

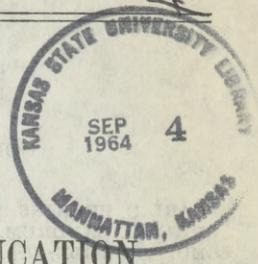
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BROADENING SCHOOL ASSISTANCE TO FEDERALLY AFFECTED AREAS

GOVERNMENT
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HEARINGS BEFORE THE SELECT SUBCOMMITTEE ON EDUCATION OF THE COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES EIGHTY-EIGHTH CONGRESS

SECOND SESSION

ON

H.R. 10159

A BILL TO AMEND PUBLIC LAW 874, 81ST CONGRESS, IN ORDER TO PROVIDE ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES IN THE EDUCATION OF CHILDREN OF NEEDY FAMILIES AND CHILDREN RESIDING IN AREAS OF SUBSTANTIAL UNEMPLOYMENT WITH UNEMPLOYED PARENTS



HEARINGS HELD IN WASHINGTON, D.C.,
JULY 27 AND 29, 1964

Printed for the use of the Committee on Education and Labor

ADAM C. POWELL, Chairman



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BROADENING SCHOOL ASSISTANCE TO FEDERALLY AFFECTED AREAS

MONDAY, JULY 27, 1964

HOUSE OF REPRESENTATIVES,
SELECT SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 429, Cannon House Office Building, Hon. John H. Dent (chairman of the subcommittee) presiding.

Present: Representatives Dent, Carey, Hawkins, and Gibbons.

Also present: Harry L. Wright, subcommittee director and Charles W. Radcliffe, minority counsel for education.

Mr. DENT. The hearings of the subcommittee to study selected educational subjects is now in order, on H.R. 10159 and related bills.

The purpose of the hearings we intend to hold is to try to write a new piece of legislation governing impacted areas. Over the years there has been a very serious question raised as to whether or not this particular legislation was getting out of line. The amount of money has been increasing, and yet justification for some of the spending has been questioned.

Therefore, the committee has an open mind on the matter, and the vehicle we have before us has been introduced with the sole purpose in mind of giving both the proponents and opponents of this particular legislation an opportunity to express their views. We hope with all of us working together we might be able to come out with legislation that will be helpful to all and injurious to none. If we do, it will be a miracle.

(H.R. 10159 follows:)

[H.R. 10159, 88th Cong., 2d sess.]

A BILL To amend Public Law 874, Eighty-first Congress, in order to provide assistance to local educational agencies in the education of children of needy families and children residing in areas of substantial unemployment with unemployed parents

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Act entitled "An Act to provide financial assistance for local educational agencies in areas affected by Federal activity, and for other purposes", approved September 30, 1950 (20 U.S.C. 236), is amended (1) by inserting "(a)" after "SECTION 1." and (2) by inserting at the end of such section a new subsection as follows:

"(b) It is further declared that in recognition of the continuing policy and responsibility of the Federal Government to promote full employment throughout the Nation and to encourage education necessary to such employment, it is also the purpose of this Act to provide assistance to local educational agencies in the education of children of needy families and children residing in areas of substantial unemployment with unemployed parents."

SEC. 2. Such Act is further amended by inserting after section 4 a new section as follows:

"CHILDREN OF NEEDY FAMILIES AND CHILDREN RESIDING IN AREAS OF SUBSTANTIAL UNEMPLOYMENT WITH UNEMPLOYED PARENTS

"Authorization

"SEC. 4A. (a) For the purpose of computing the amount to which a local educational agency is entitled under this section for any fiscal year, the Commissioner shall determine the number of children who were in average daily attendance at the schools of such agency, and for whom such agency provided free public education, during such fiscal year, and who, while in attendance at such schools—

"(1) were dependent children for the purposes of title IV of the Social Security Act, or

"(2) resided in an area, which during a major portion of such year was designated by the Secretary of Labor as an area of substantial unemployment, with one or more parents neither of whom was regularly employed and at least one of whom was drawing State unemployment compensation. For the purposes of this section a child may not be counted under both clauses (1) and (2) of this subsection for the same period.

"Determination of Amount

"(b) The amount to which a local educational agency is entitled under this section for any fiscal year shall be an amount equal to (1) 25 per centum of the local contribution rate (determined under section 3(d)) multiplied by (2) the number of children determined under subsection (a).

"Minimum Requirement

"(c) No local educational agency shall be entitled to receive any payment for a fiscal year with respect to a number of children determined under subsection (a) unless the number of children who were in average daily attendance during such year and to whom such subsection applies—

"(1) is ten or more; and

"(2) amounts to 3 per centum or more of the total number of children who were in average daily attendance during such year and for whom such agency provided free public education.

Notwithstanding the preceding provisions of this subsection, the Commissioner may waive the 3 per centum condition of entitlement whenever, in his judgment, exceptional circumstances exist which would make the application of such condition inequitable and would defeat the purposes of this section.

"Determination of Number of Children

"(d) The determination whether a local educational agency has met the percentage requirement for eligibility under this section for any fiscal year shall be made on the basis of estimates by the Commissioner prior to the close of such year, except that an underestimate made by the Commissioner pursuant to this subsection shall not operate to deprive an agency of its entitlement to any payments under this section to which it would be entitled had the estimate been accurate."

SEC. 3. Sections 3(f) and 4(d) of such Act are each amended (1) by inserting after "such agency is otherwise entitled under this section for such year" the following: "and the two succeeding fiscal years", and (2) by striking out "current expenditures for such year" and inserting in lieu thereof "current expenditures for such years".

SEC. 4. Section 5 of such Act is amended (1) in subsection (a) striking out "or 4" and inserting in lieu thereof "4, or 4A", and (2) in subsection (c) by striking out "and 4(a)" and inserting in lieu thereof "4(a), and 4A".

SEC. 5. Section 9 of such Act is amended by inserting at the end thereof the following:

"(11) The term 'State unemployment compensation' means unemployment compensation paid to an individual under State law or title XV of the Social Security Act."

SEC. 6. The amendments made by this Act shall be effective for fiscal years beginning after June 30, 1964.

Mr. DENT. At this time I have with me Mr. Gibbons, of the State of Florida, who is very knowledgeable in the field and has a very vital interest since his State is pretty well dotted with recipients of impacted area money. Other members of the subcommittee are either late or are busy on other committees, but I am told by the staff they will be here.

Representative Bennett is not here. Therefore, we shall call as our first witness Dr. Samuel Miller Brownell, superintendent of schools of Detroit, Mich. He has been a witness before and has always been helpful.

You may proceed in any fashion that you feel would give the committee the benefit of your testimony. You may read your statement or you may summarize it and provide copies which will go into the record.

(Dr. Brownell's statement follows:)

STATEMENT OF DR. SAMUEL MILLER BROWNELL, SUPERINTENDENT OF SCHOOLS,
DETROIT, MICH.

Mr. Chairman and members of the subcommittee, I am Samuel Miller Brownell, superintendent of schools, Detroit, Mich. I am appearing before this committee to speak in behalf of H.R.10159 which proposes certain amendments to Public Law 874. The two changes proposed would provide assistance to local school districts, based on the total number of pupils enrolled in a given school district that are members of needy families and pupils of unemployed parents in areas of substantial unemployment.

I appreciate this opportunity to once again appear before this committee to discuss Public Law 874. During my tenure as U.S. Commissioner of Education it was my pleasure to meet with this committee a number of times to discuss the many proposals that appeared in each session of the Congress to amend, expand, or to change what is now known as our maintenance and operation impact law. While there have been several changes in the membership of this committee, the committee roster lists many members with whom I have discussed various aspects of this important law. You may recall that I was trying to develop as permanent legislation the continuing Federal impacts, so that local school districts could do continuing and sound planning of their school programs. Should there appear to be any inconsistency in my position on any part of my statements now with my previous testimony, I trust the committee members will attribute it to a growth through added study and new experiences.

H.R. 10159, if enacted, would add two additional categories of children among those who would be counted in the computation of Federal assistance under Public Law 874. These changes would be accomplished by inserting after section 4 a new section to include "children of needy families and children residing in areas of substantial unemployment with unemployed parents." The two new categories would be (1) dependent children enrolled in a particular school district who are dependent children for the purposes of title IV of the Social Security Act, or commonly known as ADC children, and (2) children who reside in an area which, during a major portion of such year, was designated by the Secretary of Labor as an area of substantial unemployment, with one or more parents, neither of whom was regularly employed and at least one of whom was drawing State unemployment compensation.

A discussion of these two new categories can best be viewed in terms of the declared policy of the Federal Government in providing financial assistance to local agencies in areas affected by Federal activities as is presently cited in section 1 of Public Law 874. The policy states that financial assistance will be provided to local educational agencies in areas where Federal activities have been carried on if the local agency has been placed under financial burdens by reason of the fact that "(1) the revenues available to such agencies from local sources have been reduced as the result of the acquisition of real property by the United States, or (2) such agencies provide education for children residing on Federal property, or (3) such agencies provide education for children whose parents are employed on Federal property, or (4) there has been a sudden and substantial increase in school attendance as the result of Federal activity."

A 3-percent eligibility requirement is in effect for school districts having an average daily attendance less than 35,000, and 6 percent in school districts with an average daily attendance in excess of 35,000. I will speak further of the difference in percentage requirements later in my testimony.

This policy statement acknowledges a Federal responsibility where Federal purposes are involved. The present proposal to add the two new categories is a further acknowledgment of such responsibility. The very fact of the Federal participation by way of ADC grants and provisions for unemployment compensation is a declaration of Federal purposes. These Federal purposes are the economic maintenance and the general well-being of these children. An extremely important element in the ultimate economic well-being of these children is their education. It is, therefore, in consonance with this policy statement that the costs of educating these children be acknowledged as involved with a Federal purpose.

The two new categories proposed in H.R. 10159 are, in fact, Federal connections in as great a degree as the presently recognized categories cited above. The Federal Government in both instances of the two new categories proposed are contributing directly to the family maintenance of the children involved. From these funds comes the income to provide the food, the clothing, and the shelter that is provided by Federal income in terms of wages in the other categories now in effect. In the instance of the new categories, however, the payment is not sufficient to permit them to contribute to the local taxes which are necessary to maintain the local school systems. The propriety of such a support program by the Federal Government certainly is in keeping with the needs of our time. It is only logical that, since the Federal Government shares in certain of the costs of maintaining such children, it should recognize and provide for the educational services necessary to enable a local school district to provide an adequate educational program that will assure all of the children at least a basic education.

A discussion of the educational services required to provide adequate education for the children who would be directly affected by the proposed legislation has been documented before this committee on numerous occasions. I would say at this time, however, that, as superintendent of schools in one of the largest metropolitan centers in this Nation, I have observed at close range the multiple and varied problems of these youngsters that require costly educational services far above and beyond the local and State sources of revenues available to large city school districts.

This problem, while talked about for many years, has more recently been brought into sharp focus in the thorough discussions of the total problems of poverty-stricken people. My personal involvement in this matter leads me to the conclusion that the funds required to make an inroad on this problem are massive to such an extent that existing tax provisions are wholly inadequate. The probability of changes in State legislation are so slow and the need for massive action without delay is so great that only the Federal Government can provide the needed revenues at this time to provide relief in all areas of the country. I might also add that H.R. 10159 would provide relief in both rural and urban areas. Poverty does not respect location and should be faced wherever it is.

I have been most pleased that the Congress in its discussion of the poverty legislation and other bills relating to metropolitan areas is doing much to dispel the myth that the large cities are centers of wealth that should be able to provide locally all of the dollars necessary to provide complete governmental services. All of the large school districts in this Nation are faced with programs that require greater revenues than they have available from local and State sources. Locally they are faced with practical limitations in the form of high levies needed to maintain other governmental services. In many instances, the total rates applicable in the metropolitan areas are actually at the confiscatory level so adequately described by a former chairman of this committee, Cleveland Bailey, in a committee visit to the Detroit metropolitan area. The Federal assistance provided under Public Law 874 in its present and proposed form would provide substantial aid in financing an adequate program for the school districts educating the greatest share of our population. I might add that this is the share of the population that especially needs a more diversified and costly education.

I would like, at this point, to discuss another problem of the large cities particularly. During recent years there has been an exodus of business and industry from the center city to the outlying communities. This shift in tax base has

reduced revenues of the large cities. It has also caused a shift in population from the large cities, that has been replaced in even greater numbers by the poverty-stricken families that we have mentioned before. This problem can be related to many instances to the location and relocation of Federal installations over a period of many years that, in many instances, provided the initial shift that brought about the loss of tax base and the change in the makeup of the families living in the cities. There are, in some of the great cities, instances where the Government is providing a payment in lieu of taxes for Federal facilities, particularly Federal housing. This payment in most instances, however, is far less than the tax revenue that would be derived from privately owned property. In almost every one of our large cities where this matter has been thoroughly studied, the statistics show that such payments are less per pupil than provided by private housing.

The eligibility requirements in the proposed legislation would be at 3 percent of the total number of children who are in average daily attendance during the school year and for whom the school district provided free public education. This percentage requirement applied equally for all school districts is realistic and would, if enacted, correct for those two provisions an inequity in Public Law 874 that I tried to have corrected for a number of years. It is my feeling the 3-percent clause should be applied equally to all school districts regardless of size. The right of the Commissioner to waive the percentage requirement in instances where exceptional circumstances exist is a desirable provision.

The application of the two proposed provisions to the school district of the city of Detroit will demonstrate their effect on a typical large city school district. The Wayne County Social Welfare Commission reports that we have in the city of Detroit approximately 16,500 families on ADC. We estimate there are approximately 32,000 children in public schools from these family groups. The Michigan Employment Security Commission reports that we have in the city of Detroit 32,130 cases receiving unemployment compensation. The estimated number of children of school age in this group is approximately 24,000. This would make the total number of pupils eligible under the two new provisions 56,000. Applying an estimated rate of \$70 per pupil would produce revenues to the school district in the amount of \$3,920,000. I call to your attention that the 56,000 eligible pupils are only approximately 20 percent of the total enrollment of the school district, 296,000. The actual assistance provided by the Federal Government would amount to less than 3 percent of our total budget of \$142 million. I hasten to point out, however, that such a sum of money could and would make a substantial difference in the type of educational program that we could offer in Detroit.

In the development of the figures for the Detroit public schools, I noted with a great deal of interest that 17 other counties in Michigan would qualify for aid under the section providing for ADC children. While some of the grants would be small in comparison with the total grants, it would be a substantial allocation to the smaller school districts involved. In some instances a grant in the \$5,000 to \$6,000 class would mean an additional teacher to provide services for these rural pupils who also are in dire need of greater doses of the best possible education.

It is my understanding that the ADC section of the proposed legislation would provide assistance to 18,321,981 pupils throughout the Nation. The estimated cost of the program has been reported at \$65,476,460. While this amount appears as a substantial sum, I am sure I don't need to remind the committee that the annual cost would be far less than the sum of money necessary to house these pupils in detention homes or corrective institutions for a number of years during their lifetime. I am not aware that the cost of the second provision relating to children of the unemployed has been computed on a nationwide basis. I am assuming that the cost of this program, nationwide, would have the same experience that we report for the city of Detroit. Such money spent for education is, in my opinion, one of the best investments of Federal tax dollars that can possibly be made.

In conclusion, I would like to suggest to the committee that there are a number of observations I would like to make relative to the extension and improvement of Public Law 874. I assure the committee that not all of the items require an annual budgetary appropriation, but, in my opinion, would strengthen what has proven to be a most effective public assistance program.

1. Public Law 874 and Public Law 815 should be made continuing legislation to deal with continuing Federal impact.

2. Pupil eligibility categories should be extended into areas such as those proposed in H.R. 10159 and into any other related areas that are associated with Federal impact.

3. Where Federal impact declines the Federal payments should be continued long enough on a descending scale to permit orderly readjustment of school programs.

4. The absorption percentage requirements in all categories of Federal pupils should be continuously studied to arrive at an equitable Federal and local responsibility.

5. Eligibility requirements should be studied to determine whether or not federally connected pupil increases should be based on federally connected membership rather than on increases in both Federal membership and total membership.

6. Rate of payments under Public Law 874 should be continuously studied in reference to changing school costs to assure an adequate support program in eligible local school agencies.

7. The qualifying percentage now listed at 3 percent and 6 percent in the law should be made uniform for all local school districts. Perhaps the question should be raised as to whether or not a qualifying percentage should be necessary in clear-cut cases of Federal responsibility.

Once again, may I indicate that it has been a real pleasure for me to appear again before this committee? You know, I hope, my high regard for the excellent work they have done in the area of education over a period of years. I am pleased that I have been able to work with the committee in the past and pleased that the committee felt that my appearance here today might contribute to the success of the proposals now under consideration.

STATEMENT OF DR. SAMUEL MILLER BROWNELL, SUPERINTENDENT OF SCHOOLS, DETROIT, MICH.

DR. BROWNELL. Thank you, Mr. Chairman. I shall read portions of my statement, if I may.

MR. DENT. You may.

DR. BROWNELL. For the record, I am Samuel Miller Brownell, superintendent of schools, Detroit, Mich. I am appearing before this committee to speak in behalf of H.R. 10159, which proposes certain amendments to Public Law 874. The two changes proposed would provide assistance to local school districts based on the total number of pupils enrolled in a given school district that are members of needy families and pupils of unemployed parents in areas of substantial unemployment.

I want to note that I appreciate this chance to be before the committee again. I originally testified in connection with the impact law quite a number of years ago when I was commissioner of education, and during the years since that time I have had an opportunity to see some of the problems as a superintendent of schools in one of our large cities.

H.R. 10159, if it were enacted, would add these two additional categories of children among those who would be counted in the computation of Federal assistance under Public Law 874 by some insertions which are noted in the testimony. These new categories can best be viewed, I think, in terms of the declared policy of the Federal Government in providing financial assistance to local school districts in areas affected by Federal activities as is presently cited in section 1 of Public Law 874. The policy states that financial assistance will be provided to local educational agencies in areas where Federal activities have

been carried on if the local agency has been placed under financial burdens by reason of the fact that:

(1) the revenues available to such agencies from local sources have been reduced as the result of the acquisition of real property by the United States, or (2) such agencies provide education for children residing on Federal property, or (3) such agencies provide education for children whose parents are employed on Federal property, or (4) there has been a sudden and substantial increase in school attendance as the result of Federal activity.

That is the end of the quotation.

A 3-percent eligibility requirement is in effect for school districts having an average daily attendance less than 35,000, and 6 percent in school districts with an average daily attendance in excess of 35,000. I shall speak about that difference in percentage requirements a little later in my testimony.

This policy statement acknowledges a Federal responsibility where Federal purposes are involved. The present proposal to add the two new categories is a further acknowledgment of such responsibility. The very fact of the Federal participation by way of ADC grants and provisions for unemployment compensation is a declaration of Federal purposes.

These Federal purposes are the economic maintenance and the general well-being of these children. An extremely important element in the ultimate economic well-being of these children is their education. It is, therefore, in consonance with this policy statement that the costs of educating these children be acknowledged as involved with a Federal purpose.

The two new categories proposed in H.R. 10159 are, in fact, Federal connections in as great a degree as the presently recognized categories cited above. The Federal Government in both instances of the two new categories proposed is contributing directly to the family maintenance of the children involved. From these funds comes the income to provide the food, the clothing, and the shelter that is provided by Federal income in terms of wages in the other categories now in effect.

In the instance of the two new categories, however, the payment is not sufficient to permit them to contribute to the local taxes which are necessary to maintain the local school systems. The propriety of such a support program by the Federal Government certainly is in keeping with the needs of our time.

It is only logical that, since the Federal Government shares in certain of the costs of maintaining such children, it should recognize and provide for the educational services necessary to enable a local school district to provide an adequate educational program that will assure all of the children at least a basic education.

A discussion of the educational services required to provide adequate education for the children who would be directly affected by the proposed legislation has been documented before this committee on numerous occasions. I would say at this time, however, that, as superintendent of schools in one of the largest metropolitan centers in this Nation, I have observed at close range the multiple and varied problems of these youngsters that require costly educational services far above and beyond the local and State sources of revenues available to large city school districts.

This problem, while talked about for many years, has more recently been brought into sharp focus in the thorough discussions of the total problems of poverty-stricken people. My personal involvement in this matter leads me to the conclusion that the funds required to make an inroad on this problem are massive to such an extent that existing tax provisions are wholly inadequate.

I am referring to the tax provisions of localities, our cities and States, as they are now established. The probability of changes in State legislation are so slow and the need for massive action without delay is so great that only the Federal Government can provide the needed revenues at this time to provide relief in all areas of the country.

I might add that H.R. 10159 would provide relief in both rural and urban areas. Poverty does not respect location, and should be faced wherever it is.

I have been most pleased that the Congress in its discussion of the poverty legislation and other bills relating to metropolitan areas is doing much to dispel the myth that the large cities are centers of wealth that should be able to provide locally all of the dollars necessary to provide complete governmental services.

Let me interpolate that the wealth that is in the cities is not always taxable from the standpoint of school use. It is taxable in terms of the Federal tax program, but it is not available for school support. All of the large school districts in this Nation are faced with programs that require greater revenues than they have available from local and State sources. Locally they are faced with practical limitations in the form of high levies needed to maintain other governmental services.

In many instances the total rates applicable in the metropolitan areas are actually at the confiscatory level so adequately described by a former chairman of this committee, Cleveland Bailey, in a committee visit to the Detroit metropolitan area. The Federal assistance provided under Public Law 874 in its present and proposed form would provide substantial aid in financing an adequate program for the school districts educating the greatest share of our population—the cities.

I might add that this is the share of the population that especially needs a more diversified and costly education.

I would like at this point to discuss another problem of the large cities particularly. During recent years there has been an exodus of business and industry from the center city to the outlying communities. This shift in tax base has reduced revenues of the large cities. It has also caused a shift in population from the large cities that has been replaced in even greater numbers by the poverty-stricken families that we have mentioned before.

This problem can be related in many instances to the location and relocation of Federal installations over a period of many years. By that I mean the location of Federal installations in the outlying sections rather than in the cities. In many instances it has provided the initial shift that brought about the loss of tax base and the change in the makeup of the families living in the cities.

Let me comment at this point on the fact that during the wartime many of the defense plants were built as new plants and they were located in the outskirts of cities. After the war, these were taken over

by private industry, and they moved their operations out to these new plants and left behind in the city the old plants. This meant that they not only took off the tax rolls their old plant, but they left behind many of the former workers who were not able to move into the new automated plants.

This, I am sure, has been called to the attention of the committee, but I note it as one of the Federal impacts in a negative way as far as the cities have been concerned.

Now to return to my statement :

There are, in some of the great cities, instances where the Government is providing a payment in lieu of taxes for Federal facilities, particularly Federal housing. This payment in most instances, however, is far less than the tax revenue that would be derived from privately owned property. In almost every one of our large cities where this matter has been thoroughly studied, the statistics show that such payments are less per pupil than provided by private housing.

The eligibility requirements in the proposed legislation would be at 3 percent of the total number of children who are in average daily attendance during the school year and for whom the school district provides free public education. This percentage requirement applied equally for all school districts is realistic and would, if enacted, correct for those two provisions an inequity in Public Law 874 that I tried to have corrected for a number of years when I was Commissioner. It is my feeling that the 3-percent clause should be applied equally to all school districts, regardless of size. The right of the Commissioner to waive the percentage requirement in instances where exceptional circumstances exist is a desirable provision.

Again, if I may interpolate, I would say I think the history of this act would indicate that the reason the 6 percent was put in for the large cities was primarily because of the fact that it was going to cost a lot of money and, secondly, because of the assumption that there was more wealth in the city than there was in the smaller community. Those two things, I think, are hardly justified in terms of the facts.

The application of the two proposed provisions to the School District of the City of Detroit will demonstrate their effect on a typical large city school district. The Wayne County Social Welfare Commission reports that we have in the city of Detroit approximately 16,500 families in the ADC. We estimate there are approximately 32,000 children in public schools from these family groups. The Michigan Employment Security Commission reports that we have in the city of Detroit 32,130 cases receiving unemployment compensation. The estimated number of children of school age in this group is approximately 24,000. This would make the total number of pupils eligible under the two new provisions 56,000. Applying an estimated rate of \$70 per pupil, which is according to the formula, would produce revenues to the school district in the amount of \$3,920,000.

I call to your attention that the 56,000 eligible pupils represent only approximately 20 percent of the total enrollment of the school district, 296,000. The actual assistance provided by the Federal Government would amount to less than 3 percent of our total budget of \$142 million.

I hasten to point out that such a sum of money could and would make a substantial difference in the type of educational program that we could offer in Detroit.

In the development of the figures for the Detroit public schools, I noted with a great deal of interest that 17 other counties in Michigan would qualify for aid under the section providing for ADC children. While some of the grants would be small in comparison with the total grants, it would be a substantial occasion to the smaller school districts involved. In some instances a grant in the \$5,000 to \$6,000 class would mean an additional teacher to provide services for these rural pupils who are also in dire need of greater doses of the best possible education.

It is my understanding that the ADC section of the proposed legislation would provide assistance to 18,321,981 pupils throughout the Nation. The estimated cost of the program has been reported as \$65,476,460. While this amount appears as a substantial sum, I am sure I do not need to remind the committee that the annual cost would be far less than the sum of money necessary to house these pupils in detention homes or corrective institutions for a number of years during their lifetime or to have them leave the schools unable to move into productive enterprise because their schooling has not been adequate.

I am not aware that the cost of the second provision relating to children of the unemployed has been computed on a nationwide basis. I am assuming that the cost of this program, nationwide, would have the same experience that we report for the city of Detroit. Such money spent for education is, in my opinion, one of the best investments of Federal tax dollars that can possibly be made.

In conclusion, I would like to suggest to the committee that there are a number of observations I would like to make relative to the extension and improvement of Public Law 874. I assure the committee that not all of the items require an annual budgetary appropriation, but in my opinion they would strengthen what has proven to be a most effective public assistance program.

1. I am suggesting that Public Law 874 and Public Law 815 should be made continuing legislation to deal with continuing Federal impact. This again goes back to testimony that I made before this committee several years ago, noting that there is no question but what there is a continuing Federal impact. From the standpoint of permitting school districts to make plans ahead for sound educational programs, if there were continuing legislation instead of having to come before the Congress every 2 or 3 years, not knowing whether they are going to be able to plan ahead or not, I think it would be a sound basis to recognize those things that are continuing Federal impact.

2. Pupil eligibility categories should be extended into areas such as those proposed in H.R. 10159 and into any other related areas that are associated with Federal impact. In other words, the Federal-impact bill when it was established dealt with Federal impact as related to a special war situation. I think we have come along enough to see that Federal impact can be just as important in other ways as in connection with defense plants and military installations.

3. Where Federal impact declines, the Federal payments should be continued long enough to a descending scale to permit orderly readjustment of school programs. Again, I point out that the Federal impact of bringing a new installation into an area, which was much of the reason for the establishment of the impact law, even-

tually added much to the economy of the community so it was better able to handle the school program. The removal of a Federal installation economically is more of a Federal impact than the bringing in of a new installation, in that it takes away an economic asset and very frequently leaves a large number of families with children to be educated.

4. The absorption percentage requirement in all categories of Federal pupils should be continuously studied to arrive at an equitable Federal and local responsibility. This, I think, is self-evident.

5. Eligibility requirements should be studied to determine whether or not federally connected pupil increases should be based on federally connected membership rather than on increases in both Federal membership and total membership. This, I think, has been argued before this committee on several occasions.

6. Rate of payments under Public Law 874 should be continuously studied in reference to changing school costs to assure an adequate support program in eligible local school agencies. This also, I think, has been pointed out on numerous occasions.

7. The qualifying percentages now listed at 3 and 6 percent in the law should be made uniform for all local school districts. Perhaps the question should be raised as to whether or not a qualifying percentage should be necessary in clear-cut cases of Federal responsibility. I have never been able to see the equity of saying just because a community has more than 35,000 pupils it should be operating on a different percentage basis than one which is smaller.

May I again indicate my pleasure at having a chance to appear again before this committee and once again indicate my appreciation as a citizen for the work this committee has done in the area of education over the years.

I should be glad to answer any questions you think might be helpful to the committee.

Mr. DENT. Thank you, Dr. Brownell.

I am particularly pleased to have your testimony, because I do believe the question of impact of the Federal Government covers a greater area than that of just military installations, and so forth.

I notice little significance has been given to the fact that the Government now participates in the marketplace at a much greater percentage of the total marketplace than ever before in the history of the country. It appears to be a fact, that it will grow rather than diminish over the years to come. Therefore, the mere fact that the Government contracts for supplies, for research and development, for military procurement and installations, in certain areas of the country, means these areas can be designated as having received an impact. In some cases where, as you point out, the Government influenced the movement of certain production facilities, it was an impact on the area when it left.

Reading your recommendations toward the end of your statement, you say Public Laws 874 and 815 should be made continuing Federal legislation. I think so, too. The purpose that at least I as an individual have in mind is to try to get a sound piece of legislation so we will not have to come up against it every year and be up against the gun to pass the legislation as it is because we have not really had time to do a job of investigating what changes are necessary.

There has been some talk—and I would like your reaction—among Members of the House particularly, about the possibility of adding a fourth criteria to qualifications under category B. I do not think there is any question in the mind of anyone I have talked to that category A ought to stay as it is, when it is an impact caused by employment on a reservation that is not taxed or that is tax exempt and existing within the school district. I think that category is without question an impact.

However, there is a great deal of discussion on category B as it is now set up, concerning whether or not the mere fact that you work for the Government in an area and live in another jurisdiction is qualification for aid to that jurisdiction regardless of how far it is situated from the place of employment.

As you know, we have a pretty free movement of people. I believe every coal mining town in my area of Pennsylvania and in general in West Virginia has had to have its people go out from the school district itself and find employment. We have whole towns where not one single person works within the school district, and yet the employers of those particular people do not feel obligated nor are they obliged by law to pay to the school district in which the employees reside. Therefore, the idea of adding criteria was conceived.

You will note the changes are for children of school age on ADC plus the children of families receiving unemployment compensation.

The third suggestion has been that we establish, as we have in the poverty bill, criteria based upon the number of children of persons on direct relief, which is another category of poverty under the program. If we do that, Dr. Brownell, I would like your reaction. If we have the four criteria, would we be serving better the cause of this legislation and the people themselves if we said that any two of the four criteria qualify the district for aid under this act?

In other words, we would say impact as it is now written into the law for children of Federal employees where the property is situated within the school district, plus children on ADC and children of people receiving relief. Then, instead of having all four criteria to be met or any one of the four, establish a base where any two of the four would qualify.

If you have a mixed school district which happens to be situated near a Federal installation with no Federal installation within its school district confines but has a great number of the employees of that installation living within the school district, that alone would not qualify that district for aid under the impact legislation. We are trying, I think, to establish a long-term piece of legislation that we can live with.

That really is the main argument I hear against the impact bill as it now is written. Some school districts benefit exceedingly well because they happen to be situated near Washington, D.C. An area that is 30-odd miles away from Washington receives about a million dollars a year, and yet the neighbors living in the same community work in Washington, also, but they work for private enterprise and there is no contribution on the part of private enterprise to that school district in which they reside. In other words, the whole concept of financing local school districts seems to be violated by a continuation of this policy without other criteria.

I may be wrong in my thinking on the matter. What is your idea?
Dr. BROWNELL. I think I would subscribe to your general point. I think testimony that I gave here a number of years ago raised the question of the validity of saying that persons should be counted as impact persons just because they are employed by the Federal Government. In other words, they are able to rent their house and buy their house the same as anyone else. They are employed persons. If the property is tax exempt, however, then there is the impact.

In reference to the qualification that a district qualifies if it has people who are in two of these categories that you mention, that seems to me to be a reasonable position to take, and I think it is consistent with the proposed legislation.

Mr. DENT. I read some of your testimony and some of the germ of the idea sprang from some of your remarks concerning qualification strictly based upon employment and residency rather than employment and direct impact.

I am also very much disturbed over the breakoff point just because of the size of the community, which seems to be legislation by degree rather than by sound economics. The suggestion has been made, not in the bill but for the consideration of the committee and I would like your reaction of setting up a single criteria for category A. I think the impact under category A is so positive, that if we keep the 3-percent impact in category A and then move into the impact suggested under previous legislation offered before the committee, of establishing 5 percent for category B with the new criteria added and wipe out the differential in size of community, would you consider this a reasonable approach?

Dr. BROWNELL. I think the establishment of any of the absorption factors is more or less arbitrary. The position I would take is that there should be consistency in its applications to all size districts. Whether it should be 3 percent or whether it should be 5 percent, I do not have the facts on which to see just how it would affect them, but I would say I cannot see and never have been able to see the justification for saying 3 percent for small districts and 6 percent for large-size districts. Just because it was going to cost more money to include the large districts is no justifiable criterion, in my judgment.

Mr. DENT. The idea of establishing a different percentage rate for category B, of course, is because under the proposal there would be an expanded inclusion of children in the impact area legislation and, therefore, 5 percent would be more realistic than 3 percent when you open it to a wider admission of pupils under the new criteria we are trying to write. Whether 5 percent is right or 6 percent is right would be for the committee to determine after it gets more facts.

I do believe we ought to consider very seriously your suggestion that we wipe out aid based upon the number of pupils attending different school district jurisdictions.

That is all I have at this time. I see on my right the gentleman from New York, Mr. Carey.

Mr. CAREY. Thank you, Mr. Chairman.

I note with interest, Dr. Brownell, that you have drawn a parallel between the Government programs which we have now enacted for aid to dependent children in terms of educational statistics in Wayne County or the city of Detroit school system. This aid represents a

new theory in assistance that we enacted, to get the funds to the children in need, regardless of the parent at home or the parent away.

I think this represents a philosophical change in government. We feel we owe something to the child and we can express that debt in terms of an educational birthright.

In following this educational birthright theory, if we were to follow the aid to dependent children program, it would certainly bring into the impact program a great many more children than are now included, would it not?

Dr. BROWNELL. Yes, sir.

Mr. CAREY. Then, this means an expansion of the impacted area funds and program. It would theoretically include every child in the United States who is in need, who is dependent to some extent on the Federal welfare contribution for his sustenance and maintenance and his educational funds. I cannot see any ground on which any child in such circumstance should be excluded, no matter where he lives in the country; is that correct?

Dr. BROWNELL. I think the bill as written would cover children wherever they live.

Mr. CAREY. In other words, the Federal dollar for education would be looking for the needy child both for his maintenance and support and for his education. I think that is a key philosophical concept that we should follow in terms of giving the aid at the Federal level, and to eliminate the inequalities which I consider the very root of injustice.

How would you propose in my city that we reach the 24,000 children in in this category whose need is established on the ground that they are the children of unemployed parents or are participating in Federal welfare programs, at least federally supported welfare programs? These children do not happen to be attending the public schools. How would you propose that we reach them?

Dr. BROWNELL. That is one of the questions of Federal policy which I know has plagued your committee and the Congress as to whether or not Federal funds for public education or other public services should be channeled through other than public agencies.

With the public school system as we have established it in the United States, the position we have taken—and I think probably wisely—is that we make the public schools open to every child and, therefore, aid to children who wish to receive education at public expense, whether it is local or State support, should be through the public schools.

There has been the question raised at the local and State levels that the public schools in cooperation with nonpublic schools may share resources, and this is done in a good many places in one way or another.

Mr. CAREY. You are speaking of shared time?

Dr. BROWNELL. Shared time or others. For example, in Detroit for years we have had children from the nonpublic schools, mostly the parochial schools, who have taken some of their manual training and home economics in public schools, or they now get their driver education in the public schools, or in the program we have for special ability or remedial work after school, the nonpublic school children participate in those.

So, this makes the resources available to them without what would inevitably follow, that your nonpublic schools would have to assume a certain amount of control from the local public schools or from the State or from the Federal Government if they supported them. This is the choice that I think has to be made as to whether or not you are going to have the independence that goes with providing your own financed operations, which is possible, or whether you are going to say that in order to get the public financing you are going to accept some necessary public controls.

MR. CAREY. Your State is not prepared to accept these public controls over the funds that we intend to allocate here, is it—Federal control?

DR. BROWNELL. We have never had a Federal dollar that I know of that has not had some Federal control. The Federal control may be in terms of the financing, but whatever you do, you have to account for every dollar you spend.

MR. CAREY. Would you not distinguish between apportionment of the dollar and control? When I think of control, I think of curriculum, I think of some sort of expression of a Federal standard or rule under which you must live to qualify. I know of no such program of the Federal Government. I would strongly oppose any such program.

DR. BROWNELL. I would, too. I think many people talk about Federal control in terms of Federal curriculum control without recognizing that wherever you have fiscal management, there must be fiscal control. One of the difficulties I know we faced when I was in Washington, which is bound to be a problem, is how do you manage the necessary fiscal controls without getting into program and curriculum controls as well. It gets into a difficult problem.

MR. CAREY. As I understand our proposed amendment, the only control, if control is the proper word—I do not want to get into a pursuit of semantics here, but I think we are talking more in terms of apportionment—the only standards I see incorporated in this amendment would be a needs standard and a head count. That does not amount to control, to me.

DR. BROWNELL. And reporting and auditing to see that that had been followed, that is right.

MR. CAREY. However, I do not think we have gotten to the root of my question. I would reframe it in this way: You are saying essentially that if a dependent child, a child in need, wants to maintain or its family wants to maintain educational independence, they have to stay away from the Federal dollars. In other words, for a dependent child to be in an independent school, he cannot get any Federal assistance.

DR. BROWNELL. Yes, but I would like to add one point on that. At the present time, children who are Federal dependents do not have the money to pay their tuition for the nonpublic schools.

MR. CAREY. What about the free nonpublic schools?

DR. BROWNELL. I know of no free nonpublic schools.

MR. CAREY. I can tell you in my State and my city, no child in need pays tuition at any nonpublic school. It is as free as the public schools.

Dr. BROWNELL. That is by contribution of other persons instead of a tuition.

Mr. CAREY. Is not all free schooling by contribution of other persons to some extent?

Dr. BROWNELL. Yes; because no children pay their own tuition. They have to depend on adults to provide it.

Mr. CAREY. In my State, also, there are two key specifics I would like to quote. We are spending per pupil the highest per capita commitment of any State in the Union. We are up to very nearly \$800 per child. We, too, are at the confiscatory tax level, just as you say you are in Detroit. With that huge allocation of \$2 billion in terms of operational and capital costs in the city and another billion dollars in the State, we have really a \$3 billion commitment to public education in my State. Yet, in terms of the percentage of those who would be eligible for education, those below 21, we have the least number in the public educational system. We have over 800,000 enrolled in nonpublic schools.

Obviously, one system is helping the other or we could not achieve this high level of commitment to public education. The question now is how long can the one system continue to help the other if we are now coming to a program, as we say in this bill, of picking up the undergirding of the needy child in the public system but we are going to require that the needy child in the nonpublic system receive no assistance.

I am a believer in States rights in education to a great extent in terms of the State maintaining its educational policies. In my State we have a law, via a ruling by our attorney general many years ago on the State law, that where a child is in need, under the welfare provisions of the State, his clothing, his transportation, his textbooks and school supplies, and any educational fees required are borne by the State right now. My State has taken the lead in this. That is my State's policy.

Now, if the Federal Government comes along with an aid-to-dependent-children concept in aid to education, why should my State not be able to carry forward its program which it has already legislated and as its policy has already been described in terms of assisting those children in their basic educational needs?

I am talking about the minimum educational needs—textbooks, remedial reading, the makeup programs, and preschool, for instance, the kind of thing which the student who is in need is receiving but in which he needs greater assistance as part of his educational birthright.

Do you mean to say we cannot find some solution to include those 24,000 in the dependency category we are spelling out here, without disrupting the educational policies of the United States?

Dr. BROWNELL. I did not say that you could not find some way to do it. This proposal does not get into that. I would say this proposal in no way abrogates the right of your State to go ahead with the policy it now has.

The problem that you run into here, I think, is that in some States you would run counter to their constitutions and their laws when you would propose this for every State. Therefore, the way in which this kind of bill would assist your State or any other is that by this provision having been taken care of by the Federal Government, you

thereby free the local taxpayers of a share of the cost which they would have to provide if it is not provided by the Federal Government.

Mr. CAREY. Indirect aid.

Dr. BROWNELL. That is right.

Mr. CAREY. Certainly, though, the aid-to-dependent-children philosophy which we have now legislated follows very closely on the theory of the school lunch program, does it not? In one case it is based on caloric need. We found these children needed warm lunches. We had the food on hand and we found a way to get the hot lunch to the child in every school, at least in every school which desired to participate.

If we are able to do this in the school lunch program and if we are able to do it in aid to dependent children programs, I do not see why in our imaginative desire to be of assistance in areas of inequality we cannot find some way of getting aid to that child or to the family in the independent school system or the public school system. I feel they both serve a public function.

I would hope especially you very responsible and leading educators, who are doing such a tremendous job in the matter of dealing with urban problems, would get together and make some recommendations to us that would cut across all lines and all grievances and all arthritic antiquities in school thinking so we could get to helping every child in every school.

I think it is about time that you in the educational business gave us some help in getting rid of these arthritic antiquities that are binding these children in inequality.

Dr. BROWNELL. May I say in reference to that, I appreciate your point of view—

Mr. DENT. For the record at this point, when you say the independent school system, I assume that you are talking strictly of the nonprofit independent school system.

Mr. CAREY. Nonprofit independent schools, right.

Dr. BROWNELL. I appreciate the dilemma. I likewise recognize that the problem is not one which is wholly soluble by the schools. The problems you are talking about runs back into our State constitutions and our State laws which many of us would like to change.

Mr. CAREY. Thank you, Dr. Brownell.

Mr. DENT. Thank you, Mr. Carey.

We do not seem to have any of the minority side in attendance this morning. Mr. Hawkins, from the State of California.

Mr. HAWKINS. Dr. Brownell, to follow up a little what Mr. Carey has raised, I notice on page 9 of your statement in paragraph (7) you raised a question which I assume you really did not answer. You stated that perhaps the question should be raised as to whether or not a qualifying percentage should be necessary in clear-cut cases of Federal responsibility.

It seems to me that you are to some extent tending in the direction that Mr. Carey has raised in his questions. I assume from that statement that what you actually had in mind was that perhaps it is unwise to use any percentage at all; that district lines, and so-called concepts of local control as we have known them historically, are perhaps obsolete now, and that therefore we are tending more in the direction of general Federal aid to local school districts, rather than using percentages at all.

It seems to me the testimony you have given indicates that since there is a Federal responsibility, perhaps, in every school district, the use of percentages should be dropped, and for that reason I rather felt the implication was in that direction. Am I wrong in that?

Dr. BROWNELL. I would like to explain it in this way, if I might.

As I recall, the 3 percent absorption was put in because of the fact that there are many school districts that had some children that would have qualified under the original 874 act. The question was what was the local responsibility for their education.

It was primarily a matter of the administration, to put in some arbitrary cutoff point and say that every school district ought to be able to absorb a few pupils who might be considered Federal impact pupils within their school district. When it got up above a certain amount, then the impact got more than you should expect the local district to handle.

The law was on the books when I came here as commissioner, but it was explained to me that that was the reason for the 3 percent absorption.

I think this question needs to be studied because of the point that you raise, that if we are to establish certain impacts as being federally connected, then we ought to see whether there should be a Federal absorption percentage in all school districts, whether the 3 percent is the proper one. I think the whole thing needs to be restudied.

Mr. HAWKINS. It seems to me that what you are really saying is that the establishment of categories, a percentage, even cutting it off with the public school system and not including the other school systems, let us say the nonpublic, is largely a question of fiscal considerations and administrative difficulties, that it is not based on philosophy or principle as such. It is primarily on the assumption there is not enough money to go around and we will distribute the money in such a way we can cut it off at a particular point.

I would certainly doubt there is any school district in this country which does not have persons who are on the needy children program, persons receiving unemployment compensation, and so at some point you use some arbitrary percentage.

Dr. BROWNELL. That is right. When does it become a special impact on a school district.

Mr. HAWKINS. Is this merely out of fiscal consideration, administrative difficulties, or based on principle? Certainly if it is based on principle I cannot see how you can establish a 3 percent rather than a 2 percent or a 1 percent. If so, how do you get into the point that an unemployed family which sends its children to private schools should not also be included? Is this again a matter of fiscal consideration?

Dr. BROWNELL. No. I think there is a real difference. One is in having established your principle, you then figure out what is a practical basis for application. This is what the 3 percent was put in there for, a matter of practical application.

I am saying whether that should stand as a point of practical application is a question.

The other is the principle of who will be considered and on what basis will he be considered. That has nothing to do with the 3 percent.

Mr. HAWKINS. Then you think the principle would exclude a district which, let us say, did not qualify at the 3 percent?

Dr. BROWNELL. I am trying to say that I think the principle would apply of identifying the people, then as to whether or not they should receive x dollars would depend upon what you set as a criteria for deciding. If you said they should have to have 10 pupils in order to qualify, or 100 pupils, or a percentage, that is all I am saying. The principle would apply in identifying the pupils. The question is whether they were eligible for a payment, and that would be a matter of the mechanics of operating the program.

Mr. DENT. In line with your questioning, I note on page 7 that you take the figure of 56,000 additional pupils who would be eligible under the two new provisions of this act from the Michigan Employment Security Commission which reports that the city of Detroit has 32,130 cases receiving UC and 16,000 ADC.

Did you take this figure and analyze it as to whether these children were attending school? How many of the 56,000 would be going to the public schools and how many to the private schools?

Dr. BROWNELL. I haven't those figures here. I can tell you from my general knowledge that practically all of them are going to the public schools. Again the nonpublic schools are fee schools.

Mr. DENT. In Detroit?

Dr. BROWNELL. Yes; they pay tuition if they go to a parochial school or another school. They pay tuition. It may be small. That tuition may be waived. By and large they all have to pay a tuition. That is the reason why practically all of them go to the public schools.

Mr. HAWKINS. Let us not assume there are 5,000 or 3,000 who do not. Are you still counting them?

Dr. BROWNELL. Yes; because we didn't have the figures as to how many were going to the public schools.

I would say this goes back to a position we had before in the distribution of State funds under what was known as the primary school fund. That was on the basis of children of school age.

The theory at that time was that to the extent that the State paid primary school aid to a community the taxpayers who did not choose to send their children to the public schools had the amount of taxes that they would have to pay reduced. That is why you call an indirect aid to your nonpublic schools, or the non-public-school taxpayers, I should say.

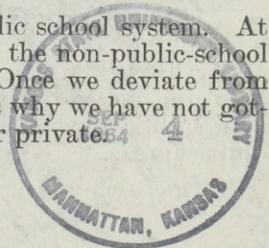
Mr. HAWKINS. I think your statement is an excellent one. My question certainly is not in opposition to the general tone of your statement.

Dr. BROWNELL. I understand.

Mr. HAWKINS. It seems to me this is an issue which has plagued us for a long time. I think it is one which will continue to plague us so long as it seems we deviate from principle and get into a question of what is politically expedient from the viewpoint of obtaining Federal money.

For one I am a strong advocate of the public school system. At the same time I see the necessity of including the non-public-school system in any consideration of these issues. Once we deviate from principle and get into the other problem that is why we have not gotten Federal aid to any of the systems, public or private.

That is all.



Mr. DENT. Thank you, Mr. Hawkins.

Mr. CAREY. There seems to be a figure hanging out in the air. We should request of the Office of Education statistics of children of unemployed parents attending nonpublic schools and children of unemployed parents where the schools are in the impacted programs or where the city or district is outside the impacted area program. I think we need that to make an extended judgment on the eligibility of newly impacted areas.

Mr. DENT. I want you all to understand that in these hearings we will allow wide latitude in the discussion of the whole problem of impact. Your suggestion is good because we should cover as much of this phase of aid as possible if we are going into any kind of a permanent act.

I appreciate your position.

Mr. CAREY. I believe Mr. Cohen indicated to us during the hearings in the poverty program that such figures were available.

Mr. DENT. That is right. We will get all of the necessary figures.

Mr. Gibbons?

Mr. GIBBONS. I want to thank Mr. Brownell for his testimony.

I see Congressman Bennett here, and I also see Mr. Woodrow Darden who represents the Cape Canaveral area of the Florida school system. He has one of the most acute problems in the whole United States.

The Federal Government continues to gobble up more and more of his land and puts more people there for him to train. At an appropriate time, I would like to have his testimony. I know of the havoc the failure to enact proper legislation brings to his system down there and the whole county government, which, incidentally, is not in my district. They cannot even levy local taxes to proceed with their normal functions. Last year we got them in a terrible mess. I hope this year we can avoid that, Mr. Chairman.

Mr. DENT. I appreciate your comments, Mr. Gibbons. You must remember we inherited the mess and we are trying to keep others from inheriting it.

Certainly he will be welcome as a witness. If we can establish a time he will be available we shall set it up. I think his testimony has a direct bearing on the entire problem of Federal impact.

Dr. Brownell, I thank you in behalf of the subcommittee for your attendance and very frank answers to some very difficult questions.

Dr. BROWNELL. Thank you, sir.

Mr. DENT. At this time I would like to call on Congressman Bennett, of the State of Florida, a distinguished Member of the House of Representatives, and he has a very serious question involved in this particular problem we have before us. He has been most anxious to help us in all of our problems.

**STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF FLORIDA**

Mr. BENNETT. Mr. Chairman, I deeply appreciate your committee allowing me to testify in behalf of the renewal of Public Law 874 and Public Law 815, much needed legislation dealing with Federal impact areas.

Duval County, Fla., which comprises the Second Congressional District of Florida, which I represent, is one of the top 20 school systems in the Nation in respect to numbers of schoolchildren, operating expenses and revenue, school construction, and teachers. Under the direction of the Board of Public Instruction of Duval County the county has 120 schools and over 110,000 students in the elementary and secondary school system, and 4,400 teachers. I represent a fast-growing area that increased in population from 455,000 persons in 1960 to around 550,000 in 1964. The student enrollment has grown in comparison to this jump in population, and projections for the future suggest that Duval County will have around 25,000 more students in its schools only 3 years from now.

The operating budget for the school system will run upward to \$37 million in the 1964-65 school year, and the expenses of running a school system of this size in a fast-growing area will increase each year.

One factor in this soaring budget are the key Navy bases in Duval County—Naval Air Station, Jacksonville; Naval Air Station, Cecil Field; and the Mayport Naval Station—and the 28,000 men in uniform stationed at these important bases, vital to the national security of the United States. The Navy has estimated that the total population of Navy personnel and their families is around 90,000.

The Navy personnel and their families have a great influence on the Duval County school system, and the Federal impact funds in support of these school-age children has been of tremendous help to the overall school planning and budgeting. My constituents and I are deeply grateful for this.

One of the first places this committee came to study this situation was to Duval County and adjacent Clay County in northeast Florida, and partly because of the strong evidence given there of the taking over of land by the Federal Government and the temporary nature of some of these installations, a great moral responsibility on the part of the Federal Government was established.

As a part of my statement, I would like to quote from a letter from Mr. Ish Brant, superintendent of the Duval County school system:

The delay in the reenactment of impact funds during 1963-64 was one of the causes for the Duval County schools to be placed on probation by the Southern Association of Colleges and Schools. In fact that we are able to budget these funds during the 1964-65 year may mean that the Southern Association will give favorable consideration to the continuation of accreditation.

So you can see there is a real emergency in the Duval County schools at this time and the prompt providing for those assisting funds may, in fact, prevent the loss of accreditation in these schools. That loss of accreditation would certainly be a terrible blow to many a youngster.

The financing of adequate elementary and secondary education is one of the important problems—if not the most important—our country is facing today.

The Federal impact funds legislation is of extreme importance to teaching our children to become better citizens and to meet the challenges of the modern world.

This is one of the most important problems of our country today. This legislation is of extreme importance in teaching our children to become better citizens and meet the challenges of the modern world. I hope action to continue Public Laws 874 and 815 will be speedy and favorable.

Thank you very much for the opportunity to appear before your committee.

Mr. DENT. Thank you, Congressman.

I want you to know that the most important provisions of this new act, while extending the provisions of the old in the main, is to try to open up category B in such a manner there will be added criteria for the inclusion of additional pupils to the impacted area legislation benefits, looking exactly at the problem that you have with the growth of your district, not all of it due to Federal installations but more to conditions where you have no control.

I would like you to study those particular features and give the committee the benefit of your consideration of the added criteria.

Mr. BENNETT. Thank you very much, Mr. Chairman.

I will do that.

Mr. DENT. Questions?

Mr. CAREY. I have no questions. I want to welcome our colleague before this committee. We know him as one of the most able legislators in our body.

Many of the increases in population in your district are families, workers, employees who at one time resided in many other States, some from my own State.

Some of us, in what we call the sending States, where we once had huge industrial installations, look with envy on some of the problems you have and we would appreciate getting back some of those industries.

Mr. BENNETT. I do think this is a reasoning which I as a Congressman from a State which is receiving personnel of this type should make to my constituents. Believe me, I have done so. The statement you made today has been helpful to me in this.

In a county like Duval County, Fla., with the number of people it has in it, and the relative prosperity it has, it is just a crying shame that we are facing the possibility of taking these children out of accredited schools. It is a shocking shame.

Newspapers have been saying this, to the extent my constituents tell me—"This is none of your business. You are supposed to be running the Federal business and not telling us to float bond issues on our schools." But I have attempted to give some leadership in this field.

I would like to say not in exact rebuttal to what you said but by way of explanation of some of the problems as felt in the Second Congressional District since I have been a Member of Congress, there is a mixed blessing in having thousands of people come to our area who may be removed from your area. This has already happened at Green Cove Springs.

There has been an influx of many thousands. Perhaps 5,000 or 6,000 people with their families were there. Today there is nothing but rusting boats and empty buildings, deteriorating buildings.

It is rather difficult to build schools in that particular area. That was not a particularly well-to-do county. There were 12,000 to 15,000 people there. To absorb this tremendous influx of new people who proved to be temporary, and build adequate schools for them, set up adequate teachers, was a problem which frankly was beyond the means of that particular county.

I urged that the State do something about this because we as a State have urged people to come there and I thought the State should assume part of this responsibility. I thought the Federal Government and the State each could assume part of the responsibility.

I am conscious of what you said. I have told my constituents—we encourage people to come to Florida, even military installations. We encourage all of them to come to Florida. When they come we should meet these responsibilities.

When you look into it you find there are great tragedies which occur, too. People invest large sums of money, the Government invests large sums, and then they move.

Today there is not a single U.S. Government installation in all of Clay County.

There are still 50,000 to 60,000 acres of ordinary taxable land which is off the tax rolls because of these installations which are closed.

Mr. CAREY. Has the value of the surrounding real estate in the period 1960 to 1964 increased during that period to any great degree?

Mr. BENNETT. Overall impact of the military to this county has probably been negative except there have been some bankers, some people able enough to judge when some were going in and some out. There are always people who can make profit on this sort of thing. Undoubtedly some people are wealthier because of the military being there. I think overall the county has suffered a blow.

The have some schools which eventually they will be able to grow to.

Mr. CAREY. And real estate revenues?

Mr. BENNETT. Certainly they depreciated by virtue of the fact that the Federal Government took over large segments. This land is not used for anything. It is empty. People hunt on it but it is not used for salaries.

There is a small National Guard facility which has some salaries. That is a State function.

Mr. CAREY. If the gentleman maintains an open mind, as I know he always does, by reason of the splendid display being seen at your Florida pavilion at the New York World's Fair and the excellent Everglades show performed there, I think you can look forward to another influx of people from my area to your area.

We only request that if you take our wage earners and industries that you do not take our taxes, too.

Mr. BENNETT. My position with regard to the State of Florida has been that we should concentrate on making Florida a more attractive and interesting State but not from the standpoint of trying to raid any other States.

Mr. CAREY. I didn't say that.

Mr. BENNETT. I have said this many times publicly. I think we are spending too much money in Florida today in trying to bring people there, because I think Florida is getting pretty full. It is now the ninth State. It has grown 26 percent every 10 years in the whole history of Florida. No State has a record of growth like this.

I don't think we have to twist people's arms to get them to come to Florida.

Mr. CAREY. I thank my colleague.

Mr. BENNETT. Thank you very much.

Mr. DENT. Thank you kindly, Congressman Bennett.

We have two more witnesses. We would like to conclude testimony today.

Next is Benjamin C. Willis, general superintendent of schools, Chicago, Ill.

Mr. Willis?

I notice you have a lengthy presentation here. I note almost all of it is statistical.

Dr. WILLIS. That is correct.

STATEMENT OF DR. BENJAMIN C. WILLIS, GENERAL SUPERINTENDENT OF SCHOOLS, CHICAGO, ILL.

Dr. WILLIS. I am Benjamin C. Willis, general superintendent of schools, Chicago, Ill.

I would like not only to refer to my own city but in a way of thinking to some of the great cities of America who some of us believe are also impacted.

I also would like to thank you for letting me not only appear at this moment but also ahead of schedule.

Mr. Chairman, I want to thank the committee for this opportunity to present testimony in support of the proposed amendments (H.R. 10159) to Public Law 874, 81st Congress. The purpose of these amendments to provide assistance to local educational agencies in the education of children of needy families and children residing in areas of substantial unemployment with unemployed parents is indeed laudable and necessary. It is the responsibility of the school to provide for the education of all the children of all the people regardless of the parents' contribution to the community or their direct or indirect payment of real property taxes.

Let me focus your attention on the magnitude of this problem. In May of 1964 in the State of Illinois, 203,229 children were included under the total program of aid to dependent children and of this number 147,516 or 73 percent resided in Cook County, a high percentage in the city of Chicago.

These figures describe some dimensions of the problem being considered but they do not dramatize the accelerated pace with which we have been confronted with children on ADC rolls. Cook County in 1948 listed an average number of children on ADC rolls at 30,370; by 1961 before the new type recipients to whom ADC was extended were included, this number had risen to 98,121, an increase of over 200 percent.

The logic of the proposed amendments to the existing act rests upon the position that children whose parents are receiving aid for dependent children are, in fact, federally connected through the Federal Government's provision for food, clothing, and shelter. The financial problems of the cities' schools are further compounded by the fact that many of the recipients of ADC live in public housing and the city or school district receives little or no revenue from this real estate.

Let me further underline what this burden means to the financial health of the public schools in the large cities of America; for we face a crucial social, economic, and technological changes taking place in America today. This challenge cannot be met without a renewed and continuing determination by the citizens. It cannot be met without

adequate financial support to provide the school system with the necessary personnel, facilities, and materials to accomplish the task expected of them.

Table 1 is a series of figures indicating percentage of local public school revenue derived from the property tax.

TABLE 1.—Percent of local public school revenue derived from the property tax, 1963-64

	Percent of total local revenue		Percent of total local revenue
Chicago	100.0	Houston	96.0
Cleveland	100.0	Baltimore	93.9
Los Angeles	100.0	Philadelphia	89.8
New York	100.0	Milwaukee	84.7
Boston	99.7	St. Louis	83.9
Detroit	99.5	Pittsburgh	72.9
San Francisco	99.0	Buffalo	71.6

The great cities are paying more of the cost of education locally, and receiving a smaller proportion of State and Federal support than other school districts within their respective States. Table 2 illustrates the financial situation of the cities by comparing the sources of revenue of the great cities, with the sources of revenue for all public schools in the respective State. Twelve of the fifteen great cities are paying well over 60 percent of the cost of operating their schools from local revenues. Two cities are burdened with supporting 89 and 92 percent of the school cost locally.

TABLE 2.—Sources of revenue for great city public schools,¹ 1963-64

[In percent]

	Local		State		Federal		Other city
	City	State ²	City	State ²	City	State ²	
Boston	92.1	71.0	7.3	24.1	0.3	4.9	0.3
Milwaukee	88.8	73.3	10.4	23.9	.8	2.8	0
Cleveland	78.6	74.9	18.7	22.7	.6	2.4	2.1
Chicago	77.7	77.4	19.3	19.8	.7	2.8	2.3
Pittsburgh	76.1	55.0	21.6	42.0	.6	3.0	1.7
St. Louis	72.4	62.5	25.9	34.9	.1	2.6	1.6
San Francisco	69.8	56.7	26.3	39.8	.5	3.5	3.4
Los Angeles	69.5	56.7	27.9	39.8	.4	3.5	2.2
Philadelphia	66.3	55.0	30.8	42.0	2.2	3.0	.7
Baltimore	65.7	53.0	33.7	35.9	.4	5.5	.2
New York	64.5	54.1	32.7	44.2	.5	1.7	2.3
Detroit	62.3	54.5	36.9	42.8	.4	2.7	.4
Houston	55.0	44.6	44.0	52.3	0	3.1	1.0
Buffalo	49.7	54.1	49.7	44.2	.6	1.7	0

¹ Excluding building bonds and school lunch funds.

² State data from: U.S. Office of Education, Digest of Educational Statistics, 1963 edition table, 31. Data is for 1962-63 fiscal year.

Mr. CAREY. In that table you cite you have a figure in parentheses and one in the left column. Would you explain that?

Dr. WILLIS. Referring to the part of the State outside of the city in one and the city is the other figure.

Mr. CAREY. Thank you very much.

Mr. GIBBONS. Have you thought yet about the impact of this recent Supreme Court decision upon this particular problem you point out, and lack of apportionment in the State legislatures primarily? Isn't that what has caused this problem?

Dr. WILLIS. I think you may have a point but I don't know what the result will be as yet. I don't think we know other than some statements which have been made.

There has been a great deal said about this.

Mr. GIBBONS. This is primarily discrimination at the State level against the big cities. Isn't that what this amounts to?

Dr. WILLIS. I don't know that I would put it in those words.

Mr. CAREY. If the distinguished superintendent will not put it that way, I will agree with my colleague.

Mr. DENT. That has been one of the problems all along with the Federal Government, too. Some of the Northern States, so-called industrially wealthy States, have been discriminated against in the way of Federal appropriations, also, so the whole problem needs airing.

I think you put your finger on a serious situation in the States.

Dr. WILLIS. The State share also includes Federal funds such as those for vocational education, which are channeled through State offices. Less than 1 percent of the public schools' budget in each of these cities comes from the Federal Government, with only two exceptions: Washington, D.C., derives its funds through congressional actions; Philadelphia is a federally impacted area and derives 2.2 percent of its budget from Federal sources.

Mr. DENT. While Philadelphia receives 2.2 percent of its budget from Federal sources, Philadelphia is much better off economically than any other section of the entire State. The realistic view of whether impact hurts or helps can be analyzed pretty well by looking at Philadelphia and comparing it with other sections of Pennsylvania.

Dr. WILLIS. That is correct. The major financial support for the public schools is still the local community.

The sharp differences in cost between elementary and high school instruction, and the still greater costs of vocational and special education are revealed in table 3 which summarizes the findings of the Research Council of the Great Cities Program for School Improvement. Revealing as these costs ratios are in themselves, their full significance cannot be understood until they are applied to school budgets.

As indicated by table 3 the per pupil cost of the academic high school program is one-third more than the amount spent per elementary pupil. Vocational and technical programs cost 80 percent more per pupil than does elementary, while providing for the handicapped child is more than twice as expensive as for the regular elementary pupil.

TABLE 3.—*Cost ratio and average cost per pupil by instruction areas, 1962-63*

	Cost ratio	Average cost per pupil
1. Kindergarten.....	0.49	\$199.89
2. Elementary.....	1.00	408.20
3. Junior high school.....	1.20	489.69
4. Academic high school.....	1.34	544.97
5. Vocational, trade, and technical high schools.....	1.81	737.00
6. Handicapped.....	2.13	867.80

NOTE.—Information in table 3 includes all of the great cities except Washington, D.C.

Table 4 dramatically demonstrates that the higher cost of special and vocational education programs are largely concentrated in major cities. The average great city has only 18.5 percent of the total State enrollment, yet is serving 27.2 percent of the handicapped, and 52.3 percent of the vocational, trade, and technical school enrollments of the State. This situation can be expected to persist.

TABLE 4.—Enrollment patterns, 1962-63

	Total enrollment		Vocational, trade and technical schools		Handicapped classes	
	Kinder- garten to 12th grade	Percent of State	Enrolled	Percent of State	Enrolled	Percent of State
Maryland.....	667,528		3,254		17,185	
Baltimore.....	180,032	26.9	3,254	100.0	11,326	65.9
Massachusetts ¹	918,389		14,633		33,569	
Boston ¹	94,578	10.3	3,258	22.2	1,993	6.0
New York State.....	2,945,000		56,160		42,421	
Buffalo.....	71,837	2.4	5,786	10.3	2,199	5.2
Illinois ²	1,623,160		37,159		17,458	
Chicago ²	423,518	26.1	21,866	58.9	10,670	61.1
Ohio.....	2,080,134		5,089		3,538	
Cleveland.....	144,047	6.9	3,154	61.9	1,107	31.1
Michigan.....	1,794,045		7,060		28,991	
Detroit.....	292,104	16.3	6,805	96.4	8,488	29.3
Texas.....	2,200,186				15,231	.007
Houston.....	185,639	8.4			1,798	.01
California.....	3,740,165				66,887	
Los Angeles.....	577,092	15.4			15,787	23.6
Wisconsin ¹	781,383				11,414	
Milwaukee ¹	115,819	14.8			2,635	23.1
New York.....	2,945,000		56,160		42,421	
New York City.....	1,027,426	34.9	40,223	71.6	21,434	50.5
Pennsylvania.....	2,170,800		49,559		45,308	
Philadelphia.....	264,290	3.5	5,692	11.5	10,425	23.0
Pittsburgh.....	76,094	3.5	2,681	5.4	2,535	5.6
Missouri.....	888,349		4,941		34,679	
St. Louis.....	108,059	12.1	3,345	67.6	3,821	11.0
California.....	3,740,165				66,887	
San Francisco.....	94,162	2.5			1,044	1.6

¹ 1963-64.

² 1961-62.

³ Statistics include handicapped pupil enrollment only for those pupils in ungraded classes.

Automation and other technological developments are having major impacts in large urban centers and the large cities continue to attract thousands of immigrants with many children who can only be effectively served by special education programs. Public schools will be compelled to expand and adapt their vocational, trade, and technical programs at an even more rapid pace in the years ahead if the schools are to continue to serve their communities effectively. The greatest burden in this costly adjustment to modern technology will fall on the public schools of the Nation's large cities, where the competition for tax dollars is becoming increasingly severe.

The cost of sites in large cities is many times that of sites in other districts. As shown in table 5, the average cost for all school sites purchased over the 5-year period reported was \$68,156 per acre for the great cities, in contrast to the \$3,074 per acre average for the sample of other districts, in the States represented. (Metropolitan, suburban, and rural school districts were included in the sample.)

TABLE 5.—*School site costs per acre for the last 5 years, 1958-63*¹

Average cost per acre		Average cost per acre	
Average for sampling of other school districts in these States.....		Average for 14 great cities— Continued	
\$3,074		Boston.....	\$74,620
Average for 14 great cities..		Pittsburgh.....	71,975
New York.....	197,841	Los Angeles.....	68,000
Chicago.....	136,927	Philadelphia ²	67,344
Buffalo.....	125,741	Detroit.....	64,909
St. Louis.....	112,081	Baltimore.....	39,300
Cleveland.....	108,009	Milwaukee.....	29,181
San Francisco.....	96,754	Houston.....	5,692

¹ Average is for most recent 5-year period for which data is available.

² 4-year average.

These substantial differences in school site costs between the large cities and other districts constitute a handicap in providing adequate facilities in the districts with higher costs.

Construction costs and restrictive municipal building codes are additional factors which contribute to the high cost of school plants in large cities and should be recognized in provisions for financial support.

The loss of taxable assessed valuation, relative to the rest of the State (see table 6) when coupled with the exploding school population in the cities indicates that the large city school systems are in the midst of a financial crisis. Without access to additional revenue these cities cannot meet the increasingly complex educational needs with which they are faced.

TABLE 6.—*5-year change in taxable assessed valuation*

	Percent of change over a 5-year period ¹			Percent of change over a 5-year period ¹	
	Cities	State (minus cities listed)		Cities	State (minus cities listed)
Baltimore.....	-10.5	37.2	Los Angeles.....	24.4	32.7
Boston.....	-1.2	(²)	Milwaukee.....	5.8	22.4
Buffalo.....	-1.0	47.5	New York City.....	40.5	47.5
Chicago.....	7.1	13.3	Philadelphia.....	2.8	25.5
Cleveland.....	3.4	17.2	Pittsburgh.....	6.5	25.5
Detroit.....	-2.0	20.3	St. Louis.....	1.1	15.0
Houston.....	21.6	36.0	San Francisco.....	14.2	32.7

¹ Change is for the most recent 5-year period for which data is available.

² Not available.

The public schools in the great cities have shown a tremendous growth in enrollments since World War II. Analysis of the enrollments of 14 cities included in table 7 shows growth from 2,765,337 in 1950 to 3,890,466 in 1963 and a conservative projection of 4,109,632 for 1965. This is an increase of 48.6 percent between 1950 and 1965.

TABLE 7.—Public school membership on or about Oct. 1

	1950	1963	1965 ¹	Percent of increase, 1950-65
Baltimore.....	118,087	185,498	195,682	65.7
Boston.....	91,577	94,578	97,948	7.0
Buffalo.....	65,565	73,228	76,344	16.4
Chicago.....	336,377	536,163	576,893	57.2
Cleveland.....	99,686	150,474	161,528	62.0
Detroit.....	232,230	294,527	300,675	29.5
Houston.....	95,757	205,155	223,761	133.7
Los Angeles.....	310,550	589,517	630,559	103.0
Milwaukee.....	69,163	115,819	123,889	79.1
New York.....	879,315	1,046,523	1,086,407	23.6
Philadelphia.....	216,610	271,370	287,758	32.8
Pittsburgh.....	69,189	77,531	80,273	16.0
St. Louis.....	78,600	112,365	119,351	36.2
San Francisco.....	68,393	95,075	97,783	43.0
Washington, D.C.....	93,631	137,718	148,564	58.7
Grand total.....	2,765,337	3,890,466	4,109,632	48.6

¹ Projected by the Research Council. The average annual increase for 1963 to 1965 was assumed to be the same as the average annual increase for 1960 to 1963.

The increase in the last 11 years has been 193,000 in my own city. The problem of financing the public schools in the great cities becomes even more critical as the enrollments rise.

The taxable assessed valuation is not keeping pace with the growth in pupil population and school costs in many communities. In fact, the tax base per pupil over the past 5 years has decreased in 10 of the 14 cities listed in table 8, while during the same period it has increased in 8 of the 10 States reporting.

TABLE 8.—5-year changes in per pupil taxable assessed valuation

	Percent of change over a 5-year period ¹			Percent of change over a 5-year period ¹	
	Cities	State (minus cities listed)		Cities	State (minus cities listed)
Baltimore.....	-19.3	10.2	Los Angeles.....	5.1	5.6
Boston.....	-5.3	(²)	Milwaukee.....	-9.6	-1.1
Buffalo.....	-8.6	26.1	New York City.....	32.4	26.1
Chicago.....	-6.0	-2	Philadelphia.....	-6	13.6
Cleveland.....	-9.9	4.2	Pittsburgh.....	2.2	13.6
Detroit.....	-5.7	3.4	St. Louis.....	-10.6	3.1
Houston.....	-2.8	18.9	San Francisco.....	5.9	5.6

¹ Change is for the most recent 5-year period for which data is available.

² Not available.

The large cities are in a position where they must increase the tax rate just to maintain their present educational programs. This leaves little or nothing in their budgets for improvement and often results in curtailment of programs because pupils are being added and costs are increasing while the total dollars available per pupil dwindle.

Table 9 shows the proportion of the property tax revenue that is being expended for other services in the great cities as compared with the balance of the State in which these cities are located.

TABLE 9.—Percent of property tax levied by nonschool governments

	City	Average of other local governments within the State		City	Average of other local governments within the State
Baltimore.....	67	(1)	Los Angeles.....	54	49
Boston.....	73	73	Milwaukee.....	66	47
Buffalo.....	76	49	New York City.....	77	49
Chicago.....	60	44	Philadelphia.....	58	22
Cleveland.....	58	(1)	Pittsburgh.....	61	22
Detroit.....	57	48	St. Louis.....	51	(1)
Houston.....	64	(1)	San Francisco.....	71	49

¹ Not available.

The percent of revenue derived from the property tax by local governmental units other than school districts in the great cities is as much as three times that taken by the average local nonschool governments of the State in which they are located.

The table above illustrates the fact that in these cities from 51 to 77 cents of every property tax dollar goes for nonschool services. In 9 of the 14 cities the nonschool share is 60 percent or more, while the average local nonschool government is taking less than 50 percent of the property tax dollar and some as little as 22 percent.

An example of this problem is well illustrated by the situation of Pittsburgh, Pa. Of each dollar paid by a resident of Pittsburgh for property taxes, 61 cents goes to nonschool governmental units. In the average Pennsylvania community only 22 cents of the property tax dollar is used by nonschool services. This is only about one-third the size of Pittsburgh's share. The difference of 39 cents per dollar, or 39 percent of the total tax revenue, that is used by the nonschool governmental units in the large city represents, in part, an extra burden that must be borne by large city residents to support services not provided in other communities. This "municipal overburden" is provided at the expense of education, and constitutes a serious limitation on the local ability to support public schools.

The cost and number of governmental services, other than education, tend to increase with the size of a district and reach very large proportions in the major cities where many services are rendered to nonresidents as well as to residents. Police and fire protection, sanitation services, welfare programs, maintenance of streets and expressways, parks, museums, and zoos are only a few examples of the services to which a greater portion of the large city tax dollar must be committed than in most other communities. The ability of the large city to support education is thus reduced.

Therefore, in conclusion, I wish to emphasize that the proposed amendments to Public Law 874 would provide financial assistance to the Chicago public schools and other large city schools in the education of children of needy families and children residing in areas of substantial unemployment with unemployed parents.

Again I would like to say thank you to the committee for the opportunity to present this point of view.

Mr. DENT. Thank you very kindly, Mr. Willis.

I note on page 2 you call attention to the fact that financial problems of cities are further compounded since many of the recipients of aid and relief live in public housing, and therefore the public housing pays less ratio per pupil in school than private housing.

Is it not also true that because of the very needed program to eliminate so-called slum areas we are removing private homesteads from the tax rolls, and even in private housing we are building high rise apartments which pay a lot less per family unit in local taxes for school purposes than what the individual homestead pays? Do you find that to be true?

Dr. WILLIS. I don't know that I could say that the apartments created, pay less tax than the homestead. I haven't figures on that.

I think the point to be made is that the percentage of children who come from public housing, for instance in my city, and it is one of the highest, may range up to 10 percent, possibly more.

This is a sizable percentage of a total enrollment to be coming from this type of high rise public housing.

Mr. DENT. In our hearings held in Cleveland relative to the delinquency problem it was noted by some of the Cleveland people that the high rise apartment displacing the so-called homestead residence has changed the pattern of the tax picture to where there is less tax paid per student who lives in a high rise apartment than what they pay in the individual homestead, and that this problem is very serious when it comes to total number of dollars contributed to the school system.

Dr. WILLIS. Certainly we make the point here with respect to tax for schools.

Mr. DENT. That is right.

Dr. WILLIS. I haven't the figures on the Cleveland situation but I presume the illustrations used in Cleveland were based on facts they developed.

Mr. DENT. Questions?

Mr. CAREY. One thing appears clear to me from your statistics, and that is the method of financing elementary and secondary education in the Nation. This is about as intermeshed as a gooney bird's nest in a gingo tree. We really don't have any such thing as a model school financing system in any State or community in the country, do we?

Dr. WILLIS. I haven't found one yet.

Mr. CAREY. It appeared to me in citing my own city, as you have in some of these statistics, we have just about run the end of the rope in looking for new sources of revenue.

The latest thing done in our city, by State permission was to levy new sales taxes because we are in desperate straits.

Now we were getting an occupancy tax on leaseholds so that a corporation which comes into our city as a taxpayer, it is being taxed on the value of the lease just as though it was on the fee itself, and the landlord is being taxed on the value of the leasehold. Since he is not getting the revenue, he has to exact the occupancy tax from the tenant or pay it himself for the term of the lease, so the leasehold property, which has been one of our great sources of growth in New York City, now is coming under taxation and many large corporations look to this in terms of whether or not they should locate in our State. This is one of the areas of diminishing returns.

The increase of a sales tax by 1 percent did not result in an overall increase in revenue to the extent we expected. We saw a drop in business, some \$400 million in total retail sales by reason of our trying to exact an additional 1 percent sales tax.

I can say from my own experience we are in dire straits in terms of trying to find some method of supporting our increased burden, municipal overburden of services, and giving quality education to those who need it most.

We have more of the aid-to-dependent-children category, more children of unemployed, than most States and this points up very clearly that the statistics are voluminous and would take long examination, and they point to one inescapable conclusion—the area of greatest need in the country today is no longer the impacted defense industry across the land in various communities but the impact upon the large city of the mobile populations, needy populations, all sorts of social conflicts in the cities. If we turn our backs on cities now we can look to a multiplication of this problem in years to come. It will get worse and more expensive as time goes on.

Will the superintendent agree with me?

Dr. WILLIS. I think I would add that the mobility of people in this country, which is tremendous, look up the statistics, the urbanization which is going on in this country and throughout the world, technological change which is taking place, added to the problem of tensions to which you referred, pose a challenge for education now and in the years ahead.

I would not want anything I have said to seem to detract from the impacted areas as they have been described for more than a decade, but I do want to make the point of suggesting that these two amendments are very helpful to the large cities. These will begin to aid the cities.

Some 10 years or more ago the property behind each child that is assessed in our city, I think, was some 13 percent more—I refer to property that is taxed, and we have access only to property and not the other forms of taxation you have in your city. This has been reduced some 13½ percent, 11 to 13 percent, meaning there are fewer dollars to be taxed per pupil.

At the same time our pupil enrollment has been going up rapidly and dramatically, so this is a concern.

At the same time, recognizing the need for innovation, what you need in the way of educational opportunities, I might say we started 5 years ago with what we called a special type of elementary school during an 8-week period in a summer session for elementary children grades 1 through 6. I will leave you one of these reports. This indicated that if we can operate these schools more like the suburban schools which are operated in terms of size of class, extra teachers and extra help, a great difference would result compared to the results we previously received.

We started with three of these schools. The next year we went to 5 and then 10. This year we are operating 20 of these schools with some 600 pupils in each.

We staffed them more liberally than during the year. In fact I think they are costing us about \$50,000 each for the summer.

This points the way, and it points to the kind of need we must service through the school system.

We have these schools operating where there has been the greatest mobility of children, where, I guess, we would find also the greatest impact which comes through these amendments to this law, and we find what we are able to do—the first 2 years when we got in the results I was a little fearful of letting them be released in terms of improvement in reading and other areas, but I think the evidence is now conclusive that if we can operate schools with 25 in a class, the schools are then not too large, we can have extra teaching staff, we then begin to point to the way of what we need.

While we should be doing this during the year, we just need revenues that are not now available.

With the conditions I pointed out in this statement certainly, these amendments would be a tremendous help, so when someone asked a question earlier of whether we would take two of these criteria, or combine two, I would ask—why not look at all of them?

Mr. Chairman, with regard to the points you made, why not look at all of the criteria and take combinations of them?

I certainly agree with your statement that the cities represent a point of serious need.

Mr. CAREY. I am also interested in quality for what we will spend here. For some reason I have not yet developed fully, while my city increased its school burden dramatically in the last 10-year period, from almost 40-percent increase in our commitment to education during that same period we had a rather distressing dropout rate. In other words, we didn't buy enough quality with the funds we were spending. We had to spend these funds just for direct pupil costs and minimum education. We didn't get the quality because statistics show for every 4 children who entered the 7th grade only 1 completed the 10th grade in key areas of my city. In other words, we had about a 75-percent-dropout rate.

This was a distressing statistic. It was saved to some degree by the fact we had some improvement in the last 3 years, but with the money we are spending we are not getting the kind of quality and attraction to keep people in there who need it most.

Is this perhaps due to lack of funds for new and different and better programs? In other words, we haven't the funds to buy quality so we are wasting some of the funds we are spending.

Dr. WILLIS. I would not agree that we are wasting dollars but I certainly would agree we need more funds to get the quality we are seeking, and so desirable and necessary in this country.

I have three comments with reference to your statement. Our budget has doubled in the last 11 years. It is up 100 percent, in fact over 100 percent for instruction and certain facets of the budget.

I am sure you know that some year or more ago, in cooperation with the welfare department, we established classes for those who were on welfare. We ran this program out of our budget for several months to prove it was effective, and we are presently getting reimbursed for the money we spend, I presume, from welfare State and Federal funds.

People are finishing elementary school, and some have finished high school in this program. We are dealing with adults here, of course.

With regard to the dropout, our studies would show that in our city in 1954-55 it was 8.4 percent, but it would also show in 1962-63 that it was 6.9 percent. This is a reduction of one-fifth, so we would say on this score we have made some progress.

We would like to be able to make more progress.

Mr. CAREY. I know the superintendent has a great record in the Yonkers school system before he went to Chicago. I suppose you are still currently engaged by the State of Massachusetts in an advisory capacity?

Dr. WILLIS. That is right. I also spent some time in Buffalo, you may recall.

Mr. CAREY. And I will never forget the great assistance we received in the passage of the Vocational Education Act from Mr. Willis.

I thank the witness for coming today. It is always a pleasure to have him back.

Mr. DENT. Thank you, Mr. Willis.

I am sure your testimony, along with the figures you have given us, will be very helpful to the Committee.

(The following appendix was submitted by Dr. Willis:)

APPENDIX A¹

SCHOOL REVENUES AND PUBLIC HOUSING

Baltimore

1. Total enrollment: October 1963-----	184, 876
2. Estimated number of pupils living in public housing-----	15, 902
(a) Percent of total enrollment-----	8. 6
3. Equalized assessed value of entire city-----	\$2, 718, 154, 473
4. Value of all public housing-----	\$39, 284, 940
5. Total revenue from property tax-----	\$35, 937, 057
6. Total amount paid by public housing in lieu of taxes-----	\$207, 240
(a) Percent of property tax and payments in lieu of taxes-----	. 6
7. Per pupil revenue from property taxes (total enrollment)---	\$194. 38
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$13. 03
(a) Percent of per pupil property tax revenue-----	6. 7

Buffalo

1. Total enrollment: Fall 1963-----	73, 228
2. Estimated number of pupils living in public housing-----	7, 210
(a) Percent of total enrollment, fall 1963-----	9. 8
3. Equalized assessed value of entire city-----	\$1, 061, 353, 396
4. Value of all public housing-----	\$55, 338, 691
5. Total revenue from property tax-----	\$15, 754, 667
6. Total amount paid by public housing in lieu of taxes-----	^{1a} \$327, 036
(a) Percent of property tax and payments in lieu of taxes-----	2. 1
7. Per pupil revenue from property taxes (total enrollment)---	\$215
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$45. 36
(a) Percent of per pupil property tax revenue-----	21. 1

¹ Prepared by the Research Council of the Great Cities Program for School Improvement, 228 North La Salle St., Chicago, Ill.

^{1a} Federal payment, 10 percent of shelter rent. State payment, tax levy times original assessment of property before housing project.

SCHOOL REVENUES AND PUBLIC HOUSING—continued

Boston

1. Total enrollment: Fall 1963-----	94, 578
2. Estimated number of pupils living in public housing-----	¹ 16, 913
(a) Percent of total enrollment, fall 1963-----	17. 9
3. Equalized assessed value of entire city-----	\$1, 426, 678, 167
4. Value of all public housing-----	(²)
5. Total revenue from property tax-----	\$37, 212, 627
6. Total amount paid by public housing in lieu of taxes-----	0
(a) Percent of property tax and payments in lieu of taxes-----	0
7. Per pupil revenue from property taxes (total enrollment)---	\$393
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	0
(a) Percent of per pupil property tax revenue-----	0

¹ Latest figure available for age group 5 to 17, inclusive, is for 1958. Due to emphasis on housing elderly persons by the BHA, this figure may be nearly correct for 1963. There may have been a possible decrease in this figure.

² Not available.

Chicago

1. Total enrollment: Fall 1963-----	536, 163
2. Estimated number of pupils living in public housing-----	51, 511
(a) Percent of total enrollment, fall 1963-----	9. 6
3. Equalized assessed value of entire city-----	\$10, 494, 455, 124
4. Value of all public property-----	\$357, 923, 624
5. Total revenue from property tax-----	\$222, 848, 133
6. Total amount paid by public housing in lieu of taxes-----	\$488, 148
(a) Percent of property tax and payments in lieu of taxes-----	. 2
7. Per pupil revenue from property taxes (total enrollment)---	\$416
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$9. 48
(a) Percent of per pupil property tax revenue-----	2. 3

Cleveland

1. Total enrollment: Fall 1963-----	150, 474
2. Estimated number of pupils living in public housing-----	4, 000
(a) Percent of total enrollment, fall 1963-----	2. 7
3. Equalized assessed value of entire city-----	\$2, 912, 257, 693
4. Value of all public housing-----	\$63, 000, 000
5. Total revenue from property tax-----	\$48, 161, 248
6. Total amount paid by public housing in lieu of taxes-----	\$105, 000
(a) Percent of property tax and payments in lieu of taxes-----	. 22
7. Per pupil revenue from property taxes (total enrollment)---	\$320
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$26. 25
(a) Percent of per pupil property tax revenue-----	8. 2

Detroit

1. Total enrollment: Fall 1963-----	294, 527
2. Estimated number of pupils living in public housing-----	8, 930
(a) Percent of total enrollment, fall 1963-----	3
3. Equalized assessed value of entire city-----	\$5, 264, 577, 424
4. Value of all public housing-----	(¹)
5. Total revenue from property tax-----	\$86, 663, 027
6. Total amount paid by public housing in lieu of taxes-----	\$65, 742
(a) Percent of property tax and payments in lieu of taxes-----	. 08
7. Per pupil revenue from property taxes (total enrollment)---	\$294
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$6. 93
(a) Percent of per pupil property tax revenue-----	2. 4

¹ Not available.

SCHOOL REVENUES AND PUBLIC HOUSING—continued

Houston

1. Total enrollment: Fall 1963-----	205,155
2. Estimated number of pupils living in public housing-----	2,478
(a) Percent of total enrollment, fall 1963-----	1.2
3. Equalized assessed value of entire city-----	\$461,500,000
4. Value of all public housing-----	\$12,440,562
5. Total revenue from property tax-----	\$39,299,485
6. Total amount paid by public housing in lieu of taxes-----	\$26,158
(a) Percent of property tax and payments in lieu of taxes-----	.07
7. Per pupil revenue from property taxes (total enrollment)___	\$192
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$10.56
(a) Percent of per pupil property tax revenue-----	5.5

*Los Angeles*¹

1. Total enrollment: Fall 1963-----	589,517
2. Estimated number of pupils living in public housing-----	² 14,339
(a) Percent of total enrollment, fall 1963-----	2.4
3. Equalized assessed value of entire city-----	\$600,000,000
4. Value of all public housing-----	⁽³⁾
5. Total revenue from property tax-----	\$249,979,482
6. Total amount paid by public housing in lieu of taxes-----	\$205,937
(a) Percent of property tax and payments in lieu of taxes-----	.08
7. Per pupil revenue from property taxes (total enrollment)___	\$424
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$14.36
(a) Percent of per pupil property tax revenue-----	3.4

¹ The Los Angeles Unified School District includes the city of Los Angeles and various adjacent communities.

² Ages 5 to 17, inclusive, counting 5-year-olds as 0.5.

³ Not available.

Milwaukee

1. Total enrollment: Fall 1963-----	115,819
2. Estimated number of pupils living in public housing-----	2,979
(a) Percent of total enrollment, fall 1963-----	2.6
3. Equalized assessed value of entire city-----	\$2,066,643,157
4. Value of all public housing-----	⁽¹⁾
5. Total revenue from property tax-----	\$41,338,449
6. Total amount paid by public housing in lieu of taxes-----	\$88,599
(a) Percent of property tax and payments in lieu of taxes-----	.21
7. Per pupil revenue from property taxes (total enrollment)___	\$356.92
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$29.74
(a) Percent of per pupil property tax revenue-----	8.3

New York

1. Total enrollment: Fall 1963-----	1,046,523
2. Estimated number of pupils living in public housing-----	109,228
(a) Percent of total enrollment, fall 1963-----	10.4
3. Equalized assessed value of entire city-----	\$27,236,319,150
4. Value of all public housing-----	⁽¹⁾
5. Total revenue from property tax-----	\$524,136,992
6. Total amount paid by public housing in lieu of taxes-----	0
(a) Percent of property tax and payments in lieu of taxes-----	0
7. Per pupil revenue from property taxes (total enrollment)___	\$501
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	0
(a) Percent of per pupil property tax revenue-----	0

¹ Not available.

SCHOOL REVENUES AND PUBLIC HOUSING—continued

Philadelphia

1. Total enrollment: Fall 1963-----	271, 370
2. Estimated number of pupils living in public housing-----	9, 914
(a) Percent of total enrollment, fall 1963-----	3. 3
3. Equalized assessed value of entire city-----	\$4, 278, 682, 000
4. Value of all public housing (estimate)-----	\$51, 961, 500
5. Total revenue from property tax-----	\$66, 145, 000
6. Total amount paid by public housing in lieu of taxes-----	\$197, 680
(a) Percent of property tax and payments in lieu of taxes-----	0. 30
7. Per pupil revenue from property taxes (total enrollment)---	¹ \$243
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$19. 94
(a) Percent of per pupil property tax revenue-----	8. 2

¹ From real property.*Pittsburgh*

1. Total enrollment: Fall 1963-----	77, 531
2. Estimated number of pupils living in public housing-----	¹ 7, 880
(a) Percent of total enrollment, fall 1963-----	10. 2
3. Equalized assessed value of entire city-----	\$1, 221, 500, 000
4. Value of all public housing-----	\$38, 952, 915
5. Total revenue from property tax-----	\$18, 975, 000
6. Total amount paid by public housing in lieu of taxes-----	\$107, 862
(a) Percent of property tax and payments in lieu of taxes-----	0. 6
7. Per pupil revenue from property taxes (total enrollment)---	\$244. 74
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$13. 69
(a) Percent of per pupil property tax revenue-----	5. 6

¹ An estimated 10,506 school-age children live in public housing. An estimated 75 percent of these attend public school.*St. Louis*

1. Total enrollment: Fall 1963-----	112, 365
2. Estimated number of pupils living in public housing-----	9, 187
(a) Percent of total enrollment, fall 1963-----	8. 2
3. Equalized assessed value of entire city-----	\$1, 648, 023, 000
4. Value of all public housing-----	(¹)
5. Total revenue from property tax-----	\$23, 920, 000
6. Total amount paid by public housing in lieu of taxes-----	\$110, 000
(a) Percent of property tax and payments in lieu of taxes-----	0. 46
7. Per pupil revenue from property taxes (total enrollment)---	\$213
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$11. 97
(a) Percent of per pupil property tax revenue-----	5. 6

¹ Not available.*San Francisco*

1. Total enrollment: Fall 1962-----	95, 075
2. Estimated number of pupils living in public housing-----	7, 180
(a) Percent of total enrollment, fall 1963-----	7. 6
3. Equalized assessed value of entire city-----	\$1, 579, 731, 514
4. Value of all public housing-----	(¹)
5. Total revenue from property tax-----	\$40, 277, 547
6. Total amount paid by public housing in lieu of taxes-----	\$72, 933
(a) Percent of property tax and payment in lieu of taxes-----	0. 2
7. Per pupil revenue from property taxes (total enrollment)---	\$424
8. Per pupil payments in lieu of taxes by public housing (total public housing enrollment)-----	\$10. 16
(a) Percent of per pupil property tax revenue-----	2. 4

¹ Not available.

Mr. DENT. We will now try to continue unless there is a question raised about a quorum call.

At this time I would like to call on Richard H. Lawrence, legislative and special projects coordinator, Office of the Superintendent, Los Angeles (Calif.) School Districts.

I am informed by Congressman Hawkins of your city that he had another meeting he had to attend at 12 o'clock. He expressed his regret he would not be here but assured me that your testimony would be very helpful.

STATEMENT OF RICHARD H. LAWRENCE, LEGISLATIVE AND SPECIAL PROJECTS COORDINATOR, OFFICE OF THE SUPERINTENDENT, LOS ANGELES, CALIF.

Mr. LAWRENCE. Thank you, Mr. Chairman.

I, too, would like to read from my statement. Rather than repeat I will eliminate certain parts which I think already have been covered.

Honorable Chairman and members of the committee, I am grateful for the privilege that has been accorded me to submit this testimony in support of the proposed amendments to Public Law 874.

Gentlemen, I am Richard H. Lawrence, coordinator of legislation and special projects in the Office of the Superintendent for the Los Angeles City School Districts.

The Los Angeles School District is the second largest school system in the United States, and serves over 740,000 students contained in an area of approximately 880 square miles.

This actually covers the city of Los Angeles, 20 other cities, and a large portion of unincorporated county territory.

I add this because I want to comment on it further later on.

This student population represents slightly less than 20 percent of the total student population for the entire State of California.

In speaking to you this morning I am speaking at a point in the history of our Nation that may be referred to as the era of society's organization for continuing change.

The challenge that faces America today is unique in the annals of our history. We, as a people, are facing a backward step in educational programs. While progress in our knowledge of the sciences and other disciplines has been expanding at a phenomenal rate, so has our understanding of adequate methods of teaching our young people in the field of education.

While schools are faced on the one hand with greater responsibilities toward society, they are faced on the other hand with reduced effective financial support. Thus, the problems of the larger school districts are even more demanding and pressing because of the tremendous impact of urbanization. This leads inevitably toward a deterioration of programs by school systems as they attempt to prepare the next generation to meet their emerging responsibilities.

The problems created by urbanization are numerous and varied. Providing equal educational opportunities within the limitations of a large school district with its ever-expanding and demanding responsibilities without additional sources of revenue to provide the compensatory programs needed to meet the new challenges of our changing communities, poses special problems of tremendous magnitude.

In the past, the Congress, in its wisdom, has seen fit to offset, at least in part, the problems created for school districts because of Federal activities.

Because of your extensive field studies and hearings on the subject of Federal activities, Public Law 874 was first enacted in 1950. This act deals with the problem which has persisted for many years; namely, that of financing the educational services for children who reside on or have parents employed on tax-exempt Federal property. This problem will remain as long as the Federal Government continues to own a large part of the land area of the United States. It now owns approximately one-fifth of the Nation's total land area, and approximately 47 percent of the land area in the State of California.

The Los Angeles city school districts had been aware of the provisions of Public Law 874, and had long considered the possibility of entitlements that might be available if the district were to qualify. The school district's first application, following the results of an initial survey conducted in the fall of 1958, failed to produce the required percentage of federally connected pupils. The survey evidenced 18,436 federally connected in the elementary district, 5,215 federally connected in the high school district, and 565 federally connected in the junior college district, making a grand total of 24,216 federally connected pupils within the three Los Angeles city school districts at the time of the survey.

The elementary and high school districts, being above 35,000 in average daily attendance, were required to establish 6 percent on the "old three-count survey" procedure. The total federally connected was 5.06 percent in elementary and 4.55 percent at the high school level; and it was the decision of the Federal representatives as well as the local governing board and staff, that the additional surveys could not produce enough federally connected pupils to qualify the district for entitlements under Public Law 874.

With no appreciable change in Federal activity in this area since 1958, the districts have not attempted to establish a survey and to consider their qualifications under the law. However, if we were to apply the same 1958 percentage of impact to our present enrollments, it is estimated that there would be a total of 27,342 federally connected within the Los Angeles city school districts.

Therefore, we wish to recommend for your serious consideration, once again, the reduction of the 6-percent requirement for large school districts to the same 3-percent requirement as now permitted for all others, as earlier proposed in our appearance before your subcommittee in Los Angeles, and we urgently request that you give every consideration to including this amendment during the current session of Congress.

I have just given you a brief explanation of how the Los Angeles city school districts have been concerned and interested in Public Law 874 up to this time, and since the original enactment in 1950. Because of this interest and concern over a period of years, we have maintained our contacts with Members of Congress and with representatives of Federal, State, and local governments, in order to keep apprised of any subsequent changes which would make it advisable for our school districts to again make application for Federal entitlements under Public Law 874.

It was, therefore, with great renewed interest and concern for us to learn of the proposed amendments to Public Law 874 now under consideration by your committee. The addition of two new categories to Public Law 874—

1. To include children of needy families, and

2. To include children residing in areas of substantial unemployment with unemployed parents,

appears to be categories that would allow this school district to participate in the entitlements, if the bill is enacted into law.

When we first heard of the pending legislation, we made contacts with the local agencies responsible for these two categories of children and received estimates that we can present to you this morning, which may give you some idea as to their effect upon the Los Angeles city school districts; that is, the schoolchildren and taxpayers of our school districts.

In consideration of the first category, the Los Angeles County Bureau of Public Assistance has estimated that approximately 65,124 children in the Los Angeles city school districts, between the ages of 6 through 17, are children of needy families receiving aid for dependent children. Had this provision been included in Public Law 874 during the 1963-64 school year, this number of students would have represented approximately 10 percent of the total average daily attendance of the Los Angeles elementary and secondary schools.

In considering the second category, that of children who reside in areas of substantial unemployment with unemployed parents, the task of estimating the number of students within the Los Angeles city school districts becomes quite difficult. We have contacted the Los Angeles metropolitan area office of the California State Employment Service in an attempt to get the most recent estimate of the number of individuals receiving unemployment compensation insurance benefits.

We have 18 areas of unemployment. The boundaries of the school districts and the boundaries of the unemployment offices do not coincide so we have estimates from the Los Angeles metropolitan area office of the California State Employment Service in an attempt to make a recent estimate of these numbers of individuals receiving compensation insurance benefits.

The area manager supplied a total of 315,783 persons who drew at least 1 week of unemployment insurance benefits during the 1963 calendar year; and of this number, approximately 214,125 were estimated to be within the Los Angeles City school districts.

Using additional figures also supplied by the Los Angeles metropolitan area office of the California State Employment Service, we have estimated that approximately 20,399 persons living within the Los Angeles City school districts received unemployment insurance benefits for a major portion of the year, indicating approximately 53,037 children residing with unemployed parents. We recognize that these figures are based on estimates, and that procedures would have to be developed in order to more accurately determine the numbers of such families within the districts, provided this bill is enacted.

Further, we are aware that an area must be designated by the Secretary of Labor as an area of substantial unemployment in order to qualify under this category. The Los Angeles area has not been so

designated since April of 1962 and is presently considered an area of moderate unemployment.

In reference to both of the new categories, as proposed in the bill now under your consideration, the Los Angeles City school districts will lend support and cooperation in any way possible to develop the procedures or mechanics for a practical application of these provisions should they be included in Public Law 874.

In closing my remarks, and in an attempt to be brief, I am sure the committee is aware more than I, that the future of this great Nation rests in the quality of education that we provide our young people. It has also been said that the future of this Nation rests in the struggles being waged in our great cities. Can we then also say that the kind of education provided the young people in the great cities of this great Nation is undoubtedly the No. 1 strength that will move this Nation forward?

Thank you, once again, for this opportunity to appear before your committee, representing Dr. Jack P. Crowther, superintendent of the Los Angeles city schools, and the schoolchildren of Los Angeles.

Mr. DENT. Thank you, Mr. Lawrence.

As I understand it, then, the Los Angeles school district is not receiving money at the present time under Public Law 874.

Mr. LAWRENCE. No, sir; we never have qualified.

Mr. DENT. But there are some schools and districts within the county itself which are receiving aid. Is that true?

Mr. LAWRENCE. A majority of them are.

Mr. DENT. In the county area?

Mr. LAWRENCE. There are 99 districts within the county that make up the entire total.

Mr. DENT. Have you any knowledge of the program in California where the State disallows the school district foundation funds from the State budget to the extent of 45 percent of the amount they receive under Public Law 874, and that last year an attempt was made by the legislature to disallow 95 percent of the funds received from Public Law 874. Have you any knowledge of that practice?

Mr. LAWRENCE. I am just generally aware, Mr. Chairman. It is a computational factor to include your moneys received under 874 as a measure of your wealth behind each child within the district. I believe this computation relates itself to assessed valuation. Then it is used in the amount of equalization money that the State will give that particular district.

In 1961 the present formula was approved and agreed to in the State legislature, and has not been changed since then. Even though these proposals you have heard of, one I think going as high as 100 percent, were considered, it has not gone beyond the committee level.

Mr. DENT. It would be logical, would it not, to use the whole 100 percent as a disallowance, rather than just 45 percent, or do we discuss the matter of equity on a percentage basis?

Mr. LAWRENCE. The proponents, I think, would agree with you on trying to count 100 percent. However, they were not very successful, sir.

Mr. DENT. We understand there are some 18 States now that, under one form or another of legislative action, are denying moneys under

874 to the school districts by way of depriving them of the State aid that they would be entitled to under the regular formula of State aid. If that continues, would that not in a way or in a sense negate the so-called need of impact money from the Federal Government?

Mr. LAWRENCE. I think it would go a long way to cause the districts that participate certainly not to want to receive the funds.

Mr. DENT. We give them money with one hand and the State takes it away with another hand. Some of the States, as the gentleman from New York has already stated for the record, and Pennsylvania could be included in that, make an all-out effort on the basis of State aid to local districts. We do not measure the impact money coming into the city of Philadelphia, for instance, in any way to disallow State funds going into the school district.

If other States continue to use this formula, the whole Federal program would then be a substitute for State aid. That is one of the reasons we are trying to find a new criteria based more upon the real need in a community rather than upon the simple fact that by reason of location, geography, an area happens to have a Federal installation.

It is your opinion that the proposal we have, with whatever changes must be made in it to make it workable, is sounder than the present impact legislation in regard to the needs of the district?

Mr. LAWRENCE. I think, Mr. Chairman, the analysis we made of our 1958 survey would bear this out in that in this large area that our district contains, over 800 miles, we found in the harbor area and in the valley area and in the west part of our district we were impacted as high as 15 percent. In contrast, the central core city where you have the person who has newly arrived into the city, who is less skilled and maybe a person who is unemployed, that area had a nil percentage of impact.

These are the same people, I believe, who are going to come into these two new categories that you are proposing in your bill. Under present law they are the same ones that would level off this 15 percent in our geographical areas to cause the district to come up with a 4½- or 5-percent factor for the total enrollment.

Mr. DENT. Mr. Lawrence, there have been suggestions made over the years and nothing has ever come of them, but I know this subcommittee is going seriously to consider them in order to get around many questions, one of which was aired here a little while ago, in more detail—the possibility of making the appropriation payable to the school that is impacted, since you are denied funds because of your overall failure to meet the criteria and yet you have within your school district areas that more than meet the needs criteria on the impact basis alone.

Would it be helpful if the Congress considered and passed legislation that would make funds available to the school that is impacted?

Mr. LAWRENCE. I cannot say about the actual school, Mr. Chairman. I think that would present certain difficulties to the district itself, but we proposed to a subcommittee 3 or 4 years ago that it be amended to include a geographical portion of a district, a group of schools within the district.

Mr. DENT. It is then a matter of the degree of work involved, rather than the justice of the situation, because if you divide the school dis-

trict itself into 10 areas, it is just a question of reducing the paper-work involved in dividing it into the number of school districts. Is that right?

Mr. LAWRENCE. Yes. We have 589 schools, and I see this as a real problem if we were to apply it by individual schools.

Mr. DENT. It has its problems. We must find some way of helping schools in the areas that are really impacted. Here in Washington, we have the very same problem. One of the reasons that I fought the inclusion of the District in the bill at that time was, there was no assurance that the needy school would receive the money because it would go to the school district and then be spent according to the School Board's and the Commissioners' desire to spend it in whatever area they thought it could best be spent. There was no guarantee that the school itself would receive the aid.

We have some horrible examples right here in Washington, D.C., of a school being impacted seriously by the low-income families that work for the Government, and yet qualify under the act in every regard, but the money is being spent in the areas where they have high-income families working for the Federal Government.

The problem is not one easy to resolve, but certainly we cannot continue the present method if we are to try to get justice to your city, for example, which does not qualify because of the fact that you are about half a percent less than the required 6 percent of the amount allowed by law.

You also pose another problem that I had not thought of, and I do not know how many of the other members have gone into the details of it—the question of using the unemployment figure as a criterion in measuring what would make a person receiving unemployment compensation eligible, whether it would take a certain number of weeks of unemployment or whether it would take a majority of the weeks of the year. This might pose a very serious problem.

Mr. LAWRENCE. The number we used, Mr. Chairman, are those people who have exhausted their benefits. We will say that is over half of the year they are unemployed. In order to have some basis for including a figure, this is the one we used. Obviously, the first one, the one that is 214,000, a person receiving but 1 week, is one that you would not want to use.

Mr. DENT. Thank you very kindly. I think you have given us a great deal to think about in trying to draft this difficult legislation.

Mr. Carey?

Mr. CAREY. Thank you, Mr. Chairman.

As is often the custom when we have a witness from the great West, and the west coast in particular, it is pointed up that the Federal Government owns great portions of the land area in the State, in your case as high as 47 percent. I do not mean this by way of criticism, but it is also true that in another committee on which I serve, the Committee on Interior, and particularly the Subcommittee on National Parks, we continually face proposals from the State to increase the Federal holdings in the State for purposes of recreation, and now for purposes of wilderness preservation. I like to make it appear very clear whenever this question is brought up that the States have initiated in great measure the commitment to landholdings by the Federal Government.

In your own case, the national seashore we had within the 87th

Congress, and some minor additions, 14,000 or 15,000 minor additions to the Shasta National Park, and so forth, are in process of being added. It is suggested or requested or demanded of the Federal Government that these landholdings be continually increased for the purpose of recreation or public works or other fine additions to the National and State interests.

We have to face up to the fact that the Federal Government is the trustee in this area of National and State interests. This 47-percent landholdings is something which I think State legislators and Members of Congress should look at when they come to the committees of Congress and ask for additional commitments by the Federal Government to parks and State recreational areas. Forty-seven percent of your landholdings are within the Federal preserve. In my own State, I do not think we have 4.7 percent within the Federal preserve, so we have to reach out with our State funds and buy up areas to make sure that we have recreational opportunities.

In the history of the recreational holdings and recreational land reservation, at one time within the last two or three Congresses we were considering the collection of user fees, the collection of camping fees, the collection of all types of revenues from recreation and conservation facilities in the Nation. The suggestion was made—in fact, it was a matter of legislative interest within the last decade, suggested and proposed and strongly supported by the administration, that these revenues be dedicated to education. It would have amounted to some \$500 million in a special educational fund for the expansion of educational facilities, but as of last week this fund now is to be directed, under the land and water conservation fund, to additional recreational opportunities.

Under the circumstances, it looks as though we have put the recreational opportunities of the Nation ahead of the educational demand. It is a clear case that we have done this by national policy. At this juncture we have put the recreational resources of the Nation ahead of educational demands in terms of dollars committed from this particular source.

I am not criticizing this, but I am stating it as a matter of fact as policy.

Also, we come to the matter of absorption here. Your city, the Los Angeles School District, and mine are in the same boat. This question of absorption is always one of policy. Where you have a large population area, you are in a position to absorb a certain number of Federal employees without getting compensation for their schools and education occasioned by those employees.

I think we have come to the point now that we are looking at a juncture where the cities just cannot absorb any more. We are saturated with school demands in our cities, and we cannot absorb anything. The absorption is different where the impact brings in a Federal income to the district, where the Federal employee is a taxpaying employee on the employment rolls. There you can make out possibly some case for absorption.

But in the theory of this new legislation where we are basing the Federal connection on the aid to dependent children or aid to unemployed, unemployment compensation, there I do not think there can be

any question of absorption, because there is no economic change in the area. Would you agree?

Mr. LAWRENCE. I would agree.

Mr. CAREY. If we are talking about this, how can we in the same type of legislation talk about revising the figure from 6 percent down to 3 percent when we should, in terms of this particular absorption, be eliminating it entirely? Why should not any child who is under the aid to dependent children program, whether he be in my city or your city or in a small school district, why should not any child whose parents are unemployed for the maximum limitation in terms of the entitlement, why should not any child be eligible for the benefits based upon this connection, without regard to percentage, if we are dealing with the right of the individual child to proper education?

In other words, why are we talking percentages at all in this particular connection?

Mr. LAWRENCE. It is the financial limitation, I am sure, in the original act.

Mr. CAREY. There may be a financial limitation, but I am questioning whether it is a valid one. In my own city, it is a matter of commonsense that in order to establish our entitlement, the cost of doing a census, the cost of validating the entitlement of each child in terms of the Federal connection would be so great that the share we get, which is approximately a million dollars, according to the table here, would not be enough to cover the cost of the survey. We are inhibited from sharing in the benefits, and I think you would find the same thing is true. In order to establish your Federal connection down to the degree of certification necessary under the act, the cost of studying this and getting the necessary statistics together on a certified basis would be such that you would not gain very much from participation in the act. Is this not a real consideration?

Mr. LAWRENCE. Yes; it is. This is why we have not had another survey since 1958.

Mr. CAREY. That is why my city has not done it, also. We are in a sense in a quandary. We know we should be entitled to certain benefits based upon the justice of the situation, but we know we cannot afford to establish the criteria in order to qualify, because the limitation is such that we get about a million dollars in a city where the total school bill now is \$2 billion, capital and operations.

There are children and parents in this area—I specify and emphasize the children—there are children who are entitled by reason of their American citizenship and American residence to the benefits of this particular program, but they are not getting it because of the limitations, financial and otherwise, that we have written into this act. I think my city and yours are in companion difficulties on this.

I would oppose any limitation that would not make for adequate financing for statistical information so my city and your city could participate where those needy children are involved.

I think this is a real consideration, Mr. Chairman. If we are to decrease these percentages for eligibility, the cost of determining the percentage should be borne at least in the first instance by the Federal Government so we can find out whether or not we are eligible.

Mr. DENT. That gives us food for thought, but has the gentleman considered the possibility of eliminating a district line and either

give it to the individual school or to the State in a lump sum and let the State pass it out according to its idea of need?

For instance, we talk about impact of Federal installations, and yet the area that can be impacted by the loss of revenue for a Federal installation might provide employment for 5,000 people who live outside of the school district, and the school district would receive absolutely nothing. Yet, it has lost its revenue because category B is set up the way it is.

If you wipe out the school district line and give it to the State, then it does not matter where the person works or where the person resides.

Mr. CAREY. Mr. Chairman, if I might offer a further suggestion, I believe we should try to follow to the greatest degree possible the guidelines laid down in the very Aid to Dependent Children Act which is now the law of the land, in terms of welfare recipients. I am informed that the minimum cost of administration of that act is something less than 1½ percent under the Social Security office and under the Department of Health, Education, and Welfare. Yet, they have been able to get the funds to the dependent children who qualify in terms of need.

If we are looking to aid the impacted child with this new connection of dependency and welfare, I do not see why we cannot follow this right down to the individual impacted school classroom and child, using the same guidelines we are using in the basic Aid to Dependent Children Act.

Mr. DENT. We also do that in the matter of the school lunch program. We have the details of every school in the entire country under the school lunch program. What makes it difficult to do it under the other—

Mr. CAREY. We would know the deserving child is getting the benefit. I think we are coming down to the question of aiding the individual child and family wherever they reside in the United States when we talk about this new connection.

I would be in favor of doing this. We know at least this amount of Federal dollars was going directly to distressed educational sectors of the country that need it most.

I do not think it represents any great clerical problem or technical problem in trying to get the assistance at this level. I would point out we were able to do it under the GI bill, when every veteran who was entitled to an education was able to get his benefits directly from the Federal Government. We found the need there. It resulted in probably the greatest wave of increased educational benefits in the history of any nation in the world.

I think we are at about the point where we have to talk about looking at the GI's who are caught up in the social conflict, the little GI's, and find out how we can help them under the same term. I think we can get this by following the same route and guideline we laid down in the aid to dependent children categories. Then your city would be in and my city would be in.

That is all, Mr. Chairman.

Mr. DENT. Thank you very kindly.

Mr. Gibbons?

Mr. GIBBONS. I have no questions.

Mr. DENT. That is the last witness for this morning.

In behalf of the committee, Mr. Lawrence, I wish to thank you for your observations, particularly because you have pointed up the question of whether or not we can really draw a line on a percentage basis where we deny or give Federal aid, and whether we serve equity or we serve justice in so doing.

The picture in Los Angeles appears to be a very vivid one, and one that we can understand, and I am sure the Members of Congress can understand.

I might also point out that Members of Congress are rather busy on many other subjects, particularly Members who are not on this particular committee and, therefore, will not have the knowledge that we are gaining from the witnesses who attend and, therefore, those of you who live in the areas that are so vitally affected might do well if you would meet with and talk to your Members of the Congress in order to give them the benefit of your firsthand information to point up to them the necessity for making as much effort as they can to help this committee in establishing a sound basis for aid in impacted areas and extending the area of impact to those needy families and needy children such as the gentleman from New York and the other members of the committee have pointed out in this particular hearing.

We hope to hold hearings—

Mr. GIBBONS. I wonder if we could hear Mr. Darden. If there is any area that we owe a responsibility, it is where we have that big shooting gallery. I wonder if we could put him on and ask him a few questions.

Mr. DENT. Thank you very kindly.

If Mr. Darden is willing to take the stand at this time and subject himself to the kindness of this committee, we will be happy to have him.

Mr. DARDEN. If you will allow me to apologize for not being appropriately prepared as I would like to be.

Mr. DENT. I am always worried about the fellows not appropriately prepared.

Mr. GIBBONS. He knows his subject very well. He conducts a very fine school system.

Mr. DENT. He is a very good friend of this legislation.

Mr. GIBBONS. Actually, Mr. Darden is from the district of Florida that is represented by Mr. Gurney. I am sure if Mr. Gurney knew Mr. Darden was going to testify, he would be here.

STATEMENT OF WOODROW J. DARDEN, SUPERINTENDENT OF SCHOOLS, BREVARD COUNTY, FLA.

Mr. DARDEN. Woodrow J. Darden, superintendent of schools, Brevard County, Fla.

I would certainly point out that our system has probably been one of the most drastically affected by Federal installations of any in Florida, if not any in the United States. I am starting my 13th year as superintendent, and during the 12 years I have been superintendent our schools have increased from 4,700 pupils in 1952 to an estimated 47,000 at the beginning of this school year. Last year in 1 year the increase was more than 1½ times the initial enrollment when I took over back in 1952.

I have not particularly prepared to testify here today to the urgency of extending Public Laws 815 and 874 during the present Congress. I am sure you are aware that it was December of last year before we finally received an extension of these laws and, as a result of this, my district had to pay out approximately \$7,000 in interest on money we had to borrow in order to maintain our system in balance so we could pay our salaries and other items of current expense.

Mr. DENT. What is the latest date that we could pass this legislation and assure you of continuity so you could continue your school operations without the necessity of short-time borrowing?

Mr. DARDEN. Part of this would be a matter of opinion, because I believe if this Congress does not do it, the next Congress, the new Congress, could not organize, take testimony, and get the understanding which this committee has of the importance of this legislation and extend it. Every time when these Congresses have attempted to do this, we have been later and later getting the bill passed.

Of course, this past year was the latest. It would seem to me if this Congress does not extend this legislation before it adjourns, we will be in the same situation next July as we found ourselves this past July.

Mr. DENT. Due to priorities established in the full Committee on Education and Labor because of the "must" legislation, the poverty bill, NDA, and so forth, this committee has not been able to schedule its hearings as it would like to have done in early February or March. Now we are faced with the same pressure that your school districts face, because there appears to be a possibility that Congress may adjourn rather early this year for obvious reasons. I am hopeful that we can get something. I will hold as many hearings as possible in the time remaining.

Mr. GIBBONS. Mr. Darden, what percentage of your operation and capital outlay budget comes from impacted area legislation?

Mr. DARDEN. The current expense is approximately 20 percent. The capital outlay, it is pretty difficult to state percentagewise. For a 3-year period we had a \$21 million building program, for which the local government would provide about \$12 million, the Federal Government \$5 million, and the State government approximately \$4 million, I believe.

Mr. GIBBONS. Your school budget is due in the State superintendent's office day after tomorrow, is it not?

Mr. DARDEN. This is correct, sir. We have to submit our school budget by the end of July to meet approval of State laws. Last year we submitted it in December. We were slightly out of compliance with State laws.

Mr. GIBBONS. If you do not get back an approved budget, your local government cannot levy any local taxes, is that not right?

Mr. DARDEN. Yes, sir. We found ourselves in a position where we could not certify millage to the tax assessor because if the law had not been extended, we could not have financed our program. We would have had to reduce it and increase our taxation to the legal limit, and therefore all local government at the county level was held up from receiving taxes because we could not certify our tax rolls or our levy to the government.

Mr. GIBBONS. By not getting the 20 percent you cannot get any of your money?

Mr. DARDEN. We could not get our local money, either. We were delayed about 2 months in getting our local money.

Mr. DENT. This year is a little different situation. We all faced this last year because the legislation in category B had already expired as of June of 1963, and you had not received the money although your school year started in September. Am I right?

Mr. DARDEN. Yes, sir.

Mr. DENT. But this year you get a little extension by passing a 2-year bill. You actually have money now under the act of 1963 until June of 1965. Is that right?

Mr. DARDEN. That is correct, sir.

Mr. DENT. So, if we can get something done before the end of the year, it would still be a reasonable proposition for this time; right?

Mr. DARDEN. Yes, sir, this is so. This would satisfy all of our needs if we get the bill extended before this Congress adjourns. We would have no problems of continuity for that period of time.

I would like to point out another factor in relationship to Public Law 815 and the failure to have it extended in the category B until December. It will mean that we will not be able to construct any of the facilities that we will be allocated funds for under this act for this biennium before the biennium ends. It takes a year to get a school building constructed. As a result of this delay, the Office of Education backed up with applications, placing a priority which they should on the current funds, this summer we have not received approval on our application yet. So, during this biennium we are having to take care of an increase of 44.9 percent in pupils, or 15,086 pupils, without any of the assistance that we are entitled to under Public Law 815.

You can understand that this has created an extremely crowded situation, necessitating double sessions which are distasteful and unpalatable to our constituents. They are concerned about having quality education. You have sent us some of the finest minds in the United States or in the world as far as scientific minds are concerned, and I think this is a morale factor as it relates to the people the Federal Government is bringing there to carry out one of our most important functions at this time in space exploration and defense.

Mr. DENT. Mr. Darden, how much money does your district receive under category A?

Mr. DARDEN. Under category A, I think we would receive about \$350,000.

Mr. DENT. Your largest category would be category A instead of B, would it not?

Mr. DARDEN. No, sir, it would be B. We receive slightly over \$2.5 million total, and I believe only about \$350,000 of that would come under category A. We have very few children whose parents live on Federal property.

Mr. DENT. Do you have any schools under the act built on Federal property or do all the students go to public schools?

Mr. DARDEN. One elementary school was constructed on Federal property. We are now operating the school as part of our public school system.

Mr. DENT. Do you receive the funds or does the school finance itself under the act?

Mr. DARDEN. We receive funds on A and B categories as we do for all other children.

Mr. DENT. For all intents and purposes you have taken over the school and absorbed it into the district?

Mr. DARDEN. That is right.

Mr. DENT. It has lost its identity as a nonbased school.

Mr. DARDEN. That is right. As a matter of fact, we spent about \$250,000 putting an addition onto the school even though it is on Federal property in order to better house the children and bring it more in keeping with the kinds of facilities we are trying to provide for the children of the district.

Mr. DENT. Do you have much of the problem of those who work on the Federal installations in your school district and live outside the district? Do you have much of that?

Mr. DARDEN. Yes. Orange County and Volusia County, Volusia on the north and Orange on the west, both are entitled to funds under Public Law 874, and although Orange County has a large installation in its county, Volusia County is eligible primarily because of the employment of people living in Volusia County at Patrick Air Force Base.

Mr. DENT. You receive nothing for your school district in lieu of taxes on that number of persons who work in your impacted area but live outside the area?

Mr. DARDEN. That is right. We receive aid based only on the children who actually attend schools within our district.

Mr. DENT. What would be the case, then, in your area if for geographic reasons or other reasons a majority of those who work on your installation lived outside the district?

Mr. DARDEN. At present I think it would be a pleasant help to us if some of the people lived elsewhere, that we wouldn't have to educate them. Our expenditure is geared primarily to the number of children in our schools. If they attend schools elsewhere, the fact they work in our county does not seriously affect our economy.

Mr. DENT. How would it affect your economy if they lived in your district and worked elsewhere?

Mr. DARDEN. This would be serious. If you lose the tax on the industry or the employment phase of the family, this is quite serious. I want to point out that in Florida, because of homestead exemption, it is a particular problem with us because the first \$5,000 of a person's homestead is exempt from taxation, and naturally this shifts a greater proportion of the burden of financial support of schools to industry rather than the home. This is of particular importance to us, that the large Federal installation there of the space program for military and for space exploration is the principal industry of our county, and being completely tax exempt we are not able, as in many places, to begin to make up for this by the value of the homes there.

I would say that the average value of homes in our county would probably ran, not on the tax rolls but actual value, \$10,000 to \$11,000.

Half of this is automatically exempt from taxation in our State.

Mr. DENT. Let us take the other position. Suppose your people live in your district and work in private enterprise outside the district?

Mr. DARDEN. We would receive no taxation. We would be unfortunate to be a bedroom community. This is a serious problem where Federal activities are not affected and the State governments have not compensated local school districts. This is a real problem and should be faced at the State level.

Where you do not have the industry employing these people you serve merely as a bedroom community and you are seriously restricted in the resources available to finance the schools.

Mr. DENT. Wouldn't it be more reasonable to assess the situation looking at it from a statewide base rather than a localized base so the equity of the matter might be served?

In other words, the question of where you work certainly ought not to have the bearing it does have on aid to education, especially when we get away from category A.

Many people who live in States which have mining and heavy manufacturing as their base have seen a deterioration of job opportunities in the past generation. We have whole communities at home who attend school in the district and there is no job in the district of any kind. Many of them work miles away from their residences.

Mr. DARDEN. This is the reason we defend the payments being made on the basis of pupils. I think all of us dedicated to education recognize we have to educate children where they are and not where their parents work. Therefore, the payment based on the number of children you are educating, and not necessarily whether the installation is located within your district is a sounder basis for making payment, proposals have been made at times to change this method to be in lieu of tax payment. This certainly would be unfair to these surrounding school districts where the installation is not in the district but they still receive payment because payment under 874 is made on the basis of where the child goes to school and not where the installation is located.

Mr. DENT. We resolved this problem in the State of Pennsylvania. We have tax exemption for public utility properties from real estate taxation. Big installations of the power companies, railroads, and so forth, do not pay local school taxes or any other local tax, but the State collects on the basis of a gross receipts tax or other form of taxation. It collects it into State funds and then redistributes it over the entire school system of the State, and there creating a more equitable base.

Those who pay for the services of the utilities do not all live in the district where the utility is located.

I think we come closer to doing the job more properly that under this impact area legislation which disregards private employment and considers only impact on the basis of residency of those who work in Federal installations.

I don't know how your utilities are. Mr. Gibbons, are they tax exempt?

Mr. DARDEN. Outside of railroads they are all taxed on the basis of where they are located.

Mr. GIBBONS. I believe so.

Mr. DENT. And the children of those who work in the public utilities who are not taxed in another district and—

Mr. GIBBONS. In Florida we do not have many bedroom community school districts. It is not as sophisticated as your area. Our people live pretty close to where they work.

For instance, most of the people who work at Canaveral, live right in that district. Some few come from as far as Orlando and very few from Daytona, but about 95 percent live right there in the district.

Mr. DARDEN. It is certainly in excess of 90 percent, and it could run 95 percent.

Mr. DENT. Is it not also true that if the Federal Government keeps extending the physical properties of Cape Kennedy that they would eventually push more of the residents into neighboring counties? That is what has happened to us.

Mr. DARDEN. This has happened. This is why Volusia County has become eligible. All of the beach property, the Government has taken over 80,000 additional acres there, and all the beach area has been taken over. It is a protected area for the moon shot programs. They have extended part of this land into south Volusia County and as a result many of the families where this land was taken over migrated to Volusia County to live.

Volusia is feeling the effects of the moon-launched program and is getting some impact as a result of this.

Mr. DENT. As you know, we are really searching for answers here. None of us are experts in the field. We are looking for some kind of a formula we can vote for and create permanent legislation, which is really the aim of these hearings.

I think it is ridiculous to have the school boards face up to this problem every year or so.

At least my intention behind this is to try to get permanent legislation on the books so they can count on it and know what they are doing and where they are going.

Mr. DARDEN. This is important. We have projected an increase of a minimum of 8,000 pupils a year for the next 5 years based on projected Federal employment. Forty-six percent of our population has maintained itself as federally impacted. For a period of 5 years now we have been between 46 and 47 percent of our pupils connected with parents employed at the Federal project.

You just don't know how we die during these months when these laws have expired. We can't operate without it.

If you could just let us sit home and work at educating our children rather than spending half our time up here begging and pleading for extension of these laws, you don't know how grateful these people would be to you.

Mr. GIBBONS. It affects not only education but every function in the Brevard-Cape Kennedy area. If they cannot levy a local tax roll, the local police function and highway building function and every other function comes to a sudden screaming halt. They have to try to borrow money, and they don't know exactly what to do when we do not get the programs extended on time.

It affects not only the schools but the entire governmental setup in this area which is 46 percent federally impacted.

Mr. DARDEN. It became so critical we had to go ahead and submit our budget even before the law was passed. We would have gone \$2.5 million in the hole last year had the law not been extended.

Mr. DENT. We did try to assure you that the legislation would be no less and it would be passed. We were searching for new answers. We hope we have time to find the answers now.

Your cooperation will be very helpful in this matter.

Mr. DARDEN. We would be very grateful to you if we can present whatever testimony is needed. I know we would love to spend whatever time is necessary if we can just get something where we would know we had something to go on.

Mr. DENT. How do you feel about the proposed amendments to the bill?

Mr. DARDEN. I certainly think they have a great deal of merit. In most instances to be able to plead a cause with any enthusiasm you have to be affected by it, and naturally we are not much affected by unemployment in Brevard County. Perhaps it is one of the highest areas within our Nation in terms of employment.

Certainly it makes a great deal of sense. It has some definite implications of Federal responsibility. I certainly can see it would be a great step forward in helping to provide better quality of education in areas where it is seriously needed.

Mr. DENT. Mr. Darden, does Florida allow local government entities to have taxes other than real estate for school purposes?

Mr. DARDEN. No, sir. The only tax available to us is the ad valorem tax.

Mr. DENT. In other words, influx of people into your State benefits the one tax.

Mr. GIBBONS. There is a State sales tax and it is redistributed to the school systems.

Mr. DENT. You use the money as we do in Pennsylvania. It does not help the district such as he represents.

Mr. GIBBONS. We have as good an educational system as we can have with the poor tax laws we have in Florida.

Mr. DENT. Off the record.

(Discussion held off the record.)

Mr. DENT. Any help we can get from the administrators, acquainting your Congressmen and Senators with the acuteness of this problem, would help this subcommittee and better our chances of getting this legislation through. If they understand our aims it will help us get the bill through. Otherwise you will face the situation of explanation to the Rules Committee and to the floor which might kill the legislation. You will have to help us out.

Mr. DARDEN. You have our assurance we will contact all our Representatives.

I would like to point out it is serious when you think we are entitled to \$5 million for buildings which we will get and yet we will not have any of these buildings completed before September of 1965. These kids will be there this September, all of them we will get practically under the impact.

This constitutes about 8,000 federally connected children that will have no help from the school construction program simply because of the delay in the passage and not having continuity so we can plan and budget and have our surveys from one year to another to keep up with these programs.

Mr. DENT. Did I understand you have not yet had approval?

Mr. DARDEN. That is correct.

Mr. DENT. The legislation was passed in December.

Mr. DARDEN. That is right.

Mr. DENT. I would think there would be some priority to the need. It would appear to me that the approving body in the Federal Government certainly has not gone through any hoops to try to expedite your application to give you the necessary approval.

You knew in December what your needs were. We established the amount of money you were to get.

Mr. DARDEN. Yes, sir. I would not be critical of the Office of Education. You will notice they had to send out all the backlog for current expense money, and naturally we all felt this was priority. We had already spent some of this so we had to get that in a hurry.

Then they have to establish surveys to get your entitlement under certain other sections. These require special surveys and they have limited people.

I am not in any way offering criticism of the Office of Education.

Mr. DENT. Did they give you any idea of when you might expect approval?

Mr. DARDEN. Yes. We expect approval within a month now.

The field representative will be in our office within 2 weeks and we will have approval. At this point it is really not critical because we are in September of next year now and we can wait another month and still be in by September.

The backlog did create serious problems. I will also point out you have to have a priority of 20 to be eligible for any money, anyway, and a 20 priority is hard to come by because a supplemental appropriation was not made, sufficient money is in the 1965 appropriation to take care of all of bus the 1965 appropriation has been held up for numerous reasons, and therefore even if the survey had been made, probably one project is all we would have approved which would come under the priority of 20.

Until the 1965 Appropriation Act is passed we still would not be getting the money, anyway.

I understand it will be through within 2 weeks if things so along smoothly. These were accumulations of problems that no one had control over.

Mr. DENT. Mr. Carey?

Mr. CAREY. I think the witness' testimony has been very enlightening on the special problem of perhaps the most impacted district, most impacted because of our commitment to the space program and the moon shot program.

I am not one of those who think that getting to the moon first is not more important than getting our children first in education.

In fact, if I know the ability of the school administrators to try to cope with the educational problems and to seek new areas of interest in order to get financing, I would think if we do get to the moon first if we have a Gemini capsule with two or three aboard, and I understand the moon is uninhabited, the moon will become eligible because there is a 3 percent habitation. The moon will be better off than my city.

That is a real consideration here now. We are spending upwards of \$6 billion on the moon shot program. That is 20 percent of what we are spending in all the States for education right now.

Some are wondering how fast we should expand the Brevard School District in terms of extending this operation. I think the moon should wait a while.

Mr. DENT. We are agreed on one thing—we all believe we are in an educational crisis and the Federal Government must, of necessity, step in just as the States had to.

We had as much trouble in Pennsylvania getting State participation in school aid. It was fought because they thought the State, by paying the fiddler would call the tune.

Of course, it does in some regard, but what would you do without State aid?

Mr. DARDEN. You can't.

Mr. DENT. The homestead no longer can carry the burden.

Mr. DARDEN. It is completely antiquated.

Mr. DENT. I know in my State the Federal Government takes out about five times as much in revenue as the State operates its entire budget on. You can see with schools being the major expenditure there has to be some consideration given to Federal aid to education, whether we like it or not.

Mr. DARDEN. We found the Federal aid we received has less strings on it than the State aid we receive.

Mr. DENT. I understood one witness to say the State did not exercise any control over the local school districts.

Certainly my State has control over the curriculum, number of school days, number of school hours, qualifications of the teachers, number of square feet of area per pupil, the amount of fresh air they are entitled to, approved cafeterias, the size of the bean that goes into the soup, and so on.

Mr. CAREY. For some reason the Federal dollar has a taint on it. No one wants it in education.

We had a clergyman in my area who was left a considerable legacy from a known gambler, a man who had many interests which took him outside the law. Yet he was generous to a fault when he took care of his obligations. He left a considerable sum of money to this clergyman.

A newspaperman went to the clergy and said "How can you take money from this gambler and miscreant?"

The clergy said "Dear son, the taint doesn't pass with the dollar."

If we can get the Federal dollars in some way so nobody would know where they came from the taint would not pass with the dollar.

Mr. DENT. Most school districts would be afraid of being tainted, but they would wear gloves and take the money.

Mr. GIBBONS. When you have tainted money it 'taint enough.

Mr. DARDEN. Thank you, Mr. Chairman.

Mr. DENT. On that note we shall adjourn the hearings until Wednesday morning at 10 o'clock.

BROADENING SCHOOL ASSISTANCE TO FEDERALLY AFFECTED AREAS

WEDNESDAY, JULY 29, 1964

HOUSE OF REPRESENTATIVES,
SELECT SUBCOMMITTEE ON EDUCATION
OF THE COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 429, Cannon Building, Hon. John H. Dent (chairman of the subcommittee) presiding.

Present: Representatives Dent, Carey, Hawkins, Gibbons, and Martin.

Also present: Russell Derrickson, staff director; Dr. Deborah Partidge Wolfe, education chief; Harry L. Wright, subcommittee director; and Charles Radcliffe, minority counsel for education.

Mr. DENT. The hearings on the proposed impact legislation, reenactment of proposed impact legislation, will now come to order.

Due to the fact that all Members of Congress have other duties to perform, at this time we would like to have as the first witness the Honorable Albert W. Watson, Representative in Congress from the Second District of South Carolina. Bob, we are happy to have you with us and I am sure that we all realize the necessity of getting all the information we can on this recurring question that appears to come before us every year or two, and we are very grateful for your help at this time.

STATEMENT OF HON. ALBERT W. WATSON, REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA; ACCOMPANIED BY DR. EDWARD L. WRIGHT, SUPERINTENDENT, SCHOOL DISTRICT 2 OF RICHLAND COUNTY, S.C.

Mr. WATSON. Thank you, very much. Mr. Chairman and members of the committee, I appreciate the opportunity to testify first inasmuch as I do have another committee meeting. I assure you that I will make my testimony brief. I do have a statement which has been prepared by Dr. E. L. Wright, who is the superintendent of our school district 2 in Richland County in my congressional district, and with the permission of the chairman and the members of the committee I should like to give you a copy of that statement.

I am not going to have Dr. Wright testify, although he is here and I assure you is vitally interested in this piece of legislation.

Mr. DENT. Do you want Dr. Wright to sit with you at the witness table in case any questions are directed which he might answer? We would be happy to have him.

Mr. WATSON. I will be delighted to have him. Come up, Dr. Wright, if you will.

Mr. DENT. If the young lad there will pass out copies to the members and one to the reporter we would be glad to insert it in the record, if you like.

Mr. WATSON. Yes, sir, I would like to have it inserted in the record.

Mr. DENT. Dr. Wright, we are happy to have you.

Dr. EDWARD WRIGHT. Thank you very much.

(The statement referred to follows:)

STATEMENT OF EDWARD L. WRIGHT, SUPERINTENDENT, SCHOOL DISTRICT 2 OF RICHLAND COUNTY, S.C.

School District No. 2 of Richland County has an area of 240 square miles. It was formed as of January 1, 1953, by the consolidation of Blythewood School District No. 3 and Dentsville District No. 2 of Richland County. The school district is in the northeastern section of Richland County and covers approximately one-third of the land area of the county. School district No. 2 lies adjacent to and east of school district No. 1 of Richland County, which is the city school district of Columbia, and a considerable area of school district No. 2 is the suburban area north of the city of Columbia. School district No. 2 is bounded on the north by Fairfield County, on the east by Kershaw and Sumter Counties, and on the south by Lower Richland County School District No. 5. Located entirely within the school district No. 2 is the Fort Jackson Reservation of the U.S. Army, consisting of 52,563 acres. The Fort Jackson Reservation is, of course, tax exempt, and is not included in the assessed value of the school district; however, the Federal Government under Public Law 874 pays the school district a considerable sum annually for maintenance and operation. For the year 1963-64 the entitlement of the school district No. 2 under Federal Public Law 874 is \$187,000. The State educational finance commission lists school district No. 2 as one of the fastest growing school districts in the State, having an increase of 141.5 percent in enrollment over the past 10 years. The tremendous growth in the school population is due not only to the influx of Fort Jackson personnel, but to the trend of suburban growth within the school district from the city of Columbia which lies adjacent to school district No. 2. The city of Columbia is growing in the northern and eastern directions and a large portion of this population is locating in school district No. 2. A considerable number of new inhabitants of the school district are building substantial homes within the price range of \$15,000 to \$100,000. The numerous real estate developments within the school district have had the effect of transforming this portion of the district from the rural to a suburban area. It is anticipated that the rapid growth in student population and assessed valuation will continue as there are three new developments now under construction which includes two large golf courses with building lots fronting on lakes and other recreational facilities, which will enhance the value of these properties.

The assessed valuation of school district 2 as shown by the tables set out herein has increased 166.8 percent in the last 8 years. The population of Richland County for the 1960 census was 200,102. The present population of school district No. 2 is 35,000.

Located within school district No. 2 are a number of small industrial plants with others under construction at the present time.

The school district is served by U.S. Highways 1, 21, 601, and 321 and by South Carolina Highways 12 and 555.

Railroad facilities are furnished the district by Seaboard Airline Railroad and Southern Railroad.

Assessed values

The assessed value of all taxable property within Richland County and in school district No. 2 for the last 8 years is shown below :

Year	Richland County	School district No. 2	Year	Richland County	School district No. 2
1963.....	\$86,330,330	\$5,865,350	1959.....	\$73,555,010	\$3,003,460
1962.....	82,183,570	4,906,150	1958.....	72,033,410	2,828,080
1961.....	79,863,680	4,209,820	1957.....	70,692,860	2,538,780
1960.....	76,909,150	3,434,440	1956.....	68,063,010	2,198,650

School operation within the district

School district No. 2 presently operates eight elementary schools and four high schools. For the 1963-64 session the school district employed 221 teachers and 19 administrative personnel. Since the State school construction program began in 1951, school district No. 2 has received \$1,834,126.49 in State aid. In addition to this amount, school district No. 2 has received from the Federal Government under Public Law 815 \$901,422.54 for school construction purposes. General obligation bonds of district 2 for construction in the amount of \$799,000 have been issued since 1949.

The following table gives the school enrollment in school district No. 2 for the last 10 years.

School year :	Enrollment	School year—Continued	Enrollment
1963-64.....	¹ 6,063	1958-59.....	3,798
1962-63.....	5,860	1957-58.....	3,287
1961-62.....	5,118	1956-57.....	3,011
1960-61.....	4,754	1955-56.....	2,748
1959-60.....	4,289	1954-55.....	2,511

¹ Based on 10-day enrollment.

As noted above, the assessed valuation in school district 2 has increased 166.8 percent in the past 8 years while during the same period the district's special school tax increased 8 mills.

Over the past 8-year period the per pupil expenditure in the district has increased 195.4 percent and at the same time the Federal contribution has increased only 37.7 percent.

The per pupil expenditure during the school year 1963-64 was \$262.87 ; whereas, the Federal contribution for (a) children was \$200 and for (b) children \$100.

The pupil impact upon this school district shows 31.7 percent of the school population to be federally connected ; whereas, Federal funds contributed under Public Law 874 made up only 13.5 percent of the budget for current expenditures during the 1963-64 school year.

The above data certainly indicates beyond any doubt that there has been a sudden, substantial, and continuing increase in the number of pupils in attendance in the schools of this district as a result of the activities of the U.S. Government.

It is also evident from the above that the school district 2 of Richland County, S.C., which is representative of other heavily impacted school districts, has more than met its responsibility in contributing toward financing a quality education for the pupils of this district.

Under these circumstances, may I respectfully request that Public Laws 815 and 874, as now constituted, be extended for a period of 2 years. If this can be done it will provide our board of trustees a basis for revenues which must be anticipated in preparation and completion of the 1965-66 budget.

Revenue for maintenance and operation

	Actual, 1962-63	Estimated, 1963-64	Estimated, 1964-65
1. Balance.....	\$112,721.45	\$106,296	\$125,000
2. State aid:			
Teachers salaries.....	607,955.24	637,527	757,593
S. & O.....	28,700.00	29,025	30,000
M. & O.....	35,875.00	36,281	37,000
Vocational aid.....	27,110.77	25,241	26,000
Busdrivers.....	14,063.75	14,445	15,500
3. Federal sources: Public Law 874.....	187,828.00	196,577	190,000
4. Local:			
Special district tax (present 16-mill levy).....	52,455.70	92,439	95,000
Poll tax.....	1,941.00	1,800	1,800
15-mill equalization tax.....	128,288.66	144,000	149,000
Tax on banks and housing.....	488.00	1,850	1,850
Appropriation surplus.....	9,128.31	69,923	34,825
Miscellaneous.....	2,011.37	1,200	1,200
5. Other receipts:			
Title V: Guidance.....	1,862.47	1,989	2,000
Title III: Science, math, and modern foreign language.....	6,713.96	8,151	8,000
Total.....	1,217,143.68	1,366,744	1,474,768

School district No. 2 of Richland County—Expenditures

	Actual, 1962 to 1963	Estimated, 1963 to 1964	Estimated, 1964 to 1965
1. General control.....	\$26,083.83	\$32,570.00	\$33,000
2. Instruction.....	946,810.27	1,091,318.00	1,261,353
3. Operation of school plants.....	104,293.72	124,912.00	126,000
4. Maintenance.....	6,954.01	5,000.00	6,000
5. Fixed charges.....	10,900.19	11,656.46	12,000
6. Capital outlay.....	3,393.89	7,250.00	8,000
Total.....	1,098,435.91	1,272,706.46	1,446,353

Mr. WATSON. Mr. Chairman, as you stated in your introductory remarks, we do repeatedly have the problem of extension of the so-called impacted area bill. I certainly want to commend the chairman for the approach which he has taken in the particular legislation which he has introduced. I hope that the day will come when it will not be necessary to have repeated efforts on the part of educators, and legislators, and others alike to secure extensions of the so-called federally impacted areas bill.

I want to point out just briefly, so far as my particular district is concerned, that we have a number of school districts that are vitally affected by this particular legislation. Dr. Wright represents one school district No. 2 in Richland County, and also school district No. 5. The impacted areas funds certainly have a direct and important bearing on the budgets of those particular school districts within Richland County.

Additionally, we have school districts over in Sumter, S.C., adjoining Shaw Air Force Base. All totaled, South Carolina receives approximately \$3,800,000 in impacted area funds, at least that was the amount received during the current school year.

I should like to emphasize to the committee that, while we find that these funds are indispensable and form an important part of the school budgets, we on the local level have not shirked our responsibility in facing up to the financial needs of education. I should like to point out in school district No. 2 over the past 8 years we have increased our

per pupil expenditure 195.4 percent, while at the same time the Federal contribution through impacted areas legislation has only increased 37.7 percent.

Additionally, I should like to point out to the committee that we have a per pupil expenditure in this district of \$262.87 whereas the contribution to impacted areas is \$200 for the student whose parents live and work at Fort Jackson, or the military personnel, whereas we have a contribution of \$100 under the impacted areas bill for those who work at Fort Jackson but live off of the base itself.

We certainly are aware of the responsibilities that we have in trying to effect economy, but at the same time we realize that the impacted area bill is not a matter of charity to any school district. Rather it is a matter of the Federal Government living up to its responsibility in replacing the sources of tax revenues which were removed from the local school district, from the tax rolls, when the Federal Government acquired them.

Additionally, I might say that we have the finest of relationships between the military personnel, the civilian educators, and the civilian population in Richland County and throughout my school district.

Dr. Wright is here. He has been one of our finest educators, and certainly he will be happy to answer any questions which members of the committee would like to propound to him. Again I should like to say that I appreciate the opportunity of being here to encourage you to pass this legislation at the earliest opportunity, so that we can obviate the necessity of repeatedly coming back and worrying you, the members of the committee, with an extension of the impacted areas bill.

That concludes my statement, Mr. Chairman. I will be happy to try to answer any questions.

Mr. DENT. Thank you, Albert, very kindly for appearing before us this morning, and I assure you that we are happy to have the detailed statement of Dr. Wright covering this school district affected by this impact.

Looking through this maintenance and operational sheet I note that the increase in cost is about the same as it is in all the other districts, and I don't suppose there is any hope that there will be any decrease in school costs in your district.

Do you see any chances of a decrease in per pupil cost?

Mr. WATSON. No, sir, Mr. Chairman, we do not. Fortunately, in our State and the local school districts we realize the indispensable position that education occupies in the economic uplift of any area. You just don't lift yourself by your own bootstraps, and so we on a State and local level are constantly increasing our appropriations for education.

We have had a tremendous increase in the school population, and I believe in district 2 it has increased approximately 145 percent over the past 2 years. Dr. Wright, is that correct?

Dr. EDWARD WRIGHT. It is rather high. It is a tremendous increase—more than that, Mr. Watson.

Mr. WATSON. The increase in the school population is better than 150 percent, and that is typical of all of the districts that we have, Mr. Chairman. We have the population shifts, and also we have the increase in birth rates which contribute to this, but certainly we are going to face up to our responsibility. One thing that I failed to mention is that passage of this bill will help us in planning for our budgets.

Right now we don't know what to do. In his particular school district, No. 2, I believe the impacted area funds amount to some \$187,000. That is his entitlement this year. So when you have such a large portion of your budget, which is contingent upon an extension by the Congress, it certainly cramps the school board in planning for the development of the school facilities in order to keep pace with our mushrooming population, especially in the schools.

Mr. DENT. I note that your Federal source money in 1962-63 was \$187,000 roughly as against a budget of \$1,217,000, whereas in 1964-65 the Federal aid money is only \$190,000, or an increase of \$3,000, but your budget has gone up better than \$260,000, so the actual contribution from the Federal Government hasn't really kept pace with your total cost of operations; has it?

Mr. WATSON. You are exactly right, Mr. Chairman, and we might point out that the local district has increased its taxes 166.8 percent in order to try to help take care of educational needs, and, additionally, they bonded themselves last year, I believe, in the order of some \$200,000.

Dr. EDWARD WRIGHT. In the last 60 days we have delivered \$200,000, but we bonded ourselves practically up to our 15-percent debt limit.

Mr. WATSON. This is a constitutional limitation placed on them. Really, the local effort is being made. Notwithstanding that, the impacted areas money is a very indispensable part of the budget, and we certainly would urge your favorable action.

Mr. DENT. Dr. Wright, would you be able to tell me how your per pupil cost compares with neighboring and adjacent school districts?

Dr. EDWARD WRIGHT. It is above the average in the State, and it is comparable to the other district within our area, Columbia District 1, which is the city proper.

Now, district 2 is the suburban district that includes all of the reservation at Fort Jackson and the property is the only thing that we can tax. However, we do have the benefit of a 3-percent sales tax that is the basis of our State aid, and we also have a special district levy of 16 mills. But we participate in a 15-mill countywide levy, and if you refer to the chart on page 2, you will see the entire Richland County in 1963 had an assessed valuation of \$86,330,330, while our school district No. 2 on which we put our 16 mills is approximately \$6 million. Here you can see what a tremendous increase we have had.

We have ranged for the last 10 years as either first, second, or third. It is the fastest growing district, percentagewise, in the State, but, unfortunately for us, very little of this is industry, and most of it is residential property. You can see by the description of the district on page 1 that it is a very rapidly growing residential area. However, you don't build school buildings, and, you get very little tax for maintenance and operation, from residential property. We are faced with that.

Mr. DENT. In other words, since the general trend in school costs is upward and since the real estate tax is the base tax for education in most of the States and districts of the country, we find there is a diminishing return on the part of the tax base as compared to the increase in the cost of education, and so this type of legislation before us, both my bill and the bill by Mr. Martin, and several others, takes into consideration this particular fact, and that is why there is an attempt

in this legislation to try to broaden the base for Federal aid in meeting a strict needs test for the school districts.

Personally, I have been of the opinion for a long time that real estate cannot carry the increased burden of education. Take your own maintenance sheet here. You have educational costs that weren't even heard of when we instituted the base tax of real estate for education.

For instance, whoever heard of having busdrivers back in those days, or vocational education, or education for backward children, and education for the so-called advanced students? You didn't have that category of education in the old days, and real estate can't carry anything but probably the original type of school of the A B C's and reading, writing, and arithmetic. It can't carry today's problem, and do you agree that we must somehow widen the base for Federal participation without control of the local school problem?

Dr. EDWARD WRIGHT. Very definitely. Take, for instance, all the schools of the district, the elementary and the high schools, which are the members of the Southern Association of Colleges and Schools. Just expanded library and guidance services are tremendous.

For instance, the standard is 10 books per child, even in the elementary field, but the State librarian is recommending 20 per child. If we make that increase alone, we not only have to increase our budget tremendously, but we have to add to the physical facilities that will hold twice as many books per child.

We have to build the buildings and add more librarians. It is a frustrating job just to house the children, let alone those additional services of guidance and counseling that are coming into use.

Mr. DENT. We are trying to modernize. In other words, you could say that we are trying to modernize our school system with an antique tax base.

Dr. EDWARD WRIGHT. That is correct. And if you get into it a little further you will find that Public Law 815 has contributed between \$900,000 and \$1 million for school construction within a district that has about 6,000 pupils enrolled, and under Public Law 874 this is a tremendous amount.

Then the State aid for building is tremendous. Then we have bonded ourselves practically up to our 15-percent limit, that is \$799,000. Then from the State we have gotten over \$1 million, and from the Federal Government almost \$1 million, and even with that it is very hard to stay away from double sessions or overloaded per teacher classrooms. So actually, we are just on a treadmill.

Fortunately, through the aid of 815 and 874, while we haven't held our own, we are staying close.

Mr. DENT. Thank you very kindly. Mr. Hawkins any questions?

Mr. HAWKINS. May I ask, Dr. Wright, whether or not you receive any money for vocational education?

Dr. EDWARD WRIGHT. Yes, sir; we do.

Mr. HAWKINS. Is it listed?

Dr. EDWARD WRIGHT. We have home economics and agriculture. I have been in this particular district, finishing my 21 years in June, and that vocational program was in there, and we have drawn funds under National Defense Education Act.

Mr. HAWKINS. I was just wondering whether it was listed.

Dr. EDWARD WRIGHT. I haven't included agriculture and these other funds. However, you will notice on those sheets over there where I have shown the actual income expenditures for 1962-63, all of that is included in those total funds. I haven't broken it down. The main thing that I have shown is the impacted area contribution.

Mr. HAWKINS. I was just wondering where on this particular sheet you show vocational education funds that are received from the Federal Government. Under Federal sources you list Public Law 874, which I assume does not include vocational aid money.

Dr. EDWARD WRIGHT. It does not.

Mr. HAWKINS. Under "Other receipts" you don't list it.

Dr. EDWARD WRIGHT. It just comes under "State aid."

Mr. HAWKINS. I see. You list that under "State aid" so that in that part of the "State aid" is actually some Federal money as well?

Dr. EDWARD WRIGHT. Some Federal money as well. I have made no attempt to put in cafeteria funds there.

Mr. HAWKINS. Do you know offhand just what percentage of the total revenues could be included under Federal aid?

Dr. EDWARD WRIGHT. No; I don't. I haven't broken it down to that extent. The only percentage, if you look on pages 3 and 4, you will see on page 3, refers to 874 money.

Now, I have broken down the amount as contributed under 815 for construction—\$901,000 I believe—but as to those figures there on page 3, the per-pupil impact of 31.7 percent of the school population upon the school district would be federally connected, whereas Federal funds contributed under Public Law 874 made up only 13.5 percent of the budget for current expenditures during the 1963-64 school year.

I had been out of the city practically a week when I was asked to come to Washington by Mr. Rhodes to appear at these hearings, so this data was gotten up very hurriedly. I wasn't able to break it down to give you the information for which you have just asked.

Mr. HAWKINS. I wonder, Mr. Chairman, if Dr. Wright would be kind enough to furnish the committee with the exact amount of their total revenue that can be assigned to Federal courses.

Mr. DENT. The amount that comes from all Federal sources so that we get a percentage of the amount of your total appropriations. Is that it?

Mr. HAWKINS. Yes.

Mr. DENT. You want it broken down.

Mr. HAWKINS. Not lumped with the State sources.

Mr. DENT. No; spelled out, with which is Federal and which is State.

Dr. EDWARD WRIGHT. I will be happy to do that if you direct me to the secretary that will spell it out for me. If you want the cafeteria, it is a tremendous contribution, because of the value of surplus commodities that come to us through cafeteria contribution. That is a real factor.

Mr. HAWKINS. I am not insisting on perfection. Just give us some rough idea of the total amount of Federal assistance as compared with your total revenues. That is the only thing.

Mr. WATSON. We will be happy to do that, Mr. Hawkins.

Mr. DENT. You are more interested, are you not, in the educational aid that they get, not so much surplus food.

Mr. HAWKINS. That is right.

Dr. EDWARD WRIGHT. That National Defense Education Act is a very fine thing, and we have made full use of any entitlement we have had under that program. That is where a big increase is going to develop finally in the help that the Federal money can provide for these school districts.

Mr. HAWKINS. That is all, Mr. Chairman.

Mr. DENT. Thank you very kindly. I notice that the other member of the committee has left at this time and I want to thank Mr. Watson and Mr. Wright for coming before us, and the only thing I hope is that we can work out a program that will be more of a permanent nature rather than having this problem every year.

Dr. EDWARD WRIGHT. Thank you, sir.

Mr. WATSON. We appreciate it, Mr. Chairman. We certainly are in accord with your desire toward that end, and we will supply the information that was requested. Frankly, in explanation for our not including that in the statement, we thought that the interest of the committee was directed primarily toward 815 and 874. Thus we did not include these other figures, Mr. Hawkins, but we will be happy to get them for you.

Mr. HAWKINS. Thank you very much.

Mr. DENT. Thank you very much.

Mr. WATSON. Thank you.

Dr. EDWARD WRIGHT. Thank you very much.

Mr. DENT. The next witness is Francis Keppel, the Commissioner of Education, Department of Health, Education, and Welfare. Mr. Keppel, you are certainly welcome before this committee as you have appeared before us many times in the past and your testimony has always been helpful to us.

STATEMENT OF FRANCIS KEPPEL, COMMISSIONER, OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, WASHINGTON, D.C.; ACCOMPANIED BY B. ALDEN LILLYWHITE, ACTING DIRECTOR, DIVISION OF SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS; AND CHARLES HAWKINS, LEGISLATIVE REFERENCE OFFICER OF THE WELFARE ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. KEPPEL. Thank you very much.

Mr. DENT. Proceed in any fashion that you believe will give us the most benefit from your testimony.

Mr. KEPPEL. Mr. Chairman, may I introduce to the members of the committee, and I hope it will be satisfactory if they join me, Mr. Lillywhite of the Office of Education on my left whom you all know.

Mr. DENT. An old friend and very helpful.

Mr. KEPPEL. And Mr. Hawkins who is in the Welfare Administration of the Department of Health, Education, and Welfare and whose knowledge of the program of aid to the dependent children is profound.

Mr. DENT. Very good; happy to have him.

MR. KEPPEL. If I may, sir, go through the formal testimony, I would like to start this way.

The 2 years of the 88th Congress have marked the most productive period in American educational legislative history, bar none. The credit for this exemplary record of the Congress, let it be noted, is in no small measure due to the leadership of the House Committee on Education and Labor and to the contributions of the members of this subcommittee.

Your subcommittee's previous attention to the federally "impacted areas" laws and to the problems of the Nation's public libraries has already resulted in two enactments: the Library Services and Construction Act of 1964 (Public Law 88-269) and the extensions of Public Laws 815 and 874 contained in the Vocational Education Act of 1963. (Public Law 88-210.)

In this time of accomplishment, then, let me tell you that the Department of Health, Education, and Welfare, and the whole of the American educational community, are grateful for the creative consideration which your subcommittee has given and continues to give to the strengthening of America's school systems. The proposal before you today, that is, the chairman's H.R. 10159, is but the latest example of that consideration.

We applaud your initiative in devising new approaches to critical problems in American education. We have studied and we will continue to study each congressional proposal on its merits, seeking to accommodate its thrust and objectives to the Nation's educational needs. Together, I am sure we can help the States and local communities create an educational structure of which all Americans may be proud.

H.R. 10159 recognizes that the children of poverty, the children of our urban slums and rural depressed areas are no longer solely a State and local problem. We, as a nation, can no longer tolerate the tragic waste of human resources which each year robs America of productive capacity and causes us to squander our potentially creative wealth to pay for the social costs of poverty.

The present bill, therefore, declares that the Federal Government has a continuing policy and responsibility—

to promote full employment throughout the Nation and to encourage education necessary to such employment.

To further meet that responsibility, an amended Public Law 874 would provide financial assistance to local educational agencies to aid in the education of—

children of needy families and children residing in areas of substantial unemployment with unemployed parents.

As you know, sir, Public Law 874 provides assistance to local educational agencies upon which the United States has placed a heavy financial burden. It does so because of two facts:

- (1) School revenues have been reduced as the result of the acquisition of taxable real property by the Federal Government; and

- (2) School enrollments have been enlarged by children who are residing, or whose parents are working, on Federal property or by the presence of children as the result of other Federal activities.

May I ask, sir, that we consider the rationale for broadening the Federal responsibility with regard to our children of poverty? Children on the AFDC rolls represent the hard core of culturally deprived and underprivileged children in the United States. Aid to the schools based on these rolls would not solve all of the problems connected with the underprivileged. But it would represent a sound beginning toward recognizing our national concern with breaking the poverty circle—through education as well as in providing shelter, food, and clothing.

The Federal Government has already indicated an obligation by assisting the States and localities to provide for the feeding, sheltering, and clothing of these children. While meeting this obligation represents symptomatic treatment if I may put it this way, the improvement of educational opportunity would represent a long-range cure.

Substantial unemployment, of course, indicates a weakness in the basic economy of an area. While unemployment compensation must be considered an insurance program, it is also an indication of local need and of weakness in the local tax base upon which schools must rely. Unemployment compensation therefore often identifies a weakness of support for an adequate educational program.

The Economic Opportunity Act of 1964, which as you know, sir, has already passed the Senate (S. 2642) and is now pending before the House of Representatives (H.R. 11377), represents a step toward implementing this approach. But, as the subcommittee well knows, the language of that legislation specifically limits supportable programs to "special remedial and other noncurricular educational assistance" (sec. 205(a)), and then only as part of a comprehensive community action program in some, but certainly not all, of the poorest communities of the land.

Thus, the broad, massive educational assault on poverty for which this subcommittee and the administration have called also requires the passage of proposals for aid to elementary and secondary schools akin to those in title IV-A of H.R. 3000.

The Economic Opportunity Act will help some communities immensely, of course. But truly effective aid to education must come on a larger scale and scope than the community action program alone can provide.

This recognition underlies the bill now being considered by your subcommittee. For purposes of entitlement, the bill uses two indices of poverty: first, the average daily school attendance of children receiving aid for dependent children under title IV of the Social Security Act; and second, the residence of children in an area designated by the Secretary of Labor as one of substantial unemployment and—

with one or more parents neither of whom was regularly employed and at least one of whom was drawing State unemployment compensation.

Our preliminary studies, Mr. Chairman, indicate that these two criteria related to poverty may have value as measures of educational need although other criteria should also be considered. Communities characterized by a high incidence of long-term unemployment and by children receiving dependent-children aid are, indeed, the communities whose schools are greatly in need of improvement.

These communities are to be found from coast to coast, in the North and in the South, among our largest cities and our smallest rural counties.

One of these criteria—counties likely to receive assistance under the present bill through the aid for dependent children provision—was examined by the Department of HEW for Senator Morse. A tentative tally of our findings appears in the Congressional Record of June 25, pages 14608–14620. This tally, Mr. Chairman, lists approximately 1,340 counties as probably eligible, out, I believe of a little more than 3,000 total.

From this tally, it is evident that several times as many school districts would be benefited by the bill and that the education of millions of schoolchildren would be beneficially affected. This is dramatically illustrated by the attached map, of which I hope a copy has been made available to the members of the committee. It looks like this. It is on the next page of my testimony.

Despite the probable beneficial effects of the present proposal, however, the administration has concluded that further concentrated study is required. We suggest further study because of a large number of potentially troublesome administrative questions and because we have no reliable guides as yet as to the probable cost of the proposal. Let me illustrate by citing a few of the difficulties we have encountered thus far in our study of the bill.

The proposed new section 4A is, as you know, sir, patterned very closely after section 3 of Public Law 874 in identifying those children eligible to be counted for payment.

Under section 3, a parent-pupil survey is conducted by the school district in which the status of residence and/or employment of the parent on Federal property is attested to in a questionnaire signed by the parent. The record is maintained by the school as a basis of claims and future audit.

To obtain information from a parent or guardian with respect to the welfare status of a child poses problems which we believe might make the information unreliable. The element of stigma, of course, sir, may be introduced when a school, through a questionnaire, seeks to obtain information about the unemployment of a parent or the fact that a child is on the rolls of "aid to families of dependent children."

There is also, Mr. Chairman, a rather high rate of change of families who receive aid to dependent children. Rolls are subject to change at least once each month in all States and twice a month in some. The median time for a child on such rolls is 2.1 years. In a 1961 survey to which of course Mr. Hawkins can give much more detail if you would like, sir, it was found that 17 percent are on the rolls for less than 6 months for a given admission and that two-thirds of the families had never been on the rolls prior to their recent admission.

The "incapacitation of the father," which is a category used here, sir, is a major reason for a child being in the AFDC program. The same study found that nearly 40 percent of such incapacitated fathers had less than 5 years of school, and among them were those who had never attended school. A school questionnaire to parents in order to identify eligible children, is, I believe, of questionable accuracy.

As for areas of substantial unemployment, the bill provides that an area must be in such a status for a major portion of a year. That is

almost a quote, sir. Area labor market trends, however, are reported monthly and the status of an area is subject to monthly change from one degree of unemployment to another. Until a major portion of a year (presumably a school year) has passed, a finding of eligibility or ineligibility would be difficult, of course.

The bill, as noted, provides, first, that the child must reside in an "area of substantial unemployment;" and second, that at least one parent must be drawing State unemployment compensation and neither parent may be regularly employed.

A determination as to whether a person is "regularly employed," however, presents a difficult administrative problem. It is hard to define and to obtain accurate information. Employment status, moreover, is likely to change frequently, and the child would be eligible only for those periods when neither parent is regularly employed. Such intermittent eligibility would be difficult to assess and administer.

The Department, it should also be noted, has not had sufficient time to complete its estimates of the cost of this proposal which covers a very broad area to which precise and technical eligibility and other requirements apply. On the basis that nearly 70 percent of children on AFDC rolls are of school age, we believe that there are about 2 million children who would be eligible but, as I shall note in a moment, some of them will live in districts that may not meet eligibility requirements.

In view of several difficult administrative factors—chiefly the average number of children of school age for each parent drawing unemployment compensation and the loss of eligible children by virtue of their residing in ineligible school districts—we are not yet able to assess Senator Morse's cost estimate of \$218 million for these amendments.

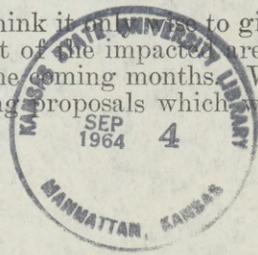
There are certain other areas of analysis which have not yet been undertaken and which doubtless could be, sir. Because the rate of payment would vary widely from State to State, a projection of costs by States instead of on a national basis should be made.

In addition to the 39 "major areas of substantial unemployment" cited in the Congressional Record of February 20, there is another category of "smaller areas of substantial unemployment." There would be some additional cost to serve these areas.

There is also an offset in the potential entitlement which is very difficult to predict. Even within major areas of substantial unemployment, there will be school districts where eligible children reside but in which they will comprise less than 3 percent of the total average daily attendance.

In States like California, New York, Pennsylvania, and others, there may be many school districts within a given county or a labor area. Here many children, otherwise eligible, would be lost because the 3-percent requirement is not met in a few of the well-to-do school districts. Among children residing within the corporate limits of the large cities, on the other hand, few will be lost for failure to meet the 3-percent requirement.

In view of these unresolved problems we think it important to give the Dent-Morse proposals for the amendment of the impacted areas programs the most careful investigation in the coming months. We shall do this with a view toward formulating proposals which will



adequately recognize the Federal Government's role in improving educational quality and opportunity for the children of our slums and rural depressed areas.

This is not to say, sir, that the Department is indifferent to the immediate needs as so eloquently attested to a moment ago by the Congressman, of the 4,200 school districts now receiving Federal payments under Public Laws 815 and 874, the temporary provisions of which are due to expire on June 30, 1965.

Recalling that these temporary provisions last expired on June 30, 1963, and were not subsequently extended until December 18 of that year and that appropriations were not voted until the current calendar year, we can well understand the anxieties now felt by school administrators over the impending expiration of the Federal impact program.

Uncertainty in educational planning brought about by the inability of many school districts to contract expenditures for which there is no legal assurance of receiving Federal financial assistance should be avoided wherever possible.

Accordingly, sir, we would not object to a 2-year extension by the current session of the Congress of the expiring provisions of Public Laws 815 and 874.

Mr. Dent, and members of the subcommittee, I appreciate the opportunity to discuss with you this morning yet another way in which the Federal Government can exercise its proper role in promoting the general welfare.

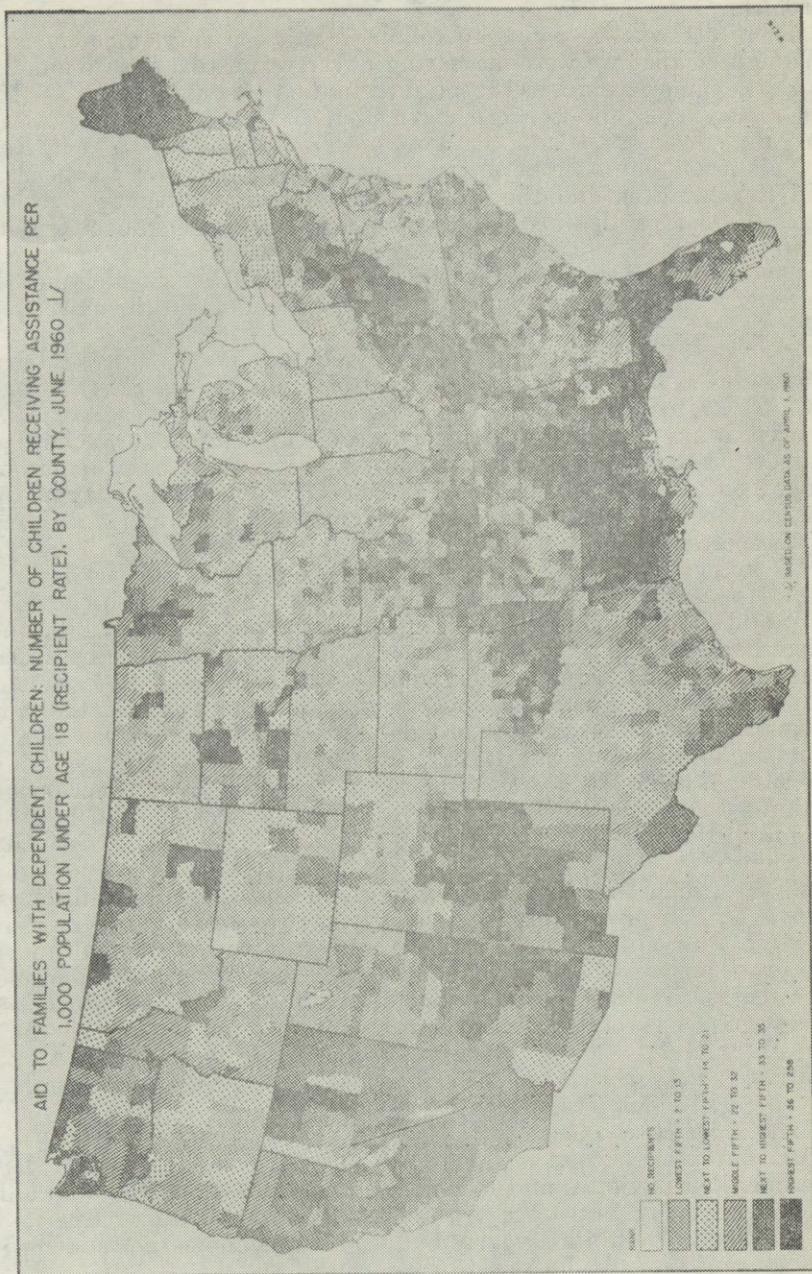
I wish to assure you once again that the administration will give the most careful study to this and any proposals which is designed to strengthen the Nation's education system. I look forward to the months and years ahead in which we can carry on together the constructive record of the 88th Congress—what I call the education Congress of 1963-64.

Thank you, sir.

(The map referred to appears on page 71.)

Mr. DENT. Thank you, Commissioner Keppel. You lay out here the base for a general aid to education program by discussing the proposal on a wider base than that which would be contained in the present legislation. This legislation before us does not intend to be a general aid to education bill, but it is following the exact principle that inspired the passage of 874 and 815 in the very beginning, in that it was deemed advisable by the Congress to pass aid to education based upon a need, and the need was caused by a governmental operation, such as the installation of governmental facilities which deprived a community of tax money; also the awarding of Federal contracts in given areas where they impacted on a temporary base.

This legislation, therefore, imperfect as it is, was aimed at following that same theory, in that we, or at least I as the sponsor, felt that the Government is responsible for much of the impact of poverty today in given areas because of the enormous part the Government plays in daily production in the United States in many of its industries and in the Government's procurement programs, and certain States and certain areas are benefiting from the great amount of expenditure of the \$100 million budget, and other areas that were once prosperous have found, because of actions of the Federal Government in many areas of



law, such as import and export and Government contracts, that it has actually created the need for Government intervention in the school problem.

Therefore, we are trying to follow in this the very same concept. We figured that we were measuring poverty and that we were doing it on the same formula as is contained in the poverty program for the emergency aids and the other remedial provisions of the poverty program.

This makes no attempt to try to work out a formula for general aid to education, and the criteria being used in category B allow the same criteria that are there now under the present impact legislation, but we add what we think are nationally inspired poverty impacts, because of the movement of people, the movement of industry, the movement of our general change in production, and the movement of goods.

Therefore, if we need more study, and no one can ever say that we have had sufficient study in any area of legislative enactment, I would like to ask does the Commissioner have any idea how long it would take for the Department to come up with, for the Office of Education to come up with, its answers to the study as proposed on page 5 on the cost of the proposal and on the manner of identifying the children under the ADC, and establishing a formula for the counting of the percentage in the unemployed and distressed areas.

We know that if this is imperfect, then the provisions in the poverty bill must be imperfect because they are taken right from the poverty bill, and we had hoped in setting up that criteria in that bill, and there had been thinking behind it, that it established some base that was reliable for making a calculation.

Our calculations here, as contained in the statements of the witnesses before the committee Monday, were that in considering the number of children in the United States under ADC, and considering the two out of the four proposed criteria, by adding another criterion making it identical to the poverty bill we would count the children of families under permanent relief, State relief, which is federally aided.

That estimate Monday was that it would add about \$63 million to the yearly cost of category B, because you have 4,200 school districts now receiving aid and if they are receiving the amount of aid under the provisions of 874 now, the addition of the 3 new criteria would be of course duplication since the children that are on ADC in most cases would also be the children of those on relief, would they not, Mr. Hawkins?

Mr. CHARLES HAWKINS. Mr. Chairman, the relief programs that are operated do not receive any Federal aid.

Mr. DENT. How is that?

Mr. CHARLES HAWKINS. I say the general relief programs that are operated in States and localities do not receive any Federal aid.

Mr. DENT. Mr. Hawkins, in the State of Pennsylvania 52 percent of our total \$300 million yearly budget for aid under the relief programs comes from the Federal Government.

Mr. CHARLES HAWKINS. Then we are including the AFDC program under title IV as a relief program. The children of unemployed parents under which Pennsylvania is operating an extension of title IV.

MR. DENT. That is right.

MR. CHARLES HAWKINS. But Pennsylvania also has a general assistance program in which there is no Federal money.

MR. DENT. The Federal Government pays 52 percent.

MR. CHARLES HAWKINS. No, sir.

MR. DENT. I was a member of the Pennsylvania Legislature for 21 years and I was a member of the committee and I think I know what we are talking about.

MR. CHARLES HAWKINS. I think we are confusing terms here because in that context what you call relief programs normally includes all of the federally aided programs of old-age assistance, aid to families of dependent children, and so forth.

MR. DENT. Public assistance in Pennsylvania encompasses not only the indigent on relief, but includes ADC, aid to widows, and this is public relief in our State. I don't know of any other category.

MR. CHARLES HAWKINS. Well, certainly the aid to families of dependent children program which your bill identifies is probably the largest segment of that total.

MR. DENT. I could give you a breakdown.

MR. CHARLES HAWKINS. I think I have it here, sir.

MR. DENT. I may have it with me. No, I don't have it. What I was trying to get at is that it has been an established custom, that I found to be at least prevailing in my State legislature, and in the Congress too, to a great extent, that if we don't want to pass legislation we study it to death, and I am very much disturbed that this legislation has been on the books now for better than 13 years and every year a majority of the Members of Congress say that this legislation ought to be made permanent and ought to be revised.

That is what we are trying to do, and if we go through with another 2-year extension, Mr. Keppel, we will just be compounding the felony, as it were, because we will come up again 2 years from now without any study being made.

I am now in my fifth term here in Congress. Every time the legislation comes up it is going to be studied so that next time we make the necessary changes, but all we do is get into a position where the school districts are up against a fiscal problem and we immediately extend it a year or two and then we forget it until the next time.

I may not be serving longer in Congress, there being many indeterminates on the way to election, but while I am here I have made up my own mind that I will do my very best to make this legislation either permanent or eliminate it, because it cannot carry on the way it is.

In some instances it is eminently unfair to some districts that are impacted because of the fact that an installation was taken out of that district and left them with a high bonded indebtedness, left them with a school building and all kinds of facilities, and a school budget that is hard to pare once it is up there, and moved to another district.

The aid stops, but the poverty that has been created or the need that has been created has not been given consideration. Therefore, we are trying to arrive at some kind of a program. I would like to know if the Department can give this committee some idea as to when they would be able to give us what they consider a bedrock estimate of the cost, using these criteria and the formula that they would suggest,

where the school district would be paid on its past year's experience in these areas.

It is difficult to try to work out a formula based on current experience because current experience is subject to change. The only thing that is constant is change, so we would constantly be in a turmoil. We can always take last year's figure for which they had to provide money and if they had to provide money they will only be 1 year behind then in their changes, so whatever you bring up, I would appreciate very much, and I am sure the committee would, if we could have some expression as to a time limit within which we could hope for an answer to the queries that you have raised in your own testimony, Mr. Keppel, because in talking to the President about this situation I know he is very anxious to have the legislation in time so that the school districts no longer get into the dilemma that they are in.

MR. KEPPEL. I am quite confident, Mr. Chairman, that the studies which are referred to in my testimony, together with others that I did not refer to—

MR. DENT. That's right.

MR. KEPPEL (continuing). Will be completed by the first of the calendar year.

MR. DENT. I would hope that the Department will realize that we are not in this instance proposing Federal aid to education legislation, but are basing our legislation strictly on need, as the original intent. Whatever comes after that will have to wait until the future, but right now we are anxious to try to wipe out the inequities of this bill as we see them and to increase this bill's aid to the point where it will be useful to a great number of people who are in distress.

MR. KEPPEL. Yes, sir.

MR. DENT. Mr. Carey?

MR. CAREY. The gentleman from Nebraska wants to inquire first.

MR. MARTIN. Mr. Chairman, may I question the witness next, because I have to go to the Rules Committee in a few minutes and I would appreciate it.

MR. DENT. Surely.

MR. MARTIN. Mr. Keppel, I am disappointed that you did not make any reference or any recommendations in regard to H.R. 8605.

MR. KEPPEL. I know your bill, sir.

MR. MARTIN. But I am disappointed that you didn't make any comments about it in your statement this morning.

MR. KEPPEL. May I speak to this point for a moment?

MR. MARTIN. Surely.

MR. KEPPEL. When I testified before this committee earlier in the year with regard to the administration's proposals for other changes in the impacted areas program, I took up questions which were also taken up I believe, sir, in your bill.

May I just list a few of them off, because this was prior testimony and I was hesitant to repeat it.

MR. MARTIN. Not this year, I don't believe.

MR. KEPPEL. I think so, sir. I beg your pardon. It was the time before.

MR. DENT. We haven't had any hearings in this subcommittee due to the scheduling of the hearings by the chairman of the committee on

other subjects which were precedent and which the administration considered to have prior claim on our time and we are now finding a little time.

Mr. KEPPEL. I ask your forgiveness, Mr. Martin. Time has rather telescoped in the last 18 months since I have been in this town and I have lost track.

At that time you may recall, sir, that we had proposed that some basic changes with regard to the impacted areas also be considered by the Congress. Those included increasing the eligibility for B category from 3 to 5 percent.

The rough effect of that, I think, sir, would have been to eliminate perhaps 600 or 700 districts. Second, to reduce from 6 to 5 percent eligibility for large districts, which might result, say, in a \$5 million increase in spending. Third, to eliminate the national average, which is part of the calculating system, as an alternative to local contribution rates. That might have had the effect of a \$10 to \$13 million decrease.

Also, and this, sir, I believe is clearly related to H.R. 8605, we recommend the reduction of the rate of payment for the B category children from 50 percent over a period of time to 40 percent.

I believe, sir, in your bill it was 25 percent.

Mr. MARTIN. The B, yes.

Mr. KEPPEL. For B it was 40 percent, and also there were some technical amendments having to do with Puerto Rico and the like. Those were proposed by the administration and I believe have been under consideration by the committee.

I apologize for not having referred directly to your bill. There was one other aspect of the bill, if my memory is working correctly, which dealt with the question of absorption, that is, if a district becomes eligible, does the payment include the amount from zero to the eligibility point. This is a measure which I understand had been recommended by prior administrations, before I myself was connected with these matters, but had not enacted. It was enacted. Excuse me.

Mr. MARTIN. It was enacted to go into effect a year or two later, but because of certain circumstances the Congress amended that portion of the bill and it never actually went into effect.

Mr. LILLYWHITE. That is right.

Mr. MARTIN. Then there was the 3 percent absorption and the reason behind that, according to the previous testimony before the committee, was that a community receives certain economic benefits from having a Federal installation in their midst and because of these benefits they should be required to absorb 3 percent of their total enrollment.

Mr. LILLYWHITE. There is one other thing. A district has 2.99 percent and it gets not a dime and a district has 3 percent and it gets paid for all the way down to zero on up.

Mr. MARTIN. Mr. Keppel, did you ever make a report to the chairman of the committee, Mr. Powell, in regard to H.R. 8605?

Mr. KEPPEL. I am not sure, sir, but I will ask my colleagues to check, which we can do right now. I don't recall.

Mr. MARTIN. As I understood from the chairman a good many months ago, he wrote you a letter requesting a report on this bill, and I would be interested in knowing if you had ever made such report.

Mr. KEPPEL. On H.R. 8605. I will certainly check, sir.

Mr. MARTIN. Let's go into it for a moment in regard to the various provisions of the bill. In regard to the first amendment, you have already touched on that because you stated in the hearings last year that you were in favor of this change.

Mr. KEPPEL. Yes, sir. That is the B?

Mr. MARTIN. No; eliminating the one-half of the national average. Perhaps you didn't touch on that a moment ago, as one of the criteria for using this, and I think it was recommended by your Department that this be eliminated from the bill in figuring the cost.

Mr. KEPPEL. I think I did mention that, sir.

Mr. MARTIN. Yes, you so testified on April 2, 1963, and I have part of your testimony here. Then the second change would be on these B out students in which the rate to be paid from local school districts would be reduced from 50 to 25 percent, and you were in favor I take it of the change of that nature.

Mr. KEPPEL. To 40 percent I think, sir, was our original recommendation.

Mr. MARTIN. My bill reduces that from 50 to 25 percent, a substantial saving. In fact your estimates on the savings from this source—this was based on your expenditures a couple of years ago—would have amounted to \$52,411,000.

Then the third thing in my bill is in regard to this 3 percent absorption figure which you touched on.

Mr. KEPPEL. That is right, sir.

Mr. MARTIN. You were in favor of that. You think that is an equitable provision?

Mr. KEPPEL. My understanding, sir, is that the administration did not take a position on that, the Congress having already acted and reacted to it, so in my testimony in April of 1963, I think we did not touch on that.

Mr. MARTIN. Well, could you give me an opinion as to how you feel about this proposal?

Mr. KEPPEL. I would like to study it some more, sir. I don't really feel qualified.

Mr. MARTIN. You don't want to answer it this morning?

Mr. KEPPEL. I don't feel qualified to answer it this morning.

Mr. MARTIN. You recall when we were writing this bill and doing research on it we were in touch with you quite frequently a year ago on this matter.

Mr. KEPPEL. I still confess I don't feel ready this morning.

Mr. MARTIN. But you don't want to make a statement for or against it at this time; very interesting.

Mr. KEPPEL. I think it would be better, sir, if you let me submit one where I would feel more competent.

Mr. DENT. The Chair would request that you submit a report on H.R. 8605 and see to it that the gentleman from Nebraska gets a copy.

Mr. KEPPEL. I think our position, Mr. Chairman, with regard to other parts of Mr. Martin's bill has been submitted. The absorption I don't feel qualified to speak to.

Mr. DENT. So the gentleman from Nebraska has no question in his mind as to the chairman's statement that he asked for a report, you will find that on February 11, 1964, he requested a report from the Department of Health, Education, and Welfare, so we will be happy to have that report.

Mr. MARTIN. Is it customary for you to take such an extended length of time to report on a bill?

Mr. KEPPEL. I don't think so, sir.

Mr. MARTIN. Your estimate of the saving on this 3-percent absorption figure that you gave us last year was slightly over \$44 million in expenditures. Then we have another amendment in this bill which would eliminate the so-called Purtell amendment to the bill in those districts where Federal installations phased out and in the law as I understand it now the payment is made for the full amount of the first year and the second year dropped to 50 percent.

This amendment in my bill (H.R. 8605) would eliminate that payment at a considerable saving of money. Then we have another amendment in the bill which I think is a real good one in that we found from the research on this a year ago that many States were using this program as more or less of a general aid to education.

For instance, in the State of California they were giving credit to the local school districts of up to 60 percent for funds received under 874 as part of the local effort and therefore as a result they were cutting down the State assistance to that school district.

My bill provides that where a State does that their payments under 874 are to be correspondingly reduced to offset the fact that the State is taking cognizance of that money, and it becomes part of the local effort.

The original concept of this bill is being lost because it is there being utilized as a general aid to education bill, which is not so. The original purpose of this bill from the original committee in the hearings back in 1949 was stated as, and I quote:

Federal assistance as called for in these recommendations is restricted to meeting the Federal responsibility only in these affected school districts. It is not intended to provide assistance that would be available under proposals for general Federal aid.

Over the years this concept has been lost. We did a great deal of research, as you know, last year. I am not particularly wanting to be the author of the bill. I did introduce this bill. I would like to see a Member of the majority side, Mr. Dent, a member of the committee, introduce a similar bill to mine, because I think these are amendments to 874 and 815 that are essential, as over the years the original concept has been lost and we should make these corrections.

It is too bad that this time it is passed and there is so little time left so that school districts would adequately be warned and notified that changes will be made in the law so that they can plan their school budgets and so forth.

I think it is a sorry plight that this committee has not acted sooner because I introduced this bill on September 26, 1963, and we were in session last year until the 24th of December. I would appreciate, Mr. Keppel, receiving a copy of your recommendations on this bill.

Mr. KEPPEL. Yes, sir. Mr. Chairman, may Mr. Lillywhite report on certain provisions of Mr. Martin's bill?

Mr. DENT. The Chair has other witnesses up here today and since the Commissioner is not prepared to give us a report on this legislation I shall be happy to set a date at the convenience of the Commissioner and the gentleman from Nebraska and we will go through the legislation and get all the benefit of the Department's thinking on the

matter at any time that the chairman of the full committee will allow this subcommittee to have the room for hearing.

Mr. MARTIN. I would appreciate having Mr. Lillywhite make the remarks he was going to make.

Mr. LILLYWHITE. All I was going to say on the Purtell amendment was that was one of the recommendations included by the administration, along with these others. There was agreement on that, Mr. Martin, the elimination of the so-called Purtell amendment.

Mr. DENT. That is why it might be better for all of us concerned to have a complete hearing on this particular bill with the Commissioner and his staff in attendance so that we may discuss the bill without prejudice.

Are you through?

Mr. MARTIN. I am all through.

Mr. DENT. Thank you. Mr. Carey.

Mr. CAREY. Thank you, Mr. Chairman. Let me indicate to the Commissioner my deep gratitude for the very kind remarks he made about the full committee and the members of the subcommittee as a result of our joint efforts during the past 2 years. I wouldn't place you in Cooperstown just yet, but I believe your batting average is just about double that of Ted Williams on legislation you sent up here.

Mr. KEPPEL. If I may say so, sir; I am not the one that was at bat. You were.

Mr. CAREY. Your pitching was all right then. In my brief acquaintance with this bill over the past several years and the hearings we have held on it, on such matters as absorption, extension, approach, and reductions and increases of percentages, when we get another day of hearings it seems to me as though we go through the waltz of the dollars all over again which it seems to me to be interminable.

I know a great many members of the committee feel that this program should be ended summarily. My characterization of it lately is that it seems to provide the greatest good for the greatest number who need it least. I know in my own State I look with envy at Locust Valley, Oyster Bay, and Southampton, three of the most well-to-do communities in my State, all of whom receive aid under this impacted areas program, and my own New York City with all the attendant tensions and disadvantaged communities in it doesn't receive one thin dime.

Any program of this kind certainly to me doesn't seem to justify the whole commitment that we have in the administration and the Congress to improving educational quality for those who need it most, so I feel, also, from my contacts with other members of the body that those who seem to oppose strengthening education at all levels, those who seem to be most dedicated in opposition to increased opportunity in education, are most in favor of this bill, and that is why it is going to continue ad infinitum unless we do something on it, find some device for ending it, because it seems to satisfy the minimum needs of those who want to do very little for all of America in education.

I can't find justification for any continuation of this concept while we have so many other areas of disadvantage in the country who do not participate in the benefits of Federal aid. My own community is among those who need it most at this time because of our tremendous social conflict and we cannot get one dollar under this bill.

I point out that even under the new theory of connection where we would seek out the aid to dependent children category and those on unemployment compensation, even here we seem to be launched on a new concept that would work a hardship on my own State.

I would point out under the Morse table in the Record of June 25 cited by the Commissioner that New York's total participation in this program would be something in the neighborhood of, well, roughly \$2 million total.

On the other hand, our great State in the west, California, my colleague's State, which I admire and envy so much, would participate to the extent of \$8,859,000 and we read daily blasts in the business press and commercial prints about the fact that California has passed New York now in population, per capita income, and all other categories. Yet we would run one-fourth of the benefits of California under this bill, so far that reason, first, I could not support this concept under its at least present allocation formula.

I am most impressed with the Commission's conclusions. It would seem that under the theory of the bill as advanced now it would be very difficult of administration for your office. Is that correct?

MR. KEPPEL. I don't think I want to go quite that far, sir. What we think we need to do is to sharpen a good deal of our analysis of how certain data are collected, for example, in assessing the numbers of children under aid to dependent children who were also enrolled.

I don't think I want to go quite so far as to say it would necessarily cause difficulty, but we will almost surely want to recommend to the committee some changes in language and approaches in any case which would make the administration of it both more precise and perhaps less complex.

MR. CAREY. Well, for instance, the shifting rate of unemployment in communities, persons who would be on for a given month or so and be included during that month but out during another would create, at least it would seem to me, some complication in drawing down figures.

MR. KEPPEL. That would be difficult, sir.

MR. CAREY. I am looking for the most simple approach possible and getting the maximum number of dollars in the hands of those who need most the education. That is why I am very wary of methods of computing formulas for allocations to the committees. I might also point out under the language of the bill eligibility would be confined to those areas of substantial unemployment as indicated I believe in the Congressional Record of February 20.

My city does not qualify under this because we are part of a labor area which is so large and comprises an area of good employment and, therefore, we have never been classified as eligible for, for instance, Area Redevelopment Act or accelerated public works, nor would we be eligible under this bill.

We have one large school system, the New York City Board of Education, and though we are computed in here as being eligible, under the language of the bill we are not eligible.

MR. CHARLES HAWKINS. Points 1 and 2 under section 4(a) here, the dependent children for purposes of title IV and the area of substantial unemployment, are in the alternative. New York City would certainly qualify as an area in which more than 3 percent of the children are receiving aid to families of dependent children.

Mr. CAREY. Would you repeat that answer?

Mr. CHARLES HAWKINS. I say New York City would certainly qualify as an area in which more than 3 percent of the children were receiving aid to families of dependent children.

Mr. CAREY. I am not certain that would be true. I am not certain that would be true because, while I think we have minors on welfare to the extent of about 200,000-odd, our child population in the city is probably about two and a half million. This is the total number of children receiving compensation. They are not necessarily under aid to dependent children.

Mr. CHARLES HAWKINS. In 1960, which is the latest county data that we have computed, the rate was 6 percent in New York City who are receiving aid—aid to the families of dependent children. The national rate has grown about the rate that the child population has, or a little more.

It is hard to believe that they could have dropped to 3 percent in the past 3 or 4 years.

Mr. CAREY. I would think that the simplest approach of reaching those in need would be to so broaden our categories that we use, such as we did in the poverty bill, the rate of income of the family, the unemployment compensation measurement, and the aid to dependent children category, and, therefore, make certain that any child who is in need under any determination comes into participation under this bill, and I can think of a rather simple way of doing that and that is to have the program of educational benefits, stipends, whatever they are, follow the aid to dependent children route which is now being used under the Federal Social Security Office for the disbursement of payments in the Department of Health, Education, and Welfare.

If we could just tag on to that the educational stipend necessary to the given school area or school, I think this would be a way of getting the funds to the proper terminal.

Mr. CHARLES HAWKINS. Mr. Carey, remember the aid to families of dependent children program is a State-operated program with Federal grants in aid, but the State has very wide latitude as to what it will provide and what the needs are.

Mr. CAREY. I will seek to enlist the cooperation of the States in having our additional funds under impact follow the route, though, as closely as possible of our other aids which are welfare in nature.

Mr. DENT. If you might yield at that point, I did send for the monthly report of the State of Pennsylvania. Under aid to dependent children in the State of Pennsylvania under their rules of operation they have, for instance, in the month of April the program cost of aid to dependent children and yet in a subnote they let you know that the ADC persons include, in addition to the dependent children, needy relatives living with the children.

Every State has its own rules, so trying to get at that answer as you have suggested might be very difficult if your State has a rule that doesn't separate children from relatives.

Mr. CAREY. I am trying to point out that not necessarily would we follow the State's regulations, but in identifying eligible persons for the purpose of counting heads that you would follow the aid to dependent children formula as closely as possible to get into those communities so that we could get this kind of assistance, the only kind of

Federal aid to education, elementary level, which seems to be popular, to the number of children who need it most.

The general use of this bill, as I see it, is that if we can lump the needy with those who have been on the gravy train now since the inception of this bill, we have some hope of getting some merit into this bill. I don't see any way to terminate this legislation as long as you have 300 and some-odd school districts who are going to vote for it.

Mr. DENT. I am happy that you put your finger on the most realistic conclusion that everyone has to come to. You can't eliminate it, so let's try to make it work for the benefit of all people.

Mr. KEPPEL. May I say that one of the studies we are undertaking is to try to follow the general thrust and line of reaching of what Mr. Carey has just said. That is one of the ways of getting at the purpose, as I understand it, of the chairman's bill, to aim as with a rifle at this category.

Mr. DENT. This bill and the bill that the gentleman from Nebraska has, take diametrically opposite views. In the face of all of the claims today from every source that the educational system needs more money, not less, his bill is aimed at cutting the Federal contribution to needy areas, and we are aiming to increase the contribution, that's all.

Mr. CAREY. Mr. Chairman, I don't want to speak in critical terms of the gentleman from Nebraska because he is not here, but I will speak in general terms as to what I believe to be the considered position of the minority party as adopted in San Francisco in terms of what they believe we should have for education in the United States.

As I understand that policy now, it is that they are for nothing, but they want to make certain that everybody gets it. That's my considered judgment of what their platform means on education this year. I think we can do a little something more. In fact, I think this is a great tragedy that the good Republican platform of 1960, which described the rights of the child in America in terms of an educational birthright, has now been abandoned and lies in the dust.

I think it is a shame that they did abandon that principle at San Francisco. I don't want to speak in harsh terms. I am going to conclude on just this note to the very able Commissioner who has worked so hard with us this year.

Since I am trying to get you into Cooperstown I am going to try you on one last curve. I directed the same question to your predecessor, Mr. Brownell, the distinguished superintendent of schools in Detroit, and that was when we get down to finding these children in need and find some formula to direct these dollars into the pockets of those that need it most, when we find, for instance, in my city there are some 24,000 children in the county of New York and an equal number or more in the county of Kings, and like numbers in similar counties that are populated heavily who are in the need category and have justifiable welfare requirements, if we find that those children are in the non-public-school system that somehow we find a way that they will receive equal benefits of some kind. I am not asking you to commit yourself to this, but I do state that when we make out a case of merit on the basis of welfare, and you have addressed yourself in your statement to helping the general welfare, I do hope that we will find some intricate devious or other means of getting the dollars to the

pockets that need it most, even if they are in that non-public-school system.

Mr. KEPPEL. I hope when the time comes I shall not strike out on that pitch.

Mr. CAREY. That is a good answer. Thank you.

Mr. DENT. Thank you, Mr. Carey. In order to keep the record straight and maybe we misunderstood each other, I just want to state that at least in my State all programs for aid, old-age assistance, blinded pensions, aid to dependent children, aid to needy relatives, disabled persons, nonrelatives living with recipients of relief, and all, are all contributed to by the Federal Government in a lump-sum arrangement of payments to all of the people, and $53\frac{3}{10}$ percent was paid out of Federal funds, $46\frac{7}{10}$ percent State funds, in this particular month.

That is the reason that we considered in drafting this legislation that the criteria of need could be measured by the number of persons receiving ADC, the number of persons whose unemployment compensation benefits have run out, and the number of persons who are on relief in the various States.

Mr. CHARLES HAWKINS. Mr. Chairman, I would certainly assume that practically every needy child in Pennsylvania who is receiving any form of public assistance is doing so with Federal support. The Federal Government paid 62 percent of the cost of the AFDC program in Pennsylvania last year.

You do have a category which is probably limited almost entirely to families without children and single individuals in which the Federal Government does not participate. It is a relatively small group out of the total.

Mr. DENT. That is the indigent persons in the State of Pennsylvania who have no connection whatsoever with Federal programs.

Mr. CHARLES HAWKINS. With any one of the Federal categories, that is correct.

Mr. CAREY. Would the chairman yield to me—

Mr. DENT. Yes, sir.

Mr. CAREY. For purposes of directing one more question to the Commissioner.

I would not expect an answer today, but I wish that you would take this under consideration and have appropriate studies on this point. The theory of this bill being that we are going to try and get the dollars to the needy who have a Federal connection because we are supporting the need with Federal reimbursement or Federal funds, would you also, where the Federal connection is clearly expressed not in terms of need, but in terms of handicap, take this into consideration? What I am thinking of is the fact that we have Federal connection among the mentally retarded, we have Federal connection in the programs for the deaf, and Federal connection in the program of handicaps of all kinds, that these might be included in terms of handicaps, because I think we can all agree that they place a greater burden on the educational agencies or just as great a burden as the needy and need extraordinary care, and guidance, and teaching that is so expensive.

In fact, I have been thinking for some time that in my own city, while we have one board of education, it might be well if we could develop a subboard or a separate board for the great number of

handicapped that we have in the city who need the special attention that in some cases we are not inclined to give unless it is brought to public light, but if we can look at the Federal connection on need, we should look for the Federal connection for the handicapped as well.

Mr. KEPPEL. We have started the study on your prior point, Mr. Carey, but I think this is one we are just barely beginning, and we will continue because the line of reasoning is certainly logical.

Mr. CAREY. Thank you very much.

Mr. KEPPEL. May I say, Mr. Chairman, perhaps to ease my administrative vanity, with regard to the report on H.R. 8605, the bill that came up before, it was submitted, oh, a couple of months ago to the Bureau of the Budget and it is still there, but we will telephone them again.

Mr. DENT. I can understand your problem. I have some cases withering on the vine in some departments for 6 to 8 months and a year, so we haven't enough Federal employees. The Chair wishes to thank the Commissioner in behalf of the committee for the testimony as well as his views on many of the questions that are related to this subject before us, and if the Commissioner will try to see to it that we have a report on the questions raised by him within the very near future we would be very grateful, since we have the responsibility of facing up to Congress on a question of time limitation, and I do believe that the time has passed when we can just continue 874 and 815 in their present state without a great deal more conflict than what we have had in the past.

We appreciate your coming and thank you very kindly.

Mr. KEPPEL. Thank you, sir.

Mr. DENT. The next witness before the committee will be a Member of Congress and I want to apologize to him for having to go on ahead with other witnesses before he was called, because I know his busy schedule and know that his time is very valuable to him and to the people.

I would like to call Congressman Robert Leggett of California at this time.

Bob, we appreciate your coming and do apologize for delaying you.

STATEMENT OF HON. ROBERT LEGGETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. LEGGETT. I was glad to wait because I appreciated the opportunity to get the education and the thoughts of the members of the committee and also the Commissioner on this very important legislation.

Mr. DENT. Sit down and relax.

Mr. LEGGETT. I think that you are doing a tremendous job in this committee and I think that, representing a district in California, I probably should rise to the defense of our State and attempt to justify Public Law 874 in its existing form or any other modified form that this committee might see fit to impose on this bill as it affects my State.

There has been some talk that we are kind of the lush area out there in the West and that perhaps we don't need assistance of this type in our educational program.

I would just like to tell you that the State of California has some detriments with some of these benefits and when we absorb 600,000 people a year, 565,000 I believe last year—we were 35,000 under our estimates—we have problems of providing jobs, and providing a tax base, and doing all the things to acclimatize these people to the fine public facilities that they formerly enjoyed in States like New York and Pennsylvania from whence they came.

We have real severe problems there. As respects my own particular congressional district, we have a very bizarre situation. The largest employer in the district is the great Mare Island Naval Shipyard. You have heard me talk about this from time to time. The second largest employer of the district is Travis Air Force Base employing some 16,000 people. I believe they have some 30,000 total complement living on the base, families and dependents of servicemen, and so forth. The third largest employer in my county, I believe, is the school department. I believe they employ some 1,500. I think the fourth largest is probably one of the car dealers downtown.

The point that I wish to make is the fact that we have no industry and, while the Mare Island Naval Shipyard was the first shipyard on the west coast, it was known as the California Shipyard back in 1850 and there is a plaque at the Annapolis Museum to prove it.

We operated at a very limited level up to the war. The city of Vallejo had 20,000 people, expanded overnight to 100,000, and now it has contracted back down to 60,000. But this city has become rather substantially dependent on the \$800,000 to \$1 million it receives every year from the Federal Government under this program.

Were you to modify the program in accordance with President Kennedy's message to the Congress, the 88th Congress, the effect in my community would be a reduction on the B category children, reducing those percentages from 50 to 45 percent and then to 40 percent over a 2-year period.

The effect would be to reduce to our one Vallejo school district \$300,000 of Federal contribution. I think this is a significant item and the point that I wish to impress upon this committee is that whatever action you take is rather catastrophically affecting salaries and abilities to satisfy educational requirements in areas that I represent and I think that this is a very serious thing.

We can possibly make this up in other way.

I think that you talked about a study. I would like to see a study made and I would like to see a showing that if my area is detrimentally affected as compared to other areas, like perhaps Mr. Carey's district, that have a substantial private industry base, if our educational system is subsequently affected due to the fact that we have no industrial tax base because of the fact we are primarily a Federal installation area, then I think that that is the rationale of this legislation that are after.

This legislation has been in effect now for some 15 years and I think perhaps, as you indicated, it is time to reanalyze it, but I am firmly convinced that as far as my area is concerned, where we enjoy throughout the Congressional district about 7 percent of Federal contribution to our school budgets, as much as 14 percent in one of my large counties, and as much as 40 percent in some of our peculiarly affected school districts, we will withstand scrutiny and we will provide a basis for some type of extension of this legislation.

You talk about amending the legislation to provide further and additional contributions for unemployed, for aid to dependent children, AFDC category people. I think that we have to keep in mind where we are going.

If you are going to talk about helping areas where you have substantial numbers of unemployed, I believe that we have to keep in mind we are not helping unemployed; we are helping the school districts, and the school districts would be affected if over a considerable period of time this lack of jobs in a particular area would affect the industrial base because you wouldn't have the industry, therefore, you wouldn't have the tax base for your schools, and I think that this is a well considered concept.

On the other hand, I think if you consider giving category B assistance merely because you have dependent children—we call it ANC out in California—usually these people are living in public housing, anyway, so you are getting a contribution for that category of people.

Mr. DENT. At that point, let me say that we had testimony right to that point Monday, but it was shown that the public housing tax return to the school district is insignificant on a per person rate as compared to private housing.

In other words, in public housing there is always a tax setup that is not realistic in comparison to private homestead taxation for school purposes, and since real estate is the base of most of our school revenues the concept of enacting 874 and 815 was based upon that particular reality, that when we removed from the tax rolls real estate for Federal purposes we had to reimburse them, so the same is true now with public housing because public housing doesn't pay its share of the tax-load in a community. That was testimony from Mr. Willis, superintendent of schools in Chicago. It has so many angles to it.

Mr. LEGGETT. Yes. Certainly I think that as far as the people in public housing are concerned, since they don't pay taxes, we should maintain a good firm basis of in lieu method of payment of taxes.

The Democrats are for public housing. These people vote and are enfranchised to vote in bond elections and other kinds of tax activity that affect the local tax base, and certainly they should have either directly or indirectly a strong tie-in to the local taxing setup, so really you don't have to pay taxes to vote and thank God in America you don't. In at least most areas you don't. But certainly to satisfy the moral equivalent of having an interest in the taxing programing of your community, if you vote on these taxing programs, certainly we should have a good firm tax basis in this area. That is really the only point I make.

Mr. DENT. The alternative program was offered by the gentleman from Nebraska. He would cut category B from 50 percent to 25 percent.

Mr. LEGGETT. Well, I think that we should keep in mind, as I understand it, the big expenditure in this program is not the category A program, but the category B program.

Mr. DENT. Oh, yes.

Mr. LEGGETT. I would just like to impress upon the committee the effect of a 10-percent reduction in category B, which really is 20 percent, since it would be 20 percent of the total category B contribution, and this would be \$300,000 in my district.

Mr. Carey is here again and of course he has been making some statements, some of which I agree with and some of which I don't. We both have naval shipyards and he is concerned—

Mr. CAREY. If my distinguished colleague would yield at that point, on that we are never in disagreement.

Mr. LEGGETT. That is right, but what you are concerned with is the fact that an area like Vallejo would get maybe a million dollars, primarily because we have a naval shipyard, and a city like New York would get zero when you have the Brooklyn Navy Yard which has I think 2,000 more people than my shipyard.

I think the reason is basically what I have stated before, that in my district after you leave Mare Island and after you leave Travis Air Force Base, which is a SAC-MATS base, the next largest employer is the school department with 1,500 employees.

In your area you go to the Chase Manhattan Bank and the Chemical Bank of New York and you just have this fantastic number of reality entities that provide you a substantial base in your area and it just makes it totally noncomparable, even though we both have naval shipyards and we both have lots of employees there, and probably percentage-wise 12,000 employees in New York is a very substantial number, but still as far as your tax base is concerned, the amount of property represented by the Brooklyn Navy Yard as compared to all of the other real properties in your area providing a tax base is a relatively insignificant item.

Mr. CAREY. If my colleague will yield again, in our present state of finance in New York City not \$1 is insignificant. We are doing everything to try and find the money we desperately need to finance our educational system and we have exhausted everything. We are on occupancy tax on leaseholds, and we are talking about off-track betting now as our next alternative, and really there is nothing insignificant, so we are both in the same business of trying to get money for our schools and I sympathize with the idea that you have this one large employer and that your other tax bases are minimal, but if that is so, there must be other compensation.

You don't have to heat your schools, for instance, and we have a bill of some \$300 million a year for heating and utilities alone, so there are other variances.

Mr. LEGGETT. I think as far as wages go, though, California and New York are extremely competitive.

Mr. CAREY. Salaries for teachers you mean?

Mr. LEGGETT. Yes.

Mr. CAREY. I think you are slightly higher than we are at the moment, but that will only be true until the next collective bargaining session in New York.

Mr. DENT. You will note that this approach we make is based upon the category B.

Mr. LEGGETT. I understand that. This is the concern.

Mr. DENT. The concern that the committee has had is that we left the original concept of this law of impacted by Federal installations, and in a district that is impacted like yours both the installation and the people who are employed in the installation are a proper subject for impact aid, but there is a question in the minds of some of us as to whether or not we are following the original concept of this legisla-

tion, and if Mare Island impacts your district and the employees work there, but live in a district 30 or 40 miles away, whether there is justification under this act for giving relief to that school district under the terms and under the considerations that Congress had in mind when it passed this legislation.

How is that district impacted?

Mr. LEGGETT. I think what you have to do is study this problem and you have to carry on a statistical analysis to determine, when people that don't work in communities in which they live, whether the communities in which they live are substantially detrimentally affected due to the fact that that fellow doesn't work in a local industry that provides a tax base for that school. Is that district really detrimentally affected?

Many people live in bedroom cities and these bedroom communities many times have a high tax base and they are not detrimentally affected.

Mr. DENT. The committee's feeling is if there is justification for payment of Federal funds simply because of where you reside and where you work, then why should it be restricted to your Federal occupation?

For instance, in our area I would say that we have whole communities in which there isn't one single tax dollar from job opportunities in industries, mines, or anything else, and yet all of these people work at some installation in Pittsburgh, in private enterprise. What is the difference in concept of the Congress or in the thinking of the Congress with respect to that person residing here in school district A but working in school district B for private enterprise and that one working for the Government?

Mr. LEGGETT. I think there is real merit in what you said.

Mr. DENT. That is why we have this legislation before us, to try to give some justification for these people in this community working for private enterprise who pay taxes that benefit another community that has substantially the same condition as to what they are operating in their school district.

Somewhere along the line we are trying to get some base that will be equitable to all and we therefore have gone into the area of need.

Mr. LEGGETT. Undoubtedly this legislation has been expanded to take care of certain political considerations to gain support for the total bill. There is no secret about that.

Mr. DENT. There was no need for support of the bill. It passed easily. It was just the fact that they found a good place to hang a couple of tails on the kite and the kite has gotten a little heavy. You talked, Mr. Carey, about only getting \$2 million. That was the total State, or city?

Mr. CAREY. No; the total State was more than that; about \$2 million for the city.

Mr. LEGGETT. California gets 17 percent of the total 874 bill.

Mr. DENT. Your State has \$7 million, so the ratio is about the same.

Mr. CAREY. We have to admire the inquisitiveness of the California groups. They do a great job out there.

Mr. DENT. You must understand that I think it is out of every 10 employees in the State of California there are 6 who are federally connected directly or indirectly.

Mr. CAREY. That is true.

Mr. DENT. That does not obtain in New York, so you can see how they get so much money.

Mr. LEGGETT. I estimate 11 percent of all the Federal properties throughout the United States are in California and 9.6 percent of all the Federal acreage is in California.

Mr. DENT. That is why you get so many of our people. They figure if we are going to spend their money out in California they might as well go out and enjoy it.

Mr. CAREY. Mr. Chairman, I think an excellent place to study the impact of this bill would be in California and when you are ready to do this I am ready to accompany you.

Mr. LEGGETT. I think you ought to compare cities side by side, one enjoying State equalization aid, the other enjoying State equalization aid with Federal impacted funds, and both enjoying local real property benefits and see if one has an advantage over the other.

Mr. DENT. That is the question.

Mr. CAREY. Your State does present a very, very graphic comparison with mine, because 47 percent of the land of your State is owned by the Federal Government. One of every eleven is a federally employed person.

Mr. DENT. Six out of ten.

Mr. CAREY. Six out of ten.

Mr. LEGGETT. And one-third of our total economy is affected with the defense appropriation bill.

Mr. DENT. That is right.

Mr. CAREY. However you have done it, you have done a splendid job, I may say, of financing your educational needs.

Mr. LEGGETT. We spend \$3 billion a year out there.

Mr. CAREY. Which is just about what my State spends, but somehow your State spends it so wisely that I believe all your junior colleges are tuition free. In your junior colleges it is a matter of acceptance practically for every eligible student in the State. I think your educational level is rising much faster than my State with the equivalent expenditure of dollars, and we would like to get some of the answers to how you can do this with the Federal impact funds playing such an important part. I think that for other reasons, for general aid to education and such things as that, the States would present a very fine comparative study, one against the other.

Mr. DENT. Before you leave I want to clear up one thing. You say that you receive approximately a million dollars, we will say roughly, in Federal impact funds, but isn't it true that if we cut the Federal impact funds the State would increase its State contribution?

Mr. LEGGETT. Sixty percent of the Federal funds are taken into consideration in establishing the equalization level.

Mr. DENT. Isn't that a violation of the whole concept of this act?

Mr. LEGGETT. I think that is right. I think that if we are getting Federal funds the State shouldn't renege at all and shouldn't take that into consideration at all.

Mr. CAREY. We agree with our colleague.

Mr. LEGGETT. We are against that, but 60 percent isn't a direct offset. That is kind of a misquote, because 60 percent is taken into consideration as far as establishing a base upon which certain other calculations are made.

Mr. DENT. I understand it. I have the figures from your State.

Mr. LEGGETT. As far as the dollars are concerned it is not insignificant, but it is maybe just a few percent of the dollars that really offset.

Mr. DENT. What has happened, Congressman, is that 18 States have now adopted some formula or other for poaching on these funds which were intended by Congress to replace moneys that were displaced by Federal installations, so that is why we are trying to broaden this, because if 18 States feel that these are public funds for public education purposes, certainly the other States that are not in on the program but contribute to it ought to be given consideration.

That is why this concept of the bill is before us.

Mr. LEGGETT. I think that your legislation should be ironclad as far as excluding States from participating at all in these benefits. The idea was to bring some of these impoverished areas up, not to give benefits to the State, because that is not any purpose in the legislation at all. In line with what Mr. Carey said, we have just enacted an omnibus legislation bill in California and we have even further raised our educational level and our funds for educational purposes.

We are straining every year, and our salary levels are established by actions of this committee. Every year we hold up bargaining, waiting to see what this committee is going to do as far as providing funds to the local district. It is an important thing.

Mr. DENT. And that has an effect on education in other areas. Your salaries are admittedly much higher than many of the States of the Union, and you are able to do that because you are the largest recipient of Federal aid to education in this form and in other forms.

Mr. LEGGETT. I challenge that. I don't think that we pay our teachers' salaries in Federal aid districts which are disproportionate to districts which do not have Federal aid.

For instance, our pilot areas in California are Los Angeles and San Francisco and we start off there for a patrolman walking the beat at \$650 a month and we have commensurate salary levels in the fire department and so forth.

Mr. DENT. That is true in every State. The cities have a higher rate.

Mr. LEGGETT. We scale that down into the rural areas and our salaries would be more or less the same whether or not we get this Federal aid.

The question really would be, How many employees would be enjoying these benefits? It would affect the number of people that are going to be covered. We would just have to lay off people and cut down classes and do other things like that.

Mr. DENT. You started talking about the concept that we have in this legislation dealing with widening this coverage.

Mr. LEGGETT. If I may just talk to that point, if you do that, and if you make category B payment on the basis—let's leave out the unemployed—of ANC or aid to dependent children, and the AFDC and then if you make the payment on the basis of OAS recipients and such as that, then you are going to be making rather healthy payments to areas like the city and county of San Francisco.

Currently it is excluded I believe from the act. They don't get anything.

Mr. DENT. By one-half a percentage point.

Mr. LEGGETT. They have the highest level of education as far as tax base ability to pay and so forth, and were you to give them a payment under category B in this legislation I can tell you that the effect would be probably not to enrich the educational program in the city and county of San Francisco. It would be to reduce taxes.

Mr. DENT. But they are children, not recipients. We only qualify the children of the unemployed.

Mr. LEGGETT. I know it. The point is this is another area that doesn't currently enjoy category B assistance and doesn't need it. I would ask you to check that before you enact the bill and see which counties in which States are going to benefit by this legislation and if you are going to really spread your benefits to pockets of great poverty.

I don't think any area should reduce taxes now because we are thinking of passing this bill.

Mr. CAREY. I don't think any large city has any misapprehension of a reduction in taxes in the foreseeable future while these cities face the problems that are so graphic right now. We are looking for more tax sources at all times and I can't see that this would be used to reduce taxes.

Mr. LEGGETT. You may be right. I just say you ought to study it.

Mr. CAREY. I think it is truly apparent to me as a city dweller, as a taxpayer in an urban area, that the other services, what has been called the municipal overburden by a witness yesterday, are requiring such a greater portion of the tax dollars that we are experiencing true budgetary anemia in the school financing area.

There is no question of this. These are required services which the city dweller demands or he is going to leave the city, which is going to hold our population, particularly our middle-income people in the city, and they require services which are highly expensive, police, fire, sanitation, air pollution, things of this nature, which we provide to the surrounding areas and these are at the expense in many cases of the needs of the school areas which have seen the exodus of the high-income and middle-income taxpayers and are carrying now a greater number of non- or low-taxpaying families who require more expensive education. This is the anachronism of the crisis we face.

The least able to pay who require the greatest educational benefits to equalize their adversity are not in a position to pay the taxes necessary so the city is faced with an increasing tax burden which it is unable to meet without some sort of assistance from higher level of government.

Mr. DENT. Will the gentleman yield? Here is your testimony from Los Angeles, which admittedly doesn't receive any money. The last survey that they made under the act was in 1958 for the simple reason that they were disqualified because the city, having over 35,000 population, has to reach an impact of 6 percent, so in 1958 they had an impact of 5.6 percent, which means that for four-tenths of 1 percent they were denied this aid.

He was asked why they haven't made a survey since. He said simply because of the enormous cost entailed in making this kind of survey to qualify. There is no question with the added activity that you have in the Federal installations surrounding Los Angeles they would

qualify by counting those who live there that work in Federal installations.

Another very serious thing in California more than any other State is that the Government has impacted physically the city of Los Angeles by taking over for Federal purposes large airplane construction and manufacturing plants and then taking them out of the tax duplicate and in turn giving private contracts to a North American and other manufacturers, but not counting them under the impact bill.

If these people were counted under the impact bill Los Angeles today would be receiving this aid to the fullest extent. There is no justification for us not giving Los Angeles money, because the real estate property is the base of the whole thinking of the act and it is out of the tax duplicate. Our problem here is to try to find a formula that will have some equity without denying your people this aid and under our program you would not be denied because category B would still have to count that as criteria.

Do you see what I mean?

Mr. LEGGETT. Yes.

Dr. DENT. While we say about Los Angeles and these other areas, well, they are up to this maximum service and their educational system is high and they might be able to reduce taxes, you and I know that that will never take place. If it does it will be the millennium, because reducing taxes is probably the rarest occurrence in a political government. It is a phenomenon. That is how rare it is. When it is reduced you will find that some other tax has been increased to take its place; is that right?

Mr. LEGGETT. Exactly.

Mr. DENT. We are going to need a lot of help. What I am trying to do is plead for an understanding of this so we can get the help required. We are going to have to have a lot of help.

Mr. LEGGETT. I have my own problems and considering that I am so direly affected locally in my area I probably shouldn't comment on other interests that might wish to expand the purpose of this act.

Mr. DENT. That is right, not knowing exactly what their problem is and how much their budget, for instance, goes to schools compared to how much your budget goes.

Mr. LEGGETT. Well, we have 7 percent.

Mr. DENT. How much?

Mr. LEGGETT. Seven percent.

Mr. DENT. Seven percent of your total budget.

Mr. LEGGETT. Yes.

Mr. DENT. In the community.

Mr. LEGGETT. Seven percent of the school budget is Federal.

Mr. DENT. Federally impacted money?

Mr. LEGGETT. That is right.

Mr. DENT. How much of your tax duplicate goes to education?

Mr. LEGGETT. I think well over 50 percent.

Mr. DENT. There are some areas where they have as much as 70, 72 percent that goes for education purposes because there is no other way to get money. For instance, I don't want your tax millage. My home town tax millage is 57 mills for schools alone because the industries have been moved to California, Arkansas, and places like that.

Mr. LEGGETT. Particularly in my area we have done without civic

centers and we have done without civic auditoriums. We have done without libraries. We have done without fire protection, all for schools, and this has been a panic effort in California to handle these massive numbers of people coming in and we have been able to do it because we have considered that schools are primary.

Now after a 10- or 15-year period we are trying to retrench a little bit. We are trying to provide some of these other community facilities that I think are direly essential to keep people off the street and to give people pride in their community and provide them with ancillary types of education.

Mr. DENT. Do you have a relief loan?

Mr. LEGGETT. We have a lot of relief. I have probably 25,000 Negroes in my district.

Mr. DENT. Isn't that an impact?

Mr. LEGGETT. Sure, it is an impact.

Mr. DENT. Would you consider that to be a proper place for the Government to assume some of the responsibility for educating those children?

Mr. LEGGETT. Well, my real objection perhaps is the fact that I like to keep category B tied to some incidence of loss of taxing base, whether it never existed or whether it was taken away.

Mr. DENT. It isn't that now, because Fairfax County didn't lose any base because we built the Treasury here and put people in it that live over there. Do you understand?

Here is a perfect example. We go out here into Virginia and we build a big airport. People have been living in that section for two, three, and four generations at home, have been living in the same homesteads, on the same land, paying the same taxes, but the minute that we built that plant over there and they got a job with the Federal Government we assessed my people in my district to pay the school taxes for these people that always did pay them themselves, so on the base that you are thinking about I would be very happy to go along with category A and A alone, but it is category B that is, with all due respects to my colleague, the Negro in the woodpile that we have to roust out and get out where we can see what he is doing in there.

In category B we don't know what is happening. I live in a county of Maryland that receives over a million dollars and it is over 30 miles from Washington. How can you justify it? Remember, we didn't put these people out there because we built the Federal Government here. These people lived out there and came in and got jobs for generations, not for 1 or 2 years.

Mr. LEGGETT. This area here, of course, is an extremely confused area. It amounts to a substantial amount of the Federal contribution undoubtedly, but still it is not a simple random sample of conditions throughout the country.

Mr. DENT. No; but one of the weaknesses of this legislation is exposed right here in Washington. The lower income families that work for the Government live in Washington. The higher income families that work for the Government live outside of Washington in the main. Yet, there is no money from the Federal impact for district school purposes under 874 or 815 that goes to Washington, D.C., to provide for these people. Yet it goes to the surrounding areas

to provide for the people who work in Washington and live out there. Do you see the point?

Mr. LEGGETT. I know you are concerned with that and so am I.

Mr. DENT. As far as giving Washington Federal aid under the impact bill, I have opposed it. I would be happy to vote for it if it would be restricted to the schools that are impacted, but the history of Washington is that the money would be spent in schools that are not impacted in the better districts of the community and not in the areas that are in dire need. The budget now is oriented that way.

I believe we have to do something about category B or you are going to lose the main benefits of this legislation, which is category A as far as you are concerned and the first part category B, where you live in a district and work on a reservation. That is logical. I think that is where the concept is justified, but working one place and living in another doesn't make sense to me.

Mr. LEGGETT. I would only hope that you analyze this situation carefully enough to anticipate where the support for the bill is going to come from in its final form and regardless of what you put out I am going to be supporting it. I wouldn't want to proliferate it so much that we would lose our nucleus to support the bill.

Mr. DENT. If we don't take anything from anybody and we add something to somebody else the people that are getting it now would be obliged to vote for it and certainly the ones who are going to get it are going to vote for it so we think we have a strong appeal for the vote. Don't you think so, Mr. Carey?

Mr. CAREY. On the basis of my experience, Mr. Chairman, I would say it is almost impossible to proliferate this bill to such an extent the people receiving benefits under this bill are not going to support it.

I would also say to my colleague that I don't think too he needs to feel any trepidation whether this bill is going to pass. The only way this would not pass would be to dissolve the Congress.

Mr. LEGGETT. I appreciate the words of assurance of my colleague.

Mr. DENT. It is pretty much the truth of the matter and that is why this committee is taking on a burden that wouldn't necessarily be a burden at all. It would be very simple to just extend the formula of 874 and 815 for a couple more years.

Mr. LEGGETT. I admire your courage.

Mr. DENT. I think that is running away from a very serious problem and so long as, and I will make this statement for the record, Mr. Carey, you have this legislation on the books as it is now you will never get Federal aid to education to the districts that are contributing to the restricted districts under this act.

Mr. CAREY. I could not be in greater agreement with my chairman. I feel this is the biggest impediment to a true, fair general education bill.

Mr. LEGGETT. May I ask a question? What would be the anticipated increase in authorization requested under your bill?

Mr. DENT. We have asked for these figures, but, as you know, getting figures out of this very small group of people we have working for the Federal Government here in Washington, since they are so undermanned and understaffed, takes months to get anything from them.

However, we had some testimony from Mr. Brownell, former Commissioner of Education, Monday, in which he estimated that the total cost over and above the present bill for the first year, for the year that we have anticipated under the act, would be somewhere in the neighborhood of 60-odd millions of dollars, and that is all.

Mr. LEGGETT. It seems low.

Mr. DENT. It does seem very low, but when you start to figure that already 305 congressional districts out of 435 congressional districts receive aid under category B under 1 of the 4 criteria, we are not going to duplicate this.

If they qualify for aid under the impact phase of the bill, then the only other aid they might get would be what addition they would get from the added number of ADC children, and so forth.

Mr. LEGGETT. Would you still keep the 5-percent criteria?

Mr. DENT. It is not 5; it is 3 percent, and that is the problem. What we would like to do and what this legislation is aimed at is to equalize the criteria in all school districts regardless of their size and bringing it up to a figure that would be realistic, either 4 or 5 percent of the impact, and that in itself would level off the cost of it a great deal, by having each district reach a certain minimum percentage of impact under all of the four criteria that we propose.

It is unrealistic to say that the city of Los Angeles doesn't rate assistance because it is four-tenths of 1 percent below a 6-percent requirement and then take every school district in the United States of America under 35,000 and say, "You are all right. You get the aid if you have 3 percent."

The big cities are in the main the greatest contributors to the Treasury of the United States and in the main they have received the least in benefits from Federal spending. I think history has shown that to be true. That is why you have to have Appalachia programs for an area that one time was one of the biggest contributors to the Federal Government.

Mr. LEGGETT. I think New York has very little cotton support too.

Mr. DENT. They get no peanut money.

Mr. CAREY. We may have to start growing it if we lose the Navy Yard.

Mr. LEGGETT. I appreciate the opportunity.

Mr. DENT. We are happy to have you and I do wish that you would continue your interest in the legislation because I do think we have a serious problem because we are endangering communities like yours that really need it.

Mr. LEGGETT. I submitted a formal statement last year when you held your hearings. You have all the background on it.

Mr. DENT. Yes; I have it. There is no one questioning the need. As he said, the Capitol would have to fall down before you ever defeat the bill, so the only thing you have to do is try to make it equitable.

Mr. LEGGETT. Very good. You have my support.

Mr. DENT. The subcommittee will adjourn until the further call of the Chair.

(Whereupon, at 12:15 p.m., the subcommittee adjourned subject to the call of the Chair.)

(The following statements and letters were submitted for the record:)

STATEMENT OF HON. HAROLD M. RYAN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MICHIGAN

I would like to commend the chairman and the members of this committee for the fine work they are doing toward the updating and expansion of Public Law 874. I give my approval and full support to the two new categories proposed in H.R. 10159.

The expansion of Public Law 874 to provide assistance to local school districts, based on the total number of pupils enrolled in a given school district that are members of needy families and pupils of unemployed parents in areas of substantial unemployment, is a logical extension of Federal responsibility. The fact that ADC children and children of parents receiving unemployment compensation are, in fact, receiving Federal assistance clearly identifies their Federal connection. In effect, the proposed legislation recognizes that the Federal Government should pay part of the cost of educating such children while paying for the other basic living costs such as food, clothing, and shelter.

This bill would provide substantial aid to the metropolitan areas that have long been excluded from Public Law 874 because of the excessive qualifying requirement. School districts with more than 35,000 pupils have been required to meet a 6-percent eligibility requirement while smaller school districts qualified at a 3-percent level. The proposed legislation would make the 3-percent provision applicable to all school districts for the purpose of computing aid under the new categories.

I have been advised that the school district of the city of Detroit would have approximately 56,000 eligible pupils under the 2 new categories. This would mean additional revenues to the district in the amount of \$3,920,000. This estimate is based on 32,000 pupils in the ADC category and 24,000 pupils in the unemployed category. While the \$3,920,000 is small in terms of the school district's \$142 million budget, it would provide for additional educational services that are badly needed. It would really expand a program now educating 296,000 pupils.

The total cost of the program as estimated by this committee is small when considered as an educational investment. This Federal assistance spent now to help train our young people can save much greater sums in the future when computed in terms of the cost of maintaining corrective institutions and expensive rehabilitation programs. Education of our youth is one of our greatest weapons against crime and poverty.

Speaking briefly to the basic law, I feel it should be continued and expanded. All of the categories, including those proposed in H.R. 10159, are Federal responsibilities. The law has been in effect since 1951 and has provided aid to many school districts in Michigan and throughout the Nation.

Since the Detroit public schools, as well as most other large cities, has been excluded from participation under the law by the excessively high 6-percent eligibility requirement, I urge the committee to make all school districts eligible on the same basis at the 3-percent level. Perhaps the categories of clear-cut Federal responsibility should be paid for such pupils without regard to qualifying percentages.

Once again, I commend the committee for the fine work it has done in the field of education over a period of many years. I will continue to support this committee in their important work and will look forward to a favorable report on H.R. 10159.

STATEMENT OF HON. WILLIAM L. ST. ONGE, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF CONNECTICUT

Mr. Chairman and members of the committee, I am grateful for the opportunity to testify in support of the extension of Public Laws 874 and 815.

My interest in these measures derives primarily from my experience in public life, both before and during my term in Congress. I was first elected to public office as a member of the board of education in my native town of Putnam, Conn. The first bill I introduced in Congress was H.R. 3113, an extension of the very laws I seek to renew today. My experience in public life has therefore been highlighted by efforts to improve the quality of the education offered to our

children. Throughout these years, my belief in the importance of education—to our youth, our communities, and our Nation—has been strengthened and confirmed.

Public Laws 874 and 815 are irreplaceable components of the Nation's educational system. Providing assistance for the maintenance, operation, and construction of schools in federally impacted areas, these laws help to alleviate the principal adversities inflicted upon local educational programs by the extension of the activities of the Federal Government; the simultaneous increase in school enrollment and nontaxable property caused by the creation of Federal installations. The laws, enacted 14 years ago, now benefit every State in the Union; 12 million children in over 4,000 school districts receive assistance through these laws. All told, nearly one-third of all children attending public elementary and secondary schools are affected by the two measures.

My district is in particular need of assistance under Public Laws 874 and 815: 33 of Connecticut's 47 school districts and 25 of nearly 40 towns benefiting from these laws are located in the Second Congressional District. It has therefore received a large portion of the \$20,683,460 for school maintenance and operation and the approximately \$12 million for school construction furnished Connecticut by these laws during the 14 years of their existence. In 1964, for example, \$1,591,696 of the \$2,472,795 provided under Public Law 874 went to my district.

The two communities that would most suffer should these laws be suspended are Groton and New London. The former contains several major Government installations, including the submarine base, and the latter is the site of the Naval Underwater Sound Laboratory and the U.S. Coast Guard Academy. In a memorandum from the administration office of the Groton public schools, dated July 23, 1964, Dr. William M. Farris, superintendent of schools, declared:

"Even with the children of employees of the Electric Boat Division, General Dynamics Corp., out of the count, our annual entitlements under Public Law 874 amount to 25 percent of our school budget income, and will come by another year to at least \$1 million on over 3,000 federally connected pupils. Eight mills on our tax rate are involved. The income from this source is indispensable for the operation of our schools."

Lawrence H. Scanlon, superintendent of the New London public schools, stated in a letter of July 24, 1964:

"The public school district of New London * * * received a total of \$156,803 as income for the 1963-64 fiscal year under the provisions of Public Law 874. This amount represented 6.3 percent of the total operating budget for the day school system, or 1.85 mills on the local tax rate."

Groton and New London are not the only towns affected. A sampling of other communities receiving revenue from these laws indicates, for example, that Ledyard received \$90,000 per year under Public Law 874, a sum constituting 10 percent of the total school budget and 3 mills on the tax rate, Montville received \$72,500 per year, an equivalent of 8 percent of its total school budget and 2 mills on its tax rate, and Waterford received \$105,000 per year, representing 5 percent of its total educational budget and 2¼ mills on its tax rate. The evidence offered in these tabulations supports the conclusion reached by the chairman of the Board of Education of Waterford, Mr. Edward S. Dennison; writing on the economic state of Waterford's educational system in the spring of last year, Mr. Dennison stated:

"Federal funds have been of vital assistance over the 10 past years and are heavily relied on in our budgetary planning * * *. The effect of the loss of Federal aid on the town finances will be real hardship; but it is the opinion of this board that the effect on our educational program will be nothing short of tragic."

My district thus demonstrates the potential perils resulting from the suspension of Public Laws 874 and 815 and the absolute necessity of continued Federal assistance in maintaining the quality of the education offered in federally impacted areas. Because of the state of educational finances in Connecticut, I strongly support the extension of these measures. Equally as important, moreover, I urge rapid action in securing their renewal. Dr. Farris, of Groton, indicates the necessity of alacrity in this matter:

"It is vitally important to our town that provision for extension be made in the present session. At stake is the opportunity for town and school fiscal authorities to know preferably as early as February 1965, when work will start on the 1965-66 budget, and at the latest by May, in anticipation of setting the tax rate,

what income may be expected under 874. We hope very much that experience in connection with the last extension will not be repeated * * *."

Mr. Scanlon states, concerning New London: "The school budget is prepared in the spring of each year, necessitating a firm establishment of contemplated income, as well as expenditures. Hence, it is strongly requested that the status of [these laws] be determined by Congress at an early date * * *."

Mr. Butler, superintendent emeritus of the Groton Public Schools, states: "To these towns and all others affected it is important to know at budget making and tax-setting time whether income under [these laws] can safely be anticipated for the following year. * * * it is crucially important, because provision for children whose parents are employed on Federal property is such a very large factor in their school budgets."

Because of the importance of securing the early enactment of this legislation, I am very pleased that the committee has begun work on this matter at so early a date. Because of the importance of the provisions of the measures themselves, I urge that the final action of the committee recommend renewal of Public Laws 874 and 815. That these laws be renewed, and at the earliest possible date, is tantamount to a necessity if high-quality education is to be maintained in the federally impacted communities of my State and the Nation as a whole.

HOUSE OF REPRESENTATIVES,
Washington, D.C., July 28, 1964.

HON. JOHN H. DENT,
*Chairman, Select Subcommittee on Education,
Cannon Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE: I want to thank you gentlemen for giving me this opportunity to present my views to this subcommittee on legislation to extend Public Laws 874 and 815.

Mr. Chairman, I firmly believe that it is of the utmost importance that Congress extend Public Laws 874 and 815 before this session adjourns. These laws authorize financial assistance to local educational agencies in federally affected areas for current operating expenses of schools and for construction of school facilities, respectively. Both laws are due to expire on June 30, 1965.

The reason for the 2 years' extension by this session of the Congress, rather than extension by the 89th Congress sitting next January, is that our local school districts throughout the United States need this leadtime so that they can plan and submit their annual budgets, based upon some assurance that Federal funds will be forthcoming. This is a very important and vital matter to the school superintendents in my Second Congressional District and throughout the Commonwealth of Massachusetts.

The great and important Westover Air Force Base, which is the 8th Air Force Strategic Air Command Headquarters, is located within the city of Chicopee in my district. Dependent children of Westover personnel attend on base and off base schools in several of the nearby communities. The city of Chicopee depends upon Public Law 874 for operation and maintenance of its schools, and Public Law 815 for construction. The surrounding towns of South Hadley, Granby, Ludlow, Wilbraham, and West Springfield also, but to a lesser degree, benefit from these public laws. My home city of Springfield must plan its annual school budget based upon Public Law 874 funds because of the impact of the Springfield Armory.

Mr. Chairman, in urging this committee to report favorably on a 2-year extension now of Public Laws 874 and 815, I would respectfully ask permission to have included with my statement letters and telegrams of appeal I have received to date from school superintendents in my district concerning this very important legislation.

I thank you sincerely.

EDWARD P. BOLAND,
Member of Congress.

NATIONAL EDUCATION ASSOCIATION,
Washington, D.C., July 31, 1964.

HON. JOHN DENT,
*Cannon Office Building,
Washington, D.C.*

DEAR CONGRESSMAN DENT: We deeply appreciate the opportunity to comment on H.R. 10159, to extend Public Law 874 to include children of the unemployed and those under the aid-to-dependent-children program. Your sponsorship of this measure is further evidence of your outstanding record in behalf of the schoolchildren of this country. Your leadership in the field of education legislation, and your consistent and vigorous support for measures that will improve the education of both children and adults, merit the admiration and gratitude of the American people.

The 88th Congress, through the efforts of you and others in both the House and Senate, has made a remarkable record in enacting far-reaching educational legislation. However, the National Education Association is acutely aware, as I know you are, that the aid so far provided, while welcome and needed, does not touch the basic problem of providing financial assistance to the public elementary and secondary schools in the communities of this Nation. As important as aid to higher education, vocational education, and extension and expansion of the National Defense Education Act is and will be, only those who get a fair start in elementary schools will be able to profit from these programs. The slum child, from a broken or fatherless home, too often attends a school which, because of lack of funds, cannot meet his special problems. He cannot compete on an equal basis with those, usually in suburban developments, who come from more favorable home environments and attend newer schools which were necessitated by the move to suburbia. He falls behind in his schoolwork, not because of less native intelligence, but because there is little incentive to achieve. Classes are crowded, facilities are limited, just as his home is crowded, and cultural advantages such as books are virtually unknown. Such children too often grow up to repeat the pattern of broken homes, unemployment, and mental depression which characterized their own parents.

H.R. 10159, by including under Public Law 874, the aid-to-dependent-children recipients and children in families of the unemployed in certain areas, provides a practical approach to aiding those who need it most.

Since it is in the national interest socially, economically, and morally that the vicious circle of chronic unemployment in this country be eliminated, it is proper that the Federal Government assist schools in meeting their share of this challenge. H.R. 10159 provides an ingenious and facile method of providing assistance to school districts in areas of unemployment. It precludes any Federal control—a most desirable feature of the impacted aid program—and would require a minimum of additional administrative personnel. The estimated 2 million children in the Nation who would be included under the proposal are those most apt to become dropouts unless their elementary school opportunity is improved to a degree that they can profit from secondary, vocational, or higher education.

The National Education Association supports H.R. 10159 as a realistic approach to improving the educational opportunity of those children now most neglected in our public schools. We do not consider this as an adequate substitute for general Federal aid to education, but rather as an essential factor in the war on poverty, which must be basically a war on ignorance.

Because need is great the National Education Association, which has continuously supported Public Laws 815 and 874 of the 81st Congress, urges both an immediate 2-year extension of such laws and in addition urges enactment into law by the 88th Congress of H.R. 10159.

Sincerely,

JOHN M. LUMLEY,
Director, Division of Federal Relations.

THE UNIVERSITY OF THE STATE OF NEW YORK,
THE STATE EDUCATION DEPARTMENT,
OFFICE OF THE PRESIDENT OF THE UNIVERSITY
AND COMMISSIONER OF EDUCATION,
Albany, July 28, 1964.

Hon. JOHN H. DENT,
*Chairman, Select Subcommittee on Education,
House of Representatives, Washington, D.C.*

MY DEAR CONGRESSMAN: Associate Commissioner Herbert F. Johnson has conveyed to your Mr. Harry Wright by telephone today my regrets that it is not possible for me or my representative to attend the hearings of your committee scheduled for July 27 and 29 on H.R. 10159. May I, therefore, take this means of commenting on the bill under consideration.

My staff and I have reviewed the proposed legislation which would amend Public Law 874 so as to provide assistance to local educational agencies in the education of children of needy families and children residing in areas of substantial unemployment with unemployed parents. It thus broadens the scope of Public Law 874 which aids school districts which have significant numbers of students whose parents are employed on Federal properties.

A considerable number of districts in this State have received financial assistance in meeting their educational problems through the operation of Public Law 874. We have appreciated deeply this Federal aid. The only reservation we have had is that it has been distributed directly to the districts involved instead of being processed through the State education department as are other Federal aid programs.

As we envision the extension of aid proposed under H.R. 10159, we applaud the intention to assist those districts which have significant numbers of children of limited financial circumstances. This is in keeping with our objective of equal educational opportunity for all. At the same time we can only wish that the Federal Government's procedure in dealing directly with individual school districts would not be extended. We feel that if such funds were processed through our State education department we could have greater assurance that the money thus made available would actually be used in ways which would help these disadvantaged children most effectively.

I trust that these comments may be of some use to your committee.

Sincerely,

JAMES E. ALLEN, Jr.

NATIONAL CATHOLIC WELFARE CONFERENCE,
Washington, D.C., August 6, 1964.

Hon. JOHN H. DENT,
*Chairman, Select Committee on Education,
U.S. House of Representatives, Washington, D.C.*

DEAR MR. DENT: We appreciate the opportunity to set forth the department's views on H.R. 10159 extending and amending the Federal impacted aid program (Public Laws 815 and 874).

Hearings before your subcommittee have prompted speculation that the operation of the impacted aid program in some respects no longer conforms to the basic purposes for which the legislation was initially enacted by the Congress. It has been intimated that some school districts are receiving Federal assistance where there is little or no showing of economic loss resulting from the presence of the Federal installation.

A thorough review of the entire impacted aid program would appear to be in order with particular emphasis directed to a study of the economic impact on local areas because of the presence there of Federal properties. In this connection, we strongly support a recently approved provision in S. 3060, section 203, which requires the Commissioner of Education to transmit to the Congress on

or before June 30, 1965, a full report of the operation of Public Laws 815 and 874, together with his recommendations as to what amendments to such laws should be made if they are further extended. Pending the result of such a study we would suggest that the present temporary provisions of Public Laws 815 and 874 be extended temporarily and without amendments. We are growing increasingly apprehensive that this form of Federal assistance may be assuming proportions approaching general programs of assistance without adequate appreciation of implications.

Again may I express our gratitude for the privilege of presenting to your subcommittee our views on this important legislation.

Very sincerely yours,

Rt. Rev. Msgr. F. G. HOCHWALT,
 Director, Department of Education, NCWC.

PRESENTATION OF THE IMPORTANCE OF PUBLIC LAWS 874 AND 815 TO THE COBB COUNTY SCHOOL SYSTEM, BY JASPER M. GRIFFIN, SUPERINTENDENT, COBB COUNTY SCHOOL SYSTEM, MARIETTA, GA.

The Cobb County Board of Education would like to express its views concerning the continuation of Public Laws 874 and 815.

It is the opinion of the Cobb County Board of Education that the education of all the children of the Cobb County school system would be seriously impaired without the Federal assistance granted under these laws.

I. FEDERAL INSTALLATIONS AFFECTING THE COBB COUNTY SCHOOL SYSTEM

There are 25 tax-free installations affecting the Cobb County school system. In addition to installations, the Federal Government has removed 10,000 acres of land from the tax rolls. The parents of 8,316 Cobb County children are employed on these installations. This clearly demonstrates that the many Federal installations have a tremendous impact on Cobb County schools.

II. IMPACT OF FEDERAL INSTALLATION ON THE COBB COUNTY SCHOOL SYSTEM

1. The abnormal growth for Cobb County is reflected in census reports for the past 20-year period.

Year	Population	Percent increase, 1940 to 1960
1940.....	46,749	} 200
1950.....	72,967	
1960.....	114,174	
1964 (estimated).....	140,000	

2. Average daily attendance of the Cobb County school system has grown as follows:

ADA	1942 to 1943	1952 to 1953	1963 to 1964	Increase, 1942 to 1964
Total.....	5,290	9,904	27,335	22,045
Non-Federal.....	5,290	7,388	19,491	14,201
Federal.....	0	2,016	7,844	7,844

The above table indicates very clearly the tremendous impact of Federal students on the Cobb County school system. The growth of Federal students was 7,844 or approximately 33 percent of all increase. This pupil information proves that a sudden, substantial, and continuing increase in the number of pupils in ADA is a result of activities of the U.S. Government.

III. FINANCIAL EFFORT

The financial aid received by the Cobb County school system under Public Law 874 for the last 3 years is as follows :

Year	Amount 874 funds	Total expenditures	Percent 874 funds of total
1961-62.....	\$441,081	\$5,237,557.41	8.42
1962-63.....	613,983	6,289,010.52	9.76
1963-64.....	743,222	7,506,818.54	9.90
1964-65 (projected).....	750,000	9,113,640.00	8.23

It is evident from the above data that the Federal participation has not kept pace with the local-State effort. Local effort has increased far more rapidly than Federal assistance.

If the Government did not fulfill its responsibility under Public Law 874, an impossible burden would be placed on the local community. The present constitutional limit for the tax rate is 20 mills. The following table gives the tax rate it would require to replace Public Law 874 funds.

Year	Assessed evaluation	Existing tax levy (in mills)	Tax levy to replace 874 (in mills)
1961-62.....	\$62,352,296	20	7.0
1962-63.....	69,828,312	20	8.8
1963-64.....	130,325,673	14	5.7
1964-65.....	143,000,000	16	5.2

It can be readily seen that the Cobb County School System could not replace Public Law 874 funds and stay within the constitutional limit described by Georgia law. Cobb County is making great strides in increased local effort. It is to be noted that a property reevaluation went into effect in 1963-64 school year. The board of education has not relinquished its efforts or reduced its financial contribution in providing a reasonable educational program for all children.

IV. AVAILABILITY OF PUBLIC LAW 874 FUNDS

The operating budget of the Cobb County School System must be completed and filed with the Georgia State Department of Education by June 1, each year. Work must start on the budget in March or April of each year. This is often made difficult because there is no way of determining if funds will be made available to finance Public Law 874. Since the budget must be advertised and filed with the State department before information on Public Law 874 is received, the local board is placed in an extremely difficult position.

Every effort should be made to determine the availability of Public Law 874 funds while the budget is being prepared.

V. SCHOOL CONSTRUCTION—PUBLIC LAW 815

One of the chief responsibilities of a board of education is to provide adequate housing and equipment for its children. The citizens of Cobb County have provided five bond issues since 1951. The 1964 bond issue exhausted the bonding capacity of the Cobb County School System.

The State has provided three programs of capital outlay since 1951.

Public Law 815 has provided a small share of the building program. The sources of finance for construction since 1951 are as follows :

State.....	\$6,160,711.93
Local.....	12,750,000.00
Public Law 815.....	4,176,872.00

It is very evident that the local citizens have done more than their share in financing school construction in Cobb County.

In the last 3 years construction money has been provided as follows:

State.....	\$4, 477, 711. 93
Local.....	7, 000, 000. 00
Public Law 815.....	254, 515. 00

The tremendous and unusual growth in school attendance in the Cobb County School System is largely due to Federal installations. Public Laws 874 and 815 are intended to aid the local systems experiencing this Federal impact. This is the responsibility the Congress of the United States assumed in establishing Federal installations. Surely, the Congress will not fail to continue to meet this responsibility.

STATEMENT OF SUPERINTENDENT G. HAROLD HOLT OF THE DAVIS COUNTY SCHOOLS
IN UTAH, JULY 23, 1964

In representing Davis County School District and referring to Utah school districts, I should like all to know that our districts are consolidated districts in Utah. They are city or county districts.

The original act providing financial assistance to school districts under Public Law 874 contained a declaration of policy. I should like to call your attention to section 1 and section 3 of the act which set forth that policy. In section 1 the Federal Government accepts responsibility to provide assistance to local educational agencies upon which the United States has placed financial burdens by reason of the fact that—

(1) the revenues available to such agencies from local sources have been reduced as the result of the acquisition of real property by the United States; or

(2) such agencies provide education for children residing on Federal property; or

(3) such agencies provide education for children whose parents are employed on Federal property; or

(4) there has been a sudden and substantial increase in school attendance as a result of Federal activities.

Section 3 of the bill seeks to compensate school districts in reasonable amounts for the cost of educating children who, because they reside on tax-exempt Federal property or because their parents are employed on such property, do not in effect pay their own way.

I do not know what the situation is throughout the United States. I do know that there has been no significant change since 1950 in the Davis County School District or most of the other school districts in Utah to justify a change in policy. The impact is greater today in our school district than it was in 1950. The enrollment increase from 1950-51 to 1951-52 was 726. Last year the growth was 3,429. The ratio of the 1951-52 federally connected pupils to total membership was 37 percent. On May 11, 1964, it was 39.18 percent or a total of 10,130 federally connected students out of a total student population of 25,854 students. A comparison of this ratio in other Utah school districts as is follows:

School district	1951-52 percent	1956-57 percent	1962-63 percent	1963-64 percent
Tooele.....	56	53+	64	63.9
Ogden City.....	26	23	24	24
Weber County.....	40	36	36.69	35.55
Box Elder County.....	19	16	24	27.71
Logan City.....	None	4.05	4.114	10

The membership in Davis County School District was 4,220 in 1933-34. It was 4,210 in 1940-41. Beginning with World War II it gradually rose to 7,658 in 1950 and to 19,002 in 1960 and as of May 1964 it was 25,854. Since 1949 the district has spent \$19,500,000 for school building construction and encumbered another \$3 million.

Of this amount \$6,686,825 will have been provided by the Federal Government under Public Law 815. At the present time the district is using 87 makeshift rooms. Considering the need to eliminate makeshift rooms and to reduce overloads in regular classrooms if the same method of calculation were applied in

May 1964 as previously used by the Department of Health, Education, and Welfare, we have 3,876 unboxed students.

Under Public Law 874 the Davis District has received a total of \$6,044,274.05 since the inception of the program. During the school year 1963-64 we received \$954,675, which was 10.2 percent of our total maintenance and operation budget.

Davis District is now bonded to the legal limit of $13\frac{1}{3}$ percent of the assessed valuation. In addition, we have the lowest assessed valuation per child of any school district in the State, which greatly limits our sources of revenue for building funds and maintenance and operation. Therefore Federal funds under Public Laws 874 and 815 are vitally needed at one of the most critical times since the end of World War II.

It seems urgent that Public Laws 874 and 815 be extended during the present session of Congress so that we can be assured that Federal funds will be forthcoming when it comes time to prepare our budget for 1965-66.

Since most of these districts are making the maximum financial effort to meet the demands to provide satisfactory facilities, good teachers, and a good curriculum we shall appreciate your support for an immediate extension of the program.



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