolitan areas, small metropolitan areas, and then we will be updating some of our data relating to hotels, restaurants, laundries, agricultural processing, and I suspect we will also be doing some work in hospitals as a result of a recent discussion with the Subcommittee on Labor in the House, the Roosevelt subcommittee.

Mr. FOGARTY. Has anybody come up with the answer?

Mr. HUDSON. I have no answer for that. It should be reflected in the appendix of the President's budget. It certainly is in the Wage and Hour program. There will be funds to perform this work. Why it is not reflected, I do not know.

Mr. LAIRD. Maybe this is one way of holding down the number of employees shown in the budget.

Mr. HUDSON. They will get the money for it all right.

Mr. FOGARTY. Mr. Laird?

PERSONNEL TO IMPLEMENT EQUAL PAY ACT

Mr. LAIRD. The chairman asked you some questions about the Equal Pay Act which was passed last year. I was surprised that the Department of Labor estimated, according to House Report 309, that this act would require very few, if any, new employees. I asked the question of Mr. Thompson on the floor of the House on page 8698 of the Congressional Record, 1963, about the number of new positions and he stated, during the debate in answer to my question, and I quote:

I checked this point rather carefully with the Department. The language of the report is accurate. They do not anticipate need for any new employees to begin with and ultimately there will be no more than a mere handful. The people are already there.

Somebody got the wrong information here.

Mr. LUNDQUIST. I think 27 is a small work force considering the task that must be accomplished in relation to the Equal Pay Act; as indicated, this covers 8 million workers in 1,100,000 establishments.

Mr. LAIRD. I thought it would be more than that, but when I was told last year it was only going to be a handful—

Mr. LUNDQUIST. I think it is a rounded handful, rather than a flat one; 27 out of 1,800 people in the Wage and Hour Division, I think, is a mere handful.

Mr. LAIRD. That is a handful. I wanted to get a definition of what a handful was. I didn't want to pursue the matter too much with Mr. Thompson on the floor, but now I know what a handful is. It is 27; is that correct?

Mr. LUNDQUIST. Yes, sir. That is one kind of a handful, I suppose.

Mr. LAIRD. I was a little surprised to read the committee's report last year. It seems that every time authorization legislation comes up, everyone wants to play down the number of employees. There is quite a responsibility given to your Bureau to carry out this act. I am glad to have your definition, that the Labor Department considers a handful 27.

Mr. LUNDQUIST. One kind of a handful, I might add. Somebody else might define a handful in a different fashion.

WALSH-HEALEY DETERMINATIONS

Mr. LAIRD. You are planning six additional Walsh-Healey determinations for fiscal year 1965. Have you decided what those are going to be?

Mr. LUNDQUIST. Mr. Laird, we have not decided what they will be. The various industries, and there are some 20 of them or more that are under Walsh-Healey wage determinations, will be reviewed for purposes of determining which ones should be put into the program for a prevailing minimum wage rate study.

We have at any given time about 18 to 20 industries in what we call pipeline wage determination action. In other words, there are panel meetings and other actions leading to a final industry wage determination.

Mr. LAIRD. I realize you have this pipeline. Last year I asked some questions about this pipeline. I hoped you wouldn't deliberately pick out those industries that were having trouble with foreign competition and give them priority in this particular area.

Mr. LUNDQUIST. We certainly have no intention of doing that.

Mr. LAIRD. In 1964 you selected the electric component parts and business furniture, in an effort to update determinations. Certainly these industries are having trouble with foreign competition; wouldn't you say?

Mr. LUNDQUIST. No; I would not, but I don't have the data in front of me, Mr. Laird—

Mr. LAIRD. Most of these industries already have a determination.

Mr. LUNDQUIST. That's right.

Mr. LAIRD. You are just trying to update them?

Mr. LUNDQUIST. That's right.

Mr. LAIRD. You don't feel they are adversely affected by foreign competition?

Mr. LUNDQUIST. No.

I would like to submit to the committee, Mr. Laird, our analysis of the status of these industries. I think it would be enlightening to the committee to have that information.

Mr. LAIRD. My point is: Why not select some industries that don't have any determination?

Mr. LUNDQUIST. We would do that, and, of course, we have done that; for example, valves and pipe fittings is an industry that was not studied previously; industrial trucks is in what we call the pipeline; telephone and telegraphic apparatus is in the pipeline. These are industries that were not studied before. Switchgear and switchgear apparatus is a new one. Soap, flour, and electronic components, those are redetermination actions, but in the selection of any industry, we look to many variables as you know; the average hourly earnings in the industry, the percentage or volume of Government purchases, the number of employees, the competition factors, and foreign competition is looked at in every one of these industries, and a number of other variables. All of which would lead us to an on-balance decision in a very limited program. We believe in the universality of the Walsh-Healey program; and that is that every contractor who is subject to the Walsh-Healey Act should have a prevailing minimum rate established for him and his industry. We are not able to do that with many of them.

(The analysis of industries studied, which was referred to above by Mr. Lundquist, follows:)

WAGE AND HOUR DIVISION

SALARIES AND EXPENSES

The attached table presents information on exports and imports of commodities manufactured for industries involved in minimum wage determination proceedings under the Walsh-Healey Public Contracts Act for insertion on page 837 of the transcript of the hearings of the House Subcommittee on Appropriations on the 1965 budget estimates. The favorable foreign trade position of these industries is indicated by the substantial excess of exports over imports in all cases. These data sustain the Department's conclusion that the competitive position of these industries in international trade would not be jeopardized by the issuance of prevailing minimum wage determinations.

Exports and imports for industries involved in minimum wage determination
proceedings under the Walsh-Healey Public Contracts Act

[In millions of dollars]

| Industry | 1962 | 1961 | 1960 | 1959 | 1958 |
|--|------------------|------------------|------------------|------------------|------------------|
| Machine tools: | | | | | |
| Exports..... | \$329.1 | \$293.1 | \$216.6 | \$154.0 | \$171.6 |
| Imports..... | 37.5 | 32.5 | 35.7 | 32.5 | 28.1 |
| Motors and generators: | | | | | |
| Exports..... | 85.1 | 86.5 | 94.4 | 80.9 | 95.7 |
| Imports..... | 16.2 | 16.5 | 12.6 | 13.6 | 10.0 |
| Valves and pipe fittings: | | | | | |
| Exports..... | 100.6 | 94.4 | 85.2 | 83.1 | 107.3 |
| Imports..... | 2.4 | 1.5 | 1.8 | 1.8 | 1.1 |
| Surgical instruments and apparatus: | | | | | |
| Exports..... | 37.4 | 32.5 | 27.5 | 29.3 | 28.5 |
| Imports..... | 7.6 | 5.0 | 3.6 | 2.8 | 2.5 |
| Telephone and telegraph equipment: | | | | | |
| Exports..... | 35.7 | 25.7 | 29.9 | 33.5 | 43.9 |
| Imports..... | 13.2 | 13.3 | 11.0 | 7.8 | 4.0 |
| Paint, varnish, and related products: | | | | | |
| Exports..... | 33.6 | 33.1 | 33.6 | 35.6 | 34.8 |
| Imports..... | 1.4 | 1.0 | 1.3 | 1.1 | 1.2 |
| Switchgear and switchboard apparatus: | | | | | |
| Exports..... | 52.1 | 44.3 | 42.1 | 44.8 | 52.9 |
| Imports..... | 2.6 | 3.5 | 2.9 | 1.9 | 1.6 |
| Flour and related products: | | | | | |
| Exports..... | 253.4 | 214.3 | 200.1 | 181.2 | 190.5 |
| Imports..... | 7.2 | 7.6 | 7.6 | 9.7 | 10.5 |
| Industrial trucks: | | | | | |
| Exports..... | 40.1 | 39.4 | 40.7 | 34.8 | 32.9 |
| Imports..... | (¹) | (^{1}) | (^{1}) | (^{1}) | (^{1}) |
| Soap and related products: | | | | | |
| Exports..... | 35.9 | 37.6 | 39.7 | 38.8 | 36.2 |
| Imports..... | 2.1 | 3.2 | 3.9 | 2.8 | 3.8 |
| Power, distribution, and specialty transformers: | | | | | |
| Exports..... | 29.6 | 25.4 | 22.1 | 24.8 | 26.6 |
| Imports..... | 4.5 | 6.6 | 6.5 | 6.4 | 7.7 |
| Construction machinery and equipment: | | | | | |
| Exports..... | 737.6 | 723.5 | 720.0 | 633.5 | 578.6 |
| Imports..... | 6.2 | 3.1 | 3.0 | (²) | (²) |
| Metal business furniture: | | | | | |
| Exports..... | 5.6 | 5.7 | 6.1 | 6.1 | 8.0 |
| Imports..... | (¹) | (^{1}) | (^{1}) | (^{1}) | (^{1}) |
| Electronic component parts: | | | | | |
| Exports..... | 30.1 | 27.1 | 18.7 | 16.4 | 16.3 |
| Imports..... | (²) | 3.0 | -2.4 | (²) | (²) |

¹ Precise data not available. Imports are insignificant.

² Precise data not available.

Source: U.S. Bureau of the Census.

BALDOR ELECTRIC CASE

Mr. LAIRD. The District of Columbia Court of Appeals decision has hit you pretty badly, isn't that correct?

Mr. LUNDQUIST. Are you referring to the *Baldor Electric* case?

Mr. LAIRD. They insisted that you revise your source data on wages, isn't that correct?

Mr. LUNDQUIST. Yes, the *Baldor* case.

Mr. LAIRD. With this hanging over your head, how can you do six this next year?

Mr. LUNDQUIST. The matter has not been finally settled by the court. We would hope within the next 30 days or so that we would have a better understanding from the court with respect to what the further action we would want to take, and this matter is under very active consideration now within the Department.

We intend to solve the problem. That is, to get adequate data, or in the absence of that, make appropriate recommendations for solving the problem, but it has not reached a conclusion in the courts as yet.

DISTRIBUTION OF STAFF

Mr. LAIRD. In the justifications I notice that you show a much larger field staff in Atlanta and Dallas than you do in, say, New York City and San Francisco.

Mr. LUNDQUIST. Yes.

Mr. LAIRD. What is the reason? Is that because there are more violations in that area of the country?

Mr. LUNDQUIST. Yes, sir. We weigh the distribution of our staff on the basis of the violation findings, the number of employees covered by the law, the number of establishments. New York State has a minimum wage law, in itself. California has a minimum wage law. Many of the Northern States have minimum wage laws. The labor standards are higher. Generally in the South there is only one State that has a minimum wage law. That is the State of North Carolina. All the other States do not. We do find more violations. We attempt to go to those establishments that are in violation. In the New England area we are not finding as many violations. We do not have proportionately as large a staff there, because we don't feel that it is appropriate to have staff in those areas where we are in the main not finding violations. Our job is to find violations. That is what we are going after.

STUDIES OF EFFECT OF WALSH-HEALEY ACT

Mr. LAIRD. On page 18 of your justifications you mention that you have three additional industries you plan to study in 1965.

Mr. LUNDQUIST. Yes.

Mr. LAIRD. These have to do with the effect of the Walsh-Healey Act?

Mr. LUNDQUIST. Yes.

Mr. LAIRD. What are those industries?

Mr. LUNDQUIST. As of now we have not firmed up our thinking on all of those industries. However, our preliminary thinking is to make a study of engines, and turbines, valves and pipefittings, conveyors and conveying equipment. We have not discussed this with any industry people as yet. These are preliminary thoughts at this time.

SURVEY OF RETAIL INDUSTRY

Mr. LAIRD. In the budget hearings last year you said you would make a nationwide study of the retail industry.

Mr. LUNDQUIST. That is right.

Mr. LAIRD. Can you supply us with information on what economic effects were revealed?

Mr. LUNDQUIST. The survey is not completed. It will be completed late this spring. Our cost figures might be concluded in 1964 but the studies will relate to the change in the overtime provisions that went into effect last September and the actual survey will not come on in this fiscal year.

STUDIES OF EFFECTS OF WALSH-HEALEY DETERMINATIONS

Mr. LAIRD. Presently you are studying the effects of two Walsh-Healey determinations. Is that correct?

Mr. LUNDQUIST. Yes. We are studying the office computing and accounting machines and manifold business forms. We hope to add, also, drugs and medicines this year. That may come in later this year.

RATE OF MINIMUM WAGE VIOLATIONS IN RETAILING

Mr. LAIRD. In this whole area of retailing you answered a question last year that you did not find many retailers in violation of the minimum wage law. What is the experience now?

Mr. LUNDQUIST. I would revise my statement a little there, Mr. Laird. We have actually found there are more violations than initially. This would come about, first, as a result of the overtime provisions. Last year I suspect it was a little too early for me to be categoric about it.

Mr. LAIRD. You were quite definite that there were not.

Mr. LUNDQUIST. If I recall correctly, I was.

Mr. LAIRD. I think it is on page 447 of our hearings.

Mr. LUNDQUIST. Yes. I think our more current experience would show we found more violations, particularly in the smaller retail groups.

Mr. LAIRD. Do your statistics show whether these were violations which were willful or were they due to ignorance?

Mr. LUNDQUIST. Of course, most of the violations occur through various shadings of ignorance, some carelessness, and some gross carelessness. There is no substantial increase in the willful violation. We are being more vigorous about looking for these violations and to that extent we have had an increase.

PUBLIC CONTRACTS ADVISORY COMMITTEE

Mr. LAIRD. Last year you referred to the fact that serious thought was being given to setting up a public contracts advisory committee. What is the status of that?

Mr. LUNDQUIST. That is still within the Department, and no decision has been made.

Mr. LAIRD. It is the same as it was last year?

Mr. LUNDQUIST. It is still under consideration but no final decision has been made in that regard.

Mr. LAIRD. Why not? Does that mean you are not going to do it?

Mr. LUNDQUIST. I would not say that, Mr. Laird. I would say the matter has been discussed extensively at a staff level but no decision has been made by the Secretary, and I don't believe it has been brought to the Secretary's personal attention.

RELATIONSHIP OF UNEMPLOYMENT TO FAIR LABOR STANDARDS ACT

Mr. LAIRD. I understand your report on section 4-d of the Fair Labor Standards Act indicated that some unemployment was caused, particularly in the South, because of the minimum wage law. Can you explain why?

Mr. LUNDQUIST. I wouldn't phrase it in exactly that fashion. What we said in the 4-d report was that in these studies of employment we did find there were some changes in employment in certain communities and certain groups but that in the main and in the overall

there was an increase in employment and in that respect it is our judgment that the minimum wage increase did not have an adverse effect upon employment, even though in some of these industries there were changes in employment, that is reductions.

We did not study and do not have facilities for studying in depth the shifts in employment that do occur as a result of changes in technology and industry practice. The employment movement from one industry into another, for example plastics, the extent to which a worker moves out of the wooden container industry into the plastics industry where the employment is going upward—these are studies that have not been made and cannot be made except with a tremendous amount of research money made available.

Mr. LAIRD. Do you think it would be worth while to make that kind of study?

Mr. LUNDQUIST. I certainly do.

Mr. LAIRD. What is your experience with retailers regarding the white collar regulation?

Mr. LUNDQUIST. We think the retailers have recognized that the white collar exemption is one available to them with little or no difficulty.

Mr. LAIRD. They are having no trouble adjusting to it?

Mr. LUNDQUIST. None that I have run into. The 40-percent exemption is built into the statute for activities that are the same as non-exempt employees, I think, and that provides an adequate opportunity for them to fit an employee into the executive, administrative, and professional categories as long as they are willing to pay them a salary of \$80 a week for executive and administrative employees and \$95 for professionals.

I should add, also, they have the advantage of staying with these old standards for a 2-year period.

Mr. LAIRD. That is all I have.

Mr. FOGARTY. Thank you very much, Mr. Lundquist.

JUSTIFICATION MATERIAL

(The formal justifications follow:)

SALARIES AND EXPENSES, WAGE AND HOUR DIVISION

Amounts available for obligation

| | 1964 | 1965 |
|--|--------------|--------------|
| Appropriation or estimate..... | \$19,300,000 | \$20,528,000 |
| Comparative transfer to Office of the Secretary..... | -59,000 | |
| Appropriation or estimate, revised..... | 19,241,000 | 20,528,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 Change | |
|--|-----------------------------|--------------|----------------|--------------|-------------|--------------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Enforcement..... | 1,374 | \$15,683,500 | 1,601 | \$16,743,600 | +27 | +\$1,060,100 |
| 2. Wage determinations and regulations.. | 96 | 1,044,400 | 96 | 1,078,000 | | +33,600 |
| 3. Research and legislative analysis..... | 78 | 1,774,600 | 78 | 1,953,600 | | +179,000 |
| 4. Administration and management services..... | 91 | 738,500 | 91 | 752,800 | | +14,300 |
| Total obligations..... | 1,839 | 19,241,000 | 1,866 | 20,528,000 | +27 | +1,287,000 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 Change |
|--|-----------------------------|----------------|-------------|
| Total number of permanent positions..... | 1,829 | 1,866 | +27 |
| Positions other than permanent..... | 8 | 8 | |
| Average number of all employees..... | 1,790 | 1,814 | +24 |
| 11 Personnel compensation..... | \$14,284,200 | \$15,282,800 | +\$998,600 |
| 12 Personnel benefits..... | 1,072,400 | 1,148,900 | +76,500 |
| 21 Travel and transportation of persons..... | 1,453,000 | 1,485,400 | +32,400 |
| 22 Transportation of things..... | 65,000 | 65,000 | |
| 23 Rent, communications, and utilities..... | 381,000 | 397,400 | +16,400 |
| 24 Printing and reproduction..... | 184,300 | 188,300 | +4,000 |
| 25 Other services..... | 63,600 | 63,600 | |
| Services of other agencies..... | 1,457,300 | 1,618,300 | +161,000 |
| 26 Supplies..... | 126,200 | 124,300 | -1,900 |
| 31 Equipment..... | 154,000 | 154,000 | |
| Total obligations..... | 19,241,000 | 20,528,000 | +1,287,000 |
| Working capital fund items included above..... | (481,600) | (477,900) | (-3,700) |

Summary of changes

| | |
|--|--------------|
| 1964 appropriation..... | \$19,300,000 |
| Comparative transfer to Office of the Secretary..... | -59,000 |
| 1964 appropriation, revised..... | 19,241,000 |
| 1965 estimate..... | 20,528,000 |
| Total change..... | +1,287,000 |

Mandatory items:

Increases:

| | |
|--|----------|
| Net additional cost on a full-year basis of the 2d step of pay increases (effective Jan. 5, 1964) for current year (base) staff pursuant to Public Law 87-793..... | +398,300 |
| To provide for regulated investigator promotions..... | +457,000 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff..... | +149,800 |
| To provide for contributions to Federal employees' compensation fund..... | +7,400 |

Decreases:

| | |
|--|---------|
| To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965..... | -55,800 |
| To reduce the base estimate of working capital fund to level of expense needed for 1965..... | -9,700 |

| | |
|--|------------|
| Program items: Increases: To provide for implementation of the provisions of the Equal Pay Act of 1963, Public Law 88-38 (27 positions \$141,600; nonlabor \$198,400)..... | +340,000 |
| Total change..... | +1,287,000 |

Mandatory and financing changes for 1965

| MANDATORY ITEMS | |
|---|--------------|
| Increases: | |
| Pay increase costs..... | + \$398, 300 |
| <p>To finance on a full-year basis the second step of pay increases (effective Jan. 5, 1964) granted by Public Law 87-793 for current year (base) staff. This 2d step was funded on a part-year basis in 1964. The object schedule includes these changes as follows:</p> | |
| Personnel compensation..... | 353, 017 |
| Deduct lapse..... | -12, 517 |
| Personnel benefits..... | 23, 400 |
| Payments to other accounts for services involving salaries..... | 34, 400 |
| Total..... | 398, 300 |
| To provide for regulated investigator promotions..... | +457, 000 |
| Personnel compensation..... | 462, 302 |
| Deduct lapse..... | -33, 702 |
| Personnel benefits..... | 28, 400 |
| Net cost..... | 457, 000 |
| <p>Grade GS-11 has been established by the Civil Service Commission as the journeyman level for the position of wage-hour investigator. Vacancies in the position of wage-hour investigator are filled from Federal service entrance examination rosters of eligibles at grades GS-5 and GS-7. There is an approved career ladder for promotion by steps up to grade GS-11 as incumbents are trained and acquire additional experience through actual performance on the job.</p> | |
| Within-grade promotion costs..... | +149, 800 |
| <p>Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover.</p> | |
| Personnel compensation..... | 161, 254 |
| Deduct lapse..... | -21, 054 |
| Personnel benefits..... | 9, 600 |
| Net cost..... | 149, 800 |
| To provide for contribution to Federal employees' compensation fund..... | +7, 400 |
| <p>Increase in amount billed by employees' compensation fund for payments made by that fund to or on behalf of employees of the Division during fiscal year 1963.</p> | |
| Decreases: | |
| Reduction of 1 less day of pay in 1965 over 1964..... | -55, 800 |
| <p>To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 work-days funded in 1964, there will be 261 in 1965.</p> | |
| Working capital fund decrease..... | -9, 700 |
| <p>To reduce the base estimate to level of expense needed for 1965. Less services will be needed from the working capital fund in 1965 than were funded in 1964.</p> | |

Wage and Hour Division mandatory and financing changes by activity

| Type of change | Activity 1 | | Activity 2 | | Activity 3 | | Activity 4 | | Total | |
|---|------------|---------|------------|--------|------------|--------|------------|--------|-----------|---------|
| | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount |
| Mandatory changes: | | | | | | | | | | |
| Pay increase costs..... | | 318,700 | | 24,800 | | 42,600 | | 12,200 | | 388,300 |
| Within-grade promotion costs..... | | 123,000 | | 11,400 | | 9,600 | | 4,700 | | 149,800 |
| Less: 1 day of pay..... | | 47,900 | | -3,100 | | -2,200 | | -2,000 | | -55,800 |
| Regulated investigator promotions..... | | 457,000 | | | | | | | | 457,000 |
| Contributions to Federal employees compensation fund..... | | 7,400 | | | | | | | | 7,400 |
| Net financing changes..... | | -9,700 | | | | | | | | -9,700 |
| Total..... | | 849,100 | | 33,000 | | 50,000 | | 14,300 | | 947,000 |

ACTIVITY 1. ENFORCEMENT (1964, \$15,683,500; 1965, \$16,743,600)

NARRATIVE DESCRIPTION OF PROGRAM

The Divisions administers the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act to obtain compliance with minimum standards respecting wages, hours, equal pay, and child labor and other employment conditions in industries engaged in interstate commerce or the production of goods for commerce, and in certain establishments engaged in the manufacture for or furnishing materials or goods to the Federal Government. Information media are used to minimize unintentional violations and employing establishments are investigated on a selective basis in order to assist employers in meeting legal requirements and workers in recovering wages unlawfully withheld.

PROGRAM CHANGES FOR 1965

An increase of 27 positions and \$211,000 provides for implementation of the provisions of the Equal Pay Act of 1963.

WORKLOAD STATISTICS

Equal Pay Act

The estimate for fiscal year 1965 provides for the addition of 27 investigator positions to enforce the equal pay provisions of the Fair Labor Standards Act. The Equal Pay Act of 1963 (Public Law 88-38) amended the Fair Labor Standards Act so as to prohibit wage discrimination on the basis of sex in establishments having employees subject to the minimum wage requirements of the act. The equal pay provisions become generally effective on June 11, 1964. All investigations under the Fair Labor Standards Act on and after that date will include enforcement of these provisions.

*Further impact of 1961 amendments**1961 amendments, minimum wage and overtime provisions*

| Fiscal year | Previously covered, minimum wage | Newly covered | |
|-------------|----------------------------------|---------------|-------------------|
| | | Minimum wage | Overtime standard |
| 1962..... | \$1.15 | \$1.00 | None. |
| 1963..... | 1.15 | 1.00 | Do. |
| 1964..... | 1.25 | 1.00 | 44 hours. |
| 1965..... | 1.25 | 1.15 | 42 hours. |
| 1966..... | 1.25 | 1.25 | 40 hours. |

The 1961 amendments to the Fair Labor Standards Act provided for an increase in the minimum wage of \$1.25 and an extension of coverage to 200,000 large retail and service establishments and other firms, principally construction, employing 3.6 million workers. The \$1 minimum wage applicable to employees brought under the act, as a result of the 1961 amendments, remained unchanged as of September 3, 1963, but for employment covered by the act prior to 1961 the statutory minimum wage increased from \$1.15 to \$1.25 per hour. As a result, about 2.6 million workers in a covered work force of almost 28 million were required to be given wage increases in order to be paid in compliance since September 3, 1963. Also on September 3, 1963, employees to whom coverage was extended under the 1961 amendments became subject to a 44-hour maximum workweek standard.

With respect to 3.6 million other workers, the minimum wage of \$1 per hour currently applicable will go to \$1.15 per hour on September 3, 1964, and to \$1.25 per hour on September 3, 1965. As of June 1962 it was estimated that of these newly covered workers, approximately 600,000 will have to be given wage increases as of September 1964 in order to be paid in compliance with the \$1.15 minimum rate applicable at that time. Additionally, the requirement to pay at least time and one-half for overtime after 42 hours in lieu of after 44 hours will become applicable on September 3, 1964, and after 40 hours on September 3, 1965.

Investigation results, fiscal years 1962 and 1963, and estimated results for fiscal years 1964 and 1965

| | 1962 | 1963 | 1964 | 1965 |
|---|----------------|----------------|----------------|----------------|
| Total number of establishments investigated..... | 44, 115 | 54, 331 | 56, 000 | 57, 000 |
| Covered employees in investigated establishments..... | 1, 469, 025 | 1, 892, 023 | 1, 900, 000 | 1, 950, 000 |
| Amount of underpayments..... | \$34, 004, 338 | \$49, 110, 626 | \$55, 000, 000 | \$57, 000, 000 |
| Minimum wages..... | \$10, 255, 086 | \$18, 910, 822 | \$23, 000, 000 | \$24, 000, 000 |
| Overtime..... | \$23, 749, 252 | \$30, 199, 804 | \$32, 000, 000 | \$33, 000, 000 |
| Amount of payment agreed to..... | \$16, 174, 884 | \$20, 170, 103 | \$23, 000, 000 | \$24, 000, 000 |
| Number of employees underpaid: | | | | |
| Paid at less than minimum wage rate..... | 89, 130 | 165, 350 | 200, 000 | 210, 000 |
| Not paid full overtime compensation..... | 162, 571 | 210, 769 | 220, 000 | 225, 000 |
| Number of employees whom employers agreed to pay..... | 136, 558 | 176, 260 | 200, 000 | 210, 000 |
| Number of minors illegally employed..... | 10, 485 | 17, 341 | 20, 000 | 21, 000 |
| Agriculture..... | 4, 236 | 6, 926 | 7, 000 | 7, 500 |
| Nonagriculture..... | 6, 249 | 10, 415 | 13, 000 | 13, 500 |
| Complaints received..... | 16, 443 | 18, 932 | 23, 000 | 24, 000 |
| Litigation filed..... | 1, 567 | 1, 607 | 1, 600 | 1, 650 |

Anticipated complaint level

Current and past experience points to a further increase in the number of complaints received by the Divisions as the result of the changes during fiscal years 1964 and 1965 in the minimum wage and overtime requirements of the act. We have ample reason to believe that a substantial number of complaints alleging violation of the equal pay provisions of the act will also be received. As in the past, the highest priority will be given to immediate investigation of every complaint received.

ACTIVITY 2. WAGE DETERMINATIONS AND REGULATIONS (1964, \$1,044,400; 1965, \$1,078,000)

NARRATIVE DESCRIPTION OF PROGRAM

Minimum wage rates are established by industry committees for Puerto Rico, the Virgin Islands, and American Samoa. Certificates authorizing special minimum wages are issued for learners, student-workers, and full-time students in retail establishments and in retail establishments asserting unusual conditions. Prevailing minimum wage determinations are issued under the Public Contracts Act. Regulations under the Fair Labor Standards Act and the Public Contracts Act and administrative policies with respect to interpretations of these acts are developed to provide guidance in obtaining compliance with the acts.

WORKLOAD STATISTICS

A. Wage order program

In fiscal year 1963, industry committees reviewed the rates for all industry classifications in Puerto Rico for which the rate was not at the applicable statutory minimum. At the beginning of fiscal year 1964, the rates in American Samoa were reviewed and in September a committee reviewed the rates for industries in the Virgin Islands.

In the absence of a successful appeal, the rates for every industry in Puerto Rico and the Virgin Islands will be increased to a level 25 percent above the level in effect at the time of enactment of the 1961 amendments. Successful appeals have been made for six industries, and two industry committees were appointed to review the rates for these industries in the fall of 1963. Three additional industries may be able to meet the standards for a successful appeal; if such appeals are made, the rates for these industries will be reviewed later in fiscal year 1964.

In fiscal year 1965, the rates for all industries in Puerto Rico that were not reviewed by appeals committees will be reviewed under the biennial review program.

| | 1962 | 1963 | 1964 | 1965 |
|---|------|------|------|------|
| Industry committee meetings in Puerto Rico..... | 5 | 12 | 5 | 7 |
| Industries reviewed in Puerto Rico..... | 10 | 29 | 9 | 22 |
| Industries reviewed in Virgin Islands..... | 19 | 0 | 17 | 0 |
| Industries reviewed in American Samoa..... | 14 | 0 | 15 | 0 |

¹ All industries reviewed by 1 committee.

B. Special minimum wage program

In April 1963, the regulations governing the issuance of learner certificates in the apparel industry, which accounted for four-fifths of all learner certificates in effect at the time, were revised. The revisions included a reduction in the learning period for most occupations from 480 to 320 hours and establishment of denial policies for higher priced blouses and dresses and for rainwear.

In the early part of fiscal year 1964, a proposal was issued to raise all learner rates by 10 cents an hour, corresponding with the increase in the general minimum wage from \$1.15 to \$1.25 an hour. This proposal was adopted, and the rates for all outstanding certificates were raised accordingly.

The learner regulations for industries other than apparel will be reviewed during fiscal year 1964. This review will concern conformance of definitions with current business practices and the possibility of raising standards without curtailment of employment opportunities. Where changes in regulations appear desirable, conferences with labor and management representatives and possibly public hearings will be held before final action is taken.

At the end of fiscal year 1963, 1,671 certificates were in effect in 1,537 establishments, authorizing the employment of an estimated maximum of 36,000 learners. This level of certification is expected to continue during fiscal years 1964 and 1965.

There has been a steady growth in the number of sheltered workshops applying for certificates, representing primarily an increase in the number of workshops for the mentally retarded. In the report of the Senate Committee on Labor and Public Welfare on the bill which became the 1961 amendments, the committee indicated that the minimum rates for many workshops were too low and that the committee expected that efforts would be made to raise the rates. The Divisions have been working with the Department's Advisory Committee on Sheltered Workshops to bring about increased standards in the workshops.

No changes in the regulations governing the issuance of certificates to employ full-time students at less than the minimum wage were made in fiscal year 1963. Most certificates expired in June 1963 and were renewed under the old standards. The expiration date of these renewal certificates is March 31, 1964. The plan is to add questions to the application form to obtain experience data on use of the certificates to aid in reviewing the regulations. This review is particularly needed with respect to a new base period to replace the 1960-61 base period for determining the number of hours of full-time student employment for which payment at less than the minimum rate may be made. The new standards will become effective before September 3, 1964, when the minimum rate for most retail employees will be increased to \$1.15.

During the 1963 fiscal year 2,639 full-time student certificates were issued to stores which at the time of application employed 94,000 workers, including 11,859 full-time students. This level of certification is expected to continue during fiscal years 1964 and 1965.

| | 1962 | 1963 | 1964 | 1965 |
|--|-------|-------|-------|-------|
| Application for learner certificates..... | 2,360 | 2,279 | 2,200 | 2,200 |
| Applications for full-time student certificates..... | 218 | 766 | 700 | 700 |

C. Public contracts wage determinations program

Extension of individual minimum wage determination coverage to a number of industries significantly involved in the Government purchasing program, revisions of existing industry determinations in recognition of advancing wage levels, and an overall increase in the volume of Government procurement have resulted in a further rise in the number and complexity of inquiries on the applicability of minimum wage determinations, coverage of subcontractors on the basis of the regular-practice principle, and the basic coverage of the act.

Wage determination proceedings will be initiated in five industries in fiscal year 1964. Also, all rates of less than \$1.25 will be raised to that level if the proposed omnibus determination published in the Federal Register in July 1963, becomes final.

To provide an adequate factual basis for selecting industries for inclusion in the wage determination program, pertinent data have been assembled for all manufacturing industries. This information includes the date of the most recent determination, if any, and the extent of increases in average hourly earnings since its issuance; average hourly earnings in the industry; an estimate as to whether the prevailing minimum rate would be significantly above \$1.25 an hour; the vol-

ume of Government contracts and its relationship to total production in the industry; trends in imports and exports; the extent of unionization and other information related to the question of whether there are substantial variations in wages, so that low-wage firms could derive a cost advantage in competing for Government business; and whether petitions for a wage determination have been received from interested parties. On the basis of the initial analysis of these data, five industries were selected for initiation of wage determination proceedings in fiscal year 1964. These are soap and related products, flour and related products, electric component parts, and metal business furniture and storage equipment for which current determinations are obsolete, and power, distribution, and specialty transformers industry for which no determination has previously been issued. By the end of fiscal year 1964 it is expected that determinations will be in effect for 25 industries (in addition to those under the omnibus determination) and that proceedings will be in process for 10 industries. Initiation of six additional industry determination proceedings is planned for fiscal year 1965.

| | 1962 | 1963 | 1964 | 1965 |
|---|------|------|------|------|
| Wage determination proceedings initiated..... | 3 | 6 | 5 | 6 |
| Public hearings..... | 7 | 3 | 10 | 5 |
| Determinations issued..... | 7 | 6 | 6 | 11 |

D. Regulations and interpretations under the Fair Labor Standards Act, 1964

In fiscal year 1964 the regulations and interpretative bulletins which will be issued include:

(a) Revised regulations applicable to bona fide executive, administrative and professional employees, including appropriate salary levels and expansion of the interpretative regulations to indicate how the regulations apply in retail trade (issued August 30, effective September 30, 1963).

(b) Regulations and interpretations to implement the special statutory provision applicable to employees of retail establishments the major part of whose compensation represents commissions (issued August 1, 1963).

(c) A comprehensive interpretative bulletin on the coverage provisions of the act, including the new enterprise coverage provisions provided by the 1961 amendments.

(d) Revision of the bulletin on the new exemption for employees of enterprises engaged in the bulk distribution of petroleum products (issued November 1, 1963).

(e) Revision of regulations to permit expanded use of an authorized basic rate for additional employees, such as employees paid in part by commissions (issued October 22, 1963).

(f) A revision of the interpretative bulletin on the motor carrier exemption to bring references up to date; to provide a current statement of the differences between the way in which the exemption is applied to common carriers and the narrower application to private carriers; and to specifically incorporate the decision of the Interstate Commerce Commission that it does not have jurisdiction over employees of the typical bulk petroleum distributor (issued November 1, 1963).

(g) A regulation indicating how WHPC will apply the new 13(b)(11) exemption from the overtime provisions for drivers and drivers' helpers who are paid under a trip rate or other delivery plan, which has the effect of reducing hours of work of such employees to or below the applicable maximum workweek.

The regulations governing the application of the exemption for outside salesmen is being reviewed, and a public hearing may be required, to determine how the exemption applies to newly covered enterprises employing driver-salesmen. Prior to the application of the 44-hour workweek provision to these enterprises, beginning September 3, 1963, driver-salesmen were typically either engaged in interstate transportation activities which brought them within the 13(b)(1) exemption for motor carrier employees or were not engaged in covered work. A substantial proportion of these driver-salesmen are covered by collective bargaining agreements, and both the organized and unorganized employees are typically paid on a commission basis with no provision for premium pay for overtime work. Most of them probably work in excess of 44 hours a week.

The review of seasonal industry determinations which was begun in fiscal year 1963 is continuing. Prior to the beginning of this review, seasonal industry

determinations had been made for 46 industries. Many of these had been issued a number of years ago, and the purpose of review is to determine whether the industry continues to meet the requirements of the regulations as a seasonal industry for purposes of the limited overtime exemption under section 7(b)(3).

Equal pay.—Although the coverage and exemption provisions of the Fair Labor Standards Act will govern the application of the new law, the new standard is a complex one and it will be some time before it is determined how the standard applies in the full range of fact situations which may involve wage discrimination on the basis of sex. A public hearing was held in October 1963 to obtain information on what questions should be answered in an interpretative bulletin on the equal pay amendment, and descriptions of fact situations which gave rise to the questions. It is contemplated that an interpretative bulletin will be prepared and issued in the spring of 1964—2 or 3 months before June 11 when the new law generally is effective. Following the issuance of the bulletin and the effective date, it is expected that numerous questions will be raised as to how the law applies in particular situations.

1965.—After the development of regulations and interpretations needed because of the 1961 amendments has been completed and the initial bulletin on the equal pay law has been issued, the staff will spend a larger proportion of time on the development of additional information and interpretative materials, resulting in a smaller expenditure of time in both the field and the national office in responding to individual inquiries. This will involve the preparation of additional interpretative bulletins, for example, a bulletin on the minimum wage, and the preparation of informational pamphlets indicating how the act applies to particular industries or occupations, or dealing with specific exemptions. A general review will be made in fiscal year 1965 of problems encountered in applying the overtime provisions since enactment of the Portal-to-Portal Act of 1947 and the 1949 amendments which made many changes in the overtime standards. Since that time there have been many developments affecting the definitions of hours worked and regular rate, and amendments may be needed to bring the act into conformity with current business practices and collective bargaining agreements to the extent possible without undermining the basic standards.

Program changes for 1965: None.

ACTIVITY 3. RESEARCH AND LEGISLATIVE ANALYSIS (1964, \$1,774,600; 1965, \$1,953,600)

NARRATIVE DESCRIPTION OF PROGRAM

This activity is concerned with planning and conducting economic research and analysis on the effects of the wage, hour, and equal pay provisions of the Fair Labor Standards Act and the Public Contracts Act, providing advice on economic and legislative matters in connection with the administration of these acts, and conducting statistical and analysis programs connected with enforcement activities.

PROGRAM CHANGES FOR 1965

An increase of \$129,000 provides for economic studies to determine the effects of the Equal Pay Act (Public Law 88-38, enacted June 10, 1963, to become effective generally June 11, 1964) and for increased workload in the tabulation of investigation statistics.

WORKLOAD STATISTICS

Fair Labor Standards Act

Section 4(d) of the Fair Labor Standards Act requires the Secretary of Labor to submit annually to the Congress a report including an evaluation and appraisal of the minimum wages established by the act and recommendations for further legislation in connection with matters covered by the act. The studies undertaken in accordance with the requirements of section 4(d) of the act involve obtaining information on wages, hours, and employment for a base period prior to the effective date of changes in the provisions of the act, and obtaining corresponding information at several predetermined intervals after the effective date.

The 1961 amendments to the Fair Labor Standards Act required the Secretary of Labor to conduct special studies of hotels, motels, restaurants, and other food service enterprises, and of the complicated system of exemptions now available under the act for handling and processing of agricultural products, and to submit to the 2d session of the 87th Congress special reports containing the results of such studies. In addition, during the hearings on amendments to the Fair Labor Standards Act, the Secretary agreed to conduct a study of the laundry and dry-

cleaning industry. The required studies were conducted in fiscal year 1962 and the reports prepared and submitted to the Congress in January 1962. However, the survey data on wages and hours of employees in hotels, restaurants, and laundries was limited to large metropolitan areas because of the time limitations implicit in the congressional request. To overcome difficulties encountered in using a limited survey for legislative purposes and to update the information previously obtained, the Divisions have initiated further studies of these three industries. The data obtained in these studies and a study of small logging will be incorporated in reports to be submitted to the Congress in January 1964.

To provide a basis for developing legislative recommendations to provide minimum wage protection for farmworkers, the Department of Agriculture has been asked to obtain wage data for a sample of farms through the annual June Enumerative Survey. The survey data and other pertinent information will be incorporated in a report to the Congress, to be submitted in January 1964 with legislative recommendations.

The minimum wage for workers covered prior to the 1961 amendments increased from \$1.15 to \$1.25 an hour in September 1963. To obtain data needed for an evaluation of the \$1.25 minimum wage, for evaluating proposals made by others to increase the minimum wage, and to develop proposed administration recommendations, earnings distribution surveys will be made in all manufacturing industries and in wholesale trade. The surveys will be completed in fiscal year 1964. In addition to earnings data, they will provide an indication of the impact of amendment to the Fair Labor Standards Act to require payment of 1½ times the regular rate for hours in excess of 8 a day.

To study the effects of the 44-hour workweek standard in retail trade which became effective in September 1963, a limited survey will be made in fiscal year 1964. The effects of the \$1.15 minimum wage rate scheduled to become effective in September 1964 in retail trade will be studied through a nationwide survey of hours and earnings in retail trade which will be initiated in fiscal year 1965.

In addition, the studies of areas sharply affected by the minimum wages which became effective in September 1963 will be continued. Surveys of earnings and employment in nonmetropolitan areas of the south- and north-central regions and in small metropolitan areas of the South will be made in the summer of 1965.

A survey of hours of work of motor carrier employees will be conducted during fiscal 1965. The data will be incorporated in a report to the Congress with legislative recommendations for modifying or eliminating the overtime exemption for such employees.

Research projects are regularly undertaken to obtain economic data and information for use by the Office of the Solicitor in 12 to 16 litigation cases a year. These involve the coverage and exemption provisions of the act. During fiscal year 1963, economic data was compiled for 13 cases involving the following provisions of the Fair Labor Standards Act:

- (a) Questions of coverage under the Fair Labor Standards Act.
- (b) The section 13(a)(2) retail and service exemption.
- (c) The sections 13(a)(5) and 13(b)(4) fish processing exemptions.
- (d) The section 13(a)(6) exemption for employees engaged in agriculture.
- (e) Whether rest periods should be considered working time in computing the hours of work subject to the overtime provisions of section 7.
- (f) Whether waiting time should be considered working time in computing the hours or work subject to the overtime provisions of section 7.

Economic data are being compiled for use in reviewing seasonal determinations made under section 7(b)(3) which provide an exemption from the overtime provisions of the Fair Labor Standards Act for industries determined to be of a seasonal nature. Economic data have been compiled on the seasonality in eight industries and four branches of the lumber industry. Studies are in process during fiscal year 1964 on seasonality in three other industries, and additional studies will be made in four more industries.

Under section 4(e) of the Fair Labor Standards Act, studies are conducted for commodities in which there is reason to believe that competition of foreign producers in U.S. markets or in markets abroad, or both, has resulted or is likely to result in increased unemployment in the United States. In fiscal year 1964 a study is being conducted for the jewelry and silverware industry. Studies in additional industries will be undertaken in fiscal years 1964 and 1965.

Special economic studies will be made in fiscal year 1965 in major industries in which there is reason to believe that women are employed in the same occupations as men but at lower wage rates. The objective of these studies will be to deter-

mine the effects of the Equal Pay Act which is an amendment to the Fair Labor Standards Act on wages and employment and ways in which employers adjusted to the equal pay requirements. Data also will be obtained on the effects brought about by the provisions of the Equal Pay Act which exempt from the "equal pay" requirement certain types of employees such as executive, administrative, and professional employees; employees in packing, canning, and other food processing plants; and employees in restaurants.

Other research is undertaken to assist in the solution of administrative problems arising in the course of investigations and for the purpose of revising interpretations and regulations. Approximately five to seven such studies will be made each year.

Walsh-Healey Public Contracts Act

The Divisions are conducting a series of studies of the effects of wage determinations issued under the Walsh-Healey Public Contracts Act designed to obtain data on wages and bidding practices in the industries studied and on the extent to which changes in wage structures and bidding practices are related to prevailing minimum wage determinations. Studies have been initiated in fiscal year 1964 in two industries, the office, computing and accounting machine industry, and the manifold business forms industry. A survey is also planned for the drugs and medicines industry. Effects studies will be undertaken for three additional industries in fiscal year 1965.

ACTIVITY 4. ADMINISTRATION AND MANAGEMENT SERVICES (1964, \$738,500; 1965, \$752,800)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for planning, policy determination, administration direction and necessary management services.

PROGRAM CHANGES FOR 1965

None.

Distribution of field staff

| | 1964 | | | 1965 | | |
|---------------------------|-------------------|----------|-------|-------------------|----------|-------|
| | Profes- sional | Clerical | Total | Profes- sional | Clerical | Total |
| Supervising offices: | | | | | | |
| Atlanta, Ga..... | 131 | 35 | 166 | 135 | 35 | 170 |
| Birmingham, Ala..... | 98 | 35 | 133 | 101 | 35 | 136 |
| Boston, Mass..... | 67 | 22 | 89 | 68 | 22 | 90 |
| Chambersburg, Pa..... | 93 | 29 | 122 | 94 | 29 | 123 |
| Chicago, Ill..... | 101 | 29 | 130 | 103 | 29 | 132 |
| Cleveland, Ohio..... | 88 | 27 | 115 | 89 | 27 | 116 |
| Dallas, Tex..... | 129 | 42 | 171 | 133 | 42 | 175 |
| Kansas City, Mo..... | 84 | 26 | 110 | 80 | 26 | 112 |
| Nashville, Tenn..... | 111 | 31 | 142 | 114 | 31 | 145 |
| New York City, N.Y..... | 110 | 36 | 146 | 113 | 36 | 149 |
| San Francisco, Calif..... | 122 | 32 | 154 | 125 | 32 | 157 |
| Santurce, P.R..... | 27 | 14 | 41 | 27 | 14 | 41 |
| Total field staff..... | 1,161 | 358 | 1,519 | 1,188 | 358 | 1,546 |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$15,282,800

This estimate provides for 1,866 full-time positions or 1,806.3 net man-years, and 8 man-years of intermittent employment. Of this, 1,496.2 man-years and \$12,765,800 are allocated to field personnel compensation and 310.1 man-years and \$2,517,000 for departmental. The net increase of \$998,600 from 1964 results from an increase of \$340,500 for pay increases under Public Law 87-793, an increase of \$428,600 for regulated investigator promotions, an increase of \$140,200 for within-grade promotions, an increase of \$141,600 for the Equal Pay Act, and a decrease of \$52,300 for 1 less extra day in fiscal year 1965.

Personnel benefits, \$1,148,900

This estimate is based on personnel compensation. A net increase of \$76,500 from 1964 results from an increase of \$23,400 for pay increases under Public Law 87-793, an increase of \$28,400 for regulated investigator promotions, an increase of \$9,600 for within-grade promotions, an increase of \$7,400 for contribution to Federal Employees' Compensation, an increase of \$11,200 for the Equal Pay Act, and a decrease of \$3,500 for 1 less extra day in fiscal year 1965. This estimate covers the following benefits:

| | |
|---|-------------|
| Contribution to the Civil Service Commission retirement fund..... | \$981, 900 |
| Employees' group life insurance..... | 50, 900 |
| Employees' health benefits..... | 104, 800 |
| Contribution under the Federal Insurance Contribution Act..... | 800 |
| Contribution to Federal employees' compensation fund..... | 10, 500 |
| Total..... | 1, 148, 900 |

Travel and transportation of persons, \$1,485,400

This estimate provides for per diem, mileage, parking fees, and transportation costs for industry committee members, administrative officials, investigators, and field office supervisors. The increase of \$32,400 in 1965 results from the Equal Pay Act.

| | 1964 | 1965 | Change |
|-------------------------------------|-------------|-------------|------------|
| Per diem costs..... | \$619, 000 | \$632, 800 | +\$13, 800 |
| Mileage costs..... | 677, 100 | 692, 200 | +15, 100 |
| All other transportation costs..... | 156, 900 | 160, 400 | +3, 500 |
| Total..... | 1, 453, 000 | 1, 485, 400 | +32, 400 |

Transportation of things, \$65,000

This estimate provides for the moving of household goods of 70 employees at a rate based on past experience of \$500 per move, and \$30,000 for shipment of supplies, printed material, and equipment to field installations.

| | 1964 | 1965 | Change |
|--|-----------|-----------|--------|
| Movement of household goods..... | \$35, 000 | \$35, 000 | ----- |
| Shipment of supplies and material..... | 30, 000 | 30, 000 | ----- |
| Total..... | 65, 000 | 65, 000 | ----- |

Rent, communications, and utilities, \$397,400

This estimate provides for an increase of \$16,400 for the Equal Pay Act.

| | 1964 | 1965 | Change |
|--------------------------------|------------|------------|-----------|
| Paid official mail..... | \$145, 500 | \$147, 500 | +\$2, 000 |
| Telephone services..... | 120, 300 | 123, 900 | +3, 600 |
| Teletype services..... | 9, 200 | 9, 200 | ----- |
| Rent and utility services..... | 24, 900 | 35, 700 | +10, 800 |
| Working capital fund..... | 81, 100 | 81, 100 | ----- |
| Total..... | 381, 000 | 397, 400 | +16, 400 |

Printing and reproduction, \$188,300

This estimate provides for an increase of \$4,000 in 1965 for the Equal Pay Act.

| | 1964 | 1965 | Change |
|----------------------------------|-----------|-----------|-----------|
| Publications..... | \$69, 000 | \$71, 000 | +\$2, 000 |
| Forms and schedules..... | 14, 000 | 14, 600 | +600 |
| Other reproduction services..... | 9, 000 | 9, 000 | ----- |
| Working capital fund..... | 92, 300 | 93, 700 | +1, 400 |
| Total..... | 184, 300 | 188, 300 | +4, 000 |

Other services, \$1,681,900

This estimate provides for a net increase from 1964 of \$161,000 which results from an increase of \$34,400 for pay increases under Public Law 87-793, an increase of \$132,400 for the Equal Pay Act, and a decrease of \$5,800 in the working capital fund.

| | 1964 | 1965 | Change |
|---|-----------|-----------|-----------|
| Bureau of Labor Statistics for tabulation of investigator statistics..... | \$38,100 | \$48,300 | +\$10,200 |
| Bureau of Labor Statistics for wage surveys related to economic effects of minimum wages..... | 776,600 | 920,600 | +144,000 |
| Bureau of Labor Statistics for wage surveys in connection with Walsh-Healey wage determinations program..... | 244,200 | 253,400 | +9,200 |
| Tariff Commission and Department of Commerce for surveys of the relationship of foreign competition to unemployment in domestic industry..... | 100,000 | 100,000 | ----- |
| Bureau of Census for special tabulations related to covered establishments..... | 60,000 | 60,000 | ----- |
| Security investigations..... | 4,200 | 4,200 | ----- |
| Repairs to office machines and equipment..... | 15,600 | 15,600 | ----- |
| Miscellaneous other services..... | 48,000 | 48,000 | ----- |
| Working capital fund..... | 234,200 | 231,800 | -2,400 |
| Total..... | 1,520,900 | 1,681,900 | +161,000 |

Supplies and materials, \$124,300

This estimate provides for a net decrease of \$1,900 from 1964 which results from an increase of \$2,000 for the Equal Pay Act and a decrease of \$3,900 in the working capital fund.

| | 1964 | 1965 | Change |
|---------------------------|----------|----------|--------|
| Desk top supplies..... | \$52,200 | \$53,000 | +\$800 |
| Working capital fund..... | 74,000 | 71,300 | -2,700 |
| Total..... | 126,200 | 124,300 | -1,900 |

Equipment, \$154,000

This estimate provides for the following:

| | 1964 | 1965 | Change |
|---|-----------|-----------|--------|
| Equipment..... | \$141,000 | \$141,000 | ----- |
| Subscriptions to reference materials..... | 13,000 | 13,000 | ----- |
| Total..... | 154,000 | 154,000 | ----- |

Summary of new positions

Activity 1. Field offices: 27 GS-7 investigators..... \$156,681

THURSDAY, FEBRUARY 13, 1964.

EMPLOYEES' COMPENSATION

WITNESSES

WM. McCAULEY, DIRECTOR

THOMAS A. TINSLEY, DEPUTY DIRECTOR

LEROY T. MINOR, ASSISTANT DIRECTOR ADMINISTRATIVE MANAGEMENT

ERNEST W. LAWS, CHIEF, DIVISION OF BUDGET, FISCAL AND MANAGEMENT SERVICES

THEODORE M. SCHWARTZ, CHAIRMAN, EMPLOYEES' COMPENSATION APPEALS BOARD

SALARIES AND EXPENSES, BUREAU OF EMPLOYEES' COMPENSATION

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Personnel compensation: | | | |
| Permanent positions..... | 3,175 | 3,435 | 3,527 |
| Other personnel compensation..... | 128 | 164 | 159 |
| Total personnel compensation..... | 3,303 | 3,599 | 3,686 |
| Direct obligations: | | | |
| 11 Personnel compensation..... | 3,255 | 3,550 | 3,637 |
| 12 Personnel benefits..... | 271 | 291 | 307 |
| 21 Travel and transportation of persons..... | 110 | 111 | 111 |
| 23 Transportation of things..... | 3 | 4 | 4 |
| 24 Rent, communications, and utilities..... | 135 | 96 | 123 |
| 25 Printing and reproduction..... | 69 | 54 | 58 |
| 25 Other services..... | 68 | 94 | 99 |
| 26 Supplies and materials..... | 45 | 44 | 47 |
| 31 Equipment..... | 24 | 14 | 14 |
| Total direct obligations..... | 3,982 | 4,259 | 4,401 |
| Reimbursable obligations: | | | |
| 11 Personnel compensation..... | 48 | 48 | 48 |
| 12 Personnel benefits..... | 4 | 4 | 4 |
| 21 Travel and transportation of persons..... | 5 | 6 | 6 |
| 23 Rent, communications, and utilities..... | 2 | 2 | 2 |
| Total reimbursable obligations..... | 58 | 60 | 60 |
| Total obligations..... | 4,040 | 4,319 | 4,461 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Total number of permanent positions..... | 539 | 548 | 548 |
| Average number of employees..... | 525 | 527 | 522 |
| Employees in permanent positions, end of year..... | 536 | 540 | 539 |
| Employees in other positions, end of year..... | 0 | 0 | 0 |
| Average GS grade..... | 6.5 | 6.6 | 6.5 |
| Average GS salary..... | \$6,338 | \$6,698 | \$6,813 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|---|-------------|---------------|---------------|
| Program by activities: | | | |
| Direct program: | | | |
| 1. Disposition of compensation claims: | | | |
| (a) Federal employees..... | 2,729 | 2,856 | 2,933 |
| (b) Longshoremen and harbor workers..... | 914 | 1,046 | 1,098 |
| (c) Administration and management services..... | 211 | 223 | 233 |
| (d) Administration of War Claims Act..... | 22 | 23 | 23 |
| 2. Appeals from determination of Federal employee claims..... | 107 | 111 | 114 |
| Total direct program costs, funded..... | 3,983 | 4,259 | 4,401 |
| Change in selected resources ¹ | -1 | | |
| Total direct obligations..... | 3,982 | 4,259 | 4,401 |
| Reimbursable program: | | | |
| 3. Administration of longshoremen's rehabilitation program (costs—obligations)..... | 58 | 60 | 60 |
| Total obligations..... | 4,040 | 4,319 | 4,461 |
| Financing: | | | |
| Comparative transfers to other accounts..... | | 16 | |
| Advances and reimbursements from non-Federal sources ² | -58 | -60 | -60 |
| New obligational authority (appropriation)..... | 3,982 | 4,275 | 4,401 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$4,000 (1963 adjustments, \$2,000—; 1963, \$1,000; 1964, \$1,000; 1965, \$1,000.

² Reimbursements from non-Federal sources are payments from the fund created by sec. 44 of the Longshoremen's and Harbor Workers' Compensation Act, as amended (33 U.S.C. 944).

EMPLOYEES' COMPENSATION CLAIMS AND EXPENSES

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Federal civilian employees benefits..... | 51,475 | 49,620 | 57,428 |
| 2. Armed Forces reservists benefits..... | 14,960 | 15,740 | 14,400 |
| 3. War Claims Act benefits..... | 552 | 540 | 555 |
| 4. Other benefits..... | 1,148 | 1,100 | 1,117 |
| Total program costs, funded—obligations (object class 42)..... | 68,135 | 67,000 | 73,500 |
| Financing: | | | |
| Advances and reimbursements from other accounts..... | -2,929 | -13,162 | -20,850 |
| Unobligated balance lapsing..... | 15 | | |
| New obligational authority (appropriation)..... | 65,221 | 53,838 | 52,650 |

RETIREMENT OF DIRECTOR M'CAULEY

Mr. FOGARTY. Mr. McCauley, I believe you are next.

Mr. McCauley, the Secretary told us, earlier in the week, you are leaving the Department. On behalf of the committee, I am sorry to see you go. I think you have done an outstanding job in your position.

Mr. MCCAULEY. I want to take this opportunity to express to you and the members of the committee the very high esteem in which I hold all of you. I am indebted to you for the many courtesies extended to me when I have appeared before you over the years, and I will certainly miss associating with you.

Mr. LAIRD. We have had a great deal of confidence in you. You have been a fine administrator. I am sorry to see you leave.

GENERAL STATEMENT

Mr. FOGARTY. We shall insert your prepared statement in the record.

(Mr. McCauley's statement follows:)

The budget estimates of appropriations for the Bureau of Employees' Compensation for 1965 follows the pattern of prior years. It proposes two appropriations, one for the cost of administration of the several Federal workmen's compensation laws and the other for benefits payable from the employees' compensation fund.

SALARIES AND EXPENSES

Appropriation changes

The budget estimate proposes an appropriation of \$4,401,000 for administration of the Bureau's programs during fiscal year 1964. This includes \$113,600 for expenses of the Employees' Compensation Appeals Board.

The direct appropriation proposes an increase of \$142,000 over the current year appropriation after adjustment. Most of this is necessary to cover increased salary costs during fiscal year 1965, including \$76,320 resulting from the Postal Service and Federal Employees Salary Act of 1962 (Public Law 87-793). The net increase requested will provide funds for mandatory items totaling \$132,900 and \$9,100 to finance centralized services furnished through the working capital fund.

BUREAU PROGRAMS

The Bureau's programs are confined to the administration of Federal workmen's compensation laws and other similar benefits for more than 3 million employees in public and private employments. Approximately 200,000 employees in public and private employment covered by these laws reported injuries and illnesses during fiscal year 1963. More than half of these involved Federal employees. The appropriation request does not provide for any new programs or any enlargement of present programs.

FEDERAL EMPLOYEES' COMPENSATION ACT PROGRAM

The Federal Employees' Compensation Act provides workmen's compensation coverage to over 2.5 million employees of the Federal Government, including officers and employees of the District of Columbia (except members of the Police and Fire Departments); members of Civil Air Patrol and members of Reserve Officers' Training Corps while in training at camp or on cruises or en route to or from such activities. Over 109,000 reports of injury were received by the Bureau during fiscal year 1963. It is estimated that approximately 110,000 injuries will be reported in 1964 and also in 1965. This program is administered by the Bureau through nine of its District offices within the continental limits of the United States and its office in the State of Hawaii.

Benefits under this law are continuing for a number of beneficiaries other than Federal civilian employees covered by legislation enacted prior to World War II. Prior to January 1957 the law was applicable to members of the Reserve of the Armed Forces on active or training duty in time of peace. Some 4,300 fatal cases of reservists remain on the compensation rolls in which benefits will be payable for many years to come. Payments are still being made to beneficiaries in approximately 1,000 cases of disability or death which arose out of the Federal emergency relief programs operated prior to World War II.

A major part (approximately 70 percent) of the operating costs of the Bureau is required to administer the FECA program. No additional funds are requested for administration of this activity in 1965.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT PROGRAM

This act was enacted in 1927 and provides workmen's compensation benefits for employees of private maritime employment engaged in loading and unloading, and repairing vessels on the navigable waters of the United States. It was

subsequently extended to certain other private employments within Federal jurisdiction. These include all private employment in the District of Columbia, employees of Government contractors employed at defense bases or engaged in public works outside the continental United States; private employees working on the Outer Continental Shelf in the exploration and development of natural resources; employees of post exchanges and other nonappropriated fund instrumentalities of the Department of Defense; employees of contractors on certain projects outside the United States financed and approved under the Mutual Security Act; and employees of the Red Cross and similar organizations associated with the Armed Forces outside the United States.

The Supreme Court, in its decision on June 4, 1962, held that provisions of the Longshoremen's and Harbor Workers' Compensation Act covered employees engaged in new ship construction work while a vessel is upon the navigable waters of the United States (including any drydock or marine railway). As a result of this decision, additional employers and employees were brought within the purview of the Longshoremen's Compensation Act with a resulting increase in injury caseloads. There was an increase of approximately 34 percent in the number of injury reports under this law received by the Bureau during fiscal year 1963 over fiscal year 1962. Some additional increase in workload is anticipated as a result of this decision during the current year and in 1965.

Liability for the payment of compensation benefits under this program rests upon the employer and the only expense to the Federal Government is for the administration of the program. The employer must insure his liability for the payment of compensation benefits with an insurance carrier authorized by the Bureau to write such insurance or by meeting requirements of the Bureau to qualify as a self-insurer. The administration of this program is completely decentralized. Operations are conducted through 13 district field offices. The program relating to employments in the District of Columbia is administered through a local district office, and the cost of administration is paid from funds appropriated to the District government and transferred to the Bureau.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT REHABILITATION PROGRAM

The budget estimate proposes an authorization to use \$60,000 from the trust fund created by section 44 of the Longshoremen's Compensation Act. This sum is to be used in connection with the rehabilitation of permanently disabled beneficiaries of this act. The fund is made up of sums paid by employers in certain fatal cases and from fines, penalties, and interest on invested surplus. The Bureau does not operate a vocational training program of its own and the amount requested is for the services of seven employees to aid in arranging the rehabilitation of seriously disabled employees through cooperation with State facilities.

WAR CLAIMS ACT

This is a liquidating program under which benefits are being paid to American citizens who were captured or detained by the Japanese during World War II in the Philippine Islands. The sum of \$23,075 is required for the services of a small staff of four employees engaged in handling cases arising out of this program.

EMPLOYEES' COMPENSATION FUND

The fund established by section 35 of the Federal Employees' Compensation Act covers costs of benefits authorized by that act and its extensions. It is also available for payment of disability and death benefits authorized by sections 4(c) and 5(f) of the War Claims Act of 1948 and for allowances granted to a small number of individuals by legislative enactment.

It is financed from two sources, namely by a direct appropriation and by repayments by Federal agencies for sums expended from the compensation fund on account of injuries to their employees occurring since December 1, 1960.

The estimate for 1965 provides for a direct appropriation of \$52,650,000 and repayments amounting to \$20,850,000 or a total of \$73,500,000. The 1965 estimates provide an increase of \$3,062,000 or a little more than 5 percent over the cost for benefits to Federal civilian employees in 1964. Since disability and death compensation is based on the wage rate at time of injury the increase is due in large part to the increase in salaries provided by the second phase of the "Postal Service and Federal Employees Salary Act of 1962" effective January 1964. It also reflects the effect of an increase in medical expenses. These increases,

however, are offset in part by decreases totaling \$1,562,000 on account of programs that are being liquidated (military reservists, emergency relief workers, etc.), leaving a net increase of \$1,500,000, or approximately 2 percent over the estimated obligations of \$72 million for the current year.

Further details concerning the Bureau's operations are contained in the statements submitted in justification of the estimates. I will be glad to supply any additional information members of the committee may desire.

SUMMARY OF BUREAU'S SALARIES AND EXPENSES, 1965 BUDGET

Mr. FOGARTY. The appropriation for 1964 is \$4,275,000. The request for 1965 is \$4,401,000, an increase of \$126,000 which is just enough to cover mandatory cost increases.

Is that right?

Mr. McCAULEY. That is correct.

Mr. FOGARTY. I notice there is no change in the number of positions but average employment is estimated to go down 5 man-years. Why is that?

Mr. McCAULEY. The original estimate on that was high. We will have to make certain adjustments and effect savings which will reduce it by that amount.

Mr. FOGARTY. You requested about \$200,000 more than is in the budget. What was this to cover?

Mr. McCAULEY. The increase requested is for two items—well, for several items. One is for the mandatory increase here. It is shown on page 5 of the justification.

Mr. FOGARTY. I am talking about the \$200,000 the Bureau of the Budget cut you. What was that for?

Mr. McCAULEY. \$151,000, represents the elimination of 12 jobs we had requested for field positions in payroll work.

Mr. FOGARTY. Why was that necessary? What did you want the jobs for?

Mr. McCAULEY. The detail involved in billing agencies for medical costs and other benefits, is quite a bit more than we anticipated originally. In many instances it is necessary to identify each expenditure for the information of the paying agency.

Mr. FOGARTY. You will not be able to do that work, then, will you?

Mr. McCAULEY. We will have to find some way of doing it. We have to bill them before the 15th of August each year.

I think that as they become more accustomed to the program the agencies will be able to handle it efficiently with less details than in the past.

Mr. FOGARTY. Somebody else will have to worry about it.

Mr. McCAULEY. That is right.

LONGSHOREMEN'S REHABILITATION PROGRAM

Mr. FOGARTY. Would you like to comment on the accomplishments under the longshoremen's rehabilitation program?

Mr. McCAULEY. During the first 6 months of this fiscal year training was completed in only six Longshore Act cases but we have 44 such cases under training.

During the first half of fiscal year 1964 we were able to place 124 disabled employees in employment without training. These included Longshoremen's and Federal Employee Act beneficiaries.

There are 201 such beneficiaries in the course of training.

There are 34 cases where training was completed and all the employees were placed in employment.

We had 2,741 cases in process of being developed as of the end of December. These were cases under survey to determine whether or not they were in need of training in the first place, and, secondly, whether they were suitable for training.

TRUST FUND BALANCE

Mr. FOGARTY. I notice on page 21 that the balance of the trust fund has gone down every year since 1956. Do you think this will continue? If so, what will have to be done?

Mr. McCAULEY. There are only two ways to approach the problem. One is to discontinue the use of this fund for rehabilitation services, that is for administrative purposes; the other is to increase the contributions to be made by the employer in those fatal cases in which there is no surviving dependent entitled to compensation.

Mr. FOGARTY. Do you think it will keep going down?

Mr. McCAULEY. It will. With the improvement in the accident experience under the Longshoremen's Act, particularly in fatal cases, the contributions to the special fund will continue to decline.

Mr. FOGARTY. What are the investment losses shown in the table?

Mr. McCAULEY. I don't recall at the moment, Mr. Chairman. I will be glad to insert that information in the record.

(The information referred to follows:)

It was necessary to redeem securities for the payment of administrative expenses for the longshoremen's rehabilitation program. The investment loss resulted from redeeming the securities at less than face value, and the amounts shown on page BEC-21 are net amounts. For example, of the total securities sold in fiscal year 1963, some were sold at a loss and some at a premium. The loss totaled \$1,559 and premium \$291 for a net loss of \$1,268. The other amounts shown under investment loss column for prior years are due to the same cause.

EMPLOYEES COMPENSATION CLAIMS AND EXPENSES

Mr. FOGARTY. You estimate a total requirement of \$73,500,000 for 1965 for "Compensation claims and expenses" compared with \$72 million for 1964, or an increase of \$1,500,000. Since reimbursements from other agencies is up, you are asking for an appropriation of \$52,650,000 which is about \$6 million less than 1964. There is no significant change expected in this activity, is there?

Mr. McCAULEY. That is correct. The contributions by the agencies will continue to increase and the direct appropriation will decrease.

EMPLOYEES COMPENSATION APPEALS BOARD

Mr. FOGARTY. Mr. Schwartz, have you any problems?

Mr. SCHWARTZ. No. I have submitted a statement for the record and we have no program changes.

(Mr. Schwartz' statement follows:)

The Employees' Compensation Appeals Board has exclusive jurisdiction to consider and decide appeals from final decisions of the Bureau of Employees' Compensation in cases arising under the Federal Employees' Compensation Act. Benefits under the act are extended to Federal civilian employees and certain other groups for work-incurred injury or disease. The Board's procedures are designed to provide a high standard of appellate review with a minimum of formalities.

The Board has a single function and there is little change in its operation from year to year. For several years, the workload of the Board has been relatively stable and the operations have been maintained on a current basis. No program changes are being requested for 1965.

Mr. FOGARTY. Mr. Laird?

Mr. LAIRD. I have no questions, Mr. Chairman.

Mr. FOGARTY. Thank you very much, Mr. McCauley. I hope you live to be 100 and enjoy good health and happiness in your retirement.

Mr. McCauley. Thank you very kindly, sir.

JUSTIFICATION MATERIAL

(The formal justifications follow:)

SALARIES AND EXPENSES, BUREAU OF EMPLOYEES COMPENSATION

Amounts available for obligation

| | 1964 | 1965 |
|---|-------------|-------------|
| Appropriation or estimate..... | \$4,275,000 | \$4,401,000 |
| Authorized transfers or reimbursements: From longshore trust fund, Public Law 87-290..... | 60,000 | 60,000 |
| Comparative transfer to Office of the Secretary..... | -16,000 | ----- |
| Total fund availability or estimate..... | 4,319,000 | 4,461,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|---|-----------------------------|-------------|----------------|-------------|-------------|-----------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. Disposition of compensation claims: | | | | | | |
| (a) Federal employees..... | 385 | \$2,856,850 | 385 | \$2,933,604 | ----- | +\$76,754 |
| (b) Longshoremen and harbor workers..... | 118 | 1,044,490 | 118 | 1,097,846 | ----- | +53,356 |
| (c) Administration and management..... | 25 | 223,360 | 25 | 232,875 | ----- | +9,515 |
| (d) Administration of War Claims Act..... | 4 | 23,300 | 4 | 23,075 | ----- | -225 |
| 2. Appeals from determinations of Federal employee claims..... | 9 | 111,000 | 9 | 113,600 | ----- | +2,600 |
| Total direct obligations..... | 541 | 4,259,000 | 541 | 4,401,000 | ----- | +142,000 |
| 3. Administration of longshoremen's rehabilitation program..... | 7 | 60,000 | 7 | 60,000 | ----- | ----- |
| Total direct and authorized obligations..... | 548 | 4,319,000 | 548 | 4,461,000 | ----- | +142,000 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|-----------------------------|----------------|-------------|
| Total number of permanent positions..... | 548 | 548 | ----- |
| Average number of all employees..... | 527 | 522 | -5 |
| 11 Personnel compensation..... | \$3,598,530 | \$3,685,605 | +\$87,075 |
| 12 Personnel benefits..... | 295,100 | 311,225 | +16,125 |
| 21 Travel and transportation of person..... | 117,120 | 117,130 | ----- |
| 22 Transportation of things..... | 4,300 | 4,300 | ----- |
| 23 Rent, communications, and utilities..... | 97,230 | 124,130 | +26,900 |
| 24 Printing and reproduction..... | 54,375 | 57,025 | +3,550 |
| 25 Other services..... | 94,000 | 98,700 | +4,700 |
| 26 Supplies and materials..... | 43,995 | 47,645 | +3,650 |
| 31 Equipment..... | 14,450 | 14,450 | ----- |
| Total obligations..... | 4,319,000 | 4,461,000 | +142,000 |
| Deduct: From transfer authorized from longshore trust fund by Public Law 87-290..... | 60,000 | 60,000 | ----- |
| Total direct obligations..... | 4,259,000 | 4,401,000 | +142,000 |
| Working capital fund items included above..... | (105,000) | (124,100) | (+19,100) |

Summary of changes

| | Direct appropriation | Authorizations by transfer | Estimated available |
|--|----------------------|----------------------------|---------------------|
| 1964 appropriation or transfer..... | \$4,275,000 | \$60,000 | \$4,335,000 |
| Comparative transfer to Office of the Secretary..... | -16,000 | 0 | -16,000 |
| 1964 appropriation, revised..... | 4,259,000 | 60,000 | 4,319,000 |
| 1965 estimate..... | 4,401,000 | 60,000 | 4,461,000 |
| Total change..... | +142,000 | 0 | +142,000 |

Mandatory items:

Increases:

| | |
|--|------------|
| Net additional cost on a full-year basis the second step of pay increases (effective Jan. 5, 1964) for current year staff pursuant to Public Law 87-793..... | + \$76,320 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year staff..... | + 33,400 |
| Net additional pay cost for doctors on detail from Public Health Services, Public Law 88-132..... | + 9,000 |
| Increase in personnel benefits to reimburse the compensation fund under the chargeback plan..... | + 8,300 |
| Net increase in rates in telecommunications services furnished by the General Services Administration..... | + 6,500 |
| Net increase to provide for reimbursement to General Services Administration for additional space, which will be a nonrecurring item in 1966..... | + 13,500 |
| Decreases: To reduce the 1965 base by the cost of 1 less extra day of pay for current year staff; there were 262 workdays funded in 1964; there will be 261 in 1965..... | - 14,120 |

Financing items:

| | |
|---|-----------|
| Increases: To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... | + 19,100 |
| Decreases: Absorption of a portion of above increases (reduction of 1.4 man-years, \$10,000 personal services)..... | - 10,000 |
| Total change..... | + 142,000 |

Mandatory and financing changes for 1965

MANDATORY ITEMS

Increases:

Pay increase costs..... +\$76,320

To finance on a full-year basis the second step of pay increases (effective Jan. 5, 1964) granted by Public Law 87-793 for current year staff. This second step was funded on a part-year basis in 1964. The object schedule includes these changes as follows:

Personnel compensation..... \$70,996
 Personnel benefits..... 5,324
 Payments to other accounts for services involving salaries..... 0

Total..... 76,320

Within-grade promotion costs..... +33,400

Net additional cost of new within-grade salary advancements occurring in 1965 for current year staff. The estimates provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover.

Personnel compensation..... \$35,970
 Deduct lapse..... -5,071
 Personnel benefits..... 2,501

Net cost..... 33,400

Pay increase costs..... +9,000

To provide for the additional pay cost for doctors on detail from Public Health Service granted pay increases by Public Law 88-132.

Personnel compensation..... \$9,000

Accident compensation..... +8,300

Increase in personnel benefits to reimburse the compensation fund under the chargeback plan.

Reimbursement to GSA..... +20,000

Increase in rates in telecommunications services and additional space to relieve overcrowded conditions. The rental will be nonrecurring.

Additional space..... \$13,500
 Federal telecommunication systems fund..... 6,500

Total..... 20,000

Decreases: Reduction of one less day of pay in 1965 over 1964..... -14,120

To reduce the 1965 base by the cost of one less extra day of pay for current year staff. There were 262 workdays funded in 1964, there will be 261 in 1965.

FINANCING ITEMS

Increases:

To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget..... +19,100

Absorption of a portion of above increases (reduction 1.4 positions; \$10,000 personal services)..... -10,000

Mandatory and financing changes by activity

| Type of change | Disposition of of compensa- tion claims | | Appeals from determination of Federal em- ployee claims | | Administration of longshore- men's rehabili- tation program | | Total | |
|---|---|---------|--|--------|--|--------|----------------|---------|
| | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount | Posi- tions | Amount |
| Mandatory changes: | | | | | | | | |
| Pay increase costs..... | 532 | 72,930 | 9 | 2,298 | 7 | 1,092 | 548 | 76,320 |
| Additional pay costs for doctors on detail..... | | 9,000 | | | | | | 9,000 |
| Within-grade promotion costs.... | | 31,717 | | 858 | | 825 | | 33,400 |
| Less: one day of pay..... | | -13,551 | | -365 | | -204 | | -14,120 |
| Reimbursement to the GSA telecommunication system fund..... | | 6,500 | | | | | | 6,500 |
| Reimbursement to GSA for additional space..... | | 13,500 | | | | | | 13,500 |
| Increases in personnel benefits to reimburse the compensa- tion fund..... | | 8,300 | | | | | | 8,300 |
| Net financing changes..... | | 9,100 | | | | | | 9,100 |
| Total..... | | 137,496 | | 2,791 | | 1,713 | | 142,000 |

ACTIVITY 1. DISPOSITION OF COMPENSATION CLAIMS

(A) FEDERAL EMPLOYEES (1964, \$2,856,850; 1965, \$2,933,604)

Narrative description of program

This program covers the administration of the Federal Employees' Compensation Act of September 7, 1916, as amended, and is applicable to civilian employees of the U.S. Government who sustain injury or death while in the performance of duty (including war risk hazards). This act has been extended to other groups such as employees of the government of the District of Columbia (except members of the Police and Fire Departments), members of the Civilian Air Patrol, members of the Reserve Officers Training Corps of the Army, members of the Peace Corps, and others. It also covered persons employed on various Federal emergency relief work projects, members of military Reserve forces in time of peace, and enrollees in the Civilian Conservation Corps. These latter programs are continuing on a liquidating basis.

FEDERAL EMPLOYEES' COMPENSATION ACT

Workload statistics

TABLE SHOWING ACTUAL AND ESTIMATED NUMBER OF OPEN CASES ON HAND

| | Actual, 1962 | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|---|-----------------|-----------------|-------------------|-------------------|
| Open cases, start of year: | | | | |
| Long-term continuing cases..... | 19,805 | 19,803 | 20,225 | 20,300 |
| Other than long-term continuing cases..... | 21,670 | 23,701 | 23,609 | 23,700 |
| Total..... | 41,475 | 43,504 | 43,834 | 44,000 |
| Add new injuries reported..... | 106,041 | 109,213 | 110,000 | 110,000 |
| Add reopened cases..... | 23,708 | 25,264 | 25,000 | 25,000 |
| Total cases for year..... | 171,224 | 177,981 | 178,834 | 179,000 |
| Cases closed..... | 127,720 | 134,147 | 134,834 | 135,500 |
| Open cases, end of year: | | | | |
| Long-term continuing cases ¹ | 19,803 | 20,225 | 20,300 | 20,500 |
| Other than long-term continuing cases..... | 23,701 | 23,609 | 23,700 | 23,000 |
| Total..... | 43,504 | 43,834 | 44,000 | 43,500 |

TABLE OF SIGNIFICANT CASELOAD DATA AND COSTS

| | | | | |
|---|---------|---------|---------|---------|
| Total cases for year ¹ | 171,224 | 177,981 | 178,834 | 179,000 |
| Deduct no-time-lost cases reported ² | 60,026 | 58,254 | 59,000 | 59,000 |
| Active cases for year ³ | 111,198 | 119,727 | 119,834 | 120,000 |
| Long-term cases, start of period ⁴ | 19,805 | 19,803 | 20,225 | 20,300 |
| Other than long-term cases ¹ | 91,393 | 99,924 | 99,609 | 99,700 |
| Cost of compensation benefits expressed in thousands of dollars..... | 63,995 | 68,135 | 72,000 | 73,500 |

TABLE SHOWING NUMBER OF CLAIMS RECEIVED AND INVESTIGATIONS COMPLETED

| | | | | |
|---|--------|--------|--------|--------|
| New claims received..... | 13,571 | 13,109 | 13,200 | 13,200 |
| Long-term continuing cases..... | 19,805 | 20,225 | 20,300 | 20,500 |
| Claims subject to investigation..... | 33,376 | 33,334 | 33,500 | 33,700 |
| Investigations completed..... | 1,781 | 1,631 | 1,800 | 1,800 |
| Percent of investigations completed to claims subject to investigations..... | 5.3 | 4.9 | 5.4 | 5.3 |

¹ Includes open cases at start of year, plus new injuries reported, and reopened cases.² No-time-lost cases are cases requiring little adjudicating action other than payment of medical expense.³ This is the volume of cases which require initial or continuing claims action affecting all operating segments of the organization in this activity.⁴ These are the long-term disability and death cases carried forward each year for continued servicing and payment of compensation.⁵ Cases in this group are in various stages of adjudication during the year. They consist of approved cases receiving medical and compensation benefits for relatively short periods of time, those requiring development in order to make final decisions, disapproved cases in which an appeal has been filed, previously closed cases which have been reopened for any one of numerous reasons, etc.

Ratio of administrative costs to compensation benefits

| Fiscal year | Benefit cost | Administrative cost | Ratio |
|-------------|-------------------------|------------------------|------------------|
| 1961..... | \$62,175,949 | \$2,439,510 | Percent 3.9 |
| 1962..... | 63,995,330 | 2,857,333 | 4.5 |
| 1963..... | 68,134,571 | 2,939,154 | 4.3 |
| 1964..... | ¹ 72,000,000 | ² 3,080,210 | ² 4.3 |
| 1965..... | ² 73,500,000 | ² 3,166,479 | ² 4.3 |

¹ Includes \$5,000,000 proposed supplemental for later transmission.² Estimate.

Program changes for 1965: None.

Geographical distribution of injuries reported, fiscal year 1963, and Federal employment as of Dec. 31, 1962

| | Employment | Per cent | Injuries reported | Per cent |
|--|------------|----------|-------------------|----------|
| Maine..... | 16,936 | 0.68 | 361 | 0.33 |
| New Hampshire..... | 3,983 | .16 | 391 | .36 |
| Vermont..... | 3,024 | .12 | 186 | .17 |
| Massachusetts..... | 64,815 | 2.59 | 3,798 | 3.48 |
| Connecticut..... | 15,174 | .61 | 1,250 | 1.14 |
| Rhode Island..... | 12,419 | .49 | 482 | .44 |
| Region No. 1, Boston..... | 116,351 | 4.65 | 6,468 | 5.92 |
| New York..... | 183,635 | 7.33 | 12,070 | 11.05 |
| New Jersey..... | 56,741 | 2.27 | 3,701 | 3.39 |
| Pennsylvania..... | 133,288 | 5.32 | 4,142 | 3.79 |
| Delaware..... | 3,543 | .14 | 230 | .21 |
| Regions Nos. 2 and 3, New York..... | 377,207 | 15.06 | 20,143 | 18.44 |
| Maryland..... | 49,159 | 1.96 | 1,797 | 1.64 |
| Virginia..... | 70,659 | 2.82 | 2,988 | 2.74 |
| North Carolina..... | 30,029 | 1.20 | 1,293 | 1.18 |
| District of Columbia..... | 255,366 | 10.20 | 5,784 | 5.30 |
| Outside continental United States..... | 167,877 | 6.71 | 1,716 | 1.57 |
| Regions Nos. 4 and 5, Washington, D.C..... | 573,000 | 22.89 | 13,578 | 12.43 |
| South Carolina..... | 24,167 | .96 | 687 | .63 |
| Georgia..... | 60,609 | 2.42 | 2,103 | 1.92 |
| Florida..... | 51,233 | 2.05 | 2,933 | 2.69 |
| Region No. 6, Jacksonville..... | 136,009 | 5.43 | 5,723 | 5.24 |
| Arkansas..... | 15,138 | .60 | 612 | .56 |
| Alabama..... | 62,783 | 2.51 | 2,194 | 2.01 |
| Mississippi..... | 16,905 | .68 | 952 | .87 |
| Louisiana..... | 24,648 | .98 | 935 | .86 |
| Texas..... | 119,850 | 4.79 | 5,257 | 4.81 |
| Regions Nos. 7 and 8, New Orleans..... | 230,324 | 9.56 | 9,950 | 9.11 |
| Michigan..... | 45,620 | 1.82 | 2,208 | 2.02 |
| Indiana..... | 33,054 | 1.32 | 1,472 | 1.35 |
| Ohio..... | 92,937 | 3.71 | 3,945 | 3.61 |
| West Virginia..... | 11,450 | .46 | 410 | .37 |
| Kentucky..... | 29,939 | 1.20 | 1,504 | 1.38 |
| Tennessee..... | 36,413 | 1.45 | 1,884 | 1.73 |
| Region No. 9, Cleveland..... | 249,413 | 9.96 | 11,423 | 10.46 |
| Illinois..... | 103,087 | 4.12 | 4,743 | 4.34 |
| Wisconsin..... | 21,200 | .85 | 1,080 | .99 |
| Minnesota..... | 26,040 | 1.04 | 1,509 | 1.38 |
| Iowa..... | 16,321 | .65 | 877 | .80 |
| Missouri..... | 52,546 | 2.09 | 2,061 | 1.89 |
| North Dakota..... | 6,321 | .26 | 279 | .26 |
| South Dakota..... | 9,632 | .38 | 400 | .37 |
| Nebraska..... | 15,522 | .62 | 595 | .54 |
| Kansas..... | 20,531 | .82 | 840 | .77 |
| Oklahoma..... | 44,727 | 1.79 | 1,875 | 1.72 |
| Region No. 10, Chicago..... | 316,127 | 12.62 | 14,259 | 13.06 |
| California..... | 250,833 | 10.02 | 12,827 | 11.74 |
| Nevada..... | 6,827 | .27 | 489 | .45 |
| Utah..... | 29,509 | 1.18 | 1,230 | 1.13 |
| Colorado..... | 36,498 | 1.46 | 2,315 | 2.12 |
| Arizona..... | 22,394 | .89 | 1,442 | 1.32 |
| New Mexico..... | 24,849 | .99 | 1,424 | 1.30 |
| Region No. 13, San Francisco..... | 370,910 | 14.81 | 19,727 | 18.06 |
| Washington..... | 47,044 | 1.88 | 2,226 | 2.04 |
| Oregon..... | 21,140 | .84 | 1,963 | 1.80 |
| Montana..... | 9,962 | .40 | 919 | .84 |
| Idaho..... | 7,021 | .28 | 830 | .76 |
| Wyoming..... | 5,110 | .20 | 447 | .41 |
| Alaska..... | 13,272 | .53 | 1,072 | .98 |
| Region No. 14, Seattle..... | 103,549 | 4.13 | 7,457 | 6.83 |
| Hawaii, No. 5..... | 22,217 | .89 | 485 | .45 |
| Grand total..... | 2,504,197 | 100.00 | 109,213 | 100.00 |

(B) LONGSHOREMEN AND HARBOR WORKERS (1964, \$1,044,490; 1965, \$1,097,846)

Narrative description of program

This program covers the administration of the Longshoremen's and Harbor Workers' Compensation Act of March 4, 1927, as amended, which provides workmen's compensation benefits for employees of private employers who are engaged in certain maritime employments and other employments to which the law has been extended. The latter include private employment at military, air, and naval bases acquired by the United States from foreign countries and on lands occupied or used by the United States for military or naval purposes outside the continental United States; employees in the service of contractors with the United States engaged in public works including contracts under certain provisions of the Mutual Security Act; persons outside the continental United States providing welfare or similar services for the benefit of the Armed Forces; certain private employments on the Outer Continental Shelf; and civilian employees of non-appropriated fund instrumentalities (exchanges, motion picture services, etc.) under the jurisdiction of the Armed Forces. In addition to administering the benefit provisions of this act, the Bureau (a) makes studies of the causes of accidents, (b) determines the authority of insurance carriers to write workmen's compensation insurance under the several laws, (c) the authorization of employers as self-insurers under such laws, and (d) provides rehabilitation services for permanently disabled employees.

Also the Bureau administers the War Hazards Compensation Act of December 2, 1942, as amended, which is applicable to certain private employees outside the continental limits of the United States, including (a) employees of contractors with the United States, (b) persons rendering service to the United States under personal service contracts, (c) employees of nonappropriated fund instrumentalities, and (d) employees providing welfare or similar services for the benefit of the Armed Forces. This act prescribes workmen's compensation benefits for injuries and death due to war risk hazards, and benefits for persons detained by an enemy.

Workload statistics—Longshoremen's and Harbor Workers' Compensation Act and extensions

| Item | Actual, 1962 | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|---|-----------------|-----------------|-------------------|-------------------|
| Caseloads: | | | | |
| Time lost and fatal cases reported..... | 15,257 | 16,805 | 17,850 | 18,900 |
| No time lost cases reported..... | 44,390 | 63,269 | 67,150 | 71,100 |
| Total new injuries reported..... | 59,647 | 80,074 | 85,000 | 90,000 |
| Reopened cases..... | 6,793 | 5,736 | 6,200 | 6,500 |
| Active cases, end of year..... | 18,855 | 21,203 | 22,100 | 23,400 |
| Other data: | | | | |
| Formal hearings..... | 366 | 363 | 400 | 430 |
| Informal conferences and personal interviews..... | 30,016 | 33,345 | 36,000 | 37,500 |
| Number of employees: | | | | |
| Departmental..... | 8 | 10 | 8 | 8 |
| Field..... | 99 | 99 | 110 | 110 |
| Total..... | 107 | 109 | 118 | 118 |

Program changes for 1965: None.

(C) ADMINISTRATION AND MANAGEMENT SERVICES (1964, \$223,360; 1965, \$232,875)

Narrative description of program

Included in this activity is overall direction of the Bureau, program administration provided by the Director, the rendering of final decisions in respect to individual claims when the right to compensation may be in doubt or an important issue is raised, and all administrative management services.

Program changes for 1965: None.

(D) ADMINISTRATION OF WAR CLAIMS ACT (1964, \$23,300; 1965, \$23,075)

Narrative description of program

This program covers the administration of certain sections of the War Claims Act of 1948 pertaining to (a) claims of employees of certain contractors with the

United States (principally contractors' employees employed on certain Pacific islands who were captured by the Japanese Government) for wages due such employees under their contracts of employment during the period of detention and compensation for disability and death caused by a war risk hazard; (b) claims of civilian American citizens for benefits payable under the War Claims Act on account of injury, disability, or death occasioned by reason of capture or detention by the Japanese Government at Midway, Guam, Wake Island, the Philippine Islands, and territories and possessions of the United States attacked or invaded by the Japanese Government.

Workload statistics

War claims activities.—The number of active cases involving long-term injuries will continue at a relatively high rate because of the serious nature of the disabilities incurred by the beneficiaries during their long period of internment in prisoner of war camps (or in hiding from the enemy) and require continued or repeated medical care and administrative handling.

CIVILIAN AMERICAN CITIZENS

| Number of— | Actual, 1962 | Actual, 1963 | Estimate, 1964 | Estimate, 1965 |
|---|-----------------|-----------------|-------------------|-------------------|
| New injuries reported..... | 2 | 39 | 2 | 2 |
| Long-term cases..... | 221 | 217 | 215 | 215 |
| Active cases, end of year..... | 221 | 254 | 255 | 255 |
| Compensation and medical payments (number)..... | 3,943 | 3,350 | 3,510 | 3,500 |

EMPLOYEES OF GOVERNMENT CONTRACTORS

| | | | | |
|--|-------|-------|-------|-------|
| Long-term cases..... | 178 | 162 | 160 | 160 |
| Active cases, end of year..... | 178 | 162 | 160 | 160 |
| Compensation and medical payments..... | 2,058 | 2,139 | 2,140 | 2,100 |

CIVILIAN WAR BENEFITS

| | | | | |
|--|-----|-----|-----|-----|
| Long-term cases..... | 37 | 38 | 36 | 36 |
| Active cases, end of year..... | 37 | 38 | 36 | 36 |
| Compensation and medical payments..... | 466 | 526 | 480 | 460 |
| Authorized positions..... | 4 | 4 | 4 | 4 |

Program changes for 1965: None.

ACTIVITY 2. APPEALS FROM DETERMINATION OF FEDERAL EMPLOYEE CLAIMS (1964, \$110,000; 1965, \$113,600)

NARRATIVE DESCRIPTION OF PROGRAM

The Employees' Compensation Appeals Board hears and decides appeals from decisions of the Bureau of Employees' Compensation in cases arising under the Federal Employees' Compensation Act. The jurisdiction includes, among several other special categories, all civil officers and employees of all branches of the Government of the United States, and employees of the Government of the District of Columbia.

Workload statistics

| | Actual 1962 | Actual 1963 | Estimate 1964 | Estimate 1965 |
|---|----------------|----------------|------------------|------------------|
| Pending cases, beginning of period..... | 130 | 117 | 103 | 100 |
| Appeals docketed..... | 337 | 345 | 325 | 325 |
| Cases closed..... | 350 | 359 | 328 | 325 |
| Pending cases, end of period..... | 117 | 103 | 100 | 100 |
| Cases in which hearings were held..... | 102 | 64 | 80 | 80 |
| Opinions rendered..... | 264 | 275 | 265 | 265 |

Program changes for 1965: None.

ACTIVITY 3. ADMINISTRATION OF LONGSHOREMEN'S REHABILITATION PROGRAM
(1964, \$60,000; 1965, \$60,000)

NARRATIVE DESCRIPTION OF PROGRAM

The Longshoremen's and Harbor Workers' Compensation Act authorizes the Bureau to provide necessary vocational rehabilitation services, including prosthetic devices, to permanently injured employees. Funds for the administration of the program are derived from the trust fund created by section 44 of the Longshoremen's Act in such amounts as may be authorized in annual appropriations of the Department of Labor. The fund was established for payment of compensation in second injury cases and certain other benefits. It must be maintained at a level to provide an adequate reserve to cover potential liabilities for such benefits.

Workload statistics

| | Actual 1963 | Estimate 1964 | Estimate 1965 |
|--|----------------|------------------|------------------|
| 1. Cases reviewed for rehabilitation services..... | 1,429 | 1,500 | 1,550 |
| 2. Cases selected for development of rehabilitation needs..... | 605 | 650 | 675 |
| 3. Services provided: | | | |
| (a) Placed in employment without training..... | 69 | 75 | 90 |
| (b) Training in progress..... | 24 | 70 | 85 |
| (c) Training completed..... | 27 | 50 | 75 |
| (1) Placed in employment after training..... | 27 | 50 | 75 |
| (d) Cases being developed..... | 458 | 405 | 350 |

Program changes for 1965: None.

LONGSHOREMEN'S AND HARBOR WORKERS'

Status of trust fund account

| Fiscal year | As of— | Balance | Receipts | | | Invest- ment loss | Disbursements and obligations | | | Balance |
|----------------|--------------|-----------|-----------------------------------|----------|----------|----------------------|----------------------------------|--------------------------|----------|-----------|
| | | | Pay- ments sec. 44(c)(1) | Interest | Total | | Benef- fit pay- ments | Reha- bilita- tion | Total | |
| 1956..... | July 1, 1955 | \$778,136 | \$13,000 | \$18,549 | \$31,549 | | \$15,082 | | \$15,082 | \$794,603 |
| 1957..... | July 1, 1956 | 794,603 | 14,000 | 19,485 | 33,485 | | 12,683 | \$19,071 | 31,754 | 796,334 |
| 1958..... | July 1, 1957 | 796,334 | 15,000 | 18,891 | 33,891 | | 18,982 | 46,271 | 65,253 | 764,972 |
| 1959..... | July 1, 1958 | 764,972 | 7,000 | 20,096 | 27,096 | -\$8,400 | 20,517 | 48,177 | 68,694 | 714,974 |
| 1960..... | July 1, 1959 | 714,974 | 6,000 | 21,929 | 27,929 | -11,039 | 27,246 | 50,647 | 77,893 | 653,971 |
| 1961..... | July 1, 1960 | 653,971 | 6,000 | 19,327 | 25,327 | -2,921 | 30,196 | 55,000 | 85,196 | 591,181 |
| 1962..... | July 1, 1961 | 591,181 | 9,000 | 16,843 | 25,843 | | 26,841 | 55,000 | 81,841 | 535,183 |
| 1963..... | July 1, 1962 | 535,183 | 11,000 | 18,857 | 29,857 | -1,268 | 30,464 | 57,860 | 88,324 | 475,448 |

¹ Adjusted in accordance with Treasury's receipts, expenditures, and balances, 1962, except for \$55,000 shown as an obligation for rehabilitation.

² The balance of \$475,448 includes unpaid reserve for second injury cases in the amount of \$43,820 (sec. 8(f)(1)).

Current status as of Dec. 31, 1963: Trust fund account 16X8130 created under sec. 44 of LS/HW Compensation Act

Balance of funds:

| | |
|--------------------------------|----------|
| Cash..... | \$11,644 |
| Value of securities (par)..... | 465,500 |
| Available..... | 477,144 |

Balance of reserve for payment of compensation under sec. 8(f)(1) LS/
HW Compensation Act.....

| | |
|--|--------|
| For administration of rehabilitation program 1964..... | 60,000 |
| Proposed for administration 1965..... | 60,000 |

Total reserves and transfers..... 162,000

Balance available after deducting reserves and transfers..... 315,144

Distribution of field staff

| District offices | 1964 | | | 1965 | | |
|-------------------------|--------------|----------|-------|--------------|----------|-------|
| | Professional | Clerical | Total | Professional | Clerical | Total |
| Boston..... | 11 | 18 | 29 | 11 | 18 | 29 |
| New York..... | 24 | 67 | 91 | 24 | 67 | 91 |
| Philadelphia..... | 2 | 3 | 5 | 2 | 3 | 5 |
| Baltimore..... | 2 | 3 | 5 | 2 | 3 | 5 |
| Washington, D.C..... | 12 | 32 | 44 | 12 | 32 | 44 |
| Norfolk..... | 2 | 2 | 4 | 2 | 2 | 4 |
| Jacksonville..... | 9 | 21 | 30 | 9 | 21 | 30 |
| New Orleans..... | 13 | 32 | 45 | 13 | 32 | 45 |
| Galveston..... | 4 | 8 | 12 | 4 | 8 | 12 |
| Cleveland..... | 11 | 29 | 40 | 11 | 29 | 40 |
| Chicago..... | 14 | 30 | 44 | 14 | 30 | 44 |
| San Francisco..... | 22 | 51 | 73 | 22 | 51 | 73 |
| Seattle..... | 11 | 21 | 32 | 11 | 21 | 32 |
| Honolulu..... | 3 | 5 | 8 | 3 | 5 | 8 |
| Total, field staff..... | 140 | 322 | 462 | 140 | 322 | 462 |

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$3,685,605

The overall increase of \$87,075 relates to mandatory costs for current year staff covering annualization of pay increases, within-grade promotions and reimbursements to other Government establishments for services performed. A \$10,000 absorption in this object was necessary to finance the centralized services furnished through the working capital fund.

Personnel benefits, \$311,255

The increase of \$16,125 includes costs for all personnel benefits for current year staff and the cost of accident compensation for reimbursement to the compensation fund.

Travel and transportation of persons, \$117,120

| | 1964 | 1965 | Change |
|------------------------------|-----------|-----------|--------|
| Number of travelers..... | 77 | 77 | ----- |
| Number of days traveled..... | 3,900 | 3,900 | ----- |
| Estimated cost..... | \$117,120 | \$117,120 | ----- |

There is no anticipated change in travel costs over fiscal year 1964.

Transportation of things, \$4,200

| | |
|-------------|---------|
| 1964..... | \$4,200 |
| 1965..... | 4,200 |
| Change..... | ----- |

There is no anticipated increase in this category over fiscal year 1964.

Rent, communications, and utilities, \$124,130

| | 1964 | 1965 | Change |
|--|----------|----------|-----------|
| Reimbursement to the Post Office for mailing privileges..... | \$32,000 | \$32,000 | ----- |
| Rental of mechanical tabulating equipment..... | 17,400 | 17,400 | ----- |
| Other rental..... | 31,800 | 13,500 | +\$18,300 |
| Telephone rental, telegraph, and teletype..... | 31,800 | 38,700 | +6,900 |
| Working capital fund..... | 16,000 | 22,900 | +6,900 |

An increase of \$20,000 is requested for reimbursement to GSA of which \$6,500 is for the GSA Federal telecommunication fund and \$13,500 is to provide rental of additional space to relieve overcrowded conditions.

The increase of \$6,900 is to cover the additional charges for the working capital fund of the Department.

Printing and reproduction, \$57,925

| | 1964 | 1965 | Change |
|--|----------|----------|--------|
| Administrative claims forms supplied to Government establishments..... | \$16,000 | \$16,000 | ----- |
| Letterheads..... | 1,600 | 1,600 | ----- |
| Miscellaneous forms and cards..... | 3,725 | 3,725 | ----- |
| Appeals Board decisions..... | 6,000 | 5,800 | -\$200 |
| Working capital fund..... | 27,050 | 30,800 | +3,750 |

The increase of \$3,550 covers additional charges for printing and reproduction services anticipated.

Other services, \$98,700

| | 1964 | 1965 | Change |
|---|----------|----------|--------|
| Stenographic reporting services..... | \$38,000 | \$38,000 | ----- |
| Miscellaneous repairs and services..... | 5,100 | 5,100 | ----- |
| Medical examinations..... | 4,100 | 4,000 | -\$100 |
| Security investigations..... | 2,000 | 2,000 | ----- |
| Translation services (Department of State)..... | 1,000 | 1,000 | ----- |
| Wage data tabulations (BOASI)..... | 2,000 | 2,000 | ----- |
| Working capital fund..... | 41,800 | 46,600 | +4,800 |

The increase of \$4,800 provides for additional charges for the working capital fund.

Supplies and materials, \$47,645

| | 1964 | 1965 | Change |
|--|----------|----------|----------|
| Desk top and miscellaneous supplies for field offices..... | \$12,845 | \$12,845 | ----- |
| Case file folders..... | 2,000 | 2,000 | ----- |
| Envelopes..... | 2,000 | 2,000 | ----- |
| Photocopy supplies..... | 7,000 | 7,000 | ----- |
| Working capital fund..... | 20,150 | 23,800 | +\$3,650 |

The additional increase of \$3,650 covers charges for the working capital fund.

Equipment, \$14,450

| | 1964 | 1965 | Change |
|----------------------|---------|---------|--------|
| Office machines..... | \$6,800 | \$6,800 | ----- |
| Furniture..... | 6,650 | 6,650 | ----- |
| Books..... | 1,000 | 1,000 | ----- |

There is no anticipated increase in this category over fiscal year 1964.

CLAIMS AND EXPENSES

Amounts available for obligation

| | 1964 | 1965 |
|--|--------------|--------------|
| Appropriation or estimate..... | \$53,838,000 | \$52,650,000 |
| Estimated supplemental..... | 5,000,000 | |
| Authorized transfers or reimbursements: Other Government agencies (Public Law 80-767)..... | 13,162,000 | 20,850,000 |
| Total fund availability or estimate..... | 72,000,000 | 73,500,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|---|-----------------------------|----------------|--------------|
| 1. Federal civilian employees benefits..... | \$41,204,000 | \$36,578,000 | -\$4,626,000 |
| 2. Armed Forces reservists benefits..... | 15,940,000 | 14,400,000 | -1,540,000 |
| 3. War Claims Act benefits..... | 560,000 | 555,000 | -5,000 |
| 4. Other benefits..... | 1,134,000 | 1,117,000 | -17,000 |
| Total direct obligations..... | 58,838,000 | 52,650,000 | -6,188,000 |
| 1. Federal civilian employee benefits financed by reimbursements..... | 13,162,000 | 20,850,000 | +7,688,000 |
| Total direct and authorized obligations..... | 72,000,000 | 73,500,000 | +1,500,000 |

Amounts available for obligation

| | 1964 | 1965 | Change |
|--|--------------|--------------|--------------|
| Appropriation or estimate..... | \$53,838,000 | \$52,650,000 | -\$1,188,000 |
| Estimated supplemental..... | 5,000,000 | ----- | -5,000,000 |
| Authorized transfers and reimbursements..... | 13,162,000 | 20,850,000 | +7,688,000 |
| Total fund availability or estimate..... | 72,000,000 | 73,500,000 | +1,500,000 |

Obligations by activity

| Description | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|--|-----------------------------|----------------|--------------|
| 1. Federal civilian employees benefits: | | | |
| Direct appropriation..... | \$41,204,000 | \$36,578,000 | -\$4,626,000 |
| Reimbursements..... | 13,162,000 | 20,850,000 | +7,688,000 |
| Subtotal..... | 54,366,000 | 57,428,000 | +3,062,000 |
| 2. Armed Forces reservists benefits..... | 15,940,000 | 14,400,000 | -1,540,000 |
| 3. War Claims Act benefits..... | 560,000 | 555,000 | -5,000 |
| 4. Other benefits..... | 1,134,000 | 1,117,000 | -17,000 |
| Total direct and authorized obligations..... | 72,000,000 | 73,500,000 | +1,500,000 |

Obligations by object

| Object classification | Appropriation revised, 1964 | Estimate, 1965 | 1965 change |
|---|-----------------------------|----------------|--------------|
| 42 Insurance claims and indemnities..... | \$72,000,000 | \$73,500,000 | +\$1,500,000 |
| Deduct: Reimbursements from other agencies..... | 13,162,000 | 20,850,000 | -7,688,000 |
| Total direct obligations..... | 58,838,000 | 52,650,000 | -6,188,000 |

Summary of changes

| | Direct appropriation | Authorizations by transfers | Estimated available |
|--|----------------------|-----------------------------|---------------------|
| 1964 appropriation or transfer | \$53,838,000 | \$13,162,000 | \$67,000,000 |
| Estimated supplemental | 5,000,000 | | 5,000,000 |
| 1964 appropriation or transfer (adjusted) | 58,838,000 | 13,162,000 | 72,000,000 |
| 1965 estimate | 52,650,000 | 20,850,000 | 73,500,000 |
| Total change | -6,188,000 | +7,688,000 | +1,500,000 |
| Mandatory items: | | | |
| Federal civilian employee benefits: Increase to be recovered from Federal agencies for injuries or deaths to their employees occurring after Dec. 1, 1960 as provided by sec. 209 of Public Law 86-767 approved Sept. 13, 1960, amending sec. 35 of the Federal Employees' Compensation Act (5 U.S.C. 785) | -7,688,000 | +7,688,000 | |
| Federal civilian employees benefits: Increase in benefits for this activity | +3,062,000 | | +3,062,000 |
| Armed Forces reservists benefits: This activity reflects \$1,265,000 deferred from 1963 for payment in 1964 and a continuing decrease in benefits for injury or death of members of the Reserve components of the Armed Forces, which legislation was repealed by Public Law 881, approved Aug. 1, 1956 | -1,540,000 | | -1,540,000 |
| War Claims Act benefits: A slight decrease is anticipated | -5,000 | | -5,000 |
| Other benefits: The various activities in this group reflect nominal increases and decreases, dependent upon whether it is a new program or one of a liquidating nature | -17,000 | | -17,000 |
| Total change | -6,188,000 | +7,688,000 | +1,500,000 |

Activity 1. Federal civilian employees' benefits (1964, \$54,366,000; 1965, \$57,428,000)

Narrative description of program.—This act authorizes payment of benefits to civilian employees of the United States disabled as a result of injuries sustained while in the performance of duty, and to dependents of employees who die as the result of such injuries. Certain of these benefits are payable during the lifetime of the beneficiary, and the principal annual cost is for permanent disability and death compensation for which liability was incurred in prior years. Expenditures from this fund for temporary disability and for medical care are directly influenced by changes in the number of new cases received within the current and preceding year. Other factors influencing the costs are increases in number of civilian employees, increases in wages on which compensation is based, the severity and frequency of injuries, and the increased cost of medical expenses. The 1964 budget estimates did not include funds for increases in benefits under this activity arising out of several unforeseeable factors. The actual expenditures for these benefits in 1963 totaled \$51,475,213, and due to lack of funds additional sum of \$281,000 was deferred for payment in 1964. Our present estimate for 1964 is \$54,366,000 and for the budget year is \$57,428,000. This is an increase in costs for the activity over the revised 1964 estimate of \$3,062,000, or approximately 5½ percent.

The increases are due in part to enactment of Postal Services and Federal Employees Salary Act of 1962, Public Law 87-793, approved October 11, 1962. The first phase of the increase provided for an average increase in wages of about 7 percent. The second phase will be effective in January 1964 and represents an average increase in wages of about 4 percent. Salary increases were similarly granted to wage-board employees during prior years based on increase in cost of living index. It is estimated these factors will result in increase in cost of benefits of approximately \$2,800,000.

The medical expenses under this activity have increased substantially. As an example the 1962 payments totaled \$8,103,612 and the 1963 payments \$9,870,922 or an increase of approximately 8.5 percent. This increase is due to increase in cost of medical care and to larger workload. The 1963 workload increased about 3 percent which was consistent with the increase in average employment coverage. The 1964 medical expenses will be further increased due to a decision by naval medical facilities to require payment for outpatient medical care to Bureau beneficiaries at the rate of \$7 per visit. In prior years, naval medical facilities did not bill the Bureau for this service. We estimate this cost to be approximately \$58,800. This is based on our estimate of 5,600 Navy employees sustaining

injuries during the year with an average of 1.5 treatments per injury. However, in accordance with subsection 35(b) of the Federal Employees' Compensation Act, this increase will be included in statements furnished the Navy Department and will result in reimbursement to the employees' compensation fund in subsequent years. The estimate for budget year includes an increase for medical expenses over the revised estimate for 1964 of approximately 3 percent. This increase is due to above factors and on the basis of the gradual trend in increases in medical cost.

Public Law 87-767 entitled "Federal Employees' Compensation Act Amendments of 1960," in addition to providing increased benefits for injured employees and their dependents, amended section 35 of the act to provide that other Government agencies reimburse the compensation fund for costs incurred due to injuries or deaths occurring after December 1, 1960. The Bureau must provide each agency, prior to August 15 each year, with a statement of such costs. Each agency is then required to include in its annual budget, a request for appropriation in an amount equal to such costs. Sums appropriated pursuant to such requests shall, within 30 days after they become available, be deposited to the credit of the compensation fund.

Disbursements made for the period July 1, 1962, through June 30, 1963, on account of injuries and deaths occurring after December 1, 1960, total \$20,849,664. The appropriation request for fiscal year 1965 has therefore been reduced by such amount in anticipation of the repayment of that sum by the agencies involved.

The amounts shown for fiscal year 1964 have been adjusted to include the \$5 million proposed supplemental which is scheduled for separate transmittal. *Program changes for 1965.*—It is estimated that benefit costs will increase \$3,062,000 for fiscal year 1965 over estimated requirements for 1964. Reimbursements to the compensation fund by other Federal agencies will total \$20,849,664. Taking into consideration the revised estimate for 1964, this will result in a decrease of \$6,188,000 in the direct appropriation for this program.

Activity 2. Armed Forces reservists benefits (1964 \$15,940,000; 1965 \$14,400,000)

Narrative description of program.—For a number of years the benefits of the Federal Employees' Compensation Act were extended for the injury or death of members of the Reserve components of the Armed Forces occurring in line of duty when on active duty or when engaged in authorized training in time of peace. Public Law 881, approved August 1, 1956, repealed legislation providing compensation for reservists in respect to casualties occurring after December 31, 1956. Expenditures under this program in 1963 totaled \$14,959,760. However, due to insufficient funds for 1963, the June benefits totaling \$1,265,000 were deferred and paid in July from 1964 funds. The 1963 obligations of \$16,224,760 included approximately \$1,300,000 of nonrecurring expenses resulting from enactment of Public Law 87-234 approved September 14, 1961, which permitted the adjustment of a number of fatal cases involving commissioned personnel in federalized units of the National Guard. The present estimate for 1964 is in the amount of \$14,675,000 for obligations plus the \$1,265,000 deferred from 1963 or a total of \$15,940,000. The estimate for 1965 of \$14,400,000 is a decrease of \$275,000 under the revised estimate of obligations for 1964.

Program changes for 1965.—This reflects a decrease of \$1,540,000 for reservists of Armed Forces. However, based on the revised estimates for 1964 obligations the decrease is \$275,000.

Activity 3. War Claims Act benefits (1964 \$560,000; 1965 \$555,000)

Narrative description of program.—Benefits for claims arising under sections 4(c) and 5(f) of the War Claims Act of 1948 covers employees of Government contractors and civilian American citizens who were captured by the Japanese Government. Costs during past year under sections 4(c) and 5(f) totaled \$551,911.

Program changes for 1965.—It is estimated that no new claims will be received under this activity and that benefits will terminate in a few cases resulting in a net decrease of \$5,000 for 1965.

Activity 4. Other benefits (1964, \$1,134,000; 1963, \$1,117,000)

Narrative description of program:

Civil Air Patrol: Benefits were extended to volunteer members of the Civil Air Patrol under Public Law 955 (70 Stat. 980). This act was approved August 3, 1956, and payments for the past year totaled \$70,179. It is estimated that 1964 costs will be about the same and that \$71,000 will be required for 1965. The small increase is due to liabilities incurred in prior years and continuing in 1965.

Reserve Officers Training Corps: Under Public Law 879 (70 Stat. 806) approved August 1, 1956, the Federal Employees' Compensation Act was extended to cover members of the ROTC of the Army, Navy, and Air Force engaged in flight instruction; while traveling to or from a training camp or cruise; and while attending a training camp or cruise. Costs for this program during the past year totaled \$9,239. It is estimated that \$10,000 will be required in 1965.

Relief work employees: The cost for benefits extended to employees on Federal relief work projects in operation from 1933 to 1940 is expected to cost \$820,000 a decrease of \$13,000 based on the liquidating nature of the program.

Employees of Government contractors: The compensation fund is also available for payment of certain war risk benefits provided by the act of December 2, 1942, as amended, including the payment of disability compensation to employees captured by the enemy and death benefits to dependents of employees who died as a result of enemy action. Costs for this program during the past year totaled \$55,227 and consisted principally of medical expenses. Estimate for 1965 is \$54,000 since no new cases are anticipated.

Civilian war benefits: Benefits extended under this program to certain defense workers injured prior to April 30, 1945, or to their dependents in case of death, are estimated at \$24,000 for 1965. Costs during past year totaled \$27,597 and estimate for 1964 is \$25,000.

Maritime war risk benefits: Public Law 86-233 approved September 8, 1959, "transferred from the Department of Commerce to the Department of Labor, certain functions in respect of insurance benefits and disability payments to seamen for World War II service-connected injuries, death, or disability, and for other purposes." The act directed that payment of such benefits be made from the employees' compensation fund established under the Federal Employees' Compensation Act of September 7, 1916, as amended (5 U.S.C. 751, 785). The cost for 1963 totaled \$141,391. It is estimated that \$138,000 will be required in 1965.

Program changes for 1965.—A decrease of \$17,000 is anticipated for 1965 in this activity. Of the six subactivities an anticipated increase of \$1,000 is for the Civil Air Patrol; no change is anticipated for the ROTC; and all others reflect anticipated decreases from \$1,000 to \$13,000 depending solely on the nature of each program, explained above in the narrative.

REIMBURSEMENT TO EMPLOYEES' COMPENSATION FUND IN ACCORDANCE WITH
PUBLIC LAW 87-767

Activity 1. Federal civilian employees benefits

| <i>Department or Agency</i> | <i>Fiscal year 1965</i> |
|--|-------------------------|
| Department of Agriculture..... | \$1,077,824 |
| Department of Commerce..... | 168,327 |
| Department of Defense..... | 30,945 |
| Office of Civil Defense..... | 1,382 |
| General supply centers..... | 26,051 |
| Department of the Air Force..... | 2,650,187 |
| Department of the Army..... | 2,157,945 |
| Corps of Engineers civil functions..... | 175,735 |
| Corps of Engineers military functions..... | 298,468 |
| Quartermaster cemeterial expenses and Ryukyu civil administration..... | 8,799 |
| Department of the Navy..... | 2,971,983 |
| U.S. Marines..... | 203,064 |
| Department of Health, Education, and Welfare..... | 207,176 |
| Department of the Interior..... | 749,616 |
| Department of Justice..... | 194,985 |
| Department of Labor..... | 40,880 |
| Department of State..... | 22,928 |
| Department of Treasury..... | 147,078 |
| Internal Revenue Service..... | 128,841 |
| Post Office Department..... | 6,364,357 |
| Agency for International Development..... | 9,624 |
| American Battle Monuments Commission..... | 144 |
| Atomic Energy Commission..... | 9,236 |
| Architect of the Capitol..... | 8,873 |
| Bureau of the Budget..... | 134 |

Activity 1. Federal civilian employees benefits—Continued

| <i>Department or Agency</i> | <i>Fiscal year 1965</i> |
|--|-------------------------|
| Civil Aeronautics Board..... | \$77 |
| Civil Service Commission..... | 8,906 |
| Farm Credit Administration..... | 67 |
| Federal Aviation Agency..... | 293,825 |
| Federal Communications Commission..... | 4,472 |
| Federal Home Loan Bank Board..... | 1,686 |
| Federal Power Commission..... | 1,082 |
| Federal Maritime Commission..... | 10 |
| Federal Mediation and Conciliation Service..... | 53 |
| Federal Reserve System..... | 1,578 |
| General Accounting Office..... | 13,640 |
| General Service's Administration..... | 226,078 |
| Government Printing Office..... | 43,420 |
| Housing and Home Finance Agency..... | 23,223 |
| International Boundary and Water Commission..... | 6,690 |
| Interstate Commerce Commission..... | 8,588 |
| Library of Congress..... | 13,776 |
| National Aeronautics and Space Administration..... | 162,294 |
| National Capitol Housing Authority..... | 1,744 |
| National Capital Transportation Agency..... | 586 |
| National Labor Relations Board..... | 8,269 |
| National Science Foundation..... | 10 |
| Office of Emergency Planning..... | 22 |
| Peace Corps..... | 19,307 |
| Railroad Retirement Board..... | 574 |
| Selective Service System..... | 14,651 |
| Securities and Exchange Commission..... | 1,003 |
| Small Business Administration..... | 2,226 |
| Smithsonian Institution..... | 22,860 |
| Soldiers Home..... | 251 |
| Tennessee Valley Authority..... | 946,352 |
| The White House Office..... | 236 |
| U.S. Courts..... | 1,961 |
| U.S. House of Representatives..... | 2,132 |
| U.S. Information Agency..... | 18,670 |
| U.S. Senate..... | 6,478 |
| U.S. Supreme Court..... | 2,231 |
| Veterans' Administration..... | 1,319,638 |
| Virgin Islands Corporation..... | 16,416 |
| Total..... | 20,849,664 |
| Rounded..... | 20,850,000 |

OFFICE OF THE SOLICITOR

WITNESSES

CHARLES DONAHUE, SOLICITOR OF LABOR
 KENNETH C. ROBERTSON, DEPUTY SOLICITOR OF LABOR
 E. IRVING MANGER, ASSOCIATE ADMINISTRATOR FOR WAGE
 DETERMINATIONS
 RODGER W. WALL, ADMINISTRATIVE OFFICER
 THOMAS P. HUBER, BUDGET OFFICER
 V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
 RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINIS-
 TRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| 11 Personnel compensation: | | | |
| Permanent positions..... | 3,453 | 3,838 | 3,892 |
| Positions other than permanent..... | 56 | 56 | 52 |
| Other personnel compensation..... | 28 | 64 | 54 |
| Total personnel compensation..... | 3,537 | 3,958 | 3,998 |
| 12 Personnel benefits..... | 258 | 284 | 299 |
| 21 Travel and transportation of persons..... | 147 | 123 | 126 |
| 22 Transportation of things..... | 6 | 4 | 4 |
| 23 Rent, communications, and utilities..... | 119 | 63 | 147 |
| 24 Printing and reproduction..... | 73 | 27 | 144 |
| 25 Other services..... | 161 | 43 | 135 |
| 26 Supplies and materials..... | 102 | 71 | 114 |
| 31 Equipment..... | 49 | 12 | 23 |
| Total obligations..... | 4,451 | 4,585 | 4,989 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Total number of permanent positions..... | 498 | 500 | 491 |
| Full-time equivalent of other positions..... | 13 | 13 | 12 |
| Average number of all employees..... | 460 | 477 | 468 |
| Employees in permanent positions, end of year..... | 489 | 421 | 450 |
| Employees in other positions, end of year..... | 7 | 13 | 13 |
| Average GS grade..... | 8.8 | 9.0 | 8.9 |
| Average GS salary..... | \$8,120 | \$8,810 | \$8,986 |

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 est- imate | 1965 est- imate |
|---|-------------|--------------------|--------------------|
| Program by activities: | | | |
| 1. Departmental program activities: | | | |
| (a) Litigation | 501 | 527 | 593 |
| (b) Interpretations and opinions | 504 | 560 | 644 |
| (c) Wage determinations | 398 | 589 | 669 |
| (d) Legislation | 380 | 441 | 470 |
| (e) Labor-management laws | 282 | 341 | 350 |
| 2. Field legal services (regional offices) | 1,758 | 1,775 | 1,894 |
| 3. Administration and management services | 399 | 352 | 369 |
| Total program costs, funded | 4,422 | 4,585 | 4,989 |
| Changes in selected resources ¹ | 29 | | |
| Total obligations | 4,451 | 4,585 | 4,989 |
| Financing: | | | |
| Comparative transfers to or from other accounts | -30 | -38 | |
| Advances and reimbursements from non-Federal sources: | | | |
| Unemployment trust fund (annual appropriation acts) | -125 | -127 | -132 |
| Unobligated balance lapsing | 2 | | |
| New obligational authority | 4,298 | 4,420 | 4,857 |
| New obligational authority: | | | |
| Appropriation | 4,362 | 4,420 | 4,857 |
| Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 726) | -64 | | |
| Appropriation (adjusted) | 4,298 | 4,420 | 4,857 |

¹ Selected resources as of June 30 are as follows: 1962, \$23,000; 1963, \$52,000; 1964, \$52,000; 1965, \$52,000.

GENERAL STATEMENT

Mr. FOGARTY. Next is Office of the Solicitor. We shall insert your statement in the record, Mr. Donahue.

Mr. DONAHUE. Thank you, Mr. Chairman.

(Mr. Donahue's statement follows:)

Mr. Chairman and members of the committee, it is again a pleasure to appear before this committee in support of the budget request of the Office of the Solicitor.

Our request for \$4,989,000 in fiscal year 1965 represents an increase of \$403,800 above the 1964 level. This increase is requested to cover built-in costs which cannot be avoided; that is, the pay raise which must be financed for a full year in 1965, compared to a part of 1964 (\$110,614); within-grade salary increases which fall due during the year (\$44,400); and increased telecommunications rates announced by the General Services Administration (\$5,726). These increases are partly offset by a decrease in the number of workdays in 1965. A further increase, amounting to \$280,700, and the largest in our budget, will permit us to make our fair contribution to the Department for such services as preparing our payroll, providing duplicating services, and furnishing regional administrative services which are not identified at an adequate level in the 1964 budget and in previous years. A base adjustment has been proposed to cover approximately one-half of these costs. To finance the balance of the items, we have eliminated 13 positions and \$142,000 from our 1965 estimates.

We have been able, as I have indicated, to eliminate 13 positions, because of the reorganization of the Office last year, and because of other changes which should result in a productivity increase in the budget year. For example, we have substituted oral for written advice to the extent possible.

However, we cannot absorb the additional legal work which will be required by the Equal Pay Act of 1963. This act requires us to formulate general legal principles for application to the various undefined terms that govern the scope of the act as well as to prepare specific interpretations and opinions on the application of the statute to particular fact situations, such as whether:

- "Equal work" is involved on the jobs performed by men and women;
- Performance of the jobs require "equal skill";
- Performance of the jobs require "equal efforts";
- Performance of the jobs require "equal responsibility";
- The pay differential is based on any other factor other than sex.

Every employer subject to the equal pay provisions will have to have answers to such questions before he can judge whether his pay practices comply with or violate the statute. To obtain statutory protection from liability in suits which may be brought by employees, he will need interpretations on which good faith reliance may be placed.

To provide these services, and to perform the litigation functions during the first year, we have requested four additional positions and \$51,000.

An increase is proposed to finance investigations of violations of the Davis-Bacon Act (\$23,000). Investigations are needed to insure compliance with the Davis-Bacon Act, and we have been unable to finance them in 1964. Another proposed increase, \$12,500, will allow us to print digests of opinions and legislative histories. These items will materially reduce research time expended by our attorneys. An increase of \$12,600 in the cost of personnel benefits and for quality step increases is proposed. We have changed a personnel practice by which attorneys received an initial temporary appointment of 3 months before being converted to excepted conditional appointments. This change makes new employees immediately eligible for civil service retirement, health benefits, and Government employees' life insurance. Thus, our costs for these benefits will be increased. Further, we propose to award quality step increases, as authorized by the Federal Salary Reform Act of 1962, to employees who demonstrate continuous performance of an outstanding quality.

Other minor increases totaling \$19,500 are proposed. Of this, \$3,000 is for the increased cost of a rented copying machine, \$5,000 for the payment of court masters' fees when masters are appointed by the courts, \$2,500 for a training program and \$9,000 to restore purchases of library books and equipment to levels consistent with past experience. In order to maintain employment at the budgeted level for 1964, we have been forced to cut back in the purchase of the latter items. Other than these items, the budget remains unchanged from the 1964 level. Our total permanent positions will decrease by 9, from 500 to 491.

Mr. FOGARTY. Please summarize your statement, Mr. Donahue. There is not much change involved here is there?

BUDGET FOR 1965

Mr. DONAHUE. There is not a broad change in our budget for this year. The amount which we are asking is \$4,989,000. That represents an increase of some \$400,000. The bulk of the increase is what I might call a built-in increase. First there is the pay raise amounting to \$110,000. Second, we have the within-grade increases which are mandatory amounting to \$44,400. Third, we have an increase in the phone bill, telecommunications as they are called today, \$5,726. Fourth, our contribution to the working capital fund, which is \$280,700 is shown.

I might add we are cutting a net of nine positions in the Solicitor's Office. We are cutting 13 in one part and adding 4 other positions to take care of the equal pay added responsibilities. We believe this is possible because I think we are operating with greater efficiency than we were, due to the method of reorganization in the past year or so which we have been undergoing. Secondly, I think we are proceeding to give legal services in a more informal way in many instances without formal memorandums, and at the same time without cutting down on the quality of the advice which we give.

There are some special items which are additions. We are requesting some \$12,600 to publish digests and legislative histories which have been or are in the process of being prepared.

There is \$3,000 for renting a copying machine.

We have \$5,000 for masters fees which we are asking for the first time because we find that the courts in section 17 cases, were we are now under the 1961 Fair Labor Standards Act amendments, requesting back pay as part of the relief in the injunction proceeding. The courts now tend to refer questions of fact as to the amounts of viola-

tions to be found due to masters. When they do that we have to pay for it and it is an added expense for our office.

We are asking the small amount of \$2,500 for training programs and \$9,000 for library additions and books. That is the sum total of the added amount, Mr. Chairman.

As I say, most of it is for the purpose of pay increases of one sort or another.

Mr. FOGARTY. The appropriation for 1964 is \$4,547,000, and the request for 1965 is \$4,589,000.

Taking comparative transfers into account the real increase is \$403,800.

Mr. DONAHUE. That is right.

Mr. FOGARTY. Because of mandatory cost increases and some non-personal service costs you are dropping nine positions.

Is any part of your workload going down?

Mr. DONAHUE. No, I wouldn't say our workload has gone down, but I think our capacity to handle it has gone up.

EFFECT OF FAIR LABOR STANDARDS ACT

Mr. FOGARTY. What effect will the new provisions of the Fair Labor Standards Act which go into effect in 1964 and 1965 have?

Mr. DONAHUE. I don't anticipate there will be any increased workload due to the Fair Labor Standards Act beyond what we have had during the past year. There may be some in litigation, if I understood your question.

Mr. FOGARTY. I think you did. It was testified a little while ago that in some areas the workweek for overtime calculations goes from 44 down to 42 hours.

Mr. DONAHUE. That is right.

Mr. FOGARTY. And there is a change in the minimum wage for the new coverage.

Mr. DONAHUE. We handle all the cases fed to us by the Wage and Hour Division. There was an increase last year in our total litigation. I think we had more cases than ever before in our history.

Mr. FOGARTY. You have four positions on the equal pay provision?

Mr. DONAHUE. That is in ratio with what wage-hours is asking.

EFFECT OF EXPANSION IN MANPOWER DEVELOPMENT TRAINING PROGRAM

Mr. FOGARTY. What effect will the big expansion of the manpower development training program have?

Mr. DONAHUE. I do not anticipate that will have a large effect on our operations because an awful lot of that, when you come right down to it, does not involve technical or complicated legal problems as such. Most of it comes on special projects where we are entering into contracts or agreements for training. In those cases we do approve or help draft contracts, but other than the special projects most of the training is done through institutions of one sort or another, and aside from a few general questions of interpretation that come up from time to time I do not think that the workload will increase as the program itself increases so far as legal services are concerned.

I may be mistaken about that but that is the way we have been figuring it.

Mr. FOGARTY. Mr. Laird?

LEGISLATIVE DIGESTS

Mr. LAIRD. Mr. Donahue, for fiscal year 1965, an additional amount of \$12,000 is being proposed for digests, and so on. Will these digests, opinions, and legislative histories be available to the public?

Mr. DONAHUE. Yes, they will, Mr. Laird. They will be available to the public through the Government Printing Office.

Mr. LAIRD. And they are available for a fee?

Mr. DONAHUE. That is correct. For example, we are having printed now a complete legislative history of the Landrum-Griffin Act for the first time. We pay initial costs for printing it. That is from last year's appropriation. After it is printed then it will be available to the public for whatever price the Government Printing Office puts on it.

PAYMENT OF MASTER'S FEES

Mr. LAIRD. For fiscal year 1965 a new item of \$5,000 appears for the payment of master's fees when Federal courts order masters to decide the amounts due in back-wage settlement cases.

Mr. DONAHUE. That is right.

Mr. LAIRD. This never has been broken out before in any budget justification that I have seen.

Mr. DONAHUE. That is correct, Mr. Laird. It has not appeared. The reason it has not appeared is that the courts have not been in the practice of doing this before.

Mr. LAIRD. You must have had some before.

Mr. DONAHUE. Very little. We had some but it was a minimal amount.

Mr. LAIRD. What did they amount to in 1964, for example?

Mr. DONAHUE. It is very small. We may have had one or two instances of it.

Mr. ROBERTSON. Mr. Laird, my understanding of that is that a figure in the neighborhood of \$1,000 was assessed against us in 16(c) wage recovery suit some place in the South, and we were required to absorb that cost. It is in the nature of a witness fee for which we do have an appropriation.

There is a case in Oregon where there is a likelihood, although the order has not been entered, that we will have to pay master's fees in the neighborhood of \$500 to \$1,000.

Mr. LAIRD. You paid this out of the witness fee money?

Mr. ROBERTSON. We did in this one instance in the South where the master's fee was actually assessed against us.

Mr. LAIRD. This is the first time I have seen it in the budget.

Mr. ROBERTSON. We are advised by our regional attorney in Atlanta that three or four judges have served notice upon him that when these complicated wage recovery matters come before them they are going to, on a regular basis, refer the issue to a master and we had better be prepared for the cost.

It is for that reason we were able to justify this budget item this year.

INCREASE RELATED TO EQUAL PAY ACT

Mr. LAIRD. Another expense item in the budget contemplates additional staff for the responsibilities under the Equal Pay Act of

1963. This is under the activity 1(b) "Interpretations and opinion." This is included as a major program change for 1965.

The Department's equal pay interpretive bulletin is due to be published on June 1, 1964, and most of the items listed as requiring additional study will have already been decided.

Should this not really be a charge to the 1964 budget rather than the 1965 budget?

Mr. DONAHUE. I can only say this: The interpretive bulletin we are getting out will by no means answer all of the various questions.

It is true that we have during these past several months had to absorb and we have absorbed the cost of advising the Wage and Hour Division on applying and interpreting the new equal pay provisions.

Mr. LAIRD. You must have prepared this bulletin.

Mr. DONAHUE. We are assisting in the preparation with the Wage and Hour people but it will not by any means answer any and all of the questions. In fact, it will probably serve greater to provoke them.

Mr. LAIRD. I wouldn't say that. I am sure you have done a good job on that. I am sure it will answer, rather than provoke, a lot of questions.

Mr. DONAHUE. I mean to the extent that in our estimate we will need about four added positions to care for the work that might be involved.

INVESTIGATIONS UNDER DAVIS-BACON ACT

Mr. LAIRD. \$23,000 is requested to finance investigations of Davis-Bacon Act violations of wage determinations in 1965. Do you feel these investigations would be more effectively conducted by contracting with the agency, such as the Corps of Engineers, since such a division would have greater background of information to make such a determination?

Mr. DONAHUE. The situation varies, Mr. Laird. May I say at the outset that this \$23,000 in reality is in the nature of a continuing request. It annually has been in our budget.

Last year, after consulting with the Appropriations Subcommittees, in response to a \$150,000 cut, we ceased using this money for this purpose in order to assure we keep our staffs at present level as far as possible. We used extensively the contracting agencies to the extent we could. We have continually found that the Corps of Engineers can do a fairly effective job for us in inspecting, but there are many contracting agencies that do not have the same procedures and experience that the Corps of Engineers possess, and in those cases we found, with other procuring agencies of the Government, that we have a real and continuing need for Department of Labor investigations.

I hasten to add that we intend to continue to rely primarily upon contracting agencies to enforce their own contracts, both as to labor standards and other provisions.

Mr. Manger, Associate Administrator for Wage Determinations, is here if you have further questions in that area.

DESIRABILITY OF CONSOLIDATING WAGE DETERMINATION WORK

Mr. LAIRD. What is your feeling now about getting Davis-Bacon and the Walsh-Healy work all together in one place?

Mr. DONAHUE. I have not developed any final thoughts on that subject. I think you will remember, Mr. Laird, that because a lot of the wage determination work is not really legal work at all we have Mr. Manger, who is not a lawyer, in charge of it, and we have gradually replaced our lawyers with nonlawyers in the wage determination function. In this way the wage determination actually has become a division which could be moved in the Department if it needs to be moved.

The functions of wage determining, except in name, are quite different from the Walsh-Healey function.

We have had factual determinations made in 46,000 different projects covered by the act each year as contrasted with a handful of wage determinations made under the Walsh-Healy Act in accordance with the terms of the Administrative Procedure Act, with elaborate findings of fact and determinations, and with a full opportunity for court review which necessitates exactly that kind of a record.

Mr. LAIRD. From the standpoint of the type of work there is considerable similarity in this whole area.

Mr. DONAHUE. The similarity exists in the words "wage determination" but other than that, Mr. Laird, it is totally different, using entirely different methods and procedures for gathering information and making determinations.

Mr. LAIRD. The Solicitor's Office seems to me to be an office where you should have the responsibility for legal operations. You are building up another division there which really is not made up of lawyers at all any more.

Mr. DONAHUE. That is true. I think you are recognizing, Mr. Laird, the fact that lawyers are really not needed in much of this process.

Whether it should be somplace else in the Department of Labor I would not hazard a final judgment at this point. I have not discussed it with the Secretary or others.

My purpose in making this changeover was simply to recognize that you just downgrade lawyers if you use them in nonlegal work which was happening here.

Mr. FOGARTY. Anything further?

Mr. DONAHUE. I have nothing. Thank you, Mr. Chairman.

Mr. FOGARTY. Thank you very much.

Mr. LAIRD. I have a question of Mr. Hudson.

Mr. FOGARTY. Go ahead.

BLS ADVANCES AND REIMBURSEMENTS FOR 1965

Mr. LAIRD. When I look at this budget, page 584, "Bureau of Labor Statistics Advancements and Reimbursements," I find quite a buildup in advances and reimbursements.

You have reimbursements from the Wage and Hour and Public Contracts Division, for example. I see an increase from \$865,000 in 1963 to \$916,000 in 1964.

Then I look in the personnel summary and I see the end of the year employment for 1964 is 193.

Then for 1965 and you end up with zero. What is this? Is this some sort of phony operation to show us there is a reduction in employment?

Mr. HUDSON. No, sir, Mr. Laird. I don't think so. I don't understand this any more than you do.

If you look down the 1965 column to which you refer, there is not a single solitary instance of any estimate of reimbursables or advancements for 1965.

As far as I can understand this it makes no sense. BLS will get reimbursed for services in 1965 and get advances the same as in any other year.

Mr. LAIRD. In the Wage and Hour justifications it shows an estimate that they will reimburse the Bureau of Labor Statistics to the extent of \$1.2 million.

Mr. HUDSON. For 1965.

Mr. LAIRD. Yes.

Mr. HUDSON. But in no instance is there any reflection on this page of any income from any source for 1965. There must be. There has to be. They are not going out of business.

Mr. LAIRD. Wage and Hour says they will give them \$1.2 million.

Mr. HUDSON. That is right. They will probably get money from Agriculture, Army, any one of these or other sources.

Mr. LAIRD. When you add up the President's budget this will show zero for 1965 employment. It is another example, it would seem to me, of a phony figure in this budget.

Mr. HUDSON. I don't understand it.

Mr. LAIRD. It is just a method of the Bureau of the Budget or somebody trying to give us the idea there are fewer number of employees budgeted for 1965. You know this is not true.

Mr. HUDSON. There should be dollars in the 1965 column.

Mr. LAIRD. And there should be employees?

Mr. HUDSON. That is right. I don't see it in either place.

Mr. LAIRD. Is this a deliberate attempt to mislead the country?

Mr. HUDSON. I don't think so.

Mr. LAIRD. Why are the figures not there?

Mr. HUDSON. I don't know but I will find out. I don't make up these figures but I will provide a statement for the record on this point.

(The material requested follows:)

It apparently has been a practice for some years not to reflect activity in the budget year column (in this case 1965 reimbursements or advances) in the appendix to the President's budget—even with the full knowledge that there would in truth be such activity. The rationale for this apparently is as follows:

1. Although some studies or work to be conducted for other agencies are predictable and budgetable, many arise on an ad hoc basis and are not really of a nature to be forecast. Seemingly it has been felt that to display the predictable portion of reimbursements and advances would be more misleading than to display none at all. So none are predicted even though partially known.

2. Actually, such inclusion or exclusion of advances or reimbursements has no net effect on budget expenditures. When money comes in from a contracting agency it is treated as an obligation of the giving agency and reflected in their budget estimates. When we spend such money, it is an offsetting item thus making no difference in the budget picture.

While the detailed budget schedules on page 584 of the appendix to the President's budget do not show 1965 yearend employment, or dollar reimbursement and advances for 1965, there is included in the total for the Department of Labor (table 12, p. 53) of the President's budget yearend employment of 193 in anticipation of these reimbursements and advances.

Irrespective of the above the attached table shows the latest current estimate of work to be performed in 1965 and the yearend employment for June 30, 1965.

BUREAU OF LABOR STATISTICS—ADVANCES AND REIMBURSEMENTS

Program and financing

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Program by activities: | | | |
| 1. Special economic and statistical studies: | | | |
| Agriculture..... | 23 | 24 | 24 |
| Army..... | 57 | 26 | ..... |
| Atomic Energy Commission..... | 70 | 50 | 40 |
| Bureau of the Budget..... | 9 | ..... | ..... |
| Health, Education, and Welfare..... | 34 | 25 | 25 |
| Labor: | | | |
| Bureau of Labor Standards..... | 26 | 26 | 26 |
| Office of Manpower, Automation, and Training..... | 160 | 364 | 360 |
| Wage and Hour and Public Contracts Divisions..... | 865 | 916 | 1,174 |
| National Science Foundation..... | 42 | 115 | 33 |
| National Aeronautics and Space Administration..... | ..... | 29 | ..... |
| Navy..... | 6 | 6 | 6 |
| Office of Emergency Planning..... | 5 | ..... | ..... |
| President's Committee on Equal Employment Opportunity..... | 13 | 50 | 98 |
| Classified..... | 85 | 86 | 86 |
| 2. Mechanical tabulating services: | | | |
| Commerce..... | 10 | ..... | ..... |
| Federal Savings and Loan Insurance Corporation..... | 36 | ..... | ..... |
| Housing and Home Finance Agency..... | 2 | ..... | ..... |
| Labor: | | | |
| Bureau of Employment Security..... | 23 | ..... | ..... |
| Labor Management Services Administration..... | 87 | 43 | 110 |
| Wage and Hour and Public Contracts Divisions..... | 39 | 36 | 48 |
| 3. Miscellaneous services..... | 93 | 265 | 205 |
| Total program costs, funded..... | 1,687 | 2,061 | 2,235 |
| Change in selected resources ¹ | -24 | -9 | ..... |
| Total obligations..... | 1,663 | 2,012 | 2,235 |
| Financing: | | | |
| Unobligated balance brought forward..... | 33 | 18 | ..... |
| Advances and reimbursements from— | | | |
| Other accounts..... | 1,608 | 1,955 | 2,235 |
| Non-Federal sources ² | 42 | 39 | ..... |
| Unobligated balance carried forward..... | -18 | ..... | ..... |
| Unobligated balance lapsing..... | -2 | ..... | ..... |
| Total financing..... | 1,663 | 2,012 | 2,235 |

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$73,000; 1963, \$49,000; 1964, \$0.

² Reimbursements from non-Federal sources are derived from furnishing statistical data to States, municipalities, labor organizations, private industry, and individuals as authorized by 29 U.S.C. 9.

BUREAU OF LABOR STATISTICS—ADVANCES AND REIMBURSEMENTS

Object classification

[In thousands of dollars]

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| 11 Personnel compensation: | | | |
| Positions other than permanent..... | 1,060 | 1,501 | 1,643 |
| Other personnel compensation..... | 53 | 18 | 14 |
| Total personnel compensation..... | 1,113 | 1,519 | 1,657 |
| 12 Personnel benefits..... | 73 | 115 | 109 |
| 21 Travel and transportation of persons..... | 116 | 177 | 150 |
| 23 Rent, communications, and utilities..... | 74 | 111 | 112 |
| 24 Printing and reproduction..... | 32 | 19 | 27 |
| 25 Other services..... | 167 | 36 | 115 |
| Working capital fund..... | (46) | (27) | ..... |
| 26 Supplies and materials..... | 2 | 16 | 15 |
| 31 Equipment..... | 86 | 19 | 50 |
| Total obligations..... | 1,663 | 2,012 | 2,235 |

Personnel summary

| | 1963 actual | 1964 estimate | 1965 estimate |
|--|-------------|---------------|---------------|
| Average number of all employees..... | 184 | 233 | 233 |
| Employees in permanent positions, end of year..... | 0 | 0 | 0 |
| Employees in other positions, end of year..... | 200 | 193 | 193 |

1965 DEPARTMENTWIDE EXPENDITURE ESTIMATES IN PRESIDENT'S BUDGET

Mr. LAIRD. Let me ask one other question. Were you surprised when you saw the expenditure figures which showed up in this budget?

Mr. HUDSON. In this particular area?

Mr. LAIRD. In all areas.

Mr. HUDSON. I was. I thought it was going to be higher all along than it finally came out.

Mr. LAIRD. Who decides those expenditure figures for the Department of Labor? When I go through and look at these expenditure figures and then look at the appropriation level I cannot figure out how that expenditure figure was calculated.

Mr. HUDSON. Expenditure figures for the Department of Labor are submitted by us to the Bureau of the Budget.

Mr. LAIRD. These are not your estimates here; are they?

Mr. HUDSON. I don't know. I have not looked at the expenditure figures in this budget. We presented our estimates to the committee in terms of obligations and not expenditures.

Mr. LAIRD. I realize that. That is what we deal with here in this committee. The budget document is publicized on the basis of the expenditure level.

It seems to me some of these expenditure figures have been drawn out of a hat.

Mr. HUDSON. I don't know. I don't think so.

Mr. LAIRD. Weren't you surprised with them?

Mr. HUDSON. I was surprised at the total expenditure figure that finally came out of the President's total budget.

Mr. LAIRD. I should think you would be.

Please place in the record the obligation and expenditure figures for the Department of Labor and your expenditure estimates compared with the estimates in the budget.

Mr. HUDSON. Yes, sir.

(The material requested follows:)

Comparison of 1965 obligation and expenditure estimates—Department of Labor,
Bureau of the Budget

[In thousands]

| Appropriation | Gross obligations, President's budget | Expenditures | | |
|---|---|---|-----------------------|---|
| | | Labor, latest pro- jection prior to allowance | President's budget | Change, increase (+) or de- crease (-) |
| Bureau of Labor Statistics: | | | | |
| Salaries and expenses..... | \$18,468 | \$18,000 | \$18,000 | ----- |
| Revision, Consumer Price Index..... | 110 | 110 | 110 | ----- |
| Advances and reimbursements..... | 2,235 | 245 | 245 | ----- |
| Total, Bureau of Labor Statistics..... | 20,703 | 18,355 | 18,355 | ----- |
| Bureau of International Labor: | | | | |
| Affairs, salaries and expenses..... | 863 | 770 | 770 | ----- |
| Advances and reimbursements..... | 143 | 41 | 41 | ----- |
| Total, Bureau of International Labor Affairs..... | 1,006 | 811 | 811 | ----- |
| Manpower Administration: | | | | |
| Manpower development and training activities..... | 411,000 | 411,000 | 300,000 | -\$111,000 |
| Area redevelopment activities..... | 10 | 10 | 125,000 | +25,000 |
| Trade adjustment activities..... | 9,000 | 8,843 | 8,343 | -500 |
| Bureau of Apprenticeship and Training, salaries and expenses..... | 345 | 350 | 350 | ----- |
| Unemployment compensation for Federal em- ployees and ex-servicemen..... | 5,641 | 5,590 | 5,590 | ----- |
| Mexican compliance..... | 126,842 | 126,000 | 116,000 | -10,000 |
| Mexican salaries and expenses..... | 870 | 850 | 850 | ----- |
| Youth employment activities..... | 850 | 840 | 840 | ----- |
| Farm labor supply revolving fund..... | 1160,000 | 196,000 | 196,000 | ----- |
| Advances to employment security administration account, unemployment trust fund..... | 982 | -12 | -141 | -129 |
| 260,000 | -3,500 | -3,500 | ----- | |
| Total, Manpower Administration..... | 815,530 1160,000 | 549,961 196,000 | 428,332 121,000 | -121,629 +25,000 |
| Labor-management relations: | | | | |
| Labor-management services administration, sal- aries and expenses..... | 7,746 | 7,550 | 7,550 | ----- |
| Bureau of Veterans' Reemployment Rights, sal- aries and expenses..... | 791 | 780 | 780 | ----- |
| Total, labor-management relations..... | 8,537 | 8,330 | 8,330 | ----- |
| Wage and labor standards: | | | | |
| Bureau of Labor Standards, salaries and expenses..... | 3,545 | 3,650 | 3,650 | ----- |
| Women's Bureau, salaries and expenses..... | 772 | 750 | 750 | ----- |
| Wage and Hour Division, salaries and expenses..... | 20,568 | 20,500 | 20,500 | ----- |
| Bureau of Employees' Compensation, salaries and expenses..... | 4,461 | 4,400 | 4,400 | ----- |
| Employees' compensation fund..... | 73,500 | 52,650 | 52,650 | ----- |
| Total, wage and labor standards..... | 102,846 | 81,950 | 81,950 | ----- |
| Office of the Solicitor, salaries and expenses..... | 4,989 | 4,990 | 4,990 | ----- |
| Office of the Secretary: | | | | |
| Salaries and expenses..... | 3,478 | 3,030 | 3,030 | ----- |
| Working capital fund..... | 3,954 | -30 | -30 | ----- |
| Advances and reimbursements..... | 637 | 44 | 44 | ----- |
| Total, Office of the Secretary..... | 8,069 | 3,044 | 3,044 | ----- |
| Total, Department of Labor..... | 961,680 1160,000 | 667,441 196,000 | 545,812 121,000 | -121,629 +25,000 |

¹ Proposed for separate transmittal.

² 1964 supplemental proposed to be entirely expended in 1964.

Mr. FOGARTY. Thank you, Mr. Hudson.

Mr. HUDSON. Thank you, Mr. Fogarty, and thank you, Mr. Laird.

Mr. FOGARTY. We will resume at 10 o'clock Monday morning.

JUSTIFICATION MATERIAL

(The formal justifications follow :)

SALARIES AND EXPENSES, OFFICE OF THE SOLICITOR

Amounts available for obligation

| | 1964 | 1965 |
|---|--------------------------|--------------------------|
| Appropriation or estimate..... | \$4,547,000 ¹ | \$4,989,000 ² |
| Comparative transfer to Office of the Secretary..... | -13,800 | |
| Comparative transfer from manpower development and training activities..... | +52,000 | |
| Appropriation or estimate, revised..... | 4,585,200 | 4,989,000 |

¹ Includes \$127,000 derived from "Employment security administration account, unemployment trust fund."

² Includes \$132,000 to be derived from "Employment security administration account, unemployment trust fund."

Obligations by activity

| Description | Appropriation revised, 1964 | | Estimate, 1965 | | 1965 change | |
|--|-----------------------------|-----------|----------------|-----------|-------------|-----------|
| | Positions | Amount | Positions | Amount | Positions | Amount |
| 1. (a) Litigation..... | 54 | \$527,000 | 55 | \$593,000 | +1 | +\$66,000 |
| (b) Interpretations and opinions..... | 58 | 560,000 | 61 | 644,000 | +3 | +84,000 |
| (c) Wage determinations..... | 80 | 589,000 | 80 | 669,000 | | +80,000 |
| (d) Legislation..... | 42 | 441,000 | 40 | 470,000 | -2 | +29,000 |
| (e) Labor-management laws..... | 39 | 341,000 | 37 | 350,000 | -2 | +9,000 |
| 2. Field legal services..... | 187 | 1,775,200 | 180 | 1,894,000 | -7 | +118,800 |
| 3. Administration and management services..... | 40 | 352,000 | 38 | 369,000 | -2 | +17,000 |
| Total obligations..... | 500 | 4,585,200 | 491 | 4,989,000 | -9 | +403,800 |

Obligations by object

| | Appropriation revised, 1964 | Estimate, 1965 | 1965, change |
|--|-----------------------------|----------------|--------------|
| Total number of permanent positions..... | 500 | 491 | -9 |
| Positions other than permanent..... | 13 | 12 | -1 |
| Average number of all employees..... | 477 | 468 | -9 |
| 11 Personnel compensation..... | \$3,957,824 | \$3,997,671 | +\$39,847 |
| 12 Personnel benefits..... | 284,178 | 298,935 | +14,757 |
| 21 Travel and transportation of persons..... | 123,000 | 125,700 | +2,700 |
| 22 Transportation of things..... | 4,474 | 4,474 | |
| 23 Rent, communications, and utilities..... | 63,575 | 147,040 | +83,465 |
| 24 Printing and reproduction..... | 26,700 | 143,574 | +116,874 |
| 25 Other services..... | 42,726 | 135,382 | +92,656 |
| 26 Supplies..... | 70,954 | 113,650 | +42,696 |
| 31 Equipment..... | 11,769 | 22,574 | +10,805 |
| Total obligations..... | 4,585,200 | 4,989,000 | +403,800 |
| Working capital fund items included above..... | (32,137) | (319,052) | (+286,915) |

Summary of changes

| | Direct appropriation | Trust fund | Total available |
|--|----------------------|------------|-----------------|
| 1964 appropriation | \$4,426,000 | \$127,000 | \$4,547,000 |
| Comparative transfer to Office of the Secretary | -13,800 | | -13,800 |
| Comparative transfer from manpower development and training activities | 52,000 | | 52,000 |
| 1964 appropriation, revised | 4,468,200 | 127,000 | 4,585,200 |
| 1965 estimate | 4,857,000 | 132,000 | 4,989,000 |
| Total change | +388,800 | +5,000 | +403,800 |

¹ This amount covers 5 positions, financed in 1964 from the manpower development and training activities appropriation, which are concerned with operations related to the manpower development and training program (\$45,880 personnel services; \$6,120 nonlabor costs).

Mandatory items:

Increases:

| | |
|---|-------------|
| Net additional cost on a full-year basis the 2d step of pay increases (effective Jan. 5, 1964) for current year (base) staff pursuant to Public Law 87-793 | + \$110,614 |
| Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff | +44,400 |
| Net increase in rates in telecommunication services furnished by the General Services Administration | +5,726 |
| Decreases: To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 work-days funded in 1964, there will be 261 in 1965 | -14,240 |

Financing items:

Increases:

| | |
|---|----------|
| To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget | +280,700 |
| Absorption of a portion of above increases (reduction of 13 positions) | -142,000 |

Program items:

Increases:

| | |
|--|----------|
| To initiate program of interpretive and litigation services related to the Equal Pay Act of 1963 (Public Law 88-38), (4 positions \$37,050; nonlabor \$13,950) | +51,000 |
| To provide for personnel benefits at a rate consistent with departmental experience and changes in employment policy and for quality step increases | +12,600 |
| To finance investigations of violations of the Davis-Bacon Act by the Wage and Hour and Public Contracts Divisions not financed in 1964 | +23,000 |
| To restore purchases of library books, expendable equipment, and other assets to a level consistent with past experience | +9,000 |
| To print digests of opinions and legislative histories | +12,500 |
| To provide training for attorneys and clerical personnel | +2,500 |
| To provide funds for payment of masters' fees in backwage settlement cases when Federal courts order masters to decide amounts | +5,000 |
| To finance increased utilization of rented copying equipment | +3,000 |
| Total change | +403,800 |

Mandatory and financing changes for 1965

Mandatory items:

Increases: Pay increases costs----- +\$110,614

To finance on a full-year basis the 2d step of pay increases (effective Jan. 5, 1964) granted by Public Law 87-793 for current year (base) staff. This 2d step was funded on a part-year basis in 1964. The object schedule includes these changes as follows:

Personnel compensation----- \$102,897
Personnel benefits----- 7,717

Total----- 110,614

Within-grade promotion costs----- +44,400

Net additional cost of new within-grade salary advancements occurring in 1965 for current year (base) staff. The estimate provides for absorption of the 1965 costs of within-grade salary advancements that occurred in 1964 and provides for further absorption of costs estimated to be saved through normal turnover.

Personnel compensation----- \$44,809
Deduct lapse----- -3,507
Personnel benefits----- 3,098

Net cost----- 44,400

Telecommunications costs----- +5,726

Net increase in rates in telecommunications services furnished by the General Services Administration. As prepared by General Services Administration Circular 313 dated Sept. 9, 1963, this estimate provides for increased cost of switchboard and local service in the field after considering savings due to consolidated switchboards. Increased wordage cost for the intrasystem teletypewriter messages are included.

Decreases:

Reduction of 1 less day of pay in 1965 over 1964----- -14,240

To reduce the 1965 base by the cost of 1 less extra day of pay for current year (base) staff. There were 262 workdays funded in 1964, there will be 261 in 1965.

Financing items:

Increases:

To finance centralized services furnished through the working capital fund that were not identified at the proper level of expense in the 1964 budget----- 280,700

Absorption of a portion of above increases (reduction of 13 positions; \$142,000 personal services)----- -142,000

The volume of central administrative services in the Department of Labor has increased rapidly over the past few years because of a number of factors: a larger Department; increased services (such as Regional Administrative Services Office and data processing for payroll) and increased costs (salary and other).

In these years of growth of the Department, it has been impossible to coordinate the budget requests of the bureaus for centralized services with the facts of performance. Increased costs have been met out of whatever funds were available (e.g., savings growing out of lapses, unused travel, etc.). In many cases (and in varying degree), base budgets and budget requests were not adjusted to reflect the increased costs paid. The Department was able to "get by" in time of growth. Now that we are no longer expanding rapidly and are fully staffed, it is essential to cover these costs in the basic budgets.

In order to properly reflect the cost of these services in various bureau budgets in 1965, the Department is requesting that each affected appropriation be

granted a base adjustment to maintain in 1965 the 1964 level of operation of central administrative services. This is being done by asking for a net increase in funds of about 50 percent and by reducing personal services in the program area in order to absorb the balance.

OFFICE OF THE SOLICITOR

Mandatory and financing changes by activity

| Type of change | Activity 1(a) | | Activity 1(b) | | Activity 1(c) | | Activity 1(d) | |
|-----------------------------------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|
| | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount |
| Mandatory changes: | | | | | | | | |
| Pay increase costs..... | | +\$13,837 | | +\$12,756 | | +\$11,443 | | +\$12,571 |
| Within-grade promotion costs..... | | +5,773 | | +5,329 | | +4,440 | | +3,995 |
| Less 1 day of pay..... | | -1,718 | | -1,472 | | -1,910 | | -1,412 |
| Telecommunications costs..... | | | | | | | | |
| Net financing changes..... | | +31,053 | | +29,698 | | +43,966 | -2 | -2,019 |
| Total..... | | +48,945 | | +46,221 | | +57,879 | -2 | +13,135 |

| Type of change | Activity 1(e) | | Activity 2 | | Activity 3 | | Total | |
|-----------------------------------|---------------|----------|------------|-----------|------------|----------|-----------|------------|
| | Positions | Amount | Positions | Amount | Positions | Amount | Positions | Amount |
| Mandatory changes: | | | | | | | | |
| Pay increase costs..... | | +\$8,426 | | +\$44,628 | | +\$6,953 | | +\$110,614 |
| Within-grade promotion costs..... | | +4,440 | | +17,316 | | +3,107 | | +44,400 |
| Less 1 day of pay..... | | -1,172 | | -5,627 | | -929 | | -14,240 |
| Telecommunications costs..... | | | | +5,726 | | | | +5,726 |
| Net financing changes..... | -2 | -4,176 | -7 | +41,537 | -2 | -1,209 | -13 | +138,700 |
| Total..... | -2 | +7,518 | -7 | +103,580 | -2 | +7,922 | -13 | +285,200 |

ACTIVITY 1(A). LITIGATION (1964, \$527,000; 1965, \$593,000)

Under this budget activity, which is handled entirely by the Division of Litigation, three identifiable programs have evolved. These are:

TRIAL LITIGATION

Narrative description of program

In the trial litigation program, the Division directs and supervises the enforcement of several Federal labor standards statutes through civil court actions and administrative enforcement proceedings, and is responsible for the referral to the Department of Justice of criminal cases arising under these statutes and of civil cases for the recovery of moneys administratively determined to be due the United States under the Walsh-Healey Public Contracts Act and the Mexican farm labor program. This unit also assists the Department of Justice in defending actions brought against the Department and its officials in Federal and State courts. Other activities such as advice, assistance, instructions and review, preparation for trial, trial strategy, policy, economic and legal research, motions, pleadings, and related matters totaled 14,083 in 1963.

Program changes for 1965

The enforcement of the higher \$1.25 minimum hourly wage rate for employees previously under the \$1.15 rate, and of the overtime provisions, which will apply for the first time in 1964 to employees in retail and other newly covered establishments, will result in an increase in litigation activity. In addition, the individual cases will be more complex and difficult because of increased use of the prayer for monetary relief for all underpaid employees and because of the new legal questions resulting from the 1961 amendments to the Fair Labor Standards Act.

The passage of the Equal Pay Act of 1963 (Public Law 88-33) requires the

addition of one attorney in fiscal year 1965 to consider litigation problems arising under the act and to develop criteria for enforcement actions, forms of pleadings, etc. Further, assistance must be given to the Wage and Hour Division in formulating techniques for investigating alleged violations under the act and criteria for evaluating cases for enforcement actions. The estimated personnel compensation for this additional position is \$11,394. A nonlabor cost of \$3,606 is estimated.

Other program increases of \$2,055 are estimated. Of this increase, \$1,253 is attributed to a change in the method of computing personnel benefits, and the balance is attributed to the cost of a training program for attorneys and clerical personnel.

Workload statistics

| | Fiscal year 1962 actual | Fiscal year 1963 actual | Fiscal year 1964 estimate | Fiscal year 1965 estimate |
|--|----------------------------|----------------------------|------------------------------|------------------------------|
| 1. Cases considered for litigation by regional offices..... | 6,851 | 8,748 | 9,000 | 9,200 |
| 2. Cases received from regional offices..... | 2,066 | 1,764 | 1,890 | 1,975 |
| 3. Cases instituted..... | 1,567 | 1,607 | 1,600 | 1,650 |
| 4. Cases closed..... | 1,493 | 1,515 | 1,600 | 1,600 |
| 5. Cases pending in court or administrative proceeding, end of year..... | 927 | 975 | 1,100 | 1,125 |
| 6. Wage-hour investigations..... | 44,115 | 54,331 | 56,000 | 57,000 |
| 7. Back wages found due (in millions)..... | \$34 | \$49.1 | \$55 | \$57 |

¹ This decrease reflects the vesting of greater authority and discretion in the regional attorneys.

SUPREME COURT AND APPELLATE LITIGATION

Narrative description of program

In the Supreme Court and appellate litigation program, the Division represents the Department in cases on appeal to the higher courts where the Secretary of Labor or the Department is a party to the suit. Cases instituted under the 1961 amendments to the Fair Labor Standards Act are gradually reaching the appellate stage. The estimated caseload for 1964 and 1965 reflects an increase in the number of contested cases handled, and the probability that contested cases will result in a higher proportion of appeals than in the last few years because of the many new areas of disputed interpretation opened by the amendments. The new problems arising under the amendments will probably also result in more participation in the preparation of briefs and evidence at the district court level. The anticipated increase is foreshadowed by the large number of legal opinions and miscellaneous reports and memoranda prepared during 1962 and 1963; many of them involving potential litigation. An increase in the number of legal opinions, special research jobs, and cases reviewed for litigation is also anticipated in 1964 and 1965 in view of the complexity of the questions arising under the amendments.

| | Fiscal year 1962, actual | Fiscal year 1963, actual | Fiscal year 1964, estimate | Fiscal year 1965, estimate |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| 1. Appellate court briefs filed: | | | | |
| (a) Supreme Court..... | 5 | 2 | 5 | 5 |
| (b) Circuit court of appeals..... | 32 | 39 | 46 | 46 |
| (c) Federal district courts..... | 2 | 0 | 2 | 2 |
| (d) State courts..... | 2 | 0 | 1 | 1 |
| 2. Oral arguments presented..... | 20 | 31 | 39 | 39 |
| 3. Appeal recommendations..... | 52 | 80 | 95 | 95 |
| 4. Case analyses..... | 0 | 0 | 40 | 40 |
| 5. Miscellaneous reports and memorandums..... | 185 | 196 | 200 | 200 |
| 6. Cases reviewed for litigation..... | 30 | 40 | 45 | 45 |
| 7. Legal opinions..... | 88 | 99 | 120 | 120 |
| 8. Special research jobs..... | 47 | 27 | 35 | 35 |
| 9. Legislative proposals reviewed..... | 6 | 8 | 8 | 8 |
| 10. Cases in course of preparation at end of fiscal year..... | 24 | 45 | 45 | 45 |
| 11. Pending cases in Supreme Court and appellate courts at end of fiscal year..... | 19 | 50 | 50 | 50 |

EMPLOYEES' COMPENSATION

Narrative description of program

In the employees' compensation program, the Division furnishes legal representation to the Bureau of Employees' Compensation in cases involving appeals from decisions of the Bureau; defends the Deputy Commissioners of the Bureau in civil actions brought by claimants under the Longshoremen's and Harborworkers' Compensation Act; directs and supervises the enforcement of various workmen's compensation laws covering Federal employees, District of Columbia employees, and all other employees working within the District of Columbia; supervises and conducts the prosecution of subrogation and third-party claims involving death or injury of Federal employees; supervises and directs the enforcement of maritime safety standards under the Longshoremen's Act; and supervises the adjustment of claims against the Department under the Federal Tort Claims Act.

| | Fiscal year 1962, actual | Fiscal year 1963, actual | Fiscal year 1964, estimate | Fiscal year 1965, estimate |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| 1. Longshoremen's Act litigated cases..... | 63 | 61 | 72 | 72 |
| 2. 3d-party tort cases under Federal Em- ployees' Compensation Act: | | | | |
| (a) Total cases processed..... | 12,535 | 16,215 | 17,000 | 18,000 |
| (b) New cases reviewed..... | 3,430 | 4,067 | 4,200 | 4,200 |
| (c) New cases accepted..... | 2,682 | 3,167 | 3,200 | 3,200 |
| (d) 3d-party cases pending at the end of year..... | 4,139 | 4,654 | 4,600 | 4,500 |
| (e) Gross recovery of damages (in mil- lions)..... | \$3.1 | \$3.0 | \$3.2 | \$3.2 |
| 3. Appeals board litigation cases: | | | | |
| (a) Defenses prepared..... | 388 | 314 | 380 | 400 |
| (b) Cases presented at hearings..... | 102 | 64 | 105 | 105 |
| 4. Maritime Safety-Longshoremen's Act: | | | | |
| (a) Administrative complaints filed..... | | 2 | 8 | 8 |
| (b) Injunctive actions..... | | 1 | 2 | 2 |
| (c) Recommendations for criminal pros- ecution..... | | 0 | 2 | 2 |
| 5. Federal Tort Claims Act: | | | | |
| (a) Accident reports received..... | | 59 | 65 | 65 |
| (b) Administrative claims filed..... | | 7 | 12 | 12 |
| 6. Incoming correspondence (for entire activity)..... | 14,589 | 16,934 | 17,500 | 17,500 |
| 7. Outgoing correspondence (for entire activity)..... | 11,387 | 13,009 | 15,000 | 15,000 |
| 8. Conferences..... | 1,138 | 1,271 | 1,300 | 1,300 |
| 9. Oral advices..... | 1,786 | 1,393 | 1,400 | 1,400 |

ACTIVITY 1(B). INTERPRETATIONS AND OPINIONS (1964, \$560,000; 1965, \$644,000)

Narrative description of program

This activity interprets and provides necessary legal services and advice with respect to statutes and programs administered by the Department and through the following bureaus and offices: Wage and Hour and Public Contracts Divisions, Bureau of Employees' Compensation, Bureau of Labor Standards, Women's Bureau, Manpower Administration, Bureau of Employment Security, Office of Manpower, Automation, and Training, Bureau of Apprenticeship and Training, Bureau of Labor Statistics, and Bureau of Veterans' Reemployment Rights. This activity also provides necessary legal services for rulemaking and other administrative proceedings in the Department, prepares all documents required to be published in the Federal Register, and is responsible for the Department's compliance with the requirements of the Administrative Procedure Act, the Federal Register Act, and the regulations thereunder. With respect to veterans' reemployment rights matters, the legal services provided include the analysis, review, and transmittal to the Department of Justice of files relating to claims of veterans who request representation by a U.S. attorney and coordination of the assistance provided by the regional office of the Solicitor to the U.S. attorneys in such cases. Complete legal services in regard to manpower and employment security programs, including review of State laws to determine their conformity with pertinent Federal law, and services in connection with litigation, are furnished to the Secretary, the Manpower Administrator, the Bureau of Employment Security, Office of Manpower, Automation, and Training, and other units of the Department. Legal services arising from the Secretary's responsibilities to the President's Committee on Migratory Labor and the defense

manpower program are also furnished as well as legal services in the planning, drafting, and implementing of Federal legislation relating to the unemployment compensation, employment service, manpower, and other programs.

The legal services provided by this activity are furnished with respect to the following statutes, among others: Fair Labor Standards Act (including the amendments made by the Equal Pay Act of 1963); Walsh-Healey Public Contracts Act; Contract Work Hours Standards Act (1962); Portal-to-Portal Act; Federal Eight-Hour Laws; Federal Employees' Compensation Act; Longshoremen's and Harbor Workers' Compensation Act (including the maritime safety provisions (sec. 41) added by Public Law 85-742), and related statutes, including District of Columbia Workmen's Compensation Act; Defense Base Act; War Claims Act; War Hazards Act; reemployment rights provisions of Universal Military Training and Service Act and related statutes; titles III, IX, and XII of the Social Security Act, relating to the Federal-State system of unemployment insurance; title XV of the Social Security Act, relating to the Federal unemployment compensation programs for Federal employees and ex-servicemen; the Federal Unemployment Tax Act, as amended; certain parts of the Area Redevelopment Act of 1961 relating to occupational training and the payment of subsistence training allowances; the Veterans' Readjustment Assistance Act of 1952; the Wagner-Peyser Act, relating to the Federal-State system of employment offices; title V of the Agricultural Act of 1949, as amended, and the Migrant Labor Agreement of 1951, relating to the Mexican labor program; certain sections of the Immigration and Nationality Act relating to the protection of the American labor force against the adverse effects of the admission of foreign labor, the Manpower Development and Training Act of 1962 which provide for training and training allowances, those aspects of the Trade Expansion Act of 1962 relating to worker readjustment allowances and those aspects of the Public Works Acceleration Act of 1962 relating to the use of local labor.

Program changes for 1965

The responsibilities of the Solicitor in the areas covered by this activity have been increased materially by the enactment of new legislation. New and amendatory legislation enacted in 1961, 1962, and 1963 has increased the volume, difficulty, and variety of the matters referred for opinions, interpretations, and other legal services. Examples of such legislation are the Manpower Development and Training Act and its amendments, the Contract Work Hours Standards Act, the Area Redevelopment Act, the extensive 1961 amendments to the Fair Labor Standards Act, and the Equal Pay Act of 1963, also amending the Fair Labor Standards Act. The increased workload has been and is being absorbed in major part by existing staff as a result of improvements in organization and concentration of effort on the most essential tasks, together with a substitution of oral for written advice to the extent possible. However, as the programs under this new legislation come into full operation, additional legal services are continually called for, and it is evident that with the Equal Pay Act becoming effective in June 1964, some additional staff will be required if the backlog of work in this activity is to be kept within manageable proportions. Three additional positions—two attorney positions and one secretarial position—are requested to meet this need, at an estimated cost of \$25,656 for personnel compensation and \$10,344 for nonlabor costs.

Past experience with new legislation comparable in scope and complexity to the Equal Pay Act indicates that a significant increase in legal services will be required from this activity. Inquiries will be received about the new provisions from the Wage and Hour and Public Contracts Divisions, other Government officials, and the general public.

Under the Equal Pay Act, this activity will be called upon to formulate general legal principles for application to the various undefined terms that govern the scope of the act as well as to express specific interpretations and opinions on the application of the statute to particular fact situations; such as whether:

- (a) "Equal work" is involved on the jobs performed by the men and women;
- (b) Performance of the jobs requires "equal skill";
- (c) Performance of the jobs requires "equal effort";
- (d) Performance of the jobs requires "equal responsibility";
- (e) The pay differential is due to a "seniority system";
- (f) The pay differential is pursuant to a "merit system";
- (g) The pay differential is based on any other factor other than sex.

Every employer subject to the equal pay provisions will have to have answers to such questions before he can judge whether his pay practices comply with or violate the statute. To obtain statutory protection from liability in suits which may be brought by employees, he will need official interpretations on which good-faith reliance may be placed.

An increase of \$1,245 in personnel benefits for the base positions is estimated. A further net increase of \$534 is estimated for the nonlabor objects.

Workload statistics

| | Fiscal year 1962 actual | Fiscal year 1963 actual | Fiscal year 1964 estimate | Fiscal year 1965 estimate |
|--|----------------------------|----------------------------|------------------------------|------------------------------|
| Labor standards (FLSA, equal pay, public contracts, child labor, workmen's compensation, safety standards): | | | | |
| 1. Opinions on Fair Labor Standards Act. (a) Equal Pay Acts..... | 6,677 | 8,322 | 9,900 | 10,500 |
| 2. Opinions on Public Contracts Act..... | 501 | 1,402 | 900 | 3,000 |
| 3. Miscellaneous laws (including Contract Work Hours Standards Act)..... | 11 | 902 | 1,400 | 1,500 |
| 4. Maritime safety interpretations (Longshoremen's and Harbor Workers' Compensation Act, sec. 41, Public Law 85-742)..... | 3,023 | 1,021 | 1,300 | 1,400 |
| 5. Opinions and legal memorandums to Bureau of Employees' Compensation..... | 355 | 420 | 2,000 | 2,000 |
| Manpower services and unemployment compensation: | | | | |
| 1. Legal review of State material including legislation, regulations, Attorney General opinions, court decisions, etc..... | 3,871 | 4,297 | 4,400 | 4,800 |
| 2. Federal legislation prepared or reviewed..... | 680 | 705 | 750 | 900 |
| 3. Legal advice on certification of State laws for grants and tax credits..... | 776 | 1,080 | 1,000 | 1,000 |
| 4. Legal review of Employment Security Manual and similar materials for distribution to States and regional offices..... | 1,591 | 2,442 | 2,300 | 2,500 |
| 5. Memos, briefs, and other legal documents prepared..... | 3,431 | 3,593 | 3,850 | 4,000 |
| 6. Informal legal opinions to administrative officials, et al..... | 7,928 | 9,086 | 9,200 | 9,800 |
| 7. Meetings and conferences with State officials, interested organizations, advisory committees, Members of Congress, et al..... | 3,003 | 3,718 | 3,700 | 3,700 |
| 8. Legal review of memos, letters, etc., prepared by administrative officials..... | 5,261 | 6,874 | 7,000 | 7,500 |
| Veterans' reemployment rights: | | | | |
| 1. Conferences..... | 732 | 750 | 800 | 800 |
| 2. Opinions prepared..... | 101 | 200 | 215 | 215 |
| 3. Opinions post-reviewed..... | 213 | 218 | 240 | 240 |
| 4. Legal memorandums..... | 9 | 32 | 40 | 40 |
| 5. Litigation review..... | 109 | 111 | 120 | 120 |
| 6. Transmittal to Department of Justice..... | 75 | 70 | 85 | 85 |
| 7. Litigation draft and review..... | 70 | 116 | 129 | 120 |
| 8. Review of rejections..... | 29 | 50 | 60 | 55 |
| 9. Appellate..... | 19 | 18 | 20 | 20 |
| 10. Case analyses..... | 0 | 2 | 2 | 4 |
| 11. Case notes..... | 65 | 251 | 210 | 210 |
| 12. Legislative..... | 35 | 27 | 30 | 30 |
| 13. Miscellaneous..... | 430 | 458 | 515 | 515 |
| Administrative legal services: | | | | |
| 1. Fair Labor Standards Act wage orders..... | 182 | 182 | 175 | 90 |
| 2. Public Contracts Act wage determination decisions..... | 8 | 11 | 7 | 14 |
| 3. Federal Register documents: | | | | |
| (a) Code of Federal Regulations additions and revisions..... | 76 | 63 | 80 | 85 |
| (b) Documents not subject to codification..... | 125 | 133 | 155 | 160 |
| 4. Hearings: | | | | |
| (a) Conducted..... | 14 | 4 | 9 | 9 |
| (b) Supervised..... | 18 | 27 | 13 | 14 |
| 5. Formal opinions in administrative proceedings..... | 31 | 38 | 45 | 40 |
| 6. Other written opinions interpreting the Administrative Procedure Act, the Federal Register Act, the wage orders provisions of the Fair Labor Standards Act and the Public Contracts Act, and the wage orders issued under them..... | 71 | 77 | 85 | 85 |

ACTIVITY 1(c). WAGE DETERMINATIONS (1964, \$589,000; 1965, \$669,000)

WAGE DETERMINATIONS BRANCH

Narrative description of program

This activity is responsible for the predetermination of wage minimums payable to laborers and mechanics employed on Federal and federally assisted construction projects subject to the Davis-Bacon and related prevailing wage statutes. Current project wage data is gathered continuously as a basis for wage determinations and liaison is maintained with all parties interested in the program, such as Federal and State contracting agencies and national and local employee and employer organizations.

Program changes for 1965

This activity issued 46,397 wage determinations in 1963. The estimated workload for 1964 and 1965, which is based on information furnished by the various contracting agencies within the Government, indicates increases over 1963.

Even though there will be a growing construction activity in which labor standards provisions are included, there will not be a substantial increase in the number of wage determinations. To meet this growing construction activity and to provide better service to the various Federal agencies, a revision of regulations, part I and 5 (29 CFR, subtitle A), was published in the January 4, 1964, issue of the Federal Register. Also, an increase in the number of regular area determinations, each of which may be included in one or more contracts, is being increased and expanded to one or more Federal agencies. The revised regulations and other new procedures will enable this activity to keep abreast of the growing construction work without a substantial increase in wage determinations.

Every effort will be made to serve the contracting agencies and the public with no increase in the staffing level for this activity. The present staff will be utilized as effectively and efficiently as possible in order to provide accurate and timely wage determinations essential to the national defense effort and the civil works program.

An increase of \$22,121 is estimated for the entire wage determinations activity in fiscal year 1965. The increase is composed of personnel benefits costs of \$1,393 and \$23,000 for investigations of Davis-Bacon Act violations conducted by the Wage and Hour and Public Contracts Divisions. The investigations were eliminated in fiscal year 1964 due to lack of funds and should be resumed in 1965 to insure compliance with the act. The increases for personnel benefits and investigations are offset by a net decrease of \$2,272 in other nonlabor items.

Workload statistics

| | Fiscal year 1962, actual | Fiscal year 1963, actual | Fiscal year 1964, estimate | Fiscal year 1965, estimate |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wage determinations: | | | | |
| 1. Requests for wage determination or modification..... | 45,035 | 46,915 | 49,457 | 54,026 |
| 2. Decisions and modifications issued..... | 44,558 | 46,397 | 48,500 | 50,900 |
| 3. Incoming correspondence (for entire activity)..... | 42,685 | 44,327 | 47,185 | 47,185 |
| 4. Outgoing correspondence (for entire activity)..... | 57,716 | 46,038 | 50,000 | 50,000 |
| 5. Pending requests for determinations at end of fiscal year..... | 587 | 1,105 | 562 | 12 |

A tabulation of the workload related to wage determinations from 1962 through 1965, based on information received from principal procurement agencies, follows:

| | Fiscal year 1962 actual | Fiscal year 1963 actual | Fiscal year 1964 estimate | Fiscal year 1965 estimate |
|--|----------------------------|----------------------------|------------------------------|------------------------------|
| Federal Housing Administration | 3,770 | 3,800 | 4,000 | 4,000 |
| Hospital survey and construction | 1,800 | 1,600 | 1,800 | 2,000 |
| Atomic Energy Commission | 230 | 325 | 400 | 400 |
| Federal Airport Administration | 1,489 | 2,065 | 2,500 | 2,500 |
| General Services Administration | 2,984 | 3,205 | 3,500 | 3,500 |
| U.S. Coast Guard | 605 | 728 | 750 | 750 |
| Public Housing Administration | 1,900 | 2,000 | 2,300 | 2,700 |
| Federal Aviation Agency | 800 | 800 | 850 | 850 |
| Bureau of Reclamation | 430 | 400 | 500 | 500 |
| CFS school survey and construction | 1,200 | 1,200 | 1,500 | 1,500 |
| Army | 8,759 | 8,222 | 9,000 | 9,500 |
| Navy | 1,600 | 1,600 | 1,600 | 1,600 |
| Air Force | 5,000 | 8,000 | 8,000 | 8,000 |
| Bureau of Public Roads (direct Federal projects) | 300 | 300 | 350 | 375 |
| Bureau of Public Roads (Federal-aid highway) | 3,912 | 4,303 | 4,600 | 4,600 |
| Office of Civil Defense | 150 | 175 | 200 | 200 |
| Public Works Acceleration Act | | 1,091 | 1,700 | |
| All other agencies | 9,629 | 5,983 | 4,950 | 7,025 |
| Total | 44,558 | 46,397 | 48,500 | 50,000 |

ENFORCEMENT AND LEGAL SERVICES

Narrative description of program

Reorganization Plan No. 14 of 1950 provides that the Secretary of Labor shall prescribe appropriate standards, regulations, and procedures which shall be observed by these agencies, and cause to be made by the Department of Labor such investigations with respect to compliance with and enforcement of such labor standards as he deems desirable. This responsibility is also a part of the function of this activity. It entails constant liaison with the contracting and administering agencies on each enforcement case.

Program changes for 1965

The Contract Work Hours Standards Act has increased, and will continue to increase, the workload of the Enforcement and Legal Services Branch in many ways. The act provides for the granting of exemptions by the Secretary of Labor. It also necessitates issuance of instructions and interpretations to effectuate coordination of enforcement.

The Contract Work Hours Standards Act required payment of not less than time and a half for all hours worked in excess of 8 hours in a day and 40 hours in a week on Federal and federally assisted projects, with the exception of FHA projects. Thus, enforcement cases on Federal projects are now complicated by the addition of problems resulting from failure to pay overtime for work over 40 hours. Enforcement cases on federally assisted projects (except FHA projects) may now, in addition to minimum wage problems, involve overtime problems resulting from failure to pay overtime over 8 hours a day and 40 hours a week.

The need for an educational program is increased by complications flowing from the Fair Labor Standards Act Amendments of 1961. Enterprises in the construction or reconstruction business with a gross income of over \$350,000 per year are, from September 3, 1963, to September 3, 1964, required to pay overtime for hours worked in excess of 44 hours unless the work would have been subject to the Fair Labor Standards Act prior to the amendments of 1961 in which case the 40-hour overtime provisions prevail. This overtime in excess of 44 hours is reduced to 42 hours from September 3, 1964, to September 3, 1965, and to 40 hours thereafter. Although this Branch does not enforce the Fair Labor Standards Act, its workload is increased by confusion among employers resulting from the differing provisions of these laws. For instance, an employee on an FHA project must look to FHA and this Branch for enforcement of minimum wage provisions, and to the Wage and Hour Division for enforcement of overtime over 44 hours a week if he is employed by an enterprise with a gross of over \$350,000 except in case of FHA Capehart Housing where the National Housing Act provides for overtime over 8 hours in a day and 40 in a week. The educa-

tional program of this Branch relating to overtime will increase until September 1965 when the various laws will provide for weekly overtime after 40 hours.

Further, as the Wage Determination Branch is now issuing many area determinations, each of which is included in several contracts, the total number of Federal and federally assisted contracts subject to minimum rates predetermined by this Department will increase more than the number of wage determinations would indicate. This in turn will increase the Branch's workload through a further increase in the number of enforcement cases. Although the factors cited above, as well as certain new provisions in the revised regulations, part 5, published in the Federal Register of January 4, 1964, will result in a workload for the Branch comparable to that handled in previous years, the new reporting provision (\$500 or over, instead of \$200 or over) should eliminate the receipt and processing of a number of minor enforcement cases. Moreover, every effort will continue to be made to utilize the present staff as effectively as possible to meet the coordination and enforcement responsibilities charged to the Branch.

Workload statistics

| | Fiscal year 1962 actual | Fiscal year 1963 actual | Fiscal year 1964 estimate | Fiscal year 1965 estimate |
|---|----------------------------|----------------------------|------------------------------|------------------------------|
| Complaint cases pending at beginning of year..... | 1,246 | 1,710 | 1,556 | 1,406 |
| Complaints received during year..... | 1,602 | 1,478 | 1,550 | 1,550 |
| Total complaints..... | 2,848 | 3,188 | 3,106 | 2,956 |
| Complaint cases closed during year..... | 1,138 | 1,632 | 1,700 | 1,700 |
| Complaint cases pending end of year..... | 1,710 | 1,556 | 1,406 | 1,256 |
| Restitution obtained..... | \$248,355 | \$548,843 | \$500,000 | \$500,000 |

ACTIVITY 1(p). LEGISLATION (1964, \$441,000; 1965, \$470,000)

Narrative description of program

This activity embraces responsibility for the legal and coordinating work in connection with the legislative program of the Department and the other legislation of interest to the Department. Draft bills, testimony, and reports to congressional committees, as well as legislative analyses and opinions for the use of officials of the executive or legislative branches are prepared. In addition, departmental officials are briefed before they testify and, in many cases, advised and counseled when they testify. This activity is also responsible for providing technical legislative and legal service to congressional committees and individual Members of Congress, and performing the necessary staff legal work in connection with the interests and activities of the Department in international affairs.

This budget activity is consulted on a day-to-day basis on questions concerning labor-management relations, civil rights, and equal employment opportunities, labor policies to protect employees displaced or otherwise adversely affected by automation and other technological changes, Federal employee labor relations, matters, Federal contracts, conflicts of interest, and other major fields of law. This activity has increased due to the issuance of the Executive order establishing collective-bargaining policies for Federal employees, the increase in civil rights activities, and an increase in labor-management problems and labor disputes due to accelerating automation in industry.

Also under this activity, and with the Associate Solicitor acting in an administrative capacity as Chief Hearing Examiner, the two Hearing Examiners, at the designation and direction of the Secretary, Under Secretary, or Solicitor, preside over administrative hearings and render decisions in proceedings based on complaints of violations of, and on procedural questions concerning the application of the Walsh-Healey Act, Davis-Bacon Act, and the recently enacted safety provisions of the Longshoremen's and Harbor Workers' Compensation Act.

In addition, this activity provides necessary legal services to, including the preparation of the decisions of, the Employees' Compensation Appeals Board, the Secretary of Labor, and the Wage and Hour and Public Contracts Administrator, in connection with appeals from the decisions of the Director of BEC in Federal employee workmen's compensation cases, and from decisions of the

Hearing Examiners in violation cases under the Walsh-Healey Public Contracts Act, respectively.

This activity also is establishing and will maintain a definitive digest and reference system for all opinions, rulings, regulations, administrative determinations, and court decisions under the wide variety of major and complex laws administered by the Department of Labor. Included in the system will be legislative histories of all these statutes.

Program changes for 1965

An increase of \$1,064 in personnel benefits is estimated for 1965. An increase of \$12,500, the cost of printing digests and legislative histories produced by the legal research activity, is estimated. An increase of \$2,301 in other non-labor items is due to an increase in maintenance costs of training legal and clerical personnel and the financing of supplies, books, and equipment at a level consistent with past experience.

Workload statistics

| | Fiscal year 1962 actual | Fiscal year 1963 actual | Fiscal year 1964 estimate | Fiscal year 1965 estimate |
|--|----------------------------|----------------------------|------------------------------|------------------------------|
| Legislation: | | | | |
| 1. Legislative reports..... | 468 | 297 | 350 | 400 |
| 2. Drafts of legislative language for consideration by administrative officials or for presentation to the Congress..... | 832 | 817 | 900 | 900 |
| 3. Analyses prepared—legislative papers..... | 2,907 | 2,895 | 3,000 | 3,000 |
| 4. Monthly Labor Review articles..... | 12 | 12 | 12 | 12 |
| 5. Letters for signature of Secretary or Solicitor..... | 3,658 | 3,594 | 3,700 | 3,800 |
| 6. Opinions, analyses, memos, orders, etc., prepared for bureaus..... | 723 | 721 | 800 | 800 |
| 7. Opinions and information furnished orally..... | 7,987 | 8,075 | 8,500 | 8,500 |
| Hearing examiners: | | | | |
| 1. Complaint proceedings under the Walsh-Healey Public Contracts Act: | | | | |
| Proceedings instituted..... | 40 | 36 | 40 | 40 |
| Hearings held (including resumed hearings, 4)..... | 33 | 31 | 35 | 35 |
| Prehearing conferences held..... | 15 | 13 | 15 | 15 |
| Examiners' decisions..... | 34 | 36 | 35 | 35 |
| Order dismissing proceedings..... | 11 | 7 | 5 | 5 |
| 2. Minimum wage proceedings under the Walsh-Healey Public Contracts Act..... | 10 | 5 | 5 | 5 |
| 3. Proceedings under Davis-Bacon Act and related statutes: | | | | |
| Hearings held..... | 2 | 1 | 1 | 1 |
| Decisions..... | 1 | 0 | 1 | 1 |
| 4. Miscellaneous hearings..... | 3 | 18 | 15 | 15 |
| Reports, digests, and analysis: | | | | |
| 1. Programwide analysis of materials..... | | | | |
| 2. Preparation of reference and index systems..... | | 4 | 4 | 4 |
| 3. Analysis of individual cases, opinions or items..... | | | | |
| 4. Digests prepared..... | | 1,500 | 2,500 | 2,500 |
| 5. Legislative histories of statutes..... | | 628 | 1,500 | 1,500 |
| | | 1 | 3 | 3 |
| Decisions, Employees' Compensation Appeals Board: | | | | |
| 1. Backlog at end of previous year..... | | | | |
| 2. Cases received from Board for preparation of decisions during year..... | 15 | 31 | 36 | 31 |
| | 281 | 275 | 265 | 265 |
| Total caseload..... | | | | |
| 3. Decisions written during year..... | 296 | 306 | 301 | 296 |
| 4. Backlog end of year..... | 265 | 270 | 270 | 270 |
| 5. Backlog end of year..... | 31 | 36 | 31 | 26 |
| 6. Conferences with Board concerning preparation of decisions..... | | | | |
| 7. Memorandums of law prepared for Board..... | 50 | 25 | 35 | 35 |
| | 3 | 2 | 5 | 5 |
| Decisions, Walsh-Healey Public Contracts Act: | | | | |
| 1. Orders of Secretary and Administrator..... | | | | |
| 2. Letters to the Comptroller General..... | 12 | 1 | 5 | 5 |
| 3. Memorandums and letters concerning decisions, recommendations, etc..... | 31 | 32 | 35 | 35 |
| 4. Decisions of the Administrator..... | 128 | 82 | 115 | 115 |
| | 9 | 6 | 8 | 8 |

¹ Includes 1 hearing under Longshoremen's and Harbor Workers' Compensation Act initiated for 1st time in fiscal 1963. We expect a regular continuing program of such hearings in the future, and the estimates for 1964 and 1965 reflect this situation.

ACTIVITY 1(E). LABOR-MANAGEMENT LAWS (1964, \$341,000; 1965, \$350,000)

Narrative description of program

This activity encompasses the legal advisory and litigation services required in the Department's administration of the Labor-Management Reporting and Disclosure Act of 1959 and the Welfare and Pension Plans Disclosure Act, as amended.

This activity includes, among other things, the interpretations of the enumerated statutes; the drafting of reporting forms, regulations, interpretative bulletins and similar interpretative aids; preparation of and participation in civil litigation and administrative enforcement actions; preparation of criminal cases under these acts for submission to the Department of Justice; the defense of suits against the Department of Labor involving these acts; and supervision of field office activities in these program areas.

On the basis of experience during fiscal 1963 and the first quarter of fiscal 1964, it is estimated that the workload for this activity will increase during fiscal 1965, as indicated in the statistical tables set forth below.

Program changes for 1965

Minor increases totaling \$1,482 are provided for personnel benefits, training, and other nonlabor costs.

Workload statistics

| | Fiscal year 1962 actual | Fiscal year 1963 actual | Fiscal year 1964 estimate | Fiscal year 1965 estimate |
|---|----------------------------|----------------------------|------------------------------|------------------------------|
| Government litigation: | | | | |
| 1. Cases considered for civil or criminal litigation by Washington office (legal review and analysis of investigation files): | | | | |
| Labor-Management Reporting and Disclosure Act..... | 163 | 200 | 300 | 360 |
| Welfare and Pension Plans Disclosure Act..... | 3 | 3 | 20 | 30 |
| Total cases referred..... | 166 | 203 | 320 | 390 |
| 2. Cases instituted (drafting of pleadings, court appearance, interviewing witnesses, preparation of trial plans and related activities): | | | | |
| Labor-Management Reporting and Disclosure Act..... | 63 | 92 | 140 | 165 |
| Welfare and Pension Plans Disclosure Act..... | 1 | 2 | 10 | 15 |
| Total cases instituted..... | 64 | 94 | 150 | 180 |
| 3. Administrative Procedure Act and related administrative proceedings: | | | | |
| Labor-Management Reporting and Disclosure Act..... | | 1 | 10 | 15 |
| Welfare and Pension Plans Disclosure Act..... | | 1 | 10 | 15 |
| Total hearings..... | | 2 | 20 | 30 |
| Private litigation: | | | | |
| Review of litigation to determine if basis exists for Government intervention..... | | 136 | 175 | 225 |
| Interpretations and regulations: | | | | |
| Labor-Management Reporting and Disclosure Act: | | | | |
| Preparation and review of legal opinions, memorandums of law, regulations, reporting forms, and technical administrative aids (includes written opinions and advice memorandums issued by both Washington and field staffs to operating bureau and general public; preparation of regulations, reporting forms, and general explanatory bulletins)..... | 2,015 | 2,650 | 3,000 | 3,300 |
| Oral advice and miscellaneous correspondence (includes oral advice given by Washington and field staffs through correspondence, and personal and telephone conferences to operating bureau, general public; group briefing conferences and preparation and review of miscellaneous correspondence)..... | 20,616 | 21,000 | 22,000 | 23,000 |
| Total..... | 22,631 | 23,650 | 25,000 | 26,300 |
| Welfare and Pension Plans Disclosure Act: | | | | |
| Written..... | 850 | 1,500 | 2,500 | 3,000 |
| Oral..... | 7,463 | 8,900 | 8,500 | 9,000 |
| Total..... | 8,253 | 9,500 | 11,000 | 12,000 |

ACTIVITY 2. FIELD LEGAL SERVICES—REGIONAL OFFICES (1964, \$1,775,200; 1965, \$1,894,000)

Narrative description of program

This activity covers legal services performed in 10 regional offices, 5 branch offices, and 1 territorial office (Puerto Rico).

Legal services provided in the field include interpretations and legal advice to various officials of the Labor Department in the field and to the public, and the enforcement through court and administrative proceedings of the various Federal labor laws for which the Department has responsibility. The regional offices have been called upon to devote increasing attention to violations under the

Davis-Bacon Act, particularly when the violations of wage determinations are of a serious nature and the experience of an attorney is deemed necessary.

Program changes in 1965

The progressive changes in the basic minimum wage from \$1.00 to \$1.15 and from \$1.15 to \$1.25 and the extension of minimum wage and overtime provisions to new areas, are expected to result in expanded field activity not only for the Office of the Solicitor, but also for the Wage and Hour and Public Contracts Divisions. Fifty-seven thousand investigations will be conducted by the Wage and Hour Division in 1965 alone. In conjunction with wage and hour investigations in fiscal year 1965, the Solicitor's field offices will experience a rising caseload, which will be absorbed by the existing staff.

An increase of \$4,487 in personnel benefits costs is estimated for 1965 over the 1964 level. An increase of \$5,000 in the witness fee object is estimated for the payment of master's fees, an item not previously identified. Nonlabor increases of \$5,733 are due primarily to the purchase of supplies, equipment, and law books at a level consistent with past experience; and to increased maintenance and repair costs.

Workload statistics

| | Fiscal year 1962 actual | Fiscal year 1963 actual | Fiscal year 1964 estimate | Fiscal year 1965 estimate |
|--|----------------------------|----------------------------|------------------------------|------------------------------|
| 1. Cases received by regional office from Wage-Hour Division..... | 6,851 | 8,748 | 9,000 | 9,200 |
| 2. Cases referred to national office for litigation consideration..... | 2,066 | 1,764 | 1,850 | 1,975 |
| 3. Cases instituted..... | 1,567 | 1,607 | 1,600 | 1,650 |
| 4. Cases closed..... | 1,493 | 1,515 | 1,600 | 1,600 |
| 5. Cases pending in court or administrative proceeding, end of year..... | 927 | 975 | 1,100 | 1,125 |
| 6. Backlog of cases in course of review and preparation for legal actions..... | 812 | 1,151 | 1,250 | 1,300 |

The following sums were recovered during fiscal 1963:

| | |
|--|-------------|
| (a) Restitution in FLSA cases..... | \$1,726,294 |
| (b) Section 16(c) suits on behalf of underpaid employees..... | 241,499 |
| (c) Amounts collected in administrative proceedings or court actions for liquidated damages for violations of the Walsh-Healey Act.. | 288,758 |

ACTIVITY 3. ADMINISTRATION AND MANAGEMENT SERVICES (1964, \$352,000; 1965, \$369,000)

Narrative description of program

(a) *Immediate Office of the Solicitor.*—The Solicitor, Deputy Solicitor, and their staff of special assistants give legal counsel and perform the many diversified types of legal services required by the Secretary and other top officials of the Department.

(b) *Administration.*—This activity finances those administrative and management services for the Office, including budget, procurement, security, personnel administration, management analysis, mail and messenger services, central files, and the law library.

Program changes for 1965

An increase of \$1,011 in personnel benefits is estimated for this activity. A net increase of \$8,231 in nonlabor costs is estimated, due primarily to the purchase of equipment and law books at a level consistent with past experience and increased utilization of a rented copying machine.

SALARIES AND EXPENSES, OFFICE OF THE SOLICITOR

Distribution of field staff

| Regional and branch offices | 1964 | | | 1965 | | |
|-----------------------------|--------------|----------|-------|--------------|----------|-------|
| | Professional | Clerical | Total | Professional | Clerical | Total |
| Boston, Mass..... | 5 | 4 | 9 | 5 | 4 | 9 |
| New York, N.Y..... | 10 | 7 | 17 | 9 | 7 | 16 |
| Chambersburg, Pa..... | 7 | 6 | 13 | 7 | 6 | 13 |
| Atlanta, Ga..... | 12 | 10 | 22 | 12 | 10 | 22 |
| Birmingham, Ala..... | 7 | 7 | 14 | 7 | 7 | 14 |
| Cleveland, Ohio..... | 8 | 5 | 13 | 7 | 5 | 12 |
| Detroit, Mich..... | 2 | 1 | 3 | 2 | 1 | 3 |
| Chicago, Ill..... | 10 | 7 | 17 | 9 | 7 | 16 |
| Kansas City, Mo..... | 5 | 3 | 8 | 5 | 3 | 8 |
| Denver, Colo..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Dallas, Tex..... | 13 | 10 | 23 | 12 | 10 | 22 |
| San Francisco, Calif..... | 8 | 5 | 13 | 7 | 4 | 11 |
| Los Angeles, Calif..... | 5 | 3 | 8 | 4 | 3 | 7 |
| Seattle, Wash..... | 1 | 1 | 2 | 1 | 1 | 2 |
| Nashville, Tenn..... | 9 | 7 | 16 | 9 | 7 | 16 |
| Puerto Rico..... | 4 | 3 | 7 | 4 | 3 | 7 |
| Total..... | 107 | 80 | 187 | 101 | 79 | 180 |

Explanation of estimate by object

Personnel compensation, \$3,957,824

This estimate provides for 491 full-time positions, or 468 man-years, and for compensation of witnesses. The net increase of \$39,847 over the 1964 level is proposed for the following:

| | |
|---|-----------|
| Within-grade promotions..... | +\$41,323 |
| Allowance has been made in the estimate for within-grade promotions as they fall due in 1965. | |
| Full years' cost of Jan. 5, 1964, pay raise..... | +102,897 |
| The pay raise enacted by Public Law 87-793 covered 127 working days in fiscal year 1964. To finance the full 261 working days in 1965 at the higher pay scales, this additional amount is required. | |
| Positions requested to handle legal work stemming from the Equal Pay Act of 1963..... | +34,465 |
| Four positions are requested to handle the litigative and interpretive workload arising under the Equal Pay Act of 1963. | |
| Witness fees..... | +5,000 |
| This estimate covers expected references to court masters in fiscal year 1965, although the Solicitor's policy is to oppose such references. | |
| Quality step increases..... | +2,725 |
| This amount is provided to cover extra step increases to be granted to Solicitor employees who consistently demonstrate high quality work performance over extended periods. | |
| 1 less day of pay in 1965..... | -14,240 |
| Decrease of 13 positions..... | -132,323 |
| To finance centralized services provided by the Department, 13 positions have been eliminated from the Solicitor's 1965 estimates. It is anticipated that the work levels borne by this group can be absorbed by the remaining staff. | |
| Net increase..... | +39,847 |

Personnel benefits, \$298,935

This estimate represents the cost of retirement, insurance, Federal Insurance Contributions Act, and health benefits. An increase of \$14,757 is due to the increased cost of personnel compensation and to the current policy of employing attorneys on career-conditional appointment at the start, rather than at a point 3 months after their initial appointment.

Of the increase requested, \$2,585 is related to the four new positions associated with Equal Pay Act activities.

Travel and transportation of persons, \$125,700

This estimate provides for commercial transportation, per diem, mileage, and other transportation costs for the Office's staff in Washington and in the field. Of this estimate, \$7,000 is for the transportation of witnesses not employed by the Government.

| | 1964 | 1965 | Change |
|------------------------------|-----------|-----------|----------|
| Number of travelers..... | 130 | 137 | +7 |
| Number of days traveled..... | 3,000 | 3,150 | +150 |
| Estimated cost..... | \$116,000 | \$118,700 | +\$2,700 |

Transportation of things, \$4,474

This estimate covers the transportation of publications, equipment, and supplies to field installations and the movement of household goods of employees changing duty stations.

| | 1964 | 1965 | Change |
|-----------------------------------|---------|---------|--------|
| Number of employees moved..... | 5 | 5 | 0 |
| Cost of other transportation..... | \$1,000 | \$1,000 | 0 |

Rent, communications and utilities, \$147,040

This estimate provides the following services:

| | 1964 | 1965 | Change |
|---|----------|----------|-----------|
| Working capital fund, base..... | \$12,345 | \$84,466 | +\$72,121 |
| New positions..... | | 2,148 | +2,148 |
| Telephone and related communications..... | 38,000 | 43,726 | +5,726 |
| Official mail..... | 8,600 | 8,600 | |
| Rental of equipment..... | 3,030 | 6,030 | +3,000 |
| Increase in above costs due to new positions..... | 1,600 | 2,070 | +470 |
| Total..... | 63,575 | 147,040 | +83,465 |

The principal increases, i.e., the change in the working capital fund, is a reflection of the basic adjustment in the Solicitor's estimates to maintain in 1965 the 1964 level of operation of central administrative services. Other changes provide for increased telecommunication charges to be levied by the General Services Administration, and for expanded use of Xerox equipment for reproducing legal memoranda and data in 1965.

Printing and reproduction, \$143,574

This estimate provides for the printing of legal briefs, wage determinations, handbooks, digests, and legislative histories. An increase of \$12,500 is requested to print digest of opinions and legislative histories prepared by the Division of Legislation.

| | 1964 | 1965 | Change |
|--|----------|-----------|------------|
| Working capital fund, base..... | | \$103,236 | +\$103,236 |
| New positions..... | | 838 | +838 |
| Cost of briefs..... | \$14,000 | 14,000 | |
| Digests and legislative histories..... | | 12,500 | +12,500 |
| Other printing..... | 12,700 | 13,000 | +300 |
| Total..... | 26,700 | 143,574 | +116,874 |

Other services, \$135,382

This estimate provides for services of other agencies and private firms, as follows:

| | 1964 | 1965 | Change |
|---|---------|----------|-----------|
| Working capital fund: | | | |
| Base..... | \$7,838 | \$71,953 | +\$64,115 |
| New positions..... | | 2,261 | 2,261 |
| Maintenance and repairs..... | 14,738 | 14,738 | |
| Security investigations..... | 1,150 | 1,150 | |
| Investigations of Davis-Bacon Act violations by the Wage and Hour and Public Contracts Divisions on a reimbursable basis..... | | 23,000 | +23,000 |
| Training expenses..... | | 2,500 | +2,500 |
| Court reporting services..... | 18,000 | 18,000 | |
| Above services estimated for new positions related to Equal Pay Act activities and 5 positions formerly carried in the "Manpower development and training" appropriation..... | 1,000 | 1,780 | +780 |
| Total..... | 42,726 | 135,382 | +92,656 |

Supplies and materials, \$113,650

This estimate provides for desk tops supplies, duplicating supplies, stationery supplies, and subscriptions to periodical legal reference materials.

| | 1964 | 1965 | Change |
|---|----------|----------|-----------|
| Working capital fund: | | | |
| Base..... | \$11,954 | \$53,182 | +\$41,228 |
| New positions..... | | 968 | +968 |
| Office supplies..... | 14,000 | 14,000 | |
| Subscriptions..... | 44,000 | 44,000 | |
| Above supplies estimated for other than base positions..... | 1,000 | 1,500 | +500 |
| Total..... | 70,954 | 113,650 | +42,696 |

Equipment, \$22,574

This estimate provides for all office equipment, furniture, and new law library reference books. The estimates for 1965 for equipment and assets have been increased to permit the acquisition of equipment which could not be procured in 1964 because of inadequate funds. The increase in the library estimate for 1965 will permit the replacement of obsolete research material in the workmen's compensation and related areas, provide research coverage in certain technical areas such as the Federal Rules Service, and maintain proper coverage in the State code field.

| | 1964 | 1965 | Change |
|---|---------|---------|----------|
| Equipment, expendable..... | \$3,000 | \$4,769 | +\$1,769 |
| Assets..... | 2,000 | 4,000 | +2,000 |
| Library..... | 5,769 | 11,000 | +5,231 |
| Above items for 4 positions related to the Equal Pay Act activities and the 3 positions previously financed by the "Manpower development and training" appropriation..... | 1,000 | 2,805 | +1,805 |
| Total..... | 11,769 | 22,574 | +10,805 |

Summary of new positions¹

| | |
|--|----------|
| Activity 1(a). Litigation: 1 GS-13 attorney..... | \$11,731 |
| Activity 1(b): Interpretations and opinions: | |
| 1 GS-13 attorney..... | 11,731 |
| 1 GS-12 attorney..... | 9,984 |
| 1 GS-5 clerk-stenographer..... | 4,701 |
| Total (3)..... | 26,416 |
| Grand total (4)..... | 38,147 |

¹ Excludes 5 positions financed by an allotment from the Office of Manpower, Automation, and Training in 1964 and budgeted in 1965 by the Office of the Solicitor.

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