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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1964

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH CONGRESS

FIRST SESSION

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

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WINFIELD K. DENTON, Indiana
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ROBERT M. MOYER, *Staff Assistant to Subcommittee*

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

Printed for the use of the Committee on Appropriations

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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1964

WEDNESDAY, FEBRUARY 6, 1963.

DEPARTMENT OF LABOR

WITNESSES

HON. W. WILLARD WIRTZ, SECRETARY OF LABOR
LEO R. WERTS, ADMINISTRATIVE ASSISTANT SECRETARY
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

Mr. FOGARTY. The committee will come to order.

We have before us this morning the Secretary of Labor. Mr. Wirtz, this is your first appearance before our committee as the Secretary. Mr. Goldberg was here last year. Our committe thought Mr. Goldberg was doing a good job. I personally think you are doing a good job as head of this Department, which I think is one of the most important departments in our Government. We are very pleased to have you with us this morning.

Please proceed in your own way.

GENERAL STATEMENT OF THE SECRETARY

Secretary WIRTZ. Mr. Chairman, it is a very real satisfaction coming to a committee with the feeling that it has a complete understanding of our problems and we think is in sympathy with our objectives but, nevertheless, a feeling of what we consider very healthy criticism of whatever we are proposing, and from which we know we will get valuable direction.

Mr. Chairman, I have a written statement which has been submitted to the committee. Unless you have a preferred course of action, I should propose to follow that, but should welcome interruptions at any time for the development of any details in which the committee is interested.

Mr. FOGARTY. I think it may make for a better presentation if you complete your statement, and we will follow that with questions.

1964 BUDGET ESTIMATES

Secretary Wirtz. Mr. Chairman and members of the committee, I appreciate the opportunity to be here today and talk about our 1964 budget.

The total estimate for 1964 is $874,680,000 of which $447,460,000 is to be financed from trust funds and other funds and $427,220,000 from general funds.

The increase over 1963 (including our proposed supplementals) is $110,568,230. The characteristics of the increase are as follows:

1. Mandatory items such as Pay Act cost, 2 extra days of pay, postage rate increase, increases in average State salary rates, etc., all related to continuing the authorized 1963 level of operations	$24,428,876+
2. Nonrecurring benefit payment items	30,233,000—
3. Annualization of 1963 of manpower developemnt, trade expansion, welfare-pension, and Bureau of Employment Security items	1,872,084+
4. Training and benefit allowances (MDTA, TEA)	99,075,000+
5. State employment security agencies program expansion	10,617,000+
6. Mexican farm program for 6-month financing	1,433,000—
7. Nonrecurring consumer price revision cost	469,700+
8. Additional employment of 341 [1] (for Federal program expansion)	5,771,570+
Total net change from 1963	110,568,230

[1] 146 positions and $3,677,000 are included because of recommendations of the President's Committee To Appraise Employment and Unemployment Statistics.

BASIS FOR BUDGET

The Department of Labor budget for fiscal year 1964 has been prepared on the basis of these prospects:

(1) That there will be a moderate rate of growth in the economy during 1963 and into 1964;

(2) That with the rapidly increasing size of the work force and with an extraordinarily high rate of technological development, the present (and prospective) rate of economic growth will leave a serious unemployment situation;

(3) That these prospects warrant and require further development and vigorous administration of the manpower program for which the Department is responsible;

(4) That the accelerated rate of change in the work force will mean an enlarged demand upon the research, statistical, and standards functions of the Department;

(5) That collective bargaining faces, in view of the prospective manpower utilization and job security pressures, a new testing, which will place additional responsibilities on the Department;

(6) That there will be enlarged demands upon the Department in connection with administration of the legislative programs in the wage and hour, public contracts, labor-management reporting, welfare and pension fund, veterans reemployment rights, employee compensation, and other fields;

(7) That current and necessary emphasis on the employment status of women, children, and minority groups will place increased responsibilities on the Department;

(8) That the developing program of international labor relations will demand larger participation by the Department in this area; but

(9) That circumstances require the Department's discharge of all these enlarged responsibilities with a minimal increase in its budget (except as the Manpower Development and Training Act program involves already authorized expansion).

INCREASED STAFF

Before noting some of the individual items, I call the committee's attention to the fact that the recommendation and request involves, in terms of changes in number of positions, a net increase of 271 employees as compared with the 1963 number of 8,845 employees.

The change is concentrated in three areas: (1) the Bureau of Labor Statistics, (2) in the Manpower Development and Training Act area, and (3) in the Secretary's office. Without those three items, we would be coming to you with a smaller manpower or personnel proposal than that which we have for the present year. This budget request reflects the strong emphasis which has been placed upon the item of really Spartan economy as far as the executive department is concerned.

BUREAU OF LABOR STATISTICS

In October 1962, the President's Committee To Appraise Employment and Unemployment Statistics, headed by Prof. Robert A. Gordon of the University of California, made its report to the President. This report has come at a time of growing need for more information in depth to help face up to economic questions of increasing complexity.

That Committee was established by the President in response to suggestions that there had been practices in connection with the Bureau of Labor Statistics program which require a public audit of one kind or another. This Committee did make its report. It found in general that the procedures which the Bureau had been using were very sound, that its figures were wholly reliable, but that, on the other hand, there were some areas in which additional effort should be made to improve the reporting practices of the Bureau and the research practices. The budgetary changes propose the adoption of those recommendations. The Committee's report includes specific recommendations for technical improvements in the present program and concrete suggestions for a substantial expansion of this program designed to yield more detailed information on more facets of the employment and labor force picture. Some of these recommendations have already been implemented, and others will be introduced during the present fiscal year with resources now available.

We have already implemented those recommendations which we could do administratively within our 1963 budget. There are still some others of this kind which we are implementing.

Additional resources are required, however, to carry out other important Committee recommendations. A major portion of the proposals made for increases for the Bureau for fiscal year 1964 are pursuant to the recommendations of the President's Committee.

Other programs which we consider vitally important involve the areas of prices, wages and industrial relations, and productivity. We need to improve and extend our work in primary market prices, and to complete the 5-year revision of the Consumer Price Index. The Bureau's responsibilities under the Federal Pay Reform Act of 1962, and the need to expand our limited information in the area of expenditures for fringe benefits generally require a stepped-up program. We need more current and, where possible, advance information on technical aspects of the issues involved and on labor-management relationships. I am recommending favorable consideration of the proposals to provide such technical service. Finally, the Bureau of Labor Statistics should expand its very important and timely program on automation and productivity.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

Many important developments are taking place in international areas today which require careful consideration by the Government

and the Department through the Bureau of International Labor Affairs. These developments include problems related to anticipated changes in the European Common Market, with their far-reaching political and economic implications; the social, political, and economic pressures in the developing areas; and the need for forward-looking labor and manpower programs. We are requesting additional staff for meeting the Department's responsibility with respect to these new developments. That additional staff comes to only eight positions.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

We place strong emphasis on the importance of the manpower development and training activities.

Our request for $165 million for manpower development and training activities responds to the evident intent of the Congress which authorized this sum for the 1964 appropriation. This program has been in operation only a very few months, but the States and local communities have already shown that the program can help those men and women who need training or retraining in order to find a job. Training projects in 49 States, the District of Columbia, and Puerto Rico have been approved for some 19,000 men, women, and young people—all of whom are carefully tested and counseled before entering training.

I should note for the record that those figures are of about a month ago, and in response to questions I can bring those figures up to date. The program is moving very rapidly.

Many training courses are underway; a few have already been completed. MDTA "graduates" are back at work, some of them having been without jobs for more than a year.

We have just received from the States a detailed report of their training and retraining plans for the rest of this year. These reports indicate that this year's funds may be committed before the end of the year. With 8 or 9 months' experience to guide them, the States are certain to make good use of the funds next year. We estimate that under the 1964 program some 140,000 people can be trained in an occupation or a skill which will serve to open to them the opportunity to find and hold a job and to use their abilities to the fullest.

This program represents a remarkable cooperative venture, with more than a dozen Federal offices, over 100 State agencies, and countless local groups participating directly in this effort to find solutions to a most pressing national problem—that of unemployment.

BUREAU OF APPRENTICESHIP AND TRAINING

The Bureau is vitally concerned with promotion of on-the-job training and technical service to industry. It has a vital concern with the on-the-job training activities under the Manpower Development and Training Act and will be provided additional funds under that act for these activities.

BUREAU OF EMPLOYMENT SECURITY

We are today confronted by a serious problem of unemployment. Over 4 million workers, 5.8 percent of our labor force, are looking for jobs at a time when most other indicators of our national economic health have reached alltime records. This is not a new problem; it has been building up during the entire postwar period. Nor is it a

single problem, but rather a number of separately indentifiable and very complex problems. These problems develop as products of the intensification of the forces of change and progress, a sharp increase in investment in research and development, rapid technological advance, a growing population, increasing urbanization, shifts in industry location, changing demand for the products of industry, depletion of some resources and development of new materials, accelerated foreign competition, and the demand for new and higher levels of education and skill.

As a result of these developments, unemployment rates among new entrants in the work force, displaced older workers, the unskilled, and nonwhite workers have been persistently and markedly higher than for the labor force as a whole. Certain industries and areas have also developed problems of chronic unemployment.

The swift pace of change in our economy requires rapid and sensitive adjustments of the labor force to prevent or minimize serious personal and social dislocations. We have already begun to see, and to take steps to develop imaginative new ways to facilitate manpower adjustments and to adapt our institutional framework to meet these complex problems.

Budgetary increases for the last 2 months of fiscal 1961 and for fiscal year 1962, have permitted the employment services to be improved and expanded to help place unemployed workers in jobs, to provide the services and planning needed to utilize better the skills of the work force, and in general, to organize the local offices of the Employment Service system as effective manpower centers in the community. The expansion and reorganization of services already achieved has produced very gratifying results. With a further increment of efficiency resulting from a more experienced and better trained staff, and with the requested additional resources, we should be able to keep abreast of these increasingly difficult and complex manpower problems.

We are requesting an increase to extend the reorganization of the large metropolitan offices to additional areas where most of the Nation's unemployment exists; to provide more individualized assistance to workers displaced by automation and to the long-term unemployed; to assist the rapidly growing number of youth entering the labor force in solving their employment problems; to provide specialized employment services to smaller communities, who are not now receiving these needed services; and to provide a basis for further increasing the effectiveness of the Employment Service operating programs by increasing the quantity and improving the quality of employment and unemployment statistics.

TITLE OF EMPLOYMENT SERVICE

Mr. LAIRD. Mr. Secretary, this is the first year since I have been on this committee that the title of the Employment Service has been changed. We have always looked at this as a State employment service, and in the budget document of last year it was called Employment Service. Is there any significance in the fact that this is now called the U.S. Employment Service?

Secretary WIRTZ. There is none, Mr. Laird.

Mr. LAIRD. Even in the printed budget document this year, I notice the title has been changed.

Secretary WIRTZ. I had nothing at all to do with the identification of that part of this budget in terms of the Federal part of the pro-

gram, but surely nothing is intended by way of emphasis, and I think you will find as far as the budgetary items are concerned, the only significant changes are involved with respect to the State employment services.

Mr. LAIRD. I just happened to notice the budget document this year changed the title to "U.S. Employment Service." There always has been a feeling among the States that this should remain a State employment service and not a U.S. employment service.

Secretary WIRTZ. There has been no change. If we were psychoanalyzing the reason for the difference in title here, I suspect it is that we have been emphasizing more than distinction between the two parts of the program as far as we are concerned—the unemployment on the one hand and the employment on the other.

Mr. LAIRD. But I have read in the documents year after year the exact same sentence, and it is the same this year except for adding "U.S.," and I wondered from that if greater emphasis was being given to the Federal role.

Secretary WIRTZ. Oh, no. It is hard to identify the degree to which one of these statements reflects the personal work of the individual presenting it and the staff work which goes behind it. This is my first statement, as the chairman has said, and I can only say to you that the use of a phrase here which is different from a phrase used in the past carries no connotation whatsoever on that point.

May I state affirmatively beyond that, so there may be no misunderstanding, it is not my feeling that there should be any shifting of the center of gravity in this program toward the Federal level.

UNEMPLOYMENT INSURANCE SERVICE

The reduction in the budget item for the activities of the State agencies in the payment of unemployment compensation and in the collection of taxes in 1964 is based on an estimated improvement in the economy and on an estimated increase in program coverage. In fiscal year 1964 we estimate that insured unemployment will average 1.6 million per week rather than the 1.7 million average originally estimated for fiscal year 1963.

There is, however, a major concern with the quality of the unemployment insurance claims-taking operations. Between 1960 and 1962 there was a one-third increase in the relative frequency of cases in which claimants were overpaid through error. In some cases the source of the problem may be inadequate supervisory control out of the State central office; in others, inadequate training of local office staff; in still others, insufficient staff to permit careful interviewing of claimants. To attack this problem of preventable errors, we have asked for a program increase in claims operations for 1964 to carry out corrective actions.

It may already have come to the attention of the committee that we have had within the last 10 days one of the most glaring and deplorable illustrations of this kind of difficulty coming up in Michigan. It is, fortunately, a very narrow situation there involving a single individual, but it illustrates the necessity of doing this job a little better.

FARM LABOR SERVICE

For years, agriculture has experienced marked imbalances of seasonal labor resources, along with wage levels which are among the

lowest of any segment of our working population. For the Nation's half million migratory farmworkers these circumstances are compounded by housing and health conditions which are all too often intolerable.

The Department is committed, in connection with the recruitment of these workers, to protect them and to provide farm employers with greater assurance of a reliable and adequate seasonal work force. Some improvements have been made with funds appropriated in fiscal years 1962 and 1963. However, much remains to be done.

In 1964, the procedural and structural mechanism for recruiting and dispatching workers from supply areas for intrastate and interstate employment will be further streamlined and expanded; in line with revised procedures, investigations will be made of all aliens—I should indicate it is the Mexican aliens I am talking about here—seeking permanent entry in to the United States to prevent such entry from adversely affecting our domestic work force; further work will be undertaken with local community groups in order to hold the problems presented by the temporary residence of migrant workers in a community to a minimum.

BUREAU OF VETERANS' REEMPLOYMENT RIGHTS

The budget for 1964 is based on (1) a substantial increase in workload during the current fiscal year of 1963 from the release of National Guardsmen and reservists called up during the Berlin and Cuban crises, (2) an increase in the base backlog beyond the Bureau's present capacity, and (3) an increase in the size of the Armed Forces, which will result in larger turnovers in the years ahead.

We have made a careful study of the reemployment program in relation to the long-term needs and objectives of the Military Establistment. Unless there is a decided lessening of world tensions, our Armed Forces must be prepared at all times to meet such crises as we have encountered in Berlin, Cuba, Laos, and other parts of the world. The Bureau must also be prepared to meet its responsibilities during such periods and to improve its service to wage earners who must be called from their jobs to help keep our country militarily strong in the foreseeable future.

BUREAU OF LABOR STANDARDS

The Department, through the Bureau of Labor Standards, will continue its leadership in providing for the safety and health of workers in the Federal Government, the maritime industries, and, in cooperation with the States, for the entire area of working conditions in broad occupational fields. It will also continue and expand its programs for assisting young workers to prepare themselves for gainful employment.

OFFICE OF WELFARE AND PENSION PLANS

The 1963 amendments to the Welfare and Pension Plans Disclosure Act substantially strengthened the act and enlarged the role of the Department in this vital area. Fiscal year 1963 is essentially a year of transition.

A staff is being recruited, and the most essential regulations are being issued. The advisory council required by the law has been

functioning for 6 months. A few investigations were started. It is expected that the number of plans filed will continue to increase moderately in 1964.

BUREAU OF LABOR-MANAGEMENT REPORTS

The Bureau of Labor-Management Reports continues its emphasis on voluntary compliance by informing union officers and members, employers, and labor relations consultants of their rights and responsibilities under the act. The Bureau finds that most of the violations of the act are due to ignorance or carelessness rather than to willful misconduct that constitutes a criminal violation of the statute. This is demonstrated by the fact that 1,835 of the 1,911 violations found in fiscal year 1962 have been settled by voluntary compliance and only 76, where the violation was willful or where voluntary compliance could not be obtained, required legal action.

Reports submitted pursuant to the law total 72,000 annually and continue to increase as the Bureau directs all possible effort to discovering nonreporting organizations and individuals and bringing them into compliance by appropriate means.

BUREAU OF EMPLOYEES' COMPENSATION

The Bureau of Employees' Compensation programs are confined to administration of Federal workmen's compensation laws covering more than 3 million employees in public and private employment. Approximately 200,000 injuries and illnesses were reported during fiscal year 1962.

The appropriation estimate includes a request for additional staff required to process increased workload under the longshoremen's and harbor workers' program due to a Supreme Court decision of June 4, 1962. This decision held that provision of the Longshoremen's and Harbor Workers' Compensation Act covered employees engaged in new ship construction work while a vessel is upon the navigable waters of the United States (including any drydock or marine railway). Additional employers and employees were brought within the purview of this Compensation Act. The decision has resulted in an increase of approximately 14 percent in the number of injury reports received during the first 5 months of fiscal year 1963 as compared with the same period of 1962.

WOMEN'S BUREAU

The Women's Bureau program has been strengthened by expanded field service, not only by the Washington staff, but by decentralizing four field consultants to regional headquarters. The establishment of these regional offices has made it possible to bring the services of the Bureau closer to State and local operations. There has been increased activity with women's organizations, State departments of labor, employer groups, labor unions, and other Federal and public agencies. Interest in good labor legislation and labor standards has been stimulated, help has been given in coordinating the efforts of local, State, and regional groups in these areas, and there is a wider understanding of the importance of the woman worker in the economy of the community and of her needs and problems. The Bureau's research in the effect of automation on women workers should given the facts that will make possible better planning in this area.

The paradox of continuing unemployment while jobs vital to our technical and scientific advancement go begging, points up the urgent need for better education, training, and utilization of the country's human resources, including its womanpower. The Bureau's programs can be of great significance in meeting these problems.

WAGE AND HOUR

In the fiscal year 1962, there has been vigorous enforcement of the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act. Approximately 44,000 establishments were investigated during 1962. The amount of underpayments found was $34 million, the highest amount found due since statistics on this first were recorded in 1946.

During fiscal year 1964, the Fair Labor Standards Act Amendments of 1961 will require an increase in the minimum wage from $1.15 to $1.25 per hour applicable to the 24 million employees subject to the act prior to enactment of the 1961 amendments. At the same time an estimated 3.6 million employees, to whom coverage under the act was extended by the 1961 amendments, for the first time will become subject to the requirement that overtime premium wages be paid at not less than time and one-half the employee's regular rate of pay for hours of work in excess of 44 in a workweek. In spite of added workload, the Wage and Hour Division will be able to attain an acceptable level of compliance with the authorized staff.

OFFICE OF THE SOLICITOR

Legal services from interpretations to enforcement for laws concerning labor standards, unemployment compensation, pension plans, and wage determinations are supplied by this Office. The workload in fiscal year 1964 will increase because of the increased coverage of the 1961 amendments to the Fair Labor Standards Act and the additional requirements of the 1962 amendments to the Welfare and Pension Plans Disclosure Act.

The Office has reorganized its operating divisions so that one division will generally perform all of a major type of work. Also, the attorneys will now work in different special fields within their divisions, thus giving the Office the flexibility needed for more efficient handling of its responsibilities.

TRADE EXPANSION ACT

This is a new item to cover legislation enacted late in the 2d session of the 87th Congress which gives to the Department of Labor significantly increased responsibilities in the field of foreign trade. Under this act, we will have a positive role in connection with tariff negotiations and in the determination of eligibility and the payment of worker adjustment allowances in cases where unemployment has been caused by increased imports resulting from tariff concessions. The authority to provide adjustment assistance is contained in new and expanded programs which add significantly to our capability to assist the unemployed to adjust to change.

This completes my general statement and now if I may I would like to submit a separate statement for the appropriation estimate for my own Office and then answer any questions you may have.

Mr. FOGARTY. That will be fine.

OFFICE OF THE SECRETARY

Salaries and Expenses

Object classification

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
11 Personnel compensation:			
Permanent positions	1,507	1,702	2,146
Positions other than permanent		48	48
Other personnel compensation	10	7	24
Total personnel compensation	1,517	1,757	2,218
12 Personnel benefits	110	127	160
21 Travel and transportation of persons	50	85	103
22 Transportation of things	1	5	5
23 Rent, communications, and utilities	49	76	94
24 Printing and reproduction	21	53	38
25 Other services	24	99	195
26 Supplies and materials	37	60	64
31 Equipment	12	32	46
Total costs	1,821	2,294	2,923
Change in selected resources	−12		
Total obligations	1,809	2,294	2,923

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	191	203	250
Full-time equivalent of other positions		3	3
Average number of all employees	181	203	246
Number of employees at end of year	223	203	250
Average GS grade	8.8	8.7	8.5
Average GS salary	$7,820	$8,473	$8,713

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Executive direction	667	888	1,369
2. Management and central services	1,154	1,406	1,554
Total program costs, funded	1,821	2,294	2,923
Change in selected resources [1]	−12		
Total obligations	1,809	2,294	2,923
Financing:			
Comparative transfers from other accounts (—)	−35	−61	
Advances and reimbursements (—):			
For emergency preparedness functions			−121
From non-Federal sources:			
Unemployment trust fund:			
Authorized (annual appropriation acts)		−132	−138
Proposed increase in limitation due to pay increases		−4	
Unobligated balance lapsing	22		
New obligational authority	1,796	2,097	2,664
New obligational authority:			
Appropriation	1,796	2,026	2,664
Proposed supplemental due to pay increases		71	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $15,000; 1962, $3,000; 1963, $3,000; 1964, $3,000.

Secretary WIRTZ. The total estimate for the Office of the Secretary is $2,802,000. This is an increase over 1963 of $569,000, and involves a net of 51 additional positions. Of these, 24 are new positions, 29 are currently being financed out of other funds, and 2 are nonrecurring.

INCREASED STAFF

First, about the 29 positions that are not new but are being financed in 1963 out of funds otherwise appropriated to the Department:

TRANSFER FROM WOMEN'S BUREAU

Four of these positions and $61,000 represent the inclusion in the 1964 budget for the Office of the Secretary of the Assistant Secretary for Labor Standards and her immediate staff. Currently, this is being financed out of funds authorized for the Women's Bureau. A comparable reduction has been made in the 1964 appropriation estimate for the Women's Bureau. We are proposing this change since Mrs. Peterson has, as an Assistant Secretary, functional supervision over several bureaus (Women's Bureau, Bureau of Labor Standards, Bureau of Employees' Compensation). It is felt that this position should be in the Office of the Secretary budget as are the other Assistant Secretaries who have functional responsibility over more than one bureau.

So these four are simply shifted from the Women's Bureau budget to the Office of Secretary budget, with a comparable reduction on the Women's Bureau budget.

ADJUSTMENT IN FINANCING POSITIONS

Now about the next 25. Here I want to speak very candidly and directly with the committee.

The proposal regarding the other 25 positions (among the 29 which are not new positions), and $228,200, involves (the straightening out of a situation which has developed in the course of the comparatively recent evolution in the status of the Office of the Secretary of Labor.

During the past several years, under the administration of President Eisenhower and that of President Kennedy and the incumbencies of Secretary Mitchell and Secretary Goldberg, there has been what I think is generally recognized as a significant enlargement of the responsibilities of the Office of the Secretary of Labor within the executive branch. This has come about in a variety of ways, and most frequently in connection with what have been virtually unpredictable developments.

These increased responsibilities have invariably related, but in varying forms and degrees, to the programs being conducted in one or another of the bureaus or other offices in the Department. The staffing which has been required for the discharge of these enlarged responsibilities has accordingly been arranged for by charges to bureau or other office appropriations—sometimes directly, sometimes on a distribution basis.

Although the circumstances which have led to these arrangements involving charges to the bureaus and other offices have seemed at the time to suggest that temporary arrangements would suffice, it has

become clearer with experience that continuing arrangements are required.

I believe that the total staff needs for the Office of the Secretary, insofar as they can be accurately or reasonably forecasted, should be financed out of the appropriation for this office and not as charges to Bureau appropriations. The changes necessary to accomplish this end are reflected in detail in the budget estimate.

I turn now to the request for 24 new positions.

PROPOSED OFFICE OF POLICY PLANNING

I would like to establish a top level Office of Policy Planning, with eight people, at a cost of $115,400. The function of this Office would be to evaluate current policies of the Department as reflected in present legislative authority and to envision the changes, modifications, or new policies that should be sought in the light of all possible foreseeable economic-social changes which certainly in this decade will have an impact on the welfare and well-being of our work force. Other agencies enjoy the advantages of such an operation. Last year Secretary Goldberg stated to the subcommittee that if the Department had had such an operation earlier we would have moved into the manpower problems growing out of automation and technological improvements 5 years sooner than we did. I see the same prospects today, especially in the manpower, labor-management relations, and international fields, and welcome an opportunity to develop this thought with the subcommittee if there is special interest or inquiry about it.

PROPOSED FIELD REPRESENTATIVES

I would also like to initiate a program permitting the establishment of field representatives of the Office of the Secretary in at least some of our regional offices. A tour of most of my regional offices in December convinced me of the desirability of this. The Department of Labor is a much more completely integrated department now than it used to be. The work of different bureaus and offices is becoming much more closely interrelated than before. This warrants closer departmental supervision in the field, just as we now have it in Washington. There is also a very real need for direct liaison between the Office of the Secretary and the offices of State Governors and State labor departments. The estimate for this program for fiscal year 1964 is that it would require six people and $72,000.

SPECIAL ASSISTANT ON DISTRICT OF COLUMBIA PROBLEMS

The next item in our request is for $25,000 for a Special Assistant to the Secretary to concentrate on special problems of the District of Columbia for the Secretary. These problems are becoming exceedingly complex because of the labor-management relation situations arising out of the racial population trends within the District.

OTHER INCREASES

We have in our estimate an increase for the Library, $27,400 and three positions. This is one of the most highly specialized and valu-

able subject libraries in the world. With the requested increase we expect to begin a bibliographical subject matter research program which will greatly reduce the time required by professional people in the bureaus for doing their research, providing much better utilization of professional staff time.

The growing complexities of the annual budget process, the requirement that it be performed, within shorter and shorter time periods, together with greater need for central departmental scrutiny and evaluation of program estimates, makes it necessary to strengthen the Department's budget operation. This need can be met by adding two positions and $22,600.

We also propose to develop an internal audit system, using an independent departmental audit. This will permit a better evaluation of financial practices followed by the bureaus in obligating and expending dollars appropriated. This would provide the Office of the Secretary with the kind of service the General Accounting Office provides the Congress. Several other agencies have staffs who perform this function (for example, Commerce, Agriculture, and HEW). This program would involve three positions and $39,500.

That completes my general statement, Mr. Chairman. I shall, of course, be glad to take up whatever questions you and the members of the committee may have.

PROBLEMS RESULTING FROM AUTOMATION

Mr. FOGARTY. You mentioned in your opening statement the problems resulting from automation and technological developments and improvements. In my opinion, that is one of the biggest problems we have to face as far as employment is concerned, and I do not know what the answer is, do you?

Secretary WIRTZ. Mr. Chairman, I should like to say I am not sure we have the answer yet. We have been assuming that the developing technology, what we call automation, will provide as many new jobs as it replaces. We shall have in this decade the testing of that.

Mr. FOGARTY. How do you come to that conclusion?

Secretary WIRTZ. I say we have been assuming that. I am not sure it is right. It will be tested in this decade because now this development coincides with this almost unbelievable expansion of the work force. There will be a 12.6 million increase in the 1960's, where it was only 8.3 million in the 1950's. That is the problem we face. I am by no means confident that this parallel development of new work opportunities along with the enlargement of the work force is going to continue. We simply cannot be sure. We have to make it work some way or another.

Mr. FOGARTY. I read, every now and then, in a newspaper or a magazine that some special machine has just been developed, that will make it possible for 3 or 4 people to do the work that previously required 10 or 50 or 100 people. I do not know how you will find jobs for people in situations like that.

Secretary WIRTZ. At the meeting of the President's Labor-Management Advisory Committee yesterday Mr. Tom Watson, who is the president of IBM, discussed with the committee the things that are going on in this area. He is in a particularly good position to watch

that development. The picture he described for the committee can only confirm the question which you have raised as to whether there are to be the additional work opportunities for the people who are displaced.

Mr. FOGARTY. IBM is a good example. Their machinery is displacing thousands of people.

Secretary WIRTZ. There is some encouragement to be taken from the new collective bargaining agreement which has just been worked out between the Kaiser Steel Co. and the United Steel Workers, under which they have found that their rate of increased productivity is about the same as the rate of attrition among their employees. So, they have agreed, in effect, that there will be no layoffs, there will be no downgrading, there will be no reduction of workweeks as a result of technological improvements in that company.

However, that leaves the fact that that covers only present employees, and leaves entirely uncovered the problem of where to get jobs for the new entries into the work force.

I do not mean to sound in any way despairing or pessimistic about it. I assume we shall find those jobs because we must find the jobs. But it is very relevant to what we are bringing you here, because to the extent that there are enlarged items in our budget request this year, they are in one form or another identifiable very largely as part of an attempt to anticipate that problem just as fully as we can. That is really what we are after.

JOB OPPORTUNITIES FOR UNEMPLOYED

Mr. FOGARTY. There are job opportunities, even though we have about 5 million unemployed, that are not being filled.

Secretary WIRTZ. Yes, there are some. There are such opportunities as those which are illustrated, I suppose most strongly, by the domestic service opportunities. We know that there are domestic service openings around the country. There are, at the other extreme, real job opportunities in the skilled occupations. We will face in this decade manpower shortages as far as a number of skilled occupations are concerned. We are trying, of course, in connection with the development of the Manpower Training Act, to anticipate those shortages, and we are instituting training programs to fill what are already reasonably identifiable openings. We think this year under that program we will meet about 70,000 of those situations. Over the next 2 years that number should go up to about 400,000. There will be a shortage in skilled occupations, in professional, semiprofessional, teaching, and a great number of skilled occupations in manufacturing and construction industries. There will be shortages.

We also face the net overall problem of unemployment, particularly as it will hit in the unskilled occupations.

TRAINING UNDER TRADE EXPANSION ACT

Mr. FOGARTY. This is the first time the Trade Expansion Act activities have appeared in your budget. What are you to do in this field?

Secretary WIRTZ. It is a very hard administrative problem to know yet what we shall need on that.

Mr. FOGARTY. This is new.

Secretary WIRTZ. It is new, and the claims have not yet started coming in. We have had to project on paper what we think is the most likely problem there.

Mr. FOGARTY. What is a claim?

Secretary WIRTZ. A claim would be a claim for training and for training allowances—they call them adjustment allowances—on the part of a worker who is displaced by imports. There is a special provision under the 1962 act so if it is determined, after a Tariff Commission and the Department of Labor finding, that an individual employee has been displaced by imports, he may come in with a claim for special training and for special training allowances. There is a separate provision in this act, different from the Manpower Development and Training Act, and we would then, in cooperation with the other agencies, provide for that training allowance. We simply have to make the best estimates we can of the number of claims which will be filed in 1964. I should be less than frank if I suggested we have any experience on which to base it. We have not.

Mr. FOGARTY. I know some people are being displaced because of our Reciprocal Trade Agreements Act, and to my knowledge, they have not made any claim, have they?

Secretary WIRTZ. There is a limitation in the act——

Mr. FOGARTY. I am thinking about the jewelry industry, the textile industry, the rubber industry, and so forth.

Secretary WIRTZ. The textile industry is one which is hit hardest in our estimation.

Mr. FOGARTY. It meets competition from Japan, and also the machine tool industry is meeting competition from Germany.

Secretary WIRTZ. The total estimate is not very high as to those who will be adversely affected. My recollection from the testimony last year in connection with the Trade Expansion Act is that we would expect it to cover, I think, not more than 90,000 employees over a 5-year period, and very few the first year or two. The trade expansion program is staged over a 5-year period. So it will not hit very hard.

Mr. FOGARTY. Some people in industry in my State tell me they were sold a bill of goods on that and it has not turned out to be so. I am thinking about people in jewelry and textiles who went along with this reciprocal trade program on that assumption, but they are finding now that these figures do not stand up.

Secretary WIRTZ. I think there must be a lack of understanding about that. That is my honest conviction.

Mr. FOGARTY. They may just be against reciprocal trade or they may have some other reason. It is a difficult problem, is it not?

Secretary WIRTZ. Surely, it is a hard problem.

Mr. FOGARTY. We have had complete industries, cigarette lighters, for example, go right out of business in Rhode Island because of the imports from Japan. The wool people tell me now that the products produced in Japan are almost as good as ours and much cheaper. A few years ago the claim was that the product was not so good, but now many of their products are quite good.

Secretary WIRTZ. Surely.

Mr. FOGARTY. So what can you tell employees when they face the loss of jobs?

Secretary WIRTZ. For whatever it is worth—and I do not mean to suggest it as a complete answer—there is the availability of a claim which will entitle them to special training up to a year and a half, and a special allowance.

Mr. FOGARTY. Can you spell that out in a little more documented way for the record?

Secretary WIRTZ. Surely. We shall do that.

Mr. FOGARTY. That might help all of us to know how this can be worked.

Secretary WIRTZ. Yes, sir.

(The information requested follows:)

PROVISIONS OF THE TRADE EXPANSION ACT OF 1962

SEC. 322. Payment of trade readjustment allowances shall be made to any adversely affected worker who applies for such allowances for any week of unemployment which began thirty days after enactment of the Act (October 11, 1962) and after the date the President determines the worker was adversely affected. The worker must apply within two years after date of most recent determination that total or partial separation occurred as a result of import competition.

The worker must have had at least—

(1) seventy-eight weeks of employment at wages of $15 or more per week in the one hundred fifty-six weeks immediately preceding partial or total separation, and

(2) employment at wages of $15 or more per week (for at least twenty-six weeks out of preceding fifty-two weeks) in a firm or firms determined to have been adversely affected, or

(3) an equivalent amount of employment computed under regulations established by the Secretary of Labor.

SEC. 323. The trade readjustment allowance shall be the lesser of 65 per centum of the worker's full-time weekly wage or 65 per centum of the average weekly manufacturing wage. If the worker receives any other remuneration during such week the allowance shall be reduced by 50 per centum of such remuneration. (If the worker is undergoing training he is entitled to the above allowance.)

The amount payable to a worker shall be reduced by any amount of unemployment compensation he is eligible for, whether or not he files a claim. If the unemployment insurance payable is less than the trade readjustment allowance, the worker shall receive the additional amount for all such weeks but all such weeks shall be deducted from the total number of readjustment allowance weeks. If amount payable to worker as remuneration, unemployment insurance, and trade readjustment allowance exceeds 75 per centum of full-time weekly wage, such excess shall be deducted.

SEC. 324. Payments of trade readjustment allowance are limited to fifty-two weeks except that in accordance with regulations established by the Secretary of Labor, workers undergoing training may be paid for twenty-six more weeks to assist them to complete such training.

Persons sixty years of age or over (before date of separation) and who are not undergoing training are entitled to an additional thirteen weeks of allowances.

Payment for the regular fifty-two weeks can be made only if such weeks occur within two years beginning with the week in which the worker was most recently separated, or beginning with the week in which first worker received a trade readjustment allowance following his most recent partial separation. A trade readjustment allowance shall not be paid for any week which begins more than three years after the worker's most recent separation.

PERSONNEL INCREASES

Mr. FOGARTY. The only increases that I see in the budget that amount to much, especially so far as additional personnel is con-

cerned, are the Bureau of Labor Statistics, the Secretary's Office, and the Manpower Development and Training Activities. Those are the three areas.

Secretary WIRTZ. That is correct.

Mr. FOGARTY. If you take out these three, the rest of the Department would actually show a decrease. Is that correct?

Secretary WIRTZ. That is correct.

Mr. FOGARTY. In total, however, you do have a net increase of 271 positions.

Secretary WIRTZ. That is correct.

IMPROVING THE UTILIZATION OF MANPOWER

Mr. FOGARTY. How does this tie into the President's directive concerning manpower in the Federal Government?

Secretary WIRTZ. We think very completely, Mr. Chairman. As you have said, the increases are in those three areas, and in their different ways they are almost all related to this problem of meeting the manpower crisis which we think we have in this country today. As far as the BLS figures of the increased positions are concerned, most of them would be working in one way or another in programs identifiable either with that problem or with the Consumer Price Index problem. As far as the Manpower Development and Training Act office is concerned, all of those people will be working directly with the manpower crisis problem. A number of those in the Office of the Secretary would similarly be spending most of their time on problems in that area.

So, my answer to your question would be that with respect to everything except what is recognized as being a serious manpower crisis, we have either stayed where we were or cut back as far as our administration of the other programs is concerned.

Mr. FOGARTY. I know you have been exerting some efforts as a result of the President's directive. We will place in the record the statement we asked you to have prepared on this.

(The statement referred to follows:)

DEPARTMENT OF LABOR ACTIONS IN THE AREA OF IMPROVING UTILIZATION OF MANPOWER

Attached is the general approach which we intend to take to achieve maximum utilization of Federal employment in the Department of Labor.

Specifically with respect to the 1964 estimate we are contemplating, for example, the following actions:

(1) A thorough review of functions or services which can be performed elsewhere. For example, the shifting of more duplicating work to the GPO and entering into contracts for colleges and universities to perform contract research or machine data processing where such facilities exist.

(2) We are moving forward into more and more mechanization of manual functions. For example, 2 years ago we were using 1 payroll clerk for every 335 people on the payroll. Currently the ratio is about 1 to 500 and we are still seeking improvement. We hope to move into mechanization of manual personnel operations and some phases of library work.

(3) The 1964 estimate contemplates the closing of two Mexican farm reception centers with a consequent reduction in staff.

(4) The MDTA staffing requirements have been reviewed and are smaller than originally contemplated by nearly 190 jobs.

(5) In spite of increased Wage and Hour workload we think that through increased productivity of the investigation staff as a result of training and

experience that the increased complaint intake can be handled without sacrificing quality of investigations.

JANUARY 18, 1963.

Hon. KERMIT GORDON,
Director, Bureau of the Budget,
Washington, D.C.

DEAR MR. GORDON: Attached is the statement of the Department of Labor plan for improving manpower utilization and control as required by Bureau of the Budget Circular No. A–44 (revised), dated October 31, 1962.

Sincerely yours,

LEO R. WERTS,
Administrative Assistant Secretary.

STATEMENT OF PLANS FOR IMPROVING MANPOWER CONTROL AND UTILIZATION

I. INTRODUCTION

The Department of Labor regards the objectives reflected in both the President's memorandum of October 11, 1962, and Bureau of the Budget Circular No. A–44 (revised) dated October 31, 1962, and the activities required to accomplish these objectives, an integral part of its management improvement program. Manpower control and utilization are considered as major responsibilities of line managers, and efforts to improve the Department's management of its manpower resources will focus attention on the importance of these responsibilities. It is within this context that the Department has developed its plan for improving manpower control and utilization.

The approach outlined above gives recognition to the fact that the Department of Labor, as the smallest Cabinet agency, is engaged in operations that may not lend themselves to the application of well-established management techniques that have had very dramatic application in the larger agencies. These techniques will be explored, however, and adapted for use to the extent practicable and feasible. Other techniques will necessarily have to be developed which are more suited to the Department's particular needs.

In recent years the programs and responsibilities of the Department have undergone significant change requiring a reevaluation of historic missions and functions of the Department's principal organizations. New programs, the expansion of existing programs, and renewed emphasis on participation and cooperation with public and private organizations at the Federal, State, and local community level have resulted in the assignment of responsibilities and functions to organizations having a particular capability or resource regardless of the historic missions and functions of such organizations. This has required reevaluation, reorientation, and innovation within programs and activities that had originally been established within relatively specialized and isolated organizational alinements.

The Department, therefore, has been concentrating, over the past several months, on the identification of available manpower and other resources and developing plans for utilization of existing capabilities so as to provide greater flexibility in managing new programs and responsibilities with minimum requirements for additional staffs. Actions that have been taken thus far and plans for additional actions to achieve these goals are described in part II.

II. ACTIONS PLANNED AND IN PROCESS

A. Improving the general productivity and efficiency of operations

1. *General administration.*—A review has been initiated to determine the extent to which the various bureaus and offices of the Department are engaged in manpower programs and activities. The objectives of this review are to (1) identify existing capabilities and resources within the Department for carrying out new expanded programs required by such legislation as the Area Redevelopment Act, the Manpower Development and Training Act, and the Trade Expansion Act; (2) assure full utilization of existing staffs and minimize requests for additional personnel; (3) assure the most effective coordination of manpower programs and activities being conducted under central Department of Labor control and direction by the various bureaus and offices of the Department, participating State agencies and other private and public groups and organizations. This review is continuing and adjustments are being made in operating roles,

responsibilities, and assignments as areas of possible improvements are identified.

The Office of the Administrative Assistant Secretary has been reorganized to better cope with problems of administration and management in such areas as personnel management, budgeting, accounting, general management, and organization and administrative services.

An Office of Police Planning and Development in the Office of the Secretary is being proposed to provide leadership for the policy planning activities of the Department. This Office, together with counterpart staffs throughout the Department, should significantly enhance the Department's ability to improve the utilization of manpower and other resources.

An augmented staff of program analysis is being proposed to have specific responsibility for appraising the effectiveness of the Department's efforts to achieve its program objectives, developing more precise criteria for measuring progress, stimulating program appraisals throughout the Department, and conducting rigorous budget reviews.

2. *Organization activities.*—New procedures and guides have been issued for the processing of proposed organization changes. The reasons for changes, necessity and effect on staffing, and missions of affected organizations will be documented by the requesting organization. Action on such changes will be closely coordinated by staff specialists at the Secretary's Office level to assure full consideration of their impact on organizational alinements, budgetary and staffing implications, position classification requirements, staff utilization, and the contribution that can be anticipated toward accomplishment of the Department's policies and objectives. The close coordination between position classification and organization analysis will permit more critical review of expansions and inflationary reorganizations from several viewpoints and eliminate duplicate reviews.

All organizational components of the Department have been requested to submit current mission and function statements for inclusion in a new manual of organization. This manual, when fully established, will be used in reviewing the need for new organizations, the assignment of new responsibilities within existing organizations, identification of duplicatory or unnecessary activities or functions, reviewing budgetary requests, and in position-classification activities.

A number of organizational changes have been authorized which have as their objective strengthening and improving the efficiency of the Department's operations. Among these are the strengthening and expansion of the Employment Service and Unemployment Insurance Service; realinement of the major organizational structures of the Bureau of Labor Statistics, both at the national and field levels; adjustments and realinements within the Wage and Hour and Public Contracts Divisions to permit that organization to cope more efficiently with increased responsibilities resulting from the Fair Labor Standards Act Amendments of 1961; reorganization of the Bureau of Employees' Compensation to permit the handling of Federal employees compensation cases at field levels; establishment of an organization to direct and coordinate programs under the ARA and MDTA, etc. All such changes have been accomplished with the objectives of obtaining the most effective utilization of talents, skills, and other resources available within the Department, increasing productivity and minimizing the need for additional personnel.

3. *Management improvement program.*—Within the past 30 days a management institute for top bureau staffs and their principal assistants was conducted by the Department. The objective of this institute was to emphasize to the Department's executive staffs the need for resourcefulness and imaginative use of existing capabilities in meeting the challenge which new programs and expansion of existing programs has brought to the Department. The President's memorandum and BOB Circular A–44 were the basis for the theme of this institute. An exhibit of these documents was prepared and used at the session and has since been displayed in a conspicuous place for attention of all the Department.

A Secretary's order has been issued directing bureau and office heads and line officials to take personal action to provide constant stimulation and impetus to better manpower utilization and to insure that effective use is made of every possible management technique in achieving the objectives set forth in the President's memorandum and circular No. A–44.

The Department's policies and procedures for conducting its management improvement program are being reviewed and updated to assure that they will

be responsive to the objectives of the President's memorandum and Bureau of the Budget policies and guides as outlined in circular No. A–44. Particular emphasis will be placed on improved manpower utilization, increased productivity, and increased efficiency in substantive program operations.

The Office of Welfare and Pension Plans has established a Systems Review Committee consisting of representatives of each of its major operating divisions and a representative of the Office of Organization and Management, OAAS. The mission of this Committee is to (*a*) study each of the major areas involved in the receipt, processing, and control of reports received from plan administrators; (*b*) analyze work processes so as to determine the feasibility of establishing individual work standards, and to set standards where practicable; (*c*) analyze filing methods and requirements so as to arrive at a system best suited to the needs of the Office; (*d*) determine which areas, if any, could be improved by mechanization; and (*e*) make whatever recommendations it feels essential to improving the overall concepts under which reports and correspondence are handled so as to resources as well as increasing efficiency and effectiveness of operations.

The Office of the Solicitor has initiated a survey of the Division of Wage Determinations for the purpose of reviewing the present organization, appropriateness of present kinds and numbers of personnel, and methods and procedures. Consideration will include possible mechanization of clerical-type operations as well as decentralization of any functions, all with a view to improving utilization of resources as well as increasing efficiency and effectiveness of operations.

4. *Personnel management.*—A quarterly report of staffing requirements has been established. This report will be used to estimate recruiting requirements. plan recruiting programs, plan improvements in skill utilization, and to control overstaffing.

A 40-hour supervisory training institute is being established. It is planned to provide concentrated 1-week training programs in all phases of supervisory responsibility for approximately 750 supervisors during the 1963 calendar year. Since firstline supervisors will have a primary role in the implementation of programs to increase productivity and improve manpower utilization, this responsibility will be emphasized in the training program.

An Office of Employee Utilization has been established and is already functioning at the Office of the Secretary level. It is also planned to establish within major bureaus and offices of the Department employee utilization officer positions with responsibility for implementing employee utilization programs within their organizations. The new Office of Employee Utilization will develop programs to identify individual utilization problems, the effect on the work of individual employees of certain identifiable characteristics or personal habits and the establishment of career planning and development programs designed to make maximum long-term use of the skills and abilities of the Department's work force. Surveys have been or will be made of the experience and education of lower grade employees and reassignments have and will be made where analysis of the survey results indicate that an opportunity exists for better utilization of the knowledge and skills of these employees. In addition, a revised policy statement is being prepared to establish a mandatory requirement for development of written performance standards for all positions in the Department. Written performance standards will provide supervisors with a more realistic basis for appraising the productivity and utilization of their staffs.

The Department's career executive development program is being revised. The revised program will provide for individual appraisal of employees in grades GS–14 and above and the development of individual training and development plans to improve current performance and prepare the employees for additional responsibilities. This program is directly concerned with the improvement and better utilization of employees at the executive level.

A program is being developed to carry out the provisions of the Federal Salary Reform Act of 1962, requiring the maintenance of acceptable levels of competence as a basis for the granting of regular within-grade salary increases and the establishment of exceptional levels of quality, competence, and performance as a basis for granting additional within-grade salary increases.

5. *Budget and financial management.*—The budget staff will be augmented and reorganized under an Office of Budget Administration with clear-cut responsibility for integrating the budget development, submission, and review processes with programs for improving manpower utilization and increasing productivity. Under policy direction and guidance being provided by this Office, the various budget staffs of the Department will incorporate in their budget submission reports an analyses of accomplishments under the utilization and productivity

programs of the Department and the effect of such programs on staffing requirements.

Program analysts at the Office of the Secretary level will conduct their review and analysis activities in such manner as to enhance effective utilization of manpower, minimize staff increases, and improve program efficiency. This staff will work closely with staffs having responsibility for organization review and analysis, budget development, personnel management, financial management, and other management services, as necessary, to achieve these objectives.

An organization has been established with overall responsibility for the Department's financial management program. Existing financial management practices will be reviewed for possible improvement. Revised uniform systems, methods, and procedures will be developed for general use throughout the Department, whenever practicable, in the interest of improved manpower utilization. Included in this will be development of work standards for employees engaged in accounting, payroll, and auditing activities.

6. *Data processing activities.*—Central responsibility has been established at the Office of the Secretary level for the purpose of providing guidance and assistance to all organizations in determining requirements for automatic data processing systems. Guidance and assistance is also provided in determining staffing requirements and organization and proper location of ADP staffs and equipment within the Department.

A central automatic data processing organization is being established for the purpose of converting manual operations to machine systems where feasible. Among these are the conversions of payroll, accounting, and personnel record-keeping activities. The conversion of payroll operations is approximately 60 percent complete and will be completed by April 30, 1963. In the course of the development of plans for this conversion and its implementation, the Department has increased significantly in overall strength. Mechanization has made it possible to absorb the added workload with no overall increase in staffing requirements.

B. Continuing review and control of manpower utilization

The effective review and control of manpower utilization in the Department will require the active support and participation of executive staffs and line supervisors within all organizations of the Department. Emphasis will be placed upon the participation of all supervisors and line officials in the total management improvement effort. In addition to the actions outlined in part A, above, plans for the following actions are being developed:

Top departmental executives having broad responsibility for the establishment, direction, and appraisal of manpower utilization and productivity programs will make on-the-spot inspections to appraise the effectiveness with which such programs are being carried out at field levels.

Negotiations have been initiated with the Bureau of the Budget concerning actions to be taken by the Department to carry out the intent of section 1007c of the Postal Service and Federal Employees Salary Act of 1962.

Reviews are being initiated to determine whether or not there are any existing legislative or administrative restrictions which adversely affect the Department's ability to carry out the policies and objectives of Circular No. A–44.

Increased emphasis will be placed on organizational reviews to strengthen and streamline organizational structures. Continuing stress will be placed upon the elimination of duplicatory functions and operations, and all staff increases resulting from organization changes will be carefully analyzed for necessity.

Management surveys of selected substantive program operations will be considered for conduct on a planned basis. Programs of internal audit will be considered for establishment by larger bureaus.

Systems and procedures used by various organizations to control manpower utilization and staffing will be evaluated for possible improvement and extension of application by all organizations. Present systems of budgetary control and work measurement will be also examined. Departmentwide criteria and standards will be developed and promulgated for guidance of bureaus and offices in the conduct of such activities. Various systems being used by both Government and industry are already being observed for possible adaptation for the Department's use. Pilot studies of one or more techniques by selected bureaus are planned.

Greater emphasis will be placed on development of long-term projections of manpower requirements of the Department, giving particular emphasis to types of staffs required at both departmental and field levels. These forecasts will be

developed in such manner as to permit the Department to plan the adjustments that will be required in the following types of activities:

Recruitment plans for meeting specialized staffing needs.

Development of plans to assure the availability of requisite knowledge and skills.

Staff and services programs in such areas as budgeting, personnel management, general administration, financial management and space, property and supply programs.

CIVIL DEFENSE

Mr. FOGARTY. We have a couple of standard questions that have been asked for the last 7 or 8 or 9 years. How much is in your budget for defense mobilization and civil defense activities?

Secretary WIRTZ. Not a cent, Mr. Chairman.

Mr. FOGARTY. Do you give any free help to anyone?

Mr. HUDSON. No, sir. There is no money in this budget for civil defense. It is all now in the President's own budget for the Office of Emergency Planning.

Secretary WIRTZ. We faced this problem last year, Mr. Chairman. This is a careful resolution of it.

RESERVES

Mr. FOGARTY. Has the Bureau of the Budget established any reserves this year?

Mr. HUDSON. No, sir.

PAY ACT COSTS

Mr. FOGARTY. How much will the Pay Act cost in 1963?

Mr. Secretary, if Mr. Hudson has these figures, and he should have them, he may answer questions.

Mr. HUDSON. About $2.8 million.

Mr. FOGARTY. How much of that are you absorbing, and how much will you ask as a supplemental?

Mr. HUDSON. The request for supplemental appropriations and trust authorizations will be $2.8 million. There is some small absorption of about $220,000. This is in the area financed out of the trust funds as distinct from the general fund.

Mr. FOGARTY. You are not absorbing any except under trust funds.

Mr. HUDSON. I am not sure, at this point, of the markup that the Bureau of the Budget will give us.

(The following was subsequently submitted at the request of the committee:)

Amended 1963 pay increase cost analysis and financing plan (Public Law 87-793)—Department of Labor

Organizational unit and account title	Increase in direct pay and other related cost of this agency		Net amount for payment to other appropriations	Net absorption			Additional appropriation required	Date supplemental is needed
	Direct pay	Related costs		Possible by administrative action	Requiring congressional action	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Bureau of Labor Statistics:								
Salaries and expenses	$354,355	$26,265	$74,580				$455,000	O May 30, 1963. E June 17, 1963.
Revision of Consumer Price Index	26,544	1,956	4,500				33,000	O June 14, 1962. E July 1, 1963.
Bureau of International Labor Affairs: Salaries and expenses	22,600	1,500	1,100				25,000	O May 30, 1963. E June 15, 1963.
Office of Manpower, Automation, and Training: Salaries and expenses	10,300	700					11,000	O May 30, 1963. E June 15, 1963.
Area redevelopment activities: Salaries and expenses	18,800	1,200					20,000 A	O May 30, 1963. E June 15, 1963.
Manpower development and training activities	133,100	18,600	3,300				155,000	O May 30, 1963. E June 15, 1963.
Welfare and pension plan activities [1]								
Bureau of Apprenticeship and Training: Salaries and expenses	177,622	15,580	2,798				196,000	O June 1, 1963. E June 15, 1963.
Bureau of Employment Security:								
Limitation on salaries and expenses	(415,100)	(32,000)	(11,700)		($458,800) A	($458,800)		O June 1, 1963.
Limitation on grants to States	(41,500)	(3,000)		($44,500)		(44,500)		
Compliance activities: Mexican farm labor program	41,400	3,600					45,000	O May 30, 1963. E June 15, 1963.
Salaries and expenses: Mexican farm labor program	(42,700)	(3,700)		(46,400)		(46,400)		
Mexican farm labor supply revolving fund	(4,675)	(325)		(5,000)		(5,000)		
Bureau of Veterans' Reemployment Rights: Salaries and expenses.	18,072	1,378	550				20,000	O May 1, 1963. E May 15, 1963.
Bureau of Labor Standards:								
Salaries and expenses	86,300	6,060	2,640				95,000	O May 30, 1963. E June 15, 1963.
Welfare and pension plan activities	43,200	3,200	7,600				54,000	O May 15, 1963. E June 1, 1963.
Bureau of Labor-Management Reports: Salaries and expenses.	241,200	16,500	4,300				262,000	O June 1, 1963. E June 15, 1963.
Bureau of Employees' Compensation: Salaries and expenses.	131,048	12,622	2,500	[2]	(2,170) T	(2,170)	144,000	O June 10, 1963. E June 24, 1963.
Women's Bureau: Salaries and expenses	35,650	2,700	650				39,000	O June 11, 1963. E June 25, 1963.
Wage and Hour: Salaries and expenses	502,800	33,800	51,400				588,000	O June 6, 1963. E June 30, 1963.
Office of the Solicitor:								
Salaries and expenses	93,492	6,827	5,681				106,000	O June 5, 1963. E June 20, 1963.

See footnotes at end of table, p. 24.

Amended 1963 pay increase cost analysis and financing plan (Puublic Law 87-793)—Department of Labor—Continued

Organizational unit and account title	Increase in direct pay and other related cost of this agency		Net amount for payment to other appropriations	Net absorption			Additional appropriation required	Date supplemental is needed
	Direct pay	Related costs		Possible by administrative action	Requiring congressional action	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Office of the Solicitor—Continued								
Transfer from unemployment trust fund	(2,750)	(250)		[3]	(3,000) T	(3,000)		{O June 5, 1963. E Feb. 20, 1963.
Office of the Secretary: Salaries and expenses	63,585	4,776	2,639				71,000	{O Apr. 15, 1963. E Apr. 30, 1963.
Transfer from unemployment trust fund	(3,590)	(410)		[3]	(4,000) T	(4,000)		{O Apr. 15, 1963. E Apr. 30, 1963.
Departmentwide	(11,500)	(770)		(12,270)		(12,270)		
Working capital fund	(50,000)	(2,600)		(52,600)		(52,600)		
Independent committees and commissions:								
President's Committee on Equal Employment Opportunity	(35,175)	(2,993)		(38,168)		(38,168)		
President's Missile Sites Labor Commission	(3,922)	(295)		(4,217)		(4,217)		
President's Committee on Civil Defense	(15,477)	(1,317)		(16,794)		(16,794)		
President's Committee on Delinquency and Youth Crime	(1,184)	(89)		(1,273)		(1,273)		
Total, Department of Labor	2,627,241	205,013	175,938	221,222	467,970	689,192	2,319,000	
General and special accounts	1,999,668	157,264	164,238				2,320,800	
Trust and revolving accounts	(627,573)	(47,749)	(11,700)	(221,222)	(467,970)	(689,192)	2,319,000	

[1] See Bureau of Labor Standards.
[2] To be transferred from the "Longshoremen's Rehabilitation Trust Fund" (33 U.S.C. 944).
[3] To be transferred from the unemployment trust fund.

EFFECT OF DENIAL OF SUPPLEMENTAL FUNDS FOR TRADE EXPANSION ACT

Mr. FOGARTY. Have there been any serious repercussions because you did not get the supplemental request of $3.7 million for the Trade Expansion Act for 1963?

Secretary WIRTZ. No, sir.

Mr. FOGARTY. Because claims have not developed.

Secretary WIRTZ. That is correct. It has meant some strain on us administratively. We are asking people to do what comes almost to "moonlighting" in the Department. We have put that added burden on the people, and it has not presented a serious problem.

RELATIONSHIP WITH MEDIATION AND CONCILIATION SERVICE

Mr. FOGARTY. Mr. Secretary, yesterday when the Mediation and Conciliation Service was before us, I asked Mr. Simkin and Mr. Moore the question whether or not the Labor Department was moving into their field. The newspapers carry a lot of stories about the Secretary of Labor's activities in labor-management disputes. Secretary Goldberg started this a couple of years ago when he entered some of these national disputes. As I recall, there were also newspaper reports, when you took over as Secretary, that you were going to stay out of these. But since that time newspaper accounts have shown that you have spent a great deal of time on national strikes. Perhaps they exaggerate, but we are trying to develop whether or not there is any duplication in these conciliation efforts, and whether or not the Labor Department was moving in and taking over some responsibilities of the Conciliation Service.

So, you go ahead and say what you wish on that.

Secretary WIRTZ. The situation is one to which we have given a good deal of attention, which has been a matter of some concern, more publicly, I think, than within the Department. In fact, I would confirm completely what I understand to be Mr. Simkin's report; namely, that the working relationship between the Department and the Federal Mediation and Conciliation Service with respect to the handling of the dispute is completely to the responsible satisfaction of both of us. If there were problems there, I think they have been eliminated.

I can perhaps give you the best picture of this by simply saying to you what amount of my time has gone into this.

Mr. FOGARTY. I wish you would expand on what you have told us because I have heard several people express concern about this.

SECRETARY'S MEDIATION ACTIVITIES

Secretary WIRTZ. My nomination as Secretary of Labor was sent up on about the first of September last year. I was engaged at that time in the mediation of the Chicago Northwestern case. I did not get out of that for 30 days, frankly. It was a very sticky one. I should call your attention to the fact that this is a case in which all of the statutory procedures had been exhausted and in which there was nothing left except whatever special mediation effort could be brought to bear on it.

So, my first 30 days were occupied, I thought quite unfortunately, with that particular case. I did become involved in the New York newspaper case. It took about 5 days of my time in November, and then in its later edition several days in December and January. I think the participation of the Department in that case would be subject to differing evaluations, but that is the only one with respect to which that would be true.

With respect to the dock strike, the situation there is that it was handled entirely by the Federal Mediation and Conciliation Service, except for one meeting of an Assistant Secretary of Labor with the parties, which was for the purpose of telling them we were not going to get into it until the end of the strike period. My participation in that case came in a period which started on about December 15 and continued up until the strike deadline, which was December 23.

I was in that case about 8 days at that point. Then I went back into it about 3 or 4 days in January and have not been in it beyond that. There has been participation in that case by Assistant Secretary of Labor Reynolds.

What this comes down to, Mr. Chairman, is that at this point there is virtually no participation by the Secretary of Labor in any case except those cases in which all statutory procedures have been exhausted and a matter of national economic crisis is presented, and I am much more confident than I was for a while that I will be able to keep these things out of my own office personally to the point where I can get the rest of my business done.

BUDGETING FOR EXPENSES OF PRESIDENTIAL COMMISSIONS

Mr. FOGARTY. It has been brought to the attention of the committee, and we shall ask these same questions of the Secretary of Health, Education, and Welfare, that at times Presidential commissions are set up and various departments and agencies are asked to pay for their expenses. We have always felt that the budget should reveal as clearly as possible just what each agency and activity of Government costs. When expenses for an agency, commission, or committee are split up and parts put in various departments' budgets, it makes it difficult and sometimes impossible to find what the total cost is. I looked for three or four of these committees in the budget and they aren't even listed in the index.

What have you been asked to supply in the past year in regard to any committees or commissions which have been set up outside your Department?

Secretary WIRTZ. There have been expenditures in the Department's appropriation in fiscal 1963, or there will have been expenditures, in connection with six committees, councils, or commissions which might come within the purview of your question. In the budget which we are submitting for 1964 there are four such committees or councils where we are requesting additional funds. Those are the President's Committee on Youth Fitness, which carries an item of $15,000; the President's Committee on Juvenile Delinquency and Youth Crime which carries a figure of $45,000; the President's Council on Aging, which is $10,300; and the President's Committee on Equal Employment Opportunity, which is a $35,000 item.

That leaves out two other committees which are included in the in the 1963 list, but those are committees which come so close to the Department's own program that we are financing the cost and think they are properly considered not a part of the above.

Mr. FOGARTY. Where does this show up in the budget?

Secretary WIRTZ. In 1963, it is prorated to the various bureau accounts. For 1964, the President's Committee on Youth Fitness appears in connection with the Manpower Development and Training Act fund. It comes from that fund.

That is also true with respect to the President's Committee on Juvenile Delinquency and Youth Crime. It is also true with respect to the President's Council on Aging, and finally with respect to the President's Committee on Equal Employment Opportunities, so they all appear in that appropriation request.

PROBLEMS OF OLDER WORKERS

Mr. FOGARTY. How is this money being used by the President's Council on Aging? What is it used for?

Secretary WIRTZ. That is a council which has been less active thus far than any of the other three, and therefore there is a much shorter report of it so far as I am concerned. It is a council with which we are working in cooperation with the Department of Health, Education, and Welfare to meet the problem which is perhaps today the most unrecognized minority group in the whole work force. I am talking about the Labor Department's special interest in this which seems to make it an appropriate part of our budget in our judgment. I think one of the tragic characters in the work force today is the man who loses his job at some point between age 50 and 65. Unless he has a special skill he comes closer to having no alternatives than anybody else I know. The unskilled worker, especially the Negro worker, but beyond that any unskilled worker being thrown out of his job, losing his job to a machine or for any other reason after age 50, is a pitiful character.

Our particular interest in the President's Council on Aging is that it is directing its inquiries into that problem.

There have been, in more direct answer to your question, only one or two meetings so far of which I know in my individual capacity of the Cabinet Committee, and there has been some staff work going on besides that. It has not been a particularly active council.

Mr. FOGARTY. I agree with you, and I think this committee has agreed, that this is one of the real problems. We have been referring to employment over age 45. I think the problem exists before age 50.

When Mr. Mitchell was Secretary he asked for funds to do some research in this area regarding employment over age 45.

I think we asked about that a year or two ago. What has happened to that research project?

LACK OF ACTION PROGRAMS

Secretary WIRTZ. Research has developed but there has been no action program of any significance to follow it up. We now have this statistical support for what we knew was in general true before, but there is not the action program yet behind it.

Among those action programs being considered, although I am not sure this is the right answer——

Mr. FOGARTY. You are talking like I have for years. I have claimed we have not had action in this field. The President appointed this Committee a year ago and I cannot find out anywhere in Government where they have done much in regard to the overall problems of aging.

I believe in a different approach from that of the administration. I happen to believe the only way we will get action is to set up an independent commission and take it out of HEW, Labor, Commerce, and make this Commission an independent, nonpartisan committee, and report directly to the President. This President's Council certainly hasn't contributed much.

I asked the question 15 or 16 years ago. I asked then how many people were working on this problem of aging. There were about three. There are a few more now but the results are about the same.

Secretary WIRTZ. I can answer to my own satisfaction in terms of intention.

Mr. FOGARTY. There has been no action.

Secretary WIRTZ. There has been little. Research work has been done but no action.

Mr. FOGARTY. Then there is the White House Conference on Aging held 2 years ago.

Secretary WIRTZ. That is right.

Mr. FOGARTY. That came up with some 600 recommendations. I don't know how many meetings there were at the local level and the State level. Nothing much has been done to carry out any of those 600 recommendations made by the White House Conference of January 1961.

I realize there is an overall problem involved, more than can be dealt with just in your Department, but employment of people over age 45 is a real problem. No one has come up with any answers on it yet. Have you any ideas?

POSSIBLE ACTION PROGRAMS

Secretary WIRTZ. Yes, sir, we have ideas. I can give you two illustrative ideas. One is that there should be serious consideration given, although I do not mean to foreclose judgment on it because I am not sure which way I think it should come out, serious consideration should be given the question of whether the Federal procurement contracts should be the basis for a program with respect to older people paralleling the program with respect to minority groups, just as there should be no discrimination on a racial basis there should be no discrimination on the part of the aged.

The second answer is that we are pursuing this as an active program, although I am not talking about results. We are pursuing this in connection with States standards of one kind or another.

Then there is a third, and perhaps a most profitable line of development. We are trying to undertake a program of getting this discrimination against the older persons stopped so far as a matter of collective bargaining is concerned and trying to promote programs in that area. We think there are possibilities of making much clearer

to companies and the unions not only the unfairness of discriminating against older workers but the uneconomy of discriminating against older workers.

Mr. FOGARTY. I know there are some State laws along this line.

Secretary WIRTZ. Only three or four.

Mr. FOGARTY. New York law was quoted a few years ago, and Massachusetts law was quoted.

Secretary WIRTZ. That is right.

Mr. FOGARTY. The law was not doing much good, however. That is not the answer.

Secretary WIRTZ. Of the three things I have mentioned——

Mr. FOGARTY. Three or four years ago this committee was told it was not getting very far.

Secretary WIRTZ. That is right.

Mr. FOGARTY. You gave us one illustration. Did you have another?

Secretary WIRTZ. Possible approaches?

Mr. FOGARTY. Yes.

Secretary WIRTZ. We are looking seriously into the question of whether the whole development of the employee fringe program, especially with respect to pension and welfare plans, is resulting in a serious discrimination against older workers who have to move.

We are considering an interagency committee, a Cabinet committee, and now in the President's Labor Management Committee the question of whether there should be, both through the tax laws and collective bargaining practices, changes made which in effect permit a person to carry with him benefits built up under one plan and carry them elsewhere so that he does not become a drag entirely on the new employer.

If we could accomplish that, and I don't mean again to suggest we are close because this is a big jump, but if we can make that movement we would have done more to lick this problem than anything else.

RELIABILITY OF OLDER WORKERS

Mr. FOGARTY. The Women's Bureau made a survey on the economy side regarding employment of older women.

Secretary WIRTZ. That is right.

Mr. FOGARTY. Their results at the time were that a woman worker at 45 or 50 was as reliable or more reliable as one at 20 and, on the average, as productive. I thought the answer there was pretty complete. However, it still has not helped the situation. They came up with a study and statistics, but there it is.

Secretary WIRTZ. That is right.

TECHNICAL SERVICES IN LABOR DISPUTES

Mr. FOGARTY. I notice in the Bureau of Labor Statistics an item "Technical assistance and services in labor disputes, $79,700." What do you intend to do with that?

Secretary WIRTZ. This is technical assistance and services in labor disputes. I want to be sure that is the item I have in mind. I wanted to have an opportunity in this session to say to you what we hope to

be doing in the Department within the next year, and that is to develop a program of assistance in connection with not the settling of labor disputes but the avoidance of labor disputes.

If I may use two illustrations I can perhaps give you a picture of what it is we have in mind.

One is that the recent dock strike has been settled on the basis, among other things, of agreement by the parties that they will submit their whole manpower utilization and job security dispute to the Department of Labor for a 2-year study and implementation of that study in their collective bargaining agreement, their next one.

We should have been doing that if we had enough foresight the last 2 years. Then perhaps we could have avoided this 38-day debacle in December and January.

Beyond that we have been talking about the question of whether we should not be supplying the same kind of service in other industries, whether we should not be setting up the equivalent in the labor disputes area of an extension service comparable to what you have in the Department of Agriculture, and so on and so forth.

We recognize the very serious question about the role of the Department in connection with settling labor disputes after they have developed. We feel it ought to be a very important part of our function to render every service we can in the avoidance of labor disputes beforehand, and particularly in this field of manpower utilization, job security, the effects of automation. We feel we can provide very valuable service to the parties in meeting problems which otherwise result in strikes.

If we could, for example, have a unit which would make available to companies and unions upon request the benefit of the experience which we are getting just now from this Kaiser Steel Co. settlement, that would be a very helpful kind of thing, so the item which you mention is part of a program of what we would like to call preventive labor management advisor service of one kind or another.

Mr. FOGARTY. This is the kind of service that would be made available to the Mediation and Conciliation Service?

Secretary WIRTZ. Yes.

Mr. FOGARTY. I think they have taken advantage of information the Bureau has furnished in the past.

Secretary WIRTZ. They asked us for it frequently, that is right.

May I point out that this represents what is a kind of exciting prospect. The BLS is world famous for the general research which it provides. We see an opportunity here for some directly applied research which can be used for the benefit of particular companies and unions in meeting their problems. That is what this item anticipates.

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

Mr. FOGARTY. Has the President's Advisory Committee on Labor-Management Policy been active since we talked of it last year?

Secretary WIRTZ. It is so active I had to excuse myself from a meeting this morning to come to this hearing, Mr. Chairman. It is meeting today.

Mr. FOGARTY. It has been meeting regularly?

Secretary WIRTZ. It has held 18 meetings. It held its second birthday party last night, not on an appropriated basis but a private basis.

Mr. FOGARTY. Were there any recommendations which came out of that meeting last night?

Secretary WIRTZ. That we hold another one a year from now.

Mr. FOGARTY. What formal recommendations have they made?

Secretary WIRTZ. They have made four detailed reports and recommendations to the President. Those are in the field of automation, collective bargaining, policies designed to insure that American products are competitive in world markets, and fiscal and monetary policy.

They have sponsored——

Mr. FOGARTY. Can you briefly give us a description of them?

AUTOMATION

Secretary WIRTZ. Yes. The automation report was the first one. I think in all conservative candor that the report of the President's Labor-Management Committee on Automation, which was almost unanimous, will eventually be considered one of the most interesting documents in the history of American labor relations, and for this reason:

You had these 20 leaders of American labor, management, and the public coming out with virtual agreement on the basic questions in the automation field, as, for example, proposition No. 1, that there must be no impeding of technological development by either unions or companies, that we are dependent on it for the development of the growth of the economy and the development of the American standard of living.

On the other side there was a statement that there must be just as much attention given the human element, displacement of people, as is given the scientific advance.

Perhaps that does not seem revolutionary——

Mr. FOGARTY. It does not seem to me to be in balance. It is easy to agree not to impede automation. The other recommendation is something else. How do you expect to carry it out?

Secretary WIRTZ. There was a rather detailed suggestion in the recommendation. For example, there is emphasis on the fact there must be worked out some new forms of vesting of individual's rights in pension and welfare funds so that if they are displaced by a machine at one plant, or at one company, they can carry those rights someplace else.

Mr. FOGARTY. You mentioned that before.

Secretary WIRTZ. That kind of thing. My point is that there was agreement, with only one dissent there, of that committee on what I would call the key elements of the automation problem.

COLLECTIVE BARGAINING

They went on into the collective bargaining point and in their recommendation to the President they included a quite specific recom-

mendation for changes in the present statutes affecting the handling of national emergency disputes.

Mr. FOGARTY. It was not compulsory arbitration?

Secretary WIRTZ. No, it specifically rejected compulsory arbitration. As it stands, that recommendation involves these changes in the present Taft-Hartley Act procedures.

First, that there would be a very strengthened form of mediation prior to the case coming to a head with special blue-ribbon panel boards being brought in.

Second, if the case did come to a head the Board, which would be set up, would be in a position to make recommendations which would not be binding on the parties. That is the pattern of the Railway Labor Act.

Mr. LAIRD. Those are public recommendations.

Secretary WIRTZ. That is correct.

Third, they recommended the abandonment of the employer's last offer and the vote on the employer's last offer.

Fourth, they recommended that instead of this business of going through the Attorney General to the court to get an injunction there would be a statutorily imposed 60-day status quo period which would have the same effect.

The report on fiscal and monetary policy came out last November and it was a very short form report. It was devoted to what the Committee considered to be the advisability of changes in the tax policy.

The report on the policies designed to assure that American products are competitive on the world market is a much more detailed report which is much more difficult to summarize.

Mr. FOGARTY. Will you put these recommendations in the record at this point?

Secretary WIRTZ. I shall be glad to do that.

(The information requested follows:)

COLLECTIVE BARGAINING—A REPORT BY THE PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

STATEMENT BY THE PRESIDENT UPON RECEIPT FROM THE PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY OF ITS REPORT ON FREE AND RESPONSIBLE COLLECTIVE BARGAINING AND INDUSTRIAL PEACE

I have today received the report of the Labor-Management Advisory Committee on Free and Responsible Collective Bargaining and Industrial Peace.

As was the Committee's first report on automation, this report is a highly meaningful and significant document.

The fact that public, labor, and management representatives are in unanimous agreement that collective bargaining is an essential element of economic democracy is a mark of our progress as a nation when contrasted with the disagreement on this subject in the not too distant past. The fact that all agree on the necessity that collective bargaining be responsible and responsive to the public, or common interest is a symbol of the maturity of the parties to the collective-bargaining relationship.

This report confirms the essential validity and the strength of free collective bargaining. The Committee unanimously asserts the good in collective bargaining—and seeks then for ways to make it better. It finds the key in the interrelationship of freedom and responsibility. To be free, collective bargaining must be responsible; so long as collective bargaining is responsible, it will always be free.

I see in this report heartening evidence of the increased unity of purpose in all parts of the American economy. Where collective bargaining has been a

way of settling disputes and differences, it is becoming even more now a way of achieving new economic strength, achieving new common purpose.

I congratulate the management, labor, and public members of the Committee, who have produced a document of lasting contributions to our country's welfare.

I appreciate very much all of the Committee's recommendations, including those designed to improve the procedures regarding disputes affecting the national health or safety. The recommendations will receive serious consideration in the formulation of the administration's legislative proposals to the Congress.

The Committee has also today submitted to me its detailed recommendations for the White House Conference on Economic Issues, to be held on May 21 and 22. I approve of these plans and direct that the Conference proceed on the basis of the recommendations submitted.

This Conference presents an invaluable opportunity for the two-way exchange of information and ideas among the Nation's public and private decision-makers.

I want to make this meeting—originally suggested by the Committee—the opportunity for the fullest possible exploration with businessmen, labor leaders, and public representatives of the economic problems and the prospects we as a people face today. The heart of the Conference will be the roundtable discussion meetings which are being arranged.

The agenda of the Conference will be distributed shortly by the White House Press Office.

I want again to thank the members of the Committee for their outstanding and continuing service to the country.

JOHN F. KENNEDY.

MAY 1, 1962.

FREE AND RESPONSIBLE COLLECTIVE BARGAINING AND INDUSTRIAL PEACE

Report to the President From Advisory Committee on Labor-Management Policy, May 1, 1962

FOREWORD

This report to the President by his Advisory Committee on Labor-Management Policy deals with free and responsible collective bargaining and industrial peace. Observations are made with respect to the collective-bargaining process and the responsibilities of the parties to both their own, and the public, interests. Recommendations concern use of factfinding procedures, utilization of third parties, the public mediation process, and the handling of critical and national emergency disputes.

Attached to the document are an addendum statement agreed to by the full Committee and separate statements of position by individual members. Two footnotes to the report record exceptions to the Committee recommendation in the area of national emergency disputes.

This is the second report to the President by his Advisory Committee. Other matters on the Committee's current agenda include the problems of economic growth and unemployment, sound wage and price policies, and policies to insure that American products are competitive in world markets.

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PRESIDENT'S ADVISORY COMMITTEE
ON LABOR-MANAGEMENT POLICY,
Washington, D.C., May 1, 1962.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We herewith submit the report of your Advisory Committee on Labor-Management Policy covering free and responsible collective bargaining and industrial peace.

It is the unanimous view of the members of this Committee that:

"Collective bargaining is an essential element of economic democracy.

"The freedom-of-choice elements in collective bargaining derive from the basic principles of the free society and must be carefully preserved to help achieve our national goals.

"It is equally important, at a time when world tensions underscore the need for democracy's institutions to work most effectively, that collective bargaining be responsive to the public, or common, interest.

"Preserving the free and voluntary nature of decisionmaking which collective bargaining represents requires a full realization by representatives of labor and management that the privilege they enjoy to agree or disagree on terms and conditions of employment can be preserved only if it is exercised responsibly."

It is highly significant that the report reflects the unanimous agreement of American management, labor, and public representatives on these essential principles.

It is equally important that this report reflects the readiness of such representatives to look toward the improvement of the collective-bargaining processes and their ability to find a broad area of agreement about where the prospects for improvement lie.

One of the significant aspects of the report is the virtually unanimous agreement on recommendations for improvement of the national emergency disputes provisions of the Taft-Hartley Act, to incorporate the lessons of 15 years of application of those provisions. We trust that these recommendations will be of help in shaping legislative proposals in this area.

While there are varying views on some other matters contained in the report, they do not detract from the fact that the present report contains what all Committee members agree is an "important consensus" on the subject of free and responsible collective bargaining and industrial peace.

We therefore take great encouragement, Mr. President, from the confirmation in this report of the opportunities for strengthening democracy's institutions by identifying common understanding regarding their basic elements.

Respectfully,

ARTHUR J. GOLDBERG,
Charman.

LUTHER H. HODGES,
Vice Chairman.

FREE AND RESPONSIBLE COLLECTIVE BARGAINING AND INDUSTRIAL PEACE

Collective bargaining is an essential element of economic democracy.

The freedom-of-choice elements in collective bargaining derive from the basic principles of the free society and must be carefully preserved to help achieve our national goals.

It is equally important, at a time when world tensions underscore the need for democracy's institutions to work most effectively, that collective bargaining be responsive to the public, or common, interest.

The service of these coordinate purposes warrants attention to two interrelated courses of action:

First, development by the parties to collective bargaining of improved methods for reconciling their separate and mutual interests with those of the larger community, and for reducing still further the extent of avoidable interruptions of operations.

Second, improvement in the procedures for enlisting the services of Government for the aid of collective bargaining when needed, particularly by strengthening the mediation process and by improving the procedures for handling disputes which threaten the national health and safety.

I. PROGRESS OF COLLECTIVE BARGAINING

By free collective bargaining we mean the opportunity for labor and management to work out their own problems and to arrive at voluntary agreement concerning them. All members of this Committee are convinced that free collective bargaining should constitute the primary procedure by which the essential terms and conditions of employment shall be determined. Indeed, this is today, as it has been for at least a quarter century, our declared national labor policy.

When obstinate industrial disputes have occurred, involving strikes in important industries, there has been an inclination to question the efficacy of collective bargaining. Its record emerges, nevertheless, as one of outstanding progress within a single generation. As a nation we have acknowledged the right and desirability of workers to organize, to speak through representatives of their own choosing, and to negotiate with management over rates of pay, working conditions, job protection, and a variety of other forms of employee benefits.

Since 1947 the amount of working time lost because of strikes has averaged less than one-third of 1 percent. The record for the past 8-year period has been better than this. The total number of work stoppages continues to decline, and the average length of strikes on the whole is decreasing.

Strikes over grievances have been substantially eradicated, by providing through collective bargaining for the use of voluntary, binding arbitration.

II. THE ESSENTIAL FREEDOM-OF-CHOICE ELEMENTS IN COLLECTIVE BARGAINING MUST BE PRESERVED

The continuing recognition of the right of employers and unions to reject a proffered agreement, even at the expense of interrupting operations, has constituted an essential feature of free collective bargaining.

Recognizing this, we count it important to minimize interruptions of operations without destroying or impairing the essential economic motive force of free collectve bargaining.

We note the importance of recognizing that the representatives of the parties have a duty to be responsive to the desires of their respective constituencies.

We are opposed to any governmental imposition in peacetime of substantive terms and conditions on the parties.

We reject the idea that there should be any legal requirement that disputes be resolved through compulsory arbitration. If the parties choose to submit their differences to arbitration, in which the award is final and binding, that is of course proper and compatible with the concept of free collective bargaining.

In the institution of free collective bargaining the objective is voluntary agreement arrived at through the process of reasoning and persuasion. As time moves on, we will expect to see less of the hostility which characterized collective bargaining in its early stages, and a greater degree of social responsibility. To the extent that it is possible to assist or encourage the parties to make better use of collective bargaining in the sense that they move more readily toward the desired objective, the process of free collective bargaining is promoted and effectuated. In proposing improved procedures, we seek to have collective bargaining become more effective and responsible, so that it may remain free.

III. COLLECTIVE BARGAINING CAN AND SHOULD BE STRENGTHENED BY MAKING IT MORE RESPONSIVE TO THE PUBLIC, OR COMMON, INTEREST

Preserving the free and voluntary nature of descisionmaking which collective bargaining represents requires a full realization by representatives of labor and management that the privilege they enjoy to agree or disagree on terms and conditions of employment can be preserved only if it is exercised responsibly.

We believe that the parties have for the most part learned to respect each other's responsibilities, with management recognizing the union's representative functions to advance the welfare of its constituency and labor acknowledging the responsibilities which a system of private ownership and free competitive enterprise places on management to operate efficiently and profitably.

The growing complexities of our own industrial society and the instabilities of the international setting now require that the parties recognize not only their own individual responsibilities but their joint responsibility to the society of which they constitute an important and integral part. This calls for improved private and public procedures and techniques and above all for an increased measure of maturity.

A. The most promising opportunities for making collective bargaining more responsive to the public interest lie with the parties themselves

Collective bargaining implies necessarily the right of the parties to disagree. We also believe that in a mature labor-management relationship economic force should be resorted to only as an ultimate weapon and reserved for disputes which do not respond to other and more reasonable means of resolution.

Its frequent and repeated use is a sign not only of unimaginativeness but also of a considerable degree of irresponsible inflexibility in one or both parties.

The role of the United States in its relations with the other nations of the world, its programs for assuring adequate economic growth and full employment, the effects of major technological developments on the economy at large, and the functions of wages, prices, and profits in the economic system are all matters of vital interest. Yet unless their contextual relationship to collective bargaining is understood they can only too easily be ignored.

If unions and managements are to give consideration to these broader national interests, they can do so only within a framework of reliable information concerning the state of the economy, reasonable expectations as to the future, and a frank interchange of opinion between union, management, and Government representatives as to the significance of these data for industrial relations.

We have proposed, and the President has approved, the convening of periodic conferences of labor, management, and public officials under Government auspices which will be addressed to national and international influences affecting economic problems.

Conferences of this type should help clarify the context for responsible collective bargaining and develop a more informed viewpoint for future negotiations. They will obviously not provide formulas for the disposition of matters at issue between parties engaged in negotiations. Nor do we believe that such formulas would be desirable or in the interest of preserving free collective bargaining. But conferences of this kind can apprise the parties of relevant governmental objectives and policies and also provide an opportunity for industry and labor spokesmen to offer constructive recommendations to the Government.

B. Factfinding procedures should be improved

There are areas in which the assistance of third parties in the collective-bargaining process can be useful.

One such area is in developing the facts pertinent to agreement. Fuller cooperation by labor, management, and Government in developing and making available pertinent data can facilitate sound and equitable collective bargaining decisions based on reason with a minimum disruption of operation.

There is obviously no magic formula for placing questions about the need for and pertinency of particular facts beyond dispute; such questions frequently are an integral part of the bargaining itself. Other aspects of the particular relationship between the parties may also have a legitimate bearing on questions of factual disclosure or development. Factfinding approaches, including questions as to whether and under what circumstances a joint endeavor might be most helpful, must of course be left to the parties themselves in the natural development of their bargaining relationship.

Yet, factual data, always valuable, can be of greater value than heretofore recognized at the early stages of negotiations. In preparation for negotiations the parties might jointly determine what information is relevant to issues which have been or are likely to be raised. If the facts sought are in the public domain, or obtainable through public agencies such as the Bureau of Labor Statistics, Department of Labor, or the Bureau of the Census, Department of Commerce, a joint request should be addressed to such agencies as far in advance as possible, specifying the data desired.

At other times it is likely that the facts sought relate to company or industry operations and must be developed by the parties themselves. We recommend greater experimentation by the parties with techniques of factfinding by jointly appointed outside experts or by personnel drawn from their own staffs.

C. Other forms of third-party assistance can be used to good advantage

Third-party expert assistance goes beyond its use solely in factfinding. While the objective is for the parties themselves to reach agreement on any issue concerning which this proves difficult or impossible, we believe they may make effective use of various available private techniques in order to achieve agreement. Calling on third parties for private mediation, recommendations on all or some crucial issues, comparative analysis of a particular problem, or voluntary arbitration—these are well-known and worthwhile techniques. They may be used singly or in combination as well-intentioned parties may agree would suit their purposes under the given circumstances.

The form of third-party assistance is secondary to the parties' willingness to enlist such assistance. Whether they obtain it from Government or from some private agency, or whether it takes the form of mediation, factfinding,

recommendations, or voluntary arbitration is less important than the good faith of the parties and their willingness to let it function in their mutual interest.

We do not in any sense imply that the use of third-party procedures is a preferable objective, or that the use of third parties will lead to more desirable long-range relationships or sounder settlements. These are only supplementary procedures. The central emphasis must be on the development of bilateral relationships based on sufficient maturity, sophistication, and judgment to enable the parties to work out solutions appropriate to their particular circumstances. Responsibility flourishes best in an atmosphere of self-reliance.

D. Strengthening of the public mediation process will contribute to both the effectiveness and the responsibility of private collective bargaining

In all but relatively few exceptional cases the Federal, State, and local mediation services provide the only appropriate form of governmental service. At the national level the National Mediation Board renders these services in the railroad and air transportation industries, and the Federal Mediation and Conciliation Service in other industries. Local service and intrastate industries are in many instances serviced by State or city agencies.

Mediation can be of great help in encouraging more forthright use of reasoning and persuasion, and in disabusing an overly suspicious party of the impression that the other has come to the bargaining table with ulterior purposes. This service is not easily performed, and, as many experienced mediators agree, it would be wise to develop means of imparting greater vigor and influence to the function of mediation as a greater help in collective bargaining.

We understand that in order to function more effectively, the Federal Mediation and Conciliation Service currently has plans to raise the professional status of its mediation staff, to participate actively at an earlier stage in the more difficult and important cases, to make more use of panels of mediators, and to establish the national labor-management panel provided for in the Taft-Hartley Act, while continuing to remain an entirely voluntary process. We also suggest that regional counterparts of this panel could be of help.

IV. PRESENT PROCEDURES FOR THE HANDLING OF CRITICAL AND NATIONAL EMERGENCY DISPUTES SHOULD BE IMPROVED, IN THE LIGHT OF EXPERIENCE, TO PROMOTE BOTH FREE COLLECTIVE BARGAINING AND THE NATIONAL INTEREST

In the case of major disputes, involving whole or important segments of critical industries, extraordinary measures may be found necessary. Normal mediation may prove unequal to the task of removing a strike threat or ending an actual strike.

It is our view that the emergency dispute provisions in the present law can and should be improved to cover more adequately the necessities of these situations.

Extraordinary measures should be applied with great restraint, and only when no other means are available to protect the national health and safety. Whenever it becomes necessary to place restraints or inhibitions on the freedom of the parties to pursue what they consider to be legitimate objectives, it is imperative that methods be provided for equitable solution of the disputed issues.

The Committee accordingly recommends, in place of the present emergency dispute provisions of the Taft-Hartley Act, the following procedures:

(1) The Director of the Federal Mediation and Conciliation Service would have the authority to recommend to the President the appointment of an emergency dispute board in any collective-bargaining situation in a major or critical industry which may develop into a dispute threatening the national health or safety. This board would be authorized to mediate between the parties and to recommend procedures or techniques to them which appeared conducive to settlement. The board should work closely with the Federal Mediation and Conciliation Service. When deemed necessary the board could seek authorization from the President to make, and would be empowered with his approval to make, recommendations to the parties as to terms of settlement of the issues in dispute.

The members of this board would represent the public, it being recognized that in certain cases it would be advantageous to include members with labor or industry background. The board could be appointed at any stage in the negotiations, and the decision whether to set up any such board would rest with the President.

(2) The President would be authorized to direct the emergency dispute board to hold a hearing on the question of whether a strike or lockout or threatened

strike or lockout in a major or critical industry threatens the national health or safety. Upon receipt of the board's report, the President would be authorized to determine whether such threat exists, and to declare, if he so finds, the existence of a national emergency. On the declaration of such emergency, the President would be authorized to direct the parties to continue or resume operations in whole or, to the extent practicable, in part, until agreement regarding the dispute was reached, but in no event longer than 80 days. The President's declaration of emergency should be subject to judicial review at the instance of any affected party.

(3) Upon such declaration of emergency, the board would be authorized to continue mediation as between the parties, to make findings of facts regarding the issues in dispute and related matters, and to make recommendations to the parties and the public at the President's discretion regarding settlement of these issues, including any recommendation which might appear appropriate regarding the effecetive date of any adjustment in previous terms and conditions. The board would also be authorized to make recommendations at any time to the parties regarding any changes in terms or conditions of employment which in its judgment should be put into effect during the 80-day period on a concurrent or retroactive basis.[1]

(4) We recommend eliminating, in view of its demonstrated ineffectiveness in the past, the last-offer ballot procedure contained in the present law.

(5) If, despite the efforts of the emergency dispute board, it appeared likely that there would be a strike or lockout at the expiration of the 80-day period, the President would be authorized to refer the matter to Congress, with his recommendations for appropriate action.

Even though the additional governmental powers recommended are mild compared with other suggestions which have been made for dealing with critical and national emergency disputes, we regret that a further intervention by Government into free collective bargaining is necessary. Nevertheless, inasmuch as the welfare of vast numbers of our citizens who are not directly concerned in these disputes is involved, and the economy of the country is often adversely affected, we conclude that there is a clear need for more effective governmental action under existing circumstances.[2]

V. SUMMARY

We reaffirm the principle of free collective bargaining.

We emphasize the need in these trying times for greater social responsibility on the part of industry and labor.

We counsel a more effective use of collective bargaining with maximum reliance being placed on the processes of persuasion and reason.

We urge the employment of imaginative measures to strengthen the mediation services so that they may serve the parties better.

We urge the parties to explore so far as practicable other voluntary means of avoiding needless deadlocks, for they are in the best position to develop instruments suitable to their conditions and problems.

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[1] Mr. Meany, Mr. Dubinsky, Mr. Harrison, Mr. Keenan, Mr. McDonald, and Mr. Reuther: "The proposal that the board would be authorized to make recommendations to the parties regarding any change which in its judgment should be put into effect during the 80-day period on a concurrent or retroactive basis seems ineffective and illogical. If the President has authority to order the employees to continue or resume work for 80 days, he should have authority to order whatever terms and conditions of employment he finds to be equitable."

[2] Mr. Ford: "The present national emergency provisions have had remarkable success in fulfilling their intended purpose. I would confine changes to eliminating the requirement for a vote on the employer's 'last offer.'

"In my opinion, the remaining changes indicated here would weaken the whole concept of free collective bargaining, and would not help to alleviate national emergency strikes.

"To extend the scope of sanctioned intervention to any major or critical industry would set up a standard that is undesirably vague, and that seems to me clearly to be broader than the concept of disputes imperiling the national health or safety now embodied in the law.

"Orders to continue or resume operations should be issued through judicial process, as at present, rather than at the discretion of the President.

"Factfinding boards with power to recommend terms of settlement would be both unjustified and unwise. I do not agree with the statement that this provision is necessary because the act, as it now stands, limits the freedom of the parties to reach settlement in their own way. The act only postpones strikes and lockouts: it does not prohibit them. The past performance of the factfinding-with-recommendations approach is not impressive. The record indicates that its use severely weakens collective bargaining and is likely to lead ultimately to compulsory arbitration."

We recommend, regarding disputes affecting the national health or safety, the establishment of improved procedures which recognize the ultimate and overriding public interest.

ADDENDUM

Some among the Committee members feel strongly that there is today a concentration of power in certain unions which results in the impairment of effective collective bargaining and in the substitution of power for reason in this process, and accordingly constitutes a major threat to industrial peace.

Other Committee members have pressed with equal vigor the view that whatever danger there is from concentration of economic and financial power has developed basically on the corporate side and that protests against "labor monopoly" are essentially distorted.

The view of the substantial majority of the Committee is that this matter warrants special study which will permit a thoroughgoing and deliberate examination of this issue, but that the present report—containing so much of important consensus—should not be held up awaiting this study. The Committee has accordingly decided to proceed with the proposed study and to make it the subject of a subsequent report.

It is appropriate, at the same time, to include here the statements filed by several of the Committee members regarding this subject:

Joseph L. Black

The occurrence of national emergency disputes is, in my opinion, due in large part to the monopoly power which enables a single union (or a combination of unions) to call a strike that brings to a halt all, or the preponderance, of the production in a vital industry. Surely, the possession of this power is not in the public interest. It should, therefore, be curbed by law, just as Congress has protected the public by enacting the antitrust laws to prevent business from having monopolistic powers. And, naturally, any such law should apply equally to management (in respect to lockouts) as well as to unions (in respect to strikes).

The enactment of such legislation would go a long way toward eliminating the need for governmental intervention in collective bargaining, though the public interest would still need protection in special situations such as defense operations and vital links in our transportation facilities.

Our primary objective must always be the preservation of our free society, but we should be mature enough to do this without impairing the health and safety of our people or our Nation's posture in world affairs. Indeed, these latter objectives are essential in order to make our freedom secure.

Arthur F. Burns

Labor disputes which involve a nationwide industry commonly have their origin in the monopoly power of private groups. If the power of monopolies, whether of business or labor, were sufficiently curbed by law, there would be little or no need for the larger intrusion of Government in collective bargaining recommended in this report. Both our Nation's traditions and its future greatness require a forthright attack on the problem of private monopoly power.

Since the committee plans to study the relationship of concentration of labor and management power to the development of national emergency situations, I regard the recommendations of the present report as being subject to later revisions or qualifications.

Henry Ford II

See separate statement, p. 39.

Mr. Meany, Mr. Dubinsky, Mr. Harrison, Mr. Keenan, Mr. McDonald, and Mr. Reuther

See separate statement, p. 40.

Separate statement by Henry Ford II to the report on "Free and Responsible Collective Bargaining and Industrial Peace"

I concur heartily in the endorsement of free collective bargaining contained in this report. I agree that the collective-bargaining process has, in general, an impressive record of accomplishment. I feel strongly that free collective bargaining must be preserved, that it must become more responsible and work consistently with the national interest.

I believe that collective bargaining must be free and responsible; not free if responsible, as the report seems to suggest in both sections II and III. Whatever reforms may be advisable, now or in the future, must be undertaken within a framework of freedom. In a democratic society, the need for reform cannot serve as justification for the elimination of freedom.

I do not believe that an increase in the activity, the influence, and the power of the Federal Government in the actual processes of collective bargaining would be in the public interest.

I am concerned that the proposed changes in the emergency dispute provisions of the Taft-Hartley Act would dangerously enlarge the role of the Federal Government in collective bargaining, and I have expressed my disagreement with them in a footnote to the text.

It is difficult to understand how the advocacy of a more dominant Government role in the collective-bargaining process, by these and other proposals, can make for more freedom in the process. Our present method of reaching private decisions by labor and management is one hallmark of a free economy. The present method can, I believe, be made more efficient and more effective not by creating a more dominant role for Government but by bringing into better balance the respective roles of labor and management.

Both the results of collective bargaining over the past decade and the increasing tendency of Government to involve itself in collective-bargaining situations demonstrate, I am convinced, that present policy toward collective bargaining grants excessive power to labor unions. In a free economy, marketwide collective action can be permitted only in special circumstances and should be subject to continuing scrutiny and review.

The market scope of business enterprises, acting either alone or in combination with other businesses, has long been circumscribed by common law and by statute and is under continuous review in the courts, but no such limits are placed on collective action by labor unions. Indeed, the law confers privileges upon and grants immunities to labor unions which are enjoyed by no other institutions in our society.

It is this excess of union market power, rather than any inherent conflict between private economic endeavor and the public interest, that gives rise to the problems of avoiding critical strikes and of achieving settlements consistent with the public interest.

Since this power, and its consequences, are made possible by existing laws, they are the responsibility of Government and ultimately of all citizens. The appropriate remedy is not Government intervention of one kind or another in the actual processes of collective bargaining.

The remedy most consistent with economic freedom and health is to constrain the market power of labor unions through effective legal limitations and judicial review. In my view, the Committee's proposed study should be concerned with exploring ways to accomplish this end. It seems to me that we cannot divorce questions of procedures and techniques from questions of economic power and structure in our considerations if we hope to arrive at intelligent solutions to the problems before us.

I recognize that the membership of the Committee is and will remain deeply divided on these issues. While the Committee should, of course, express whatever consensus or partial consensus the members may reach, I believe that the Committee's main goal should be to provide opportunity for a full expression of individual views on this important subject.

Separate statement by George Meany, David Dubinsky, George M. Harrison, Joseph D. Keenan, David J. McDonald, and Walter P. Reuther to the report on "Free and Responsible Collective Bargaining and Industrial Peace"

Assertions that "dominant union power" constitutes a major threat to effective collective bargaining are an example of attributing to others characteristics which are in fact one's own. It is mere name calling, unbuttressed by facts or even any specifications of the nature of the supposed evil.

If it is intended to assert that the existence of so-called monopoly power on the union side causes disputes which would otherwise be settled peacefully, the assertion is simply untrue. Recent experiences in the maritime and longshore industries—to which the national emergency provisions of the present law have most often been applied—surely demolish the notion that the cause of such disputes is the existence of a single union instead of several.

If what is meant, on the other hand, is that the settlements which are reached will be sounder, from the public viewpoint, if unions are fragmentized, that is also contrary to everything that experience teaches us—unless one makes the assumption that settlements dictated by employers are the only sound settlements. We freely concede that the effect of weakening unions would be to bring settlements more closely into accord with management views as to their proper terms. Eliminating unions altogether would go even further in that direction. Nothing but the blind assumption that management views and the public interest are identical, however, supports the proposition that this would improve collective bargaining.

There is no evidence that union bargaining power is today equal to, let alone in excess of, that of management, or that the use of what bargaining power unions do possess has resulted in settlements contrary to the public interest. Recent events indeed suggest that it is the power of certain companies which is excessive and that in the past they have sought to divert public attention from their abuse of power by falsely ascribing similar power to the unions which represent their employees.

The statement that the law places limits upon business enterprises which are not, but should be, applied to unions is likewise mere verbal sleight of hand. Business enterprises are not by law prevented from combining to deal with a union which represents their employees; and the author of this statement has himself publicly urged a shift to industrywide bargaining in his own industry. The freedom of employers in this regard is parallel to the privileges and immunities which it is erroneously charged are enjoyed exclusively by unions.

It is of course true that if a labor dispute results in a strike or threatened strike which affects an entire industry or a substantial part thereof, the national emergencies provisions of the Taft-Hartley Act may be invoked, but at present its sanctions run only against unions. We agree that these national emergencies provisions should be strengthened—that is a major subject of this report—but as, to repeat, the maritime industry demonstrates, disputes which result in national emergencies are as likely to be multiplied as to be minimized by the diffusion of collective-bargaining responsibility.

The use of the phrase "union market power" is similarly misleading. Any effort by unions to control the market for commodities is already subject to antitrust restrictions, and there have been a number of prosecutions of unions on this score, even though the challenged activities were on a very minor scale.

If, on the other hand, by "market power" is meant power over the market for labor, the statement is based on the discredited concept that the labor of a human being should be treated as a commodity, to be traded in the market and purchased at the lowest possible price. Such a suggestion implies the destruction of all unions and a return to a low-wage economy and the other evils of 19th-century capitalism.

Only by combining can workers somewhat balance the power of employers in the labor market, and there is no evidence that suggests that that balance is unduly tilted in favor of workers. We believe that any objective study will show that collective bargaining has, overall, promoted not only the well-being of the workers directly concerned but of society as a whole.

Appendix I

Executive Order No. 10918. Establishing the President's Advisory Committee on Labor-Management Policy

By virtue of the authority vested in me as President of the United States, it is ordered as follows:

Section 1. There is hereby established the President's Advisory Committee on Labor-Management Policy (hereinafter referred to as the Committee). The Committee shall be composed of the Secretary of Labor, the Secretary of Commerce, and 19 other members who shall be designated by the President from time to time. Of the 19 designated members, 5 shall be from the public at large, 7 shall be from labor, and 7 shall be from management. The Secretary of Labor and the Secretary of Commerce shall each alternatively serve as Chairman of the Committee for periods of 1 year, the Secretary of Labor to so serve during the first year following the date of this order.

Sec. 2. The Committee shall study, and shall advise with and make recommendations to the President with respect to, policies that may be followed by

labor, management, or the public which will promote free and responsible collective bargaining, industrial peace, sound wage and price policies, higher standards of living, and increased productivity. The Committee shall include among the matters to be considered by it in connection with its studies and recommendations (1) policies designed to insure that American products are competitive in world markets, and (2) the benefits and problems created by automation and other technological advances.

SEC. 3. All executive departments and agencies of the Federal Government are authorized and directed to cooperate with the Committee and to furnish it such information and assistance, not inconsistent with law, as it may require in the performance of its duties.

SEC. 4. Consonant with law, the Department of Labor and the Department of Commerce shall, as may be necessary for the effectuation of the purposes of this order, furnish assistance to the Committee in accordance with section 214 of the act of May 3, 1945, 59 Stat. 134 (31 U.S.C. 691). Such assistance may include detailing employees to the Committee, one of whom may serve as executive officer of the Committee, to perform such functions, consistent with the purposes of this order, as the Committee may assign to them, and shall include the furnishing of necessary office space and facilities to the Committee by the Department of Labor.

JOHN F. KENNEDY.

THE WHITE HOUSE, *February 16, 1961.*

APPENDIX II. STATEMENT BY THE PRESIDENT UPON ISSUANCE OF EXECUTIVE ORDER ESTABLISHING THE PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY, FEBRUARY 16, 1961

I am today issuing an Executive order establishing the President's Advisory Committee on Labor-Management Policy. The Committee is composed of the Secretary of Labor, the Secretary of Commerce, and 19 other members from the public, labor, and management. The Secretary of Labor and the Secretary of Commerce will alternate as Chairman of the Committee for periods of 1 year, the Secretary of Labor serving during the first year.

The purpose of this Committee is to help our free institutions work better and to encourage sound economic growth and healthy industrial relations. The Committee will study, advise me, and make recommendations with respect to policies that may be followed by labor, mangement, Government, or the public which will promote free and responsible collective bargaining, industrial peace, sound wage and price policies, higher standrds of living, and increased productivity. The Committee has been directed to include among the matters to be considered by it: (1) Policies designed to insure that American products are competitive in world markets, and (2) the benefits and problems created by automation and other technological advances.

I deem this a most important Committee. It will bring to the great problems in the fields of collective bargaining, industrial relations, wage and price policies, and productivity, the experience and wisdom of labor, management, and public experts in these fields.

It is my hope that the Committee may help restore that sense of common purpose which has strengthened our Nation in times of emergency and generate a climate conducive to cooperation and resolution of differences.

It is my hope that the advice of this Committee will assist the Government, labor, management, and the general public to achieve greater understanding of the problems which beset us in these troubled times and to find solutions consistent with our democratic traditions, our free enterprise economy, and our determination that this country shall move forward to a better life for all its people.

* * * It is gratifying that I have been able to obtain the participation of such outstanding persons in the Committee's work. I greatly appreciate the willingness of these public-spirited citizens to serve their country in this way. The fact that such highly qualified persons have agreed to be members of this important Committee augurs well for its success.

AUTOMATION

The President's Advisory Committee on Labor-Management Policy

Statement by the President

I appreciate greatly the contribution this report represents.

This automation problem is as important as any we face.

We must take advantage of every opportunity for technological development. But we cannot disregard the human values involved.

Your recommendations properly recognize both sides of this problem. I am grateful for your help.

John F. Kennedy.

The Benefits and Problems Incident to Automation and Other Technological Advances

Report From the President's Advisory Committee on Labor-Management Policy, Washington, D.C., January 11, 1962

President's Advisory Committee on Labor-Management Policy

Arthur J. Goldberg, Chairman, Secretary of Labor.
Luther H. Hodges, Vice Chairman, Secretary of Commerce.
Elliott V. Bell, chairman of the executive committee, McGraw-Hill Publishing Co., Inc.
Joseph L. Block, chairman, board of directors, Inland Steel Co.
Dr. Arthur F. Burns, president, National Bureau of Economic Research.
David L. Cole, attorney and arbitrator.
David Dubinsky, president, International Ladies' Garment Workers' Union.
Henry Ford II, chairman, board of directors, Ford Motor Co.
John M. Franklin, chairman, board of directors, United States Lines Co.
George M. Harrison, president, Brotherhood of Railway & Steamship Clerks, Freight Handlers, Express & Station Employees.
Joseph D. Keenan, secretary, International Brotherhood of Electrical Workers.
Thomas Kennedy, president, United Mine Workers of America.
Dr. Clark Kerr, president, University of California.
J. Spencer Love, chairman and president, Burlington Industries, Inc.
David J. McDonald, president, United Steelworkers of America.
Ralph E. McGill, publisher, the Atlanta Constitution.
George Meany, president, American Federation of Labor & Congress of Industrial Organizations.
Walter P. Reuther, president, International Union, United Automobile, Aircraft & Agricultural Implement Workers of America.
Richard S. Reynolds, Jr., president, Reynolds Metals Co.
Dr. George W. Taylor, professor of labor relations, Wharton School of Finance, University of Pennsylvania.
Thomas J. Watson, Jr., president, International Business Machines Corp.
W. Willard Wirtz, Executive Director, Under Secretary of Labor.
Harry Weiss, Assistant Executive Director.

Subcommittee on Automation and Technological Advance

Clark Kerr, Chairman

David L. Cole
John M. Franklin
Joseph D. Keenan
Thomas Kennedy
David J. McDonald
Ralph E. McGill
Richard S. Reynolds, Jr.
Thomas J. Watson, Jr.

Foreword

This report to the President by his Advisory Committee on Labor-Management Policy deals with the benefits and problems incident to automation and other technological advances, one of the topics assigned to the Committee for consideration by Executive Order 10918. The report contains 11 recommendations for accomplishing, by a combination of private and governmental action, the necessary advancement of automation and technological change without detrimental sacrifice of human values.

This first report has the overall approval of all but two of the Committee's voting members. The two statements of separate views are included as part of the report. A footnote to the report records the view of five of the Committee members regarding the shorter work period issue.

This first report will be followed by others in the Committee's field of responsibility. Currently in preparation are recommendations concerning free and responsible collective bargaining and industrial peace, economic growth and unemployment, sound wage and price policies, and policies to insure that American products are competitive in world markets.

The Benefits and Problems Incident to Automation and Other Technological Advances

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President's Advisory Committee
on Labor-Management Policy,
Washington, D.C., January 11, 1962.

The President,
The White House, Washington, D.C.

Dear Mr. President: We are pleased to submit the first formal report of your Advisory Committee on Labor-Management Policy. This report, dealing with "Benefits and Problems Incident to Automation and Other Technological Advances," was approved at a meeting of the full Committee today.

When you established this Committee last year, you expressed the hope that it would "help restore that sense of common purpose which has strengthened our Nation in times of emergency and generate a climate conducive to cooperation and resolution of differences." It is a source of deep satisfaction to us that this first report eloquently reflects that "sense of common purpose." There is unanimous agreement among the members on these fundamental points:

1. Automation and technological progress are essential to the general welfare, the economic strength, and the defense of the Nation.

2. This progress can and must be achieved without the sacrifice of human values.

3. Achievement of technological progress without sacrifice of human values requires a combination of private and governmental action, consonant with the principles of a free society.

This agreement reflects the Committee's conclusion that "automation and technological change have meant much to our country." The report as a whole has received the virtually unanimous endorsement of the Committee, while there are understandably some differences on implementation of these objectives. Statements of the separate views of two members of the Committee are appended to the report, and the positions of several members on one particular point are set out in two footnotes. Because the statement represents a consensus of the Committee members' views, their individual statements of position on various points covered would differ in some respects.

It is also a pleasure for us to report that the Committee has met regularly since it was appointed on February 16, 1961, and that the discussions at the Committee meetings have been most friendly and constructive. Our experience has demonstrated that your objective of bringing together top leaders of labor, management, and the public to arrive at a fuller understanding on vital policy issues can be achieved. We anticipate that recommendations concerning the other major topics assigned to the Committee—dealing with industrial peace, economic growth, wage-price policy, and world competition—will be forthcoming in the near future.

We commend to you the substantial public service rendered by the members of the Committee, who have dedicated themselves to the work of the Committee.

Respectfully,

Arthur J. Goldberg,
Chairman.
Luther H. Hodges,
Vice Chairman.

The Benefits and Problems Incident to Automation and Other Technological Advances

Three central propositions have emerged in the Committee's consideration of the significance and impact of automation and other technological advances.

First, automation and technological progress are essential to the general welfare, the economic strength, and the defense of the Nation.

Second, this progress can and must be achieved without the sacrifice of human values and without inequitable cost in terms of individual interests.

Third, the achievement of maximum technological development with adequate safeguards against economic injury to individuals depends upon a combination of private and governmental action, consonant with the principles of the free society.

Automation and technological change have meant much to our country. Today the average worker in the United States works shorter hours, turns out more goods, receives higher wages, and has more energy harnessed and working with him than a worker anywhere else in the world. Increasingly, machines are relieving men of heavy physical labor and of dangerous and repetitive work. Competition in the world markets has been possible against foreign countries whose standards of living are below our own, though this advantage is diminishing. Finally, in a world split by ideological differences, automation and technological change have a tremendous and crucial role to play in maintaining the strength of the free world.

For these reasons, we emphasize at the outset the imperative need for and desirability of automation and technological change. Indeed, increased productivity and fuller utilization of resources are urgently needed to improve our rate of economic growth. They are likewise needed to improve our competitive position in world markets. Failure to advance technologically and to otherwise increase the productivity of our economy would bring on much more serious unemployment and related social problems than any we now face.

It is equally true that the current rate of technological advance has created social problems and that an acceleration of this rate may intensify these problems.

While advancing technology has given rise to new industries and jobs, it has also resulted in employee displacement; and the fact that new work opportunities are eventually created is no comfort or help to the displaced individual who cannot, for one reason or another, secure comparable or any employment. While employment has expanded in some industries, the net effect of rising output per worker, of the growing labor force, and of other factors has been an increase in the volume of unemployment during the past few years—even as total employment has reached new heights.

The impact of technology on agricultural employment has been particularly great. Along with other factors, it has resulted in over 1,600,000 workers—20 percent of the total—leaving the farms since 1950. Yet farm output has increased 28 percent, making available to our people an abundance of food, while there was famine in some of the Communist countries. This increased output enabled this country to be of substantial assistance to needy people elsewhere in the world.

Our purpose, then, is to seek that course of action which will encourage essential progress in the form of automation and technological change, while meeting at the same time the social consequences such change creates.

We recognize that the subpect of automation and technological change cannot be dealt with apart from two broader subjects: increased productivity in general, and unemployment.

We are preparing a separate report on economic growth, and only note here the basic importance of such growth to any consideration of the problems—and the opportunities—automation and technological advance present.

Regarding technological advance and unemployment, it is clear that unemployment has resulted from displacement due to automation and technological change. It is impossible, with presently available data, to isolate that portion of present unemployment resulting from these causes. Whether such displacement will be short run depends to a considerable extent on our ability to anticipate and plan for programs involving technological change and to make better use of various mechanisms for retraining and relocating workers who find themselves unneeded in their former occupations. We have necessarily given general consideration in this report to some aspects of the broader unemployment problem and to the prospects of more effective use of the work force.

A long stride toward solution of the unemployment problem will be made if we first recognize the nature of the problem. We regard the following factors as important in this connection:

1. The recent rate of economic growth in the United States has been insufficient to reduce unemployment to a tolerable level.

2. The exact extent of unemployment attributable to automation and technological change is unknown, since it is greatly complicated by other factors, such as:

(a) The economic recession of 1960–61.

(b) The unusually high entrance rate into the labor market, caused by the great postwar population increase. In the next 10 years it is expected that there will be a net gain in the labor force of 13½ million workers.

(c) Chronic unemployment in distressed areas.

(d) The effects of the rapid advances which have been made by foreign competitors.

(e) Changing consumption patterns.

(f) The changing nature of jobs which often leaves a gap between job requirements and qualifications of applicants. During the 1950's there was a 58-percent increase in the number of skilled technical and professional workers. Unskilled workers, with only a limited education, found it more difficult to get, or holld, a job. In this connection, the Department of Labor projections indicate that unless steps are taken to reduce the dropout rate among high school students, some 7½ million of those new workers joining the labor force in the 1960's, or more than 30 percent, will not have completed high school, and over 2½ million of them will not even have completed grade school.

(*g*) Discrimination against workers on the basis of age, sex, race, and creed.

(*h*) Multiple jobholding by individuals.

(*i*) The continuing movement of workers away from the farms.

3. Public employment service facilities have been inadequate as well as seriously uneven in their effectiveness with respect to helping workers find new jobs, counseling them as to the kind of jobs which are liable to be available in the future, and advising them as to job prospects in other geographical areas.

4. The mobility of workers is reduced by factors running contrary to the demands of a dynamic society, and an economy in transition.

(*a*) The nontransferability of pension, seniority, and other accumulated rights may result in an employee's being dependent upon his attachment to a particular job as the sole means of protecting his equities.

(*b*) Desirable and essential mobility is affected by reluctance to leave home—because of personal ties, or because other members of the family may be working; by the cost of moving and possible losses on local property; and by the insecurity of jobs in a new locality.

5. Educational and informational facilities have been inadequate in that:

(*a*) The requirements for general education prior to vocational and professional training have not kept pace with the shift in job opportunities.

(*b*) The required types of vocational and technical training and retraining are often not available, e.g., for workers leaving the farm.

(*c*) There has been an inadequate liaison among school systems, industry, and government with respect to future job requirements, and in fact there is insufficient information about the nature of such jobs.

(*d*) There has been inadequate financial support for needy students.

(*e*) Counseling facilities have been generally inadequate.

6. Proper retraining facilities, and a system of financial support for workers while retraining, have been lacking.

These are some of the relevant circumstances of a society in which automation and technological advance are essential motive forces. The operation of these forces within the social context creates serious displacement problems—not as a necessary price of progress but as the stern consequence of failure to recognize and provide for these problems. We reject the too common assumption that continuing unemployment is an inherent cost of automation.

We believe, rather, that a combination of energetic and responsible private and public action will permit the advancement of automation and technological change without the sacrifice of human values, and that such combined efforts can cope satisfactorily with the total unemployment problem—including whatever part of it may arise from the displacements which result inevitably from the introduction of new devices and processes.

We do not attempt here an exhaustive exploration or enumeration of all the ways and means of achieving maximum technological progress with the minimum

of individual disadvantage. Our suggestions can be only representative of a broader set of possibilities. We recognize, furthermore, that the totality of any combination of recommendations must be viewed in the light of such relevant factors as their costs to individual enterprises, their effect on the Federal budget, and their influence on general price levels.

We recommend that serious consideration be given the following measures:

1. Adoption by the Government and others of policies which will promote a high rate of economic growth and fuller utilization of resources. A much higher rate of growth is essential and is the best device for reducing unemployment to tolerable levels. We will include in our forthcoming report on economic growth suggestions in this area.

2. Acceptance by Government agencies of the responsibility for collecting, collating, and disseminating information with respect to present and future job opportunities and requirements in a rapidly changing society.

3. Cooperation between Government and private organizations in the field of education in improving and supporting educational facilities to the end that:

(*a*) New entrants to the labor force will be better qualified to meet the occupational demands of the future;

(*b*) The dropout rate at grade and high school levels will be reduced;

(*c*) Better vocational, technical, and guidance programs will be available;

(*d*) Rural and depressed areas, where surplus workers reside, will be better served;

(*e*) Financial support will be available for deserving and needy students; and

(*f*) There will be a general upgrading in the quality of our education.

4. Acceptance by management of responsibility for taking measures, to the maximum extent practicable, for lessening the impact of technological change, including:

(*a*) Adequate leadtime.

(*b*) Open reporting to the employees involved.

(*c*) Cooperation with representatives of the employees to meet the problems involved.

(*d*) Cooperation with public employment services.

(*e*) The timing of changes, to the extent possible, so that potential unemployment will be cushioned by expected expansion of operations and normal attrition in the work force (through separations resulting from retirement, quits, and so forth).

5. Support from both public and private organizations for retraining of workers who have been and will be displaced.

(*a*) Private employers and unions faced with automation or technological changes should make every reasonable effort to enable workers who are being displaced, and who need to be retrained, to qualify for new jobs available with the same employer, and to enjoy a means of support while so engaged.

(*b*) Where it is not possible for the employer to reabsorb displaced workers, appropriately safeguarded public support in the form of subsistence payments should be available to industrial and agricltural workers who qualify for and engage in retraining.

(*c*) Unemployment compensation laws should be liberalized to permit and to encourage retraining.

6. Support from both public and private sources, with due consideration to the circumstances of the enterprise involved, for the displaced worker who is seeking new employment.

(*a*) The duration, coverage, and amount of unemployment compensation, where inadequate, should be increased and made subject to realistic uniform minimum requirements under the Federal-State system.

(*b*) Employer supplementation of public unemployment compensation should be accomplished through severance pay, supplemental unemployment benefits, and similar measures.

(*c*) Attention should be given to provision for the special case of the worker who is displaced during the period when he is approaching retirement. This may appropriately include consideration of provision for early retirement, through private arrangements or social security measures; but alternative possibilities of more constructive temporary uses of such services warrant exploration.

7. Support from both private and public sources to the end that a worker's job equities and security may be protected without impairment of his mobility.

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This will warrant consideration, taking into account relevant cost factors, of such measures as:

(*a*) Financial aid in the transfer of employees to other plants in a multi-plant system, and protection of existing rights for individuals so transferred.

(*b*) The use of public funds in order to give financial aid in the transfer of unemployed workers from one area to another where the result will be to provide continuing employment.

(*c*) The improvement of public and private protection of pension rights.

(*d*) The recognition by unions, individual employees, and employers of the necessity of adapting seniority and other rules in order to facilitate mobility of workers, while providing protection for the equities of employees.

The Committee notes particularly the need for further study and exploration of this vital area.

8. Vast additional improvement of the public employment service so that it can effectively place, counsel, and relocate workers both locally and across State lines. We note with approval the start which has been made in this direction.

9. Vigorous and unremitting efforts by all segments of the population—including government, employers, unions, and employees—to eilminate discrimination in employment because of race, creed, age, or sex.

10. There are pressing national needs to be met, and an abundance of manpower available to meet these needs. This matching of manpower and national needs, which is part of the vital context of the automation and technological advance problem, will obviously be affected by various broader governmental policies. Reserving fuller consideration of this area for our economic growth report, we nevertheless note here that:

(*a*) When technological changes or other factors develop particular pockets of unemployment, this becomes an additional reason for the undertaking, particularly at the State and local levels but with Federal assistance where this is necessary, of public development projects for which there is need independent of the employment need itself.

(*b*) Every effort should be made to maintain on an up-to-date and ready-to-go basis a schedule of needed public development projects, particularly those which could be started most quickly and which would be of short or controllable duration, so that the initiation of such projects can in the future be advanced, and the flow of projects already underway can be speeded up, if the manpower situation warrants this.

(*c*) If the operation of the economy, including the effect of automation and technological change, creates or leaves an intolerable manpower surplus, consideration should be given to monetary and fiscal measures—including the possibility of appropriate tax reductions—which would give promise of helping alleviate this situation.

(*d*) Governmental action along the lines suggested here, stimulated in part by the need to meet unemployment situations, would obviously have to take account of other considerations, including particularly the maintenance of national economic stability and security. We simply assert, however, the coordinate importance of stability and growth.

11. The need for goods and services must not be left unfilled, particularly in a time of international crisis. At the same time, high unemployment is intolerable. In the light of our current responsibilities to meet world conditions, and in view of our unmet needs at home, we consider the development of programs directed at the achievement of full employment as being more significant at the present time than the consideration of a general reduction in the hours of work. A reduction in the basic work period has, however, historically been one means of sharing the fruits of technological progress, and there may well develop in the future the necessity and the desirability of shortening the work period, either through collective bargaining or by law or by both methods. In connection with such a development, consideration would necessarily be given to the extent to which purchasing power could be maintained along with a reduced work period.[1]

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[1] Mr. Meany, Mr. Dubinsky, Mr. Harrison, Mr. Reuther, and Mr. Keenan are of the view that this paragraph should read as follows:

"The need for goods and services must not be left unfilled, particularly in a time of international crisis. At the same time, high unemployment is intolerable. In the light of our current responsibilities to meet world conditions, and in view of our unmet needs at home, we consider the development of programs directed at the achievement of maximum output and full employment as most significant at the present time. However, if unemployment is not reduced substantially in the near future we will have to resort to a

We affirm our conviction that the infinite promise of automation and technological advance can be realized without loss or cost of human values. America can enjoy the fruits of higher productivity without having to accept, as the inevitable result, serious social consequences growing out of the displacement of workers.

The recommendations made here suggest our view of a broader pattern of possible courses of action which would necessarily have to be adapted to particular circumstances, but which permit the constructive and responsible uses of technology and automation. We see no barriers—except misunderstanding, timidity, and false fear—to the accomplishment of this purpose by a coordination of private and public programs wholly consonant with the essential concepts of the free society.

We assert the necessity of automation and technological development to the maintenance of American standards of living and to the fulfillment of this country's role of leadership in freedom's fight for survival. We assert equally the obligation and the capacity of Americans—as individuals and as a group—to use these new instruments and methods to enrich the lives of all of us.

We see no reason for alarm if out of a greater sense of common purpose we can achieve the good will and the determination to act together.

Comment by Arthur F. Burns

I find parts of this report highly constructive, particularly the recommendations designed (*a*) to achieve efficient and yet humane management of technological changes, (*b*) to improve the functioning of the labor market, and (*c*) to extend the coverage and otherwise strengthen the unemployment insurance system. Nevertheless, I am troubled by the report as a whole, and I consider it a dubious guide to economic policy.

The reasons for my dissent are as follows:

1. The report fails to identify or to analyze or to assess the quantitative importance of the different causes of unemployment. Nevertheless, it conveys the impression that technological advances are a major, if not the major, cause of recent unemployment. I know of no evidence to support this view, and I deplore anything that adds to the greatly exaggerated fears that many people have of what is loosely called automation.

2. The report suffers from a failure to link its proposed remedies to the causes of unemployment. Thus the report does not mention seasonal unemployment or ways of dealing with it. It does not mention the loss of exports by some industries or the policies needed for coping with this source of unemployment. It does not distinguish cyclical unemployment from other types or indicate how public policy for dealing with recessions should be improved. On the other hand, the report puts heavy emphasis on public works and seems to suggest that this kind of governmental spending is a good remedy for unemployment regardless of its cause. Unhappily, public works are poorly suited for dealing with mild recessions or with local pockets of chronic unemployment.

3. Most recommendations of the report are couched in such vague language that they may mean much or little, depending on how they are interpreted. But if experience is any guide, neither the vagueness of language nor the surrounding qualifications will prevent articulate groups of our society from claiming the authority of this committee for programs that could prove damaging to our economy. If all or most of the recommendations were implemented fairly promptly and on a liberal scale, both employer costs of production and govern-

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general shortening of the work period through collective bargaining and by law. In connection with such a development, consideration would necessarily be given to the extent to which purchasing power could be maintained along with a reduced work period. A reduction in the basic work period has historically been one means of sharing fruits of technological progress."

[2] Mr. McDonald, Mr. Reuther, and Mr. Keenan comment as follows:

"We agree that, in the light of the considerations stated, the most desirable solution now to the problem of unemployment is the development of programs which will achieve full employment at 40 hours per week. Saying that this is the most desirable solution is not, however, the same thing as saying that we have in fact achieved that solution or that we will in fact achieve it in the near future. And only the fact of full employment—not a statement of its desirability—can properly serve as the premise for the statement that the necessity for shortening the work period will only develop 'in the future.' If we fail, as we have so far failed, to achieve the most desirable solution we will have to move more quickly than we are now moving in the direction of shortening the work period."

mental outlays would rise substantially. The report passes over lightly the question of how such increases would affect business profits or the Federal budget or the general price level. I find this question very troublesome at the present time. The deterioration of profit margins during the past decade is already a serious obstacle to achieving a high rate of economic growth. The protracted rise of the price level has already put severe pressure on our balance of international payments. This year's projected rise of Federal cash outlays already exceeds the increase of any peacetime year in our history and, the international situation being what it is, military expenditures may soon need to be still larger. In view of these facts, unless great caution is exercised in pursuing programs that raise costs of production on public outlays, we may find that economic growth is curbed, that confidence in the dollar is weakened, and that our international political position is undermined.

4. Apart from these dangers, the report fails to analyze how its recommendations would affect the volume of unemployment itself. The report seems to call not only for liberalizing the unemployment insurance system, but for also extending private supplements to unemployment insurance, for providing public subsistence payments to workers who undergo retraining, for lowering the age at which displaced workers can qualify for social security, and for using public funds to aid unemployed workers in moving to areas where jobs can be found. I deem it a duty to point out that if all these measures were adopted in quick order and on a substantial scale, some individuals who now are outside the labor force will see an advantage in entering it, while there will be others who, having quit or lost their jobs, will be tempted to take more time in settling on new ones. In other words, unless great care and caution are exercised in implementing the committee's recommendations, the end result may well be the social misfortune of permanently higher unemployment.

5. In large part, the shortcomings of the report are traceable to the pessimistic assumption on which it seems to proceed; namely, that there is a serious possibility that our Nation's economic progress will prove insufficient to provide jobs for all those who are able and eager to work. I have greater faith in our Nation's future. A tremendous expansion of prosperity lies within our power. The degree to which we attain it will mainly depend, first, on how much work people care to do; second, on how productive they wish to be; third, on how earnestly we pursue public policies to stimulate new, creative, and more efficient economic activities by business enterprises. If the report had started from this broad but fundamental premise, it would have dealt more constructively with the economic and human problem of unemployment.

Comment by Henry Ford II

I share wholeheartedly the concern over unemployment expressed in this report, and I applaud this committee's desire both to speed industrial progress and to spread its human benefits more widely.

Few things are as costly to our Nation, or as crushing to the human spirit, as lack of work for those who are willing and able to work.

Because I hold these views so strongly, I feel compelled to state my belief that this report does not really get to the heart of the matter.

Its major premise is the assumption that automation and technological advance are in and of themselves significant causes of unemployment—an assumption that neither history nor an analysis of current unemployment supports. Technological advance has been with us for many generations. But, popular beliefs to the contrary, technological advance has not been accelerating. Figures from the Bureau of Labor Statistics show, for recent years, an increase in productivity well below the average rate for the postwar period and not much different from the average rate since 1909.

Moreover, the factual evidence strongly indicates that, while automation displaces some individuals from the jobs they have held, its overall effect is to increase income and expand job opportunities. History teaches us that, by and large, workers displaced by technological advance have moved rapidly into other employment, ultimately to better paying jobs. This is why we have had rising personal incomes rather than mass unemployment as new technology has come into use and productivity has increased.

As Solomon Fabricant has recently pointed out (in his introduction to John W. Kendrick's "Productivity Trends in the United States") :

"Better-than-average increases in output were usually accompanied by better-than-average increases in employment of workers and tangible capital, despite the more rapid rise in productivity. Correspondingly, less-than-average increases in productivity were usually accompanied by less-than-average increases (or even decreases) in output and in the use of labor and capital resources * * * No one concerned with the rise and fall of industries, or—to single out a currently discussed problem—with the effects of 'automation' on employment, may ignore these basic facts."

When the economy is prosperous, displaced workers quickly find new employment. This is illustrated by the movement of workers off farms and into industrial employment when times are good, and the slowdown in this movement when times are bad.

The committee has recognized that the general problem of unemployment is the key problem, but its recommendations are concerned mainly with the important but secondary matters of retraining and mobility. A good employment service and unemployment compensation facilitate the transfer from one job to another, but these measures, even if accompanied by massive retraining, relief, and other social programs, will scarcely make a dent in unemployment when economic conditions are poor.

If, therefore, we would help persons displaced by technological advance, we must focus our attention not on relief or even training—though these, properly conceived and administered, will help—but on creating new jobs for people who seek them and can perform in them.

When wages rise faster than productivity in the economy, costs will rise and then either prices will go up or profits will come down—or both will happen. If profits come down, then incentive to save and to invest savings in new, job-creating plants, enterprises, and industries must suffer. Moreover, unless inflationary measures are taken to support the higher wage, cost, and price levels, demand will not be adequate to maintain production and employment. And, when the integrity of the dollar is at stake, inflationary measures cannot be taken without calamitous results.

We must find ways consistent with a free economy to keep wages and other costs from causing either unemployment or inflation.

I regret that the report does not make this focal problem the primary target of its comments and recommendations. For, when we have found and placed in operation those policies and practices that can keep costs from rising and forcing us into either unemployment or inflation, we will have done much more than could be accomplished by all other measures combined.

The recommendations in this report are concerned mainly with ways of preventing and relieving technological displacement. I personally endorse many of them, and the company with which I am associated has long followed practices similar to many of those recommended in the report.

Nevertheless, I have the following general reservations about the character of the recommendations:

First, they cannot solve the problem of mass unemployment because they are directed primarily at helping people to find jobs—not at the basic need for more jobs.

Second, the massive program of public and private actions called for may have unexpected consequences that the Committee has not been able to evaluate. Indeed, I believe that the knowledge and experience necessary to evaluate this sweeping program do not now exist, and that it is therefore inappropriate and unwise for this Committee to place its stamp of approval upon such a program. For example, greatly expanded Federal assistance could very well destroy incentives that stimulate private economic activity and generate individual initiative.

Third, the endorsement of comprehensive, economywide programs in very general terms diverts attention from and complicates the search for carefully selected measures to meet particular problems. For example, I believe that the

main result of a large-scale, nationwide program to retrain the unemployed might be to impede the development of useful local programs carefully tailored to existing job opportunities and the needs and abilities of individuals.

In addition to these general reservations, I have misgivings about some of the specific recommendations.

With respect to unemployment compensation, I believe that duration, coverage, and amount of benefits must be increased where they are inadequate. In addition, safeguards to protect against abuses should be strengthened. I do not endorse Federal standards, but believe the States should continue with responsibility for fitting their particular systems to their own conditions and needs.

I agree that in the main the recommendations for improving our school systems are good. In many areas and localities, however, the most urgent need is not more money but greater public concern with what it taught in our schools.

Arbitrarily shortening the workweek in order to decrease unemployment would be a confession of defeat. Not only a poor remedy, it is also a harmful one; for it would retard the growth needed for the safety and welfare of our Nation at this point in its history. We can and should look forward to normal increases in our leisure time, but they must come as our growing economy can afford them and not as expedient solutions to unemployment problems.

In summary, I find some things in this report of which I approve, and much of which I disapprove. Its goal of making certain that high employment accompany technological improvement and increasing efficiency has my full support. However, I believe that the general direction of its recommendations is not well calculated to achieve this goal. I believe, too, that the report's basic assumption concerning the relationship between technological advance and unemployment is in error.

Therefore, I feel it necessary to say, with reluctance, that I cannot concur in the report.

Appendix I. Executive Order No. 10918—Establishing the President's Advisory Committee on Labor-Management Policy

By virtue of the authority vested in me as President of the United States, it is ordered as follows:

Section 1. There is hereby established the President's Advisory Committee on Labor-Management Policy (hereinafter referred to as the Committee). The Committee shall be composed of the Secretary of Labor, the Secretary of Commerce, and 19 other members who shall be designated by the President from time to time. Of the 19 designated members, 5 shall be from the public at large, 7 shall be from labor, and 7 shall be from management. The Secretary of Labor and the Secretary of Commerce shall each alternatively serve as chairman of the Committee for periods of 1 year, the Secretary of Labor to so serve during the first year following the date of this order.

Section 2. The Committee shall study, and shall advise with and make recommendations to the President with respect to, policies that may be followed by labor, management, or the public which will promote free and responsible collective bargaining, industrial peace, sound wage and price policies, higher standards of living, and increased productivity. The Committee shall include among the matters to be considered by it in connection with its studies and recommendations (1) policies designed to insure that American products are competitive in world markets, and (2) the benefits and problems created by automation and other technological advances.

Section 3. All executive departments and agencies of the Federal Government are authorized and directed to cooperate with the Committee and to furnish it such information and assistance, not inconsistent with law, as it may require in the performance of its duties.

Section 4. Consonant with law, the Department of Labor and the Department of Commerce shall, as may be necessary for the effectuation of the purposes of this order, furnish assistance to the Committee in accordance with section 214 of the act of May 3, 1945, 59 Stat. 134 (31 U.S.C. 691). Such assistance may

include detailing employees to the Committee, one of whom may serve as executive officer of the Committee, to perform such functions, consistent with the purposes of this order, as the Committee may assign to them, and shall include the furnishing of necessary office space and facilities to the Committee by the Department of Labor.

JOHN F. KENNEDY.

THE WHITE HOUSE, *February 16, 1961.*

APPENDIX II. STATEMENT BY THE PRESIDENT UPON ISSUANCE OF EXECUTIVE ORDER ESTABLISHING THE PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY, FEBRUARY 16, 1961

I am today issuing an Executive order establishing the President's Advisory Committee on Labor-Management Policy. The Committee is composed of the Secretary of Labor, the Secretary of Commerce, and 19 other members from the public, labor, and management. The Secretary of Labor and the Secretary of Commerce will alternate as chairman of the Committee for periods of 1 year, the Secretary of Labor serving during the first year.

The purpose of this Committee is to help our free institutions work better and to encourage sound economic growth and healthy industrial relations. The Committee will study, advise me, and make recommendations with respect to policies that may be followed by labor, management, government, or the public which will promote free and responsible collective bargaining, industrial peace, sound wage and price policies, higher standards of living and increased productivity. The Committee has been directed to include among the matters to be considered by it (1) policies designed to insure that American products are competitive in world markets, and (2) the benefits and problems created by automation and other technological advances.

I deem this a most important Committee. It will bring to the great problems in the fields of collective bargaining, industrial relations, wage and price policies, and productivity the experience and wisdom of labor, management, and public experts in these fields.

It is my hope that the Committee may help restore that sense of common purpose which has strengthened our Nation in times of emergency and generate a climate conducive to cooperation and resolution of differences.

It is my hope that the advice of this Committee will assist the Government, labor, management, and the general public to achieve greater understanding of the problems which beset us in these troubled times and to find solutions consistent with our democratic traditions, our free enterprise economy, and our determination that this country shall move forward to a better life for all its people.

It is gratifying that I have been able to obtain the participation of such outstanding persons in the Committee's work. I greatly appreciate the willingness of these public-spirited citizens to serve their country in this way. The fact that such highly qualified persons have agreed to be members of this important Committee augurs well for its success.

STATEMENT OF THE PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY ON FISCAL AND MONETARY POLICY

Submitted to the President, November 19, 1962

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY,
Washington, D.C., November 19, 1962.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We are pleased to submit, on behalf of the members of your Advisory Committee on Labor-Management Policy, a statement of recommendations on fiscal and monetary policy, as requested by you in our meeting on August 7, 1962.

This document, approved and adopted by your Committee on November 16, 1962, reflects the agreement of the business, labor, and public members of the Committee as to the direction of future policy in this area. It is the product of a full discussion and study of the many issues involved and was drafted in light of the recent Conference on Fiscal and Monetary Policy, called by the Committee to assist them in their deliberations.

The members of the President's Committee trust that this statement of recommendations properly fulfills their advisory function and will be of assistance to you.

Respectfully yours,

W. WILLARD WIRTZ,
Secretary of Labor.
EDWARD GUDEMAN,
Acting Secretary of Commerce.

The United States can and must improve its recent record of economic progress. We must achieve and maintain fuller utilization of manpower, higher industrial operating rates, and a more rapid rate of economic growth, while maintaining reasonable price stability.

Economic policy should be directed at strengthening the expansionary powers of the economy. Our objective should be twofold: In the short run we must increase total demand for both consumption and investment; in the long run, we must achieve a more rapid rate of growth of our productivity capacity.

Readily available credit is needed to permit and promote economic expansion. In view of the balance-of-payments situation and the present relative ease of credit markets, monetary policy cannot shoulder a much larger share of the responsibility for stimulating economic activity in the near future.

The main tool for promoting our economic objectives in 1963 should be a prompt and significant reduction in income tax rates.

A majority of the Committee favors a reduction of about $10 billion early in 1963. Some members, however, would prefer to have specific legislation enacted which would provide that any such reduction be spaced over a 2- to 3-year period. A few favor limiting tax reduction to $4 to $5 billion during the next year.

Tax rates should be reduced on both individual and corporate incomes. In dollar amount, the bulk of the tax reduction should take the form of lowering individual income tax rates. The remainder should be achieved through reducing the "emergency" corporate tax rate of 52 percent.

Thorough review and revision of the tax system should be undertaken promptly, but this should not be permitted to postpone action on the urgently needed reduction in tax rates.

It is important to note that a reduction in tax rates will not entail an equivalent decline in collections. Indeed, over the longer run, it may well generate increased tax revenues. But it should be recognized that, in the near future, the significant tax reduction we recommend is likely to mean appreciable deficits in the Federal administrative budget.

The built-in character of most Federal outlays militates against either a rapid expansion or absolute cutback in expenditures for purposes of economic policy. Some Committee members feel, however, that expanding Federal expenditure programs can make a contribution to stimulating the economy. Other members feel that special efforts should be made to hold down Federal expenditures. Federal expenditures, at whatever aggregate levels economic policies might prescribe, should always be subject to careful scrutiny and efficient administration.

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

Public members:

Hon. Luther H. Hodges (ex officio), the Secretary of Commerce, Washington, D.C.

Hon. W. Willard Wirtz (ex officio), the Secretary of Labor, Washington, D.C.

Dr. Arthur F. Burns, president, National Bureau of Economic Research, Inc., 261 Madison Avenue, New York, N.Y.

Mr. David L. Cole, Cole, Berman & Garth, 45 Church Street, Paterson, N.J.

Dr. Clark Kerr, president, University of California, Berkeley, Calif.

Mr. Ralph E. McGill, publisher, the Atlanta Constitution, Journal Building, Atlanta, Ga.

Dr. George W. Taylor, chairman, industry department, Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia, Pa.

Labor members:

Mr. David Dubinsky, president, International Ladies' Garment Workers' Union, 1710 Broadway, New York, N.Y.

Mr. George M. Harrison, president, Brotherhood of Railway & Steamship Clerks, Freight Handlers, Express & Station Employees, 1015 Vine Street, Cincinnati, Ohio.

Mr. Joseph D. Keenan, international secretary, International Brotherhood of Electrical Workers, 1200 15th Street NW., Washington, D.C.

Mr. Thomas Kennedy, president, United Mine Workers of America, 900 15th Street NW., Washington, D.C.

Mr. David J. McDonald, president, United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.

Mr. George Meany, president, American Federation of Labor & Congress of Industrial Organizations, 815 16th Street NW., Washington, D.C.

Mr. Walter P. Reuther, president, International Union, United Automobile, Aircraft & Agricultural Implement Workers of America, 8000 East Jefferson Avenue, Detroit, Mich.

Management members:

Mr. Elliott V. Bell, chairman of the executive committee, McGraw-Hill Publishing Co., Inc., 330 West 42d Street, New York, N.Y.

Mr. Joseph L. Block, chairman, Inland Steel Co., 30 West Monroe Street, Chicago, Ill.

Mr. Henry Ford II, chairman, Ford Motor Co., the American Road, Dearborn, Mich.

Mr. John M. Franklin, chairman of the board, United States Lines Co., 1 Broadway, New York, N.Y.

Mr. Richard S. Reynolds, Jr., president, Reynolds Metals Co., 6601 West Broad Street, Richmond, Va.

Mr. Stuart T. Saunders, president, Norfolk & Western Railway Co., 108 North Jefferson Street, Roanoke, Va.

Mr. Thomas J. Watson, Jr., chairman, International Business Machines Corp., 590 Madison Avenue, New York, N.Y.

OCTOBER 4, 1962.

REPORT TO THE PRESIDENT FROM THE ADVISORY COMMITTEE ON LABOR-MANAGEMENT RE POLICIES DESIGNED TO INSURE THAT AMERICAN PRODUCTS ARE COMPETITIVE IN WORLD MARKETS

INTRODUCTION

It is imperative that the United States maintain and improve its competitive position in world markets within the context of a healthy and expanding domestic economy. Improvement of our competitive position will serve to assure a more satisfactory utilization of our manpower and facilities, to accelerate economic growth, to maintain our position in an expanding world trade, and to make possible the improvement of our balance of payments.

In addition to increasing exports, actions must also be taken with respect to our foreign commitments to move toward and maintain a satisfactory balance in our international payments.

To assure a healthy and vigorous foreign trade it is necessary for Government, labor, and management to perform their respective functions effectively and to cooperate in solving special problems. We are proud of our high wage levels and our high standards of living, but these wage and other costs must be balanced by continuing technological improvements and increased productivity.

We must be alert to actions taken by foreign governments with respect to tariffs, taxes, and other policies which tend to give their export industries advantages over American products in world markets. Our own Government has a responsibility to take appropriate measures, within the framework of a sound domestic economy, to insure that American industry is fully competitive with other industrialized nations.

THE PROBLEM OF FOREIGN COMPETITION

Competition of foreign producers both at home and abroad is a problem of increasing concern for the American economy. Although foreign trade accounts for only a small percentage of our gross national product, a much smaller proportion than in most other countries, it must be recognized that it has a significant impact throughout out economy. While some American industries have been exposed to foreign competition for a long time, the number of industries and firms which must face up to this problem is increasing. This trend is likely to continue. The competitive position of these industries is affected by both the domestic cost structure and generally prevailing policies with respect to prices and innovational activities. Therefore, the practices of industries which are themselves not directly involved in foreign trade may significantly affect the competitiveness of American industry in international markets.

From 1958 to 1960 the impact of foreign competition, together with the international obligations which this country undertook and payments on other accounts, led to excesses of payments to other countries over the receipt of funds from abroad amounting to between $3.5 and $4 billion per year. It is noteworthy, however, that the surplus on merchandise trade in 1961 was about $5.4 billion and, excluding exports financed by Government grants and capital, it was approximately $3.2 billion. When this large export surplus of $5.4 billion is taken together with other foreign transactions, including Government aid, military expenditures, private services and capital flows, and advance debt repayments by foreign governments, we find that the deficit in 1961 was smaller than the annual average for 1958–60, but still reached $2.5 billion. A further small improvement has occurred during the first half of 1962.

While this improvement is most welcome, it is by no means sufficient. Furthermore, account must be taken of the fact that the current improvement in the balance of payments was in part due to temporary factors. In view of the large net payments to other countries on transactions other than trade, an even greater export surplus and other actions may be needed in order to achieve equilibrium in the balance of payments. It must be recognized also that if these other payments increase, it will become increasingly difficult to balance our international accounts merely by increasing the export surplus.

There is clearly a continuing need for actions to improve the competitive strength of American industry both in domestic and foreign markets. This need becomes even more important as the Common Market in Europe is consolidated and possibly enlarged, as similar regional organizations are established in other parts of the world, and as foreign trade operations of the Soviet bloc are expanded. Since many other countries are also under pressure to improve their positions in world markets, the best hope for all nations lies in expanding the total volume of world trade.

This is an overall problem with economywide repercussions. However, many of the problems of making American producers more competitive must be viewed and met within the context of specific industries and firms.

Improvement in the U.S. balance of trade should be sought within the framework of an expanding domestic economy. This country must obviously seek to maintain high leves of empoyment and to achieve a more rapid rate of economic growth.

Measures to raise the rate of domestic economic growth must include those which raise productivity and provide for more vigorous competition through better quality and lower prices of goods and services, as well as those which result in expanding incomes. However, in view of the need to meet our foreign obligations, care must be exercised that the rise in domestic demand does not lead business executives to relax their efforts to maintain a high level of exports.

Improvement of our competitive position is also important in solving problems of those specific industries that are exposed to foreign competition. Actions designed to achieve this improvement are particularly important in solving the problem of economic distress in areas at home which depend heavily upon these industries for employment and income. Such improvements are also needed to

provide employment for those who cannot easily transfer to other occupations, and to insure supplies of essential defense materials.

The issues involved in making American products more competitive relative to those of foreign producers may be discussed under several broad headings:

1. Measures designed to encourage larger export sales;
2. Impact of governmental policies on our competitive positions; and
3. Methods of operation of the American economy as a whole from the point of view of their effect on the competitiveness of American products in domestic and foreign markets.

MEASURES TO INCREASE EXPORTS

(1) Stronger efforts should be made by business to sell abroad. Practices should be adapted and new markets developed to meet foreign needs, income levels, and technological capabilities. Products should be designed and priced for foreign markets, provided with simplified controls, and adapted for easier repair and versatile applications. Experience has shown that many foreign products meeting such specifications have found a wide market here. The size of such domestic and foreign markets together may often prove large enough to permit the use of large-scale low-cost production methods in this country.

(2) Service and repair facilities should be at least equal to those of foreign competitors. They may be supplemented by servicing and warehousing in custom-exempt facilities in the United States in conjunction with fast and efficient international transport.

(3) Export financing by the Government as well as by private financial institutions should be improved. Recently expanded credit operations provided by the Export-Import Bank have helped in this respect. Studies comparing the availability of export credit in the United States with other countries are now underway in the Department of Commerce and should be pursued energetically.

(4) Labor-management committees in individual companies or industries should be established, on a voluntary basis, consistent with law, to explore ways of expanding exports. The specific activities of such groups would vary by company and industry, but, in general, a full and frank analysis of the common problems to be solved in this area will heighten cooperation and point the way to and ease whatever adjustments are necessary.[1]

(5) More attention needs to be paid to the selection and training of staff in foreign trade operations for employment abroad as well as in this country. The desirability of establishing special schools for foreign trade deserves study by universities and the proper agencies of government. Such schools have been in existence in many European countries for a long time.

(6) Since the development of foreign markets requires extensive investments which only a limited number of enterprises are in a position to make, smaller firms find it more difficult to enter foreign markets. Additional study should be devoted by the Department of Commerce and the Small Business Administration to such matters as the prevailing system of brokers, representatives, export specialists, and intermediaries in order to determine what needs to be done to provide a broader bridge between smaller American businesses and foreign customers.

(7) Although services to assist business in expert trade are being expanded by the Departments of State and Commerce, continuing study by these Departments is essential to determine the means of further improvement.

(8) Discriminatory restrictions abroad on imports from the United States have been reduced to a considerable extent—in part as a result of the efforts by this Government and some of the international organizations of which we are members—but some restrictions continue. Every effort should therefore be made to have these remaining restrictions removed.

(9) Various types of subsidies or tax allowances by foreign governments, designed to make their industries more competitive in world markets, raise a serious problem that requires thorough study by the Federal Government if our Nation's competitive disadvantage arising from this source is to be overcome. Our Government must continue and intensify its efforts to obtain the elimination

[1] Mr. Ford: "I do not oppose discussions by the parties of relevant matters bearing on foreign competition in the course of established collective bargaining relationships. Indeed, this often can be a wise and desirable course. I cannot subscribe, however, to a general endorsement of joint committees with a broader charter, since this raises very serious questions concerning the responsibilities of managements and the role of unions."

or reduction of subsidies which aid export industries of foreign countries and place American industry at a disadvantage in world trade.

IMPACT OF FEDERAL LEGISLATION AND POLICIES

The effects on foreign trade of Federal legislation and the administration of these laws are of such importance in determining the competitive position of American products in world markets that constant reexamination is imperative.

(1) The Committee endorses the principle of the Trade Expansion Act of 1962 providing the President with flexible authority to bargain reciprocally and effectively for the retention and expansion of markets abroad.

(2) Our agricultural policy must be carefully studied, not only as it affects agricultural exports, but also as it affects domestic and foreign sales of industries processing agricultural materials.

(3) Policies with respect to restrictions on imports of important raw materials and fuels should be examined from the point of view of their net effect on our foreign trade and the total economy.

(4) The tax structure should be thoroughly reviewed and where feasible revised with a view to maintaining the competitiveness of American products in relation to those made abroad.

CONSIDERATIONS CONCERNING THE GENERAL OPERATION OF THE AMERICAN ECONOMY

Technological development must be speeded up and its commercial application must be accelerated. The Government has, for a long time, made important contributions to scientific and industrial research and product development in such industries as agriculture, forestry, and defense. These programs have been of considerable benefit to enterprises in these industries and have also contributed indirectly to their competitiveness in international markets.

Industries engaged in international competition must also recognize the importance of research and develoment to improve products and production techniques. While the initiative along these lines should come from management, encouragement from Government and interested labor organizations could prove helpful in this regard. Increased research and development efforts would be of little help, however, unless they were actually utilized, and resulted in new products, better methods of production, lower costs and prices, and increased sales.

While the actions already recommended are important in making American products more competitive in domestic and foreign markets, it is recognized that broader policies of labor, management, and Government are also at issue.

Above all else, it is essential that the prices of American products remain competitive in our own and world markets. This will require that we strive for reasonable stability of the general price level, which implies that price rises for some products and services will be offset by price declines for others The latter presumably can be mainly those produced under conditions of declining costs as a result of relatively large technological improvements in the methods of production.

As this Committee previously stated in its report dealing with automation and technological advance, the maximum possible improvement in productivity is the key to a prosperous and expanding economy at home as well as international competitive strength. Technological progress will improve the quality of American products and tend to lower their cost, thus enhancing the demand for them both at home and abroad. The economic gains made possible by technological progress can also help to maintain reasonable price stability, while permitting both higher wages to bolster consumer purchasing power and profits adequate to assure the necessary rise in investment.

In this connection we are pleased to note the Treasury Department's action in revising depreciation schedules for tax purposes. Continuing efforts along these lines should be made by the Treasury and Commerce Departments, with due regard for the experience of other countries. At the same time, the Federal Government should follow fiscal and monetary policies consistent with the competitive needs of American industry in world markets.

No precise statistical standards can or should be established as to the levels of wages, salaries, profits, and other incomes that can be sustained during any particular period without adversely affecting our international competitive position. However, labor, in formulating wage policies and other proposals affecting costs, and management, in formulating wage, price, profit and investment policies, should bear in mind the need for overall price stability and for improvement of the competitive position of the United States in international markets.

SUMMARY

It is imperative that the United States maintain and improve its competitive position in world markets within the context of a healthy and expanding domestic economy. Improvement of our competitive position will serve to assure a more satisfactory utilization of our manpower and facilities, to accelerate economic growth, to maintain our position in an expanding world trade, and to make possible the improvement of our balance of payments.

The Committee makes the following recommendations:

1. We must increase our exports by a variety of measures, including designing and pricing of products for foreign markets, improvement of facilities for export financing, establishment of voluntary labor-management committees in individual companies or industries to explore ways of expanding foreign trade,[2] measures to increase the participation of small business in world trade, and intensified efforts to secure the removal of discriminatory restrictions on imports of American products abroad as well as subsidies for export industries in foreign countries.

2. The effects on our world trade position of Federal laws and policies with respect to agricultural exports, restrictions on imports of raw materials and fuels, and tax structure, must be subjected to constant reexamination.

3. Labor, management, and Government must make every effort to increase productivity.

4. Labor, in formulating wage policies and other proposals affecting costs, and management in formulating wage, price, profit, and investment policies, should bear in mind the need for overall price stability and for improvement of the competitive position of the United States in international markets.

The national interest requires recognition by labor and management, Government, and the general public that the issues discussed in this report are of vital importance. Each segment of our society can make a significant contribution toward their solution. We all stand to gain from the benefits which would result from improving our competitive position in world trade: labor through more jobs, more stable employment and higher incomes, industry through increased sales volume and higher profits, the general public through the maintenance of a sound currency and the achievement of a higher standard of living.

STATEMENT OF THE PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY TO THE PRESIDENT ON TAXES

On November 19, 1962, this Committee submitted to you a statement urging a prompt and significant reduction in income tax rates, in order to achieve a more rapid rate of economic growth and a fuller utilization of manpower. We suggested a substantial tax cut. A majority favored about $10 billion which would apply to both individual and corporate income tax rates and take place early in 1963.

We are more convinced than ever of the need for prompt and effective action on a tax cut. We share with you a deep and increasing concern with the high and persistent level of unemployment and the need for more rapid economic growth.

We also recommended that a thorough review and revision of the tax system should not be permitted to postpone action on the urgently needed reduction in tax rates.

In short, we, as members of management, labor, and the public, believe that the U.S. economy requires a significant tax reduction this year.

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[2] See Mr. Ford's dissent on p. 6 with respect to the establishment of voluntary labor-management committees.

STATEMENT OF THE PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY TO THE PRESIDENT ON UNEMPLOYMENT

The members of your Advisory Committee on Labor-Management Policy met all day and examined the current unemployment situation. A detailed report was presented to the Committee by the Secretary of Labor and the Administrator of the Area Redevelopment Administration.

Almost 2 years ago, at its second meeting, the Committee described the then current unemployment situation as "intolerable." As we review the record of the last 2 years, although some progress has been made, there is also much ground for concern. Such programs as the Area Redevelopment Act and the Manpower Development and Training Act have already given impressive evidence of their need. Important as they are, however, they do not get to the heart of our unemployment problem.

There have been some gains in the manpower picture in these last 2 years. Employment is up. Unemployment has been reduced from a level of 6.9 percent to 5.8 percent. However, further analysis shows a most unsatisfactory situation. We share with you great concern over the persistence and magnitude of our employment problem, and the underutilization of our productive capacity.

The persistence of this problem is most dramatically illustrated in the fact that in only 1 of the last 62 months has the national unemployment rate gone below 5 percent. This remains, in our judgment, an intolerable situation.

Even greater attention must be given to the training and retraining of our unemployed. Private industry must make greater efforts to train displaced workers in new jobs available in a specific industry. Moreover, the problem of youth employment, especially the school dropouts, the plight of minority workers, the reemployment difficulties of the middle-aged and older workers, the persistent problem of distressed areas, and the inadequacies of our educational system also require immediate attention. Basically, however, we must seek to understand why our economic system is not operating at full capacity, so that the unemployment problem as a whole as well as the specific areas of unemployment will be closer to solution.

There are many challenges facing America in the sixties. None, it seems to us, is greater than the manpower challenge. Twenty-six million new workers will be seeking their first jobs during this decade. Many millions more will be displaced from their present jobs. It will take the best efforts of both the Government and the private sector to meet this great challenge.

The Committee intends to continue its intensive examination of this problem, especially the consequences of our rapid technological changes. We will report to you from time to time on our findings and recommendations.

UNEMPLOYMENT RATE

Mr. FOGARTY. Your estimate of unemployment does not seem to be very optimistic for the next year. The Bureau of Employment Security and other budget items appear to be based on very little improvement.

Secretary WIRTZ. My estimate of the future unemployment situation is a very bleak estimate, Mr. Chairman, I don't think we have the problem licked by any means, and I see no point in my trying to give you a better picture of that than I see. Unless something drastic is done, it will rise. I am very much concerned about the fact that for 5 years now we have had an unemployment rate which has averaged 5½ percent or over, and the country seems not to be very much worried about it any more.

LEGISLATIVE LIMITATION ON GRANTS APPROPRIATION

Mr. FOGARTY. You have a legislative limitation of $350 million on your "grants to States" appropriation.

Secretary WIRTZ. That is right.

Mr. FOGARTY. You are requesting $432 million. Has a bill been introduced to raise this limitation?

Secretary WIRTZ. It is in the course of formation.

Mr. FOGARTY. Are you hoping for legislative action?

Secretary WIRTZ. Very hopeful. We are dependent upon such legislation if a decent job of unemployment insurance and employment service activity is to be done. It was increased to $400 million for last year, but goes back to $350 million for 1964 unless we get this special legislation to change it.

PROPOSED SUPPLEMENTAL FUNDS

Mr. FOGARTY. What are the proposed supplementals for 1963?

Secretary WIRTZ. They are now at the Bureau of the Budget, Mr. Chairman.

Mr. FOGARTY. What are you asking the Bureau for?

Mr. HUDSON. We are asking the Bureau of the Budget for a supplemental appropriation in the trade adjustment area to get started in the last 3 months of this year. We have asked for a supplemental appropriation for $12 million for unemployment compensation for Federal employees and ex-servicemen.

We also have a supplemental on the Pay Act items.

Mr. FOGARTY. All 1963?

Mr. HUDSON. That is right.

Chances are that these soon will be approved and will be up before Mr. Thomas this week or next week.

Mr. FOGARTY. Do you have anything in mind for 1964?

Mr. HUDSON. No, sir.

Secretary WIRTZ. I am not sure about your question. We are very much hoping there will be a Youth Employment Opportunities Act adopted by the Congress.

You mean in the absence of other legislation?

Mr. FOGARTY. That is right.

Secretary WIRTZ. No others in the absence of legislation.

Mr. HUDSON. We have no plans to amend the President's budget as of now.

Secretary WIRTZ. I have no such plans.

FIFTIETH ANNIVERSARY CELEBRATION

Mr. FOGARTY. I didn't intend to take all this time, but I would like to ask how the plans for the 50th anniversary celebration are going. I had a visit from Mr. Dodson late yesterday afternoon. He is very happy about plans that are being made all over the country, how enthusiastic the response has been, and the number of areas that are responding. Do you share that optimism?

Secretary WIRTZ. I do. There is a warm feeling reflected in an article you may have seen in Holiday magazine, reflected in the fact that our only real problem is getting halls big enough to take care of the people. We are enjoying right now, I think from our own standpoint, a feeling of very real lively interest in the work of the Department, and it makes me feel very good.

Mr. FOGARTY. I thought that was a really good sign when you get requests for more tickets than you have seats available.

Management is cooperating, I understand.

Secretary WIRTZ. Completely.

Mr. FOGARTY. I didn't expect to take so long, Mr. Secretary. Thank you very much.

Secretary WIRTZ. Thank you, Mr. Chairman.

Mr. FOGARTY. You have done a fine job.

BUDGET INCREASES FROM TRUST FUND

Mr. DENTON. On page 1 of your statement, Mr. Secretary, you show that there are $10,617,000 for State unemployment insurance agencies. I imagine that comes from the trust fund?

Secretary WIRTZ. That is correct.

Mr. DENTON. Is there anything else in those eight items that you have given where there is an increase which comes from the trust fund?

Secretary WIRTZ. There are small items which come from the trust fund. I remember, for example, a $2,000 item in the Office of the Secretary. Is that right?

Mr. HUDSON. There is an increase. You mentioned $10,617,000. There is a program increase here, too, for the Federal operation of the Bureau of Employment Security of $802,000.

Mr. DENTON. Is that an increase?

Mr. HUDSON. Yes, sir.

Mr. DENTON. Which item is that on the list?

Mr. HUDSON. It is included in item 8. It involves 22 additional positions.

Mr. DENTON. Would you put a statement in the record as to how much of these items comes from the trust fund?

Mr. HUDSON. Yes, sir.

(The statement follows:)

Analysis of estimated increases, 1964 over 1963

Item	Source of funds		Total
	General	Trust	
1. Mandatory items such as Pay Act costs, 2 extra days of pay, postage rate increase, increases in average State salary rates, etc., all related to continuing the authorized 1963 level of operations	+$1,800,646	+$22,628,230	+$24,428,876
2. Nonrecurring benefit payment items	−30,233,000		−30,233,000
3. Annualization of 1963 of manpower development, trade expansion, welfare-pension and Bureau of Employment Security and Office of Solicitor items	+1,702,084	+170,000	+1,872,084
4. Training and benefit allowances (MDTA, TEA)	+99,075,000		+99,075,000
5. State employment security agencies program expansion		+10,617,000	+10,617,000
6. Mexican farm labor programs for 6-month financing	−519,500	−913,500	−1,433,000
7. Nonrecurring consumer price revision program	+469,700		+469,700
8. Program expansion	+5,139,570	+632,000	+5,771,570
Total net change from 1963	+77,434,500	+33,133,730	+110,568,230

Mr. DENTON. The increase from the Treasury is pretty much limited to the $94 million for the new manpower development and training program.

Secretary WIRTZ. This is the big item.

Mr. DENTON. That embraces both the Manpower Training Act and also training the men displaced because of the Reciprocal Trade Act?

Secretary WIRTZ. That is correct.

Mr. DENTON. Do you have money from any other source besides the Treasury?

Mr. HUDSON. None other than the trust fund.

FUNDS RECEIVED FROM OTHER AGENCIES

Mr. DENTON. I saw one item where you got funds allocated from other agencies.

Mr. HUDSON. We get money allocated from the State Department to conduct training programs in the international labor areas for the people who are brought over from European countries. The State Department pays these costs.

Mr. DENTON. Where is that in the justifications?

Mr. HUDSON. We don't budget this. The State Department budgets it.

Mr. DENTON. You spend it?

Mr. HUDSON. The State Department allocates the money to us on the basis of an interagency agreement. The money is appropriated to the State Department.

Mr. DENTON. I would like to know any other funds you receive, in addition to what you have mentioned, from other agencies.

Mr. HUDSON. We shall put it in the record but it is not part of our budget request.

The other area where we have money which is comparable to the trust fund is in connection with the Mexican farm program where we collect fees from growers and the cost of operating the Mexican farm program is defrayed from these fees.

Let us add to the record a complete statement of any other funds received.

Mr. DENTON. Please do that.

(The statement follows:)

Sources of revenue other than appropriations

[In thousands]

	1962	1963	1964
I. Advances and reimbursements from other agencies:			
A. Bureau of Labor Statistics:			
Agriculture	$21	$22	----------
Army	51	72	----------
Navy	6	6	----------
HEW	1	35	----------
AEC	14	82	----------
NSF	77	58	----------
Other	68	85	----------
Commerce	----------	10	----------
HHFA	5	3	----------
FHLBB	22	47	----------
Subtotal	265	420	----------
B. Bureau of International Labor Affairs:			
Educational exchanges (State)	116	144	----------
Special project	110	129	$130
Subtotal	226	273	130
C. Office of Welfare and Pension Plans: Advances and reimbursements from non-Federal sources	----------	----------	10
D. Women's Bureau: President's Commission on the Status of Women	64	----------	----------
E. Office of Emergency Planning	360	844	----------
F. Office of the Secretary:			
(1) Special study concerning equal employment opportunities:			
Agriculture	20	15	15
Defense	149	113	113
HEW	20	15	15
Interior	15	11	11
Post Office	31	24	24
AEC	110	83	83
FAA	35	27	27
GSA	50	38	38
NASA	80	61	61
TVA	15	11	11
(2) President's Committee on Missile Sites:			
Defense	115	120	120
NASA	30	30	30
(3) President's Committee on Juvenile Delinquency: HEW	4	34	34
Subtotal	674	582	582
Total, advances and reimbursements	1,589	2,119	722
II. Allocations from other agencies (budgeted and reported in parent account):			
A. Office of Emergency Planning	572	----------	1,000
B. Presidential commissions:			
Railroad Commission	316	----------	----------
Airline Commission	14	----------	----------
Tugboat Commission	50	----------	----------
Missile Sites Commission	5	----------	----------
International funds	100	----------	----------
Subtotal	485	----------	----------
Total, allocations	1,057	----------	1,000
III. Public enterprise funds: Farm labor supply revolving fund revenue and other receipts	3,128	3,927	2,243
Grand total of funds from other sources	5,774	6,046	3,965

Mr. DENTON. You had a pilot program in the city in which I live, Evansville, under the ARA. It was highly successful.

Secretary WIRTZ. That is right.

Mr. DENTON. I want to congratulate you on that program. I think almost everybody praised the program. What I am disappointed about is that more people did not have the advantage of it.

Secretary WIRTZ. We are concerned about that area among others, Congressman Denton. As you perhaps know, we are sending one of our Chicago representatives into the Pike and Crawford Counties area within the next week or two to look further into that. It continues to be an area of concern to us. It has not yielded satisfactorily to the efforts being made.

There are additional training programs available so far as the State of Indiana is concerned, and we are trying to work out with the local authorities——

Mr. DENTON. South Bend was the only one we could find in Indiana.

Secretary WIRTZ. As of January 30, 1962—I shall separate out ARA programs and manpower development and training programs—there are eight MDTA programs in Indiana. Four of them are in South Bend, three in Evansville, and one in Marion.

Mr. DENTON. I didn't know about the Marion program. Every man who graduated from that group got employment immediately after he graduated.

Secretary WIRTZ. Our records have been very good on that.

Mr. DENTON. It is a fine program. I would like to see more people have the advantage of it.

Secretary WIRTZ. There are five more in development in Indiana right now. We have had submitted to us three in Indianapolis, one in Columbus, and one in Fort Wayne.

Mr. DENTON. Do you have one in the Louisville area?

Secretary WIRTZ. I don't have that record with me. There is one in Washington County. That is an ARA program.

I do not have with me any indication of a manpower training development project or ARA project in the Louisville area. I shall check it for you, however.

Mr. DENTON. Another program is the apprentices training program. In my hometown they have a completion service every year. This year I attended it and a few of the graduates were there because they had all secured employment but out of that community.

That is another splendid program. I wonder why that is not in operation in the other ends of the district I represent, Clarksville, Jeffersonville, and so on?

Secretary WIRTZ. I don't know. That suggestion is one I can improve by bringing it up. We are pressing this program as hard as we can and we are welcoming any sound local projects.

Mr. DENTON. I am disturbed about this question of automation, too. I went into a smelting plant in my district where they employ 300

men. The man who took me through said when he started this business there were several thousand doing that work.

I think these programs show that when men are trained they have little difficulty getting employment.

Evansville always has been a big town for toolmakers. However, there has been a lot of unemployment there. But one industry there needed toolmakers. Notwithstanding, this unemployment they advertised over the country for toolmakers at this plant.

How do the Europeans deal with this question of automation? When I was there I was surprised at the amount of automation which has taken place there. There is overemployment there and they bring in labor from other countries.

Secretary WIRTZ. That is right. I think there are two sets of answers to that. First, they had much further to go than we did so far as opportunity for new development is concerned, and there is much more to be done there, whole countries to be rebuilt, very old fashioned systems to be brought up to date.

Mr. DENTON. Which they have done.

Secretary WIRTZ. That is right. The other thing I want to add is that in those areas where they are past that stage, and I think particularly of the Scandinavian areas, they have a most complete retraining program which goes way beyond what we have so far established.

In Finland, in Sweden, and in Denmark they have training programs which include two or three features I should mention. One, they get long advance notice from employers as to the skills which will be needed and the people who will be needed. Then they go in on a much broader basis than we have so far on what is a government-developed, although not wholly government-paid, training program.

They assume that in substantial skilled areas of the Scandinavian work force there will perhaps be an average of two retrainings of a man during his work life.

Mr. DENTON. Take Germany and France. I was thinking of those two countries. There has been a tremendous amount of automation there with a shortage of labor.

EMPLOYMENT OF OLDER WORKERS

Several years ago we appropriated quite a sum of money to study the question of employment of people over 45.

Secretary WIRTZ. That is right.

Mr. DENTON. I think this Department and HEW brought us in a stack of reports at least 2 feet high. Almost all of them showed that a man over 45 in many cases was as valuable or more so than men under that age.

We took a campaign of education on this subject, but it did not do much good. I introduced a bill to provide that it was an unfair labor practice to discriminate against a man because of his age, just as it was unfair to discriminate against a man because he was too young.

In both these cases the problem is the same; so it seems to me. Mr. Brown, who was then in charge of the Wage and Hour Division, was very much against this and New York at that time was considering enacting a law and Mr. Brown said New York was better off than

Massachusetts, but New York enacted the law and so did Connecticut.

The information I have had is that Massachusetts has less problem on employment of people over 45 than anybody else because they have had the law and it has been in effect some time.

I realize it is harder to enforce this law than the child labor laws, but the moral effect would help. I think we have delayed this situation as long as we can.

Everywhere I go there is raised this question about a man over 45 not being able to get a job.

Secretary WIRTZ. I wish I could answer on the record of accomplishment more effectively. I cannot pretend to. I have said that I think that particular work problem has received the least effective attention of any in the whole work force situation.

We have these ideas in mind but I do not pretend we have it licked by any means.

Mr. DENTON. You talked about these carryover rights. These carryover rights are generally life insurance which are under group policy, or health insurance under a group policy, or some kind of payment into a welfare trust fund that the employers set up or payment to some insurance carrier ready to grant them an annuity.

How will you carry those rights over from one employer to another? You will find different insurance companies with different policies in every case, and different trust funds.

Secretary WIRTZ. It will not be easy. The first part of it, one which can be taken care of, involves transfers from one plant of a particular company to another plant.

Mr. DENTON. They all have the same policy?

Secretary WIRTZ. We do run into the same problem so far as seniority rights are concerned. We mentioned the pension plan but that is only one part of it.

It may be that we can lick part of this problem by trying to encourage seniority programs within particular companies which will let employees move from one plant of that company to another plant without sacrificing their seniority. There is a private study being made now by the company and union at Armour & Co. on this very matter.

Mr. DENTON. Cudahy tried that out. It did not work.

Secretary WIRTZ. Armour thinks they can make it work. Of course, the union is more willing now than it was to go along with this.

Mr. DENTON. When Chrysler moved from Evansville to St. Louis they gave them seniority rights.

Secretary WIRTZ. My recollection is that they gave them their credits for vacations and for retirement but slotted them in at the bottom of job occupations concerning seniority rights.

Mr. DENTON. You undoubtedly know more about it than I do. I thought their seniority rights were left intact.

Secretary WIRTZ. I don't think a 20-year man was permitted to displace a man who had 15 years at St. Louis.

Mr. DENTON. Everybody who would move they took?

Secretary WIRTZ. That is right.

Mr. DENTON. That presents a problem, too, when one industry leaves a community.

Secretary WIRTZ. That is right.

Mr. DENTON. That is all.

Mr. FOGARTY. Mr. Laird?

Mr. LAIRD. Mr. Secretary, it is certainly very fine to have you before this committee. You appeared here as the Under Secretary before and this is your first time as Secretary. I commend the President for appointing you as Secretary of Labor. I think you are undoubtedly one of the best qualified men for this position that he could have picked.

Secretary WIRTZ. Thank you very much.

FEDERAL ROLE IN EMPLOYMENT SECURITY PROGRAMS

Mr. LAIRD. I am interested in a few of the developments which have taken place in the Department of Labor. I have here a document which was forwarded to me by a member of the Florida delegation with regard to the Bureau of Employment Security. It is on the stationery of the Florida Industrial Commission. I quote from the first paragraph of this statement. This was prepared for the Inter-State Conference of Employment Security Agencies, December 3–6, 1962.

> The Bureau of Employment Security, U.S. Department of Labor has gradually encroached upon the details of administration and operation of the employment security programs through its budgetary controls and fiscal restrictions to the point where the employment security program in Florida could now be called a Federal program, administered by State personnel who are controlled by Federal policy and planning.

What is your comment in regard to this statement of the chairman of the Industrial Commission of Florida?

Secretary WIRTZ. It is that it is without foundation in fact and that there has been no administrative program conducted by the Bureau of Employment Security which in my judgment goes beyond what is necessary to assure the responsible expenditure of Federal funds.

The problem, we know, is one which never will be solved. It is one we will always have to live with, the relationship between the States and the Federal administration, and I can only say, Congressman, that I think that balance is reasonably satisfactory. I repeat that I don't think the problem ever will be behind us but in my own judgment there has been, without knowing the details to which the Florida administrator refers, which might create a problem with which I am not familiar——

Mr. LAIRD. I was going into the details later. I did not want to do that with you.

Secretary WIRTZ. It is an important point.

Mr. LAIRD. I want to discuss the main overall policy, whether the Department of Labor is trying to set down standards and requirements which, in order for the State to receive their funding for this program, they have to comply with.

Secretary WIRTZ. My answer would be that I do not think there has been a trespass there. Frankly, if I had any concern in this field it would be about the Department's discharge of its responsibilities to the Congress in seeing to it that there is a completely responsible administration of the program through the Federal office consistently.

Mr. LAIRD. As far as appropriations go we have never broken down these appropriations on the basis of particular States.

Secretary WIRTZ. That is correct.

Mr. LAIRD. I believe it would be a mistake for the Congress to get into a position where it made this appropriation on the basis of functions within each State individually.

Secretary WIRTZ. That is right.

Mr. LAIRD. You don't advocate doing that, do you?

Secretary WIRTZ. No, we do not.

Let me just try to make my general answer specific by referring to the one item with respect to which we are asking a specific increase. It is in connection with unemployment insurance. It is a little point but it illustrates what would be my answer to your question.

We know as a matter of record there have been too many overpayments of unemployment insurance claims in error in the States. We had this very unpleasant incident last week, within the past 10 days, the worst case we have had coming up in Michigan. Therefore we are asking you for an additional appropriation because we think we have to take some additional measures to see that that claims operation program in the States is bucked up to the point where this kind of thing will not happen.

It is only in connection with points of that kind, which I call responsibility points, that I feel any necessity of moving any more strongly than we have been.

Mr. LAIRD. I had a conversation with one of the State administrators who wanted to go into a particular teacher placement program. He informed me that he was told they would approve that if he did this. I think if the Department didn't think it should be approved, his request should be turned down on the basis of the merit of his request and not tied in with something else. I think those are the things that some of the State administrators object to. They were all here in town, as you perhaps know.

Secretary WIRTZ. I missed them unfortunately.

REORGANIZATION INVOLVING WELFARE AND PENSION OFFICE

Mr. LAIRD. We had some discussion in this committee last year and in our committee report we carried certain language regarding the welfare and pension plans work.

In our committee report last year we appropriated these funds as a line item within the Bureau of Labor Standards and suggested no organizational change, such as the proposal to merge these activities with the Bureau of Labor Management, be made.

There has been some misunderstanding about this. I was contacted by Secretary Goldberg and had a conversation with him with which you are familiar. I thought the proposal which had been worked out was satisfactory so far as I was concerned.

Following that conversation, however, there were certain changes made in the proposal which Mr. Goldberg had first outlined, and I suggested that if these changes were not a violation of the committee report it was all right with me; but, in my opinion, the change which was made was in violation of the report.

There had been some misunderstanding but I feel our committee reports should be respected by the Department of Labor.

We don't want to hold up the program. I am sure the committee always wants to do the right thing and, if we make a mistake in a committee report, we are willing to correct it. In this instance I don't think we made a mistake.

What is your present plan for the Office of Welfare and Pension Planning?

Secretary WIRTZ. Just a word about the background. Whatever misunderstanding there was in connection with this point was completely the responsibilty of the Department. Recognizing that the earlier proposals which were being considered were not carried out, we have left the situation as it was pending this opportunity to speak to the committee about it.

We have submitted separate budget items here for the BLMR and for the Office of Welfare and Pension Plans.

We are presently about to complete a reorganization plan as far as our manpower programs are concerned, bringing all of those directly into the Office of the Under Secretary so far as reporting responsibility is concerned.

We are seriously considering right now tying together, in a better way than we have, what we have called the labor-management bureaus or programs.

There is no thought whatsoever at this point of merging the welfare and pension plan program into the BLMR program. That was the point which arose last year particularly, and we have no intention whatsoever of doing that, nor would we bring the BLMR program into the welfare and pension plan program.

We are considering making them separate units within a labor-management unit, labor-management services unit, and we are considering the question of whether we can achieve economies by combining some of the investigatory and report filing functions of the two.

I think beyond that—well, perhaps that answers your question in terms of the present expectations.

Mr. LAIRD. That is right.

Secretary WIRTZ. We would assume from the previous conversations and from this conversation that the committee would have no objection to a reorganization of the whole labor-management group which might permit economies with respect to the reporting and filing.

Mr. LAIRD. That would be a good idea, as a matter of fact. My objection did not go to that point at all.

Secretary WIRTZ. I understand.

Mr. LAIRD. You state you have left the situation just as it was. It is my understanding that the Office has been removed from the Bureau of Labor Standards.

Secretary WIRTZ. If I said that I overstated it. What we did was this. The specific mistake which we almost made was to go ahead and move welfare and pension plans into the BLMR without a realization of the inconsistency of that with the committee's position in its report. I say that was stopped.

What we did was to take Mr. Frank Kleiler, a particularly well qualified man, and made him a special assistant to Assistant Secretary of Labor Reynolds and had this pension and welfare plan unit report to the Assistant Secretary for Labor-Management Relations, which is different from the reporting procedure we have with respect to the rest of labor standards.

That is all.

Mr. LAIRD. The only reason I brought it up is that I thought perhaps you misspoke in saying there was no change.

Secretary WIRTZ Very well. I am glad for the opportunity of correcting that.

POSITIONS AND GRADE LEVEL OF WELFARE AND PENSION PLANS OFFICE

Mr. LAIRD. I intend to discuss this when this part of your budget is being heard. I notice the budget of last year for the Welfare and Pension Plans Office was reduced by $235,000 but they have established the same number of positions as were in the budget.

Also I am advised that the Office went from one grade 15 in January of 1962 to five grade 15's and one grade 17 in January of 1963. That is the greatest increase in the higher position levels percentagewise of any agency in the Department of Labor. I note in the justifications this was all attributed to the March 1962 amendment. Is that correct?

Secretary WIRTZ. That is correct, Mr. Laird, and it is also correct that we did about as bad a job of prognosis on this program as we have done. We underestimated quite seriously the administrative obligations and responsibilities of the program. This is pretty much a result of that. There just turned out to be a great deal more than anybody apparently had realized there would be.

PROGRAM TO TRAIN LATIN AMERICAN LABOR LEADERS

Mr. LAIRD. Within the last year, you set up a new school to train Latin American labor leaders. This is something that had never been spoken of to this committee. Is this funded entirely out of AID funds?

Secertary WIRTZ. That is correct. It does not come from departmental appropriations in any respect.

Mr. LAIRD. It is not covered by your direct appropration money.

Secretary WIRTZ. That is correct.

Mr. LAIRD. Could you give me an estimate for the record of the cost of that program from AID?

Secretary WIRTZ. My recollection—then let me correct it if I am wrong—is that it is about $600,000. It is in that neighborhood. I will give you the specifics of it. It comes to that in dollar amount. I do not know whether you are interested in the program. We think of it as one that is likely to develop into one of the most effective, responsible international relationships that we have. To bring these trade union leaders up here and tell them what democracy means in one way and another and to have them go back, we think is worth while. But I guess your question is related only to the money.

(The statement referred to above, follows:)

Financing of the American Institute for Free Labor Development

A statement of income for the period ended December 31, 1962, released by the American Institute for Free Labor Development contains the following:

Agency for International Development	$350,000
Labor organization	[1] 110,050
Foundation grants	46,500
Corporations	[1] 77,000
Total	583,550

[1] The management and labor solicitations began in October and December 1962, respectively, and are continuing.

COMPULSORY ARBITRATION

Mr. LAIRD. Mr. Secretary, we have heard rumors that the administration, through you, will propose additional tools to handle national emergency disputes. Your Labor-Management Committee made certain recommendations in this particular area. Do you support the recommendations made by the labor-management group?

Secretary WIRTZ. Yes, I do.

Mr. LAIRD. You do not go beyond those recommendations?

Secretary WIRTZ. I can think of no respect in which I would go beyond them.

Mr. LAIRD. In particular, they reject compulsory arbitration. There have been statements in the press which would indicate that there was some support by you of compulsory arbitration, not only statements in the press but also I noticed a cartoon last week which gave that impression.

Secretary WIRTZ. I gave a speech on February 1, 1963, last Friday, to the National Academy of Arbitrators in Chicago, which I think is one of the most forthright rejections of compulsory arbitration that I have ever participated in. The first half of that speech indicated that I thought that unless the private parties do a better job than they have been doing, they may face the dangers of compulsory arbitration. The wire service reporter apparently read only the first three or four pages of the speech. I can only say, without embarrassing myself a little bit, that I shall be glad to supply a copy of this speech and stand on it as being a complete statement of my rejection of compulsory arbitration, which I reject.

Mr. LAIRD. I thought that was your position from our conversation of last year, and I was somewhat surprised to read these reports.

SHORTER WORKWEEK

Secretary Goldberg and you have been firmly and consistently on record as opposing the principle of a shorter workweek as an antidote to unemployment. In the last year, more and more of the major union leaders have gone on record in support of a shorter week to relieve unemployment. Do you anticipate any change in the administration's position on this issue during the 88th Congress?

Secretary WIRTZ. None whatsoever. I think the shorter workweek, if by that we refer, as I think you do, to a legislative proposal to pay time and a half or double time after a week which is shorter than the present provision of 40 hours, if that is what we mean——

Mr. LAIRD. Yes.

Secretary WIRTZ. That is what I mean by that, and unqualifiedly I answer your question that I am sure that position will be unchanged, because it is economically unsound.

LONGER VACATIONS

Mr. LAIRD. In some of the new contracts under consideration, vacations are being stretched out to several weeks and in some cases months. Are they subject to the same objections in principle as are applicable to the shorter workweek?

Secretary WIRTZ. I think they are not. That was the reason for so carefully limiting my previous statement. The record in this area is that really since the start of this century, the workweek has been reducing on an average of about one-half of 1 percent a year. There has been a trend in this direction. There has been a development in this direction. Most of that came early in the century, and less of it more recently. But I think it is quite clear that in the collective bargaining process there is emerging apparently a bilateral recognition that there is a different distribution of worktime in prospect. There has been much bargaining about vacations, about holidays, and about similar matters, and anything that I say with respect to the legislative prospect is not intended to apply to the collective bargaining prospect.

I also point to one other thing. At a time when there is between 5 and 6 percent unemployment in the country, you are bound to be impressed by the realization that 7 percent of the country's work is being done on an overtime basis. This is simply an illustration of what seems to me to be the invalid question about whether we are presently distributing our work in a proper way among the work force. I see that whole problem ahead of us.

STEEL INDUSTRY WAGE NEGOTIATIONS

Mr. LAIRD. Within the next year, we shall be confronted again with the steel situation. The Department of Labor and the Federal Government brought their full force to bear to marshal public opinion to force the cancellation of price increases because of the inflationary effect it might have on the economy. Does the administration contemplate a similar attitude toward the steel unions and steel management if their actions in the forthcoming negotiations pose a similar threat to the economy?

Secretary WIRTZ. The question is in terms of history, and I would answer in terms of history. In 1962, a strong, affirmative effort was initiated by the Government to assure that there was neither a wage increase nor a price increase. As far as the present situation is concerned, the contracts are reopenable as of May 1. If there should develop any threat of possible inflationary wage increases or price increases comparable to what there was in 1962, I would assume that the administration's approach to it would be the same.

The facts are, however, that the Human Relations Committee established in last year's contract is meeting right now in Pittsburgh, dealing with five issues which are apparently the most serious trouble spots and, as nearly as I can tell, there is no serious prospect of a crisis this

year comparable to the one last year. So, on the present state of the facts, I do not believe there is the necessity of anticipating the expression of any strong position with respect to either party this year.

RELIABILITY OF LABOR STATISTICS

Mr. LAIRD. Mr. Secretary, I think it most important that the figures of the Bureau of Labor Statistics maintain a strong degree of respect by all people in our society. I notice in the Congressional Record, under date of January 28, 1963, a statement by a colleague of mine, Congressman Curtis, of Missouri, in which he questions the use of some of these statistics by the Department of Labor. We referred to this earlier, and I think from the standpoint of the record, it might be well to have some discussion as to the public confidence in your unemployment statistics.

Secretary WIRTZ. Is the question with respect to a press release of mine of early November?

Mr. LAIRD. Yes.

Secretary WIRTZ. The situation on that is that, not as part of the Bureau of Labor Statistics release but separate from that, with the publication of the employment figures for October, I issued a statement which included a number of comparisons between the figures as of that time and the figures for the previous year and the figures for January of 1961. About 10 comparisons were made in that release of mine. They redounded to the benefit of the economy or the administration or both over that period, and indicated a good deal of progress had been made.

Of these 10 comparisons, all were seasonally adjusted in proper fashion, except 2, and those 2 just frankly slipped by me, and I would not have released a statement that had any unadjusted comparisons in it.

I do point out that there were about 8 or 10, and all the others were.

Beyond that, there was then a conference or a discussion, and I haven't had an earlier occasion to explain this because I have not been asked—there was subsequent discussion with a reporter in which my understanding, and I think his, was that this was a completely off-the-record discussion. I was embarrassed, frankly, to find it then reported in terms of a public confession of guilt. Those are the circumstances. It bothered me, and it still would.

But now, in more specific answer to your question, there has never been any BLS release which has been subject to the infirmity of my statement of October. So, with respect to the question of the integrity of those figures——

Mr. LAIRD. Early November.

Secretary WIRTZ. Yes, early November for October figures. Beyond that, I would point to the fact that one of the recommendations of the Gordon committee was that we should take those figures entirely out of the hands of any policymaking official as far as announcement is concerned, and we did that as of January. I stopped the monthly press conferences which we have had on this. In the past, those figures

have been released either by Mr. Wolfbein or by the Secretary of Labor. We have stopped that and have now turned the monthly release sessions over to the three technicians who prepare those figures. So, we are simply withdrawing completely from it.

Mr. LAIRD. I think it important to maintain the basic integrity of the figures from the Bureau of Labor Statistics. I did see the article and I thought you certainly should have an opportunity to discuss it.

Secretary WIRTZ. I do not want to get into a public cry about it. It is better to let it lie.

TRAINING PROGRAMS FOR WHITE-COLLAR AND BLUE-COLLAR WORKERS

Mr. LAIRD. Most of the notices that come out of the Department of Labor regarding the Federal manpower development and training program relate to retraining so-called blue-collar workers who are unemployed. To what extent and with what degree of success has the retraining program been used with white-collar personnel?

Secretary WIRTZ. I would have to check the assumptions with which you start. I guess most of the retraining programs have so far involved blue-collar workers, but there are also a lot of clerical employee and officeworker programs. I am not sure what the breakdown would be. I would be glad to supply that figure.

I would say in answer to your question that there is no reason whatsoever for not developing white-collar retraining programs under the Manpower Development and Training Act, and they are already being so developed.

Your question may reflect the fact that there has been a spate of publicity lately about the increasing signs of unemployment among white-collar workers. Several newspaper columns have appeared recently on this. The problem is perhaps more acute than it had been before.

My answer is that we will cover under the Manpower Development and Training Act both the white-collar and the blue-collar workers.

I have one report as of December 1962, the report of Manpower Development and Training Act programs, which shows that at that point we had 1,369 in professional and managerial training programs, 4,096 in clerical and sales, and 1,184 in service. Without giving you the complete list, that compares with 6,288 in manufacturing-type occupations, which would suggest that there were as of that date almost as many white-collar programs as blue-collar.

Mr. LAIRD. You are aware of that problem.

Secretary WIRTZ. If I may complete the record, I can bring down to date precisely the number of retraining programs which are in blue-collar and white-collar areas.

Mr. FOGARTY. I think that would be a good idea.

(The information follows:)

Trainees by occupational group in approved MDTA projects as of Jan. 31, 1963

Occupational group	Total approved	
	Projects	Trainees
Professional and managerial	58	1,701
Clerical and sales	116	4,835
Service	42	1,778
Agricultural and related	7	243
Craftsmen, operatives, and related:		
Skilled	254	7,270
Semiskilled	114	5,573
Total	591	21,400

DIRECTORY OF AFRICAN LABOR ORGANIZATIONS

Mr. LAIRD. I understand the Directory of Labor Organizations in Africa has just been revised. I would like to know at what cost.

Secretary WIRTZ. I am sure you will more readily accept my answers when I do know if I tell you when I do not know. I will have to find out.

Mr. LAIRD. I would like to find out just how much it cost.

Secretary WIRTZ. I will find that out and supply it specifically for the record.

(The information follows:)

The estimated cost is $6,000.

POLICY ON CONFLICT OF INTEREST

Mr. LAIRD. I have a policy question here which has to do with an article which I read in the AFL–CIO News. It had to do with the appointment of your economic adviser, Mr. Stanley H. Ruttenberg. This article outlines the fact that Mr. Ruttenberg is leaving the staff of the AFL–CIO. It quotes Mr. Ruttenberg in a letter to Mr. Meany. I had better quote exactly from the paper. He told Mr. Meany:

Being able to maintain the same relationship with you in the future that I have maintained in the past, it will make much easier the assumption of my new responsibilities.

It seems to me that as a Government employee, Mr. Ruttenberg will perform services in an impartial manner, regardless of the subjects which come before him. However, this written comment implies the same association will be carried forward in the future, as far as his association with the AFL–CIO is concerned as existed when he was on the staff of that organization.

I do not have any objection to Mr. Ruttenberg. I have great respect for Mr. Meany. But I do think when you come into Government service, whether you come from industry or whether you come from labor or any other area, there is the problem that has to be very carefully watched of conflict of interest. I want to find out what your policy is in this area.

Secretary WIRTZ. Three points. First, Stanley Ruttenberg is a person of such complete, 100-percent integrity and reputation that I would frankly feel it presumptuous to pass judgment on him as an individual. So, I am going to refer, as far as the man is concerned, to his reputation.

Mr. LAIRD. I really wanted to get the policy, and used this as an example. I do not refer to the individual, for any other purpose. I think it is good to have it open and aboveboard.

Secretary WIRTZ. Sure.

Second, what you read to me, Congressman Laird, if I got it, was not a complete sentence and did not offer a context, so I can only assume that language which you read me was an expression of warmth of personal relationship.

Mr. LAIRD. I photostated the article. [Handing document to the witness.]

Secretary WIRTZ. I would assume, without knowing or having seen the letter, that the reference was to the desire of one man who had worked closely with another man, to continue to stand in the same personal relationship as far as respect, and so forth, as concerned, as they had before.

Third—there is no point in being cautious about it—I would insist, except that I would not have to in Mr. Ruttenberg's case, that there be a complete severance of any kind of anything except personal relationships as between Mr. Meany and his previous occupation or employer, and would insist that the only responsibility and loyalty could be to the Department of Labor.

Mr. LAIRD. That is the answer that I hoped you would give. I realize that in te article which I have here, the reporter took extracts from the letter.

Secretary WIRTZ. Surely.

Mr. LAIRD. I felt it was something that we in Government have to be a little careful about. I just wanted to get a policy position from you. That is the same policy, by the way, that Mr. Goldberg had. When I first questioned him in this general area, his answer was almost exactly as your answer is today.

That is all I have.

Mr. FOGARTY. Mr. Michel.

GOVERNMENT BARGAINING WITH UNIONS

Mr. MICHEL. Mr. Secretary, what is the present status of the program invoked by administrative order, requiring Government agencies to recognize and bargain with unions representing Federal employees?

Secretary WIRTZ. I think it is Executive Order 10988.

The present status is this: The Interagency Committee set up under that order has virtually completed the development of what they call a code and rules and regulations, and are reporting back to the President, probably sometime within the next 30 days, and will at that point probably be disbanded. So, the development of the program under the Executive order is at the state of almost completion.

Mr. MICHEL. Would you anticipate that there would be any jurisdictional disputes or representation problems in this?

Secretary WIRTZ. Yes. When I say the program of setting it up is almost completed so that committee is now about to be disbanded, that still leaves the continuing administration of that program. That continuing administration involves the responsibilities of the Civil Service Commission and of the Department of Labor. The Department of Labor's responsibility will be principally—this is directly responsive to your question—in the naming of arbitrators to serve in cases where there is a dispute about what the proper unit of organization should be.

Mr. MICHEL. Would strikes against the Government be permitted?

Secretary WIRTZ. There is a specific prohibition in the standards and rules and regulations which were drawn up, against any striking or boycotting or related picketing activity against the Government.

Mr. MICHEL. Would you anticipate any industrywide type of bargaining, then?

Secretary WIRTZ. I would not. The Department of Labor has just signed a contract with local No. 12 of the AFGE, which is the Department of Labor local, and everything I know about it indicates the bargaining will in almost all cases be on an agency-by-agency basis as far as this type of employees are concerned. When you get to the procurement agencies or the Post Office, there may be a different kind of bargaining. To the best of my knowledge, there would be no parallel to any kind of industry bargaining.

Mr. MICHEL. Will the productivity concept be used as a measure of negotiating wages and working conditions for Federal employees?

Secretary WIRTZ. No negotiation of wages whatsoever in connection with these agreements. That is entirely outside the area of the bargaining established under this order.

INCREASED PRODUCTIVITY

Mr. MICHEL. The President said there was to be, in effect, some absorption of these increases, apparently by increased productivity. Facetiously, I ask, you have not had any complaints about speedup or anything like that?

Secretary WIRTZ. Yes, we have, not in connection with bargaining but in connection with the preparation of this budget. I do not answer lightly, because when you go over this budget you will find in the case of about 5 or 6 bureaus we are asking for no increase in staff or are submitting to you a decrease in staff, although the workload will be higher. We are doing that on the basis of the theory that the experience which we have been able to build up should permit our doing that. But in answer to your question, it has not gone down easily at the corner of 14th and Constitution.

DUES CHECKOFF

Mr. MICHEL. Does the Department favor the checkoff system for dues?

Secretary WIRTZ. Last year the administration, including the Department of Labor, submitted a legislative proposal which would permit the checkoff of union dues of Government employees where there is individual voluntary request by the individual and on terms

which would mean that there was no cost whatsoever to the Government. That last would be accomplished by actually making a charge on the union. On those terms, we do support that program.

PROBLEMS OF CONTROLLING LARGE UNIONS

Mr. MICHEL. In recent months there appears to have been a stepped-up activity by the Government in the enforcement of antitrust laws against companies. Many responsible spokesmen for business and the general public believe that the prime problem involved in the impact of labor-management relations on the general economy centers about the concentration of excessive power in the hands of large unions and leaders.

Does the administration believe the public interest calls for any type of application to large unions of the principles involved in present antitrust laws?

Secretary WIRTZ. When you say "of the principles" it makes difficult what otherwise woud be a very simple question. First, so far as application of the antitrust laws is concerned they just do not fit.

If by the principles of the antitrust laws you mean that whenever any institution gets too big for its britches or too strong in relationship with the rest of the society it ought to be cut down, the answer is "Yes" to your question.

If, though, and I don't mean to fence around, if the suggestion is that we apply the breakup-of-size principle by statute to labor unions as presently constituted, if the question is as to whether or not that makes sense, I think it makes no sense whatsoever, and I say that for this reason:

NEW YORK NEWSPAPER STRIKE

May I use as an illustration that New York is today without newspapers because one union struck four newspapers and the other five closed down, shut down voluntarily.

I don't object to that at all. I simply point out that the major development toward industrywide bargaining has come as a defensive reaction, if you will, true, on the part of management and that management would feel in general that the application of that breakup principle to its situation would leave most of it subject to the worst whipsawing that possibly could develop.

If I might use one other illustration——

Mr. LAIRD. Do you approve of what the newspapers did in New York? You have to approve what they did in order to make your statement responsive to that question.

Secretary WIRTZ. Without passing judgment I think I did not approve what the newspapers did.

Mr. LAIRD. Is not the action of the newspapers subject to certain antitrust actions?

Secretary WIRTZ. That is why I don't want to express judgment on it.

Mr. LAIRD. But the unions would not be subject to antitrust actions. Is that correct?

Secretary WIRTZ. The unions are subject to antitrust laws. The IBEW case in New York, some 15 years ago now, held that they are

subject to antitrust laws if they combined for the purpose of affecting prices. They are as much subject to the action of antitrust laws as companies.

Mr. LAIRD. Why don't you go off the record for a moment?

(Discussion held off the record.)

CONTROLS RESULTING FROM PUBLIC REACTION

Mr. MICHEL. The discussion off the record has been a most stimulating one, Mr. Secretary. We appreciate the sensitiveness of some of these things we have to discuss.

To paraphrase you, when is a union too big for its britches?

Secretary WIRTZ. I guess when the britches split, which means when the country gets so dissatisfied with the action that it does something about it, and this is not an evasive answer.

The record is that the country got so exasperated with what was being done by the Mine Workers in 1946 that in 1947 they passed the Taft-Hartley Act. The country got so exasperated with what was going on so far as the Teamsters Union was concerned in 1959 they passed the Landrum-Griffith Act.

I have said publicly that I think the country is right now of a good mood in which if there are any more major strikes in basic industries the country will probably insist on some kind of compulsory settlement legislation, and I think that is where the answer will come if there is a legislative answer rather than through the breaking up of the unions.

It is my own fervent hope that there will not be the necessity of any more legislation, and I think there is real basis for thinking there will not be.

I would answer your question on this basis, that that union or that company, that industry, has become too big for its britches at that point at which it commits an act which the public decides will cost its franchise in terms of free collective bargaining, and therefore insists upon a settlement of that dispute by some other method.

LIMITATION ON TEEN-AGE EMPLOYMENT

Mr. MICHEL. I am sure we could go on all afternoon in a discussion of this particular subject matter. I shall leave it at this point, Mr. Secretary, and thank you again for your comments.

May I turn to the wage and hour regulations, particularly as they effect students.

Since it was extended to retailing, there was a regulation limiting to 10 percent of a retail store total work force the number of teenagers who can be employed at less than the statutory minimum wage.

Secretary WIRTZ. Yes.

Mr. MICHEL. When the Department issued their unemployment report for mid-November of 1962, it indicated an increase of about 150,000 unemployed teenagers.

In view of these statistics does not the Labor Department feel that the regulations issued on this subject might have been unwise? In retrospect would they be amended?

Secretary WIRTZ. We would never foreclose the possibility of amendment, but with respect to the action, that action was taken during the period when I was Under Secretary.

I make the point to emphasize my responsibility rather than to avoid it because it was taken only after extensive conversations which I had with Mr. Lundquist and after extensive consideration of it with representatives of various interests.

I think it was right, and I would say beyond that with respect to your comparison of this regulation with the unemployment of teenagers, that our problem today, at least one of our problems, is not in going too far in meeting the tragic situation of unemployed youth but that we take jobs aways from heads of families and adults to do it. That equation was involved in that original regulation, the relationship between the breadwinner, the adult worker on the one hand, and the child on the other.

We are very much concerned about the problem of unemployed youth, but we do not want to meet that problem at the cost of jobs to adults and breadwinners, and we think the 10 percent regulation properly reflects that balance of interest.

Mr. MICHEL. Did the Department get many complaints on this?

Secretary WIRTZ. I would have to check on that. There has been no complaint since the issuance of the regulation which has been brought to my attention, but that is only a qualitative measure. We would be glad to supply a complete record.

Mr. MICHEL. Chances are if there had been a big volume you would have known of it.

Secretary WIRTZ. I would have been told, I would imagine.

SUPPORT PAYMENTS TO STRIKERS

Mr. MICHEL. I have one question with respect to the problem which has been bugging some of the folks out in my home State of Illinois.

Secretary WIRTZ. Mine, too.

Mr. MICHEL. Funds provided by the Federal Government have been dispensed in Illinois and other States to support families of employees on strike on the grounds that because of the strike the parents could not support a child and hence were qualified for support payment. These funds have been expended through the aid to dependent children, unemployed parents program, et cetera.

Do you believe that the use of such funds to support employees on strike is contrary to public policy and to the intent of Congress in passing such legislation?

Secretary WIRTZ. Several parts to the answer. First, with respect to unemployment insurance benefits being paid to strikers, that is a matter which depends entirely on the State law which varies from State to State, and on which there has not been an expression of administration or public policy by the Federal Government so far as I know.

I have in two or three speeches raised a question about whether the payment of unemployment insurance benefits to strikers and the payment of strike insurance benefits to publishers is a good thing. There is a real question about it in my mind.

In New York, which is the situation I know of most recently, they get unemployment insurance benefits after the seventh week they have been on strike.

I think in Illinois they do not get unemployment insurance benefits at all.

The second part of the answer to your question has to do with payments through the aid to dependent children program, and so forth. I am frank to say that under a program which is based on a particular fact of need, especially as it relates to a child, and which is carefully administered, it would be my view that where a child is in need, the fact that there is unemployment of the parent resulting from a strike which may be either the union's or the employer's fault should not be to a disqualification of the child from that particular benefit payment.

Mr. MICHEL. I put a few figures together. If there is a major strike in a large industry extending for several months, it will dissipate funds which should go to the truly needy people. For example, if there were 5,000 people out on strike and they were eligible for average monthly ADC payments, the cost would run to $1,160,000 per month. If you multiply this by other States it reaches astounding proportions. This may not necessarily come about but conceivably it is a possibility.

I am sure you are aware that in our home State we have had considerable discussion these past few months with respect to illegal payments under ADC, and so on.

Secretary WIRTZ. Surely.

Mr. MICHEL. This is the reason I bring up the subject.

As long as economic assistance benefits such as union strike benefits, unemployment compensation, railroad retirement act payments, welfare benefits, et cetera, are available to striking employees or employees idle due to a labor dispute, does the administration believe it is improper for employers to participate in mutual assistance pacts, or strike insurance, for protection against economic loss resulting from a strike?

Secretary WIRTZ. To a degree I answered that in the previous answer. I don't know quite what is meant by improper. If the question is regarding illegality, it is my best advice that there is not any element of illegality about this, although I understand when Senator Javits was attorney general of the State of New York he issued a ruling indicating there was a question about the legality. That is the only time I know of that the question of legality has been raised, so that the answer is rather in terms of policy.

I would say in policy terms subject to the concern I expressed in the answer to the previous question, that it may mean strikes will go on, sort of subsidized on both sides, longer than they otherwise would go on, but subject to that concern my answer to the question is that I do not see a basis for objection to the policy of a mutual fund.

PRESIDENT'S EQUAL EMPLOYMENT ORDER

Mr. MICHEL. Forgive me for one other area of interest, and that would be in the equal employment Order 10925.

Why was this "legislation" accomplished by Executive order rather than a legislative recommendation to the Congress? What is the basic legal authority which authorizes the provisions of the Executive order, including those provisions involving matters which Congress itself has refused to enact?

Secretary WIRTZ. We would both recognize a good many facets to this question. I would limit my answer to the basis of authority on which the Department of Labor has proceeded in this matter. It would be on the basis of a broad grant of authority in the establishment of the Department to do that which is necessary in the representation of the interests of wage earners, that which is necessary or appropriate.

The administration of this program comes clearly within that purpose. I would not pass judgment because I perhaps would not be qualified to on the relationship between the executive authority and the legislative authority which is involved.

I would content myself with saying I appreciate the problem involved.

Mr. MICHEL. Under the program what specifically constitutes discrimination? For example, may a white man who loses a job to a Negro claim discrimination?

Secretary WIRTZ. Two answers to that. First, I would have to know why he lost the job. Second, it would not do any good because the rules have not been worked out with the present situation which would permit their being applied to a particular set of facts.

Two programs are being administered by the Equal Employment Opportunities staff. One of those has to do with the so-called plan for progress program which involves simply a commitment, of which we have now about 100 from the major companies in the country and about 120 from the unions, all except 6, in which they commit themselves in fairly broad terms not to discriminate on a basis of racial consideration. We are only beginning the followup on that.

That is as far as the suppliers are concerned.

Then there is also a provision in the Executive order which provides for more direct enforcement.

There is another program which applies to Government employees which is in more specific terms. On that, so far as Government employees are concerned, the practice has now developed to the point where if I had more facts backing up those you have given me I perhaps could give you a specific answer.

The question again was whether it would prohibit a white person who had been displaced by a colored person from filing complaint? The answer is "No." It would be only if that were replacement because of the fact that the incumbent was colored or not colored. Then it would be a violation. Were it not for that fact——

Mr. MICHEL. You think eventually these guidelines will be so finite as to enable us to know for sure whether or not an Indian of one tribe who loses his job to an Indian of another tribe could claim discrimination?

Secretary WIRTZ. I would be glad to add to the record whatever crystallization of the experience there is on this. I don't mean to suggest it is still vague. A lot has been done under this program. I

shall be glad to assemble what might seem to be the most meaningful description of the principles which are being followed. I shall do that if you so request.

Mr. MICHEL. Some Government contractors have stated flatly that the enforcement procedures under the Executive order, including the threat of the imposition of sanctions, in the way of termination of contracts and debarment from future contracts, have caused them to employ members of minority groups who are not as efficient as other available applicants for employment and who in some instances are placed on "made work jobs."

This procedure has resulted in increased costs to the contractor which of necessity will be passed on to the Government.

Have you any comment on that?

Secretary WIRTZ. Yes. If there is factual basis for that charge it has not been brought to our attention.

Second, it should be brought to our attention.

Third, based on the 2-day meeting of 2 days ago of about 150 contractors covered by this program I would have real reason to question whether there is any substantial feeling of that kind at all, and I would add finally there has been no contract withdrawn so far, not a single one, which would seem to me to suggest that if there are specific problems there are ways of getting them worked out, and I mean in a proper fashion, so there is no quick trigger kind of enforcement program.

If somebody has a problem here we are perfectly willing to work it out. By working it out I don't mean to accommodate our rules to his practice but to see there is no cause to bring his practices into line with the rules.

Mr. MICHEL. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

SALARIES AND EXPENSES, OFFICE OF THE SECRETARY

Mr. FOGARTY. Thank you.

I have a few questions on your salaries and expenses request.

ADDITIONAL POSITIONS REQUESTED

The appropriation for 1963, including the Trust Fund transfer, is $2,158,000 and the Pay Act supplemental is estimated to be $75,000 making a total of $2,233,000. The request for 1964 is $2,802,000, an increase of $569,000 and an increase of 51 positions according to page 3 of the justifications and 47 according to the schedules in the President's budget. What accounts for this difference?

Secretary WIRTZ. This is in the Office of the Secretary?

Mr. FOGARTY. Yes.

Mr. HUDSON. This is a question of a difference in treatment. In the Secretary's budget we are requesting an increase for four positions involving transfer of positions which were in the Women's Bureau budget for Mrs. Peterson and her staff.

The four positions in the President's budget are treated as a comparative transfer in 1963 so they don't show up as increased positions in 1964.

Mr. FOGARTY. I believe you mentioned earlier that four positions were being deleted from the Women's Bureau but are being proposed for transfer to your office.

Secretary WIRTZ. That is right.

EXPLANATION OF PROGRAM INCREASES

Mr. FOGARTY. The program increases are shown on page 5. Items "A," "C" and "D" are the types of things some Members look on as questionable. So you had better supply a detailed justification for each of those three categories.

(The information requested follows:)

Office of Policy Planning ($115,400)

The estimate provides for a new staff of eight people in the Office of the Secretary in his responsibility for policy planning.

The need for a policy planning staff to assist agency heads has been noted by congressional committees, and such staffs have been established in many departments and agencies. The report of the Jackson committee, referring specifically to the policy planning staff established by Gen. George C. Marshall in 1947, has relevance to the needs to any Cabinet department:

"What Mr. Dean Acheson has called 'the thundering present' necessarily occupies the Department's main energies, though the true problem lies in determining the emerging future and the policy to appropriate to it.' * * * There is surely room for a few experienced persons to reflect upon the direction of existing policy, question assumptions, raise a critical voice and recommend new departures."

Present staff officers in the Office of the Secretary have heavy responsibilities for assisting the Secretary on a day-to-day basis in supervising, directing, and coordinating current programs and activities of the Department. No specialized staff, free of day-to-day tasks, is available to the Secretary to assist him in critical examination of existing policies and their consistency one with another, in planning new policies to meet emerging needs and opportunities, or for independent review of policy matters on behalf of the Secretary of policy proposals coming to the Secretary from various sources.

Establishment of the policy planning staff presupposes planning functions at appropriate levels throughout the Department, but provides the Secretary with an independent staff in his own office to provide policy guidance to planning in the various bureaus and offices and independent appraisal on behalf of the Secretary of policy proposals developed through this process. No agency head can perform these essential functions singlehanded. He can best do so by means of a professional staff assigned this specialized function on his behalf and at his direction.

The policy planning staff will, among other duties, understake studies as a foundation for development of new policies, and make recommendations to the Secretary; prepare specifications as to studies or policy proposals for necessary staff work in appropriate bureaus and offices; review major policy proposals originating inside or outside the Department; and appraise existing policies in terms of changing circumstances and new needs, with a view to revision or elimination, and for conformity with general policy directives and consistency with other programs and policies.

The staff, as proposed, will include six top professional members, representing if possible a variety of fields of technical competence, by way of academic training and experience, with broad familiarity with the programs of the Department of Labor, and, insofar as possible, varied specialization on the part of individual members in specific program fields. The intent is to have a working team, with consultation amongst all members, and an avoidance of extreme specialization, so as to bring broad judgment to all its work.

For fiscal year 1964, it is estimated that $115,400 will provide funds for six professional and two clerical additional positions, together with related personnel benefits and necessary nonlabor costs.

SECRETARY'S REGIONAL REPRESENTATIVES

With the new and expanded programs of the Department over the past several years a need has arisen for the establishment of regional representatives of the Secretary. It is proposed that three such positions be established in the fiscal year 1964 to cover the areas of New England—Middle Atlantic, the Southwest and the Midwest.

These representatives will cover two or more Department of Labor regional centers, each involving more than a dozen regional offices. They will be responsible for seeing that the Bureau staffs in the field operate in the best interest not only of the Bureaus but of the Department. They will: insure that the policies of the Secretary are carried out, coordinate operations, serve as an observer and appraiser of operations for the Secretary so that the Secretary will be in a better position to make necessary changes in organization or operations to insure that the public is adequately served. Another principal function will be to serve as liaison with the public, the Governors and other State and Federal administrators. They will also recommend changes in policies and operations to better meet the needs of the public.

Establishments, enterprises and agencies develop habits, traditions, and characteristics which tend to slow down adjustments to desirable changes.

The habits and traditional operating procedures of an organization can and do perpetuate activity when it is not needed and long after the reason for the activity has changed.

Individuals within an organization have difficulty in seeing their own shortcomings. Someone not connected with the organization can see the shortcomings and see ways of bringing about improvements without serious disruption unless major change is necessary.

A new head of a bureau or new persons in two or three positions at the top cannot have the time and knowledge to delve into the inner workings of an organization with a view to constructive evaluation and change.

There is need for astute and knowing individuals placed in strategic regional locations to observe day-to-day activities and check with those served by agency programs to determine how well the agency operations are serving the need and carrying out the policies and programs of the Secretary of Labor.

Secretary's representatives would report their findings and recommendations directly to the Under Secretary who is in the position to get Bureau and Office Directors to adjust operations to achieve desired policy and program objectives consistent with legislation.

The estimate provides for three professional and three clerical positions and $72,000.

SPECIAL ASSISTANT TO THE SECRETARY FOR FIELD OPERATIONS

The President recognizes the special problems of the U.S. Capital City by appointing a special assistant to himself for District affairs.

Some of the most difficult problems include those of providing opportunities for employment and of improving labor-management relations. These problems are made more complex because the population is now 53 percent Negro and 47 percent white, and the trend is for a greater percentage of Negroes. Racial difficulties can very well come to a head or be revealed first in the employment and labor-management relations situations.

The Secretary has been requested by the White House to provide assistance in the employment and labor-management relations areas.

Functions

The Secretary's representative in the District of Columbia would work with the Presidential assistant to try to guide labor and employment programs so that they make a positive contribution to dealing with the general welfare of the District of Columbia and preventing difficulties in the interracial relations.

The Department of Labor has several programs (listed below) operating in the District of Columbia:

U.S. Employment Service—District of Columbia.
Bureau of Labor—Management reports.
Bureau of Veterans' Reemployment Rights.
Wage and Hour and Public Contracts Divisions.
Bureau of Employees Compensation.
Bureau of Apprenticeship and Training.

The Secretary's representative would coordinate these programs in order to more effectively serve the workers, employers, and the public in the District of Columbia.

The estimate provides for two positions and $25,000.

Mr. FOGARTY. Also place in the record detailed justifications for the increase requested for the Library and the Administrative Assistant Secretary.

(The information requested follows:)

Library (1963, $235,800; 1964, $268,100)

The Department of Labor Library has recognized the longstanding need for a comprehensive and current bibliography service in the field of labor affairs. The purpose of this new service would be to prepare subject lists of material relating to the programs of the Department. For example, lists on manpower and allied subjects, industrial relations, economic conditions, etc. These may be broad in scope with subsections or pinpointed in scope to a very narrow and specific point. An example of the latter might be the use of psychological tests for the identification of special talents among employees (technical, supervisory or executive).

The service would be accomplished by searching the card catalog, printed lists and indexes, and scanning all old material and new material coming into the library, both books and periodicals. The selective items (in the case of periodicals) are assigned subject headings and these, together with references from the catalog and published bibliographies, are combined to construct a bibliography on any desired subject. It is the library's intention to develop subject lists as well as an expanded accession list issued at greater frequency and more promptly than is now done so that the research workers may know of material received almost immediately.

Bibliographies may be simple listings or they may include annotations or abstracts. The more clearly the content can be indicated, the more the user can determine quickly whether the publication is likely to contain specific information which he is seeking. This can save many hours of searching on the part of economists and other high-grade personnel. Distribution of bibliographies can extend this service to many others engaged in obtaining information on subjects related to the interests of the Department—Government workers, research organizations, universities, libraries, etc.

For example, if what we produce in 1964 and 1965 saved 4 hours a week for a hundred people in the Department (many people spend days looking up material and copying references), this would save nearly 21,000 man-hours of time per year. In addition, this service would permit people to call for material without coming to the library and with scattered offices this could also effect a saving of time. All time saved could be devoted to professional Bureau program work.

At the point where a comprehensive bibliography of all published material in our fields of interest could be undertaken, it could probably be made almost self-sustaining through sale on a subscription basis. The subscription price for the Department of Agriculture's Bibliography of Agriculture, for example, is $10 per year (domestic) or $13 (foreign).

A byproduct of this activity would greatly increase awareness of materials needed to be acquired and this would speed acquisitions. To scan all the sources of information now available is completely impossible with present staff but the coverage would be greatly increased through the bibliographies process.

The estimate provides for three positions and $27,400.

BUDGET ADMINISTRATION

The Office of the Administrative Assistant Secretary is charged with the responsibility of overall budget development, control, analyses, and technical composition of the budgets submitted by the various bureaus and offices within the Department for consideration by the Bureau of the Budget and the congressional Appropriations Committees. It is also responsible for the day-by-day fiscal control of the Department's internal operations as well as for the budget formulation, presentation, and execution of all Presidential and other committees not functionally controlled by a bureau. In addition to the broad missions listed the Office is (1) responsible for liaison between the Bureau of the Budget and Congress, (2) is the Department's technical representative in all

budget hearings, and (3) is responsible for establishing and maintaining the Department's techniques, methods, and procedures.

During the past several years the Department of Labor has experienced considerable growth mainly as the result of new legislation, such as the Labor-Management Reporting and Disclosure Act, the Welfare and Pension Plans Disclosure Act amendments and the Manpower Development and Training Act. This, in addition to the growing complexities of economic, fiscal, and budgetary requirements, has greatly increased the scope of responsibility in the areas of coordination and direction of the Department's budgets which have virtually doubled in the last 10 years.

In view of this expansion and anticipated growth in scope in ensuing years, these missions have and will become increasingly complex. The Administrative Assistant Secretary has therefore, proposed the creation of an Office of Budget Administration which will coordinate a concentrated operation of budget development at the departmental level. In fiscal year 1964 the estimate provides for two additional positions, $16,100, and $6,500 for nonlabor costs.

INTERNAL AUDIT

The internal audit concept—under such names as department audit, inspection, or investigation—has gained recognition as one of top management's most informative tools concerning activities at the operational level. The audit, which pertains to a continuing, or periodic independent analysis and appraisal of all financial programs within the organizations, examines and appraises every factor influencing the effectiveness and quality of financial operations. It embodies an established pattern of examination, with emphasis on regular recurring reviews and furnishes management with a timely and objective appraisal of the effectiveness of each activity in terms of accepted standards of accomplishment. It indicates weaknesses in organization, procedures, personnel, or financial administration; it recommends corrective action. In addition, this control measure provides (1) an economical means for the promotion of adherence to prescribed policy and procedures; (2) a greater opportunity for uniform interpretations and practices of policies; (3) a continuous reevaluation of objectives and performance, and (4) a material assistance in getting the best ideas of any bureau to all bureaus.

An internal audit unit was recommended by the second Hoover Commission on Organization of the Executive Branch as a definite aid to improved financial management. The General Accounting Office and the Bureau of the Budget have also strongly recommended adoption of the internal audit idea. Many departments already have such units functioning effectively. The Department of Commerce has an internal audit unit, established in 1962, that has a budget of 13 positions and about $150,000. This is in addition to independent audit units in its larger bureaus. The budget for internal audit unit of Department of Agriculture is about $225,000. The Treasury Department has five positions ($70,000) and Health, Education, and Welfare has six positions ($70,000).

An internal audit is particularly appropriate in the Department of Labor with its wide range of activities. The grants to States, made for a variety of purposes, and payments of compensation benefits to Federal employees are examples.

The internal audit, as it would be applied in the Department of Labor, would furnish basically the same type of comprehensive audit that the General Accounting Office does for the Congress.

The specific functions of the program may be outlined as follows:

1. To develop, prescribe, and coordinate the departmental internal audit policies and guidelines for internal audit organizations in the bureaus and offices and to implement the programing and execution of comprehensive internal audits.

2. To perform comprehensive internal audits of primary organizational units that do not have an internal audit staff and to prepare related audit reports, including recommendations for the improvement of operations, to the Secretary of Labor; direct special audits and examinations, as required, in the Department's various offices and bureaus.

3. To provide continuous review of audit programs of bureaus and offices to determine whether the scope, emphasis, priority, and utilization of audit manpower are appropriate to the current needs of the Department, bureaus, and offices.

4. To review, analyze, and evaluate audit reports and accomplishments of audit organizations in the Department's various offices and bureaus to determine the significance and effectiveness of the audit work proposed or performed; and to digest and report to the Secretary significant findings revealed in these audit reports.

5. To formulate departmental accounting principles, standards, and procedures through recommendations contained in audit reports.

For the estimate provides for three positions and to establish the internal audit program.

OBLIGATIONS FOR "IMPROVED CLIMATE OF LABOR-MANAGEMENT RELATIONS" ACTIVITIES

Mr. FOGARTY. You have $150,000 for "Improved climate of labor-management relations." The House did not allow this item but it was restored by the Senate.

How much was obligated during the first half of the year?

Secretary WIRTZ. Very little Mr. Chairman, during the first half of the year, and now in the second half, we will probably more than exhaust that. We will have to draw on that fund to take care of the responsibilities we have assumed in connection with the settlement of the dock case and the longshore case. We are obligated to make a very extensive study of the climate of relationships in that particular industry. It involves going into this whole manning, automation, manpower utilization, job security, and so on.

In answer to your question we used about $7,000 of it in the first 6 months and we will exhaust it in the second half.

Mr. FOGARTY. Any other questions?

Secretary WIRTZ. I shall be grateful for the opportunity which you have accorded me to spell out the basis of item A on page 5.

Mr. FOGARTY. A, C, and D, pages 5 and 6.

REQUESTED POLICY PLANNING UNIT

Secretary WIRTZ. I would like to add in addition to that only this at this point.

So far as I am concerned the establishment of that policy planning unit, which is called for here, will be the difference between trying to work out any new ideas and action programs and not being able to work it out so far as I am concerned personally.

Let me be just a little more specific about what I mean.

You asked about doing something on this old age problem. I have some ideas about what should be done on that. If I had a group of this kind I could implement them. It does not fit easily into any particular staff or line job which we have. It would to Bureau of Employment Security, perhaps, but there are many cases where it does not, and that not very well.

I would like to be able to work out right now in this program of creative bargaining or constructive bargaining that we have been talking about in connection with the Kaiser Co., all kinds of ideas with respect to increasing the mobility of labor, which I think would mean

a very real help as far as meeting the problem is concerned. It bothers me that we are not doing any talking about the economic and manpower implications of peace in this country. It doesn't fit very well into these other programs.

I can only say to you, to whatever extent the discharge of the responsibilities of the Office of Secretary of Labor ought to include trying to implement some programs, new, different, better kinds of programs, this will be the difference between doing it and not doing it. I will spell it out in further detail, but that is how important that particular item is to me.

Mr. FOGARTY. Mr. Laird?

Mr. LAIRD. I have no further questions.

Mr. FOGARTY. Mr. Michel?

Mr. MICHEL. No further questions.

Mr. LAIRD. We have asked the Secretary a few policy questions here today because this is his first appearance as Secretary before the committee. I am very much impressed with his knowledge and the way he conducts himself.

Mr. FOGARTY. I said at the time of his appointment that he would have big shoes to fill because I thought Mr. Goldberg was one of the best and most able Secretaries we ever had.

Mr. Wirtz, I think you have done just as well as Mr. Goldberg in your presentation. I think it is one of the best we have had.

Secretary WIRTZ. You make it worth doing.

Mr. FOGARTY. Thank you very much.

Secretary WIRTZ. Thank you, Mr. Chairman.

FINANCIAL STATEMENTS

(The following material was submitted for the hearing record at the request of the committee:)

10-Year History of Appropriations

Statement of estimated comparable adjusted funds available by fiscal year from 1954 through 1964 for activities presently located in the Department of Labor

Bureau	1954		1955		1956		1957		1958	
	Position	Amount	Position	Amount	Position	Amount	Position	Amount	Position	Amount
Office of the Secretary	245	$1,379,000	238	$1,350,712	256	$1,677,850	171	[1] $1,775,000	180	$1,539,111
Manpower development and training activities										
Area development activities										
Bureau of International Labor Affairs [2]										
Bureau of Labor-Management Reports										
Office of Welfare and Pension Plans										
Office of the Solicitor	242	1,467,900	238	1,480,000	308	1,812,400	362	[3] 2,321,000	319	[3] 2,414,950
Bureau of Labor Standards	93	700,000	98	745,903	109	866,500	113	911,500	111	1,022,000
Bureau of Veterans' Reemployment Rights	41	301,500	41	305,588	50	383,000	48	383,000	65	562,750
Bureau of Apprenticeship and Training	532	3,230,000	492	3,159,700	499	3,350,800	495	3,399,000	491	3,746,004
Bureau of Employment Security	750	5,207,200	705	4,888,700	740	5,350,350	781	5,558,000	753	6,209,900
Mexican farm labor program	221	1,652,800	227	1,785,300	234	1,957,000	340	2,125,000	333	2,334,700
Bureau of Employees' Compensation	409	2,025,000	412	2,067,755	424	2,317,500	436	[4] 2,425,500	455	2,952,334
Bureau of Labor Statistics	938	5,479,600	904	5,441,302	966	6,407,000	1,010	6,875,000	953	7,463,382
Revision of Consumer Price Index										
Women's Bureau	60	350,000	57	355,066	55	371,000	56	403,000	61	480,418
Wage and Hour Division	1,046	6,235,000	1,016	6,235,433	1,535	8,143,000	1,535	9,988,000	1,439	11,015,890
Trade adjustment activities										
Total, administrative items	4,577	28,028,000	4,428	27,815,459	5,176	32,636,400	5,347	36,164,000	5,160	39,741,439
Working capital fund					125		96		118	
Employees' compensation fund		41,529,457		46,862,843		49,168,909		54,760,413		59,589,635
Employees' compensation—Vocational rehabilitation							7	47,000	7	47,400
Employees' compensation—War claims administration costs and payments	19	2,240,000	18	1,551,241	21	1,567,730		1,332,000		
Grants to States		204,305,000		229,500,000		250,000,000		250,000,000		292,814,000
Unemployment compensation for veterans—Payments		77,900,000		125,489,541		105,067,250		70,000,000		76,800,000
Unemployment compensation for Federal employees				[5] 17,500,000		33,000,000		25,000,000		54,400,000
Temporary unemployment compensation									60	665,700,000
Grand total	4,596	354,002,457	4,446	448,719,084	5,322	471,440,289	5,450	437,303,413	5,345	1,189,092,474
Advances to Employment Security Administration account, unemployment trust fund										

Statement of estimated comparable adjusted funds available by fiscal year from 1934 through 1964 for activities presently located in the Department of Labor—Continued

Bureau	1959		1960		1961		1962		1963		1964	
	Positions	Amounts	Positions	Amounts	Positions	Amounts	Positions	Amounts	Positions	Amounts	Positions	Amounts
Office of the Secretary	187	$1,596,800	180	$1,611,000	166	$1,582,840	191	$1,796,000	199	$2,233,100	250	$2,802,000
Manpower development and training activities									542	[4] 70,966,000	600	165,000,000
Area redevelopment activities								14,000,000		11,061,000		11,093,000
Bureau of International Labor Affairs [3]					36	[3] 378,360	50	500,000	73	810,200	81	935,000
Bureau of Labor-Management Reports			620	2,000,000	532	5,011,200	561	5,775,000	550	5,937,000	514	5,900,000
Office of Welfare and Pension Plans									189	1,354,400	189	1,720,000
Office of the Solicitor	333	2,632,400	331	2,695,000	382	3,325,700	474	4,116,000	495	4,492,000	495	4,697,000
Bureau of Labor Standards	271	1,728,800	283	2,488,000	290	2,522,000	354	3,258,000	317	3,339,300	317	3,470,000
Bureau of Veterans' Reemployment Rights	64	585,700	64	592,000	64	632,300	64	633,000	65	653,300	77	790,000
Bureau of Apprenticeship and Training	500	4,008,700	493	4,047,000	492	4,329,000	544	4,976,000	555	5,222,000	559	5,460,000
Bureau of Employment Security	841	7,120,700	829	7,262,000	979	9,000,000	1,098	10,500,000	1,164	11,958,800	1,186	13,430,000
Mexican farm labor program	317	2,191,200	315	2,209,700	353	2,664,800	360	2,668,000	377	3,438,000	324	2,005,000
Bureau of Employees' Compensation	466	3,054,700	462	3,080,000	479	3,431,800	522	3,834,000	532	3,989,100	543	4,285,000
Bureau of Labor Statistics	958	7,989,800	1,114	10,519,500	1,114	11,118,000	1,205	12,667,000	1,312	14,613,200	1,521	18,585,000
Revision of Consumer Price Index			31	230,000	116	1,322,000	190	2,100,000	157	1,366,000	151	1,320,000
Women's Bureau	61	503,800	61	509,000	61	553,900	71	668,000	93	932,200	84	785,000
Wage and Hour Division	1,358	11,371,100	1,344	11,489,000	1,342	12,261,000	1,818	17,307,000	1,818	18,303,000	1,818	19,300,000
Trade adjustment activities									37	2,921,000	37	7,635,000
Total, administrative items	5,356	42,783,700	6,127	48,732,200	6,406	58,132,900	7,502	84,798,000	8,475	163,589,600	8,746	269,212,000

Working capital fund	129		134		161		245		363		363	
Employees' compensation fund		69,253,906		61,200,000		63,000,000		64,000,000		62,071,000		53,838,000
Employees' compensation—Vocational rehabilitation	7	51,090	7	51,700	7	55,000	7	55,000	7	57,970	7	60,000
Employees' compensation—War claims administrative costs and payments												
Grants to States		325,600,000		315,819,000		378,924,000		405,000,000		400,000,000		432,570,000
Unemployment compensation for veterans—Payments		[7] 160,800,000		125,000,000		177,000,000		147,000,000		141,000,000		119,000,000
Unemployment compensation for Federal employees												
Temporary unemployment compensation	60	[8] 617,928,315				500,000,000		340,000,000				
Grand total	5,552	1,216,417,011	6,268	550,802,900	6,574	1,177,111,900	7,754	1,040,853,000	8,845	766,718,570	9,116	874,680,000
Advances to Employment Security Administration account, unemployment trust fund						268,000,000		20,000,000				

[1] Includes comparable transfer of $464,758 to establish a working capital fund in 1958.
[2] Included in the "Office of the Secretary" appropriation in prior years.
[3] Includes $300,000 and 55 positions in fiscal year 1957 and $200,000 and 29 positions in fiscal year 1958 for the highway program wage determination.
[4] Includes $78,500 and 15 positions for Bureau of Employees' Compensation war claims administrative costs.
[5] Program started in January 1955.
[6] Includes $811,000 comparatively transferred from the Office of Automation and Manpower.
[7] In fiscal year 1959 benefit payments for veterans and Federal employees are combined into 1 appropriation.
[8] Unobligated balance as of July 1, 1958 available in fiscal year 1959 through June 30, 1959.

Comparison of Appropriations, 1962, 1963, and 1964 Request

Comparison of fiscal year 1962 actual, 1963 and 1964 appropriation estimates

Appropriation title	1962		1963							
			Original appropriation		Pay increase supplementals		Supplementals other than pay increase		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Salaries and expenses:										
Bureau of Labor Statistics	1,205	$12,667,000	1,312	$14,158,000		$455,000			1,312	$14,613,000
Revision of the Consumer Price Index	190	2,100,000	157	1,333,000		33,000			157	1,366,000
Bureau of International Labor Affairs	50	500,000	73	785,000		25,000			73	810,000
Office of Automation and Manpower			47	800,000		11,000				
Area redevelopment activities		14,000,000		11,041,000		20,000				11,061,000
Manpower development and training activities			495	70,000,000		155,000			542	[1] 70,966,000
Bureau of Apprenticeship and Training	544	4,976,000	555	5,026,000		196,000			555	5,222,000
Mexican farm labor program compliance	147	1,149,000	164	1,344,500		45,000			164	1,389,000
Bureau of Veterans' Reemployment Rights	64	633,000	65	633,000		20,000			65	653,000
Bureau of Labor Standards	269	3,258,000	317	3,244,000		95,000			317	[2] 3,339,000
Office of Welfare Pension Plan activities	85		189	1,300,00		54,000			189	1,354,000
Bureau of Labor-Management Reports	561	5,775,000	550	5,675,000		262,000			550	5,937,000
Bureau of Employees' Compensation	522	3,834,000	532	3,845,000		144,000			532	3,989,000
Women's Bureau	71	668,000	93	893,000		39,000			93	932,000
Wage and Hour Division	1,818	17,307,000	1,818	17,715,000		588,000			1,818	18,303,000
Office of the Solicitor	474	4,116,000	495	4,261,000		106,000			495	4,367,000
Trade adjustment activities							37	316,000	37	316,000
Office of the Secretary	191	1,796,000	199	2,026,000		71,000			199	2,097,000
Working capital fund operations	245		363						363	
Total, salaries and expenses from general funds	6,436	72,779,000	7,424	144,079,500		2,319,000	37	316,000	7,461	146,714,500

Unemployment compensation for Federal employees and ex-servicemen		147,000,000		129,000,000				12,000,000		141,000,000
Employees' compensation, claims and expenses		64,000,000		62,071,000						62,071,000
Federal extended compensation payments		340,000,000								
Advances to the employment security administration account, unemployment trust fund		20,000,000								
Total, benefit and claim payments, general funds		571,000,000		191,071,000				12,000,000		203,071,000
Trust fund authorizations:										
Office of the Secretary			(3)	132,000		4,000			(3)	136,000
Office of the Solicitor			(3)	122,000		3,000			(3)	125,000
Bureau of Employment Security (S. & E.)	1,098	10,500,000	1,164	11,500,000		458,800			1,164	11,958,800
Grants to States		405,000,000		400,000,000						400,000,000
Reimbursement from Mexican farm labor supply fund (S. & E.)	213	1,519,000	213	2,048,500					213	2,048,500
Administration of longshoremen's rehabilitation program	7	55,000	7	55,800		2,170			7	57,970
Total, trust fund authorizations	1,318	417,074,000	1,384	413,858,300		467,970			1,384	414,326,270
Total, funds available	7,754	1,060,853,000	8,808	749,008,800		2,786,970	37	12,316,000	8,845	764,111,770

See footnotes at end of table, p. 97.

Comparison of fiscal year 1962 actual, 1963 and 1964 appropriation estimates—Continued

Appropriation title	1964		Change, 1964–1963					
			Mandatory items		Program items		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Salaries and expenses:								
Bureau of Labor Statistics	1,521	$18,585,000		+$518,200	+209	+$3,453,800	+209	+$3,972,000
Revision of the Consumer Price Index	151	1,320,000	−6	−515,700		+469,700	−6	−46,000
Bureau of International Labor Affairs	81	935,000		+18,100	+8	+106,900	+8	+125,000
Office of Automation and Manpower								
Area redevelopment activities		11,093,000		+32,000				+32,000
Manpower development and training activities	600	165,000,000		−255,635	+58	+94,289,635	+58	+94,034,000
Bureau of Apprenticeship and Training	559	5,460,000		+185,730	+4	+52,270	+4	+238,000
Mexican farm labor program compliance	164	870,000		−519,500				−519,500
Bureau of Veterans' Reemployment Rights	77	790,000		+41,700	+12	+95,300	+12	+137,000
Bureau of Labor Standards	317	3,470,000		+131,000				+131,000
Office of Welfare Pension Plan activities	189	1,720,000		+55,650		+310,350		+366,000
Bureau of Labor-Management Reports	514	5,900,000		+261,500	−36	−298,500	−36	−37,000
Bureau of Employees' Compensation	543	4,285,000		+220,900	+11	+78,100	+11	+296,000
Women's Bureau	84	785,000	−6	−90,000	−3	−57,000	−9	−147,000
Wage and Hour Division	1,818	19,300,000		+1,023,400		−26,400		+997,000
Office of the Solicitor	495	4,570,000		+188,966		+14,034		+203,000
Trade Adjustment Activities	37	7,635,000		+8,935		+7,310,065		+7,319,000
Office of the Secretary	250	2,664,000	−2	−24,100	+53	+591,100	+51	+567,000
Working capital fund operations	363							
Total, salaries and expenses from general funds	7,763	254,382,000	−14	+1,281,146	+316	+106,386,354	+302	+107,667,500

Unemployment compensation for Federal employees and ex-servicemen		119,000,000		−22,000,000				−22,000,000
Employees' compensation, claims, and expenses		53,838,000		−8,233,000				−8,233,000
Federal extended compensation payments								
Advances to the employment security administration account, unemployment trust fund								
Total, benefit and claim payments, general funds		172,838,000		−30,233,000				−30,233,000
Trust fund authorizations:								
Office of the Secretary	(3)	138,000		+2,000				+2,000
Office of the Solicitor	(3)	127,000		+2,000				+2,000
Bureau of Employment Security (S. & E.)	1,186	13,430,000		+669,200	+22	+802,000	+22	+1,471,200
Grants to States		432,570,000		+21,953,000		+10,617,000		+32,570,000
Reimbursement from Mexican farm labor supply fund (S. & E.)	160	1,135,000	−53	−913,500			−53	−913,500
Administration of longshoremen's rehabilitation program	7	60,000		+2,030				+2,030
Total, trust fund authorizations	1,353	447,460,000	−53	+21,714,730	+22	+11,419,000	−31	+33,133,730
Total, funds available	9,116	874,680,000	−67	−7,237,124	+338	+117,805,354	+271	+110,568,230

[1] Includes $811,000 comparatively transferred from Office of Automation and Training.
[2] Excludes $1,354,400 allocated to the Office of Welfare and Pension Plan.
[3] No specific full-time positions indentified here. All positions included above.

Employment and Obligations, 1963

Financial status as of Dec. 31, 1962, and forecast of obligations, Jan. 1 to June 30, 1963

Appropriation	Dec. 31, 1962		June 30, 1963, full-time employment	Jan. 1, to June 30, 1963, estimated obligations	Total obligations	Total appropriation including estimated pay supplemental request
	Full-time employment	Obligations				
Bureau of Labor Statistics	1,214	$6,993,150	1,274	$7,620,050	$14,613,200	$14,613,200
Revision of the Consumer Price Index	133	768,390	140	597,610	1,366,000	1,366,000
Bureau of International Labor Affairs	68	373,757	73	436,443	810,200	810,200
Area redevelopment activities		3,160,096		7,900,904	11,061,000	11,061,000
Manpower development and training activities	[1] 261	21,845,638	[2] 440	49,120,362	70,966,000	70,966,000
Bureau of Apprenticeship and Training	523	2,573,000	530	2,649,000	5,222,000	5,222,000
Bureau of Employment Security (S. & E.)	1,053	5,789,601	1,164	6,169,199	11,958,800	11,958,800
Grants to states		234,500,000		165,500,000	400,000,000	400,000,000
UCFE–UCX		72,924,519		70,075,481	[3] 143,000,000	[4] 131,000,000
Mexican farm program compliance	136	645,699	164	743,801	1,389,500	1,389,500
Mexican farm program (S. & E.)	182	997,253	213	1,001,247	1,998,500	2,048,500
Bureau of Veterans' Reemployment Rights	63	320,436	68	332,864	653,300	653,300
Bureau of Labor Standards	263	1,442,082	317	1,897,218	3,339,300	3,339,300
Office of Welfare and Pension Plans	141	544,580	189	819,820	[5] 1,364,400	1,354,400
Bureau of Labor-Management Reports	548	2,840,621	548	3,096,379	5,937,000	5,937,000
Bureau of Employees' Compensation [6]	519	1,972,724	523	2,039,656	4,012,380	3,989,100
Employees' compensation fund		34,563,000		33,937,000	[7] 68,500,000	[8] 65,000,000
Longshoremen's rehabilitation fund	7	28,383	7	29,993	58,376	57,970
Women's Bureau	81	458,295	93	473,905	932,200	932,200
Wage and Hour Division	1,680	9,287,400	1,753	9,015,600	18,303,000	18,303,000
Office of the Solicitor	438	2,214,270	478	2,277,730	4,492,000	4,492,000
Office of the Secretary	187	1,052,481	199	1,180,619	2,233,100	2,233,100
Total, Department of Labor	7,497	405,295,375	8,173	366,914,881	772,210,256	756,726,570

[1] Excludes 50 jobs from the Department of Health, Education, and Welfare.
[2] Excludes 34 jobs from the Department of Health, Education, and Welfare.
[3] Includes $2,000,000 recovery of prior year obligations and $12,000,000 estimated supplemental.
[4] Includes $2,000,000 recovery of prior year obligations.
[5] Includes $10,000 reimbursement for sale of welfare and pension filings.
[6] Includes Employees' Compensation Appeals Board.
[7] Includes $3,500,000 supplemental estimate and $2,929,000 authorized transfers and reimbursements.
[8] Includes $2,929,000 authorized transfers and reimbursements from other Government agencies.

Recent Legislation Affecting Workload

The effect of new legislation enacted during the last 3 sessions of Congress on Department of Labor programs

FEDERAL EMPLOYEES' HEALTH BENEFITS ACT OF 1959[1] (PUBLIC LAW 86-382; SEPT. 28, 1959) AND THE RETIRED FEDERAL EMPLOYEES' HEALTH BENEFITS ACT[1] (PUBLIC LAW 86-724; SEPT. 8, 1960)

	Year	Additional workload	Additional costs	Additional positions
Bureau of Employees' Compensation (salaries and expenses).	1961	As a result of this legislation, the Bureau must maintain separate records for employees on the compensation rolls who have elected to participate in the health program. All active cases must be reviewed and evaluated to determine eligibility of claimants for health benefit deductions and this is a continuing workload including reports, payments, and correspondence with claimants and employing establishments.	$49,000	10
	1962	Financing this program for a full year resulted in a $22,000 increase in costs.	71,000	10
	1963	The workload resulting from this legislation was integrated into regular Bureau activity and it is impossible to give exact details in regard to this item for later years.	(2)	(2)

FEDERAL EMPLOYEES' COMPENSATION ACT AMENDMENTS OF 1960 (PUBLIC LAW 86-766; SEPT. 13, 1960)

Employees' compensation (claims and expenses).	1961	This legislation provided for increased compensation benefits where the injury occurred prior to Jan. 1, 1958, and provided increases in death benefits, burial payments, minimum compensation for total disability, allowance for attendants and maintenance allowance for persons undergoing vocational rehabilitation. Approximately 12,500 cases were involved in these adjustments.	$800,000	--------
	1962	Financing this program for a full year resulted in a $21,000 increase in costs.	821,000	--------
	1963	The workload resulting from this legislation was integrated into regular Bureau activity and it is impossible to give exact details in regard to this item for later years.	(2)	(2)

FEDERAL EMPLOYEES' SALARY INCREASE ACT OF 1960[1] (PUBLIC LAW 86-568; JULY 1, 1960) AND FEDERAL EMPLOYEES' COMPENSATION ACT AMENDMENT OF 1960[1] (PUBLIC LAW 86-767; SEPT. 13, 1960)

Bureau of Employees' Compensation (salaries and expenses).	1961	Effective Dec. 1, 1960, the cost of benefits including medical costs for injured employees were to be tabulated separately so that the Secretary of Labor may, prior to Aug. 15 of each year, furnish to each executive department and each agency or instrumentality of the United States or other establishment having employees who are or may be entitled to compensation benefits under the act or any extension or application thereof, a statement showing the total cost of benefits and other payments made from the employees' compensation fund during the preceding fiscal year on account of the injury or death of employees or persons under the jurisdiction of such agency. Each agency shall be required to include in its budget a request for an appropriation in an amount equal to such costs for subsequent deposit in the Treasury to the credit of the employees' compensation fund.	$257,200	9
	1962	Financing this program for a full year resulted in a $4,500 increase in costs.	261,700	9
	1963	The workload resulting from this legislation was integrated into regular Bureau activity and it is impossible to give exact details in regard to this item for later years.	(2)	(2)

See footnotes at end of table, p. 102.

The effect of new legislation enacted during the last 3 sessions of Congress on Department of Labor programs—Continued

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT AMENDMENTS OF 1960 (PUBLIC LAW 86-757; SEPT. 13, 1960)

	Year	Additional workload	Additional costs	Additional positions
Bureau of Employees' Compensation (salaries and expenses).	1961	This amendment was to provide an injured employee the right to select his own physician and directs that the employer name a panel of physicians from which this selection may be made. There are over 65,000 employers that will be required to establish panels of physicians. These are renewable every year. The average number of filings each month is well over 5,000. These panels must be approved by the deputy commissioners. Records including revisions, additions, deletions, or any other changes, must be maintained in the office of the deputy commissioner.	$27,300	5
	1962	Financing this program for a full year resulted in a $9,000 increase in costs.	36,300	5
	1963	The workload resulting from this legislation was integrated into regular Bureau activity and it is impossible to give exact details in regard to this item for later years.	(2)	(2)

TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION (PUBLIC LAW 87-6; MAR. 24, 1961)

Bureau of Employment Security (salaries and expenses and grants to States).	1961	$243,606,527 in unemployment benefits were paid out to cover a total of 7,656,206 weeks of unemployment.	$399,000 254,361,527	[3] 102 (4)
	1962	$567,941,815 in unemployment benefits were paid out to cover a total of 18,619,865 weeks of unemployment.	$900,000 581,241,815	[3] 101 (4)

AREA REDEVELOPMENT ACTIVITIES (PUBLIC LAW 87-27; MAY 1, 1961)

Office of Manpower, Automation, and Training.	1962-63	The Fiscal 1962 Appropriation Act was signed Oct. 1, 1961. In the period Oct. 11, 1961, through Dec. 31, 1962, 268 training projects had been approved; 15,360 trainees had been authorized in 38 States, plus Puerto Rico and American Samoa; and 120 occupations had been included in approved courses.	$14,000,000 11,041,000	45 45

DEPARTMENT OF DEFENSE APPROPRIATION ACT, 1963, SEC. 541 (PUBLIC LAW 87-597 AUG. 9, 1962)

Bureau of Labor Standards.	1963	This legislation provides for allocation to private shipyards of 65 percent of shipbuilding, conversion, and repair work of the U.S. Navy. Safety programing, thus, now rests with the Department of Labor under authority of the 1958 amendments to sec. 41 of the Longshoremen's and Harbor Workers' Compensation Act. To the Bureau of Labor Standards' jurisdiction of over 130,000,000 man-hours of exposure annually in ship-repair and longshore work, this adds 180,000,000 man-hours.	None	None

See footnotes at end of table, p. 102.

The effect of new legislation enacted during the last 3 sessions of Congress on Department of Labor programs—Continued

1961 AMENDMENTS TO THE FAIR LABOR STANDARDS ACT (PUBLIC LAW 87-30; MAY 5, 1961)

	Year	Additional workload	Additional costs	Additional positions
Wage and Hour and Public Contracts Divisions.	1962	The amendments extended the act's benefits to additional workers making a total of 28,000,000 subject. For the 24,000,000 previously covered employees the minimum wage was increased from $1 to $1.15 effective Sept. 3, 1961. The amendments also provided a new basis of coverage, the enterprise, and made some 15 major changes in the coverage and exemption provisions of the act.	$5,046,000	496
	1963	It is estimated investigation results will show an increase of approximately 6,000 establishments investigated, 230,000 more covered employees in investigated establishments, an increase of $12,000,000 in amount of underpayments found due, and 19,000 complaints received compared to 16,443 in 1962.	5,046,000	496
Office of the Solicitor---	1962	This legislation resulted in a sizable increase in legal work. 793 opinions, either written or oral, were given in reference to this act and 4 interpretative bulletins were issued.	500,000	69
	1963	It is estimated that the same number of opinions as in 1962 will be given. 2 interpretative bulletins have already been issued and 96 rulings and notices are to be published in the Federal Register.	555,470	75

MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962 (PUBLIC LAW 87-415; MAR. 15, 1962)

Office of Automation and Manpower.	1963	An estimated 65,000 to 70,000 trainees are to be selected and referred for training in fiscal year 1963. Training had already been approved for an estimated 17,000 trainees by Dec. 31, 1962. Manpower and automation research under contractual arrangements totaling $1,025,000 are to be developed and approved in 1963.	$70,000,000	542

WELFARE AND PENSION PLANS DISCLOSURE ACT AMENDMENT OF 1962 (PUBLIC LAW 87-420; MAR. 20, 1962)

Office of Welfare and Pension Plans Reports.	1963	The amendment substantially strengthened the act and enlarged the role of the Department of Labor in this vital area. 1963 is essentially a year of transition. A staff is being recruited and the most essential regulations are being issued. An advisory council was appointed and a few investigations were started. It is expected that the number of plans filed will continue to increase moderately in 1964.	$791,200	104
Office of the Solicitor---	1963	This amendment resulted in 21 cases being considered for litigation and 7 cases being instituted in the courts. 26,000 interpretations and opinions were given in regard to this legislation.	80,000	17

See footnotes at end of table, p. 102.

The effect of new legislation enacted during the last 3 sessions of Congress on Department of Labor programs—Continued

TRADE EXPANSION ACT OF 1962 (PUBLIC LAW 87-794; OCT. 11, 1962)

	Year	Additional workload	Additional costs	Additional positions
Trade adjustment activities.	1963	This legislation will require the Department of Labor to furnish advice and information during tariff negotiations and, after agreements have been reached, to give information in reference to any adverse effects, the agreement may have upon domestic industry. It is estimated that during 1963, 10,400 workers will be entitled to assistance under the provisions of this act and that 75 percent, or 7,800 workers, will receive some type of aid.	$316,000	37
OFFICE OF THE SECRETARY AND OFFICE OF THE SOLICITOR				
Office of the Secretary and Office of the Solicitor.	----------	Both the Office of the Secretary and the Office of the Solicitor service the needs of the entire Department. As the activities of the Department expand, these 2 Offices also necessarily expand. Unless legislation has created a marked increase in the workload of either of these 2 Offices, specific mention of them has been omitted in these tables. It should be realized, however, that almost all legislation relating to the Department will result in additional legal activity in the Office of the Solicitor and will require the administrative services of the Office of the Secretary.	----------	----------

[1] The additional workload, costs, and positions arising from these 2 acts were so closely intertwined that the Bureau found it impossible to provide separate data on each act.
[2] Not available.
[3] S. & E.
[4] Grants.

History of 1964 Budget Requests

History of estimates, fiscal year 1964

	Positions	Amount
Salaries and expenses, Bureau of Labor Statistics:		
Original request to the Department of Labor	1,871	$22,739,900
Disallowed by the Secretary of Labor for such items as studies of unemployment and the labor force; labor turnover statistics, nonmanufacturing; extended coverage, primary market price indexes; study of labor in the Sino-Soviet bloc, etc.	−283	−2,969,600
Secretary of Labor allowance	1,588	19,770,300
Various changes by the Bureau of the Budget	−67	−1,185,300
Bureau of the Budget allowance	1,521	18,585,000
Revision of the Consumer Price Index:		
Original request to the Department of Labor	151	1,300,000
Disallowed by the Secretary of Labor for detailed tabulations	−16	−149,200
Secretary of Labor allowance	135	1,150,800
Disallowed by the Bureau of the Budget—none	----------	----------
Additional items allowed by the Bureau of the Budget: Detailed tabulation and city index	+16	+169,200
Bureau of the Budget allowance	151	1,320,000

History of estimates, fiscal year 1964—Continued

	Positions	Amount
Salaries and expenses, Bureau of International Labor Affairs:		
Original request to the Department of Labor	120	$1,921,300
Disallowed by the Secretary of Labor for such items as Labor Department's mission to the International Labor Organization (Geneva), National Commission on the ILO, oversea labor information program, field staffing for foreign national programing, etc	−30	−854,300
Secretary of Labor allowance	90	1,067,000
Disallowed by the Bureau of the Budget for such items as Labor Department mission to the United Nations (New York), Director of Exchange Programs, etc	−9	−132,000
Bureau of the Budget allowance	81	935,000
Special foreign currency program, Bureau of International Labor Affairs:		
Original request to the Department of Labor	----------	400,000
Disallowed by the Secretary of Labor	----------	−400,000
Secretary of Labor allowance	----------	----------
Area redevelopment activities:		
Original request to the Department of Labor	----------	11,093,000
(No items were disallowed by either the Secretary of Labor or the Bureau of the Budget.)		
Bureau of the Budget allowance	----------	11,093,000
Manpower development and training activities:		
Original request to the Department of Labor	705	165,522,000
Disallowed by the Secretary of Labor	0	0
Disallowed by the Bureau of the Budget for such items as expansion of research, increase in field positions, manpower development, and utilization increases	−105	−522,000
Bureau of the Budget allowance	600	165,000,000
Bureau of Apprenticeship and Training:		
Original request to the Department of Labor	625	6,193,650
Disallowed by the Secretary of Labor for such items as increased field positions and color film	−61	−680,250
Secretary of Labor allowance	564	5,513,400
Disallowed by the Bureau of the Budget, funds requested primarily to strengthen national industry promotion	−5	−53,400
Bureau of the Budget allowance	559	5,460,000
Bureau of Employment Security, salaries and expenses:		
Original request to the Department of Labor	1,455	16,365,800
Disallowed by the Secretary of Labor for such items as improvement in unemployment insurance operations and continuing improvement and expansion of employment service	−219	−2,417,000
Secretary of Labor allowance	1,236	13,948,800
Disallowed by the Bureau of the Budget for Gordon Committee costs, and continuing improvement and expansion of employment service	−50	−518,800
Bureau of the Budget allowance	1,186	13,430,000
Bureau of Employment Security, grants to States:		
Original request to the Department of Labor	----------	446,608,000
Disallowed by the Secretary of Labor for improvement in unemployment insurance operations and continuing improvement and expansion of employment service	----------	−17,000,000
Secretary of Labor allowance	----------	429,608,000
Disallowed by the Bureau of the Budget for postal increase costs and Gordon Committee costs	----------	−4,038,000
Additional items allowed by the Bureau of the Budget: Improvement in unemployment insurance operations and a continuing improvement and expansion of employment service	----------	+7,000,000
Bureau of the Budget allowance	----------	432,570,000

History of estimates, fiscal year 1964—Continued

	Positions	Amount
Bureau of Employment Security, UCFE-UCX:		
Original request to the Department of Labor	----------	$119,000,000
(No items disallowed by either the Secretary of Labor or the Bureau of the Budget).		
Bureau of the Budget allowance	----------	119,000,000
Bureau of Employment Security, Mexican farm labor program, salaries and expenses:		
Original request to the Department of Labor	160	1,795,000
Disallowed by the Secretary of Labor	0	0
Secretary of Labor allowance	160	1,795,000
Disallowed by the Bureau of the Budget for pay increase costs and operation of the program on a full-year basis	----------	−660,000
Bureau of the Budget allowance	160	1,135,000
Bureau of Employment Security, Mexican farm compliance:		
Original request to the Department of Labor	164	1,440,000
Disallowed by the Secretary of Labor	0	0
Secretary of Labor allowance	164	1,440,000
Disallowed by the Bureau of the Budget for operation of the program on a full-year basis	----------	−570,000
Bureau of the Budget allowance	164	870,000
Bureau of Veterans' Reemployment Rights:		
Original request to the Department of Labor	77	790,000
(No items disallowed by either the Secretary of Labor or the Bureau of the Budget).		
Bureau of the Budget allowance	77	790,000
Bureau of Labor Standards, salaries and expenses:		
Original request to the Department of Labor	434	4,591,400
Disallowed by the Secretary of Labor for such items as expanded scope of maritime safety program, training of State personnel, State administration procedures study, etc	−89	−871,400
Secretary of Labor allowance	345	3,720,000
Disallowed by the Bureau of the Budget for expanded scope of the maritime safety program	−28	−250,000
Bureau of the Budget allowance	317	3,470,000
Office of Welfare and Pension Plans:		
Original request to the Department of Labor	220	2,132,000
Disallowed by the Secretary of Labor for such items as reports processing and review program staff increases and increased contractual services for statistical studies	−6	−212,000
Secretary of Labor allowance	214	1,920,000
Disallowed by the Bureau of the Budget for increased staff in implementing bonding provisions of Welfare and Pension Plans Disclosure Act Amendments of 1962	−25	−200,000
Bureau of the Budget allowance	189	1,720,000
Bureau of Labor-Management Reports, salaries and expenses:		
Original request to the Department of Labor	550	6,241,000
Disallowed by the Secretary of Labor	0	0
Secretary of Labor allowance	550	6,241,000
Disallowed by the Bureau of the Budget for analysis of reports, technical assistance and information functions, and investigations	−36	−341,000
Bureau of the Budget allowance	514	5,900,000

History of estimates, fiscal year 1964—Continued

	Positions	Amount
Bureau of Employees' Compensation, salaries and expenses (including longshoremen's rehabilitation program):		
Original request to the Department of Labor	558	$4,430,000
Disallowed by the Secretary of Labor: 6 positions related to FECA research medical staff; 6 claims examiners and investigators	−12	−110,000
Additional item approved for handling additional coverage under Longshoremen's Act resulting from Supreme Court decision	+4	+25,000
Secretary of Labor allowance	550	4,345,000
Disallowed by the Bureau of the Budget	0	0
Bureau of the Budget allowance	550	4,345,000
Employees' compensation claims and expenses:		
Original request to the Department of Labor		53,838,000
(No items disallowed by either the Secretary of Labor or the Bureau of the Budget.)		
Bureau of the Budget allowance		53,838,000
Women's Bureau:		
Original request to the Department of Labor	116	1,129,300
Disallowed by the Secretary of Labor such items as increased personnel in program information and technical services, increased field staff, etc	−27	−291,100
Secretary of Labor allowance	89	838,200
Disallowed by the Bureau of the Budget for increased field staff	−5	−53,200
Bureau of the Budget allowance	84	785,000
Wage and Hour Division:		
Original request to the Department of Labor	2,171	22,290,000
Disallowed by the Secretary of Labor for increased number of investigators and supporting personnel for expansion of enforcement of the Fair Labor Standards Act due to changes effective in fiscal year 1964	−161	−1,379,000
Secretary of Labor allowance	2,010	20,911,000
Disallowed by the Bureau of the Budget, all expansion of enforcement program	−192	−1,611,000
Bureau of the Budget allowance	1,818	19,300,000
Office of the Solicitor (includes $127,000 trust fund authorization):		
Original request to the Department of Labor	552	5,437,000
Disallowed by the Secretary of Labor such items as increased field legal services, increased staff to deal with labor-management laws, increased staff for interpretations and opinions	−45	−335,000
Secretary of Labor allowance	507	5,102,000
Disallowed by the Bureau of the Budget such items as increased staff in wage determinations, administration and management services, etc	−12	−405,000
Bureau of the Budget allowance	495	4,697,000
Trade adjustment activities:		
Original request to the Department of Labor	91	8,300,000
Disallowed by the Secretary of Labor	0	0
Secretary of Labor allowance	91	8,300,000
Disallowed by the Bureau of the Budget for such items as prenegotiation research and a reduced level of most operations	−54	−665,900
Bureau of the Budget allowance	37	7,635,000
Office of the Secretary (includes $138,000 trust fund authorization):		
Original request to the Department of Labor	271	4,011,000
Disallowed by the Secretary of Labor	0	0
Secretary of Labor allowance	271	4,011,000
Disallowed by the Bureau of the Budget for such items as 1964 cost of unbudgeted rent, Office of Personnel Operations, Library bibliographers, etc	−21	−1,209,000
Bureau of the Budget allowance	250	2,802,000

WEDNESDAY, FEBRUARY 6, 1963.

BUREAU OF LABOR STATISTICS

WITNESSES

EWAN CLAGUE, COMMISSIONER
ROBERT J. MYERS, DEPUTY COMMISSIONER
HYMAN L. LEWIS, ECONOMIC CONSULTANT
PETER HENLE, SPECIAL ASSISTANT TO THE COMMISSIONER
LEONARD R. LINSENMAYER, DEPUTY ASSOCIATE COMMISSIONER
PAUL R. KERSCHBAUM, ASSOCIATE COMMISSIONER
RICHARD F. JONES, DEPUTY ASSOCIATE COMMISSIONER
RAY S. DUNN, JR., CHIEF, DIVISION OF FISCAL MANAGEMENT AND SERVICES
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	7,262	8,892	10,577
	Positions other than permanent	159	123	124
	Other personnel compensation	114	85	172
	Total personnel compensation	7,535	9,100	10,873
12	Personnel benefits	558	682	820
21	Travel and transportation of persons	566	676	775
22	Transportation of things	18	11	29
23	Rent, communications, and utilities	613	532	699
24	Printing and reproduction	523	251	319
25	Other services	761	917	1,447
	Services of other agencies	1,691	2,444	3,444
26	Supplies and materials	110	37	48
31	Equipment	121	158	268
	Total costs	12,496	14,808	18,722
	Change in selected resources	170	−195	−26
	Total obligations	12,666	14,613	18,696

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	1,205	1,312	1,521
Full-time equivalent of other positions	37	32	32
Average number of all employees	1,124	1,292	1,487
Number of employees at end of year	1,299	1,406	1,631
Average GS grade	7.6	7.7	7.8
Average GS salary	$6,675	$7,142	$7,223

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Manpower and employment	4,718	5,247	8,030
2. Prices and cost of living	1,863	2,394	2,581
3. Wages and industrial relations	2,460	2,661	3,296
4. Measurement of productivity	583	740	883
5. Industrial hazards	255	316	326
6. Foreign labor conditions	246	302	371
7. Program staff services	1,004	1,543	1,536
8. Administration and management services	1,367	1,605	1,699
Total program costs, funded	12,496	14,808	18,722
Change in selected resources [1]	170	−195	−26
Total obligations	12,666	14,613	18,696
Financing:			
Reimbursements for emergency preparedness functions (−)			−111
Unobligated balance lapsing	1		
New obligational authority	12,667	14,613	18,585
New obligational authority:			
Appropriation	12,667	14,158	18,585
Proposed supplemental due to pay increases		455	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders 1961, $114,000 (1962 adjustments $34,000); 1962, $250,000; 1963, $55,000; 1964, $29,000.

Revision of the Consumer Price Index

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Positions other than permanent	879	876	821
	Other personnel compensation	312	90	150
	Total personnel compensation	1,191	966	971
12	Personnel benefits	60	71	70
21	Travel and transportation of persons	181	93	110
23	Rent, communications, and utilities	121	140	132
24	Printing and reproduction	25	20	26
25	Other services	478	152	
26	Supplies and materials	22	11	11
31	Equipment	29	14	
	Total costs	2,107	1,467	1,320
	Change in selected resources		−14	
	Total obligations	2,107	1,453	1,320

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Average number of all employees	240	190	182
Number of employees at end of year	500	254	247

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
Consumer expenditure and price surveys (total program costs, funded)	2,107	1,467	1,320
Change in selected resources [1]		−14	
Total obligations	2,107	1,453	1,320
Financing:			
Unobligated balance brought forward (−)	−53	−87	
Recovery of prior year obligations (−)	−42		
Unobligated balance carried forward	87		
Unobligated balance lapsing	1		
New obligational authority	2,100	1,366	1,320
New obligational authority:			
Appropriation	2,100	1,333	1,320
Proposed supplemental due to pay increases		33	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $14,000; 1962, $14,000; 1963, none; 1964, none.

Mr. FOGARTY. The committee will come to order.

We have with us today the Bureau of Labor Statistics. Mr. Clague, you may proceed.

GENERAL STATEMENT

Mr. CLAGUE. Mr. Chairman, I have a written statement which I would like to file for the record, if I may.

Mr. FOGARTY. We will place it in the record.

(Mr. Clague's statement follows:)

STATEMENT OF EWAN CLAGUE, COMMISSIONER OF LABOR STATISTICS

SALARIES AND EXPENSES

Last year when I appeared before this committee, I observed that the need for accurate statistics for coming to grips with economic issues was probably at an alltime high point in the long history of the Bureau of Labor Statistics. The events of the last 12 months have, if anything, further intensified this need. This reflects the growing attention to ways to achieve greater economic growth.

The implications for the United States of European economic integration; our participation in the new Organization for Economic Cooperation and Development, with its emphasis on a decade of economic growth; the action of the Congress in enacting the most far-reaching trade act in history; have all focused attention on the U.S. economy.

One of our serious problems, as you are well aware, is that of maintaining maximum employment levels in a period of rapidly advancing technology. Here the need for accurate statistical devices is paramount.

When I appeared before you a year ago the President had just recently appointed a Committee consisting of a number of distinguished scholars to appraise employment and unemployment statistics, headed by Prof. Robert A. Gordon of the University of California. This Committee has now reported to the President. To a significant extent, our request for additional funds for fiscal 1964 represents work which would be directly responsive to the Gordon Committee report—involving projects chiefly in the manpower and employment statistics program.

We are also requesting approval of programs in the areas of prices, wages, and industrial relations, and productivity. All of these are associated, as in the case of the manpower research programs, with sharpening the tools for decision-making in vital questions pertaining to the U.S. economy and its growth.

The amount of our request is $18,585,000, an increase after adjustments reflecting the new salary schedule of $3,971,800 over fiscal 1963.

MANPOWER AND EMPLOYMENT

As this committee is well aware, our statistics on employment and unemployment are among the most critical of the current measures of the Nation's economic health. They are basic to many of the economic policy decisions that the Congress and the administration have to make. These statistics are so important that when questions and criticisms were raised about them in mid-1961, the President, as I noted earlier, was so concerned that he appointed a committee of distinguished scholars to advise him on these statistics—whether they were accurate, and whether they were adequate for the many purposes for which they must be used.

The President's Committee to Appraise Employment and Unemployment Statistics made its report in September 1962. It generally approved the concepts and methods that were used in preparing these statistics and praised the scientific objectivity of the technicians involved; but it pointed out areas where improvement is required. The Committee recommended that we make a number of technical studies looking toward improvement of the concepts, definitions, and methods of measurement of employment and unemployment. It also recommended that we begin collecting significant additional information to close important gaps.

From my own experience and knowledge of the statistics in this field, I am in agreement in a large measure with these recommendations of the Committee; and the Secretary of Labor has expressed his intention to have the Department carry out these recommendations. So many important decisions may turn on relatively small changes in these statistics—for example, in the unemployment rate—that we must have the greatest possible assurance of accuracy.

The Congress itself has also maintained a close interest in these statistics over the years. The Joint Economic Committee sponsored a review of the labor force statistics several years ago. Last December that committee held hearings on our statistical methods and their report gave us a clean bill of health on integrity. A number of other committees of the Congress use our figures on employment and unemployment in the course of their work, and they, too, have a real interest and concern in their accuracy. Your own committee has always taken account of the Nation's employment and unemployment situation in deciding upon appropriations for the agencies under your jurisdiction.

GORDON COMMITTEE RECOMMENDATIONS

The request for appropriation now before you includes a number of items which are designed to make a beginning on the work recommended by the President's Committee. I want to assure you that we have already acted upon a considerable number of the recommendations of the committee. The press releases, which embody our first reports on the statistics each month, have been substantially revised; additional data have been included as recommended by the committee, and seasonally adjusted statistics have been added. Beginning in January, we are providing at least two new key items of information about unemployment: how many of the unemployed are looking only for part-time jobs, and the family status of unemployed persons—that is, whether they are heads of families or other members of the families.

In addition to the changes already made in what is collected and published, we have also begun work on the technical improvement of the data. For example, an improved sampling design is now being developed for the statistics on employment based on reports from employers. Research is underway in methods of improving the reporting of hours worked in the household survey. Work has also begun on the development of a comprehensive publication summarizing the data from the labor force survey for the past 22 years since its inception.

These steps have all been taken within the limits of the Bureau's present resources. In order to undertake additional programs recommended by the Committee, the Bureau is requesting additional funds.

The work we are proposing to implement the recommendations of the President's Committee includes both technical improvements in the existing programs and the collecting of significant additional information to fill major gaps pointed out by the Committee.

Some of the major technical improvements we expect to accomplish with the funds requested are these:

1. Improving the reliability of the household survey by expanding the sample. A first step toward this would be taken in fiscal 1964.
2. Achieving greater reliability of responses in the household survey.
3. Study the possibility of sharpening the definition of unemployment.
4. Improved measurement of hours worked.
5. Improvements in sampling methods in the establishment survey.

The major types of additional data or extensions of existing programs recommended by the Committee which we hope to accomplish in fiscal 1964 are these:

1. Collecting information on the potential availability for work of persons who are not now counted in the labor force.
2. Getting information on turnover and growth in the labor force. Failure of the labor force to grow in recent years at the rate originally expected has raised many questions as to whether there is "concealed unemployment."
3. We need to collect and publish employment, hours, and earnings statistics for more of the industries in the rapidly growing service industries, such as hotels, restaurants, etc.
4. The present system of statistics on employment, hours, and earnings should be extended to more of the major cities where a good current measure of the employment situation would contribute to local economic development activity as well as to national programs to assist distressed areas.
5. We should make a start in developing a system of employment statistics by occupation, so that we can make better estimates of occupational trends and future manpower requirements to assure that our training programs are adequate to meet the needs.
6. We propose to study the problem as to whether it is possible to set up a nationwide system of statistics on job vacancies.
7. For the increasing number of nonproduction workers in manufacturing—a group which now totals more than 4 million workers—we have no statistics on hours and earnings. We propose an annual survey beginning in fiscal 1964.
8. Analyze the basic techniques used in employment and unemployment statistics (including job vacancy statistics) in other countries, to improve international comparisons of employment and unemployment levels. Work already performed by the Bureau of Labor Statistics in this field was praised by the President's Committee as "an important addition to our economic knowledge."
9. Research leading to the development of improved methods of making seasonal adjustments in employment and unemployment data as well as in other kinds of time series.

Several of the above projects will be conducted in cooperation with the Bureau of Employment Security and State agencies.

OCCUPATIONAL OUTLOOK

This committee needs no introduction to the Occupational Outlook Handbook, which has been so useful in the high schools and colleges which buy 40,000 copies of each edition. This program has proved valuable in helping young people to choose an occupation in line with industry's manpower requirements; it can be an effective antidote to unemployment. This program is being strangled by its own popularity: we have to allocate so much of the staff to answer the 60,000 inquiries that we receive annually from students and their teachers that the work on the handbook itself has suffered. We are asking for funds to strengthen the work leading to the next edition of the handbook.

PRICES

Although employment and unemployment issues tend to occupy center stages in the public forum, I need not remind this committee that economic policy questions involve practically every BLS program. Certainly, among the most important tools is our array of price statistics. On the consumer side, we are concentrating on completion of the CPI revision—a matter covered in my separate statement—and are not asking for expanded activities in the regular Consumer Price Index program.

You are aware, I am sure, of the divergence which has shown up in recent years between the trends of prices at different levels in our economy. The

conclusion which has been reached by many economists that inflationary dangers are no longer present in the economy is based largely on the behavior of our Wholesale Price Index, which in December 1962, was at almost exactly the same level as 4 years earlier. Prices of industrial commodities were especially stable over this long period. In the meantime, the Consumer Price Index has continued to rise slowly, as you know, primarily because of increases in prices of consumer services. It is the stability in primary market prices that supports conclusions about the lack of inflationary pressures.

It is important, therefore, that this comprehensive price measure be complete and reliable. There are two significant gaps in the measures of primary market prices which should be filled. There is, at present, no accurate measure of import and export prices, and there is no measure of prices paid by governments.

Reliable measures of import and export prices are needed especially at this time in connection with administration of the Trade Expansion Act of 1962, and in studying our balance-of-payments problem. One has only to read the story of the phenomenal rise of European economic integration to appreciate the tremenduos shifts in trade patterns and balance-of-payments situations which may be expected. The use of import and export data in terms of quantities and total values would be much more significant to decisionmakers in the trade and finance field if checked against data on price changes. Our request would permit us to begin the development of indexes of these changes, at least for the most important commodity areas.

The need for information on prices paid by governments requires little elaboration. It is obvious, as no one knows better than you gentlemen who consider appropriations requests, that the impact on the economy of purchases by government agencies, Federal, State, and local, must be deeply significant. The modest amount I request would permit us to make a beginning in this field, through studies of prices paid by GSA and a few other agencies in several important recurring items.

WAGES AND INDUSTRIAL RELATIONS

The economy is influenced in a major way, also, by developments in wages and industrial relations. The record of labor-management negotiations in the last 12 months is a record of increasing complexity of labor-management issues. But more urgently, these events have shown again that there can be serious damage to our economy when negotiations get stalled on dead center. On the other hand, when negotiations result in changes in wage and salary structures, or in fringe benefits, it becomes increasingly vital for decisionmakers in the Congress, in the executive branch, and in private industry and labor circles to have a continuously accurate picture of these changing situations and of possible future developments. I frequently review our continuing programs in these areas so that necessary adjustments may be made to provide maximum benefit from our regular work. But we need additional funds to extend and improve our work in certain specific wage and industrial relations programs which are of critical importance at the present time.

1. Our annual survey of salaries in selected professional, administrative, technical, and clerical occupations, now in its fourth year, has assumed great practical importance. As you know, it provided the statistical basis for the Federal Salary Reform Act of 1962, and the Bureau of Labor Statistics is specified in section 503 of that act as the source of information for implementation of the comparability pay principles in the Federal service. In addition, the survey is of great interest to private users of salary data, as indicated by the large sale of the survey report. In terms of the governmental and private decisions that are based on this survey, we clearly must maintain the highest standards of technical adequacy. We are requesting funds, therefore, to effect improvements necessitated by the growth of urban employment as revealed by the 1960 census, so that our sample may continue to provide a sound basis for the decisionmaking that will be needed in the future. We think that the new emphasis on our annual surveys, through the Federal Salary Reform Act of 1962, will undoubtedly intensify the scrutiny of the methods we use. We think that members of this committee and other Members of the Congress will want to be assured of the highest degree of reliability in these annual studies.

2. Closely related to the basic survey of salaries which I have just described is the increased attention to "fringe benefits." It has been argued that comparisons of remuneration of Federal employees and private employees, based

entirely on relative salaries are misleading, because the presumably higher fringe benefits for Federal civil servants tend to offset the salary advantage in private employment. We do not have data which enable us to make a judgment as to whether this is a valid point or not. But it is an extremely important consideration in the annual checking of Federal remuneration against that of comparable jobs in private employment. We have been authorized by the Bureau of the Budget to request funds to begin an analysis of fringe benefits in private industry in the professional, administrative, technical, and clerical categories in urban areas comparable with Federal occupations. With the funds requested we can make an effective beginning in fiscal year 1964 in what will undoubtedly turn out to be an extremely complex job. But we hope that in a reasonable period this new area of research will yield one of the most useful tools we can offer to the Congress in this field.

3. A third proposal is also concerned with information on employer expenditures on fringe benefits on an industrywide basis and on the composition of payroll hours. With respect to hours, the growth of paid leave has created a divergence between hours paid for, on which we have statistics, and hours actually spent at the plant. In 1960, we began the compilation of information on employer expenditures for employee benefits and composition of payroll hours. We should like to strengthen this work in three respects. First, we would include white-collar workers in manufacturing industries, whereas present studies are limited to blue-collar categories. Second, we would undertake publication of separate data for the industries for which productivity data are contemplated. Finally, we would cover nonmanufacturing industries more frequently than the 12-year cycle to which our present resources limit us. We asked for funds to do this last year, and are renewing the request because we believe the need is even greater than a year ago.

4. I need not remind this committee that labor-management disputes are getting more complicated, more troublesome to the economy and more demanding on the resources available to the Secretary of Labor, the Federal Mediation and Conciliation Service, and various ad hoc factfinding, conciliation and mediation groups. In the Bureau we have always responded to critical needs in this area, usually on a crash basis, and frequently at the expense of delaying progress of basic programs in which you and others are keenly interested. We know that there will be more crises of this kind in the future. We seek funds to improve our ability to answer these calls, in two respects: (1) to prepare some basic data in advance in situations where we know important negotiations will occur, and (2) to set up a small expert group to respond quickly and effectively to crash needs, without unduly disrupting regular programs.

5. Finally, we are requesting funds to expand our studies of employee benefit plans. Such plans are becoming increasingly important in the economy, particularly as they have an impact on worker mobility and the utilization of the work force. The Welfare and Pension Plans Disclosure Act has provided an extensive body of data which would be available to the analysts which the expanded program would provide.

AUTOMATION AND PRODUCTIVITY

One other important aspect of questions associated with promoting economic growth is the relationship of productivity and automation to employment and real income. Most present-day thorny questions—such as unemployment, shifts in job requirements, training, length of the workweek, impact of foreign competition, and changes in costs and prices—cannot be considered sensibly in the absence of information regarding the effect of productivity and automation.

Last year you allowed us funds to expand our research in this area. These funds, combined with our previous small resources, are being used to provide studies on the potential impact of automation and other technological changes. We are trying to take a look at the future—to determine how technology will affect industry and manpower.

Two types of studies are underway. One deals with the technological innovations, that is, major new technologies that are expected to affect many different parts of the economy. For example, work is underway on a survey of the impact of electronic computers which may affect many white-collar jobs. We are starting with pilot visits and a questionnaire designed for the insurance industry. We also have in process a detailed study of the changeover to electronic processing of tax returns in the Internal Revenue Service. Preliminary work

has been started on numerical control of machine tools and materials handling.

The other type of outlook study deals with specific industries where a variety of technological changes may be affecting manpower. We have begun work in textiles, air transportation, railroads and electric power. An example of the kind of study we are developing was published in October, covering the pulp and paper industry. Our new studies will put more emphasis on the outlook for future developments and the longrun effects.

For 1964, we are requesting additional funds to further extend this work, chiefly to include some important industries which we cannot cover with our present resources. We need to develop additional productivity measures for some of the larger industries (e.g., machinery, transportation equipment) which are complex and difficult and which will require special data collection to supplement our usual census and BLS information. We are also planning some exploratory work on the determination of the most advanced plants, as measured by productivity, as a guide to the potential of an industry.

Much has been said on this subject about an early warning system. A major goal of our program is to provide useful intelligence for this system, not when problems are already occurring, but at least 2 or 3 years in advance of the major changeovers which are likely to occur, so that management and labor can take steps to deal with their own problems insofar as they can, while government can prepare to assume the responsibilities which fall on the community.

Mr. CLAGUE. I would like to talk in general terms concerning the appropriation which I am requesting.

I want to emphasize particularly that practically every item which we have in our list before you is related to some recommendation or legislation that comes to us from somebody, some organization in the executive or legislative branch, sometimes from the Congress itself, sometimes from Presidential commissions, from advisory boards, from mediation boards, et cetera.

ACCURACY OF STATISTICS

For example, last year we were under criticism for our employment and unemployment figures. There was quite a controversy which led, first, to a review by the Joint Economic Committee of the Congress by a subcommittee under Senator Proxmire, who reviewed our performance and gave us a clean bill of health on our honesty and integrity in producing the figures.

At the same time, the President appointed a Commission of six experts from the universities to appraise the employment and unemployment statistics and to make recommendations for their improvement or changes that might be necessary.

That Commission worked for a year and turned in a report, of which we have a copy, which exhaustively reviewed the statistical work of the Bureau of Labor Statistics, the Bureau of Employment Security, the operations of the Bureau of the Census, and all other agencies engaged in surveys of employment and unemployment. They made a series of extensive recommendations running some years ahead, recommending that we take steps a little at a time or as fast as we could to improve the statistics.

UNEMPLOYMENT PROBLEM

I do not need to tell this committee that certainly one of the key domestic problems in this country is the question of the level of unemployment. The legislative recommendations of the administration, for example, with respect to a tax cut are undoubtedly connected with

the relatively high level of unemployment that we have. This unemployment rate for the month of January was 5.8 percent, nearly 6 percent, just about exactly the same as it was in January a year ago. The rate of growth in the economy has not been sufficient to do more than take care of the rising number of workers seeking work last year. It is not enough to reduce the rate of unemployment.

I want to say on behalf of the Labor Department, our own Bureau and our colleagues in other bureaus, that we in the Labor Department have been foresighted about this problem of unemployment. A number of years ago we projected the labor force to 1965. Later we made other projections to 1970. We have just completed a new set of projections to 1975. Some of these have resulted in minor revisions, but essentially we have been correct in pointing out the general development in the labor force.

To emphasize still more strongly this situation, I might stress the fact that the large——

Mr. FOGARTY. You are being pretty general. You are not telling us who constituted the committee or what your projections are up to 1970.

PRESIDENT'S COMMITTEE ON EMPLOYMENT AND UNEMPLOYMENT STATISTICS

Mr. CLAGUE. I could supply that for the record. I should emphasize, Mr. Chairman, that the President's Committee To Appraise Employment and Unemployment Statistics was headed by Professor Gordon of the University of California, and there were five other members of that committee whose names I can supply for the record. They are right here, and I can put them in.

Robert A. Gordon, chairman, professor of economics, University of California.

Robert Dorfman, professor of economics, Harvard University.

Martin R. Gainsbrugh, vice president, National Industry and Conference Board.

Albert E. Rees, professor of economics, University of Chicago.

Stanley H. Ruttenberg, director of research, AFL–CIO.

Frederick F. Stephan, professor of social statistics, Princeton University.

This is a group of well-known statisticians and economists who have an established reputation in their profession.

As I said, they spent a year going into this problem and their recommendations, which are represented by their report on "Measuring Employment and Unemployment," is, as you can see, an extensive booklet that goes into great detail concerning what ought to be done in the field.

By the way, the reason I mentioned looking into the future, is that they, too, look forward to the fact that the steps that need to be taken this year are only the beginning steps which will need to be added to as we move further into the future.

I have here our Special Labor Force Report No. 24——

COMMITTEE RECOMMENDATIONS

Mr. FOGARTY. You might summarize some of their recommendations and what you plan to do to carry them out. You can provide that for the record, if you wish.

(The statement follows:)

PROGRAM OF THE BUREAU OF LABOR STATISTICS AND PROPOSALS FOR FISCAL 1964 AS THEY RELATE TO GORDON COMMITTEE RECOMMENDATIONS

The President's Committee To Appraise Employment and Unemployment Statistics (Gordon Committee) was appointed by President Kennedy in November 1961 "to appraise the status of the information available on employment and unemployment, and to make recommendations for any changes or improvements that current conditions seem to require." After a year of careful review of the statistical system involved, the Committee reported to the President "that the United States has the most comprehensive system of statistics on employment and unemployment of any country in the world." The Committee also, however, made many recommendations for improvements, recognizing that the cost would not be insignificant. They said: "Our analysis convinces us that these improvements would be well worth the expenditure of such funds as may be needed to implement our recommendations and we hope that you, the agencies concerned, and the Congress will share our view."

The specific recommendations made by the Committee are numerous and detailed. They are summarized in the following paragraphs: (*a*) Those which have been adopted by BLS with present funds; (*b*) those which will be adopted with funds requested for fiscal year 1964, and (*c*) those for which no funds will be requested in 1964 but for which funds will be requested in subsequent years. The Committee's report makes it clear that the total scope of its recommendations was too great to be implemented in a single year. Much future expansion, both in projects initiated in fiscal 1964 and in work planned for subsequent years, must be based on the successful completion of technical research which has not yet been undertaken. The Committee stressed, in many of its recommendations, the need for such research which underlies the collection and publication of the monthly statistics, and which must precede such collection.

RECOMMENDATIONS ALREADY EFFECTED

The Committee recommended a number of changes in the presentation of the data to the public:

(1) Expansion of the amount of information in the press releases which summarize the unemployment story.

(2) Inclusion in the releases of seasonally adjusted figures to provide immediately more meaningful interpretation of the employment and unemployment situation.

(3) Simplification and standardization of text and tables in both the press releases and the subsequent detailed publication. All of these recommendations have been adopted and will be continued without additional funds.

The Committee considered questions which have been raised about the propriety of counting as "employed" those persons who are working very few hours per week. They recommended that the present practice of counting them as employed be continued, but also recommended that persons working less than 5 hours a week be shown separately in the published tables. They further recommended that information presented for the unemployed should show the number of unemployed seeking only part-time work. Both of these improvements have been introduced in our monthly series and will be continued in the future.

The Committee recommended special annual surveys of the unemployed to get more detail on their earlier work experience. Appropriations were made for this in 1963 and are continued in our base budget.

WORK TO BE STARTED IN FISCAL YEAR 1964

The following recommendations are for work which will be initiated or expanded, providing that the increases requested are approved.

The Committee recommended a substantial expansion of the sample of households from which data on employment and unemployment are collected (*a*) to improve the accuracy, (*b*) to provide more detailed information, and (*c*) to permit the collection of additional data. The project on extension and improvement of labor force statistics is the first step in this direction. It will provide for a second sample of households, which will be used in 1964 to ask test questions. The Committee recommended that the measurement of unemployment be sharpened in order to make certain that all persons looking for work are included and that the steps taken by the unemployed to find jobs be recorded. The Committee further recommended that a program of comprehensive research based on the regular use of such a second sample be developed. One example of such research would be the obtaining of better data on the hours worked per week by employed persons. These and similar objectives will be attained through the project on extension and improvement of labor force statistics. The 1964 request represents a beginning. There will be a need for further substantial expansion in future years.

The Committee recommended that detailed information about the education, training and willingness to work of persons not in the labor force should be collected at least once a year. Such information, in addition to that collected as a part of the proposed study of labor force turnover and growth, will add to our understanding of the reasons why people enter and drop out of the job market. This type of project will be continued into future years and full implementation of the Committee's recommendations will require some expansion.

The Committee recommended that we regularly adjust the unemployment rates of various countries to a standard basis and publish these rates together with studies of the causes of international differences in rates of unemployment. The project on international comparisons of employment and unemployment is designed to meet this need.

The Committee recommended many improvements in and extensions of the data on employment, hours of work, and earnings which are collected from business firms through cooperative arrangements between BLS, BES, and State labor departments or employment security agencies. The recommendations include strong emphasis on (*a*) the need to improve the estimates in the rapidly expanding service industries, so that individual industry figures could be published each month; (*b*) recognition of the need to publish statistics for a greater number of the large metropolitan areas; and (*c*) the need for information on the hours of work and earnings in many of the nonmanufacturing industries, for which such statistics are not now prepared. The Committee recommended the addition of some technical staff to develop methods for solving the difficult problems incident to attaining some of these objectives and to make continuing evaluations of the accuracy of the system as a whole. The project on employment, hours and earnings statistics for additional industries and areas makes a substantial beginning in this direction. Further moderate expansion in this area of work will be necessary in future years to effectuate in full the Committee's recommendations.

There is not, at present, any comprehensive program which reveals, at more frequent intervals than once in 10 years, the number of people working in each important occupation. This is one of the most serious lacks in knowledge about the Nation's manpower. The Committee, therefore, recommended that we proceed with a program for developing current statistics on a continuing basis for a broad range of occupations. The proposal for current employment statistics by occupation will lay the groundwork for a regular annual collection of such data in about 100 of the most important technical, skilled, and clerical occupations. The regular operation of such a program in future years will require substantial additional funds.

The Committee recognized the current great interest in job vacancies. In view of the difficult problems anticipated in conducting a satisfactory survey, it recommended a program of research looking toward their solution. The proposal for job vacancy statistics is such a study. If it proves that such statistics are collectible, a regular program for gathering such statistics in

future years will be proposed. The cost of such a program will be higher than the cost for the presently proposed exploratory program.

The Committee recommended that information on hours for supervisory and other nonproduction workers be collected on an annual or quarterly basis. Currently the monthly data relate only to production workers in manufacturing and nonsupervisory workers in nonmanufacturing. The proposal for obtaining hours and earnings for nonproduction workers in manufacturing industries annually will be the first step in a continuing program for securing this information. Extension of this program to other industries outside of manufacturing in future years, with a consequent increase in cost, will be necessary to comply fully with the recommendation.

RECOMMENDATIONS ON WHICH ACTION IS POSTPONED TO FISCAL YEAR 1965 OR LATER

In addition to the new proposals which will be submitted for the first time in fiscal 1965 or later, there will be a continued expansion of the important proposals first advanced in the fiscal 1964 budget. There will be a substantially further expansion of the sample of households from which labor force and unemployment data are secured in order to further improve the accuracy of this information and make possible the publication of additional categories of information. There will also be further expansion of the collection of statistics from employers in order to improve the quality of this information and extend its scope to cover the hours of work and earnings of supervisory employees in the nonmanufacturing industries and in order to provide the basic statistics on monthly employment, hours, and earnings for all of the standard metropolitan statistical areas in the country. The programs suggested for fiscal 1964 in the field of current employment statistics by occupation and job vacancy statistics are both of an exploratory and developmental nature. Carrying these into full-scale statistics programs at the national level, which was the objective of the recommendations of the President's Committee, will require substantial expansion in subsequent years.

Expanding Size of Unemployment Sample

Mr. Clague. I might mention one thing, however, which will perhaps dramatize the extent to which they are looking forward in this matter. They recommended, for example, that the sample for measurement of employment and unemployment now is too small to do all the work which is being demanded of it. We are asked for classifications of the unemployment of men and women, young people and older people, by different age groups, by Negroes and whites. The fact is that our sample is so small that in any one month or even in several months in a row, by the time we get down to the numbers of persons represented, our detailed breakdowns are not very accurate. We keep emphasizing this to the public and trying to insure that whatever statements we make are valid within the reliability of the statistics that we have.

The recommendation of the President's Committee was that this sample should be expanded, doubled, tripled, quadrupled. In fact, they recommended that in the longer future, they might want to go as far as recommending 10 times this large a sample.

One of their reasons for recommending that is that they feel that more information should be available on a local area basis. They even look forward to the time in the future when sample studies like this should be made in the larger cities of the country, so that there would be something similar to our national picture with respect to the larger concentrations of community populations, the larger cities of the Nation, with, of course, samples from the rural areas as well.

This year we are starting, for example, by asking for an increase of 50 percent in the sample. In other words, we are asking for 17,500 additional families to be sampled in this survey in order that we may develop some additional information of the kind that cannot be validated from our present sample.

OCCUPATIONAL OUTLOOK HANDBOOK

So far as our projections are concerned into the future, our last report is the Special Labor Force Projection Report No. 24, to 1965–75. I was stressing that the situation is not getting any better from the point of view of the labor force seeking employment. This year, for example, we have youngsters of the births of 1947, nearly 4 million boys and girls reaching age 16. That is a group which will reach 18 in 1965. The current discussion about dropouts from high school, the question about how many youngsters can go to high school, how many youngsters will be able to go to college, is now immediately before us. That is one of the reasons we have emphasized here our effort to get some more funds for work on the "Occupational Outlook Handbook." This is the tool which we use to reach these youngsters, so that they will be making the decision to remain in school and to go on to college, if possible.

To continue with the Occupational Handbook, the 40,000 copies printed by the Government Printing Office have practically been exhausted, they are just about out of copies now. The new edition will go to the press in May or June of this year and be available by fall. The Government Printing Office now has to consider whether they should print additional copies of this edition, or whether they should wait until the autumn.

In that respect, perhaps, something that has recently happened in Chicago may give us some help. One of the banks in Chicago has considered a campaign to have youngsters start savings accounts. The bank has under consideration the possibility of giving each youngster who starts a savings account a copy of the Occupational Outlook Handbook. They have applied to the Government Printing Office, which has offered them, I believe, a 25 percent reduction. Now, it costs $4.50 at present, so that would be something like a price of $3.25. The bank wants to order 5,000 copies, which would then be available in this way to the youngsters starting savings accounts.

This illustrates one of the problems we have, namely, that these books are not reaching some of the places we would like to have them. Even though 40,000 copies have been sold, we think we do not reach more than about half of the high schools of the Nation. So that we do know that there are large numbers who do not now have even one copy of this book.

We have distributed during the year about a million and a quarter copies altogether of the different leaflets that we have on the different occupations. But with this enlarged group of youngsters coming along now there is more need than ever for a larger volume of this material reaching the public, so that the youngsters will go into the right occupations, so that there will be fewer dropouts, and perhaps a lower rate of unemployment among teenagers in this country.

BUDGET INCREASES

I stress this to emphasize the point that in our total appropriation request, approximately two-thirds of our entire increase, that is, more than $2,600,000, is for work directly connected with the President's Committee To Appraise Employment and Unemployment Statistics. Out of that amount about $1,100,000 would go to the Census, and about $400,000 to the States for the Federal-State cooperative program which we have. And the Bureau itself would have about $1 million, or a little over, for our analytical and supervisory and developmental work.

I will be glad to explain in more detail later in response to your questions what we are asking in the specific individual requests. But at this point I would just like to stress that 9 out of our total of 15 program items are in response to the recommendations of the President's Committee.

INTERNATIONAL ACTIVITIES

I would like to add one other word concerning the foreign situation, since I expect to be attending a United Nations committee on science and technology in Geneva next week at which I shall be a representative of the Department of Labor. This is a conference of 1,200 delegates from the underdeveloped countries, from the Communist countries, the Western European countries, and ourselves. Our specialty, of course, in the Labor Department is human resources. I have already seen some papers presented by the Soviet economists, for example, emphasizing the full employment they have in their economy. Actually we know they do not have full employment in the sense in which we use the term. In fact we know from their own reports that they have what they call labor turnover, by which they mean workers between jobs. And in conection with that they find that the average amount of time out of work is about 30 days, for workers between jobs. This would correspond very closely to our statistics on the number of people out of work less than 5 weeks. And at the present time nearly one-half of all our unemployed are out of work less than 5 weeks. So that this would indicate that even entirely apart from what other unemployment they may have, this so-called labor turnover would make up about half of our unemployment rates.

But our problem in dealing with the underdeveloped countries in presenting our case is how to show that, with respect to our unemployment, we are doing something about it, that steps have been taken to meet the problems as they arise, and that in a free society a certain number of people will always be out of work, always seeking additional jobs, since they are not required to take any job that shows up, which would be the case in the Soviet Union.

The next major field is prices. And in that we are finishing our Consumer Price Index revision. We are on schedule. The revised index will be available in January of 1964.

ACCURACY OF STATISTICS

Mr. FOGARTY. Will you repeat that part again about the people that have examined your statistics because a question was raised about it last year and I would like the record to show that the doubts have been fully resolved.

Mr. CLAGUE. Yes.

The criticism came about a year ago; the argument was that our statistics were not properly evaluating the number of people out of work, that they were inflated in a variety of ways, because we weren't getting the right answers, or that we were in some cases deliberately raising the figures. We were reviewed by the Joint Economic Committee of the Congress last year, under the chairmanship of Senator Proxmire—there were several Senators and Representatives present. We had a thoroughgoing review, myself and our staff, on the methods used, our definitions, our methods of handling the answers we received. And the committee gave us unanimously, I believe, a thoroughly clean bill of health on our integrity and the honesty of our data.

They did point out in that committee that they thought there were some improvements that might need to be made, that we should examine again the definitions, and ask ourselves whether we are getting the right people who are out of work, whether we are sure that there are some people who are really looking for work that we don't find.

That, by the way, is one of the criticisms on the other side, namely that the way we ask the questions and the way we get our answers may mean that a person who was discouraged from looking for work by a long period of bad times in his community would be left out of the unemployed entirely, although he might generally be in the labor market.

Mr. MICHEL. Were Congressman Tom Curtis' questions amply satisfied in that particular hearing, do you recall?

Mr. CLAGUE. Yes, I believe they were. I am not sure that Congressman Curtis attended that hearing. But we had another congressional hearing last summer when the same question arose, and this question came from the other side of the fence, the one I am now describing; namely, Is our estimate of the labor force growing too slowly now, simply because we are not finding all the unemployment that is really in existence? For example, we ask the worker, if he is not employed, whether he looked for work last week. If he says he is not looking for any work, because "there is no work to be had in this town, what is the use of looking," that is, if he volunteers that information we call him unemployed, but if he doesn't volunteer that, if he says that he was not looking for work last week, then we leave him out of the labor force. So the President's Committee specifically told us to do some experimental work with respect to that particular question.

I think Congressman Curtis at the hearing last summer was quite satisfied. That was the hearing that was under the chairmanship of Congressman Reuss, of Wisconsin. And Congressman Curtis, and Congressman Widnall, of New Jersey, attended that meeting.

PRESIDENT'S COMMITTEE ON EMPLOYMENT AND UNEMPLOYMENT STATISTICS

But the most comprehensive report on this subject was the report of the President's Committee to appraise employment and unemployment statistics. President Kennedy was concerned about the criticisms, and he appointed this expert committee whose names were listed earlier.

That group spent nearly a year going very intensively into details about the method of asking questions, about the way in which the Census Bureau does the work for us—which they do in carrying out the collection of data—about the seasonal adjustments that we use. They went into such subjects as how we asked the questions, how we interpreted the answers, how we handled the employment statistics, the relationship of our unemployment figures to the statistics of unemployment insurance. They issued this book, "Measuring Employment and Unemployment," which is the most comprehensive review of this whole subject that has been made in many years.

I was saying at the beginning of my presentation, every one of the items that I am presenting here—the seven first items in this list of program items, and the last two—a total of nine of them—are related to this Committee's recommendations. This makes up about $2,600,000 of our request. In other words, we are taking the first step, the beginning step, toward the implementation of the recommendations of the President's Committee. And their recommendations are very far-reaching. They reach down into the States and localities as well, and into the ways the employment statistics are collected from employers, the hours of work, and similar reports.

So it is a scholarly, thoroughly comprehensive report, which was unanimous.

And I call attention to the fact that one of these representatives was a labor economist, Stanley Ruttenberg of the AFL–CIO, and another one, Martin Gainsbrugh, while not an employer representative as such, has been the chairman of the Business Research Advisory Council of the Bureau of Labor Statistics, a council representing the employer economists and statisticians who advise us from time to time on our work.

So I would emphasize that we are trying to carry out essentially what the President's Committee recommended, taking relatively small steps, but important steps, toward getting better employment-unemployment information to answer some of these critical public questions.

I was stressing the point also that employment and unemployment, particularly the unemployment rate and the characteristics of the unemployed, are certainly among the key domestic problems in this country, and are going to continue to be in the future.

The extent to which legislation has to be adopted to deal with this problem will be based upon our figures. And people are going to continue to look at them with an eagle eye, and are going to continue to question our interpretations.

We are proud of the endorsement we have received from the Congress and from the President's Committee, but we are not under any illusions about the fact that people will continue to scrutinize our performance.

STATISTICS ON JOB VACANCIES

One of the difficulties is that there is not one unemployment problem, not one unemployment rate, there are a whole series of rates and problems. We have labor shortages and surpluses side by side. One of the recommendations of the President's Committee is that we should endeavor to develop statistics as to job vacancies, how many job

openings there are in the country. We know that there are many openings, and we know that there are even occupational shortages.

Our project on this subject is to attempt to get our statistics through our regular reporting from employers, get statistics on how many job openings they have in a given month, so that we might total this for the Nation and get some impression as to what extent there is a correspondence between the number of persons out of work and the numbers of jobs that are open to be filled.

Then the problem is how you——

Mr. FOGARTY. The Secretary mentioned this morning that he thought one of the reasons why they had such full employment, if it is full employment, in the Scandinavian countries was the fact that some agency like this has been able to determine what types of jobs would be needed 3, 5, or 10 years ahead of time. And you do some of that too?

Mr. CLAGUE. That is exactly what we are endeavoring to do. As I indicated earlier, we have made projections of the total labor force by men and by women and by age groups going ahead to 1975, our latest projection.

STATISTICS BY OCCUPATION

One of our requests in here, Mr. Chairman, is for gathering statistics by occupations, so that we may get from the employers the breakdowns as to the major occupational groups, about 100 different occupations.

That information would come from employers' payrolls—they have their payrolls by occupations. At present we simply ask for the total number on the employer's payroll, divided into production workers in the factory and office workers in the plant.

But if we could get some additional funds, what we would do is to get periodically, say, once a year, a report from employers on a breakdown of their occupations, particularly for about 100 of the important occupations. We would then have, year after year, a continuing count as to the number of people who are in these occupations.

As it is now, what we get are the census figures for 1960, and then again for 1970; but in between all we can do now is project as best we can from secondary sources our estimates as to how fast the major occupations are growing. We can make good estimates for a whole group of related occupations, but we are unable to measure accurately, let us say, the plumbers, the carpenters, the stenographers, et cetera.

We would like to get that kind of a breakdown, which would give us considerable help in finding out how many to train for such jobs.

Mr. MICHEL. Are your figures well enough developed in this area that universities in the country could make inquiries of them for their own purpose in helping to advise students, for example?

Mr. CLAGUE. Yes. As a matter of fact, these basic data for the Nation as a whole, coming from our total sample, our national sample, these are the basic data used by all of the persons, all of the economists, and others, who are working on economic growth, or working on the projections of employment and unemployment, et cetera. These basic data of ours, including the hours of work—which they have to have also, because employment really consists of the number of persons times the hours that they actually work—I would say that these data

are so basic and so fundamental that everybody working in the field uses them.

Our problem is that sometimes they are overused, in that there are not enough data or good enough data to solve the problem.

We are trying to do more analysis to overcome this.

Mr. MICHEL. You used the figure, I believe, of 100 job classifications.

Mr. CLAGUE. One hundred, yes.

Mr. MICHEL. Is that what you have now?

Mr. CLAGUE. No, that is what I am requesting, what we would like to get.

Mr. MICHEL. What do you have now?

Mr. CLAGUE. What we have now is a broad classification of occupations, for example white-collar workers—teachers, on whom we have a more complete count—or some blue-collar occupations, on which we conduct frequent studies, for instance, wage surveys in certain industries. Our agents go into the plants and get the wage data, and at the same time we get information on occupations.

When we survey a plant or an industry very intensively, we do get occupational breakdown, for instance, in the steel industry. But it is piecemeal, and doesn't count up to occupational totals for the Nation as a whole. What we would hope is that we could tie it in with regular employment reporting, through this Federal-State employment statistics system in which the Bureau of Employment Security, the Bureau of Labor Statistics, and the State agencies cooperate in getting reports from employers. We have reports from about 150,000 employers every month; that is, their total employment, their production worker employment, the hours they work, and the dollars of payroll. These are a few simple figures that give us a picture of employment for several hundred industries every month.

But we don't get the breakdown as to what occupations are represented, except in these occasional surveys of wages. We believe that by building up a reporting system, by asking the employers occasionally to give us a cross section of their important occupations, that would give us, year after year, a view of the relative growth of these occupations.

Next is prices. I would like to mention again another area, and I am carrying out the theme I mentioned earlier, Congressman Michel.

STATISTICAL DIFFERENTIATION OF EMPLOYABLE AND UNEMPLOYABLE

Mr. MICHEL. May I ask this? Do you clearly differentiate between employable versus unemployable people in your statistical count?

Mr. CLAGUE. No, sir. In one sense of the term I think I would say that there are a few people who are genuinely unemployable, in that there isn't some work that they could do. On the other hand, whether they have any capacities that would enable them to fit into the jobs that are open, that is another question. I would not like to apply the term "unemployable" to them. But the point is, they are employable only at the work they have been doing.

Take a West Virginia miner, for example, 50 years of age, or 60 years of age. He could do mining, perhaps he was very good at it. Or take a Negro worker, who has been working recently in the steel or coal industry. Many Negroes are employed in those industries, or in the automobile industry. They are good workers, if those jobs were still available. But the point is that those jobs have disappeared.

JOB LOSSES AND GAINS IN DIFFERENT INDUSTRIES

I recall another statistic which I use very often; namely, that since 1953 in the goods-producing industries of this country—that is agriculture, mining, manufacturing, and construction, the heavy industries of the country—we have lost 3 million jobs; no gain at all—we are actually down 3 million.

On the other hand, we have a gain of 6 million jobs in the group of industries consisting of wholesale and retail trade; banking and finance industries; service industries, such as hotels, drycleaning establishments, laundries; State and local government workers, who include teachers, and all the employment associated with the growing urbanization of the population—the streets, sewers, water works, et cetera.

There has been a gain of 6 million in the above groups. The difficulty is that the persons laid off from the heavy industries are not the people who qualify for those white-collar jobs in the expanding industries. Additional workers are being hired, but the persons who are out of work in the steel industry do not get the jobs.

Mr. FOGARTY. These other jobs are lower paying jobs, too?

Mr. CLAGUE. Yes, we have that problem also. A worker may have been getting, say, $4 an hour in the steel industry, or $3.50 in the automobile industry, and perhaps the only job opening is one of car washing. We have just taken a survey of wages in the District of Columbia for one of the Senate District subcommittees; the wages in car washing jobs are very low.

He would be lucky to get a dollar an hour.

So the worker is going to cling to his rights as long as he can in the industry where he has been and would like to continue to be. And he is entitled to unemployment insurance. Our unemployment insurance laws were set up to enable the unemployed worker to struggle to get back into his own occupation. It is only when he is out of work a half year or longer that he finally has to give up and has to go down the occupational ladder.

PROBLEM OF ILLITERACY

In the meantime we have run into another problem. I saw a statistic the other day—it isn't one of ours, but I can well believe it—that there are 33,000 adults in Washington, D.C., above age 25 who can't read and write. Where would you place such people? A friend of mine, who is director of welfare in the city of Chicago, has started training classes of adults to read and write from among the relief people that he has on his hands, the adult males and females who are on relief. They have already gone through all their unemployment insurance, and they are on welfare. As he says, how can he place any of these unless they can meet the minimum requirement in our advanced technology namely, to read and write?

So what we have is a tough problem of how to move the people from—and develop them—from the skills they had, which were very real, to the new skills which they don't know and which they have not been equipped to undertake.

EFFECT OF EARLY RETIREMENT UNDER OASI ON UNEMPLOYMENT

Now, Congress did something about this last year. Take the older people, for example. You will recall that you passed a law providing that men could retire at age 62 with reduced benefits under old-age and survivors insurance. In 1 year 600,000 men from age 62 to 65 aplied for those benefits. And I think some of the shrinkage in the longtime unemployed which we have had in the last year—and it has shrunk, since it was nearly a million in the spring of 1961, nearly a million unemployed who had been unemployed more than 27 weeks. Some shrinkage has occurred since, for it is now down to about one-half of a million. I am sure some of that is reemployment, but some of it is due to the fact that many have given up and retired, some of them have moved out of the labor force. You might call them unemployable in the sense that there is no job they can do that the Nation wants done.

On the other hand, the Manpower Development and Training Act and this whole theory of getting people back into jobs, is to give workers some type of training which would enable them to move into good jobs that are available.

PRICE STATISTICS

If I might go into the price field, we have one item—but first we have the revision of the Consumer Price Index. As I indicated a moment ago, we expect to finish that on schedule. And it will be as authorized by you 5 years ago.

We have one regular item which relates to a recommendation of an advisory committee appointed by the Bureau of the Budget, that is, the Price Statistics Review Committee appointed 2 years ago by the Bureau of the Budget to review the price statistics of the Government. That committee recommended a number of changes, particularly that in our wholesale price index. They recommended that we should include more kinds of prices than we now do. We have asked you to make a beginning in that area. We propose to get statistics of prices paid by Government, which is a very heavy buyer, as you know. And we are starting with the General Services Administration. We hope with their cooperation to draw up specifications of items that they buy in large quantity, and so get price statistics on each type of product.

We are also endeavoring to get—we hope to, this is what we are asking you for—a price index for exports, U.S. exports, and a price index for U.S. imports. There are no valid price indexes that enable us to know how in general American exports of comparable items are priced in relation to comparable items being imported. We have the statistics of the imports and exports, and their value, coming through the customs, but that reporting system does not sort them out by the quality of the product. In other words, if more expensive items come in the statistics show a higher average value; if cheaper items come in, the average value falls; and doesn't tell you anything about comparable prices.

So this is one area in which we are proposing a beginning. And it comes from a recommendation of an advisory committee appointed 2 years ago.

In the field of wages we have four items. Two of them, or three of them, really, relate to the question of Federal salaries. A year ago the Congress passed a law which provides that the Bureau of Labor Statistics shall be the agency to survey wages and salaries in private industry in order that Government workers may receive pay in accordance with the general level in private industry. The Bureau of Labor Statistics was specified in the law as the agency to make those surveys. I have some items in here that are designed to improve those surveys, to make them better. I call your attention to the fact that the Federal payroll amounts to about $15 billion. You will recall, Mr. Chairman, that I used to report to you as to how important our Consumer Price Index was, because a small variation in it would make such a tremendous difference in the wage bill of the country. Now, the same thing affects us in the field of Federal wages. If our findings are that private industry salaries increased 2½ percent, there would be one result, while if our findings was 3½ percent, that 1 percent would make a difference of $150 million a year in Federal salaries.

Now, quite clearly, the Congress is going to act on our findings, not with an escalator way as the Consumer Price Index was used in private industry, but by using judgment with respect to our data. But it is important, and we are certain to be called to account before the congressional committees to explain how we got our figures, whether they are valid and good for the various classes of occupations. In other words, we in the Bureau are launched again on a program where our statistics are of vital importance to public policy. One of the wage items concerns fringe benefits. Well, the issue that has been raised is whether fringe benefits of Government workers are substantially different and higher than those in private industry. And we have not succeeded in the past in getting too good a picture of fringe benefits in private industry, but we are proposing here to make a beginning, and hope to get the cooperation of employers to get the approximate values of fringe benefits that should be added to wages and salaries so that we can compare with the Government workers total of salaries and fringe benefits.

Mr. FOGARTY. What is it that gives you this responsibility?

Mr. CLAGUE. It is the bill that was passed last year:

> In order to give effect to the policies as stated in section 502, the President shall direct such agency or agencies as he deems appropriate to prepare and submit to him annually a report which compares the rates of salary fixed by a statute for Federal employees with the rates of salary paid for the same levels of work in private enterprise, as determined on the basis of appropriate annual surveys conducted by the Bureau of Labor Statistics.

Mr. FOGARTY. What is that?

Mr. CLAGUE. That is Public Law 87–793, Salary Act of 1962 of the 87th Congress, H.R. 7927.

And now the new item we have here is the addition of fringe benefits. The Bureau of the Budget and the Civil Service Commission are facing the question as to whether or not, when Congress regulates our salaries in the Federal service, account has been taken of all the comparability that should exist between these public and private.

REPORTS FOR INDUSTRIAL RELATION DISPUTES

With respect to industrial relations, we have another item which is very important to us. We were before you on it once before, and we want to renew our request. We believe we should have a small group in our Bureau which is able to follow these critical negotiations.

We prepared for Secretary Goldberg last year a special report on the Aerospace dispute, a report dealing with the critical bargaining situation that existed in that industry. We also had to prepare a missile site report to deal with the problem of the missile site strikes which were occurring.

This kind of report requires intensive analysis and review of the whole situation, the rates being awarded to workers of different occupations in the different missile sites, the arrangements as to pay for travel, and so forth.

Then more recently, as you may recall, they settled the longshore situation on the east coast, a mediator group under the chairmanship of Senator Morse.

Let me read here one of their recommendations, one of the contingencies upon which this dispute was settled:

It is a manpower utilization and job security study:

> The parties agree to a study by the Department of Labor, under the direction of the Secretary of Labor, of the problems of manpower utilization, job security, and all other related issues which affect the longshore industry. The study should be a comprehensive one of manpower utilization, job security, including an analysis of and findings with respect to gang size, work force flexibility, severance pay, register closing, automation, and such other manpower utilization job and security items as the Secretary of Labor shall direct.

And we have already been notified by the Secretary that we will be expected to participate in this study. This will mean a survey of manpower utilization on the waterfront, which would be by our Productivity Division, our Division which makes productivity and automation studies, while the job security issues will be handled by our Wage and Industrial Relation Division.

So these two divisions, when the parties agree on the kind of a study they want, will be put to work to resolve these questions.

I want to emphasize again that this highlights the fact that these problems come to us from the outside, because people have faith in our figures, because they have confidence in both our honesty and our ability to do this kind of work. The budget we present to you here represents the needs of important agencies on both domestic and foreign policy.

PRODUCTIVITY

One last thought. There is one item in here on productivity statistics. We would like to get some more output per man-hour statistics for some of the important instances.

In this case also I must emphasize that the guidelines that the Council of Economic Advisers have suggested, the questions of wage-price relationships and the stability of prices are determined by our figures for productivity, output per man-hour, for the economy as a whole.

You spoke a minute ago, Mr. Chairman, about automation. Our figures for 1962, which are still preliminary—we are just about to come out with them—indicate that the rate of productivity increase is rising, and that this past year may have been as high a year as we have had for some time.

Mr. FOGARTY. What significance do you attach to that?

Mr. CLAGUE. What this means is that this is the result of automation, Mr. Chairman. What this means is that as automation is introduced some jobs can be eliminated. In fact, the industrial relations picture in this country right now is focusing directly on this issue of machines versus men, or of productivity versus protection. This is what the issue amounts to in these various collective agreements that have been signed so far on this problem.

Mr. FOGARTY. What do you mean, "productivity versus protection?"

LABOR-MANAGEMENT AGREEMENTS RELATING TO AUTOMATION

Mr. CLAGUE. I mean, for example, in the case of Armour Meatpacking Co., there were arrangements made that the employer would set aside a certain amount of funds for the purpose of providing protection to the workers who were forced to leave their jobs and start somewhere else.

On the other hand, in exchange for those protections, the union agrees to cut down the size of the work force. In west coast longshoring this has been a 5½-year agreement, in which the employers put up $5 million a year. They retire some of the workers early. They give other workers severance pay. They divided the workers into A, B, and C workers. The C workers who are the casual group, you might say, were at the bottom of the list. They had to give up their seniority on the job in exchange for certain benefits—unemployment pay, severance pay, early retirement, and so forth.

And then in exchange what the workers agreed to is that the gang size will be cut, they will accept containerization, they will accept automation on the waterfront in such a way that the employer will be paying higher wages, but he will have fewer men, so his costs may not increase. This problem is the one which is being experienced in industry after industry; this issue becomes the major tussle in the labor-management negotiations.

Mr. FOGARTY. Are you doing any work on the Kaiser Steel agreement?

Mr. CLAGUE. No, we didn't. We are endeavoring to analyze that, which is a very complicated agreement. It will be interesting to see how it works. That was worked out by a commission on mediation experts who spent more than a year studying the whole situation. This is a case in which the workers agreed to cooperate in automation

and technological improvement, provided they can get a share of the lower costs that result. But we didn't do anything in connection with the agreement; that was worked out by the outside group. That will be different in this longshore situation on the east coast where the Secretary of Labor has promised that the Department will do the survey.

Mr. FOGARTY. Have you finished?

Mr. CLAGUE. I think perhaps that is enough of a general statement.

BUDGET REQUEST

Mr. FOGARTY. Your appropriation for 1963 is $14,158,000, and the Pay Act supplemental is estimated to be $455,000, for a total of $14,613,000. The request for 1964 is $18,585,000, an increase of $3,972,000, and 209 positions.

This is one of the largest increases you have ever asked for, isn't it?

Mr. CLAGUE. Yes.

Mr. FOGARTY. What did the Bureau of the Budget cut your request?

Mr. CLAGUE. We went in to them with an increased budget of approximately $5¾ million, I don't remember the exact figure. And they cut it approximately a million dollars.

Mr. FOGARTY. Last year they cut you a little over $3 million.

Mr. CLAGUE. That is right.

I think I might say, Mr. Chairman, that the Bureau of the Budget this year was very much interested in this report of the President's Committee for Employment and Unemployment Statistics. As I indicated to you earlier, about two-thirds of our total increase is in this area. So in this particular case the Bureau of the Budget had a direct interest in our request. They, as a matter of fact, serviced the President's Committee, and were an active participant on behalf of the President in the operations of the Committee.

Mr. FOGARTY. Have you heard any serious questions raised about this report of the President's Committee by any responsible group in the country?

Mr. CLAGUE. No, I have not. This doesn't prove that there might not have been some, but I have not heard any.

EXPLANATION OF REQUESTED INCREASES

Mr. FOGARTY. Now, the program increases are broken down into 15 items that are set forth on pages 5 and 6. We will put those pages, and the 20 pages of detail that follow, in the record at this point.

(The pages referred to follow:)

Summary of changes

1963 appropriation	$14,158,000
Estimated supplemental for pay increases (Public Law 87–793)	455,200
1963 appropriation (adjusted)	14,613,000
1964 estimate	18,585,000
Total change	+3,971,800

Mandatory items:	
Increases:	
To provide for 2 extra days of pay in 1964 for current year staff	+77,200
1964 net additional cost of pay increases, for current year staff, due to Public Law 87–793	+410,000
Payment to employee injury compensation fund, due to Public Law 86–767	+8,000
Payments to States for increased salary rates in connection with the cooperative employment statistics and labor turnover statistics programs	+50,000
Decreases:	
Printing of Occupational Outlook Handbook	−27,000
Program items:	
Increases:	
Extension and improvement of labor force statistics (29 positions $230,674; nonlabor $1,088,726)	+1,319,400
Study of labor force turnover and growth (10 positions $77,862; nonlabor $114,138)	+192,000
Employment, hours, and earnings statistics for additional industries and areas (25 positions $154,862; nonlabor $368,338)	+523,200
Current employment statistics by occupation (26 positions $174,787; nonlabor $46,013)	+220,800
Job vacancy statistics (6 positions $43,374; nonlabor $9,126)	+52,500
Extension of occupational outlook program (9 positions $70,640; nonlabor $14,060)	+84,700
Hours and earnings for nonproduction workers in manufacturing industries (16 positions $100,945; nonlabor $73,055)	+174,000
Extending coverage, restructuring and improving primary and intermediate price indexes (11 positions $76,053; nonlabor $23,447)	+99,500
Labor market studies and national salary estimates for professional and administrative occupational categories (9 positions $51,079; nonlabor $30,021)	+81,100
Employer expenditures for employee benefits (33 positions $231,129; nonlabor $96,871)	+328,000
Technical assistance and services in labor disputes (8 positions $67,560; nonlabor $12,140)	+79,700
Studies of employee benefit plans (6 positions $43,315; nonlabor $10,585)	+53,900
Impact of automation and productivity (9 positions $79,211; nonlabor $32,689)	+111,900
International comparisons of employment and unemployment (7 positions $44,925; nonlabor $12,375)	+57,300
Study of seasonal adjustment methodology (5 positions $56,400; nonlabor $19,400)	+75,800
Total change	+3,972,000

Activity 1. Manpower and employment (1963, $5,271,213; 1964, $8,004,844)

NARRATIVE DESCRIPTION OF PROGRAM

Provides for collection, publication, and analysis of monthly statistics on the labor force, employment and unemployment, hours of work, earnings, and labor turnover, in cooperation with the States and with the Bureau of the Census. Employment and earnings data are published for every State and for 145 major areas. The labor turnover program is conducted in all States and 116 areas. Also provided are statistics on employment of scientific and technical personnel; studies of manpower, occupational outlook, and unemployment.

CHANGES FOR 1964

To provide for 2 extra days of pay in 1964 for current year staff. Total cost, $19,121.

To provide for additional cost of pay increases, for current year staff, due to Public Law 87–193. Total cost, $124,910.

Decrease of $27,000 for printing of the Occupational Outlook Handbook nonrecurring in fiscal year 1964.

MANPOWER AND EMPLOYMENT PROJECTS—GENERAL STATEMENT

The Committee to Appraise Employment and Unemployment Statistics, appointed by the President in November 1961, made a number of recommendations in its report of September 1962. After asserting that the United States has "The most comprehensive system of statistics on employment and unemployment of any country in the world," the Committee nevertheless concluded that "The need for reliable and expanded data on employment and unemployment is growing every day, and without question it will continue to grow in the years ahead." In addition to pointing out the need for expansion of information required to meet present and anticipated needs, the Committee laid great stress on the importance of research to improve the reliability of these crucial statistics. It reported that "There is a clear trend toward additional and more exacting uses that will call for the greatest possible accuracy and detail. It is therefore essential that the employment and unemployment statistics be strengthened by appropriate augmentation of the samples and by improvement in sampling procedures." A strong plea for advances in all techniques and methods was made. According to the Committee, "To move ahead, we must have a sustained and coordinated research program in the labor force field—one that embraces basic research into fundamentals and theory as well as into methods of data collection and processing."

The Secretary of Labor is undertaking to carry out the Committee's recommendations. Some will be implemented with existing funds, but others require additional financial support and will require time to plan, test, and adopt. The Bureau of Labor Statistics program for fiscal 1964 includes the following projects in the manpower and employment statistics field, some of which can be accomplished within the year; others will require more time to complete. Other projects pursuant to recommendations of the President's Committee are included in other parts of the Bureau of Labor Statistics presentation.

EXTENSION AND IMPROVEMENT OF LABOR FORCE STATISTICS

The President's Committee made many recommendations for technical research leading to improvements in the reliability of the household statistics on employment and unemployment and for the collection and publication of additional data. The ultimate goal of a 10-fold expansion in the size of the household sample (now 35,000) was recommended, with an immediate goal of establishing a second sample as a vehicle for research and collecting new data.

Specifically, the Committee urged a strong program of technical research to develop a sharpened concept and definition of unemployment; to improve the reporting of hours worked and other characteristics of the labor force; to develop measures of underemployment; to improve the estimates of persons entering and leaving the labor force and employment and unemployment statistics to develop better methods for estimating the labor force in local areas and States; and in general, to achieve substantially greater reliability of response in the household survey.

It is proposed in fiscal 1964 to expand the regular sample of 35,000 households, by establishing a second panel of 17,500 households to provide a vehicle

for research and to strengthen the estimates. This second sample will provide a means for testing proposals for sharpening the definition and measurement of unemployment and for collecting new data on hours of work and the availability for work of persons not in the labor force. A second panel is needed because experience shows that asking experimental questions in the regular monthly survey often distorts the current unemployment or employment estimate. This panel would also make it possible to conduct research on improved methods of enumeration.

Such a second sample can be designed, interviewers trained, and some 53,000 interviews conducted in fiscal 1964. The proposal includes the cost of publishing additional data. A total of $1,005,500 would be transferred to the Census Bureau. Total cost, $1,319,400.

STUDY OF LABOR FORCE TURNOVER AND GROWTH

The Committee recommended that studies be conducted on the dynamics of the labor force to determine and evaluate the factors determining its growth. Examination will be made of the possible relationship between business cycle fluctuations and the size of the labor force. This study will provide a better understanding of the recent slowdown in labor force growth.

In addition, some direct measurement, through interview surveys, is proposed. A beginning in this direction will be made by conducting a survey of persons who have been in the labor force in 1963 but are no longer labor force members in early 1964; and of persons who have entered the labor force between those dates. This survey will provide information on the circumstances responsible for the changes they made. Total cost, $192,000.

EMPLOYMENT, HOURS, AND EARNINGS STATISTICS FOR ADDITIONAL INDUSTRIES AND AREAS

The President's Committee made a number of recommendations for improving the accuracy and extending the scope of the establishment statistics program. Among these were recommendations for strengthening the technical staff to provide for more basic supporting research, improvements in sampling, the development and publication of data on more industries, particularly in the services sector, and the preparation and publication of monthly series for more of the standard metropolitan statistical areas.

It is proposed to make a significant start directed toward implementing these recommendations by the following three-point project:

1. Technical staff would be increased to: (*a*) Devise and apply improved sampling methods; (*b*) intensify research in benchmark development; (*c*) devise and test data collection forms to provide information on hours and earnings for industries not currently reporting these data; and (*d*) provide increased documentation of methods employed.

2. In order to provide additional industry series for employment, and to provide hours and earnings estimates for sectors, chiefly in the services, not currently reporting such information, an expansion of a minimum of 40,000 reports from establishments will be undertaken. About three-fourths of this total increase will be achieved by the end of the fiscal year. Additional expansion would be necessary in the following year.

3. Monthly employment, hours, and earnings statistics are needed for all standard metropolitan statistical areas to locate trouble spots and to measure the success of programs to increase employment. The present program provides financing for only 115 of the 215 SMSA's. It is proposed to extend the program to 50 additional areas during this fiscal year and to cover the remaining 50 in the following year, for which additional funds would be required.

The project outlined above would include additional funds for the cooperating State agencies for sample expansion and development of additional area statistics in the amount of $319,000. Total cost, $523,200.

CURRENT EMPLOYMENT STATISTICS BY OCCUPATION

One of the most serious gaps in the Nation's information on manpower is the lack of adequate current data on the number of workers employed in each important occupation. Current occupational employment statistics are needed in connection with the Bureau's and Department's occupational outlook and other

manpower programs. Data on the number of employed and trends in employment by specific occupations are needed to estimate future occupational requirements and opportunities; to evaluate the impact of automation and technological change and shift in demand on the occupational structure of the labor force; and to measure the effectiveness of training and education programs in meeting needs for trained workers. Except for the decennial census, which is too infrequent to show the rapidly changing picture, occupational employment statistics are now available for only a small number of occupations.

The Bureau of Labor Statistics collects statistics on scientists, engineers, and technicians annually by means of a small questionnairre. The household survey provides information on employment monthly for broad occupational groups and for a few very large occupations.

The President's Committee recognized the need for current information on the number and trends of employment in important occupations and recommended "that the Bureau of Labor Statistics proceed to implement its proposed program of developing current employment statistics by occupation."

It is proposed to develop a regular, annual statistical series on employment in about 100 of the most important professional, technical, skilled, and clerical occupations, making maximum use of data now collected, supplemented by additional surveys. The Bureau would collect and keep up to date the occupational composition patterns for each of 150 industries representing the entire economy. Annual estimates of total employment by occupation would be made by applying the most recent occupational composition patterns for each industry to current estimates of employment (separately for production and nonproduction workers). Occupational composition data would be collected annually in some industries, less frequently in others, depending on the rate of technological and occupational change. The program would make full use of present sources of occupational composition data, including surveys of employment of scientific and technical personnel, wage surveys, the monthly labor force survey, and data collected by Civil Service Commission, the Interstate Commerce Commission, and other Government agencies. Additional surveys would be made to round out the industry and occupational coverage needed.

During fiscal year 1964, groundwork would be laid: additional refinements in present operating surveys will be made, as needed, and test studies will be made on how to collect occupational employment data through various means, such as mail surveys, visits to a small sample of plants in an industry, and through the use of the household survey. Total cost, $220,800.

JOB VACANCY STATISTICS

The President's Committee recommended that the Bureau of Labor Statistics undertake research looking toward the development of a national system of statistics on job vacancies. They stated, in support of this recommendation that: "It is doubtful that any suggestions for the improvement of knowledge about the Nation's labor markets was more frequently voiced to this Committee than that calling for job vacancy statistics." The Bureau has also received many indications that this information would be very useful in interpreting trends in the levels of unemployment and as an important factor in developing programs for training and employment service activities.

To make a modest beginning in this area it is proposed that a survey be made of the kinds of records of job vacancies maintained in industry and the ability of employers to report vacancies regularly. The survey of response problems would be accompanied by a study of the experience of a number of State agencies which have collected job vacancy data to meet operational needs. This study would be made in cooperation with the Bureau of Employment Security and the States. If the results of these surveys are encouraging, a plan for the collection of job vacancy statistics and their compilation on a national basis would be drawn up. Total cost, $52,500.

HOURS AND EARNINGS FOR NONPRODUCTION WORKERS IN MANUFACTURING INDUSTRIES

There is no program in 1963 in this field.

An annual survey will be initiated with respect to calendar year 1963 to acquire information on man-hours and payrolls for all employees in manufacturing industries. Monthly figures currently collected are limited to the hours

and earnings of production workers, and therefore do not provide information for the nonproduction worker category (i.e., white-collar and supervisory workers) which now numbers nearly 4.5 million, or more than one-fourth of total manufacturing employment and is growing steadily.

The data are needed for the preparation of broadly based productivity indexes, for manpower planning, and for national income estimates. The need for the information has been emphasized in hearings of the Subcommittee on Economic Statistics of the Joint Economic Committee as necessary for the preparation of more adequate measures of productivity. The Bureau's Business and Labor Research Advisory Councils have also recommended that this survey be undertaken.

The survey would cover all of the manufacturing establishments which report monthly in the current employment statistics program (BLS 790C). Schedules would be collected by cooperating State agencies and personal visits to nonrespondents would be made by BLS staff. Total cost, $174,000.

EXTENSION OF OCCUPATIONAL OUTLOOK PROGRAM

The existing program provides for the preparation of the Occupational Outlook Handbook and Occupational Outlook Quarterly. Content and work volume in the handbook have increased almost 50 percent since funds were first appropriated by Congress for a biennial publication, although there has been no increase in staff. In addition, it has been necessary to answer 60,000 inquiries annually, mostly from counselors, teachers and students. The Occupational Outlook Handbook and related publications are depended upon as the major source of employment outlook information in schools and potential quality deterioration must be avoided. Approximately 40,000 copies of each edition of the handbook and over 300,000 copies of the reports on individual occupations are sold. Many leaders in the field of guidance and education have stressed the importance of reliable occupational outlook information for guiding the rapidly increasing number of young people who will be leaving high schools either to enter the labor force or to continue their education during the 1960–70 decade.

This proposal would provide for the additional staff needed to maintain the quality and accuracy of information in the Occupational Outlook Handbook. Total cost, $84,700.

STATE SALARY INCREASES

Provide for State statutory salary increases affecting the joint Federal-State current employment statistics programs. It is estimated that the average annual salary for fiscal 1964 will increase by 5 percent or $255 over the 1963 average. Total cost $50,000.

Activity 2. Prices and cost of living (1963, $2,393,507; 1964, $2,580,964)

NARRATIVE DESCRIPTION OF PROGRAM

Provides for collection and analysis of data on consumer prices and preparation of the Consumer Price Index for the United States and local indexes for 20 cities; for development of price indexes for 4 cities in Alaska; for pricing of industrial and agricultural products and the publication of wholesale price indexes, monthly, weekly and daily, and for the development of industry-sector indexes; and the development of standard family budgets.

CHANGES FOR 1964

To provide for 2 extra days of pay in 1964 for current year staff. Total cost, $16,010.

To provide for additional cost of pay increases, for current year staff, due to Public Law 87–793. Total cost, $71,947.

EXTENDING COVERAGE AND RESTRUCTURING AND IMPROVING PRIMARY MARKET PRICE INDEXES

The purposes of this proposal are to plan and initiate work in the collection of data and measurement of price changes in several important segments of the economy outside the scope of the present wholesale price index system. Specifically, the sectors on which attention will be focused are (1) Foreign trade—export and import price indexes, and (2) Government purchases—prices paid by Federal, State, and local governments. These proposals have been given a high priority by the Price Statistics Review Committee of the National Bureau of Economic Research, a committee established by the Bureau of the Budget, as areas for which improvements are essential to a well-rounded price statistics program.

1. *Export and import prices.*—The proposal to develop sets of import and export price indexes envisages collection of prices from samples of exporters and importers according to well-defined commodity specifications.

Ultimately, these data can be expected to replace for the most part the unit value indexes based on foreign trade statistics which reflect the changing characteristics of exports and imports, but often fail to show true price change. Because of the high degree of turnover of reporters and commodities, however, the pricing program would initially involve concentration on important commodity areas where the unit value data are weakest and where commodities have a long history of participation in U.S. trade. An improved set of indexes in this area is needed for economic analysis and as an aid in policy formulation with respect to the problems of foreign competition and balance of payments.

2. *Prices paid by Governments.*—This project involves the initiation of a continuing program of studies of prices paid by Governments. The Federal Government is the largest single buyer in the national market, purchasing for military purposes as well as for stockpiling, price support, and for regular Government operations. Knowledge of price movements of goods purchased by Government will be useful not only for economic analysis and policy formulation, e.g., policies designed to channel or control the impact of Government spending on the economy, but also as an administrative aid toward better purchasing practices. At present, except for exploratory work undertaken by individuals, there has been no comprehensive program in or out of Government for the compilation of such statistics.

Because of the vast area of Government purchases, and the limited resources available, a moderate program is proposed to provide a background of methods, sources, and problems. In fiscal year 1964, work would be started on selected items purchased by the General Services Administration and other civilian agencies. Purchase records of regularly recurring items would be examined at GSA. The program would include open market purchases as well as contract purchases. In future years the study would be expanded to cover additional items purchased by the Federal Government and purchases made by State and local governments. Total cost, $99,500.

Activity 3. Wages and industrial relations (1963, $2,660,885; 1964, $3,254,491)

NARRATIVE DESCRIPTION OF PROGRAM

The collection and analysis of basic data on occupational wage and salary structures and supplementary employee benefits in selected manual and white collar occupations in major labor markets; collection of basic data and preparation of reports on national earnings levels and wage distributions in selected industries and in the economy as a whole; monthly and periodic summaries of current changes in wages and related benefits in union and nonunion situations; maintenance of wage indexes for selected occupational and industrial groups; collection and analysis of information on employer expenditures for major employee benefits; and surveys of the relationship of hours paid for and inplant hours for selected sectors of the economy.

Analysis of selected aspects of collective-bargaining and industrial relations practices, including monthly summaries of the terms of major contract settlements; monthly and special reports on work stoppages—their number, extent, causes, and methods of settlement; the maintenance of a representative file of agreements and related documents for public use; analysis of significant provisions of labor-management agreements and insurance and pension plans; and reports on the structure, membership, and activities of American trade unions.

CHANGES FOR 1964

To provide for 2 extra days of pay in 1964 for current year staff. Total cost, $16,922.

To provide for additional cost of pay increases, for current year staff, due to Public Law 87–793. Total cost, $73,984.

LABOR MARKET STUDIES AND NATIONAL SALARY ESTIMATES FOR PROFESSIONAL AND ADMINISTRATIVE OCCUPATIONAL CATEGORIES

The Bureau's national estimates of pay in private enterprise for professional, administrative, technical, and clerical occupational categories are based on a sample of 80 urban areas. This proposal would provide for the addition of 7 areas to the current sample and also for an increase in the sample in the present 80 areas. It should be noted that an annual review of Federal pay is to be based on the results of this survey under the Federal Pay Reform Act recently enacted by the Congress.

The growth in the number of standard metropolitan statistical areas from 188 to 212 (excluding Puerto Rico) since the beginning of the 80-area labor market program and changes in the geographic definition, population, and industrial composition of many of the older areas, require an increase in the number of areas studied, and in the establishment samples in some individual areas. It is essential that these studies be maintained on a sound technical basis in view of their wide use for private and governmental salary appraisal, particularly their use in the appraisal of the Federal salary structure. A careful statistical analysis indicates the 80-area sample should be expanded to include 7 additional areas as proposed, and that increases be made in the establishment samples in the original 80 areas where necessary to reflect industrial growth. Total cost, $81,100.

EMPLOYER EXPENDITURES FOR EMPLOYEE BENEFITS

National studies for professional, administrative, technical, and clerical employees in urban areas.—The Bureau of the Budget and the Civil Service Commission have requested the Bureau of Labor Statistics to begin a continuing study of employer expenditures for the variety of benefits that supplement the salaries of professional, administrative, technical, and clerical employees. This study would provide information for use by these agencies in appraising Federal salaries and salaries for comparable work in private enterprise, as required by the Federal Salary Reform Act of 1962. It would thus complement the salary information provided in the Bureau's annual survey of salaries in private employment for professional, administrative, technical, and clerical workers.

The survey will provide information on expenditures on salary supplements for white-collar employment in urban areas by type of supplement (health, welfare, and pension benefits; paid leave; and other special payments) and, to the extent feasible, by broad categories of employees; e.g., nonsupervisory. The survey will be planned by an interagency technical committee. The initial study will relate to expenditures during calendar year 1963. In advance of data collection, extensive field interviews will be required to test survey concepts and to arrange for appropriate recordkeeping. It is estimated that a total of 1,200 personal visits will be required to complete the survey.

National studies for individual industry groups.—The growth of paid leave has created a substantial divergence between hours paid for, which are measured by existing industry statistics, and hours actually spent at the plant. Moreover, existing statistics on average earnings by industry fail by a substantial margin to reflect the full level of employee compensation.

The Bureau's present program of studies provides for surveys of expenditures and the composition of paid hours in manufacturing at 3-year intervals, with the presentation of industry detail at the broad industry group level. A major nonmanufacturing industry is studied in each of the 2 intervening years. Expansion in this program is essential to provide the basic information required for the computation by the Bureau of more meaningful measures of productivity and unit labor costs. The President's Committee To Appraise Employment and Unemployment Statistics recognized this need for improvements in the statistics relating to the composition of paid hours.

It is proposed to strengthen the present program by (1) extending the coverage of the manufacturing survey to the increasingly important segment of white-collar employment; (2) expanding the manufacturing sample to permit publication of separate data for some 35 industries for which productivity estimates are contemplated; and (3) reducing the cycle (now about 12 years) for the coverage of nonmanufacturing industries by about a half. Total cost, $328,000.

TECHNICAL ASSISTANCE AND SERVICES IN LABOR DISPUTES

The Bureau has been called upon to provide limited factfinding and technical assistance services in selected major disputes. Special reports were prepared, for example, for the President's Railroad Commission and, in the aerospace dispute, for the Secretary of Labor, Federal Mediation and Conciliation Service, and the President's Board of Inquiry. Limited work is being done for the Missile Sites Labor Commission. The new resources requested would regularize this program and make provision for adequate technical assistance and services in major labor disputes.

The breakdown of collective-bargaining negotiating machinery can cause widespread damage to the parties concerned, to the communities in which production facilities are located, and to the economy and the public generally. The Federal Government properly has concern with such disputes as they may affect the attainment of national economic or security objectives. In most major negotiating situations, the extent of Federal involvement cannot be known in advance.

It is proposed that a small staff be set up exclusively to perform two interrelated functions: (1) the preparation of studies and reports on labor management relations, collective-bargaining machinery, and the economic implications of issues in impending large-scale bargaining situations; and (2) the provision of technical assistance and services to the Secretary of Labor, Federal Mediation and Conciliation Service, public factfinding boards, special study commissions, and the Congress, in connection with particular disputes.

This type of factfinding and technical assistance can be performed effectively only by a full-time experienced staff. It is designed to facilitate the discharge of the responsibilities of the Department of Labor in the increasingly complicated area of dispute settlement. These undertakings, as indicated above, are at the expense of underlying program, which must provide the foundation for effective special work and assistance in particular dispute situations. Total cost, $79,700.

STUDIES OF EMPLOYEE BENEFIT PLANS

The growth of benefit plans, in addition to having major significance for millions of employees and their employers, has numerous implications for the economy generally. The many facets of this development require broader and more intensive exploration than has hitherto been possible. This has been made clear in the work and deliberations of the President's Committee on Corporate Pension Plans and Other Employee Welfare Plans. Recent legislation (Welfare and Pension Plans Disclosure Act) provides an extensive body of underlying data for analysis.

This proposal would permit the Bureau to expand the scope of the studies now undertaken in this field, thereby providing greater insight into the provisions of plans, including administrative and financial procedures and the rights of participants. Such studies are essential for understanding the effect of plans on worker mobility as well as their broad economic significance. They would also assist in the formation of both public and private policy in these major welfare plan fields; in terms of the Federal interest, this would include questions of the relationship from a welfare point of view of public to private programs and, from another view, the direction and control of pension plan investment policies (e.g., under multiemployer plans). Total cost, $53,900.

Activity 4. Measurement of productivity (1963, $740,367; 1964, $883,232)

NARRATIVE DESCRIPTON OF PROGRAM

Preparation and analysis of indexes of productivity for various parts of the U.S. economy. Includes annual extensions for the total private economy, agriculture, manufacturing (physical output and net output) and nonmanufacturing. Extension and analysis of individual idustries in manufacturing and non-

manufacturing, with emphasis on factors affecting productivity, such as technological advances. A program on automation and other developing technology to assess major implications and effects in selected plants and industries. Development of up-to-date information on labor requirements for selected types of construction, both on-site and off-site; the relationship of productivity to unit labor and nonlabor costs, and experimentally, on the relationship of capital formation and productivity; and the ability of older workers to shift from technologically obsolete occupations to new ones.

CHANGES FOR 1964

To provide for 2 extra days of pay in 1964 for current year staff. Total cost, $5,416.

To provide for additional cost of pay increases, for current year staff, due to Public Law 87–793. Total cost, $25,549.

IMPACT OF AUTOMATION AND PRODUCTIVITY

This proposal provides for an expansion in industrial coverage of the present program. For example, industries such as trade, construction, motor vehicles, chemicals, and machinery are not now covered in these studies.

Productivity and technological change are vital factors in the consideration of major issues of public and private policy such as labor displacement, unemployment and training, the shorter workweek, the impact of foreign competition, economic growth, and changes in costs and prices. Comprehensive information on the interrelated movements of technological change, productivity, employment, and production—both current and future—have become increasingly important.

There is a strong two-way relationship between productivity and technology. Studies of productivity growth (or lack of it) are incomplete without examination of underlying technological factors. And detailed studies of the impact of technological change are incomplete without evaluation of the overall resultant trends in productivity.

Another important aspect of these changes in technology and productivity is that they have differential effects on plants and industries. In some cases, for example, automation may result in expansion and increased employment opportunities in an industry, while in other cases productivity gains might be so large that unemployment results. Even in expanding industries, marginal firms may go out of business, creating pockets of unemployment, while progressive firms are expanding. It is important, for example, to determine the extent to which technological displacement is an industrywide phenomenon and to what degree it is concentrated within a few selected types of plants.

In many industries it may be possible to determine the potential productivity achievement of the industry as a whole over the next several years, by examination of the "best" plants; that is, those with the highest current levels of productivity. Such information would be related to the Department's program of establishing an early warning system on the impact of technological change on employment.

What is, therefore, required to provide guidelines for policy or action is well-integrated data on technological change and the corresponding pace of productivity trends. The current program of the Bureau provides some information in both of these areas, that is, on productivity trends and automation. It is not adequate to provide information for many of the important industries of the economy—trade, construction, machinery, to name a few.

Studies are proposed for a few important industries not now covered. For these industries productivity measures would be developed as the primary indicator of the impact and progress of technological change. At the same time, the more detailed aspects of technological developments would be examined, not only for the purpose of analyzing past trends but as part of the job of looking ahead at prospective changes in labor demand and to anticipate adjustments that might be required to meet developing technology. The studies would be concerned with the long-term implications not only for labor but also for capital and other input requirements.

In conducting these studies the Bureau would first, develop productivity measures using data already available from such sources as the census but supplemented by collection of additional data (mail and personal visits) from selected industries. Second, surveys would be made of producers and users of new equipment to obtain information on the spread of new technology within an industry. Third, interplant variation, including some determination of plants with the highest productivity would be analyzed, using census schedules to the maximum extent feasible. Total cost $111,900.

Activity 5. Industrial hazards (1963 $315,840; 1964 $326,408)

NARRATIVE DESCRIPTION OF PROGRAM

Collection and publication of data on incidence and severity of work injuries in the United States; the economic losses to workers, employers, and the public arising from those injuries. Twelve States will cooperate in the collection of injury-rate data through joint Federal-State surveys.

The program also includes a series of special one-time statistical studies of the incidence and causes of work injuries in selected high-hazard industries.

CHANGES FOR 1964

No program changes are requested.

To provide for 2 extra days of pay in 1964 for current year staff. Total cost $2,107.

To provide for additional cost of pay increases, for current year staff, due to Public Law 87–793. Total cost $8,461.

Activity 6. Foreign labor conditions (1963 $301,593; 1964 $371,110)

NARRATIVE DESCRIPTION OF PROGRAM

Collection, analysis, and dissemination of statistics and other information on labor conditions in foreign countries, and international labor developments. Special attention is given to matters pertaining to U.S. participation in international agencies, especially the ILO: tariff and trade problems; situations in underdeveloped countries; and other activities significant for U.S. policies and operations. The program includes analysis of employment, unemployment, wages, labor cost, prices, productivity, labor legislation and standards, trade union activities, and labor-management relations.

CHANGES FOR 1964

To provide for 2 extra days of pay in 1964 for current year staff. Total cost $2,281.

To provide for additional cost of pay increases, for current year staff, due to Public Law 87–793. Total cost $9,936.

INTERNATIONAL COMPARISONS OF EMPLOYMENT AND UNEMPLOYMENT

The report of the President's Committee to Appraise Employment and Unemployment Statistics recommended that "a more definitive analysis should be made of the causes of differing rates of unemployment among industrialized countries." It also recommended that research be undertaken concerning "the use being made of [job] vacancy statistics currently being collected in Canada, Great Britain and West Germany."

Analysis of the economic and social factors associated with lower unemployment in other industrialized countries is a fundamental and challenging research task. The Bureau's first study in this area developed estimates of unemployment levels in seven major foreign countries, adjusted to U.S. labor force concepts and definitions and thus provided information on the extent to which differences in unemployment rates among countries are attributable to differences in statistical methods. This study was included in the report of the President's Committee, and was described by that Committee as "an important addition to our economic knowledge." Quantitative estimates of unemployment in foreign countries adjusted to U.S. concepts will be continued at least on an annual basis,

in keeping with the recommendations of the President's Committee. Research efforts will be extended to include the economic, demographic, and institutional factors that influence unemployment levels and labor force participation in foreign countries. Interest in these subjects has been widespread, not only among those concerned with U.S. economic policy but also among leaders in international organization and foreign governments.

Information on job vacancies in foreign countries is important as a basis for recommendations concerning development of job vacancy data in the United States. Information on the nature of and techniques used in job vacancy statistics for foreign countries will be prepared. Total cost $57,300.

Activity 7. Program staff services (1963, $1,401,377; 1964, $1,535,564)

NARRATIVE DESCRIPTION OF PROGRAM

Statistical standards

Establishes Bureau policies for the maintenance of statistical standards and improvement of statistical methodology.

Labor economics

Prepares special economic reports for the Commissioner, the Office of the Secretary, the Council of Economic Advisers, and other Government agencies; coordinates Bureau research and reports involving several subject matter areas.

Economic growth

A broad program of research on problems of economic growth and employment opportunities in the American economy has been undertaken. The program includes examination of factors such as trends in population, labor force, employment, hours of work, productivity, income distribution, prices, consumer expenditures, capital stock, investment expenditures, industrial capacity, Government expenditures, and foreign trade. The interaction of these factors and their implications for overall economic growth are analyzed.

Publication services and correspondence

Plans the publications program of the Bureau; edits and approves all publications and releases; maintains a central Bureau inquiry service; and reviews official correspondence.

Field administration

Regional offices: Directs and supervises the regional office and program operations within the region; answers inquiries and requests for BLS data.

CHANGES FOR 1964

To provide for 2 extra days of pay in 1964 for current year staff. Total cost, $8,148.

To provide for additional cost of pay increases, for current year staff, due to Public Law 87–793. Total cost, $50,239.

STUDY OF SEASONAL ADJUSTMENT METHODOLOGY

One activity made possible by the development of electronic computers is the calculation of seasonal factors for application to economic time series.

The Bureau became actively interested in this area some 3 years ago. During this period, it developed the BLS seasonal factor method which is now the "official method" used for seasonally adjusting the Department's many economic time series. The method is also being used by other governmental agencies and by private industrial, commercial, and research users.

The President's Committee To Appraise Employment and Unemployment Statistics recommended that research activity in the area of seasonal factor methodology be intensified. The current BLS method is based on the well-tested ratio-to-moving average approach. The Committee expressed a need for the development and evaluation of other approaches which incorporate less rigidity, for example, a method known as "spectral analysis," and which assume differing mathematical relationships among the components derived for the series; for basic research on artificially constructed series; and for studying whether seasonal patterns do change and at what rate.

The funds requested will enable the Bureau to start work in the areas enumerated by the President's Committee. The ultimate objective will be not only the development or appraisal of additional methods, but a better understanding of the present BLS method and its modification to achieve improvements. Total cost $75,800.

Activity 8. Administration and management services (1963, $1,528,218; 1964, $1,588,387)

NARRATIVE DESCRIPTION OF PROGRAM

Office of the Commissioner

Determines overall Bureau policy and program administration by the Commissioner, the Deputy Commissioner, the Associate Commissioners, and their immediate assistants.

Field administration

Central office: Directs and supervises the Bureau's field activities including its regional offices; coordinating these offices with operating divisions on matters of program, operation, and staffing.

Management services

Directs all Bureau matters pertaining to management planning, personnel coordination, data processing activities, fiscal operations, and service functions.

CHANGES FOR 1964

To provide for 2 extra days of pay in 1964 for current year staff. Total cost, $7,195.

To provide for additional cost of pay increases, for current year staff, due to Public Law 87–793. Total cost, $44,974.

To provide for payment to the Bureau of Employees' Compensation for amount billed in accordance with Public Law 86–767. Total cost, $8,000.

JUSTIFICATION OF INCREASES

Mr. FOGARTY. Since there is an unusual number of items and an unusual total increase, we will give you the opportunity of adding anything you would like on items you feel are of particular importance at this time. I think your opening statement and the justifications explain the need very well, but if you would like to expand on the material already in the record feel free to do so.

Mr. CLAGUE. Thank you, Mr. Chairman.

(The following additoinal information was supplied later:)

The projects we are proposing are particularly pertinent to current economic issues, such as unemployment, training, and retraining, the effects of automation, balance of trade, and labor-management problems.

EXTENSION AND IMPROVEMENT OF LABOR FORCE STATISTICS

The President's Committee recommended research leading to technical improvements in the monthly labor force survey, and also collection of additional significant information. Purpose is to test proposals for sharpening the definition and measurement of unemployment; improve the estimates and increase their accuracy; obtain better information on such subjects as month-to-month changes in the employment status of individuals; and collect new data on such subjects as hours of work and the availability for work of persons not in the labor force.

The President's Committee recognized that an increase in the size of the monthly sample is the only way of getting the above results. They recommend expanding the sample several times in future years. This year a first step is being requested; namely, an increase of a half sample, or 17,500 families. This

second sample would enable us to make the additional surveys which are necessary. Of the amount requested, $1,005,500 is to be transferred to the Census Bureau.

STUDY OF LABOR FORCE TURNOVER AND GROWTH

Purpose is to study the relation of labor force growth to the business cycle and find out why the labor force grows more slowly during recessions (as has happened recently). A survey will be made of persons who left the labor force and those who entered it between 1963 and early 1964. The survey will provide information on the circumstances responsible for the changes they made. Of the amount requested, $99,100 will go to the Census Bureau.

EMPLOYMENT, HOURS, AND EARNINGS STATISTICS FOR ADDITIONAL INDUSTRIES AND AREAS

Purpose is to:

1. Strengthen technical staff to devise better sampling methods and make other improvements in the collection and estimating methods.
2. Provide statistics on employment, hours, and earnings for additional industries, largely in the services, which do not now report such information.
3. Provide monthly employment, hours, and earnings statistics for 50 additional metropolitan areas.

Of the amount requested, $319,000 would go to cooperating State agencies.

CURRENT EMPLOYMENT STATISTICS BY OCCUPATION

Employment is growing rapidly in some occupations, declining in others. The only reading on this we can get for most occupations is too infrequent—once every 10 years—from the population census. We need more frequent measures to see the effect of automation, assess trends and the outlook, and make sure the training and education of youth is geared to future needs.

Goal of this project is to develop a regular annual statistical series on employment in about 100 important professional, technical, skilled, and clerical occupations. With the funds requested, the system would be planned and test surveys run in the first year. Full use would be made of presently operating surveys; additional surveys would be made only to fill gaps.

JOB VACANCY STATISTICS

Purpose is to study feasibility and problems involved in developing a national system of statistics on job vacancies. A survey would be made of the kinds of records of job vacancies maintained by employers and the experience of a few of the State employment security agencies in collecting such data. The study would be made in cooperation with the Bureau of Employment Security. If results of the surveys are encouraging, a plan for the collection of job vacancy statistics and their compilation on a national basis would be drawn up.

HOURS AND EARNINGS STATISTICS FOR NONPRODUCTION WORKERS IN MANUFACTURING INDUSTRIES

Purpose is to provide statistics on hours and earnings of the 4.5 million nonproduction ("white-collar" and supervisory) workers in manufacturing. Data are needed for measuring productivity and national income, as well as the working conditions of this significant group of employees. Proposal involves an annual survey. Fifty thousand dollars will go to State agencies.

EXTENSION OF OCCUPATIONAL OUTLOOK PROGRAM

Purpose is to strengthen the research for the "Occupational Outlook Handbook" and related publications to maintain the quality and accuracy of their information, which is so widely used by young people in vocational guidance. This is especially important at this time, since the next edition of the handbook will come out in 1965—the year in which there will be a 30-percent increase in the number of 18-year-olds.

EXTENDING COVERAGE AND RESTRUCTURING AND IMPROVING PRIMARY MARKET PRICE INDEXES

(1) Begin development of indexes of prices of U.S. imports and exports to provide information needed in (*a*) determining policies under Trade Expansion Act of 1962, (*b*) measuring competitiveness of U.S. products in world markets in relation to balance-of-payments problems, (*c*) deflating important segment of gross national product, and (*d*) other important purposes; and (2) begin development of indexes of prices paid by governments to provide basis for (*a*) evaluation by Budget Bureau and Congress of budget increases requested on basis of higher prices, (*b*) measuring real output of governments in national accounts, and (*c*) studying impact of Government purchases on market prices.

LABOR MARKET STUDIES AND NATIONAL SALARY ESTIMATES FOR PROFESSIONAL AND ADMINISTRATIVE OCCUPATIONAL CATEGORIES

These studies of pay in private industry provide the statistical basis for annual review of Federal salaries (amounting to about $15 billion) required under the Federal Salary Reform Act of 1962. To maintain high level of accuracy, the survey must reflect the increase in the number of standard metropolitan statistical areas (as shown by the 1960 census) as well as the changes in geographic and industrial composition which have taken place in many older areas. Present sample of 80 metropolitan areas, selected originally to represent 188 areas, must be expanded to account for 24 new areas and for industrial growth in old ones. A careful statistical analysis of the current industrial composition of urban areas, reviewed by statisticians of the Bureau of the Budget, indicates that 7 new areas must be added, and that the size of the area samples must be increased, particularly in nonmanufacturing industries, in a number of the original 80 areas in order to provide reliable national estimates of salaries in private enterprise.

EMPLOYER EXPENDITURES FOR EMPLOYEE BENEFITS

National studies for professional, administrative, technical, and clerical employees in urban areas.—As requested by Bureau of the Budget and Civil Service Commission, to study the characteristics of and expenditures for fringe benefits for professional, administrative, technical, and clerical employees in private enterprise. Use: to compare private and Federal practices and expenditures for employee benefits. Will complement the information compiled for salary comparisons required under Federal Salary Reform Act of 1962.

National studies for individual industry groups.—To supplement existing statistics on paid hours and average earnings by industry by reliable measures of the extent of paid leave and of employer expenditures on fringe benefits. Will provide data to reflect more adequately the full level of employee compensation and the hours actually spent at the plant. Will permit development of more meaningful measures of productivity and unit labor cost. Involves expansion of employee coverage and industry detail of present survey in manufacturing, made at 3-year intervals, and reduction by about half (to 6 years) in cycle of studies for nonmanufacturing industries.

TECHNICAL ASSISTANCE AND SERVICES IN LABOR DISPUTES

To provide a small technical staff to (*a*) prepare background studies on the issues in impending large-scale bargaining situations, where a breakdown in negotiations would have serious economic repercussions; and (*b*) provide technical assistance and services to the Secretary of Labor, Federal Mediation and Conciliation Service, public fact-finding boards, special study commissions, and the Congress in connection with particular disputes. Recent work in this area (e.g., Railroad Commission, aerospace industry, Missile Sites Labor Commission) has been undertaken at the expense of underlying program, which must provide the foundation for effective work in particular dispute situations. New studies are facing us—the latest being the east coast longshore study requested by Senator Morse's board.

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STUDIES OF EMPLOYEE BENEFIT PLANS

Expansion in scope of studies of provisions of private welfare and pension plans. Growth of these plans has numerous implications for employers, employees, and the economy generally, as made clear by the work of President's Committee on Corporate Pension Plans and Other Employee Welfare Plans. Welfare and Pension Plan Disclosure Act provides extensive body of underlying data for anlysis. Studies provide insight on effect of plans on worker welfare, labor mobility, and on the economy (e.g., through investment of pension fund reserves). Assist in formation of both private and public policy in this important field. This type of basic research is not undertaken in the Office of Welfare and Pension Plans or elsewhere in the Federal Government.

IMPACT OF AUTOMATION AND PRODUCTIVITY

To provide a well-integrated information program on technological change and the corresponding pace of productivity trends for dealing with such major issues as labor displacement, the shorter workweek, the impact of foreign competition, economic growth, and labor-management disputes growing out of automation in its various forms.

To the Department's program of establishing an early warning system on the impact of technological change on employment. For looking ahead at prospective changes and to anticipate adjustments that might be required to meet developing technology. Concerned with the long-term implications not only for labor but also for capital and other input requirements.

Proposed: To expand industrial coverage—to such industries as trade, construction, chemicals, and machinery. Develop productivity measures for these industries, including collection of data from representative plants. Interplant variations serve as guides to future industry developments. Survey producers and users of new equipment to obtain information on the speed with which a new technology spreads throughout industry.

INTERNATIONAL COMPARISONS OF EMPLOYMENT AND UNEMPLOYMENT

Purpose is to provide comparable information on unemployment and job vacancies in the United States and in other major countries. In addition to publishing comparable statistics, the Bureau will study the reasons for differences in unemployment levels and labor force participation between the United States and foreign countries. The President's Committee urged this program so that U.S. unemployment levels could be put in broader perspective.

STUDY OF SEASONAL ADJUSTMENT METHODOLOGY

The President's Committee recommended that we publish seasonally adjusted figures for all the major statistics, to develop better understanding of trends and improve our means of distinguishing the amount of unemployment due to seasonal factors from that caused by longer-range or cyclical developments. Study will be made of various methods of seasonal adjustment, and basic research will be carried on leading to improvement of present methods. Studies will be made as to how seasonal patterns change and at what rate.

Mr. FOGARTY. Will any of these be nonrecurring projects?

Mr. CLAGUE. No, they are all going to be continuing, and, in fact, some of them are really a first installment on a larger program that might be coming later on. As I indicated earlier, the Committee, the President's Committee, thought that the sample should eventually be expanded three or four times within several years ahead. We have started with half a sample, because we think we can get a number of questions answered by using the half sample. Eventually we will be back to expand that to double the sample, and then move as rapidly as your committee would move with us.

Mr. FOGARTY. One of your most important publications is the "Occupational Outlook Handbook." The new one will be ready when?

Mr. CLAGUE. It goes to the printer around about May, and it comes out by fall.

Mr. FOGARTY. How many copies?

Mr. CLAGUE. The present edition of 40,000 is exhausted at the Government Printing Office now, and they are considering whether to reprint or to wait until we print the new one. They cost $4.50, and as you know, for individuals buying them that is quite a bit of money.

Mr. FOGARTY. We have talked before about getting sufficient copies printed so that every high school in the country would have it.

Mr. CLAGUE. That would take about 27,000 copies.

Mr. JONES. They considered the high schools and also the question of libraries at the same time. We furnished some figures on that last year.

Mr. FOGARTY. How much would that cost, for high schools?

Mr. CLAGUE. It depends upon what the Government Printing Office would do for you. If they print it for us we pay approximately $20,000 for the basic plates and our own 1,000 copies for free distribution——

Mr. FOGARTY. What kind of price do they give the HEW on "Infant Care," or something like that? Do they print those at cost?

Mr. CLAGUE. Well, I am not sure.

Mr. FOGARTY. The Printing Office is supported by the Government, anyway. The cost would be the same in the end, whatever financing arrangement we used. But we talked about alternative methods a year or two ago, didn't we?

Mr. HUDSON. We talked about the possibility of handling this as a House document. You asked me to consult with the House Government Operations Committee. What would be involved would be the need for the introduction of this book as a House document, and to go to the Government Operations Committee for their consideration. We didn't do anything more about it because the new edition won't be ready until May of this year.

Mr. FOGARTY. But as far as the Department is concerned, if you had the money you could go ahead and print a million or 5 million, you have the authority.

Mr. HUDSON. Yes. But it would cost a lot.

Mr. FOGARTY. I say, if you had the money.

Mr. HUDSON. Yes.

Mr. FOGARTY. It would cost the Department of Labor less if it were printed as a House document.

Mr. HUDSON. You would probably be able to get it at wholesale, being in Congress.

Mr. FOGARTY. I think it would be worthwhile considering, although, as I said, the end cost to the Government would be the same. I think it is an excellent publication.

Revision of the Consumer Price Index

Mr. Fogarty. For the revision of the Consumer Price Index, there has been a total of $4,985,000 appropriated, and last year you told us it is going to take a total of $5,800,000, which would leave about $800,000 for 1964. But now you are asking for $1,320,000. What is the reason for this deviation from the original plan?

ADDITIONAL LARGE CITIES

Mr. Clague. Two items, Mr. Chairman. One is the addition of six large cities between a million and a million and a quarter in population, which would be left out in the plans which we had drawn originally. These are cities, practically all of them, all but one, which had been in the index before. We decided that we would use 12 larger cities only. If I may go back one more step, in the previous revision we had given an index to every city with 1 million population. And when I say "city," I mean metropolitan area. This time we decided we would go with those 12 cities, and would drop the others that were below the 12. However, when we came to analyze the uses that had been developed in those cities through the indexes which they had had, the number of contracts that were on them, and the important way in which the indexes had been worked into the local situation, we decided that we would ask for 6 additional cities, so as to keep those indexes in those cities and add them to the 12 we had already selected. That means we would adopt the dividing line of 1 million population, going back to the scale we applied in the last revision—indexes for all cities that had a population over 1 million would be included in the Consumer Price Index, and would have an individual index for that particular city. Those additional six cities would cost us approximately $314,500.

MORE DETAILED TABULATIONS

The other item is the detailed tabulations on which we didn't make enough provisions for in the beginning. We are asking $155,200 for that. We had planned on the tabulations in the beginning, but we did not know in detail how much they would cost. That is an increased amount of tabulation which we think would be valuable to us and to the country in two different ways.

This appropriation would enable us to put out types of information which would permit private universities and research organizations to work with this very rich volume of information we now have on the way American families spend their money. We have expenditures this time of rural families, rural nonfarm families, suburban families, and city families of all sizes and all incomes. In this grouping we have the best picture of American consumption that we have ever had. Last time we didn't succeed in getting money to do the tabulations, which we would have liked to do. We requested it, but the request never got to you; it didn't get through the Budget Bureau. The recent pay increase will add $161,000 to the cost.

Mr. Fogarty. I think we gave you everything you asked for on the revision.

Mr. CLAGUE. I am talking about last time, after the revision was over. When we began the operation of the revised index we asked for tabulating money, but didn't get it. Eventually the Ford Foundation was persuaded to give money to the University of Pennsylvania; and a system was set up by which they paid $600,000 for extra tabulations, and for publication of a series of volumes on consumer expenditures. They were persuaded with some difficulty to do that, and we are not able again to go back and ask them to do a similar type of thing. In addition to which, such a negotiation takes years to bring about, even if they could be persuaded to do it, which we think they would not.

There is another reason why we want to do these tabulations. The President has appointed a Consumer Advisory Council. The Secretary of Labor announced last fall a plan for the Department of Labor to do more intensive work on American consumption. This means a continuing study of the changing standard of living of the American people, year by year, by different classes, low income groups, high income groups. And in this living condition study the type of statistics that we have already collected would be a gold mine of information which could be used immediately by the private research agencies and universities and foundations, and which could be used by us eventually when we come in to you with a request for our living conditions study. We have no money now for this living conditions study. That didn't get through. But we hope next year, or the year after, we will be able to come in to you with a program for a comprehensive study of consumers in the American economy. This is the highest consumption economy in the world, and it is a situation in which, for our own economic benefit, we ought to know more about how the consumers are spending their money, and what effect changes in income have on the economy. As a matter of fact, the discussion of the tax bill right now is related to the question, What is the best way to make a tax cut, and what will its effects be? A lot of that will depend on how consumers take advantage of any savings that they might have.

Mr. FOGARTY. Mr. Michel.

BASE FOR CONSUMER PRICE INDEX

Mr. MICHEL. Have you ever really had in the record here an explanation of the Consumer Price Index change from the 1947-49 period?

Mr. CLAGUE. You undoubtedly had a statement on that in a previous hearing. It was done in 1962. This was decided by the Bureau of the Budget. It is an attempt to have all indexes of the Government on a common base. And periodically, about every 10 years, they shift the base. The former base was 1947–49, and this last is 1957–59. We made the change in January 1962. And since then we have been using the 1957–59 base. However, I want to point out that we still publish every month, and I can show you our releases, the index on the 1947–49 base. Some of the collective bargaining contracts are still on it. And we also publish it on the 1939 base, so you can see how much the index has risen since 1939.

Mr. MICHEL. I know that some of the industry retirement plans back home, for example, are also pegged to a cost of living index, and it dates back, to the one in effect, of course, at the time the contract was signed. But I have always made a point that the more we keep adjusting this thing, the more we minimize the effects of inflation. If you take the figure 128.2 on the old base, it works out to 104.5 today.

Mr. CLAGUE. But you can still get the figure of 128; we issue that every month.

Mr. MICHEL. I think that should be printed, because it is the only true reflection, although we may want to simplify it for the future.

Mr. CLAGUE. Based on 1939, the index is now 218.5, more than double. This shift of base really has no effect in moving to a revised index. We still can show the index on these three different bases.

By the way, one point I might add, I think you gentlemen know that now the pensions for Government retirees are escalated on this index. I believe that every 3 percent it goes up, there is a revision of the annuities of the Government retired employees. There is an insurance company, by the way, which is selling an annuity policy now that is geared to this index also. You can buy an annuity which protects your purchasing power.

I just want to reassure you, Mr. Michel, that there is nothing in our revision of the index that will alter our capacity to give you the figures on any base whatever, and we will continue to publish them on all bases.

Mr. FOGARTY. Thank you very much, Mr. Clague.

WEDNESDAY, FEBRUARY 6, 1963.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

WITNESSES

GEORGE L-P. WEAVER, ASSISTANT SECRETARY OF LABOR, INTERNATIONAL AFFAIRS
HARRY WEISS, DEPUTY ASSISTANT SECRETARY OF LABOR, INTERNATIONAL AFFAIRS
EDWARD C. SYLVESTER, ACTING DEPUTY BUREAU ADMINISTRATOR, INTERNATIONAL AFFAIRS
JAMES F. TAYLOR, ACTING DIRECTOR, OFFICE OF PROGRAM DEVELOPMENT AND COORDINATION, INTERNATIONAL AFFAIRS
PAUL K. PASCHKE, ACTING DIRECTOR, DIVISION OF ADMINISTRATION AND MANAGEMENT, INTERNATIONAL AFFAIRS.
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR, OFFICE OF THE ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION, OFFICE OF THE ADMINISTRATIVE ASSISTANT SECRETARY

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
11 Personnel compensation:			
Permanent positions	373	557	661
Positions other than permanent	----------	----------	4
Other personnel compensation	----------	----------	5
Total personnel compensation	373	557	670
12 Personnel benefits	28	42	51
21 Travel and transportation of persons	29	38	45
23 Rent, communications, and utilities	11	16	25
24 Printing and reproduction	11	22	22
25 Other services	13	14	16
Services of other agencies	2	59	73
26 Supplies and materials	11	17	19
31 Equipment	4	10	14
Total costs	482	775	935
Change in selected resources	16	----------	----------
Total obligations	498	775	935

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	50	73	81
Average number of all employees	44	69	75
Number of employees at end of year	50	73	81
Average GS grade	9.2	9.0	9.2
Average GS salary	$8,283	$8,346	$8,530

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. International organizations affairs	129	161	197
2. Foreign labor policy development	162	231	272
3. Labor and manpower technical services		149	194
4. Administration and management services	191	234	272
Total program costs, funded	482	775	935
Change in selected resources [1]	16		
Total obligations	498	775	935
Financing:			
Unobligated balance lapsing	2		
New obligational authority	500	775	935
New obligational authority:			
Appropriation	500	785	935
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728) (−)		−35	
Appropriation (adjusted)	500	750	935
Proposed supplemental due to pay increases		25	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, none; 1962, $16,000; 1963, $16,000; 1964, $16,000.

Mr. FOGARTY. We are glad to have you back with us again Mr. Weaver. Please proceed with your opening statement.

GENERAL STATEMENT

Mr. WEAVER. Mr. Chairman and members of the committee, I welcome this opportunity to discuss with you the international activities of the Department. Before proceeding with the increases we are requesting for 1964, I wish to discuss the broad framework of the Bureau's activities and our position on several basic principles.

ROLE IN FOREIGN POLICY

It is clear that the workers of a nation make up the largest segment of the people. It follows that the foreign policy of the United States must be oriented in the direction of those programs of assistance and encouragement to the people of the nations of the world who want a free and democratic way of life. In doing so on a positive basis, we can, and do, provide technical and other aid of the kind which offers a greater chance to secure the fulfillment of their aspirations.

Programs designed to bring about economic development and social progress will succeed when there is direct, immediate, and real benefit for the people at large. The Department of Labor has the skills, the resources, the interest, and the concern to substantially assist in development of those aspects of foreign policy and assist the development of oversea programs designed for maximum impact on workers and rank-and-file people generally.

We also give serious consideration to the role of the trade unions in resolving the crucial political struggle in the world today, particularly in the developing countries.

For example, the Bureau of International Labor Affairs is deeply involved in the growth of the Alliance for Progress. We cooperate with the American labor movement and their interest in this growth. I use "growth" because no program projected over a period of 10 years, with an estimated cost of $20 billion, can be considered at this present stage in anything but its infancy.

However, we recognize fully that our job is to support—and not to supplant—the Department of State and the Agency for International Development. We consider it imperative that, in today's complicated world, there be unified policy direction, by the Secretary of State, for all U.S. international activities. This fundamental principle underlies everything we do.

It is also equally imperative that the specialized and technical resources of the Department of Labor be intelligently mobilized for the effective use of the U.S. foreign affairs agencies.

Within the Department of Labor, it is the responsibility of our Bureau to provide advice to the foreign affairs agencies concerning labor and manpower aspects of foreign policy and to mobilize the Department's specialized resources to help implement the policies laid down by the President and the Secretary of State.

BUDGET REQUESTS

As in 1963, our program consists of four activities for each of which we are requesting small increases.

Activity 1 concerns U.S. participation in the International Labor Organization, other United Nations agencies, and our work in respect to foreign economic policy.

Activity 2 concerns the development and implementation of concrete foreign policy plans and programs for specific countries through the activity of our staff of geographic area specialists.

Activity 3 is directed toward development the capability for meeting the needs of U.S. foreign affairs agencies and other organizations for labor and manpower technical services and technical knowledge for use in economic development programs.

Activity 4 concerns policy guidance, direction and coordination of the Department's activities in international affairs; exercise of the Department's responsibility in connection with management of the Foreign Service as provided in the Foreign Service Act; and provides for internal management of the Bureau.

To meet our expanding responsibilities in the above areas, we are requesting an increase of $124,800, which includes five professional and three clerical-secretarial employees.

I appreciate this opportunity to meet with you and will be pleased to answer questions which the committee might have.

Before concluding, however, I should mention two items in which we have intense interest.

RESPONSIBILITIES UNDER TRADE EXPANSION ACT

The first concerns an integrated Department of Labor program and responsibilities under the Trade Expansion Act of 1962. Although this new request will be presented to you later, the responsibilities of

the Bureau of International Labor Affairs in this area form an important part in the framework of Bureau activities.

It is contemplated that the Bureau will have the function of insuring that the best information on the impact of various proposed tariff rates on employment levels in the United States are developed and made available and are taken fully into consideration in decisions under the Trade Expansion Act of 1962. This would be consistent with the intent as stated in the objectives of this legislation, the stimulation of economic growth in the United States, enlarging foreign markets for U.S. products, and strengthening economic relations with countries of the free world. We place great importance on this function.

INTERNATIONAL COMPARISONS OF EMPLOYMENT

The second concerns the Bureau of Labor Statistics' request for an increase for international comparisons of employment and unemployment, which represents implementation of recommendations of the Gordon Committee in the international area.

Mr. Clague, of course, has most adequately covered this item in his discussion of manpower and employment. I would like to take this opportunity to emphasize the importance that we also attach to this subject.

The proposed research efforts to include economic, demographic, and institutional factors influencing unemployment levels in foreign countries will not only be of intense interest to the United States, but will be of immense value to the international representatives of the United States abroad. We would like to record our support for this important item in the Bureau of Labor Statistics' request.

Mr. FOGARTY. Thank you, Mr. Weaver.

NEW POSITIONS REQUESTED

The appropriation for 1963 is $785,000, and the pay act supplemental is estimated to be $25,000, for a total of $810,000.

The request for 1964 is $935,000, or an increase of $125,000 and eight positions—and as you just said, five professional and three clerical.

What are these five professional positions for?

Mr. WEAVER. The five professional positions, the first one is economist for our Division of Regional Economic Organization Affairs, and it is for the purpose of backstopping our new responsibilities in OECD. Since appearing before you last, we have been requested to supply the representation on the Manpower and Social Committee of the OECD.

We have also been requested to——

WORK WITH ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

Mr. FOGARTY. What is the OECD?

Mr. WEAVER. That is the Organization for Economic Cooperation and Development. This is the organization that followed EEC, which was set up to implement economic cooperation under the Marshall plan. The only difference, or the essential difference, is that the new OECD includes the United States and Canada as official members of

the Organization, and they have extended the purposes of the Organization to emphasize and to help increase growth in the countries.

At the first organizing meeting of the OECD, the most important policy adopted was the agreement that each of the countries would aspire for a 50 percent growth in their economies over the next decade. It is commonly referred to as a 50 percent growth target.

They have set up, in order to carry out the purposes of the organization, a series of committees who have responsibility for substantive programs. Under manpower and social policy, the Department of State has assigned responsibility in the Department of Labor to our Bureau.

We are also requested to serve on the delegation to the economic policy committee, and some of the trade work relates to the trade work that we do under the Trade Expansion Act.

We estimate that we need an economist plus a secretary to backstop this work.

INFORMATION OFFICER

Mr. FOGARTY. What is the next one?

Mr. WEAVER. The next one is an information officer and a secretary. The primary purpose and great need that the information officer would fill is one of providing a much improved and expanded service to the labor attachés in the field that we backstop and service, one that can do a much better job than is being done for the Government in coordinating and making available to the Voice of America, labor and manpower materials; information that is badly needed in the field, one who can pull together and do a much better job than we have been able to do with the best of the information materials that are available in the Department, and to help coordinate it for the whole international field.

We find that this is one of the serious weaknesses, and one of the serious gaps in our work and in the material that is going out to the field.

WORK WITH AID

The third is in the labor and manpower technical services, and the development and coordination of that program, that comes about as a result of the increase that was allowed last year. The primary purpose here is to pull together the resources of our Department to make available to the international community—this brings about the need for sharpening, as a result of two pieces of legislation, what is commonly known as the Humphrey amendment to the AID Act of 1961, which requires the AID agencies as well as the State Department to utilize to the best available extent the domestic resources of the various departments in implementing the policies and the programs, rather than to build up duplicating staff in their agencies.

Also, the new AID legislation required that, before aid can be rendered, a development plan be formulated by the recipient country. And a development plan, to be effective, requires manpower planning.

We have these resources in our Department, and our problem is pulling them together.

Now, in our Department we draw upon the State offices also. We need a director to develop these programs and to coordinate them, and a secretary.

The other activity is in the division of administration and management. Due to the steady growth of our programs, we feel the keen need for an administrative officer and a budget analyst to do a better job of housekeeping.

RECENT ADJUSTMENT IN FINANCING PLAN

Mr. FOGARTY. That takes in the five.

Now, I notice that you asked the Bureau of the Budget for less than half as much for 1964 as for 1963—$1,030,000 compared to $2,479,000. Have you decided your last year's request was that much too large? Is there some other reason for this?

Mr. WEAVER. Yes, sir.

In 1963, again following the lead of the act of the AID legislation of 1962, we applied to the Budget Bureau to extend considerably the program development and coordination. In order to supply these technical services and our resources too, the AID agencies, particularly in the international community, and the Bureau of the Budget, agreed with us on the need for the service and the advisability, but suggested that it would be appropriate to get the bulk of the money for this from AID, since we were contemplating doing it for AID. And this accounts for the considerable gap in what we asked for——

Mr. FOGARTY. How much are you going to get from AID now?

Mr. WEAVER. We are in the process of negotiating contracts now. We have negotiated a master agreement with AID. And we are in conversations with them now to supplement that agreement.

What is the figure that we are asking for?

Mr. SYLVESTER. I am Edward Sylvester, Acting Deputy Bureau Administrator.

We have supplied a preliminary budget to AID in the amount of $243,000 for the last 4 months of fiscal 1963.

Mr. FOGARTY. Do you think you are going to get anything in 1963?

Mr. WEAVER. I am hopeful before it is over we will come to an agreement.

1963 POSITIONS

Mr. FOGARTY. You asked last year for an increase of $450,000 and 29 positions. Congress cut the funds requested by $165,000, or over one-third. If a proportionate cut was made in positions, you could have set up only 18, but actually you set up 23.

How are you able to finance this number of new positions?

Mr. WEAVER. Sir, if you remember, last year a part of our appropriation was $90,000 to be allocated to the bureaus. And right after—even during the time that Congress was considering our last budgets, but particularly after—we had this considerable increase in functions. Part of it was the OCED activity that I just described, we had considerable increase in the Alliance for Progress activity, the work that we are doing in the Alliance for Progress, as well as in Africa. And in order to follow through, we used money for five clerical positions to backstop this effort, and one professional. It was done from the moneys to be allocated to the bureaus, which we are hopeful that we can follow through on in this direction. None is proposed this year.

BUDGET FOR OVERSEA INFORMATIONAL ACTIVITIES

Mr. FOGARTY. You have an increase of $24,100 to strengthen oversea informational activities. How much are you spending on this now?

Mr. PASCHKE. We only have one position now in the Bureau of International Labor Affairs that is directly concerned with, you might say, filling this need.

This one position is in the Bureau of International Labor Affairs, but through this one position there is, you might say, a minimal effort made to draw the resources of the rest of the Department into filling this need overseas. But is is a median level of professional staff. It is a GS–7 grade.

Mr. FOGARTY. The budget proposes to delete the bill language authorizing the Public Health Service to incur expenses "incident to the dissemination of health information in foreign countries through exhibits and other appropriate means."

The explanation in their justification say that USIS is to do this in the future. On the surface there seems to be an inconsistency between their budget and yours.

Mr. WEAVER. I am not aware of the plans and arrangement with USIS and Public Health, but I know our situation. I can probably illustrate it by giving you a couple of examples of the kinds of information that is not going out in the field that needs to go out in the field.

I ran into it personally at the last labor attaché conference in terms of the kind of information they were getting on daily developments that they were continually questioned about.

The steel strike was a good example, and at present the newspaper articles and the way that they reported on the Teamster case. The labor attachés, as well as the trade union advisers, are badly in need of a balanced interpretation of what is going on here.

Now, we seek, by sending out reports on the average of one a week or 2 weeks, to keep the labor attachés advised as to the significant advances that we know that they will be queried about. And we know that this has not sufficed. The USIS has some of the physical machinery to do it. But at present they do not have the professional capacity that is needed.

Mr. FOGARTY. You have not given me an answer to my question.

Do you know this?

Mr. HUDSON. I was not even aware of this, Mr. Chairman, but we will look into it and submit a statement for the record.

(The following statement was subsequently revised:)

We are advised that the language deletion in PHS re oversea international information applies to medical exhibits which apparently is to be handled by USIA.

The two additional jobs we have in the Bureau of International Labor Affairs are two people who will be used to develop or coordinate Bureau development of a variety of informational material on labor developments either to USIA for its oversea use or to the labor attachés for their day-to-day use. We want to establish these jobs on a full-time basis to handle what is now being handled on a part-time basis.

TRAINING SOUTH AMERICAN LABOR LEADERS

Mr. FOGARTY. Tell us something about your progress in helping some of the labor leaders in South America. The Secretary was asked about that this morning.

What have you done in this fiscal year, what accomplishments have you made, and how important do you think it is?

Mr. WEAVER. I think it is extremely important if we are to realize the objectives of the Alliance for Progress.

The American trade union movement, in cooperation with the business community, some of our most prominent businessmen operating in Latin America, have created an institute, the American Institute for Free Labor Development, which has entered into a contract with the Government, with AID, and they are bringing to the United States groups of trade union leaders for training. The classes run around 40, give or take a few. These trade unionists are brought here for 3 months' training, and then sent back to their area from which they originated——

Mr. MICHEL. Who pays their way?

Mr. WEAVER. The total expenses are paid by the institute. The institute is financed by contract with AID, contributions from the labor unions, and contributions from the business community.

Mr. MICHEL. The labor movement and the business community there, or here?

Mr. WEAVER. Here in the United States.

Mr. MICHEL. And our AID money here?

Mr. WEAVER. Yes.

Mr. MICHEL. And our business community and our labor community?

So we are paying the way?

Mr. WEAVER. Well, there are several Latin Americans on board, both businessmen and trade unionists. To my knowledge there have been no contributions as yet from the Latin American community. But I think the important thing, and one of the features of this institute that is different, and which I think is going to bear fruit, is that when the men go back, they stay on the payroll of the institute for organization and trade union education purposes for 9 months.

We have had considerable experience in the past that when we bring trade unionists in to train them, particularly in Government where there is a lack of skills, then they are lost to the Government and to the business community.

Now, this program is serviced, and we work very closely with the rest of the Department of Labor in terms of providing lectures, providing materials, and all the resources of our Department are thrown in to help it.

We are now presently working with the OAS, the Labor Department, and AID in preparing a conference of the Latin American ministers of labor to be held in Colombia. The present schedule is for the first part of May. And the primary purpose for this is a strong conviction that you cannot build up a strong labor movement in the absence of a strong ministry of labor. You have to provide the instrument and the tools to service a strong labor movement.

Mr. FOGARTY. These funds are derived from contributions from both labor and management?

Mr. WEAVER. Labor and management and AID.

Mr. FOGARTY. And that is the Government?

Mr. WEAVER. Yes, sir.

Mr. FOGARTY. What management groups are contributing? Some management groups have felt that this was a good program; is that right?

Mr. WEAVER. Yes, sir. And I can provide for the committee the latest report on the contributions.

If I remember offhand, last year's contributions ran close to $600,000. And of the $600,000, management and labor was a total of about $200,000. All the likelihood and the potential this year is that it will be running about a third, a third, and a third. This is the goal they are after. And the way the management contributions are coming in, I am fairly confident they will reach it.

Mr. FOGARTY. You may submit the exact information on financing for the record.

(The information follows:)

Financing of the American Institute for Free Labor Development

A statement of income for the period ended December 31, 1962, released by the American Institute for Free Labor Development contains the following:

Agency for International Development	$350,000
Labor organizations	[1] 110,050
Foundation grants	46,500
Corporations	[1] 77,000
Total	583,550

[1] The management and labor solicitations began in October and December 1962, respectively, and are continuing.

Mr. FOGARTY. Some management groups have been critical of the program?

Mr. WEAVER. Some management groups have been critical, but the significant aspect of this program is that the management groups on the board of trustees are those who have the largest industrial stake in Latin America, some of the biggest companies.

Mr. FOGARTY. Do you have people that go down there and recruit these people to come up here, or do they do it on their own?

Mr. WEAVER. The institute does the recruiting, working very closely with the labor attachés in the country.

LABOR ATTACHÉS' TOUR OF DUTY

Mr. FOGARTY. How long does a labor attaché generally stay in a given country?

Mr. WEAVER. The average tour in a given country, I would say the average would run between 5 and 6 years. They generally try to give them two tours in any country. The tours run about 3 years.

Mr. FOGARTY. I have had some complaint that that is too long, that they forget about what is their primary job of representing the United States, and properly presenting the labor policies of the United States.

Mr. WEAVER. You remember, in the 6 years they have at least one home leave.

Mr. FOGARTY. I remember that. I was with you at that meeting in Rome. And I thought, after listening to some of the speeches, that maybe some of them had stayed too long in some of these countries, and should have been sent back here to find out what is going on in America. I discussed that point with you at the time. And I think that when they are sent back, they ought to have a tour of duty in the Department of Labor, not the Department of State.

Mr. WEAVER. We followed up, sir, on your suggesion that we arrange with the Department of State for the men coming back. We had five in the Department who came in for retraining in the Department, and they spent their home tour in the Department. Now, we have expanded this proposal, because it has worked out very well in the last year. And we formally propose to state that we could handle 10 of the new FSO–8, the junior officers just coming into the service, to spend a year working in the Department to learn what the resources of the Department were, and then a year working with the trade union movement, so they would at least understand the jargon of the trade union movement when they went out.

Mr. WEISS. There are three now, and we are asking for six, if I may correct you.

Mr. FOGARTY. Do you think that is good?

I still think it is good.

Mr. WEAVER. I think it is good in terms of the results. There are two men who have gone through this training program, and both of their ambassadors are very high in their praise of the programs, as well as the attachés. One is in Algeria, and the other is in Trinidad. And the one in Algeria was trained deliberately to assume the post as soon as the country became independent. He spent 2 years in the Department, and he spent a year in Morocco before moving over to Algiers. And the ambassador was in last week, and was very complimentary.

Mr. FOGARTY. Mr. Michel.

MAJOR FIELDS OF INTEREST

Mr. MICHEL. Mr. Weaver, how many people in the Department of Labor are there in this international field?

Mr. WEAVER. One hundred and twenty-eight, sir.

Mr. MICHEL. You have spoken of the Alliance for Progress, but you have also touched on the European community.

Where is the greater part of the attention being directed abroad now so far as the Department of Labor's interest is concerned?

Mr. WEAVER. I would say first, the Alliance for Progress in Latin America, and second——

Mr. MICHEL. How many of those 128 people did you say are concerning themselves with the Alliance for Progress?

Mr. WEAVER. That is a difficult one.

There are 128 on allocated funds handling the various exchange programs which come up including AID and we have 73. So there are a total of 201—it is hard to calculate with any precision the number of people working on the Alliance for Progress, because at any given time the activities of two or three of the offices may be directed—in the geographic areas we have about five specialists that are working full time, but they draw upon the other offices.

For example, we had a committee meeting yesterday of the Interdepartmental Committee dealing with Latin America, and the Department of Labor does the staff work, and in developing the report we drew upon the resources of most of the other officers.

Mr. WEISS. Could I expand on that just a moment, because there is something that has not been brought out?

A large part of the staff, particularly in the bureaus, are involved in the exchange program, exchanges of people in the program. And they can come from any part of the world; one day they may be a group of Latin Americans and the next they may be from Africa.

There are maybe 3,000 people who have participated in the exchange programs during the last year. So it is impossible to say how many of them are attributable to the Latin American staff.

LABOR ATTACHÉS

Mr. MICHEL. Now, the labor attachés that we have around the world are under the State Department; are they not?

Mr. WEISS. Yes.

Mr. MICHEL. And how many labor attachés are there?

Mr. WEAVER. Approximately 68 labor attachés.

Mr. MICHEL. Do you have any people in this international office that are assigned to specific countries where we have a labor attaché?

Mr. WEAVER. No, sir; we have no one that comes under our direct program supervision, but in terms of labor attachés, our responsibility in the labor attaché's area is that we do the training, and the recruiting, and through the Foreign Service Board—and by membership on the Foreign Service Board—we make recommendations as to employment and transfers under the Foreign Service Act. And during the fall session, when the promotion panels are sitting for periods of almost 2 months, we have from 8 to 10 people serving on these various promotion panels.

So our responsibility as well as the staff time spent in the labor attaché program is considerable.

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

Mr. MICHEL. You spoke of this OECD. Was this the committee that was set up to double production within 10 years?

Mr. WEAVER. Fifty percent growth target within 10 years.

Mr. MICHEL. And what is our interest in dispatching a member of your shop to participate in this kind of an operation in Europe?

Mr. WEAVER. If this growth target is to be reached, it will only be achieved with the wisest utilization of our manpower resources.

Now, we are terribly conscious sitting in this forum of the different kinds of experiences, some that are very valuable to us. For example, most European countries today are suffering from a shortage of manpower. And this is just the opposite problem to what we have. And we have drawn from it some valuable lessons in techniques.

Mr. MICHEL. Is our interest there to try to help them achieve this goal, or is our interest there as observers? We obviously do not have this kind of a program or a committee or a goal, in our own country.

My point is, what part do you really play in this thing? Is it just as observers?

Mr. WEAVER. No.

First of all, we are a member country of OECD. We have committed ourselves likewise to seek to achieve, to attempt to achieve this 50-percent growth over the next decade. All of the countries of the Atlantic community have agreed that this is the goal that they will work for, they will work toward. So we have an obligation equal to the other members of the community to increase our growth.

But the primary value that we draw from this manpower committee has been some of the techniques that we have learned in terms of, why they do not have a manpower excess, and we do, and how they are meeting their manpower shortage and how they are handling their training problems. I think this is a very valuable and worthwhile exercise.

PRODUCTION COSTS IN OTHER COUNTRIES

Mr. MICHEL. Is not really the nub of it the price at which they can sell the end product?

I see steel from Germany and Japan coming across the ocean and up the Mississippi and up the Illinois and landed dockside cheaper by x number of dollars than we can produce it right here on the spot. This is the problem. That is why we do not have more steelworkers really working today in America making Caterpillar tractors or one thing or another.

What are we doing to disseminate this story here in our own country?

Mr. WEAVER. Well, there were two ways we were approaching it. We are approaching it, one, through the tool that the Congress provided in the Trade Expansion Act last year. And the second is—and here again is where I think is one of the fruits and products of the combination of labor and trade union activity, international activities—this very steel which you are discussing we are very much aware of. But as a result of the activities of the American trade union movement, the wages of steel abroad have gone up over 30 percent in the last 5 years. Now, we give as much aid in backstopping the labor movement as possible. Before I assumed the responsibilities I now have, I represented the IUE on the International Metal Workers Secretariat. In 1958 and 1959 we had a knockdown and drag out, particularly with our German colleagues, consistently pushing them to reduce their hours and also increase their wages. If you study the wage pattern, particularly in the Common Market countries, in the last 5 years, you will see that the rate of increase in wages exceeds ours.

Now, this is only one of the factors that enables the European countries in some areas to undersell us, but it is an important factor. But it is true this thrust—and it has to be a total thrust—government as well as private groups—to level off these hills and gaps.

Mr. MICHEL. Do you have any people over in Japan today?

Mr. WEAVER. Our Department doesn't but our Government does. We have a labor attaché.

Mr. MICHEL. But not directly from your shop.

Mr. WEAVER. No, not from my shop. But, again, you see, here again they look to our shop for guidance and for services and for backstopping.

For example, I got a letter which came to my attention last week from the Labor attaché in India and he was complaining because he wasn't getting fast enough service on the materials he wanted, that he had been asked for by the permanent secretary of the Labor Ministry, that he dealt with in India. It was a very eloquent letter and very detailed in explaining why he needed this material and why he needed it quickly. We are the agency that backstops the labor attachés in materials as well as other services.

TRAINING FOREIGN LABOR LEADERS

Mr. MICHEL. You spoke of these visiting groups of labor trainees, or whatever we want to call them, who come to this country from various countries.

No. 1, from how many different countries have we had these delegations coming to this country?

Mr. WEAVER. Oh, sir; I would say without doubt that all of the countries outside of the Iron Curtain, and we have had a few over the years from Yugoslavia and Poland. I would say all the countries. And this program is not new—it is an old program, started in the Marshall plan days. The first emphasis was on productivity, which we were trying to build up in Europe. And so the first group, the large group, the first group that came over was from Europe, and then it began to shift to Asia and Latin America, and in the last 2 years the great increase has been from Africa. And they come——

Mr. MICHEL. How long do they stay here when they come over?

Mr. WEAVER. They come over for varying times. The top leadership, the longest I would say would be 3 weeks or a month.

Mr. MICHEL. What would they do?

Mr. WEAVER. Their program would be much different from the average trade unions. If he is from the Labor Ministry, and these are the ones we get, primarily from the Labor Ministry, and we will get advice from our Embassy before he comes over as to what he is interested in, it is generally BLS, Labor Standards, Vocational Training. I would say these are probably the three areas where we have the greatest call. And we call upon the Bureaus and set up, after getting an evaluation of the capacity, his capacity and what standards he is operating from in his country, we will set up a program accordingly to try to fulfill his needs.

Mr. MICHEL. For example, are the ones from Africa principally public administrators in the field of labor relations or actually selected members of labor unions or union organizations that come to see how a union organization operates in this country and how they can go home and make their union organizations stronger and more virile upon similar lines of unions in this country?

Mr. WEAVER. The overwhelming majority are trade unionists who get this kind of program. We arrange this kind of program for them. It is the minority, it is the smaller group that would come from the ranks of Government officials. The trade unionists come over in teams, anywhere from six to a dozen, and a program, again following

the same pattern, is worked out for them with heavy emphasis on visiting the unions, and this is worked out in direct and close cooperation with the American unions. In fact, the program could not operate without the close cooperation of the labor movement, and they are routed according to their industry, according to what their interest is in the union, routed into the shops and plants and union offices, and then they——

Mr. MICHEL. Are these folks surprised at the values of the free enterprise system?

Mr. WEAVER. Some of them are and some of them are overawed. With some it is difficult for them to absorb because it is such a wide gap, and then, of course, some that you have to argue with, some who get more defensive the further away they get from home at what they find. But I would say on balance that the experience is very worthwhile because I worked out in the field, worked out in Asia, and I used to get them coming back, used to get the impact when they came back. You don't have 100 percent batting average. You get some sourballs who come back and they are a pain in the neck to you, but I would say on balance that we get a good advantage out of the program.

SELECTION OF FOREIGN TRAINEES

Mr. MICHEL. Just in winding up, in South America we know that many of the labor organizations in some of the countries in South America are pretty well drilled with Red domination, some news media and the labor unions. It is a pretty well-known fact.

Now, what kind of people do you get coming here from down there in South America, and do you accept some rabid Reds?

Mr. WEAVER. No, we haven't as yet.

Mr. MICHEL. What do you do to draw the line?

Mr. WEAVER. Well, you see, the Institute that I described to you, they have people in the field who are selected along with our labor attachés and they are very careful in selecting and also they have to undergo security checks. There is a visa investigation made of those coming in on these various programs that utilize public funds. We are very careful on that.

We have brought up, from Latin America, those from Christian unions—ORIT affiliated with the ICFTU, the nonclerical, and the independents, and then you have the Communist unions. We are bringing up those from ORIT and from the Christian unions with a few independents. We have also been trying to emphasize the accent on youth. It is, on the whole, a much younger group than previous exchange programs that we have had. And, of course, the reasons are pretty obvious. We are trying to tap a new source other than the professional trade unionists. And this is one of the big mousetraps that we have to watch abroad, particularly Latin America. Trade unionism becomes a profession, primarily for intellectuals, the same as students becomes a profession. We are trying to cut underneath this layer, this group.

Mr. MICHEL. My final question, then: Could you supply for the record, in the past year, the number of people who have come up to this country from South American countries and the countries where they did come from?

Mr. WEAVER. Yes.

Mr. MICHEL. The number of people, by country, strictly for South America, in the past year.

Mr. WEAVER. Be glad to.

(The information follows:)

Foreign visitors programed by the American Institute for Free Labor Development

Antigua, the West Indies	1	El Salvador	4
Argentina	1	Grenada, the West Indies	1
Barbados, the West Indies	1	Honduras	4
Bermuda	1	Jamaica	3
Bolivia	1	Panama	4
British Guiana	8	Paraguay (in exile)	2
British Honduras	2	Peru	8
Chile	8	St. Lucia, the West Indies	1
Colombia	2	St. Vincent, the West Indies	1
Costa Rica	2	Surinam	3
Dominican Republic	4	Trinidad	3
Ecuador	6	Venezuela	8

Foreign visitors programed primarily by the Department of Labor arrivals during calendar year 1962

Argentina	17	Guatemala	1
Bolivia	74	Honduras	10
Brazil	24	Jamaica	2
British Guiana	6	Mexico	36
British West Indies	3	Nicaragua	2
Chile	28	Panama	8
Colombia	24	Peru	17
Costa Rica	1	Trinidad	9
Dominican Republic	4	Uruguay	1
Ecuador	14	Venezuela	28
El Salvador	31		

NOTE: These visitors came to the United States under sponsorship of the Agency for International Development or the Department of State Cultural Exchange Program. In addition to these visitors, numerous others were referred to the Department of Labor for shorter periods on a secondary basis. The above figures do not include those programed by the American Institute for Free Labor Development.

INSTITUTE IN ROME

Mr. FOGARTY. Mr. Weaver, that was a good meeting I attended with you, in Rome, a year ago last July, I guess it was. Did you have another one last year?

Mr. WEAVER. No. We had another one scheduled and the previous Secretary was going to participate in it, and it was scheduled just about the time of his promotion.

Mr. FOGARTY. I thought that was a very good idea to get all the attachés from that section of the world together. It was a real hard working session, and I think it was a real good program.

Mr. WEAVER. We have one scheduled for next year.

Mr. FOGARTY. That same area?

Mr. WEAVER. Yes, because that is the best centralized area to put the Europeans together.

Mr. FOGARTY. I see.

Is there anything else you would like to say?

Mr. WEAVER. No, sir.

Mr. FOGARTY. Thank you very much.

WEDNESDAY, FEBRUARY 6, 1963.

OFFICE OF MANPOWER, AUTOMATION, AND TRAINING

WITNESSES

DR. SEYMOUR L. WOLFBEIN, DIRECTOR
DR. JOHN P. WALSH, DEPUTY DIRECTOR
MISS MARGARET E. THOMAS, MANPOWER DEVELOPMENT OFFICER
ROBERT C. GOODWIN, ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY
EDWARD E. GOSHEN, DIRECTOR, BUREAU OF APPRENTICESHIP AND TRAINING
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION
JAMES CLARKE, ASSISTANT TO THE UNDER SECRETARY FOR MANPOWER TRAINING OF DEPARTMENT OF HEW
DR. WALTER M. ARNOLD, DIRECTOR, DIVISION OF VOCATIONAL AND TECHNICAL EDUCATION, OFFICE OF EDUCATION, DEPARTMENT OF HEW

SALARIES AND EXPENSES, MANPOWER DEVELOPMENT AND TRAINING

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions		3,486	5,332
	Positions other than permanent		60	77
	Other personnel compensation			42
	Total personnel compensation		3,546	5,451
12	Personnel benefits		269	409
21	Travel and transportation of persons		331	540
22	Transportation of things		13	31
23	Rent, communications, and utilities		116	170
24	Printing and reproduction		216	275
25	Other services		1,672	3,444
26	Supplies and materials		80	90
31	Equipment		232	90
41	Grants, subsidies, and contributions		64,000	154,500
	Total costs—obligations		70,475	165,000

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions		542	600
Full-time equivalent of other positions		6	8
Average number of all employees		399	585
Number of employees at end of year		537	592
Average GS grade		10.2	10.2
Average GS salary		$9,047	$8,999

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Manpower research		2,342	3,800
2. Training and skill development programs:			
(a) Training costs and allowance payments		57,500	139,800
(b) State and local services		6,500	14,700
(c) Federal program development and operations		3,463	5,700
3. Program evaluation		670	1,000
Total program costs, funded—obligations		70,475	165,000
Financing: Comparative transfers from other accounts (−)		−800	
New obligational authority		69,675	165,000
New obligational authority:			
Appropriation		70,000	165,000
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728) (−)		−480	
Appropriation (adjusted)		69,520	165,000
Proposed supplemental due to pay increases		155	

General Statement

Mr. Fogarty. I see that you have a prepared statement, Mr. Wolfbein.

Mr. Wolfbein. I will submit it for the record and leave it at that.

Mr. Fogarty. Do you want to read it?

Mr. Wolfbein. No.

Mr. Fogarty. You have a very sizable increase here, and so we want to give you every opportunity to justify it, so we will file the statement in the record and go ahead with your oral presentation.

Mr. Wolfbein. Yes.

(The statement follows:)

Statement of Seymour L. Wolfbein

Mr. Chairman, I especially appreciate the opportunity to appear before this committee today. For the first time we will be describing to you the activities of the Manpower Development and Training Act of March 1962 as a going program, already giving evidence of accomplishing its great purpose—to train and retrain unemployed workers for gainful employment.

Last year, as we met, the legislation—although well advanced—had not yet become law. The President signed the act, Public Law 87–415, on March 15, 1962. Appropriations first became available on August 14, 5 months later. As we begin 1963, this very young 5-month-old program has been taken up by nearly every State in the land. Programs have been approved to provide training in nearly 150 different occupations for about 22,000 persons. We know that over 6,300 people have been enrolled in specific courses. Nearly 1,500 of these trainees have "graduated"—that is, finished their training. We know that nearly three-fourths of these "graduates" are working today, and many more of the others may have jobs even as I report to you. Some of these folks had not worked in over a year. Thus, we believe the program has begun to accomplish the purpose or intent of the Congress in passing this legislation.

In truth, the pace of the program is undoubtedly substantially faster than I have just described. So much is happening on every front, in nearly every State, that the figures have yet to catch up with the facts. By the time we can total up the national program, the real picture has already changed. The ground rules and procedures which attend a program of this nature—representing the combined efforts of every level of government, and the joint participation of many groups in every community, are shaping up fast now. The reports that will permit us to describe and evaluate the program in really meaningful terms

will soon be fully operational. By another year, when this committee reviews this program, it will have before it vastly more factual evidence of accomplishment.

In enacting the Manpower Development and Training Act in March 1962, the Congress reflected the Nation's growing concern with the conservation and enrichment of our primary resource—our manpower. The President referred to the act as perhaps the most significant legislation in the area of employment since the historic Employment Act of 1946. It established a national policy on manpower, in response to an awareness that major economic changes are creating serious manpower imbalances. On the one hand, the Nation is experiencing a persistently high level of unemployment, including a large "hard core" group; on the other hand, there is increasing demand, and, in fact, shortages of trained workers to fill new jobs.

The mismatching of available job opportunities with available job seekers results from a series of developments such as the emergence of new industries and products—and the decline of some of the older ones; the impact of new technologies—including the most recent—automation; shifts in market demand; shifts in location of industries; and the effects of changes in foreign trade. Equally significant are the population changes, especially the entry of vast numbers of youth into the labor force.

Through this act, the Congress recognized the need for a program that would prevent the benefits of technical advances from creating permanent burdens to individual workers. Through training and retraining, workers whose occupations have been rendered obsolete or whose skills need upgrading may acquire the capabilities with which to resume their productive role in society.

In providing such a training program, therefore, the act reaches toward two major goals:

(1) The improved development and use of the Nation's work force with a concurrent reduction in unemployment and underemployment.

(2) Meeting the manpower needs of the Nation to effectively sustain the domestic economy and meet international responsibilities.

TRAINING PROGRAMS

Funds for operating the training programs authorized by the act first became available in mid-August of 1962, as I have mentioned. These funds were appropriated under the broad heading of "Manpower Development and Training Activities," and it was clearly the intent of the Congress that program operations were to be carried on by those organizational units which had particular competence and facilities to conduct them. During these past few months an operational plan has evolved which embraces several Federal agencies and the nationwide network of State employment security and vocational education agencies. While I am appearing as the spokesman, there are with me representatives of several of the participating agencies, to answer questions or enlarge upon these remarks. The budget justification describes in some detail the functions of each participating agency.

In these first few months, manpower training projects have been approved in 48 States, the District of Columbia, and Puerto Rico. From a project for training workers in Rhode Island to one training accounting clerks in Hawaii; from proposals for training electronics technicians in Alaska to refrigeration mechanics in Puerto Rico—and many other occupations in virtually every area in between—manpower training plans are going forward and training projects are or soon will be getting underway.

The selection of applicants for training under the act is a sensitive and painstaking process. One must be careful that each trainee's latent skills and aptitudes correspond with those required by the job for which the training is designed. Reflecting this requirement for ensuring selectivity, local offices of the State employment agencies had screened over 90,000 unemployed persons by the turn of the year. The agencies maintain records of these persons' qualifications. As later training projects are developed, qualified persons can be more readily referred.

Early indications are that we are reaching, to a significant extent, the most disadvantaged groups among the unemployed. Almost three-fifths of the 6,000 enrollees were in the younger and older age groups. One-third of the men trainees were over 35 years of age; of the women, nearly two-fifths were age 35 or over.

Almost two-fifths of all enrollees in 1962 had failed to complete high school; 1 in 10 had not gone beyond the eighth grade. On the other hand, nearly one-tenth of the trainees had had some college education.

Half of the trainees had been without jobs for 15 weeks or longer. Almost one out of five had been unemployed for more than a year. These are the so-called hard core unemployed.

The fact that just over three-fifths of the total enrollment and three-quarters of the men were heads of families or households, indicates that we are focusing in a significant way on this group of jobless workers, as the act envisioned.

It is, in fact, too early to talk about placements or placement rates. Only a very few training courses have actually been finished, and some of these within days of the most recent report avaliable to us. Timing alone would preclude the likelihood of a trainee's moving from the classroom to the work place even under the most favorable circumstances. We do have information, however, that nearly 1,500 persons have finished their training, and that nearly three-fourths of these are already at work, as I indicated earlier. Week by week more programs will be starting; some will be finishing and trainees will be moving to jobs. This aspect of the measurement of the impact of the training program—although the most telling, in the last analysis—must wait the passage of time.

The 1964 request provides $160,275,000 to carry out the occupational training and skill development provisions of the act. A total of $154,500,000—96.4 cents out of every dollar of this amount—is going to the States for these training programs.

In the current fiscal year, we started with $64 million for training program operations in the States, as compared with $154,500,000 for 1964. Let us examine briefly the reasons why we are requesting the full amount authorized under the act for 1964.

First, as is apparent from the authorization and legislative history, the Congress judged it mandatory to mount a very sizable effort if we are to do much of anything about our tremendous annual manpower waste—unemployment. At the same time, they recognized that such an ambitious undertaking could not spring into being full-blown; that some period of buildup would be necessary. Thus we have the three stages, written into the law, culminating in the third year when the States are expected to match the Federal investment, for the most part, on a 50–50 basis.

I say "match the Federal investment" because that is what we are really doing—investing in human capital resources. Dollar-for-dollar, the entire principal amount will be repaid with interest in the form of higher national income, increased tax receipts, and lowered unemployment insurance and public-welfare costs—to say nothing of the enhancement of human dignity which accompanies "earning one's own way" in this world. We are requesting funds next year, therefore to expand our efforts in accordance with the original congressional intent.

Secondly, we find, even as we anticipated last spring, that there is a lot of training to do; a lot of jobs in need of trained workers—a lot of workers eager and able to take training to get jobs. While we have no direct national measurement of these things, we have requested and received from the States estimates regarding training plans which they are developing. They have surveyed training needs and found training required—in such numbers as apparently to exhaust current appropriations before the end of this fiscal year.

According to statewide manpower training plans submitted by State agencies in December, enough training projects were then being developed for submittal to commit all of this year's funds. The States reported that they already had some 1,200 additional projects under developement which would provide training to over 46,000 more workers. This would bring our totals for the year to more than 1,700 training projects and almost 70,000 trainees. It is possible that additional 1963 funds will be necessary if we are to meet the demands and opportunities for manpower training during the last quarter of the year.

Which brings me to my third point. Many of the programs now being initiated—or to be started in the next few months—will obviously spill over into next year. That is, some of the training courses started this year will still be in process at the fiscal year's end and will be continued to termination in fiscal 1964. While the training—that is, instructional—costs of these projects are chargeable to fiscal year 1963 funds since they are contracted for and obligated this year, the moneys for allowances payable for weeks of training occurring

after June 30, 1963, are not an obligation until they occur and thus must be provided out of fiscal year 1964 appropriations.

Fourth, and last, we are just getting a broad and far-reaching program of on-the-job training launched. Standards and procedures for this type of training are now ready and we are confident that this new training technique will bring about a significant increase in the development of training proposals.

All told, therefore, with increasing demands for both on-the-job and vocational-school training, the requested increase appears to be in line with the intent of the act.

MANPOWER AND AUTOMATION RESEARCH

There is another, and vitally important, part of the manpower development and training program I would like to discuss. It is the declared purpose of the act that the Federal Government be required to appraise the manpower requirements and the resources of the Nation, and to develop and apply the information and methods needed to deal with the problems of unemployment, whether resulting from automation and technological changes, or for other reasons.

The act imposes the obligation on the Department of Labor to carry out one of the most extensive and meaningful research programs ever required by law. Specifically, the Secretary is directed to:

1. Evaluate the various factors of the problems created by automation, technological progress, and other changes in the structure of production; establish techniques and methods for detecting in advance their potential impact; develop solutions to these problems and publish relevant findings.

2. Establish a program of studies of practices of employers and unions which affect the mobility of workers and to report on the results of these studies.

3. Appraise the adequacy of the Nation's manpower development efforts to meet foreseeable manpower needs and recommend necessary adjustments for the most effective utilization of its manpower.

4. Promote, encourage, and engage in programs of information and communication concerning manpower requirements, development, and utilization, and the amelioration of undesirable manpower effects.

5. Develop, compile, and make available manpower information regarding skill requirements, occupational outlook, job opportunities, labor supply, and employment trends.

In addition, the statute requires the Secretary to "arrange for the conduct of such research and investigation as give promise of furthering the objectives of this act."

The problems to be investigated under this research program are huge in scope with constantly shifting dimensions. During a period in which an industrial revolution of broad magnitude and significant implications is taking place it becomes necessary to obtain as much manpower and related information as possible so that both immediate and ameliorative measures and long-range solutions can be developed without creating additional problems and dislocations during this period.

For these reasons, the initial activities of the research staff of the Office of Manpower, Automation, and Training have been directed toward the design of an overall research program which is coordinated with, and utilizes the applicable resources of, other agencies, both in Government and outside, in order to lay a groundwork for remedial programs, looking toward the practical solution of our manpower problems, and to increase the Nation's productivity and its capacity to meet the requirements of the space age through full employment. This design is in process and will be completed shortly.

In order to channel our research efforts into the most worthwhile and productive areas, it has first been necessary to ascertain what has been, and is now, being done by way of research in the manpower field; we must thereafter coordinate the findings, and make plans for the additional research to be conducted. Several alternative ways in which this information can be garnered on a continuing basis are being explored and arrangements to obtain it should be completed soon.

Our initial review of existing material indicates a need for information and understanding that goes far beyond the scope of information currently available. Substantial additional data are needed, not only relating to national totals of the characteristics of employment, but also to such precise employment information as distribution by specific occupations requiring specific skill levels with specific requirements of educational and vocational training. Information is

needed on the distribution of the unemployed by location, industrial background, occupation, and educational and vocational training; their work histories; age and sex; marital status; and racial orgins. All of these factors must be studied and understood in relation to each other, to the income levels of employed and unemployed, to the status of the local, State, regional, and national economy, and to the social and economic conditions which affect employment and which are affected by it.

While much of these data are currently being obtained by the Bureaus of Labor Statistics and Employment Security, they are insufficient to provide an adequate basis for the development of constructive remedial programs to help solve the manpower problems of the Nation. We must supplement, expand, and particularize the information now available from these sources, and probe the trouble spots so that corrective action can be taken.

Contacts have already been made and channels of communication established with a number of competent research centers in leading universities, foundations, and private agencies for contract research under the act. Several contractual arrangements have been made, others are being developed. We are also trying to encourage various research agencies to carry on additional research on their own behalf which will serve to add significantly to the general body of manpower knowledge. Our recent experience in reviewing more than 100 research plans from a wide variety of research organizations has indicated the need to stimulate new ideas for imaginative and productive studies and to assist others in structuring research projects. In order to bring into focus the total manpower picture, the Office of Manpower, Automation, and Training will have to generate research ideas and provide leadership in this whole field.

Current and planned research projects

Many of the research studies and projects now underway will carry over into 1964. The overall research design and the results of our early research will undoubtedly point up needs for additional studies, perhaps into areas not now foreseeable. Some significant areas of needed manpower research can be outlined as follows:

(1) *Labor mobility studies* will include studies of employer and union practices which affect the mobility of labor; such employer and union practices as private pension plans, severance pay plans, health and insurance benefits to laid off and retired workers, and the operation of relocation allowances. Some of these studies, which are specifically required by the act, have been completed; results are included in the Secretary's first annual manpower report, described below.

(2) *Manpower requirements and resources studies* require research into the historical, current, and future plans of manpower accounts by skill, occupation, and location, and the factors which affect both requirements and resources. There has already been established substantial coordination with the programs of other bureaus of the Department of Labor and of other agencies (such as the Office of Education of the Department of Health, Education, and Welfare, and the Census Bureau of the Department of Commerce) which compile and develop statistical and other information pertinent to these factors. Analysis and synthesis of the data has commenced and will provide meaningful answers to many questions relating to manpower availabilities as against specific requirements.

(3) *Manpower development and utilization studies* necessitate examination of such difficult manpower problems as the simultaneous existence of unemployment and job vacancies due to a shortage of skilled manpower; the problems of the "hard core" chronically unemployed, whose lack of education, training, and work experience is difficult to overcome; the utilization of manpower in shortage areas, such as scientific and engineering fields; problems relating to utilization of older workers, youth, women, and members of minority groups and rehabilitated workers; transferability of blue-collar workers to white-collar jobs; an evaluation of educational background required to achieve various levels of success in vocational training; and a study which seeks to find means for overcoming psychological blocks to training and retraining; among others. A substantial amount of work has been initiated in these areas and will be continued and expanded next year.

(4) *Youth occupational training.*—While important work has been done in this field by the Department of Health, Education, and Welfare, the President's Committee on Youth Employment, and others, much more information is needed. A program is being developed to study those factors which, deriving from youth

and inexperience, mitigate against both the utilization of the highest skills of young people and their achievement of skills at the highest level of their abilities. It will be fully coordinated with those of existing agencies and will be implemented before the end of this fiscal year.

(5) *Research on automation and technological change.*—Among the most important of our research studies are those concerning the development and implementation of the national program of fact finding and communication with respect to the employment effects of automation and technological change, and the measures needed to minimize and mitigate the impact of such change in workers. The factfinding and informational programs of this enormously important and critical phase of the manpower program will also contribute to the acceptance of technological change and the efficient adjustment to it. This is essential if this country is to achieve the needed rate of economic growth and our industries are to meet the growing foreign competition. Research and consultation already initiated in this area underline the urgency of the problems and the need to move ahead rapidly. There is an extreme paucity of factual information with respect to the most basic questions regarding the extent and rate of technological change and its effects on employment.

In conducting and sponsoring research in all of these and other related areas, our own staff will be guided by the broad national research design discussed above which it is developing in consultation with many other groups. The Office also has responsibility for serving as a center of communication of research findings and action recommendations with respect to the benefits and problems incident to technological change and methods of easing its impact.

One of the prime programs of the Office of Manpower, Automation, and Training will be to issue a continuing series of manpower reports which will contain the results of studies on various aspects of manpower. A number of these have already been published on such subjects as "The Growth of Engineering Employment in the United States, 1950–60," "Trends in Farm Employment and Training Needs," and "Manpower and Immigration." They are prepared in more simplified forms with readily understandable graphic material so as to be easily understood by the general public. The response has been amazingly good and we have received many inquiries concerning them, together with requests and suggestions on additional subjects for reports. More of these are in process, including a very interesting one on "Industry Employment Growth Since World War II." These reports will provide much valuable information and will be of great benefit in delineating the manpower story.

(6) *Research reports required by the statute.*—The Manpower Development and Training Act requires the preparation of several reports of major scope and of vital importance. Section 104 provides that "the President shall transmit to the Congress within 60 days after the beginning of each regular session (commencing with the year 1963) a report pertaining to manpower requirements, resources, and training." In the same section is contained the requirement that "the Secretary of Labor shall make such reports and recommendations to the President as he deems appropriate pertaining to the manpower requirements, resources, use, and training." Because of the close interrelationship between these reports, it was decided to issue the two major annual reports, that of the President and that of the Secretary of Labor, in one document. As such, it will constitute the Government's definitive treatment of the Nation's manpower problems and serve as the major reference in the field.

In substance, these reports will assess the current manpower situation, summarize data available to date, indicate additional information and research needed, outline action to be taken, and make recommendations for further programs to help solve the current and potential manpower problem.

I am pleased to inform you that these first annual reports of the President and the Secretary are now in the final stages of completion and will be submitted to the Congress toward the end of February, prior to the deadline date of March 8, 1963. Together they comprise a document of substantial scope and comprehensiveness which will fulfill the statutory mandate, furnishing much new insight on the Nation's manpower needs and attendant problems. They will include a variety of proposed plans for further action.

I would like to emphasize at this point that very broad consultation was had in preparation of this report. Advice was sought and discussions held with the National Manpower Advisory Committee (and its Subcommittee on Research) which include outstanding labor, industry, education, and public leaders as well as academic experts in the field. Consultation was also held with other agencies

in the Government such as the Council on Economic Advisers, the Commerce Department, the Bureau of the Budget, as well as other bureaus in the Department of Labor. In total, these reports will constitute a major landmark in the Government's manpower program and will make a significant contribution to the knowledge and evaluation of our human resources.

In addition to these major annual reports, section 104 imposes the responsibility on the Secretary of Labor to make such reports and recommendations to the President as he deems appropriate pertaining to manpower requirements, resources, use, and training. Such reports will keep the President advised of the total manpower situation in the country, assess and evaluate various situations and problems related to manpower, will discuss the plans for future research and other manpower activity, and will advise him on action and programs which should be undertaken in the manpower area.

Section 309 of the act requires the Secretary to make an annual report to the Congress which shall contain an evaluation of the programs under title I and part A of title II of the act. It differs from the reports under section 104 in that it provides for a description, analysis, and evaluation of the research activities, among others, being carried on under authority of the Manpower Development and Training Act. This report is also being completed and will be presented to the Congress near the end of February 1963, well within the required time limit. It will constitute a useful summary, analysis and evaluation of OMAT's program activities (including research) under the MDTA.

Other research activities in process relate to:

(*a*) *Economic growth and analysis.*—We are evaluating the effects of current developments of the Nation's economic activity on the labor force supply and demand, including the effects of forces operating in both the domestic and international economies, as well as the effects of this country's efforts in promoting economic developments abroad. These studies will also determine the effects on labor force of separate demands of consumers, business, and government. Resources within and outside Government, utilizing the skills of leading economists and statisticians, will be engaged in fiscal year 1964 to probe the problems of employment accompanying economic growth, or the lack of such growth. As part of this responsibility, our research staff worked with the Council's staff on various portions of this year's economic report of the President.

(*b*) *Cabinet Committee on Economic Growth.*—An important function assigned to our research staff relates to the responsibility of the Department of Labor in the President's Cabinet Committee on Economic Growth. This Cabinet Committee was established by the President in response to the need for increasing this Nation's rate of growth to make possible the achievements of its economic, social, and political goals. There has been increasing recognition that a higher rate of economic growth is essential for achieving and maintaining full employment, for continued progress in raising the standard of living of our own people and other peoples of the free world, for the maintenance of economic strength to defend ourselves militarily, and to provide job opportunities for the impending unprecedented increase in our young jobseekers. OMAT's research staff prepared a series of papers and comments on economic growth and manpower for this committee and participated in providing a portion of the committee's report to the President.

(*c*) *Project for the President's Labor Management Policy Committee.*—The meeting of this Committee on February 5 was devoted to a discussion of manpower as a vital factor in labor relations. Our research staff completed a presentation for that meeting which includes a résumé of the relevant data, much of it in the form of charts and tables to provide the Committee with a factual basis for its discussions. Committee members were also provided with a draft copy of the President's and Secretary's manpower reports under section 104 of the act so that the Committee might have the benefit of its contents. It is expected that service functions such as these for high-level national committee and advisory groups will constitute an important contribution by OMAT's staff on a continuing basis in the future.

(*d*) *Organization for Economic Cooperation and Development manpower report.*—The Organization for Economic Cooperation and Development has assigned an international team of experts to examine the manpower situation in the United States. This study is now in process. Our research staff has prepared the background material and provided much of the data to be used. The information thus obtained has been highly praised by the OECD team

and is so useful generally that it will be published soon as an OMAT bulletin. It is expected that work of this nature will be prepared on a continuing basis.

(e) *Military manpower.*—An analysis of the implications of the military manpower requirements on the economy as a whole is scheduled for 1964, as an important activity. The results of this study are expected to provide the basic data for departmental and executive policy formulation with respect to selective service and other military requirements.

(f) *Substitution of factors of production.*—Studies evaluating the effects of substitution of materials and processes of production on the demand for labor will be conducted in fiscal year 1964. The wholesale economic changes wrought by the substitution of petroleum for coal is but one example of the problems constantly emerging from the evolution of productive processes.

Contractual research

Throughout this statement, there is reference to research being financed under this appropriation and being performed by other public and private agencies and institutions. The act recognized that the broad-gage research required for a national manpower program would have to be performed by a variety of organizations and agencies if all available resources of knowledge and experience were to be tapped. We are working with a number of institutions in the development of a wide variety of research contracts. The National Advisory Committee, created by the act, has formed a Subcommittee on Research to advise us in this important area. Some of these contracts are with educational and research institutions; some with other Government agencies; a few will be with individuals who have special knowledge and competence in this field. Within the broad framework of the research design developed by the Office of Manpower, Automation, and Training we have arranged, or are in the process of arranging for a series of studies which we believe will assist us in carrying out our responsibilities under the act and provide significant information about the Nation's manpower. The 1964 request includes provisions for $2,100,000 for contractual research which will supplement and round out the research activities of those bureaus and agencies already participating directly in the operations of the Manpower Development and Training Act of 1962. I think it would be worth while to note a few of the major ones.

We have contracted with a leading research authority on automation to study the nature, current extent, and future growth of automated equipment, the development of definitions suited to survey purposes and estimates by the contractor of the amount of equipment in use. Another study will provide projections of the extent, timing, and location of automation which will be useful to us in determining the impacts of automation on manpower.

A large university is undertaking for the Department a study on the extent to which the availability of manpower resources plays an active role in the expansion of the economy and of employment. An attempt will be made to identify growth constellations among expanding industries and to analyze the sources of manpower from which these industries were able to draw their personnel. These sources will be analyzed by their characteristics, such as sex, age, race, and education. A series of case studies will be made to explore the dimension of trained manpower as a determinant of economic growth. A study of the totality of employment offered by the nonprofit sector of the economy will also be undertaken as part of this project.

The Bureau of Labor Statistics, at the request of the Office of Manpower, Automation, and Training, is conducting two studies of employer and union practices affecting mobility of the work force. The first study seeks to determine the effects private pension plans have on the mobility of workers. Particular attention will be placed on the operation of vesting and early retirement features of pensions. Their prevalence, types, benefit levels, and the methods in which they tend to inhibit or facilitate mobility will be studied. This study is scheduled for completion by June 1963.

The second study will investigate the implications to worker mobility of severance pay plans. Particular emphasis will be placed on the operational aspects of these plans in their day-to-day application. Case studies of significant plans as well as trends in the extension of benefits under them will be reviewed.

We are also negotiating with an industrial relations research center of a large Midwestern university to study the mobility of blue-collar workers to white-collar jobs. Information will be collected on the extent of this mobility, the charac-

teristics of those who have effected such transfers, and the industries in which these movements have occurred. The findings of this study are expected to aid the development of retraining programs to facilitate the movement of workers from the declining sector of blue-collar occupations to the expanding sector of white collar

The Office of Manpower, Automation, and Training has been exploring with the Bureau of the Census the feasibility of a research project designed to clarify and improve the usefulness of key labor force data derived from the household survey of the population. This survey provides basic data on unemployment and employment which are among our most important economic indicators and bases for economic policy.

An attempt will be made to learn more about the movements of people into and out of the labor force. In addition, methods for improving data on the duration of unemployment and of hours worked will be explored.

An exhaustive followup study of the unemployed will be conducted in order to determine their training background. In a collateral study, additional data will be collected on the income status of the unemployed by family and marital status.

The Office of Manpower, Automation, and Training has contracted with another school of industrial relations attached to a midwestern university to attempt to measure the benefits and costs, in quantitative terms, of training and retraining under the Manpower Act. Information will be collected and evaluated on costs of unemployment to the worker and to the community which supports him by unemployment compensation or welfare assistance. The costs of the retraining programs will be weighed against the benefits resulting from reemployment of workers who now pay income and other taxes and contribute to the productivity of the Nation.

One retraining research project which is about to be contracted will evaluate the importance of increased occupational and other related training on the employability of unemployed persons in a heavy industry area suffering from long-term unemployment. The university which is to conduct this study for us will test the effectiveness of various combinations of education and training on workers with different backgrounds of experience and skills.

Under a program jointly sponsored by the Departments of Labor and Health, Education, and Welfare, a manpower retraining and research program, which concentrates on the hard-core unemployed, is being conducted by a university specializing in training problems. In addition to upgrading the occupational skills of the trainees, this project will develop new methods and materials for teaching adult workers with limited educational achievement and evaluate the influence of specific types of instruction on employability. A corollary of this study will be an investigation of the reasons why some long-term unemployed persons rejected the offer of retraining under this program.

The Research Office has contracted with a southern university to produce a series of manpower studies which will analyze a number of significant changes in regional employment and labor force trends. These will include a description of shifting geography of industrial employment, the effects of defense expenditures on employment, and the changing pattern of regional labor force participation rates.

The Office of Manpower, Automation, and Training has been most fortunate in arranging to receive assistance from a leading manpower expert who is about to go to Europe, under the Ford Foundation and university sponsorship, to study the experience of a number of countries which have conducted retraining programs over a period of years. The study will analyze European experience in relation to policies and problems in the United States.

Mr. Chairman, this is a first report to the committee on the implementation of the Manpower Development and Training Act of 1962, together with our plans for the coming fiscal year. A great many public and private agencies, organizations, and institutions have joined together under this act to work toward improving the development and use of the Nation's manpower both to sustain the needs of our own economy and to meet our international responsibilities. To be a part of this great effort is a challenging and rewarding experience.

I shall be glad to answer the committee's questions.

Mr. WOLFBEIN. I will begin with a brief summary, perhaps a dozen points or so, about the Manpower Development and Training Act activities.

PROGRESS OF TRAINING PROGRAM

First, the program is off the ground and is moving. As you know, funds became available around the middle of August of 1962 and the programs began around Labor Day of 1962. And so we have been in business about 5 months in actually getting programs moving, and these figures change just about every hour.

In the materials which we submitted to you, Mr. Chairman, we indicated that we had about 21,400 trainees as of January 31 approved for training, with a cost of about $25.5 million.

Now, as of February 4, a few days past January 31, the figure was 22,153 trainees approved, 618 projects, and the amount of funds involved now is $27,160,000.

We seem to be moving in these last few weeks at a rate of close to $2 million a week, and the rate obviously—as you would expect—is accelerating as all the States start moving.

Now, the second important item I would like to put before you and your committee is the fact that the unemployed are being trained. We now have some first data on who is being trained, the characteristics of these people, and we find that 47 percent, that is almost one out of every two, have been unemployed for 15 weeks or more. This is the official Government definition of "long-term unemployed."

Now, if you look at the unemployed as a total in this country, 26 percent are long-term unemployed. But if you look at those being trained in our program so far, almost double that proportion are long-term unemployed. In fact, I think this is a very important figure, Mr. Chairman. One out of every five people enrolled in training programs so far have been unemployed for 52 weeks or more.

Now, that is real long-term unemployment, and I think it is fair to say, at least in the beginning, in these first few weeks we are beginning to hit at the hard core of the unemployed.

TRAINEE OCCUPATIONS

Now, the third point, very briefly again, I would like to emphasize the fact that these folks are being trained in a really broad group of occupations. In fact, there are about 150 different occupations involved. But what is very interesting to us are the few following points.

First, about 33 percent of the occupations for which we have approved programs are in the white-collar jobs, the professional, managerial, clerical and sales jobs.

Mr. FOGARTY. What percentage?

Mr. WOLFBEIN. Thirty-three percent, about one out of every three, and these, of course, are the growth areas in this country.

Another 33 percent, approximately, are in the skilled occupations; most of them, of course, in the entry jobs, but aimed at the skilled occupations.

So what you get is about 66 percent or two out of every three going into occupations which are classified as white collar or skilled.

Now, I would like to say, however, that I emphasize to you that this is a broad range of occupations and I would like to note and make overt the fact that we are training not only in these occupations but also occupations like——

Mr. FOGARTY. Excuse me. Before you get into that, you talked about the white-collar worker and the skilled worker. The expression was used this morning, "blue-collar" worker. What is a blue-collar worker?

Mr. WOLFBEIN. The general differentiation is that the white-collar worker, as I explained it, is professional, managerial, clerical and sales. The blue-collar worker is a term usually applied to the skilled, semiskilled and unskilled industrial worker, known as the craftsman, the skilled; the operatives, the semiskilled; and the laborers, the unskilled. Those together make up the blue-collar workers in this country, and as you know, as we have presented a number of times to this committee, the real big push has been and is expected to be in the white-collar group, and in that part of the blue-collar which is skilled. So this is why we have been paying particular attention to this group.

Mr. MICHEL. How again have we got this pie broken down? One-third white-collar?

Mr. WOLFBEIN. One-third skilled and—would you like me to say a little bit more about the remaining one-third?

Mr. MICHEL. Yes. What is the rest of the one-third?

Mr. WOLFBEIN. There are a broad range of occupations that go as follows: First, there is a group of occupations which we classify as agricultural and in the farm sector. They range in such occupations as tractor driver, and these have been among our most successful programs where we take unemployed people, with practically no skill, and train them for these jobs which involve not only operating the tractor but also knowing a little bit about making minor repairs, and so forth. These people have been able to get full-time year-round jobs, as a matter of fact, while previously most of them were in the migrant group.

Included here, too, are some of the service occupations. There is a separate category called service occupations which I would like to stress for your consideration because they include occupations like waiter, gas station attendant, and we have found that these, also—which, of course, are relatively short term—are again among our most successful programs. You see, I go to my next point really to which it ties in—1 out of every 10 of the people enrolled under this act has a grade school education or less. In other words, as you know, there is a group in the population of this country which has a very, very low educational attainment. They fall into the unskilled category. They have very high unemployment rates and it has been fascinating to see the way you get some of these people and with a relatively short training program, endow them with what it takes to get themselves a job. And I particularly was interested in the gas station attendant one; I was wondering really what is involved, because a lot of folks ask me "Why are you training people for such an occupation?" But when you get down to the case of a big Esso station, for example, they don't want somebody who just pumps gas. They want somebody who can look at the motor and notice that your fan belt needs adjustment. They want people who can write, who can take credit cards and fill out forms, because as I saw it in this big Esso station, many people come by with credit cards and, you know, they want a person with a little bit of knowledge under his belt to perform this work.

To me, it has been a fascinating part of this program to see that you can take folks who are really disadvantaged with less than a grade school education, long, long-term unemployment, as you see from the figures, and steer them in the direction of a job where they do get paid, do pay taxes, and put in a day's work.

So, as I said before, it ranges all over, but the concentrations do seem to show two out of every three in the white-collar and skilled. But it is covering just about all the occupational groups.

SPECIAL YOUTH PROGRAMS

Now, the next point, again very briefly, I would like to report to you that we have also begun a number of very important special youth programs. You know, this act, the Manpower Development and Training Act, does ask us to see what we can do in terms of training or retraining among the young people and I am glad to report that we have some of these programs off the ground already—one in New York, and I think there is one coming up in New Haven, Conn. Let me give you New York as an example: a major metropolitan area with thousands and thousands of young people who were dropouts, with really no prognosis for a job, and in New York we were able to start with 40 Negroes and Puerto Ricans and give them special guidance and counseling as the act permits us to do. Now we are putting them into a 52-week period of training and the union representatives and the management representatives have practically guaranteed every one of them a job when they finish their training.

Now, we are going to try to accelerate this kind of program, too, because here is another chance to get at some of the really intractable problems of unemployment with this act.

STATES WITHOUT PROGRAMS

These are some of the main beginnings, if that is the correct word, on the training and retraining programs. As our materials indicate, we now have programs approved in 48 of the 50 States, the District of Columbia, and Puerto Rico. The two States that are missing are, first, Alaska, which has a gorgeous program, but it is being held up until we can give them some more money. You know, the act has a formula which apportions a certain amount of this money to each State. Under the formula Alaska gets a relatively small amount and the program they have calls for a larger amount. So it is going to take a while before we approve that one. I can speak to that later if you wish. The only State which does not have a program submitted to us, and they don't have a contract yet, is the State of Louisiana. All the rest have programs submitted to us and all except Alaska have programs already submitted and approved.

RESEARCH ACTIVITIES

I would like to say a few words about the research side of this, too, Mr. Chairman, and Mr. Michel, because title I of this act directs us to engage in a certain amount of research activities in this field. Again very briefly, I would like to report to you that most of our efforts in these first few months have been directed to the requirements of the act. The act requires the President to submit a manpower report to the Congress 60 days after Congress convenes. This, I think, means for this year March 8. This will be the first manpower report of the President in our history, and we have had a substantial amount of effort, Mr. Chairman, in wrapping up that report and bringing together in one package, just like the Economic Report of the President does, the story on manpower in this country. And also the act requires the Secretary to submit before March 1 an annual report on manpower development and training activities and we are in the process of preparing that, too. It is just about done.

Just a few more words on the research side. I would like to report to you that last week we had a meeting with the Advertising Council of America, their president and vice president, and they have given us approval of a program which the Advertising Council will carry out for us in the field of manpower and automation and training. You know the programs they have, like Smokey the Bear on preventing forest fires, and "buy savings bonds" for the Treasury. They have agreed to mount a program for us which will give us about $5 million worth of advertising on this whole field of automation, technological change, training of manpower. We will make a small contribution to this, as is usual—I think it is about $30,000 to $40,000 which the agency contributes, and then they will go all out in a major campaign on this whole program for us as a public service.

AUTOMATION RESEARCH

And finally I think I ought to say a word about the automation side. We have had some very, very interesting research on this side, and if you wish, I will describe it, but the only point I want to make now in my summary is that I have just received a report which gives us, for the first time, the figures on where we are in this country on computers. You may recall, Mr. Chairman, the last time I was here I indicated that while other countries like Canada had very good data on where they were in this field, we did not. We gave a private contract and at the end of last week we got the first results on this. I would be glad to report them to you if you wish.

Mr. FOGARTY. Go ahead.

Mr. WOLFBEIN. I have a copy here. I wasn't exaggerating when I said it just came in. And this really has some fascinating material in it which we will be glad to submit to you.

Mr. FOGARTY. Put it in the record but summarize it for us now.

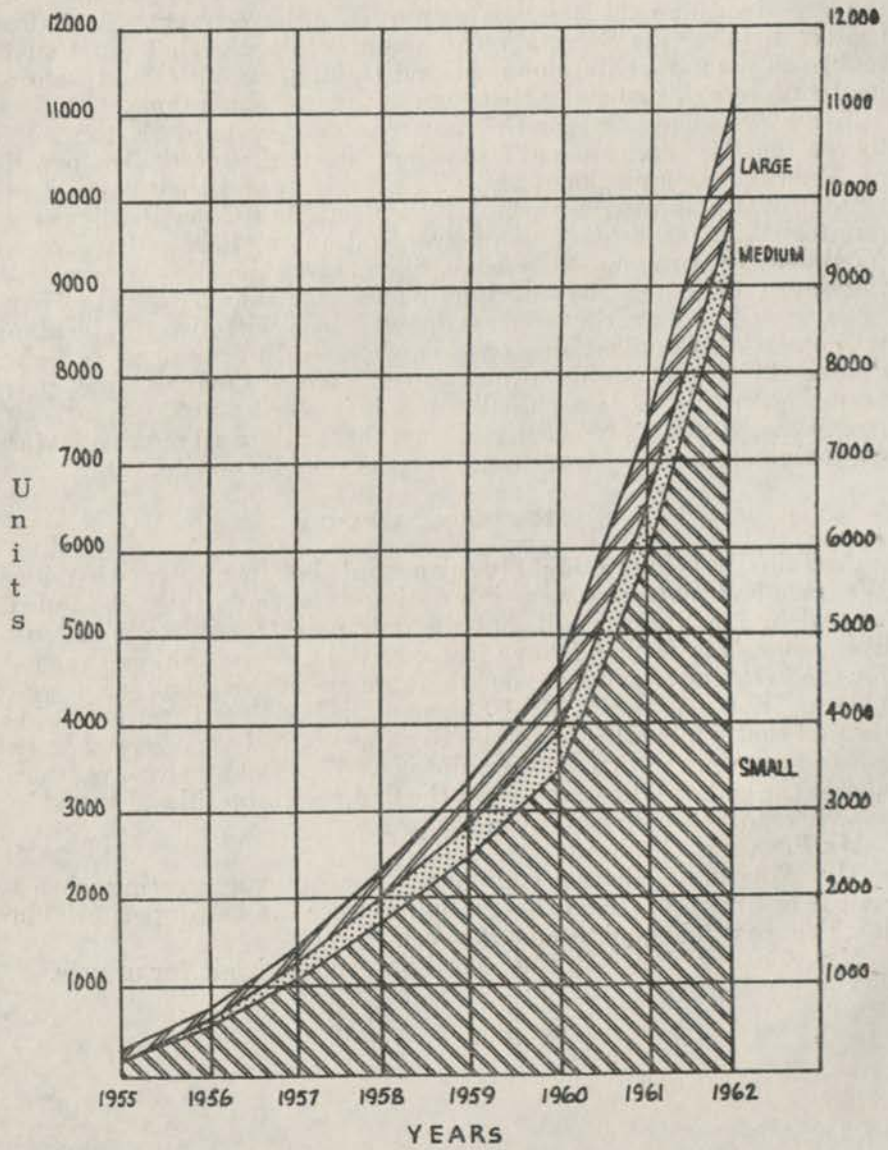
(The document referred to follows:)

U.S. DEPARTMENT OF LABOR—OFFICE OF MANPOWER, AUTOMATION, AND TRAINING

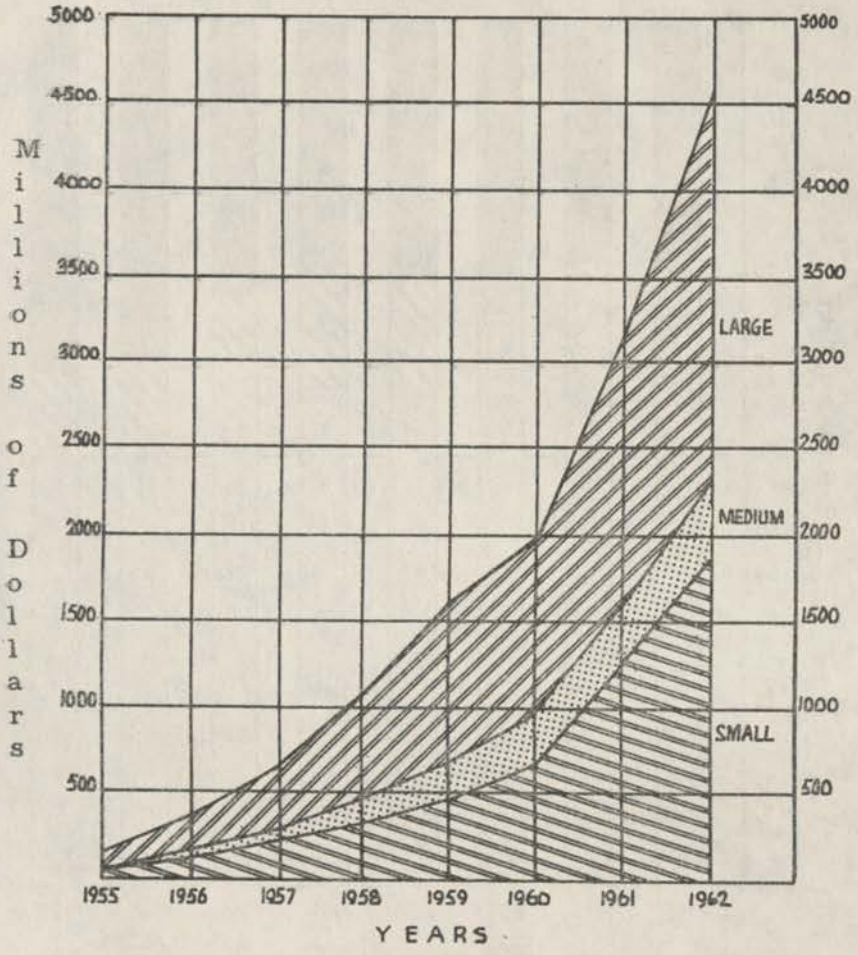
Progress report on a preliminary study of the extent of automation in American industry, February 5, 1963

(Prepared under contract by the Diebold Group, Inc.)

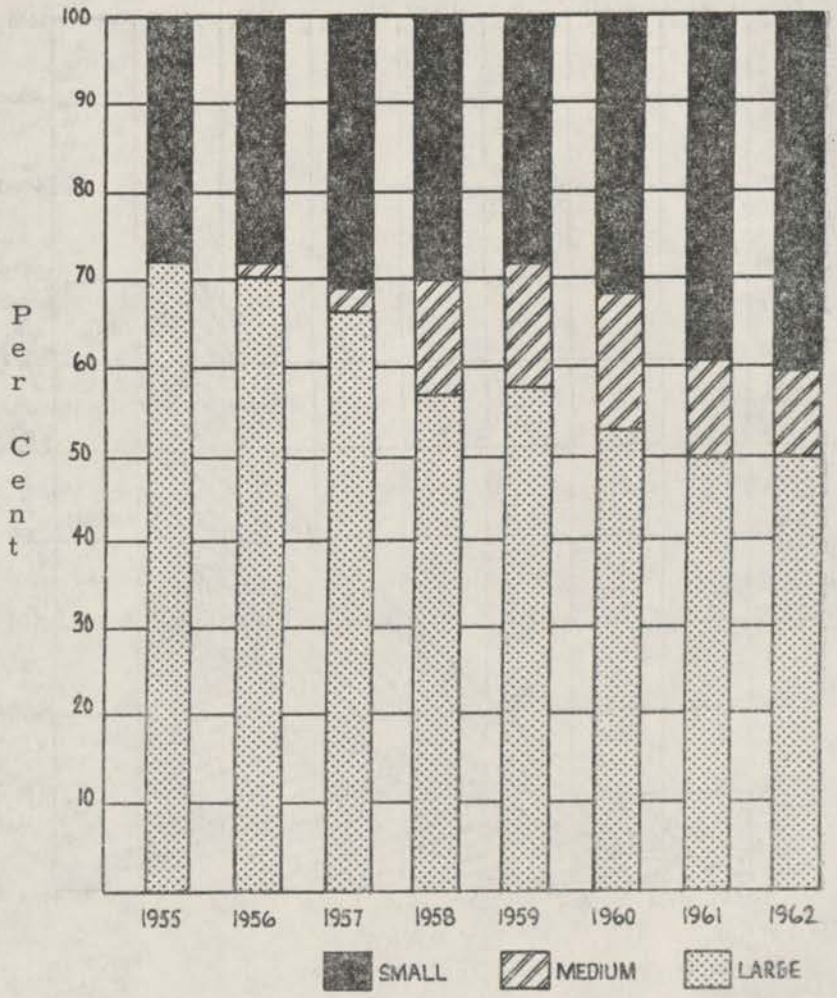
Estimated
Number of General-Purpose Digital
Computers Installed in the U. S: A.
1955-1962



Estimated
Value of General Purpose Digital Computers
Installed in the U.S.A.
1955 - 1962



Estimated
Distribution of Value of Installed
General-Purpose Digital Computers
by Size – 1955-1962



Estimated numerical distribution of general-purpose digital computers in the United States, 1962

SIC code	Industry	Small	Medium	Large	Total
10–14	Mining	20		1	21
15–17	Construction	51	1	1	53
19	Ordnance	73	5	4	82
20	Food	262	14	4	280
21	Tobacco	33	3		36
22	Textile	92	4	2	98
23	Apparel	40	2		42
24	Lumber and wood	40	1		41
25	Furniture and fixtures	32			32
26	Paper and allied products	108	1	2	111
27	Printing and publishing	38		1	39
28	Chemicals	381	37	37	455
29	Petroleum	348	38	71	457
30	Rubber	73	2	4	79
31	Leather	56			56
32	Stone, clay, and glass	116	2	2	120
33	Primary metals	190	12	17	219
34	Fabricated metals	189	8	6	203
35	Nonelectrical machinery	395	33	23	451
36	Electrical machinery	729	80	124	933
37	Transportation equipment	928	66	191	1,185
38	Instruments	67	2	6	75
39	Miscellaneous industries	161	5	24	190
40–47	Transportation	288	16	39	343
48	Communications	150	5	29	184
49	Utilities	264	23	45	332
50	Wholesale	151	3	6	160
52–59	Retail	233	12	5	250
60–62	Finance	643	169	54	866
63	Insurance	688	63	131	882
64–89 (except 73 and 82)	Services	405	3	20	428
73	Business services	563	15	58	636
82	Education	350	26	86	462
91–93	Government	965	59	196	1,220
Total		9,122	710	1,189	11,021

Estimated percent distribution of numbers of general-purpose digital computers in the United States, 1962

SIC Code	Industry	Small	Medium	Large	Total
10–14	Mining	0.2		0.1	0.2
15–17	Construction	.6	0.1	.1	.5
10	Ordnance	.8	.7	.3	.7
20	Food	2.9	2.0	.3	2.5
21	Tobacco	.4	.4		.3
22	Textile	1.0	.6	.2	.9
23	Apparel	.4	.3		.4
24	Lumber and wood	.4	.1		.4
25	Furniture and fixtures	.4			.3
26	Paper and allied products	1.2	.1	.2	1.0
27	Printing and publishing	.4		.1	.4
28	Chemicals	4.2	5.2	3.1	4.1
29	Petroleum	3.8	5.3	6.0	4.1
30	Rubber	.8	.3	.3	.7
31	Leather	.6			.5
32	Stone, clay, and glass	1.3	.3	.2	1.1
33	Primary metals	2.1	1.7	1.4	2.0
34	Fabricated metals	2.1	1.1	.5	1.8
35	Nonelectrical machinery	4.3	4.6	1.9	4.1
36	Electrical machinery	8.0	11.3	10.4	8.5
37	Transportation equipment	10.2	9.3	16.1	10.8
38	Instruments	.7	.3	.5	.7
39	Miscellaneous industries	1.8	.7	2.0	1.7
40–47	Transportation	3.1	2.2	3.3	3.1
48	Communications	1.6	.7	2.4	1.7
49	Utilities	2.9	3.2	3.8	3.0
50	Wholesale	1.6	.4	.5	1.4
52–59	Retail	2.6	1.7	.4	2.3
60–62	Finance	7.0	23.8	4.5	7.9
63	Insurance	7.5	8.9	11.0	8.0
64–89 (except 73 and 82)	Services	4.4	.4	1.7	3.9
73	Business service	6.2	2.1	4.9	5.8
82	Education	3.8	3.7	7.2	4.1
91–93	Government	10.6	8.3	16.5	11.1
Total		100.0	100.0	100.0	100.0

Estimated dollar value of computers installed, by industry and size, 1962

[In millions of dollars]

SIC code	Industry	Small	Medium	Large	Total
10-14	Mining	4		2	6.0
15-17	Construction	11	0.4	2	13.4
19	Ordnance	15	3.0	7	25.0
20	Food	53	9.0	7	69.0
21	Tobacco	7	2.0		9.0
22	Textile	18	1.0	4	23.0
23	Apparel	7	1.0		8.0
24	Lumber and wood	7	.4		7.4
25	Furniture and fixtures	7			7.0
26	Paper and allied products	22	.4	4	26.4
27	Printing and publishing	7		2	9.0
28	Chemicals	77	22.0	69	168.0
29	Petroleum	70	23.0	134	227.0
30	Rubber	15	1.0	7	23.0
31	Leather	11			11.0
32	Stone, clay, and glass	24	1.0	4	29.0
33	Primary metals	39	7.0	31	77.0
34	Fabricated metals	39	5.0	11	55.0
35	Nonelectrical machinery	79	20.0	43	142.0
36	Electrical machinery	147	49.0	233	429.0
37	Transportation equipment	187	40.0	360	587.0
38	Instruments	13	1.0	11	25.0
39	Miscellaneous industries	33	3.0	45	81.0
40-47	Transportation	57	9.0	74	140.0
48	Communications	29	3.0	54	86.0
49	Utilities	53	14.0	85	152.0
50	Wholesale	29	2.0	11	42.0
52-59	Retail	48	7.0	9	64.0
60-62	Finance	129	103.0	101	333.0
63	Insurance	138	38.0	246	422.0
64-89 (except 73 and 82)	Services	81	2.0	38	121.0
73	Business services	114	9.0	110	233.0
82	Education	70	16.0	161	247.0
91-93	Government	195	36.0	369	600.0
Total		1,835	428.2	2,234	4,497.2

Mr. WOLFBEIN. I would like to summarize it very briefly. The first piece of information they gave us shows what has happened since 1955, just in the last half dozen years or so, to 1962. This is the growth [demonstrating] in the number of what is called digital computers in this country, and look at that chart. It started off from practically zero in 1955 and there are now 11,000 electronic digital computers installed in the United States of America. As you can see by the chart, it is practically going off the page. The next chart indicates the value of this machinery, and you will notice back in 1955, again it was practically zero. Now, by 1962 there were $4½ billion worth of just these computers in place of the United States. The information we have from this group and other sources indicates a tremendous growth in this area, and there are some very, very important manpower and employment implications of this, as I guess you know.

ECONOMIC GROWTH

We have found, for example, that since 1947 this country has seen a 67-percent increase in what we call the gross national product of our private economy, the amount of goods and services available. Our figures show that almost 90 percent of that increase came from in-

creases in productivity and only 10 percent from an increase in man-hours. So you can see there the enormous impact of productivity through automation.

INDUSTRY EMPLOYMENT GROWTH SINCE WORLD WAR II

We have a report, one of our manpower reports, Manpower Report No. 5, which perhaps you would also like me to put in the record which describes some of these trends. So these, very briefly, Mr. Chairman, are some of the training and research activities that we have had in the recent past.

(The report referred to follows:)

[Manpower Report, No. 5, Jan. 31, 1963]

INDUSTRY EMPLOYMENT GROWTH SINCE WORLD WAR II

(By Herman Travis and Richard Seefer, Division of Manpower Analysis and Reports)

A high rate of employment growth is a fundamental requirement if the American economy is to provide jobs for its increasing population and also continue to raise the standard of living of its workers. The growth of American industry in the past has been one of the sources of American strength, but the growth in the past 5 years has raised questions regarding its adequacy. Moreover, the growth which has taken place has led to changes in the structure of employment which pose a challenge to workers seeking to adapt to industry's job needs.

Between 1947 and mid-1962, the number of nonfarm workers in the United States increased by more than one-fourth with the addition of 11.7 million jobs to the economy. The gross national product rose by two-thirds in real dollars. Earnings of factory workers rose from less than $50 per week in 1947 to close to $100 in June 1962. Even with price increases discounted, the gains in factory workers' earnings were substantial, amounting to 46 percent between 1947 and mid-1962.

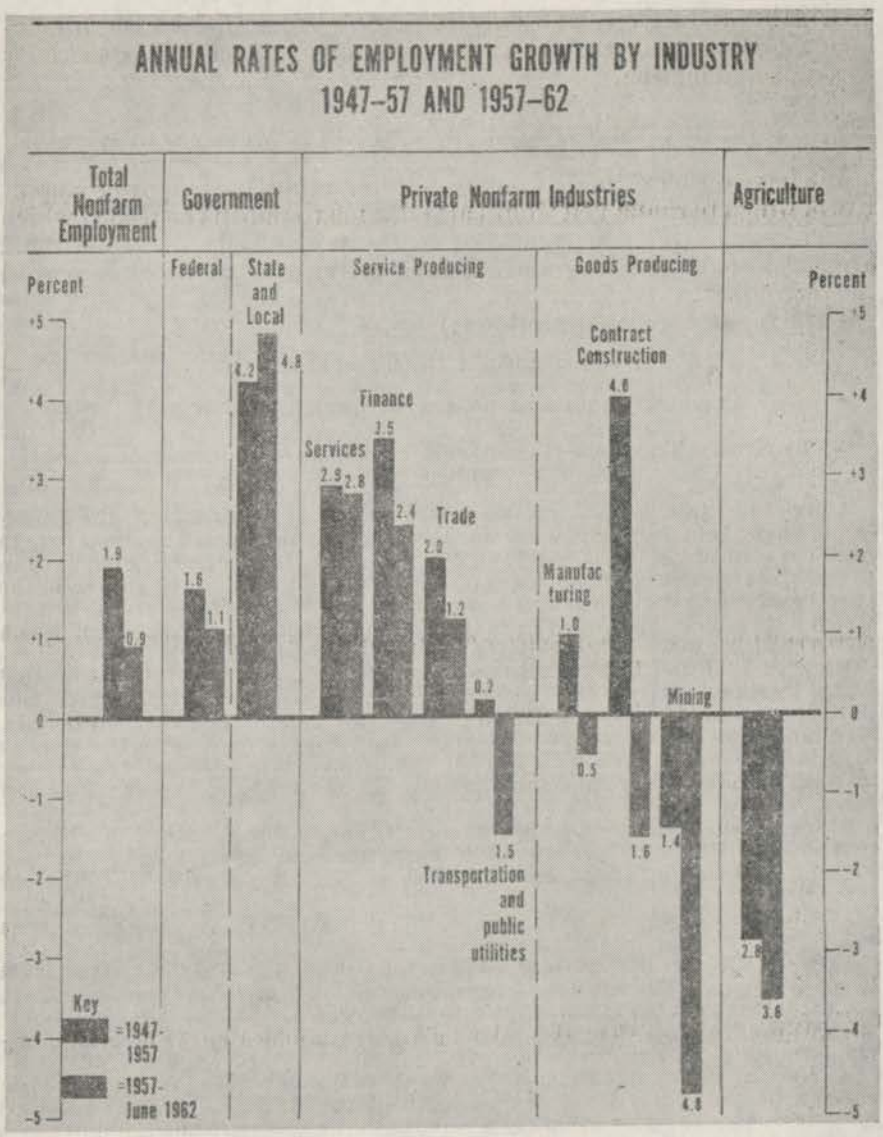
These advances, however, were concentrated in the first decade of this 15-year period. Industry employment growth during the past 5 years, in fact, has not kept up with the performance of the previous 10 years, either in magnitude or composition.

During the past 5 years, from 1957 to 1962, the rate of job growth slowed down appreciably in the private sector of the economy.

Between 1947 and 1957, private nonfarm industries increased their employment by an average of 700,000 jobs, or 1.7 percent, each year; from 1957 to mid-1962 the annual rate of gain fell to 200,000 jobs, or 0.5 percent.

Structural changes were also taking place which added to the problem of re-employment of displaced workers.

As the rate of job growth slowed down, there was a speedup in the long-term shift in the pattern of job growth, away from the output of goods and toward more services. The proportion of all workers in the goods-producing industries—agriculture, manufacturing, construction, and mining—fell from 51.3 percent in 1947 to 45.9 percent in 1957, and to 41.9 percent in 1962 (table 3). The rate of decline in the latter period was two-thirds greater than in the earlier period.



And the overall rate of economic growth and employment also moved down.

From 1947 to 1957, the gross national product rose by 45 percent in constant dollars, or at an annual rate of 3¾ percent. During the past 5 years, however, the increase in GNP has amounted to about 15 percent, or an annual rate of approximately 2¾ percent. The slowdown has occurred primarily in the output of goods and in construction. (See table 1.)

An even greater slowdown in growth is reflected in employment. Between 1947 and mid-1962, the number of wage and salary workers on nonfarm payrolls rose to 55.5 million (seasonally adjusted), a gain of 11.7 million, or 27 percent. Of this rise, 21 percentage points were gained in the 10-year period following 1947, and 6 percentage points in the past 5 years. The annual rate of increase in the last 5 years (1 percent) was only about half the rate during the previous 10 years (1.9 percent). During the early period, an average of 900,000 new jobs (including Government) was being added to nonfarm employment each year; during the recent period, the yearly increase was about 525,000. Moreover, the composi-

tion of this growth has changed radically. Between 1947 and 1957, 76 percent of the job growth was in the private sector of the nonfarm economy, the remainder in Government; between 1957 and 1962, only 40 percent of the job growth has been in the private sector. (See tables 2 and 4.)

TABLE 1.—*Gross national product, by major type of product, 1947–57 and 1957–62*

Gross national product	Output (billions of dollars, 1954 prices)			Annual rate of increase (percent)	
	1947	1957	1st quarter 1962	1947–57	1957–62
Total GNP	282.3	408.6	467.4	3.8	2.7
Goods	163.3	223.4	246.4	3.2	2.0
Services	94.7	141.2	171.8	4.1	4.0
Construction	24.3	44.0	49.2	6.1	2.3

EMPLOYMENT DISTRIBUTION

These different rates of growth have resulted in significant changes in the distribution of employment. As noted before, in 1947 the goods-producing industries (agriculture, manufacturing, mining, and construction) accounted for 51.3 percent of all industry employment; in 1957 they accounted for 45.9 percent; and by mid-1962 the proportion had been reduced to 41.9 percent. These proportions represent a significantly faster rate of decline from 1957 to 1962 than in the previous period. By contrast, very rapid job growth—accounting for an increasing share of total employment—has been taking place in State and local governments, in the service industry, and in finance, insurance, and real estate. The big increase in Government employment is mainly in the school systems, reflecting not only population growth but the rising demand for a better educated labor force.

The effect of recessions is one important explanation for the decline in growth and the shift in industry pattern: We had two recessions during the first 10-year period and two during the most recent 5-year period. Each recession affected mainly the goods-producing industries. Large numbers of production workers were laid off during each business downturn, and employment levels were never fully restored during the subsequent recoveries as a result both of rapid changes in technology and the lack of new gains in product demand.

TABLE 2.—*Changes in employment by industry sector, 1947–57 and 1957–62* [1]

Industry sector [2]	Employment (in thousands)			Annual employment change			
				1947–57		1957–62	
	1947	1957	1962	Rate (percent)	Amount (thousands)	Rate (percent)	Amount (thousands)
Total nonfarm employment	43,881	52,904	55,535	1.9	902	1.0	526
Industries of recent job growth [3]	21,233	27,738	31,355	2.7	651	2.5	723
Private	15,759	20,112	22,158	2.5	435	2.0	409
Government	5,474	7,626	9,197	3.4	215	3.8	314
Federal	1,892	2,217	2,366	1.6	33	1.3	30
State and local	3,582	5,409	6,831	4.2	183	4.8	284
Industries of recent job decline [4]	22,648	25,166	24,180	1.1	252	−.8	−197
Agriculture	8,256	6,222	5,190	−2.8	−203	−3.6	−206

[1] For 1962, seasonally adjusted figures for June are used. The 1947 and 1957 figures are annual averages.
[2] Nonfarm employment totals are based on establishment payroll data; agricultural employment on household survey data.
[3] Industries of recent job growth in the private sector comprise: service and miscellaneous, trade and finance, insurance and real estate.
[4] Industries of recent job decline comprise: manufacturing, mining, contract construction, transportation, and public utilities.

However, in considering the periods as a whole, including both the recessions and the recoveries, it seems apparent that the private sector of the economy during the past 5 years has not continued to provide new jobs at the same rate as during the decade following World War II. Most of the industries which provided the lift to the job market in the first postwar decade have either slowed down or declined during the past 5 years. For the entire period since the end of World War II, the industries of major job growth in the private economy were construction, trade, services, and finance. But in both trade and construction the principal advances took place before 1957; since then, employment growth in trade has slackened substantially, and there has been an actual decline in construction.

SERVICE

Only the service industry has continued to expand employment at close to its former rate; this industry which includes personal, business, and professional services, has shown a total rise of more than 50 percent between 1947 and 1962. In the finance, insurance, and real estate industries, where total growth has amounted to about 60 percent since 1947, recent gains (since 1957) have been at a slower rate.

TABLE 3.—*Distribution of industry employment (including agriculture), 1947, 1957, and 1962*

Industry	1947	1957	1962
Total (including agriculture):			
Number (thousands) [1]	52,137	59,126	60,515
Percent	100.0	100.0	100.0
Goods-producing industries	51.3	45.9	41.8
Manufacturing	29.8	29.0	27.7
Durable goods	16.1	16.7	15.6
Nondurable goods	13.7	12.4	12.1
Mining	1.8	1.4	1.1
Construction	3.8	4.9	4.5
Agriculture	15.8	10.5	8.6
Service-producing industries	48.7	54.1	58.2
Transportation and other utilities	8.0	7.2	6.5
Trade	17.2	18.4	19.1
Finance, insurance, and real estate	3.4	4.2	4.6
Services and miscellaneous	9.7	11.4	12.8
Government	10.5	12.9	15.2
Federal	3.6	3.7	3.9
State and local	6.9	9.1	11.3

[1] Represents payroll employment in nonfarm industries and total employment in agriculture.

NOTE.—Sum of individual items may not add to totals because of rounding.

One of the accompanying features of the growth in service-type employment is reflected in a slowdown in the expansion of full-time scheduled jobs. While total nonagricultural employment (wage and salary and all other) increased by 4.3 percent, or 2.5 million, between 1957 and 1961, the number of workers on full-time schedules [1] increased by only 800,000, or 1.7 percent. In other words, only one-third of the employment increase since 1957 represents work on jobs having full-time schedules. Much of this undoubtedly represents the needs of the workers; many of the large numbers of women entering the labor market in recent years have been attracted by the availability of part-time jobs. However, it is not known to what extent full-time jobs would have been filled had more of them been available. Moreover, the nature of the increases in employment in recent years has a bearing on the extent of economic growth we have experienced.

[1] That is, those actually working 35 hours or more per week, and those who could if they chose to work full time. The latter are usually full-time workers who are on part time for noneconomic reasons. The 1961 data are used because data are not available for 1962.

GOVERNMENT

Only in the public sector of our economy has there been any increase in the rate of job growth since 1957 as compared with the earlier period. The growth in Government employment has been overwhelmingly at the State and local level and primarily in the school systems. Other public services have also required more workers as the population has expanded and our cities and urban areas have grown.

Each year between 1947 and 1957 State and local government employment grew by an average of 4.2 percent, accounting for 187,000 additional jobs yearly; each year from 1957 the growth rate has averaged 4.8 percent or 287,000 additional jobs yearly.

MANUFACTURING

Rates of employment growth in the largest sector of our economy, manufacturing, are difficult to appraise since recessions and prosperity alike have affected employment in this sector more drastically than elsewhere. However, between 1947 and 1957, both relatively good years, the manufacturing industries added 1.6 million new jobs, an increase of 10 percent; since 1957, the number of workers in manufacturing has declined by 425,000, or 2.5 percent.

The net result is that over the entire 15-year period the proportion of manufacturing employment to total nonfarm payroll employment declined from 35.4 percent in 1947 to 30.3 percent in 1962. Moreover, the brunt of these lost jobs was borne entirely by production workers; in the past 5 years alone, their number decreased by a total of 775,000.

White-collar versus blue-collar workers

During the postwar period, employment of blue-collar production workers in manufacturing has fluctuated sharply, tending in general to decline, while the number of white-collar jobs within this sector has continued to increase. Manufacturing industries, which employed 13 million production workers in 1947, employed only 12.6 million (seasonally adjusted) in mid-1962. During the same period factory output rose by 80 percent. One reason for this dramatic increase in output with fewer workers lies in the equally dramatic rise in the importance of workers supporting the production workers. These nonproduction workers—executives, office personnel, engineers, and scientists—who help develop the improved techniques making greater production possible, have risen from 2.6 million in 1947, 16 percent of total factory employment, to 4.3 million, or 26 percent of the total, in mid-1962.

Nonproduction workers in manufacturing have increased even during the past 5 years while total manufacturing employment has declined. However, the greatest rate of gain in nonproduction workers occurred during the 1947–57 period, at an annual rate of 4.5 percent, while during the past 5 years, annual nonproduction worker growth has slackened to about 1.7 percent.

OTHER INDUSTRY SECTORS

The remaining major sectors of the private economy are primarily those of which are contracting—agriculture, which now has 37 percent fewer workers than in 1947, transportation and other utilities, which is 6 percent lower (mainly because of declines in the past 5 years), and mining, which is down by 82 percent.

TABLE 4.—*Employment changes in nonfarm industries and in agriculture,*[1] *1947–57 and 1957–62*

Industry sector[2]	Employment (in thousands)			Annual employment change			
				1947–57		1957–62	
	1947	1957	1962[2]	Rate (percent)	Amount (thousands)	Rate (percent)	Amount (thousands)
Total nonfarm employment	43,881	52,904	55,535	1.9	902	1.0	526
Manufacturing	15,545	17,174	16,923	1.0	163	−.3	−50
Durable goods	8,385	9,856	9,555	1.6	147	−.6	−60
Ordnance and accessories	27	140	213	17.9	11	8.8	15
Lumber and wood products	845	655	611	−2.4	−19	−1.4	−9
Furniture and fixtures	336	374	386	1.1	4	.6	2
Stone, clay, and glass products	537	595	581	1.0	6	−.5	−3
Primary metal industries	1,279	1,355	1,163	.6	8	−3.0	−38
Fabricated metal products	989	1,167	1,131	1.7	18	−.6	−7
Machinery	1,375	1,586	1,470	1.4	21	−1.5	−23
Electrical equipment	1,035	1,344	1,554	2.7	31	3.0	42
Transportation equipment	1,275	1,909	1,687	4.1	63	−2.4	−44
Instruments and related products	267	342	359	2.5	8	1.0	3
Miscellaneous manufacturing	421	387	400	−.9	−3	.7	3
Nondurable goods	7,159	7,319	7,368	.2	16	.1	10
Food and kindred products	1,799	1,805	1,774	(3)	1	−.4	−6
Tobacco manufactures	118	97	87	−1.9	−2	−2.2	−2
Textile mill products	1,299	981	891	−2.8	−32	−1.9	−18
Apparel and related products	1,154	1,210	1,257	.5	6	.8	9
Paper and allied products	465	571	606	2.1	11	1.2	7
Printing and publishing	721	870	937	1.9	15	1.5	13
Chemicals and allied products	649	810	853	2.2	16	1.0	9
Petroleum and related products	221	232	199	.5	1	−3.0	−7
Rubber and plastic products	323	372	399	1.4	5	1.4	5
Leather and leather products	412	373	365	−1.0	−4	−.4	−2
Mining	955	828	652	−1.4	−13	−4.7	−35
Contract construction	1,982	2,923	2,671	4.0	94	−1.8	−50
Transportation and public utilities	4,166	4,241	3,934	.2	8	−1.5	−61
Trade	8,955	10,886	11,621	2.0	193	1.3	147
Finance, insurance, and real estate	1,754	2,477	2,788	3.5	72	2.4	62
Services and miscellaneous	5,050	6,749	7,749	2.9	170	2.8	200
Government	5,474	7,626	9,197	3.4	215	3.8	314
Federal	1,892	2,217	2,366	1.6	33	1.3	30
State and local	3,582	5,409	6,831	4.2	183	4.8	284
Total agricultural employment	8,256	6,222	5,190	−2.8	−203	−3.6	−206

[1] Nonfarm employment based on establishment payroll data, agricultural employment on household survey data.
[2] For 1962, seasonally adjusted figures for June are used. The 1947 and 1957 figures are annual averages.
[3] Less than 0.1 percent.

POSSIBLE SOLUTIONS OF PROBLEMS RESULTING FROM AUTOMATION

Mr. FOGARTY. Are you going to take care of the problems resulting from automation?

Mr. WOLFBEIN. I doubt it, but I think that we can do at least two things, Mr. Fogarty. First, I think we really desperately need more of this kind of information on where is this taking place and how big is it before you can move on programs.

Mr. FOGARTY. What else is there on the horizon that can even make a dent in this problem of automation other than this program of yours?

Mr. WOLFBEIN. Well, I am glad you mentioned that because that would have been my initial response. This I think is a very important way of doing it. But let me emphasize again, as we said before, this is not the magic wand. This is not the whole solution to this particular

problem. Hardly. It is a very good one. You train people, you get human beings back to work.

Mr. FOGARTY. Is there any other solution?

Mr. WOLFBEIN. Well, I think one of the major avenues, Mr. Fogarty, which is not my particular expertise, is the action that might possibly take place in the field of labor-management relations. I think that some of the recent actions on the part of the Kaiser Corporation, and the studies that the Department is going to do, I understand, under terms of the Longshoremen's settlement might be very, very important, because to get this work done by labor and management would be the best of all possible solutions.

UNEMPLOYED OLDER PEOPLE

Mr. FOGARTY. What about the growing population over the age of 50?

Mr. WOLFBEIN. Well, those people who lose their jobs and don't have the skills are going to be in rough shape, and this is not surprising. These people have the longest duration of unemployment, which, in plain English, means they stay out of jobs the longest of any group.

Mr. FOGARTY. Do you think the progress that you have made in the short time that you have been in business is as good as you could expect? You have only been in business since the first of September.

Mr. WOLFBEIN. Approximately; yes.

ON-THE-JOB TRAINING

Mr. FOGARTY. You were late getting started and this is a new program. How many people did you expect to have in your training force at the end of the fiscal year?

Mr. WOLFBEIN. We were hoping to commit to training this fiscal year anywhere between—this is hard to tell, it will have to be an estimate—anywhere between 50,000 and 70,000 people. The reason why it is hard to estimate may seem strange; let me say another word on it. We have just finished our procedures, and we have just had the first on-the-job training programs approved. Where do we have them? In New York?

Mr. WALSH. New York, New Jersey, Michigan.

Mr. FOGARTY. That is one area where I have heard some complaints. It is too bad we don't have more on-the-job training programs.

Mr. WOLFBEIN. Right. I would like to report to you——

Mr. FOGARTY. Many of our people think that is the most effective way of training a person. And I think that myself.

Mr. WOLFBEIN. Yes. Perhaps you remember, Mr. Chairman, when we had one of our first meetings, it was up in Providence, as a matter of fact, with industry and labor, and Mr. Goodwin and I came up there. One of the first points made at that meeting in Providence was on the on-the-job training program. We wanted to go slowly, frankly, in the first few months to nail this one down, and we have had the Bureau of Apprenticeship and Training, the BES, and ourselves working on this. We now have procedures worked out for carrying this out and, as I say, the programs have begun. If we can once get that started, and I think we can, we may get the 70,000 trainees or more.

Mr. FOGARTY. What are some of the others? Why is progress slow in this area? What are you running up against?

DETERMINATION OF AVAILABLE JOBS

Mr. WOLFBEIN. Well, I think in the beginning it has been that you have to go out, as the law says, and find out where are the jobs. Now, this takes a certain amount of time to develop.

Mr. FOGARTY. You have to make that determination that there will be jobs available for these people before——

Mr. WOLFBEIN. Absolutely.

Mr. FOGARTY. Before you start the program. Isn't that right?

Mr. WOLFBEIN. Yes, sir. The law requires, Mr. Chairman, that there be a reasonable expectation of getting a job before you can support a person in training. So we want this documented. There can't be a guarantee, of course, and it varies from area to area; sometimes it takes longer to place people than at other times. But you do have to go through this process first, and our Bureau of Employment Security has an extensive program of area skill surveys to do this.

SELECTION OF TRAINEES

Then, once this is determined, we want to do a good job in selecting and referring the unemployed. Our local employment officers go through a process of guidance and testing and counseling to make sure that we do a good job—so that you minimize the dropouts and you make sure you are putting people into training who can profit from it in terms of the jobs in sight. And then you have got to set up a whole system for this business of having the correct curriculums. You want to make sure you get a training program that really aims at those job prospects.

DROPOUTS

Mr. FOGARTY. What has been your experience with the dropout problem?

Mr. WOLFBEIN. So far our dropouts have varied—I have Mr. Walter Arnold here.

Mr. FOGARTY. Whoever has the answer.

Mr. WOLFBEIN. Do you have the data on that, Mr. Arnold?

Mr. FOGARTY. I thought you were making a good record, as far as the numbers are concerned. There are very few that were dropping out.

Mr. WOLFBEIN. That is right. The only reason I am hesitant, Mr. Fogarty, is to emphasize that we are at the beginning, but I do want to say the experience in these first 5 months has been excellent from these points of view. You know, we were worried at the beginning, can you get people into training? Can you motivate them and get them into training? We have not lacked for candidates and we have not lacked for good candidates, and the number of dropouts—the proportion of dropouts—has been relatively small. We can submit figures on this for you.

(The statement referred to follows:)

There were 6,315 trainees enrolled in training courses prior to December 31, 1962. Of this number, only 1,914 were enrolled in courses which had been com-

pleted prior to December 31; 1,433 completed their courses, and 481 did not. Reports received to date do not identify reasons for dropouts, so it is not known how many may have obtained training-related employment before completing a course, or how many dropped out for other reasons. Experience under the ARA program shows that fewer than 13 people out of every 100 enrollees fail to complete training; many of them leave training because they obtain employment.

The regular MDTA reporting system, which was put into full effect in January 1963, provides for a monthly report on each dropout—identifying the reasons for withdrawal before completion of the course, and their current employment status.

FLUCTUATION IN NUMBER OF TRAINEES

Mr. FOGARTY. You did experience some trouble in the first couple of months.

Mr. WOLFBEIN. Yes. And I would like to say just a word on that. We have submitted to you a table which shows how this has gone, by week, and you will find that in the beginning it went in spurts. We had a big effort in the very first 2 weeks this program went into operation.

(The table referred to follows:)

OFFICE OF MANPOWER, AUTOMATION, AND TRAINING—MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Number of projects and trainees and estimated costs of approved projects by week Aug. 31, 1962, to Jan. 31, 1963

Week ending—	Number of projects	Number of trainees	Total costs	Training costs	Allowances
Aug. 31	46	1,645	$2,576,363	$949,058	$1,627,305
August total	46	1,645	2,576,363	949,058	1,627,305
Sept. 7	86	3,823	3,929,301	1,691,516	2,237,785
Sept. 14	0	0	0	0	0
Sept. 21	6	275	394,409	148,139	246,270
Sept. 28	37	975	1,611,083	608,147	1,002,936
September total	129	5,073	5,934,793	2,447,802	3,486,991
Oct. 5	29	871	1,121,295	422,524	698,771
Oct. 12	17	1,175	829,408	366,231	463,177
Oct. 19	23	720	1,053,373	342,574	710,799
Oct. 26	7	275	263,973	137,853	126,120
October total	76	3,041	3,268,049	1,269,182	1,998,867
Nov. 2	11	472	601,894	263,495	338,399
Nov. 9	12	344	404,369	158,724	245,645
Nov. 16	5	111	176,288	74,505	101,783
Nov. 23	2	115	206,062	118,657	87,405
Nov. 30	78	2,383	3,565,518	1,536,005	2,029,513
November total	108	3,425	4,954,131	2,151,386	2,802,745
Dec. 5	23	1,653	1,431,833	750,698	681,135
Dec. 12	29	979	432,881	172,666	260,215
Dec. 21	12	288	219,445	139,383	80,062
Dec. 28 or 31	13	519	666,828	303,188	363,640
December total	77	3,439	2,750,987	1,365,935	1,385,052
Jan. 4	25	695	565,459	238,515	326,944
Jan. 11	21	819	1,081,872	437,265	644,607
Jan. 18	31	754	873,907	427,009	446,898
Jan. 25	45	2,071	2,280,116	1,039,630	1,240,486
Jan. 31	43	858	1,856,924	849,549	1,007,375
January total	165	5,197	6,658,278	2,991,968	3,666,310
Fiscal year total	601	21,820	26,142,601	11,175,331	14,967,270

NOTE.—Data represent approval actions for individual weeks; they do not reflect later amendments and/or withdrawals.

Mr. FOGARTY. What happened to the third week?

Mr. WOLFBEIN. Let's see. This is the week of——

Mr. WALSH. September 14.

Mr. WOLFBEIN. I will have to look back. It might have been the week including Labor Day where we didn't get much activity. But the month of September, after the first surge, was relatively low. A number of States were completing and returning to us their contracts. Then after 2 weeks they picked up. This was the time when contracts were coming in from States and being signed and there was a great deal of variation from State to State. Not every State was on board all at once, you see. But as we moved along, and especially in January when all the States were in, we have been moving at roughly close to $2 million a week, as you will see. In fact, the month of January was excellent again as you can tell. And I think that we are going to, on the basis of the figures we already have in, we are going to continue to operate at least at that level.

DISTRIBUTION OF BUDGET REQUEST

Mr. FOGARTY. Now the budget proposes that the Office of Automation and Manpower be merged with this appropriation. On a comparable basis there is $70,966,000 available for 1963 including the estimated pay act supplemental, and the request for 1964 is $165 million, or an increase of $94,034,000. The costs of training and allowance payments account for 95 percent of the requested amount; is that correct?

Mr. WOLFBEIN. That is about right; 94 cents of every dollar goes directly to the training operation, and then about another 2 cents goes for the research activity.

Mr. FOGARTY. How much for administration?

Mr. WOLFBEIN. Administration? About 4 percent overall, including the national and the field.

Mr. FOGARTY. Four percent.

Mr. WOLFBEIN. Yes; which in my experience is relatively low, Mr. Chairman. I think it is fair to say that. In fact, it was one of the lowest rates in programs I have been associated with, and this is as it should be because this is a program that calls for training and retraining. I would like to say this, Mr. Chairman, that even among the staff shown in our budget as part of the staff of the Federal Government, are 135 people who are not in Washington. They are in the field: HEW, our people, the Bureau of Apprenticeship and Training people, Employment Security people, so there is no question about where the major thrust is here—as it should be—right out in the States and the local areas. To summarize that point, about 94 cents of every dollar goes directly to the training operation, about another 2 pennies out of every dollar goes to the research side (including outside research), about another penny of this dollar goes to the field staff out in the States and areas, and 3 cents of every dollar, again approximately, is for national administration, and that covers, as you know, everything from the administrative, management, and financial side to the program staff.

BASIS FOR BUDGET ESTIMATE

Mr. FOGARTY. Tell us briefly, and then you can insert a more detailed statement in the record, just how you arrived at the estimate for 1964.

Mr. WOLFBEIN. Very briefly, the basic item here revolves around the number to be trained and our estimate, as it is detailed in our submission to you, calls for putting into training 140,000 people in the next fiscal year, and it is from that figure that you move on to make an estimate of the training allowances for people and for the training costs on the part of HEW and the educational people, and that is, of course, the big chunk, $140 million out of $165 million. To be exact, $139.8 million——

Mr. FOGARTY. How did you arrive at that figure of 140,000?

Mr. WOLFBEIN. Well, mostly on the basis of our experience that we have had to date, including an estimate, first, of the number of people who would be in this program full time, in institutional training, which is detailed in our submission. Second, an estimate of the number of people who would be taking on-the-job training programs. Third, an estimate of the number of young people, the youth to which the act speaks specifically. We made estimates for each one of these categories.

Mr. FOGARTY. What is the estimate for on-the-job training in 1964?

Mr. WOLFBEIN. 12,000. This is almost 10 percent.

Mr. FOGARTY. This is all broken down in your statement.

Mr. WOLFBEIN. Yes. And there is a separate estimate for the young people as well. You know, they get different allowances.

(The statement follows:)

Estimated numbers of trainees, training costs, and training allowances, by type and duration of training, fiscal year 1964

Type of training	Number of weeks	Number of trainees	Training cost (in thousands)	Allowance payments (in thousands)
Full time:				
Short duration	20 or less	55,000	$12,300	$16,500
Medium duration	21 to 39	40,000	25,700	40,800
Long duration	40 or more	10,500	7,850	17,850
Average	21	----------	435	712
Total	----------	105,500	45,850	75,150
Part time (no allowances):				
Short duration	20 or less	8,250	1,850	----------
Medium duration	21 to 39	1,750	1,100	----------
Long duration	40 or more	500	350	----------
Average	14.5	----------	315	----------
Total	----------	10,500	3,300	----------
On-the-job training:				
No allowances	----------	6,000	800	----------
½ allowance	----------	6,000	1,550	2,200
Average	22	----------	195	183
Total	----------	12,000	2,350	2,200
Youth:				
Short duration	20 or less	8,500	1,900	1,500
Medium duration	21 to 39	2,250	1,450	1,350
Long duration	40 or more	1,250	950	1,200
Average	17.2	----------	358	337
Total	----------	12,000	4,300	4,050
Total, all types	20.3	140,000	55,800	81,400
Subsistence and transportation	----------	----------	----------	2,600
Total	----------	140,000	55,800	84,000

YOUTH TRAINING PROGRAM

Mr. FOGARTY. Tell us about this youth training program.

Mr. WOLFBEIN. The Manpower Development and Training Act directs us to pay special attention to young people and these youths are divided——

Mr. FOGARTY. How do you define young people?

Mr. WOLFBEIN. That is a very good question. These are defined in the act specifically, Mr. Fogarty, as a group, first, 16 through 18 years of age. We can support them in training but we may not give them any training allowances. Then there is a group 19 through 21 whom we may support in training and also give training allowances up to a maximum of $20 a week.

Then there is the rest of the group which meet the eligibility requirements of being unemployed and head of household and so forth. So there are these two important age groups of "youth" that the act directs us to pay special attention to.

Now on this point we have a very, very substantial number of young people in the program. The latest estimate I saw was something like 25 percent of the people committed to training are in the youth categories. That is one out of every four. So I think it is fair to say that we have a major effort in this field.

The second point, however, is that we want to make sure that we are getting these youth groups which are having the real rough time, and this is why we have got the special programs in New Haven, Conn., and New York, N.Y., which are outside of the mainstream and where we go in and make a tailormade program for them because they are having such a hard time.

Mr. FOGARTY. What connection would this have with the administration's request for a youth employment program?

Mr. WOLFBEIN. The youth employment opportunities bill does not carry with it training provisions. Decision has been made, in fact, last year by the Congress, which took the title out of the youth employment opportunities bill dealing with training and put it into the Manpower Development and Training Act. So all the training activities are focused here.

MENTAL HEALTH AND RETARDATION

Mr. FOGARTY. In the President's message yesterday on setting up a program in the field of mental health and mental retardation, was your group mentioned?

Mr. WOLFBEIN. Yes, sir.

Mr. FOGARTY. In what way?

Mr. WALSH. I think the reference was made to training at all levels, both professional and subprofessional, and under the Manpower Act we become involved in training programs for the people in many of the subprofessional categories. As a matter of fact, we are right now working with the people in the Secretary's office in H.E.W., Office of Education and in the National Institute of Mental Health and the National Association for Mental Health in structuring programs to do two things. First, to help train the kind of aids and assistants that are needed in the mental institutions, whether they be in homes, hospitals, or what kinds of categories, and, second, to structure what will be

occupational preparation programs for those who are at the exit point from such institutions into occupations that they can fit in. So this is in the offing and I think most worth while.

Mr. CLARKE. This, of course, is of prime interest to HEW. We shall extend our psychiatric aid training and move into other appropriate training in the mental health occupations. Our NIMH advisers are excited and have been most helpful.

Mr. FOGARTY. Do you have any conferences on the problems of mental retardation?

Mr. WALSH. This is all part, I think, of the same activity.

Mr. FOGARTY. The message was in two parts, one on mental health and one on mental retardation. To me they are two completely separate things. I don't think they belong together myself.

Mr. WALSH. We are concerned with training for people who are disadvantaged.

Mr. FOGARTY. I know there are educable retarded children and there are those who can be trained to do menial work at home.

Mr. WALSH. Absolutely.

Mr. ARNOLD. The Rehabilitation Service has demonstrated this in a number of——

Mr. FOGARTY. Not as much as we would like to see. But under the recommendations in this message yesterday vocational rehabilitation will have a larger role in this area than they have ever had before.

Mr. ARNOLD. Yes.

Mr. WOLFBEIN. Mr. Fogarty, may I say that you asked a question—have we had any conferences in this general area? Just a word on this. We have had a conference with the Vocational Rehabilitation people on this subject. We have had a meeting with the Epilepsy Foundation, and the Institute of Crippled Children. There have been a number of these groups that we have met with and they are now in the process of laying out programs which they will submit to us in this whole area.

JUSTIFICATION FOR ALLOCATING FUNDS

Mr. FOGARTY. Now there are several agencies, offices, and committees that are budgeted to receive funds from this appropriation. Can you tell us what each does in connection with the program?

Tell us why you think it is better to budget it all under this one appropriation rather than in each of these agencies' budgets.

Mr. WOLFBEIN. Well, let me start this way, then. During the current fiscal year and, of course, for fiscal 1964, our submission does come through this Department but is allocated to various bureaus within the Department, and to the Department of Health, Education, and Welfare. I think that the critical advantage of doing it this way, Mr. Chairman, is that it means that the representatives of the various bureaus and agencies involved get together and work out a program where all the pieces fit in a series of estimates and discussions where we come to one agreed upon point that is submitted to you. I want to emphasize this, that what is submitted to you is based on discussions with the various bureaus that are represented here, the Department of Health, Education, and Welfare, and, incidentally, many of the State and local people. I think this enables us, in one package, to give

you the story that has been thought through on how the various pieces of this program fit together, because there are many. This is a program which is really all-encompassing. It involves vocational education people at the State and local level; employment security people at the State and local level; many facets of the work in the national office of Health, Education, and Welfare; many facets of work in the Labor Department; private guidance and counseling groups; and so forth and so on. What this effort represents is shown in our submission to you by bringing all of these pieces together and saying this is how they fit. In terms of how they fit, as we already indicated, the major effort is at the State and local levels, as you will see. The funds are as follows:

Let me start this way. First, $84 million for fiscal 1964 is allocated to pay people their training allowances, while they are taking training. That is the biggest single amount. This is paid out, as you know, at the place where they live.

$55,800,000 goes to the people at the State and local level for the training costs. This gives us a total of $139,800,000 to begin with which goes to the people at the State and local level for training allowances and training costs.

STATE EMPLOYMENT SECURITY AGENCIES

Now, $12,200,000 goes to our State employment security agencies, and they, of course, do a critically important job. They are the ones——

Mr. FOGARTY. Why shouldn't this cost be borne by the trust fund?

Mr. WOLFBEIN. Well, this is a cost, Mr. Chairman, and you may want to have—I will direct you to the Bureau of Employment Security.

Mr. FOGARTY. The work they do in connection with this program should result in relieving unemployment as much as their regular work, and it is funded from the trust fund. Do you want to say something, Mr. Goodwin, or do you want to answer it?

Mr. WOLFBEIN. Let me start. I just want to say from the point of view of the Manpower Act we are asking the employment security agencies, Mr. Fogarty, to do what the law specifically says, to go out there and find where the jobs are that can meet the requirements of this act for training people. Then to take the unemployed and give them guidance and counsel and testing. This is not the regular ongoing testing that you might do with young people. This is focusing, for example, on the hardcore unemployed that we are talking about. And then——

Mr. FOGARTY. Well, they do some of that in their regular work.

Mr. WOLFBEIN. Yes. They do some of this but this is really a major effort——

Mr. FOGARTY. They are pretty close together.

Mr. GOODWIN. These costs that are involved, $12 million, represent additional work, either the additional workload or additional functions over and above what the State employment security agencies have been doing. The functions that are involved are the surveys to determine what jobs are available in the community and what chances there are of placing people and in what occupations. It is a

selection of the trainees, and this is a job that the employment service has not had to do in our regular program. We have had to interview in the local offices, as high as 10 and 12 people to get someone who fits the projects that are available. Then the job development part of the work also has to be done, and the referral to the job.

Now, this has added, according to the studies we have made, at least 12 hours per trainee. This is the time it takes. The only alternative would be for the State to drop other work which is equally important.

Mr. FOGARTY. All right. Go ahead.

Mr. WOLFBEIN. There is one other item in here, too.

Mr. FOGARTY. You still have about $12 or $13 million to account for.

Mr. WOLFBEIN. Yes. Just one other point on this item for the State and local employment security agencies involved here. Not only are there the costs that Mr. Goodwin and I have enumerated but also, for example, the sheer cost of paying these allowances is included in this item, too. This total, I would like to emphasize again, is a little over $12 million which is spread around 54 jurisdictions; and, you know, in a relatively small jurisdiction, you have to have a certain amount of cost involved in going through the skill surveys and going through all these other processes.

I think this is a fair thing to say—that the reason why you can get by with this amount of program in fiscal 1964, with a little over a $12 million spread among 54 jurisdictions, is the fact that there already is an ongoing institution known as the employment service that you are building on. The cost would be overwhelmingly more if we didn't already have a program going.

Mr. FOGARTY. All right. Go ahead.

Mr. GOODWIN. I might just say, Mr. Chairman, the standard complaint we are getting now from the State agencies is that we are not reimbursing them as much as they are spending on these functions.

Mr. FOGARTY. Well, that is not unusual for the State agencies to make such a complaint. They made similar complaints before you ever had any programs like this, didn't they?

Mr. GOODWIN. But according to our figures, they are absorbing a part of the cost.

STATE VOCATIONAL EDUCATION AGENCIES

Mr. WOLFBEIN. The next item is $2.5 million to the State vocational educational agencies which are the counterpart of the employment security agencies, and they are the folks who have to set up all the training programs and arrange for the training to take place.

Mr. FOGARTY. State vocational education agencies.

Mr. WOLFBEIN. Yes. Perhaps Mr. Arnold would like to say a word on that if you have any questions.

Mr. FOGARTY. Some States don't have much of a vocational education State agency.

Mr. ARNOLD. As you know, in many of the States they have been adding new programs for the last 4 or 5 years and some men wear three or four caps trying to keep pace with them. This item would permit every State to equip itself with at least one full-time supervisor, even the small States, with necessary clerical help and travel, and then,

of course, the larger States would employ a proportionately larger staff to handle larger areas or regions of a State. In this first year, with $1 million to finance State supervision, we had the same situation that Mr. Goodwin mentioned, frequent complaints from the States about inadequate help, especially to do the early spadework in getting projects developed and pushed through. The first million dollars barely got the States underway and with a full year in front of them with a much larger program, the $2½ million looks like a very bare minimum needed to do the job.

Mr. FOGARTY. All right. Go ahead.

Mr. WOLFBEIN. We have now gone through $139,800,000 for fiscal 1964 for the sheer training of people, $12.2 million for employment security agencies, and $2.5 million for the vocational education agencies.

That leaves us $10.5 million left out of the $165 million. And there are different ways of dividing this. You mentioned you would like to see the distribution of this by the various agencies, and it goes as follows.

ALLOCATIONS TO OTHER AGENCIES

We have, first of all, for the national office of the Bureau of Employment Security, $1,575,000. For the Bureau of Apprenticeship and Training, $200,000. For the Department of Health, Education, and Welfare, to supervise the training deal, $1,363,000. We have for the Office of Manpower, Automation, and Training, $7,167,000 which includes the research activities and the other items which we have already talked about. And there remain a few small amounts, $77,000 for the Office of Administrative Asssistant Secretary for the personnel and other services that go along with this, and finally $118,000 for the various miscellaneous activities in the Labor Department like the Solicitor's Office. We have to get all the rules and regulations, and so forth, that are required by this act. And I think I would like to emphasize, finally, that as you go through these dollar amounts, Mr. Chairman, by far the preponderant majority of the funds: (a) Are not in Washington at all in the various bureaus; and (b) go for the sheer business of training people.

TRAINEE OCCUPATIONS

Mr. FOGARTY. I hope you don't get into the same position that the Office of Vocational Education did a few years ago in the area of distributive education. This will be criticized if you do. Some of the things that people were being trained for that many people questioned were gas station attendants, sodajerks, and so forth.

Mr. WOLFBEIN. That we haven't got.

Mr. FOGARTY. Tombstone salesman was another, and elevator operators. I hope you don't get into some of those categories.

Mr. WOLFBEIN. I agree.

Mr. FOGARTY. It is hard to defend a training program for jobs that require so little training.

Mr. WOLFBEIN. I agree. Every one of these is looked over very, very carefully. But I think your point is still well taken.

NUMBER OF GRADUATES

Mr. FOGARTY. In total, how many persons have completed their training?

Mr. WOLFBEIN. Only a small number. The latest figures I have, Mr. Chairman, are—check me on this—1,400 people have completed our training programs under the Manpower Development and Training Act. In 14 different States.

Is this right as of the end of December?

The end of 1962. December 31, 1962.

ON-THE-JOB TRAINING

Mr. FOGARTY. What are these pilot projects under the Bureau of Apprenticeship and Training?

Mr. WOLFBEIN. These would be the on-the-job training programs that we mentioned.

Mr. FOGARTY. It has been brought to my attention that the justifications say there is one beginning in Rhode Island. What is that all about?

Mr. WALSH. There are a number of projects beginning in the on-the-job training field. I talked to our field director about Rhode Island and he tells me they are just in the beginning stages of discussing one that will be in the skilled area.

Mr. FOGARTY. You don't know what skill?

Mr. WALSH. We are not aware at this time the exact field, but to give you an idea of what is taking place at the moment, and I think probably Mr. Goshen of BAT would want to speak to this because it is through his field staff efforts that they are developing, we have now moved into the area where people will be trained on the job for existing jobs in machine operation. There is one in New Jersey at the moment. We have getting underway in Michigan at this time the on-the-job training of people for a meatpacking plant, an entirely new development. We have under development a program in New York State for preapprenticeship training that will bring them up to the level where it will move into a full bona fide apprenticeship program. We have programs underway in the electrical field for unemployed electrical workers who need new skills in the electronics and control areas.

So these are all in the developmental stage. We expect that as we move into the field, we will tend to cover the areas that are primarily in the skilled occupation classification as well as, once again, into white-collar operations.

Mr. FOGARTY. Mr. Goshen, do you want to say anything?

Mr. GOSHEN. From the list I have, I understand we have 12 proposals. I have 10 of them listed here.

San Francisco, operating engineers. Reno, Nev., hotel employees. Los Angeles, electronic assembler. Newark, lathe operator. New York City, auto mechanic, also in New York City, machine engraver. Coldwater, Mich., meat production. Stamford, Conn., electronics, including junior programer console operators, maintenance technicians, field service engineers, inspectors, maintenance technician, blueprint marker, class C wire men, wirer and solderer, field service engineer.

Nashville, Tenn., plumbers and steamfitters. And Saginaw, Mich., picture framer.

Mr. FOGARTY. What was the one in San Francisco? Operating engineer?

Mr. GOSHEN. Yes. I think that is going to develop from that into an apprenticeship program. We are working very closely with those people.

Mr. FOGARTY. Does that include hoisting engineers?

Mr. GOSHEN. I believe hoisting engineers are included in that. I think they are.

Mr. FOGARTY. I thought the operating engineers had their own apprenticeship program.

Mr. GOSHEN. Well, we are working with the operating engineers both nationally and on local places with the apprenticeship programs.

Mr. FOGARTY. I am surprised to hear that they would be in a program like this.

Mr. GOSHEN. I understand this is a retraining program.

Mr. FOGARTY. It is what?

Mr. GOSHEN. This is probably retraining.

Mr. FOGARTY. You mean they have unemployed operating engineers.

Mr. GOSHEN. Where you have new things coming in that they have to be trained for. I don't have that information. I think that is what this is.

NATIONAL MANPOWER ADVISORY COMMITTEE

Mr. FOGARTY. All right. Tell us about the National Advisory Committee and its subcommittees, who is on them and how often they meet and what they do.

Mr. WOLFBEIN. The act requires that the Secretary appoint a National Manpower Advisory Committee and it indicates what kind of a membership is expected to be on it. It is supposed to be labor, management, education, training, agriculture, and the public.

Mr. FOGARTY. Will you put in the record the names of all of them and where they come from?

Mr. WOLFBEIN. Yes, sir.

(The statement follows:)

MEMBERS OF NATIONAL MANPOWER ADVISORY COMMITTEE TO SECRETARIES OF LABOR AND HEALTH, EDUCATION, AND WELFARE, WASHINGTON, D.C.[1]

Labor:

Joseph A. Beirne, president, Communications Workers of America, AFL–CIO, Washington, D.C.

Peter T. Schoemann, general president, United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, AFL–CIO, Washington, D.C.

Management:

William G. Caples, vice president, Inland Steel Co., Chicago, Ill.

Felix E. Larkin, executive vice president, W. R. Grace & Co., New York, N.Y.

Agriculture: William H. Nicholls, professor of economics, Vanderbilt University, Nashville, Tenn.

Education: (Mrs.) Louise G. Daugherty, District Superintendent of Schools,

[1] The National Manpower Advisory Committee was appointed by the Secretary of Labor in September 1962 as required under sec. 205 of Public Law 87–415, known as the Manpower Development and Training Act of 1962.

District No. 11, Chicago Public Schools, Chicago, Ill.
Training: M. D. Mobley, executive secretary, American Vocational Association, Inc., Washington, D.C.
Public:
Ivan Allen, Jr., mayor of Atlanta, Ga.
Upshur Evans, president, The Cleveland Development Foundation, Cleveland, Ohio.
Eli Ginzberg, chairman, director of Conservation of Human Resources Project, Columbia University, New York, N.Y.

Mr. FOGARTY. How often do they meet and what do they do?

Mr. WOLFBEIN. The law requires that they meet at least twice a year. They met twice last year. They were appointed, I think it was in September, and they met twice in 1962.

We think we have an excellent committee. They have done the following:

After their organization, they organized themselves into a number of subcommittees. One of them is a Subcommittee on Research which takes a look at what we are doing in the research field, manpower, automation, and so forth.

Another group is a Subcommittee on Training which takes a look at how we are doing in the field of training. There is another one in the process of being set up in the field of guidance, counseling, and testing. Basically, what we do is present to them how our programs are going, what some of the problems and issues are, and they have been very, very helpful to us in advising us on these various issues.

A number of them have actually gone out and taken a look at training programs to see how they are going, on the spot. This to get a feel of how we are moving on this.

Mr. FOGARTY. How much is in the 1964 budget to finance these committees?

Miss THOMAS. A small group of five people to service them, the same as in 1963. On the order of $75,000 to $80,000.

Mr. WOLFBEIN. They get their travel.

Miss THOMAS. There is a statutory provision for payment of $50 a day plus per diem and travel expenses.

RELATIONSHIP OF RESEARCH BEING DONE BY VARIOUS BUREAUS

Mr. FOGARTY. Now, in the field of research is there any possibility of you people duplicating what is being done in the Bureau of Labor Statistics or the Bureau of Employment Security?

It seems to me that some of the things that the Bureau of Labor Statistics is doing in the field of research might parallel what you hope to do.

Mr. WOLFBEIN. Well, one of the things that we are charged with in our office, Mr. Chairman, is to bring together and coordinate the manpower research program for the Department and make sure that this duplication does not occur.

Again, I think it is fair to say that what we are doing now and what we are suggesting for next fiscal year would definitely not be duplicative. Our office is not and should not be in the business of collecting statistics, for example.

This I think is a job of the Bureau of Labor Statistics which they do very well and which they ought to continue to do. Our major effort is along just a few lines.

First, as I indicated, we are charged with the responsibility of getting out some of these major reports, and here they are. You can look at them. They are in process. We have just a working draft of the President's manpower report and the Secretary's annual report, and incidentally there are contributions from all of the bureaus within the Department, and also organizations outside of the Department.

This has been very carefully checked with organizations like the National Science Foundation, and so forth.

Mr. FOGARTY. I just hope you are not doing the same—I am thinking about the Bureau of Labor Statistics doing research on manpower and manpower utilization, for instance.

I hope you are not doing the same thing.

Mr. WOLFBEIN. No, sir. They have an excellent organization which I headed on manpower, when I was a division chief in the Bureau.

Mr. FOGARTY. I thought you would know something about it.

Mr. WOLFBEIN. And we would be lost if they didn't continue or didn't do this work. No. This, of course, we would have no idea of duplicating. As for manpower for the President's report, they had primary responsibility for a number of specific chapters, projections, and looking ahead.

(NOTE.—See more detailed statement, explaining each bureau's statistical work, on p. 295.)

NEW FIELDS FOR TRAINING

Mr. FOGARTY. It has been brought to my attention that the President, in his message to Congress yesterday, said:

> I have in addition directed that the Manpower Development and Training Act be used to assist in the training of psychiatric aids and other auxiliary personnel for employment in mental institutions and community centers.

Mr. WALSH. That is the group I was referring to. The programs we are dealing with——

Mr. FOGARTY. Have you set aside any funds for that?

Mr. WOLFBEIN. In fiscal 1964? I think it is fair to say we have not allocated a certain amount, but the way we administer the finances, Mr. Chairman, there was always an amount held for special programs, this year as well as next year. So if this passes, we will certainly have the funds.

Mr. FOGARTY. Do you have anything in mind about training aids for schoolteachers? I just saw in the paper this morning that aids to schoolteachers are being trained now, and some schoolteachers don't like it, and some do.

Mr. WALSH. It opens a whole interesting area. We have been approached to talk about training aids for libraries. This whole field of preparing people to work in the team approach to carry on the job that needs doing. Once again this is in the subprofessional area and it is possible to be done.

Mr. ARNOLD. Mr. Chairman, I think you will be interested to know that in the light of the practical nurse program under the George-Barden Act, the States are pretty well staffed to stimulate training in a

variety of health occupations, and this is one of the major areas of training appearing in the manpower program.

Mr. FOGARTY. The use of teacher aids is a little controversial.

Mr. WOLFBEIN. You are right, Mr. Chairman. It is controversial. We have attended many conferences where this was discussed and there are some teachers who feel very strongly they would like to have the help of the aids to do the clerical work and all the other items that are "nonteaching" yet I have been in conferences where some of the teachers have been decidedly against it.

For example, one man made a recommendation that somebody else besides the teacher go with the kids in the elementary school to lunch and that would save the energies of the teacher, and I was fascinated to see the reaction of some of the teachers, on their part.

Some said absolutely no. We consider having lunch with the kids a learning experience.

Mr. FOGARTY. We had the same problems with the practical nurse program, with the R.N.'s, at the time, but that straightened itself out, I am led to believe.

Mr. Michel?

TRAINING CATEGORIES

Mr. MICHEL. Mr. Wolfbein, how many categories are there now that you are training in?

Mr. WOLFBEIN. Occupational categories?

Mr. MICHEL. Yes.

Mr. WOLFBEIN. About 150.

Mr. MICHEL. And up to this point in how many of those categories have you really got programs going?

Mr. WOLFBEIN. Actually going? Do we have this?

Mr. WALSH. Yes. We have a breakdown. In terms of the professional and managerial areas, we have some 58 projects. In the clerical and sales, some 116; in the service area, 42; in the agricultural and related, 7; in the whole broad area of craftsmen and operatives, some 368. That breaks down into 254 projects in the skilled area.

Moving into the semiskilled——

LENGTH OF TRAINING

Mr. MICHEL. Taking that skilled one now, what is the duration, the minimum and maximum training periods in that skilled category?

Mr. WALSH. They will vary pretty much in terms of the people who are referred.

If you have people who have already been in the skilled category who are now unemployed and need a certain level of additional skill built in, they can be relatively short. They vary. The average length of our program is running a little better than 22 weeks. They are bound to range from as little as 4 weeks to as long as 52.

Mr. ARNOLD. That is at about 30 hours per week for training.

Mr. MICHEL. Who are these people who get retrained? What category are they?

Mr. WALSH. These very short term projects in many instances would be for some of the individuals who are in the somewhat disadvantaged group who are being trained for what we would consider

as a lower-level skill job. Yet they need the skill to make entry into it. Some of the people we were talking about, as service station attendants, some of these programs are of this short duration.

EMPLOYMENT OF GRADUATES

Mr. MICHEL. Do you have specific figures on the number of individuals who have been employed now as a result of being retrained?

Mr. WOLFBEIN. We have, as we indicated, about 1,400 persons who finished or graduated from their courses of training by the end of 1962. And we don't have all the reports on them. Our figures show that of these 1,433, I thing my figure is correct, 70 percent were placed right away. Now, you see, the reason why I emphasize "right away" is that these figures include people who graduated, let us say, December 30. Well, our reports came in December 31, and there was no chance to place them. So in all honesty I can't give you a fair figure but I can report to you that as the machine starts moving we will get these figures better, of course. Seven out of every ten who finished as of December 31, were placed in jobs.

DROPOUTS

Mr. MICHEL. Did you specify in your formal statement the percentage of dropouts or is there an experience factor there at all, or a table?

Mr. ARNOLD. There is a figure. Again, the figures will be somewhat limited on this because of the limited number of projects completed. Figures in the area redevelopment program would indicate a rate of about 13 percent dropping out before the completion date of the project.

In some instances there are early placements of so-called dropouts. It isn't simply a matter of trainees dropping out and not having benefited from it.

Mr. WALSH. This is one of the difficult items because some of the people who in a sense become a bare statistic called a dropout, left the class to take a job and the job may well be related directly to the training they received. This is a difficult one to follow up.

Mr. MICHEL. I had a specific case here in Connecticut—I don't know if it happens to be particularly unique or not—and whether or not it has been cited before, but folks in the office got it together here, and my question would be whether or not it indicates a gaping hole in the program, and that was that in Connecticut, with 2,843 men interviewed out of 3,500 records of men semiskilled, 589 of the 2,843 were scheduled for machine aptitude tests; 201 failed to appear. Only 140 qualified out of the 388 tested. Forty failed to begin training or dropped out the first week. Eighty-four out of the remaining 97 completed the course. Result, 2.4 percent survived the whole program.

Now, is this unique?

Mr. WALSH. I would think that this would be quite unique from the experiences we have seen in our programs now. And I don't know what this specific program is.

Mr. WOLFBEIN. Did you say this was in Connecticut?

Mr. MICHEL. Yes.

Mr. WOLFBEIN. They have an excellent system. Do you know of this one, Bob?

TRAINING UNDER AREA REDEVELOPMENT AND OTHER ACTS

Mr. GOODWIN. This sounds familiar. I think this was area redevelopment. And one of the very earliest ones.

This came early in the program and before the State agency got familiar with all the methods of handling it.

Mr. MICHEL. You folks work really close together here, obviously, with ARA.

Mr. WOLFBEIN. Oh, yes. Absolutely.

Mr. MICHEL. As a matter of fact, I guess—have I left any out? Of the programs that we either have or that have been proposed, Youth Conservation Corps, Manpower Development and Training Act, Trade Expansion Act, chapter 3 of that, apprenticeship program, and the proposed U.S. Peace Corps, and vocational education program.

Have I left anything out? How many of those do you really play a part in?

Mr. WOLFBEIN. We do administer the training provisions under the Area Redevelopment Act, by law. We of course do this under the Manpower Development and Training Act and the law assigns the responsibility for training activities under the Trade Expansion Act to the Labor Department as well. These are the three new pieces of legislation, ARA, MDTA, and Trade Expansion, which have called in the last couple of years for training and retraining activities where the responsibility has been lodged in our Departments, Labor and HEW.

Now, what were some of the other ones?

Mr. ARNOLD. This is a training provision in the public assistance bill which the Department of Health, Education, and Welfare is working on presently. The so-called regular vocational training programs you referred to are under the Office of Education in HEW. There is provision in the farm bill, too, for the training of underemployed farmworkers and for rural persons in need of retraining. We do some of this kind of training in connection with the regular adult vocational education program, but ARA is picking up some of this where we are working in cooperation with the Department of Labor. Under the Manpower Act, as Dr. Walsh said, about seven agricultural projects are providing training for some of the displaced farmworkers or underemployed farmworkers——

TRAINING FARM MACHINE OPERATORS

Mr. MICHEL. Did I understand you to say earlier in your testimony that the most effective ones in that category were the tractor drivers or retrained tractor drivers?

Mr. WOLFBEIN. On the agricultural side?

Mr. MICHEL. Yes.

Mr. WOLFBEIN. Well, our experience, for example, has been just about perfect. Every single one of the people who we trained went through the training program, got placed and is now employed.

Mr. ARNOLD. I might amplify this a little bit. Across the country these courses are more generally classified as farm machine operation so that they go beyond tractor operation. In the larger farm States, of course, where the farms are much larger and the equipment is heavier, there is a great variety of farm machinery operation which is necessary.

TRAINING COURSE CURRICULUMS

Mr. MICHEL. Has your Department developed a course of studies in the various programs?

Mr. WOLFBEIN. Courses of study? They are developed by the Department of Health, Education, and Welfare.

Mr. ARNOLD. Yes. This is being worked on constantly. I have a couple here you might be interested in that we have done through the Manpower Act under contract. Since the office occupations, as we call them, represent about 20 to 25 percent of the program, we had these curriculum guides developed for this type of project. There is a three-level curriculum in these guides, one, a unit of training to provide for first entry into these occupations; a second, a type of refresher training primarily designed for those women who previously worked in office practice and are coming back into the labor market, and a third representing a supplementary or upgrading instruction to increase the skills of those already employed. There is also a contract which is just being completed for sales training which is basic to all training in the distributive occupations. There is still another for instrument repairmen. Another contract is being drawn now to develop a curriculum guide for civil and highway construction aids, in connection with the Federal-State highway program. There is still another for a special program in automatic transmission, a specialty in the automotive repair field. We are also presently working in the wide range of the health occupations to get at some of these occupations such as the nurses aid and the psychiatric aid. These are some of the curriculum development efforts that are going on now.

Mr. WALSH. I think it might be safe to add and say that for the most part these are tailor-made programs to meet the requirements of the occupational area in which the programs take place, and once again this is done by the people in the training media under the responsibility of——

Mr. MICHEL. And they utilize the State and local educational facilities that might be available to them?

Mr. ARNOLD. That is correct. Yes. In the regular vocational program there are about eight or nine fairly large instructional materials laboratories across the country, so these are being utilized now by our specialist staff at the Washington level.

CRITERIA FOR SETTING UP TRAINING PROGRAMS

Mr. MICHEL. There have been reports coming to us from various communities, where manpower training programs are being initiated, indicating that neither the letter nor the meaning of the new law is being followed.

For example, the research required in title I into the availability of jobs and the trainability of unemployed persons for those identify-

ing jobs is not being properly completed prior to instituting extensive training programs. And hence the question, What evidence do you have on file from those communities to which grants have been made that they actually have identified job opportunities as well as trainable unemployed personnel before a retraining program is undertaken?

Mr. WOLFBEIN. We require, Mr. Michel, a document before any project can be approved, and that document has to indicate from the Employment Security agency of the State and locality what jobs they have found are available for training, how they found them, where they found them, and this is documented and signed by the relevant local employment and State employment security people before anything is approved.

Now, I would like to emphasize, Mr. Michel, that we do not require, our Employment Security people cannot require, a guarantee from an employer, for example, that he is going to hire somebody, let us say, after you go through a 48-week training program. What the local office tries to do is make a survey of the area, talk to employers, management, and just about, in every case that I know of, there is a local committee made up of labor and management and education people, and their job is to help line up where are the jobs coming from, and we ask for documentary evidence on this before a program is approved.

So to be responsive to your question, in every program approved so far, there has been documentary evidence signed by the local people, labor, management, and others, that there are jobs.

Mr. ARNOLD. I might say there are no training projects started until that certification is produced to the education people.

Mr. MICHEL. Well, under date of January 23, in our local Peoria paper is a story, "Area Jobless May Have Chance To Learn Trade Under the U.S. Act." This is apparently the first program that is getting underway in my hometown. It happens to be for auto mechanics or auto-body repairmen. What led up to this kind of a training program or retraining program in Peoria? Are we that short of auto-body repairmen? What would get this thing going other than the fact that there were a lot of people hollering around, "Well, there is a program available to us under a Federal law. Let's get in on it and do something, I don't know what, but let's do something." The paper talks about it a few times and people flutter around and finally get a little itchy and they decide, "Well, we are going to do that. We are going to have a program." And I read about it in the paper, but I didn't know about it prior to that.

What are the steps that led up to the establishment of that kind of thing?

Mr. WOLFBEIN. May I start first with Mr. Goodwin?

Mr. GOODWIN. This would be part of the labor market survey. The local employment office would make contact with the key employers in the area. In this case they would get in touch with the different kinds of garages that were in the area and get an evaluation of what the labor market facts were and what the chances were to place people after training in these occupations.

This is the process that Mr. Wolfbein mentioned a while ago, that we go through before training is actually started.

Mr. MICHEL. Have you, in our formal testimony, also broken down for us in what age categories these folks fall that are already in the program?

Mr. WOLFBEIN. Yes.

Mr. MICHEL. Or that are coming in the program?

Is there a definite experience table showing—a consistent one?

Mr. WOLFBEIN. Yes. Again emphasizing that we are at the beginning in just these few months. There seems to be quite a concentration among the young people and as you know, this is where we have a very serious unemployment problem. We have an age distribution which we will submit.

(The matter referred to follows:)

Age distribution of trainees enrolled in MDTA courses in 1962

Age	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Total	6,315	100.0	4,406	100.0	1,909	100.0
Age:						
Under 19	386	6.1	242	5.5	144	7.5
19–21	1,170	18.5	721	16.4	449	23.5
22–34	2,707	42.9	2,087	47.4	620	32.5
35–44	1,397	22.1	962	21.8	435	22.8
45 and over	655	10.4	394	8.9	261	13.7

We have got 24 percent of our trainees so far, 21 or under. Remember, the act speaks about these two groups, 16 to 18, and 19 to 21. Then, on the other end of the scale, 1 out of every 10 of our trainees is 45 years of age and over.

Mr. MICHEL. Now, can you tell yet in the group over the age of 45 what the experience is in really getting them back to work?

Mr. WOLFBEIN. The number has been too small so far.

Mr. MICHEL. I would wager that in the young category there is considerably less problem in getting them places than there would be in the older category.

Would that be a fair assumption?

Mr. WOLFBEIN. Well, I am hoping that the answer is "No" to that for two reasons. First, because as we have indicated, we are not about to support people in training and retraining if there isn't documentary evidence of a job in sight. Again let me emphasize no guarantee, but there has to be this documentation. And secondly, the item that Mr. Goodwin mentioned, that we take the group that are eligible among the unemployed and we do go through a process of testing and counseling with them and choosing whom we shall refer to these training programs.

Now, I think because we go through this process, I am hopeful that the older person will have at least just as great a placement record as the young person. After all, he has already had some skill development himself and has been in the labor force for some years. So far, the numbers are too small, but believe me, we have set up a system which will give these figures by detailed age group, the placement by occupation and so forth.

EXPECTED NUMBER OF GRADUATES, FISCAL YEAR 1964

Mr. MICHEL. Now, these 140,000 people that you say will get into the program in the coming fiscal year, what is your best judgment as to the number that will actually complete their training? And I am assuming that you are talking about 140,000 getting into the program, not 140,000 graduates or those who would fulfill and complete their training.

Mr. WOLFBEIN. Now, ask me the question again. I didn't get it.

Mr. MICHEL. We have used here several times this afternoon the figure of 140,000 individuals who will be participating in this program in the fiscal year 1964. We surely couldn't say that at the expiration of fiscal year 1964 we have got 140,000 retrained people, could we?

Mr. WOLFBEIN. No.

Mr. MICHEL. That would be too optimistic, wouldn't it?

Mr. WOLFBEIN. Only because some programs, you see, don't start in the beginning of the fiscal year. During fiscal 1964 we will have people in training, Mr. Michel, who began their training in fiscal 1963.

Mr. MICHEL. And you haven't really been in operation long enough to tell the subcommittee that by the end of this fiscal year on the strength of the money that we are asking for that fiscal year, we can guarantee *x* number of retrained workers.

Mr. WOLFBEIN. Already out as alumni?

Mr. MICHEL. Yes.

Mr. WOLFBEIN. This would be a little difficult. Can we make an estimate like that? That would be difficult to do.

Mr. MICHEL. And then just one final question. Training costs of $55,800,000, is that all the costs involved exclusive of the payments to the individuals taking the courses?

Mr. WOLFBEIN. Yes, sir.

Mr. MICHEL. And that figure, then, is the $84 million. Right?

Mr. WOLFBEIN. Yes, sir.

Mr. MICHEL. That is all.

AREA REDEVELOPMENT ACTIVITIES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
25	Other services	3,999	4,869	4,901
41	Grants, subsidies, and contributions	3,454	6,172	6,192
	Total costs—obligations	7,453	11,041	11,093

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Occupational training	3,806	4,517	4,544
2. Retraining subsistence payments	3,454	6,172	6,192
3. Administration:			
(a) State	133	259	259
(b) Federal	60	93	98
Total, program costs, funded—obligations	7,453	11,041	11,093
Financing: Unobligated balance lapsing	6,547		
New obligational authority	14,000	11,041	11,093
New obligational authority:			
Appropriation	14,000	11,041	11,093
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728) (—)		−20	
Appropriation (adjusted)	14,000	11,021	11,093
Proposed supplemental due to pay increases		20	

Mr. FOGARTY. The next item is area redevelopment activities. Do you have a statement?

GENERAL STATEMENT

Mr. WOLFBEIN. I have a brief statement on that which I can submit for the record and just say a few words in summary. Will that be all right?

Mr. FOGARTY. Certainly.

(The statement follows:)

STATEMENT OF SEYMOUR L. WOLFBEIN, DIRECTOR, OFFICE OF MANPOWER, AUTOMATION, AND TRAINING

Mr. Chairman, I am particularly happy to have this opportunity to appear before you today, this year to be able to tell you about occupational training under the Area Redevelopment Act as a going program, serving people—and we believe, as I think you will—achieving concrete and important results. A year ago this time as we met to discuss this program, it was just beginning to come off the drawing boards, although even at that early stage there was strong evidence that this new and pioneering effort to help in the better matching of men and job opportunities was going to work. Local communities had developed, and we had approved, 17 training projects covering 45 different occupations. One course of instruction in West Virginia had been completed a matter of days before we met, and three of the trainee graduates were at work, and the rest were being referred for jobs. Two more States, Rhode Island and Connecticut, had begun training. We were indeed at genesis.

Today the story is far different. Before I describe in more detail the program of this past year and our proposals for 1964, I would like just to indicate the growth of the program to date. By January 31, 1963, communities in 40 of our States, plus Puerto Rico and American Samoa have developed and had approved 290 programs designed to meet their particular local needs. There have been 480 courses in 123 different occupations, providing training for 17,093 workers. Through December 1962, our reports indicate that almost 7,400 trainees had completed their training. Of these graduates, about two-thirds are known to have obtained jobs. The actual figures on placements we fully expect to be higher when detailed reports from the States for the last half of calendar 1962 reach us within the next 2 to 3 weeks. People at work as a result of learning new skills or refurbishing old ones form the most telling measure of accomplishment in this program.

The geographic distribution of training projects reflects the interest of the local community, since the initiative in deciding whether retrainng projects should be established lies with the community itself. We find that the training projects are concentrated in States with the most serious unemployment problems. West Virginia, Pennsylvania, and Michigan lead in the number of projects and the number of workers being retrained. These States, along with Rhode Island, Kentucky, and Oklahoma, have so far been the most active States in the training program.

The approved projects cover 123 different occupations. The large number of different occupations indicates the wide range and potential in the types of training that are needed if workers are to maintain the skills required by the changing technology and industrial patterns. The largest number of persons are being trained in metalworking occupations such as machine tool operator, welder, riveter, sheet metal worker, and toolsetter. Other traditional occupations which loom large in the training program are typists and stenographers for women and automobile repairmen for men. But we are most proud of those projects which broke new ground.

For several years, fruit and vegetable farmers in Atlantic County, N.J., had discussed with the State employment service and vocational education officials ways of training farmhands in the operation and maintenance of tractors and machinery used in fruit and vegetable farming. The training provisions of the Area Redevelopment Act provided the catalyst for bringing forth a solid proposal. Twenty-five persons ranging in age from 18 to 48, with the average being 33 years old, were selected. Two of the men had completed only 2 years of schooling. One handicapped trainee had never had a full-time job. Twenty-three of the men completed the training course. All 23 quickly obtained employment in jobs which afforded them 12 months of employment instead of the 8 months to which they were accustomed. Other States with a significant agricultural base were quick to recognize the advantages of this type of training. Similar courses have started in Arizona, Arkansas, and Texas.

The tractor operation course mentioned above is being repeated in New Jersey with an innovation added. Because the new trainees are Puerto Ricans with limited or no speaking ability in English, instruction in basic English has been added to the curriculum. This aspect of the training will concentrate on terms and phrases which are needed by the trainee to communicate with supervisors and fellow workers on the job. This type of insertion into occupational training curriculums is also being developed for other individuals with literacy problems which are a barrier to their learning new job skills.

While on the subject of agricultural occupations, I should like to point out that, while mechanization has over the years reduced the numbers of persons working directly in farming, it has produced the need for persons skilled in the maintenance and repair of farm equipment. Consequently, programs have been set up in a number of States to train farm mechanics.

Wherever possible, a training program has been tied to the staffing of new plants where new jobs have been created. An electronics plant was expanding and establishing new branches in Minnesota and Maryland. Short-term training programs were quickly set up to train beginning workers in electronic assembly with further on-the-job training scheduled to be given by the employer.

The regional concept whereby a training center serves several redevelopment areas has frequently been used in order to establish a class of sufficient size and thus effect economies in training costs. A central training facility was used in Knoxville, Tenn. (which is not a redevelopment area), to provide training for unemployed persons in surrounding redevelopment areas. Here, also, through local initiative, a schoolbus was used to provide transportation to and from the school.

A training program for stenographers in Somerset, Ky., not only provided skilled workers in this occupation for local use but, in addition, 15 of the trainees were recruited for jobs in Washington, D.C. This illustrates that needs outside the area must frequently be taken into account in establishing training programs for some occupations.

One of the most serious occupational shortages in the country is in the health services. While we cannot train doctors or nurses in 16 weeks, we have been able to train support people, psychiatric aids, nurse aids, and ward attendants. In Jackson County, Fla., a new training center for mentally retarded children will open in January. There was a need for 75 people to serve as cottage parents to those children. Again at the local level, a program for training these

substitute parents was developed. This is a pioneering venture which specialists of the Southern Regional Education Board are watching closely.

Last year's automotive repairman program in Evansville, Ind., resulted in placement of virtually all trainees in jobs. A new program for machine tool operator has been approved this year and is now in progress.

In Wisconsin, training has covered a wide variety of occupations with concentration in machine tool operators, welders, clerk stenographers, and nurse aids due to continuing statewide shortages in these occupations. A number of programs have been completed with successful placement results and new programs have been approved and are in progress.

Rhode Island was among the first States to participate in the Area Redevelopment Act program and has continued as an active participant since. Both basic and refresher training have been conducted in a variety of occupations for over 600 unemployed men and women. Examples of training for new skills include tabulating machine operators, bookkeeping machine operators, and computer programers. Refresher and add-a-skill training has been provided in typing, machine tool operations, auto mechanics, and welding. Many of the graduates of the first courses have already found productive employment.

To give some idea of the human implications and values of occupational training, I would like to cite this brief example of the unemployed West Virginia coal miner with a wife and three children to support. His unemployment benefits and savings were exhausted. At the age of 38 and with no more than an eighth grade education, he found his job in the mines eliminated. The prospects for becoming reemployed in the mines were virtually nil and because of his limited education and his work experience, the prospects for other jobs seemed remote. This individual was selected for training in a machine tool operation class which he successfully completed. He became employed immediately upon graduation in the precision grinding department in a Charleston, W. Va., plant and is still on the job. When asked what the training had done for him, he said, "I know now that I can do more than mine coal * * * this training is a wonderful thing."

I hope this sketch of the programs of the occupational training program under the Area Redevelopment Act has given you some idea of the scope of the program. We believe that the Area Redevelopment Act occupational training program is meeting a real need in the community and for the individual in a variety of situations. The new Manpower Development and Training Act also provides a new dimension for occupational training in redevelopment areas. The two acts complement and supplement each other. There is now a greater latitude in designing training programs to meet the skill demands of the labor market and the training needs of the labor force. The Manpower Development and Training Act provides additional resources for utilizing training as a tool for economic development.

The 1964 request asks for a continuation of financial support at the same level as in 1963. The present legislative ceiling, $4,500,000 for activities related to training (sec. 16), as distinguished from the payment of allowances to trainees (sec. 17), limits the program capability, possibly even within the current appropriation. Allowance payments may or may not reach the amount provided, but this is only determined as specific training projects are approved under section 16.

We believe that the Area Redevelopment Act occupational training program will continue to grow. Job opportunities generated by the Area Redevelopment Act loan and grant program are beginning to be felt in more and more communities. Future training projects will undoubtedly increasingly reflect this pattern. New training proposals for different occupations or supplemental proposals are coming from areas that have had good experience with a training project. Other proposals are coming from areas which are utilizing the experience gained elsewhere.

All in all, we in the Department of Labor have found administering this program to be an exhilarating experience, bringing together the know-how of many different agencies and groups toward alleviating the unemployment created by automation, shifting industrial patterns and resource depletion in these redevelopment areas. We believe this program is contributing toward bringing about a better manpower balance and in relieving human suffering.

I shall be glad to answer any questions the committee may have.

BUDGET REQUEST

Mr. FOGARTY. The appropriation for 1963 is $11,041,000 and the pay act supplemental is estimated to be $20,000, for a total of $11,061,000. The 1964 request is $11,093,000, or an increase of $32,000, all of which is to cover the additional pay act costs in 1964.

Mr. WOLFBEIN. Yes, sir.

EMPLOYED GRADUATES

Mr. FOGARTY. On page 7 you say:

Approximately two-thirds of the "graduates" are known to have obtained jobs.

Mr. WOLFBEIN. That is right.

Mr. FOGARTY. That is what you said in connection with manpower development and training, too, isn't it? Seven out of ten?

Mr. WOLFBEIN. Seven out of 10.

Mr. FOGARTY. Are you satisfied with this percentage of two-thirds obtaining jobs?

Mr. WOLFBEIN. No.

Mr. FOGARTY. What are you going to do about it?

Mr. WOLFBEIN. I think we can do better. And I want to emphasize the fact that at any time we slice off and make a report on this figure, Mr. Fogarty, I want to emphasize to you that it does include people who have just finished their courses. When we were setting up the system we were going to have a little lag, so we could report to you how many of these people who have been finished, say, for 30 days or 60 days, have been placed. Have some kind of an interval and give them a chance to get placed, and I think our record is going to look better just on that basis alone.

Mr. FOGARTY. I think it is, too.

DIFFERENCES BETWEEN AREA REDEVELOPMENT ACT AND MANPOWER DEVELOPMENT AND TRAINING ACT

Mr. GOODWIN. I would like to point out that the job is a more difficult one in the Area Redevelopment Act program generally because——

Mr. FOGARTY. My next question was going to be, just explain for the record what is the difference between the two programs, Area Redevelopment Act and Manpower Development and Training Act.

Mr. WOLFBEIN. Under the Area Redevelopment Act, Mr. Chairman, the Labor Department and HEW administer the training provisions and there are several major differences between the two programs.

One, of course, is the fact that under the Area Redevelopment Act our training activities are limited to just the depressed areas, the redevelopment areas, and not the rest of the country.

Now, this is a very important point. Under the Manpower Development and Training Act the funds available for each State are allocated by formula in the act. Under the Area Redevelopment Act we have no such formula. All of it can be expended in the areas of substantial and persistent unemployment.

Now, another very important difference, under the Manpower Development and Training Act, in order to be eligible for training allowances there are certain items in the act. You have to have been in the labor force for 3 years. You have to be the head of a household as defined by the Internal Revenue Service, and so forth. There are no such limitations or eligibility requirements in the Area Redevelopment Act as there are in the Manpower Act, and so in terms of really hitting at some of the intractable problems in the depressed areas or redevelopment areas, we are finding that the training programs in the Area Redevelopment Act can be much more responsive.

Now, there are other differences. You know, under the Manpower Development and Training Act, that we can support a person in training up to 52 weeks. Under the Area Redevelopment Act it is only 16 weeks. But the two first ones that I mentioned are the real important differences just in terms of operation. We have found these Area Redevelopment Act programs to be excellent and highly needed in these areas, and I would like again in response to your question to emphasize the fact that this program, of course, is already off the ground, is going very well.

All in all, now, we have had 300 different projects—I think the exact number is 299—with over 17,000 people committed to training in these depressed areas, and I think this is one of the most heartening aspects of our efforts to help people in the so-called redevelopment areas.

CONCENTRATION OF TRAINEES IN THREE STATES

Mr. FOGARTY. I think they have done a good job, but 40 percent of these trainees are in three States according to your justifications.

Mr. WOLFBEIN. Well, there is a concentration——

Mr. FOGARTY. In 1962.

Mr. WOLFBEIN. Fiscal 1962. The concentration has been—is in Pennsylvania, West Virginia, and Michigan? Am I right? Those three States have had a substantial proportion. They, also, of course, represent the States which have the heaviest proportion of these depressed areas. They are the big States, Pennsylvania, Michigan. This thing follows pretty much the line of where the depressed areas are.

TRAINEES CONTINUING PROGRAM WITHOUT COMPENSATION

Mr. FOGARTY. I have been told that some of these trainees continue on without compensation after 16 weeks if a job has not been found for them.

Mr. WOLFBEIN. Well, this to me has been one of the most heartening aspects of the ARA training program and it so happens that it was right smack in the place called Providence, R.I., where we had a 16-week program but a good training effort would require 20 weeks and I think we ought to be proud of the fact that these people agreed to stay on for another month without any training allowances.

POSSIBILITY OF COMBINING TRAINING PROGRAMS

Mr. FOGARTY. What would be the difficulty in combining the two?

Mr. WOLFBEIN. Well, basically, Mr. Chairman, from one point of view these programs are combined. These are being operated and administered through the same organizations. I hope that is clear. Did you mean by "combined," put in the same legislation, Mr. Chairman?

Mr. FOGARTY. Yes.

Mr. WOLFBEIN. Well, my response to that would be that I would be hesitant about that, Mr. Fogarty. The fact that you can have these relatively short-term programs without requirements of having them allocated by State, without these eligibility requirements, make these programs so much more responsive to the needs of the depressed areas and it gives a little more freedom.

Mr. FOGARTY. What is the life of the ARA?

Mr. WOLFBEIN. Five years. And it goes to 1965. That would be fiscal 1965.

Mr. FOGARTY. I see. Only 1 more fiscal year.

Mr. WOLFBEIN. Yes.

STATES PARTICIPATING IN ARA

Mr. FOGARTY. Will you put in the record what States are participating in this program?

Mr. WOLFBEIN. You say are participating? Yes, I will.

(The statement follows:)

States participating in area redevelopment activities in the period October 1961–January 1963

Alaska	Maine	Oklahoma
Alabama	Maryland	Oregon
Arizona	Massachusetts	Pennsylvania
Arkansas	Michigan	Rhode Island
California	Minnesota	South Carolina
Colorado	Missouri	South Dakota
Connecticut	Montana	Tennessee
Florida	Nevada	Texas
Georgia	New Jersey	Virginia
Hawaii	New Mexico	Washington
Illinois	New York	West Virginia
Indiana	North Carolina	Wisconsin
Iowa	North Dakota	Puerto Rico
Kentucky	Ohio	American Samoa

BUDGET REQUESTS FOR OTHER AGENCIES

Mr. FOGARTY. The table on page 9 shows five agencies get funds from this appropriation and none of them show a decrease for 1964.

Mr. WOLFBEIN. There are five agencies that receive funds under section 16 and section 17 of the Area Redevelopment Act, and if my figures are correct, they should be the same for fiscal 1963 and 1964 except for the pay increase. Is that correct?

Mr. FOGARTY. I didn't notice any increase in training activities, so I thought there might be some decrease in the administration.

Mr. WOLFBEIN. Decrease in the administrative costs?

Well, Mr. Fogarty, I think that——

Mr. FOGARTY. There is no increase in training activities, and we have been hearing about increased productivity in the Department of Labor all morning.

Mr. WOLFBEIN. We have had increased productivity. Incidentally, may I say at this point that this does show up under the Manpower Development and Training Act. I hope that you noted the fact that there was no increase in positions whatsoever for a number of the officers there even though the bill in the request goes from $70 million to $165 million, because we expect to be able to take advantage of some increased productivity.

Now, under this ARA program, Mr. Chairman, my comment would be that this is a relatively small one and——

ALLOCATION ACCOUNTS

Mr. FOGARTY. Well, put in the record how much these agencies get.

Mr. WOLFBEIN. Yes.

(The statement follows:)

The 1964 request for each agency for occupational training activities, as shown on page 9 of the budget justification, is:

State vocational education agencies for expenses of local training projects	$3,335,000
State employment security agencies for selection, referral, placement services to trainees	755,000
Department of Health, Education, and Welfare, salaries and expenses	203,000
Bureau of Employment Security, salaries and expenses	228,000
Bureau of Apprenticeship and Training, salaries and expenses	23,000
Total	4,544,000

The only increase over fiscal year 1963 is in the amount of $27,000 to cover pay increases under Public Law 87-793.

Mr. FOGARTY. The State vocational education agencies get the largest amount.

Mr. WOLFBEIN. But this, of course, is for training costs, about 3⅓ million. This is just for the training that takes place.

Mr. ARNOLD. Yes.

Mr. FOGARTY. Is there anything else you would like to say?

Mr. WOLFBEIN. I would like to emphasize, just in a concluding way, Mr. Chairman, that in both of these training programs we are really off the ground.

EFFECTS OF BUDGET CUT

Mr. FOGARTY. What would happen if the Congress cut the request for 1964 in both manpower and training and ARA? What would be the results?

Mr. WOLFBEIN. I appreciate your asking this, because this was going to be my concluding item on this. I think that to the extent that this program is cut, Mr. Chairman, it can have only one effect and that is that fewer people, men and women of all ages, with heavy unemployment records, would be trained and retrained and placed into gainful work again, and one of the most heartening things that you can do in connection with this act is to go down and see this in

real life, to see people actually getting trained and coming up to you and saying, not only that they are happy about this, but to say things like "this is my last chance, this is my last turn at bat. I need some kind of skill before I can get back to work." And when you see this in real life, it really tells you that you are doing something worth while. What we are asking for, 140,000 trainees for the next fiscal year—I would like to emphasize to you, Mr. Chairman, that this is a relatively small number even at that point in comparison with the number of unemployed we have in the country.

Mr. FOGARTY. How much is the authorization?

Mr. WOLFBEIN. The authorization in the legislation is for $165 million and we are requesting that total.

Mr. FOGARTY. The full amount.

Mr. WOLFBEIN. Yes, sir. And this really is, when all is said and done, the most important thing.

TRAINING FOR ILLITERATES AND OTHER DISADVANTAGED GROUPS

Mr. FOGARTY. What about the person who can't read and write? We were told this morning we have several thousand in Washington.

Mr. WOLFBEIN. Yes, sir. I want to emphasize the fact that we think that it is possible under this act to do something about these people, and in one of the projects we have approved in New Jersey, we are taking Puerto Ricans who are illiterate and we are giving them a course of training for an occupation but at the same time teaching them some English, and again I think this is one of the most heartening things you can do. What we are really doing, I think, this fiscal year and next is showing that it can be done.

Mr. FOGARTY. What about blind people?

Mr. WOLFBEIN. We have no experience, have we?

Mr. WALSH. I don't think at this time that we have any knowledge of people who are blind individuals under this act, but the experience is such in the vocational and rehabilitation field as to conduct such training. I know much of the work that is done for vocational rehabilitation of the blind is being done in vocational programs.

Mr. FOGARTY. It isn't much. What about the deaf?

Mr. WALSH. I am not aware of the——

Mr. ARNOLD. The same general situation. Some States are more progressive than others in cooperation with vocational rehabilitation.

Mr. FOGARTY. I do think they are doing hardly anything for the deaf anywhere in the country as far as getting jobs is concerned, especially.

NEED FOR BUDGETED PROGRAMS

Mr. WOLFBEIN. I would like to say, Mr. Chairman, if I may, in all humility and respect, that we need the full amount of $165 million for just——

Mr. FOGARTY. I happen to think you do, but I don't know what others may think. That is why I am giving you every opportunity to make the record.

Mr. WOLFBEIN. The need is really overwhelming. As to the unemployment rate, it is hung high now, it has hung high for 5 consecutive years. There is no hope that——

Mr. FOGARTY. Without much hope that it is going to go down in the near future.

Mr. WOLFBEIN. No prognosis for improvement. The Secretary of Laibor has testified very dramatically before the Joint Economic Committee and the "Manpower Report No. 5" that we submitted for the record underlines this in no uncertain terms. You have got a million people, long-term unemployed, now, even with some of the improvements we had in the last couple of years. There are so many different groups, some of which we mentioned here today, not only the unemployed that you and I have been talking about but all these other disadvantaged groups. This is a chance at a turn at bat. And this is why I feel so urgent in saying that we need the full amount.

WELFARE PAYMENTS TO LONG-TERM UNEMPLOYED

Mr. FOGARTY. You say a million long-term unemployed?

Mr. WOLFBEIN. There are about a million.

Mr. FOGARTY. That is 15 weeks or more.

Mr. WOLFBEIN. Fifteen weeks or more.

Mr. FOGARTY. And then in most States they go on welfare, don't they?

Mr. WOLFBEIN. When they exhaust their unemployment insurance benefits.

Mr. FOGARTY. And how many weeks is that in the average State?

Mr. GOODWIN. On welfare it would be on the basis of individual need. For unemployment insurance, most of them would be eligible for 26 weeks of benefits.

Mr. FOGARTY. That is a cost to the taxpayers.

Mr. WOLFBEIN. May I say a few words on that?

Mr. FOGARTY. Yes.

Mr. WOLFBEIN. First of all, overall there are about a half million people in this country who are classified as being unemployed 27 weeks or more and by that time they have really exhausted their benefits, as well as many of the other resources. But what we have found in this program is that——

Mr. FOGARTY. How many people did you say?

Mr. WOLFBEIN. About half a million. We are able to move people from the relief rolls into training activities. For example, we approved recently a program for 100 intractably unemployed Negroes in southern Virginia, a substantial proportion of whom had been on relief, and they were signed up for these training programs.

Mr. FOGARTY. Do you have any figures to provide the committee?

Mr. CLARKE. Soon we should be able to submit a report to the committee on the people who have been taken off the welfare rolls. We are getting a report for the Secretary.

Mr. FOGARTY. How long before you will have it?

Mr. CLARKE. I don't know. I hope within the next several weeks.

Mr. WOLFBEIN. It was scheduled to be available around March 1.

Mr. FOGARTY. Get it to us as soon as you can.

MONETARY BENEFITS OF TRAINING PROGRAM

Mr. WOLFBEIN. And there is one other item, Mr. Chairman. Right now we are averaging about $1,200 a trainee as to cost of this program.

I suspect once we get going on on-the-job training programs, the cost will go down, of course. In fact, our estimate is roughly $1,000 a trainee and it is coming out very close, and I would like to emphasize to you and your committee that this is the total cost. Many of these people would be drawing unemployment insurance benefits anyway, and so this is not a total cost to the taxpayer.

Mr. FOGARTY. Do they draw unemployment compensation and get paid by you at the same time?

Mr. WOLFBEIN. No, sir. And once they come in our program, they go off the unemployment insurance rolls and get these training allowances, so the net cost to the taxpayer is much less.

Mr. GOODWIN. A good many of these people are on this rather than unemployment compensation.

Mr. FOGARTY. That would be a good figure to have, too.

Mr. WOLFBEIN. That will be made available.

(The statement follows:)

Preliminary reports indicate that between 40,000 and 60,000 trainees in 1964 may be eligible for unemployment insurance. If these reports are substantiated by later experience, between $20 and $30 million in training allowances will be paid to trainees in lieu of unemployment insurance; i.e., between one-fourth and one-third of requested funds for allowances will be savings on unemployment insurance.

Mr. CLARKE. There is a project in Virginia with people that came off unemployment compensation and a sizable group who came off the welfare rolls.

Mr. FOGARTY. West Virginia?

Mr. CLARKE. Virginia. They take a lesser allowance. There are about 100, I guess.

Mr. WOLFBEIN. And, of course, once these people get back to work instead of being unemployed, they pay taxes and bring home some wages. So the $165 million that we are recommending that our Government expend in this field is the initial total cost. It is hardly the cost to the Government of this program from the——

Mr. FOGARTY. Try to arrive at some estimate as to how the Government will benefit by such a program. I mean in dollars.

Mr. WOLFBEIN. All right.

(The estimate follows:)

Based on median earnings in the 1959–60 census for occupations such as those currently being provided for under MDTA, the estimated 140,000 trainees for 1964 would receive about one-half billion dollars in yearly earnings. Using the standard 10 percent deduction, and (1) for heads of families, four dependents and (2) for others, one dependent, the estimated yearly taxable earnings would be about one-quarter billion dollars. The estimated annual Federal income tax on these earnings would be around $46 million. This amount is nearly one-third of the Federal cost of this 1964 program.

Mr. FOGARTY. Is there anything else you want to say?

Mr. WOLFBEIN. I think that is it. Thank you very much.

Mr. FOGARTY. Thank you very much.

SUPPLEMENTAL INFORMATION

(The following was subsequently submitted for the record at the request of the Committee:)

AREA REDEVELOPMENT ACTIVITIES

The 1964 request for Federal supervision of the area redevelopment occupational training program reflects an increase of $32,000 over the 1963 operating program consisting entirely of the cost of the Public Law 87–793 pay increase provisions to take effect January 5, 1964.

The 1964 request to cover the cost of training facilities and services and for training allowance payments to trainees is the same as in the 1963 appropriation. The actual size of the program, as represented by the number of trainees, is estimated to be the same as in 1963. In this program, however, the coverage in terms of persons served can never be predetermined because of the variance between projects in the cost of providing the training facilities and services. Judging from the progress of the program during fiscal 1963 through January, there will be relatively more projects than during the 8 months of fiscal 1962 during which the program operated. Last year there was a total of 147 projects approved in fiscal 1963 through January there have been 152 projects approved.

Training projects under the ARA program may be proposed by any redevelopment area in the country. Major emphasis in this program has focused on the development and approval of projects related to other provisions of the Act. As more redevelopment areas accelerate their activities under other provisions of the act, they initiate occupational training projects for the first time. Accordingly, in many respects the activities related to development, review, and approval of individual projects represent initial ventures rather than repetitive operations.

The small Federal staffs supervising the operations in the Bureau of Employment Security and the Office of Education, Department of Health, Education, and Welfare remain the same in size in the fiscal 1964 request as represented in fiscal 1963 operations for the above reasons. Also, as the program proceeds the volume of actual training activity under way during any given period is increasing so that program review activities are more extensive than in earlier stages of the program. This will, if anything, be greater in fiscal 1964 than during fiscal 1963 because of the larger 1963 program of project development and approval.

Office of Manpower, Automation, and Training—Area Redevelopment Act Training Activities

Number of projects and trainees approved and estimated costs of approved projects, by week

OCT. 13, 1961, TO JUNE 29, 1962

Week ending—	Number of projects	Number of trainees	Total costs	Training costs	Subsistence payments
Oct. 13	1	325	$119,230	$50,000	$69,230
October total	1	325	119,230	50,000	69,230
Nov. 10	1	178	157,822	75,230	82,592
Nov. 17	0	0	0	0	0
Nov. 24	0	0	0	0	0
November total	1	178	157,822	75,230	82,592
Dec. 1	1	200	69,380	15,880	53,500
Dec. 8	0	0	0	0	0
Dec. 15	2	326	110,920	49,395	61,525
Dec. 22	5	549	261,606	104,187	157,419
Dec. 29	3	416	254,377	87,544	166,833
December total	11	1,491	696,283	257,006	439,277
Jan. 5	1	50	37,441	11,841	25,600
Jan. 12	3	215	160,253	64,653	95,600
Jan. 19	7	489	361,122	133,114	228,008
Jan. 26	2	125	103,781	49,393	54,388
January total	13	879	662,597	259,001	403,596
Feb. 2	5	500	372,507	171,591	200,916
Feb. 9	4	324	350,920	194,596	156,324
Feb. 16	4	477	578,632	369,360	209,272
Feb. 23	7	445	491,787	190,777	301,010
February total	20	1,746	1,793,846	926,324	867,522
Mar. 2	3	309	215,787	76,683	139,104
Mar. 9	0	0	0	0	0
Mar. 16	12	659	353,873	146,496	207,377
Mar. 23	3	125	53,465	27,160	26,305
Mar. 30	3	125	95,215	57,925	37,290
March total	21	1,218	718,340	308,264	410,076
Apr. 6	10	380	263,267	108,358	154,909
Apr. 13	5	342	195,449	89,465	105,984
Apr. 20	1	20	34,256	20,336	13,920
Apr. 27	4	268	184,764	87,798	96,966
April total	20	1,010	677,736	305,957	371,779
May 4	3	151	178,045	116,400	61,645
May 11	3	325	73,065	18,198	54,867
May 18	8	254	115,971	44,607	71,364
May 25	9	207	139,983	65,679	74,304
May total	23	937	507,064	244,884	262,180
June 1	10	440	240,766	93,575	147,191
June 8	2	36	47,862	40,182	7,680
June 15	11	398	289,572	134,212	155,360
June 22	8	192	112,309	52,945	59,364
June 29	6	224	125,704	44,070	81,634
June total	37	1,290	816,213	364,984	451,229
Total	147	9,074	6,149,131	2,791,650	3,357,481

OFFICE OF MANPOWER, AUTOMATION, AND TRAINING—AREA REDEVELOPMENT ACT TRAINING ACTIVITIES—*Continued*

Number of projects and trainees approved and estimated costs of approved projects, by week—Continued

JULY 6, 1962, TO JAN. 31, 1963

Week ending—	Number of projects	Number of trainees	Total costs	Training costs	Subsistence payments
July 6	0	0	0	0	0
July 13	0	0	0	0	0
July 20	14	1,027	$569,001	$248,817	$320,184
July 27	9	374	271,377	141,633	129,744
July total	23	1,401	840,378	390,450	449,928
Aug. 3	0	0	0	0	0
Aug. 10	5	250	98,037	42,577	55,460
Aug. 17	3	270	68,553	15,943	52,610
Aug. 24	5	474	156,705	59,385	97,320
Aug. 31	1	20	8,893	4,253	4,640
August total	14	1,014	332,188	122,158	210,030
Sept. 7	2	38	27,734	15,078	12,656
Sept. 14	1	12	3,400	1,960	1,440
Sept. 21	4	160	69,797	29,837	39,960
Sept. 28	7	285	184,487	81,008	103,479
September total	14	495	285,418	127,883	157,535
Oct. 5	0	0	0	0	0
Oct. 12	2	110	76,768	29,788	46,980
Oct. 19	6	546	148,000	61,104	86,896
Oct. 26	6	615	104,017	32,737	71,280
October total	14	1,271	328,785	123,629	205,156
Nov. 2	5	120	68,183	26,799	41,384
Nov. 9	9	781	325,355	131,093	194,262
Nov. 16	5	165	84,422	26,682	57,740
Nov. 23	6	177	53,849	24,172	29,677
Nov. 30	9	287	202,265	99,753	102,512
November total	34	1,530	734,074	308,499	425,575
Dec. 7	3	70	67,907	36,787	31,120
Dec. 14	6	157	102,730	51,642	51,088
Dec. 21	6	92	63,569	24,369	39,200
Dec. 28	3	111	43,803	20,779	23,024
Dec. 31	4	145	51,529	23,299	28,230
December total	22	575	329,538	156,876	172,662
Jan. 4	0	0	0	0	0
Jan. 11	2	150	39,110	14,910	24,200
Jan. 18	9	309	187,607	99,151	88,456
Jan. 25	10	403	154,985	63,445	91,540
Jan. 31	10	871	288,666	130,150	158,516
January total	31	1,733	670,368	307,656	362,712
Total	152	8,019	3,520,749	1,537,151	1,983,598

NOTE.—Data represent approval actions for individual weeks; they do not reflect later amendments and/or withdrawals.

THURSDAY, FEBRUARY 7, 1963

BUREAU OF APPRENTICESHIP AND TRAINING

WITNESSES

EDWARD E. GOSHEN, ADMINISTRATOR
ANSEL R. CLEARY, DEPUTY ADMINISTRATOR
RALPH E. FRENCH, CHIEF, DIVISION OF MANAGEMENT SERVICES

OFFICE OF THE SECRETARY

V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	3,673	4,060	4,256
	Other personnel compensation	6	7	41
	Total personnel compensation	3,679	4,067	4,297
12	Personnel benefits	282	306	324
21	Travel and transportation of persons	398	427	433
22	Transportation of things	14	12	12
23	Rent, communications, and utilities	130	134	131
24	Printing and reproduction	38	76	56
25	Other services	24	49	146
	Services of other agencies	83	94	96
26	Supplies and materials	59	49	60
31	Equipment	110	65	23
	Total costs	4,817	5,279	5,578
	Change in selected resources	72	−71	
	Total obligations	4,889	5,208	5,578

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	544	555	559
Average number of all employees	503	527	535
Number of employees at end of year	543	531	535
Average GS grade	8.5	8.5	8.6
Average GS salary	$7,312	$7,835	$7,853

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Training promotion and service to industry	4,251	4,543	4,696
2. Training research and technical services	310	428	415
3. Administration and management services	256	308	467
Total program costs, funded	4,817	5,279	5,578
Change in selected resources [1]	72	−71	
Total obligations	4,889	5,208	5,578
Financing:			
Reimbursements for emergency preparedness functions (−)			−118
Unobligated balance lapsing	73		
New obligational authority	4,962	5,208	5,460
New obligational authority:			
Appropriation	4,976	5,026	5,460
Transferred to "Operating expenses, Public buildings service," General Services Administration (75 Stat. 353 and 76 Stat. 728) (−)	−14	−14	
Appropriation (adjusted)	4,962	5,012	5,460
Proposed supplemental due to pay increases		196	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders 1961, $25,000 (1962 adjustments' −$1,000); 1962, $96,000; 1963, $25,000; 1964, $25,000.

Mr. FOGARTY. We have before us this morning the Bureau of Apprenticeship and Training.

Have you a statement for the committee, Mr. Administrator?

Mr. GOSHEN. Yes, sir. I think I would do better by reading it.

Mr. FOGARTY. Very well.

GENERAL STATEMENT

Mr. GOSHEN. Mr. Chairman and members of the committee, in order to support our program for assisting management and labor to conduct apprenticeship and training in industry, we are requesting for fiscal year 1964 an appropriation of $5,460,000. This will provide a program increase of $52,270. The entire proposed increase will be allocated to strengthening management of Bureau operations.

Plans for 1964 production call for: (1) The development of 1,500 new apprenticeship programs; (2) the development of 1,600 new training programs for journeymen and other workers, exclusive of apprentices; (3) the installation in industry of 2,000 revisions and improvements in apprenticeship and training programs in operation prior to 1964; (4) an average of 155,000 registered apprentices in training throughout the year; and (5) completion of the training of 28,900 registered apprentices. These 1964 plans predict increases over 1963 of about 15 percent in the development of new programs and 2 percent in numbers of apprentices. The increase in positions planned for 1964 will be less than 1 percent.

INCREASED PRODUCTIVITY

Production increases are expected to exceed staff increases for two reasons. First, promotion of apprenticeship and training in industry is particularly susceptible to general employment conditions and

general awareness of the need for improvement in skills. Improvement in employment is anticipated and public interest in skill development is growing. Secondly, the Bureau will concentrate considerable effort during the next year and a half in improving the productivity of its staff. Each of the four new positions requested for 1964 would contribute to this effort. A preliminary review of certain management processes has indicated that resources can be spent profitably in developing better methods for: (1) Setting goals and objectives for organizational units and individual staff members; (2) measuring progress toward established goals; (3) periodically evaluating progress toward goals; (4) determining causes of superior and inferior performance; and (5) taking action more promptly to improve substandard performance. Bureau supervisors have customarily devoted time and effort to this important phase of their jobs, but the program contemplated will furnish additional assistance to meet the greater challenges emerging in the field of manpower development.

Increased attention will be given particularly to identifying more promptly those areas where improvements can be made.

PROMOTIONAL ACTIVITIES

Currently, the Bureau field staff has a workload of 34,500 accounts, embracing more than 184,000 industrial establishments and about 9,000 local unions. In attempting to encourage and assist industry to upgrade its apprenticeship and training activities, Bureau field representatives will utilize various promotional and technical methods. In addition to working directly with management officials and union representatives having going programs, Bureau representatives engage in general promotional activity designed to reach companies and unions which are not included in the current workload. In a normal year more than 700 apprentice completion ceremonies are assisted, 300 film or chart presentations made, and 100 radio or television programs arranged. Scheduled for completion early in 1963 is the Bureau's color film depicting avenues to the skill trades, training practices, and methods for administering apprenticeship and training programs. This film, together with a specially designed audiovisual promotional tool for use in the construction industry, will enable the field staff to increase the impact of its general promotional activities. Another of the more effective promotional devices—State and multi-State apprenticeship conferences—will be continued during 1963 and 1964 with a total of 19 conferences already scheduled for the 2-year period.

In what was probably the most successful and effective promotional venture in the history of the agency, the Bureau sponsored last August the 25th anniversary of the national apprenticeship program. On the first day of issue, the U.S. postage stamp printed to commemorate the anniversary attracted purchasers of more than 1 million stamps.

RESEARCH STUDIES

Bureau research studies are also effective tools for creating interest in improved employee development, and can reach segments of industry which the field staff is unable to contact in person. Widespread

interest is evident in the "Nationwide Survey of Training in Industry" scheduled for publication in 1963. This report will provide for the first time comprehensive information on the volume and type of formal employee training throughout the Nation and for all important industries Preliminary estimates based on partial returns of the mail questionnaires indicate that about one out of five industrial establishments in the United States makes provision for some kind of formal employee training, including apprenticeship. The percentage conducting training varies greatly with the size of the establishment, with almost all firms larger than 500 employees operating programs.

This survey will also furnish data on apprenticeship programs and apprentices which are not registered with the Bureau. It is planned to collect such data regularly thereafter, since they will be useful in programing Bureau promotional activities.

Other research reports in preparation include "Joint Apprenticeship Committees and Training in New Processes for Compositors, Composing Room Machinists, and Mailers"; "Apprenticeship Directors in the Construction Industry"; a report on the apprenticeship program of the Government Printing Office; and "Equal Employment Opportunity in Apprenticeship."

WORKLOAD INCREASES

In both general promotional activities and direct personal contact with industry, training for journeymen, preapprenticeship training for youth, and programs suitable for unemployed persons will be stressed together with regular apprenticeship. As shown in our workload statistics, the number of full-time apprenticeship directors and training directors employed by joint committees representing management and labor is expected to increase 10 percent from 1962 to 1964. Each new director employed by private industry improves significantly the quality of skill development to be received by apprentices. The field staff will broaden the coverage of existing accounts, initiate new programs, and bring about 5,000 additional establishments into the account workload during 1964. Eight thousand and four hundred initial visits to businesses and organizations not previously contacted will be made during 1964, an increase of 17 percent over 1962, which can be achieved only by stressing this work.

A major expansion of the Nation's apprenticeship and skill development effort requires the utilization of every avenue and method.

The Bureau's approach to apprenticeship and skill development through on-the-job training emphasizes stimulating and assisting the employer to do his own training. The enterprise itself is brought to recognize that it should assume a greater role in the maintenance of the qualifications of employees and in the preparation of employees for emerging jobs. This voluntary approach with our role of programing activities in industry characterizes the history of Bureau operations.

BUDGET REQUESTS

Mr. FOGARTY. Thank you.

Your appropriation for 1963 was $5,026,000 and the pay act supplemental is estimated to be $196,000, a total of $5,222,000. Your request is $5,460,000, an increase of $238,000 and four positions.

INCREASED ATTENTION TO SERVICE INDUSTRY

You mentioned in the justifications that you will give increased attention to the service industry groups in 1964. Tell us what you intend to do and why you feel this is especially important now.

Mr. GOSHEN. The drift in industry seems to be, due to the change in the operation of industry, in that direction. If people are going to work in that direction they will have to have training, too.

Mr. FOGARTY. Therefore many of the unskilled workers will go there?

Mr. GOSHEN. I don't know whether they will be unskilled or not. There may be some skilled workers who will have to drift there.

Mr. FOGARTY. There will be more unskilled, will there not?

Mr. GOSHEN. More of what we call semiskilled or unskilled. Those are the ones losing out due to changes in industry today.

Mr. FOGARTY. What are you going to do in this area?

Mr. GOSHEN. We have indicated before that our basic job is apprenticeship, but as we go into these places we find industry is in need of other types of training. We have gone ahead and helped them with that.

TYPES OF ASSISTANCE OFFERED

I have some samples of our reports if you are interested in the different kinds of things that we do. Would you be interested in seeing this?

Mr. FOGARTY. Yes.

Mr. GOSHEN. Here is Trenton, N.J., supervisor development training. There are 250 people involved in United Air Products. Our field man helped with that.

Here is San Francisco. This deals with apprentice and journeyman training, but we have stimulated the carpenters in an area. There are 26,000 people involved here and they will set up a training fund and help promote this themselves. That will be apprenticeship and journeyman training.

Here is one in Sioux Falls, S. Dak., and gets over to the Indian. This is preapprenticeship training with the understanding some of these Indians will be assimilated into the industry.

Here is Augusta, Maine, mathematics, blueprint reading, sheet metal layout, basic electricity and electronics for the shipbuilding workers.

Here is one assisting in the development of a training center for the lithographers union in St. Louis, Mo., where they are putting in some expensive equipment.

This has to do with an electronic specialist in Houston, Tex.

Here is the Aluminum Co. of America. I think this is one which shows the possibilities of apprenticeship training in the maintenance department.

I was told there were a number of new foremen as well as some of the older foremen not fully qualified for the jobs they were holding. I suggested that these men be given tests to determine their needs in relation to new positions and classifications being installed in the company at that time. As a result of this needs were noted and a training program has been established.

This is a sample of the different kinds of things our men do in working with management and labor. I think it fits in with the pro-

gram and is sound because we don't find two or three people coming from Government to sell something to the same employer perhaps on the same day which was prevalent during the war and criticized severely.

INCREASE IN PROGRAM INFORMATION FUNCTION

Mr. FOGARTY. How much of the increase is to be used to develop program information on manpower resources and requirements?

Mr. FRENCH. I don't know that we can identify any particular amount on that. Our research division will cooperate with the Office of Manpower, Automation and Training in conducting research studies——

Mr. FOGARTY. You say on page 5 of your justifications that you expect to support this program by providing staff and promotional materials to expand and improve training in industries and develop program information on manpower resources and requirements, $52,000.

Mr. FRENCH. We do not have information as to the exact amount, Mr. Chairman. It will come out of our Research Department.

Mr. FOGARTY. What is this item of $52,270 shown on page 5? What does it means?

NEW POSITIONS

Mr. FRENCH. Those are the four new positions in management of the Bureau's program.

Mr. GOSHEN. One statistician, one special assistant to the Deputy Director, one management analyst, and one personnel manager.

Mr. FOGARTY. What do you need them for?

Mr. GOSHEN. We found out there is more demand for some of the statistics we have been getting. We were short on that and we were late in getting it. With the additional work we are taking on we need the special assistant in the Director's office. Management analysis is to help us analyze the work and get this information back.

The personnel management is something which has been recommended to us because of the slowness of our action in the past in handling personnel problems. We have just a clerk handling that at this time.

DIFFERENCE FROM STUDIES BY OTHER BUREAUS

Mr. FOGARTY. How is this different from the studies being made by the Bureau of Labor Statistics, Bureau of Employment Security and the Office of Manpower, Automation, and Training?

Mr. GOSHEN. I think this study we made is different from any made on this at all.

Mr. FOGARTY. Aren't they doing something along the same line?

Mr. GOSHEN. Not in this field of training programs.

Mr. FOGARTY. The manpower group mentioned yesterday that they hope to get started some on-the-job training programs under this Manpower Development and Training Act.

Mr. GOSHEN. I think it was about 3 years ago that we made the initial survey in a county in New Jersey, and then we went to the full State as a pilot. Then we spread that nationally on the same basis and the returns seem to reflect the same as found in the county and State. I don't think anybody else has done any of that unless they are following up on us now.

Mr. FOGARTY. You are the only one in this field?
Mr. GOSHEN. So far as I know.
Mr. FOGARTY. Mr. Laird?

MODERNIZATION OF APPRENTICESHIP STANDARDS PROGRAMS

Mr. LAIRD. In talking with some of the vocational education people during the past year or so, suggestions have been made that perhaps, with the change in techniques, the standards of apprenticeship which are now imposed need to be modernized.

What is your feeling in regard to that?

Mr. GOSHEN. I think there are two things involved there, standards and fundamentals.

Under the law we have been advised by a committee of labor and management that if nine fundamental points are put into an apprenticeship program, it should be a good program. Management and labor create the standards under those fundamentals and they are the ones who determine what should go into their programs.

Mr. LAIRD. You must do some research work on this and at least study it somewhat in your Bureau.

Mr. GOSHEN. We do. So far as the changing of the apprenticeship program is concerned, this happens as industry changes.

Mr. LAIRD. One vocational education instructor, I recall, talked about the 4,000-hour minimum for apprenticeship. He felt that this was now in need of change.

Mr. GOSHEN. When we started, we were advised that 2,000 hours should be sufficient for apprenticeship. They found that didn't apply to the principal occupations. Then it was raised to 4,000 hours.

I don't know what the vocational man wants to do. Does he want to up it or down it? Anything below the 4,000 hours, where people would be trained, it would seem to me would cause them to fall into the vocational school group to be trained rather than apprenticeship.

We are not saying they should not be trained. Everyone who goes into employment should be trained. That group in most instances falls into vocational schools.

We have done this with the suport of this national committee of ours and we are following the pattern the bricklayers use in preapprenticeship.

If this spreads and the vocational people pick this up it will give them more to do in preparing these boys to enter apprenticeship. That will be in addition to the regular terms of apprenticeship.

Mr. LAIRD. In this discussion he used the machine tool industry as an example of the adoption of more modern techniques, and how it proved successful in that particular industry.

I made a few notes at the time of this discussion. The point he made to me was that these revisions helped to generate more adequate training programs in the machine tool industry.

Mr. GOSHEN. Then he has discussed it with the machine tool people and they made the decision.

Mr. LAIRD. Did they?

Mr. GOSHEN. I would guess they did, I don't know. If he has ideas which would shorten or lengthen the thing, with complicated machinery coming along, many are talking about lengthening the apprenticeship.

If he has some ideas that will be helpful to industry he should give those ideas to them. I think they are closer to it than he is.

Mr. LAIRD. You don't think any of the training programs are being held up unnecessarily?

Mr. GOSHEN. By industry?

STANDARDS FOR APPENTICESHIP

Mr. LAIRD. By the standards which have been adopted?

Mr. GOSHEN. No; I don't. There are no standards imposed by us on anybody.

Mr. LAIRD. As I understand it, standards are a joint agreement between labor and management in this area.

Mr. GOSHEN. That is right. They make the standards.

Mr. LAIRD. And those are arrived at through joint discussions which they conduct?

Mr. GOSHEN. That is right.

Mr. LAIRD. You do not review those at all at any time?

Mr. GOSHEN. Yes; when we give public recognition. We use it as a promotional device and in order to get information on what is going on. In those standards they submit to us and ask us to register, there are nine fundamentals included as its applies to their industry. They know how to apply it; we don't. If those nine points are covered we register them.

Mr. LAIRD. That is all you are concerned about?

Mr. GOSHEN. Our concern is to get them to do it. Our main concern is to get industry to develop these programs, so we have set up criteria to encourage them to put these things in. If they put those in we recognize them.

Mr. LAIRD. If they were adequate, that is enough. You look at the adequacy of their meeting these nine points?

Mr. GOSHEN. We are not in a position with all these different occupations to say to industry, "You don't know what is needed in your trade," whether it is enough or not. They are the people up against it.

VOCATIONAL SCHOOLS AND APPRENTICESHIP

Mr. LAIRD. When you run into this, do you find vocational people who feel they can train these people more rapidly?

Mr. GOSHEN. I think some vocational people think they can train them in schools. I disagree with that.

Mr. LAIRD. You think it is impossible to train them in school?

Mr. GOSHEN. I do. I say that from actual experience.

Before I worked for the Government I placed people on jobs, and I know what it is to take a pesron who is not adequately trained as a craftsman and send him out to do a job, what happens to him and what happens in the shop.

There are certain things where there is a field for vocational education. That is why it was created. This thing we are trying to work out now on preapprenticeship is a great thing. I don't think they can teach them a trade in a school, however. They can contribute.

Mr. LAIRD. Some of the vocational education people feel they are not being given credit for what they could do in this area and that the

requirements could be cut down considerably with an accelerated training course.

I was not in a position where I felt I was qualified to discuss this with them. I would like to get some information.

You do not feel their training programs can do the job?

Mr. GOSHEN. I don't think they can.

Mr. LAIRD. To cut down in any way as far as the apprenticeship program is concerned?

ACCOMPLISHMENT RATHER THAN TIME OF APPRENTICESHIP

Mr. GOSHEN. I mentioned this program last year which the printers inaugurated. I found a couple others since. Instead of saying it takes so many hours or years to develop a craftsman they are credited on accomplishment. After he makes so many points on his accomplishment he is a journeyman.

That can be done; now if we give him the prejob training we are advocating now, when he goes into the job the first day he can produce something.

If this thing spreads where they will give him credit on accomplishment, rather than time, they can do what you are talking about. Management and labor have to determine he has perfected himself where he can deliver for a journeyman's salary on that element of his trade.

The preapprenticeship we are advocating is important. We will stress this. I think it can help do some of the things you are talking about.

Mr. LAIRD. And cut down on the time of apprenticeship?

Mr. GOSHEN. It might. If you are going to put more complicated things into a trade I don't know whether you will cut down the time or not.

Mr. LAIRD. Basically I want to find out whether this training can or cannot do the job.

Mr. GOSHEN. There is no doubt in my mind that any type of training helps. If they will apply the training in the schools to what the industry actually wants before they take the fellow, I think that is a great help.

If they go to management and ask "What is it you want these people to know so when they go to work they can do something for you?"

If they train them along the line industry indicates, it will be of great value.

Mr. LAIRD. Do you have a problem in this area between the vocational educators, people in vocational training programs, and the apprenticeship requirements?

Mr. GOSHEN. Not that I know of. We had a problem some years ago when they felt we would do teaching, but our relationship with the vocational education is excellent.

Mr. LAIRD. You think in the apprenticeship programs training is given proper recognition now? This accomplishment thing sounds good.

Mr. GOSHEN. When you say training you refer to schools?

Mr. LAIRD. Yes.

Mr. GOSHEN. Yes. I am not in a position to evaluate——

Mr. LAIRD. How many of the apprenticeship programs have this accomplishment factor now?

Mr. GOSHEN. I think the machine tool association indicated they were going to get into that. The only one I know of——

Mr. LAIRD. He used the machine tool industry as an example of a program which was recognizing this factor, but said most of the apprenticeship programs were not. That is why I mentioned the machine tool industry.

Mr. GOSHEN. That is one of them. The other I am a little closer to. It has been 3 years and I know they have not gotten into full operation throughout the country because of complications. Every shop and every area are different. They have to determine what is being done in the job to get points. The thing is based on the theory of credits in college.

Mr. LAIRD. But this cuts down the time of apprenticeship.

Mr. GOSHEN. It can.

Mr. LAIRD. And it has in some places, like in machine tool?

Mr. GOSHEN. I cannot answer. I presume they have worked at it. What that will do, if they do that, is to make the employer pay more attention to the apprentice and the journeyman pay more attention because they have to certify that he is qualified for that. It will give more attention to the apprentice which is badly needed. I think it will improve this.

Mr. LAIRD. What is your feeling about this?

Mr. GOSHEN. I think it is a good thing. I think it is an improvement. In the past we know boys have gone through and served 4 years and at the end of that time the boss wouldn't hire them as a journeyman. Why? Because he was kept at one thing and did not become versatile. I subscribe to it. I think it is excellent.

Mr. LAIRD. Are you trying to encourage this?

Mr. GOSHEN. Yes.

Mr. LAIRD. In various apprenticeship programs?

Mr. GOSHEN. Yes, and vocational training. Bricklayers are very successful, for example. The reason they were successful is that there was a joint apprenticeship committee in each instance. The school people did what the committee asked them to do.

When the boy went to work the first day he could lay brick as a journeyman. He knew how to pick up a brick, and he knew how to pick up a trowel. Those things lasted 8 to 10 weeks and the employers paid them while they went to school.

I think that can spread. I attended the AVA convention in Milwaukee. The vocational director and I talked about the same thing.

Mr. LAIRD. That is all I have.

WORKING RELATIONSHIPS WITH VOCATIONAL EDUCATORS

Mr. FOGARTY. I am glad to hear you say there is no trouble between you and vocational education. They were concerned when Mr. Mitchell added to the title of Bureau of Apprenticeship the words "and training." They construed that to mean that perhaps you were going into their field.

After several conferences it was my understanding that the vocational people were satisfied that you were not trespassing on what they were doing.

Mr. GOSHEN. In this field we are getting into under this new law we expect to meet with them. We have an understanding on a national level to meet with them and discuss our position so there is no further misunderstanding.

Mr. FOGARTY. Especially in the building trades, which I know a little about, vocational training cannot do the job. Going to school for 8 or 10 weeks does not teach a person how to lay brick, but of course they can do quite a bit in the field of reading plans and specifications.

Mr. GOSHEN. And the nature of the industry.

Mr. FOGARTY. He gets the other part through his apprenticeship.

Mr. GOSHEN. These boys in these 8 weeks actually lay brick. They showed them how to lay brick. It was under auspices of the joint committee.

JOURNEYMAN'S PAY DURING PART OF APPRENTICESHIP

Mr. FOGARTY. So far as I know there is nothing to prevent an employer from paying an apprentice a journeyman's pay after 2 years rather than 3.

Mr. GOSHEN. Some of them do it.

Mr. FOGARTY. If he wants to. That happens on a voluntary basis.

Mr. GOSHEN. That is right.

Mr. FOGARTY. It does not mean a person has to serve 3 or 4 years apprenticeship before he gets a journeyman's pay. He can get it in a year and a half or 2 if he is producing and an employer thinks he is worth it.

Mr. GOSHEN. That is right. They have used a step-up system in many trades. If there is accomplishment they shorten the term by agreement.

Mr. FOGARTY. Mr. Michel?

Mr. MICHEL. I have no questions.

Mr. FOGARTY. Anything else?

Mr. GOSHEN. That is all.

Mr. FOGARTY. Thank you very much.

THURSDAY, FEBRUARY 7, 1963.

BUREAU OF EMPLOYMENT SECURITY

WITNESSES

ROBERT C. GOODWIN, ADMINISTRATOR
W. R. CURTIS, DIRECTOR, ADMINISTRATION AND MANAGEMENT SERVICE
LOUIS LEVINE, DIRECTOR, U.S. EMPLOYMENT SERVICE
WILLIAM U. NORWOOD, JR., DIRECTOR, UNEMPLOYMENT INSURANCE SERVICE
EDWARD L. OMOHUNDRO, CHIEF, VETERANS EMPLOYMENT SERVICE
JACK S. DONNACHIE, DEPUTY DIRECTOR, OFFICE OF FARM LABOR SERVICE
EUGENE LOVE, DIRECTOR, OFFICE OF FISCAL POLICY AND MANAGEMENT
HERBERT A. MEYER, CHIEF, DIVISION OF APPROPRIATIONS AND FEDERAL FISCAL ACTIVITIES
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

LIMITATIONS ON SALARIES AND EXPENSES (TRUST FUND)

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	7,435	9,173	10,068
	Positions other than permanent	23	4	4
	Other personnel compensation	54	18	101
	Total personnel compensation	7,512	9,195	10,173
12	Personnel benefits	545	704	772
21	Travel and transportation of persons	799	868	883
22	Transportation of things	29	29	29
23	Rent, communications, and utilities:			
	Communication services	196	286	287
	Rents and utilities	84	116	129
24	Printing and reproduction	340	264	265
25	Other services	262	163	172
	Services of other agencies	258	168	756
26	Supplies and materials	138	107	108
31	Equipment	332	59	38
	Total obligations	10,495	11,959	13,612

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	1,098	1,164	1,186
Average number of all employees	970	1,101	1,155
Number of employees at end of year	1,030	1,124	1,169
Average GS grade	9.2	9.4	9.5
Average GS salary	$7,664	$8,329	$8,719

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Unemployment insurance service	2,507	3,242	3,462
2. U.S. Employment Service	6,362	7,770	8,951
3. Administration and management	628	947	1,199
4. Temporary extended unemployment compensation	900		
Total program costs, funded	10,397	11,959	13,612
Change in selected resources [1]	98		
Total obligations	10,495	11,959	13,612
Financing:			
Reimbursements for emergency preparedness functions (−)			−182
Unobligated balance lapsing	5		
Limitation	10,500	11,500	13,430
Proposed increase in limitation due to pay increases		459	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $0; 1962, $98,000; 1963, $98,000; 1964, $98,000.

Limitation on Grants to States For Unemployment Compensation and Employment Service Administration

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
	BUREAU OF EMPLOYMENT SECURITY			
11	Personnel compensation:			
	Permanent positions	1,100	1,256	1,330
	Positions other than permanent	8		
	Other personnel compensation	5		77
	Total personnel compensation	1,113	1,256	1,407
12	Personnel benefits	84	96	113
21	Travel and transportation of persons	11	10	10
23	Rent, communications, and utilities	154	149	149
24	Printing and reproduction	29	21	21
25	Other services	14	15	15
	Services of other agencies	4	1	1
26	Supplies and materials	17	15	15
31	Equipment	34	11	13
41	Grants, subsidies, and contributions	467,349	344,831	431,250
	Total, Bureau of Employment Security	468,809	346,405	432,994
	ALLOCATION TO GENERAL SERVICES ADMINISTRATION			
25	Other services:			
	Services of other agencies	54	95	
	Total obligations	468,863	346,500	432,994

Personnel summary

	1962 actual	1963 estimate	1964 estimate
BUREAU OF EMPLOYMENT SECURITY			
Total number of permanent positions	217	213	223
Full-time equivalent of other positions	1		
Average number of all employees	193	201	205
Number of employees at end of year	209	204	213
Average GS grade	7.0	7.1	7.2
Average GS salary	$5,876	$6,302	$6,307

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Unemployment insurance service	245,354	215,361	228,771
2. U.S. employment service	139,592	150,465	168,961
3. Administration and management	19,554	19,174	20,262
4. Contingencies		15,000	15,000
5. Obligations incurred for above programs of other years	64,363	−53,500	
Total program costs, funded—obligations	468,863	346,500	432,994
Financing:			
Comparative transfers to other accounts	500		
Limitation available from subsequent year (−)	−90,500	−37,000	−37,000
Limitation available in prior year	26,137	90,500	37,000
Reimbursements for emergency preparedness functions (−)			−424
Limitation	405,000	400,000	432,570

Unemployment Compensation for Federal Employees and Ex-Servicemen

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Payments to Federal employees	56,400	50,900	49,200
2. Payments to ex-servicemen	81,803	80,100	71,800
3. Obligations incurred for above program in prior years	−2,070		
Total program costs, funded—Obligations (object class 13)	136,133	131,000	121,000
Financing:			
Appropriation available from subsequent year (−)	−9,930	−12,000	−12,000
Appropriation available in prior year	12,000	12,000	12,000
Recovery of prior year obligations (−)	−5,049	−2,204	−2,000
Unobligated balance lapsing	13,846	204	
New obligational authority (appropriation)	147,000	129,000	119,000

Compliance Activities, Mexican Farm Labor Program

Object classification

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
11 Personnel compensation:			
Permanent positions	839	991	613
Other personnel compensation			74
Total personnel compensation	839	991	687
12 Personnel benefits	64	69	39
21 Travel and transportation of persons	170	190	107
22 Transportation of things	6	8	7
23 Rent, communications, and utilities	41	41	22
24 Printing and reproduction	1	3	2
25 Other services	4	7	3
26 Supplies and materials	3	6	5
31 Equipment	10	12	
Total costs	1,138	1,327	872
Change in selected resources	2		−2
Total obligations	1,140	1,327	870

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	147	164	164
Average number of all employees	135	150	90
Number of employees at end of year	130	164	
Average GS grade	7.8	7.8	7.8
Average GS salary	$6,347	$6,620	$6,771

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
Compliance and employer services (program costs, funded)	1,138	1,327	872
Change in selected resources [1]	2		−2
Total obligations	1,140	1,327	870
Financing:			
New obligational authority	1,140	1,327	870
New obligational authority:			
Appropriation	1,149	1,344	870
Transferred to "Operating expenses, Public Buildings Services," General Services Administration (75 Stat. 353; 76 Stat. 728) (−)	−9	−62	
Appropriation (adjusted)	1,140	1,282	870
Proposed supplemental due to pay increases		45	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $1,000 (1962 adjustments, −$1,000); 1962, $2,000; 1963, $2,000; 1964, none.

Salaries and Expenses, Mexican Farm Labor Program

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	1,069	1,080	581
	Positions other than permanent	156	162	71
	Other personnel compensation	37	36	151
	Total personnel compensation	1,262	1,278	803
12	Personnel benefits	81	82	42
21	Travel and transportation of persons	34	54	30
22	Transportation of things	5	6	13
23	Rent, communications, and utilities	75	76	33
24	Printing and reproduction	10	7	3
25	Other services	10	3	2
	Services of other agencies		2	
26	Supplies and materials	13	8	14
31	Equipment	24	3	
41	Grants, subsidies, and contributions	500	529	200
	Total costs	2,014	2,048	1,140
	Change in selected resources	5		−5
	Total obligations	2,019	2,048	1,135

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	213	213	160
Full-time equivalent of other positions	56	55	25
Average number of all employees	249	242	120
Number of employees at end of year	262	255	0
Average GS grade	6.0	6.1	6.6
Average GS salary	$5,672	$5,792	$6,165

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Determining Mexican labor requirements	573	586	237
2. Supplying Mexican labor	1,365	1,358	825
3. Administration and management	76	104	78
Total program costs, funded	2,014	2,048	1,140
Change in selected resources [1]	5		−5
Total obligations	2,019	2,048	1,135
Financing:			
Comparative transfer from other accounts (−)	−500		
Unobligated balance transferred from "Farm labor supply revolving fund" (Annual Appropriation Act)	−1,519	−2,048	−1,135
New obligational authority			

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, none; 1962, $5,000; 1963, $5,000; 1964, none.

Mr. FOGARTY. We have before us now the Bureau of Employment Security.

Mr. Goodwin, do you have a statement to present to us?

Mr. GOODWIN. Yes, Mr. Chairman.

GENERAL STATEMENT

We have these five appropriations as you know. What I would propose to do is to submit a full statement for the record and a justification, and then I would like to give a summary at the outset on each one of them.

Mr. FOGARTY. Go ahead.

(The statements follow:)

GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION

Mr. Chairman, the request for grants to States is $432,570,000, an increase of $32,570,000 over the appropriation for 1963.

Before proceeding to specific comments on this request, I would like, with the committee's permission, to discuss some major economic developments and problems having across-the-board implications for employment security.

As you know, the economy in recent months has been experiencing a gradual expansion, which has established a record level of gross national product, and has lifted total employment in each month of the past year to a new record for that month. At the same time, however, the number of jobless workers has hovered around a seasonally adjusted monthly rate of 5.5 percent.

In other words, the rate of growth in the economy over the past year has not been large enough to absorb the normal growth in the labor force and the labor-

saving effects of automation and, at the same time, cut into the volume of unemployment. As a matter of fact, a number of measures enacted in the last session of Congress were, as you know, specifically designed to combat unemployment and stimulate the rate of economic growth. These, of course, have had a significant impact on our programs and operations.

In developing our estimates for fiscal year 1964, we assumed that the gradual expansion of last year would continue and that the economy during fiscal year 1964 would show a moderate but broad overall upward movement. We also assumed that the consequent steady growth in employment opportunities will be accompanied by low layoff rates and that as a result volumes of insured unemployment will trend downward between now and the end of fiscal year 1964. These assumptions lead to an estimate that insured unemployment during fiscal year 1964 will be at an average weekly volume of 1.6 million.

I would like to state that our experience in recent months makes this assumption seem somewhat optimistic. On a seasonally adjusted basis, the weekly average of insured unemployment under State programs fell steadily and sharply during the first 5 months of calendar year 1962 to 1,543,00 in May. Beginning with June, however, a contrary trend set in, with a very gradual rise occuring each month through December. Over these 7 months, the weekly average of insured unemployment (seasonally adjusted) rose to 1,950,000 in November and December. This experience has already led us to revise upward, from 1.7 million to 1.8 million, our 1963 estimate of average weekly insured unemployment.

We are hopeful that the improvements anticipated in the months ahead will reverse this movement and bring the volume of insured unemployment down to the 1.6 million per week, we are assuming for fiscal year 1964. If the Congress passes the President's proposal to lower taxes, the additional stimulus to the economy will strengthen our assumptions. Developments over the next few months will give a clearer picture than we now possess as to the soundness of our estimates.

Currently unemployment remains a serious problem. This is not a new problem, unfortunately. It has been building up since the Korean war. Neither is it a single problem—rather it is a number of separate and very complex problems, which are to some extent interrelated.

In a very real sense, unemployment problems are part of the social cost of progress, with its inevitable accompaniment of change and dislocaton. Technological advance, a growing population, increasing urbanization, shifts in industry location, changing demand for the products of industry, depletion of some resources and the development of new materials, have resulted in a demand for new and higher levels of education and skills. None of these is new to our experience. What is new is the rate at which these changes are taking place, the magnitude of the resulting problems, and the need for new or improved institutions and practices to deal effectively with the labor market impact of these changes.

Moreover, we are called upon to deal with large-scale and highly complex problems of manpower adjustment in an economic climate that is not entirely favorable to rapid and effective solutions. While there has been a large expansion in the economy during the postwar years, progress has been broken by four cyclical downswings. These have been relatively short and shallow, but in combination with the rapidly increasing population, have operated to reduce the per capita rate of growth to about 2 percent a year. In labor market terms, this has meant that each recession, although followed by new highs in outputs and employment, has left a steadily growing residue of unemployment. With each setback industry has been pressed to apply cost-cutting techniques, to adopt the newest in automated and other technologically advanced equipment, thereby achieving higher levels of production with smaller man-hour input.

The unemployment of recent years has certain marked features. Because of the basic trends in the economy, unemployment rates among new entrants in the work force, displaced older workers, the unskilled, and nonwhite workers have been persistently and markedly higher than for the labor force as a whole. Certain industries and areas have also developed problems of chronic unemployment. Obviously, these are frequently overlapping categories.

The changes in our economy are being reflected in more rigid hiring specifications, especially with respect to education and skill, that emphasize the growing importance of the quality of the labor force. I would now like to report the progress we have made in revitalizing the employment service to meet some of

the most important manpower problems of our time. Shortly after President Kennedy's inauguration, the administration and Congress assessed the significance of these basic changes and concluded that the manpower problems confronting the Nation required vigorous action in the entire manpower field. For the last 2 months of fiscal 1961 and for all of fiscal year 1962, Congress allocated substantial increases in the budget for State administration of employment service activities. With these increased funds the States were able to increase the size of their employment services by about 4,700 positions and to embark on an expanded program designed to help place unemployed workers in jobs, to provide the services and planning needed to utilize better the skills of work force, and in general to organize the local offices of the employment service system into effective manpower centers in the community.

Nearly 2 years have gone by since we received additional funds to improve the employment services. I should like now to tell you what we have done in the interim. Basically we were faced with two kinds of activity: The first was a tooling up phase which required staff recruitment, location of physical properties, training of new employees, reorientation of existing employees, and the initiation of administrative measures to widen the scope and functions of the employment service system in the communities across the Nation. The second basic activity was performance, that is, the translation of our own increased resources and efforts into measurable results. We were somewhat hampered in the latter because completion of the first phase was a necessary prerequisite to achievement. Nevertheless we did have a large organization in being and a dedicated and knowledgeable staff, and this enabled us to move forward at an accelerated pace. The following is a summary of the accomplishments of the employment service during the past year as indicated by the placement and related activities of the State employment services.

In calendar year 1962, a total of 6.8 million nonagricultural placements were made, the highest volume recorded since World War II. Although unemployment remained at a constant and relatively high level throughout the year, a gain in placements, of about 900,000 or 15 percent, was recorded over 1961. The increase was general throughout all occupational and industrial groups except the Government. Some of the placement gain was attributed to improvement in general economic conditions but much resulted from more vigorous service.

As I indicated to the committee last year, our analysis of the staffing of the total employment service system shows that the largest metropolitan areas required most of the additional resources and most of our attention. Although the 55 largest areas (those with a population of over 500,000) represent over half the wage and salary employment in the country, their staffing was proportionately much below that of smaller communities. In the largest better staffed cities we found a level of one employment service staff member for approximately each 5,000 wage and salary workers. This ratio ran up to about 6,000 or 7,000 workers for every employment service staff member in most of the other large cities. In contrast, we found in the smaller communities that the ratio was on the order of one staff member for every 1,000 to 1,500 wage and salary workers.

To bring the understaffed large metropolitan areas into closer parity with the relatively more ample staffing in offices serving smaller communities a heavy proportion of the new resources was devoted to these areas. At the same time, major reorganizations were undertaken to strengthen the effectiveness of local offices in the 55 largest metropolitan areas. This involved physical separation of employment service and unemployment insurance operations, extensive organization of the employment service facilities along the line of industrial-occupational specialization, and installation of improved management and supervision. All but 11 of the 55 largest areas undertook those moves. By the last quarter of fiscal year 1962, all of the changes were substantially underway and this investment will become increasingly productive in fiscal year 1963, laying a sound base for further advance in 1964.

There is clear evidence that the planned course of action is bearing fruit. For example, a review of the placement activities for the past year shows that the 55 largest areas recorded more substantial gains than were registered in the remaining areas: Nonfarm placement in these large centers were 22 percent higher than for the previous year, more than double the 9-percent increase for the other areas.

In the metropolitan areas as well as in all other areas of the Nation the employment problems of youth are reflected in their rapidly growing numbers, their higher unemployment rate, and the changing occupational needs of our economy due to technological change. To serve this rapidly growing younger

worker group has required, and will continue to require, an increase in the number of counseling and placement personnel in our employment services, as well as appropriate training for them in this very specialized area.

The program of the local offices to deal with youth employment problems includes: (1) increased counseling and testing to help the growing number of young applicants make sound vocational choices; (2) increased cooperation with the schools and with other community agencies to help reduce school dropouts and to provide labor market information needed to improve vocational guidance; (3) intensified job development and placement activities for youth; (4) extending the improved methods and techniques developed through youth demonstration projects in 1962–63 to other areas of high unemployment. As of October 1962, area youth coordination had been designated in 20 metropolitan areas. In addition, 27 States have designated a State supervisor of youth services for overall guidance for the program in the State. With the additional staff added to our local offices, we are helping youth with their problems of vocational guidance by increased testing, counseling, and placement services. How well have these extra efforts succeeded? Placements of youth increased by a fourth, to a total of a million.

Another major problem facing us today is the tremendous growth in the demand for professional workers. During the past year we have placed emphasis on these growing needs. As a result the gain in professional and managerial placements over the year was sharper than the gains in any other occupational group—21 percent. Nearly 70 percent of these placements were made in the 55 large metropolitan centers.

Recognizing that professional people have historically utilized the national meetings of professional associations and societies as an employment exchange, we have, at the request of such societies and associations, provided convention placement service during the past fiscal year for nine of these organizations which collectively embrace a membership of 62,500 professionals. Two organizations for which convention placement service has never been provided, the National Council of Teachers of Mathematics and the American Pharmaceutical Association, have requested such service for their 1963 meetings.

The resolution of many employment problems is facilitated by active community employment development organizations. With the added resources the employment service local offices have assisted community employment development organizations in analyzing local manpower problems and preparing programs to provide additional job opportunities. In fiscal year 1962 local office staff were members of or consultants to 1,100 local organizations which engage in community employment development activities. Forty-three State agencies have established the position of community employment development supervisor to assist the local offices in increasing the effectiveness of their participation with community development organizations and to relate to specific localities Federal and State programs designed to assist and promote the effective development and utilization of local manpower resources.

In all areas, whether large or small, the local employment office must maintain close working relationships with as many employers as possible. As a result of intensified efforts in the past 2 years, more employers are using the employment service than ever before. Local offices provide technical services to employers to help them in planning their workforce needs, in resolving problems of obtaining and retaining workers, in analyzing training needs, and in reducing the employment impact of technological change. This is done by identifying changing job skills, relating present worker skills to those required on new or changing jobs; developing appropriate tests for use in selecting trainees for new jobs; and adequately relating labor market information to the workforce needs of employers.

EMPLOYMENT SERVICE INCREASES

The increase requested for grants to the States for the operation of the employment service will provide approximately 1,100 additional man-years. The expansion and reorganization of service already achieved have resulted in substantial increases in service provided. For fiscal year 1963, we expect to make 6,900,000 nonfarm placements. With the requested additional resources, we estimate that placements will reach a total of 7,400,000 in fiscal year 1964. We estimate that about 10,950,000 new applications will be filed with the local offices; in addition, it will be necessary to give about 2,200,000 tests and about 2,250,000 counseling interviews.

As I indicated earlier, the reorganization program designed to achieve these objectives is well underway in most of the 55 largest areas. Since its effectiveness has been demonstrated in the placement figures I have cited, we are requesting additional resources to complete the task in these areas and to begin the program in about 50 of the next largest urban areas, those with a population between 200,000 and 500,000.

All of our manpower problems are not concentrated in the larger metropolitan areas; however, there is a growing need for service in smaller communities. In many of these there is a serious lack of new job opportunities to replace those in such declining activities as agriculture and mining. Our experience has shown that the employment service can be helpful in alleviating these problems of unemployment and underemployment. This assistance includes: giving detailed information on the area's existing and potential manpower resources to help the community attract new nonfarm jobs, and providing counseling and placement assistance to individuals to help them take advantage of job and training opportunities within or outside of their areas. Employment services are provided by mobile teams of interviewers in communities in rural areas too small to have a permanent local office.

At the present time, these services are being provided to 10 States involving 40 areas which are made up of 70 rural counties, but many other areas are in need of such assistance. We are therefore requesting additional resources to permit expanding the program to another 56 smaller communities and rural areas which in turn encompass 75 counties in an additional 14 States.

The employment service system has, in the past 2 years, taken several significant steps toward improved undertsanding, information, and action on the labor force dislocations resulting from the introduction of automation and other technological changes. Employers, unions, and community organizations have cooperated with the Employment Service in conducting 18 demonstration projects in which automation or other technology has resulted in changes in manpower requirements. The demonstration projects are now entering their final stages. As conclusions are reached, the experience gained in the projects will be translated in specific planning and operations procedures and extended through the employment service system.

The implications of technological change for the growing number of young people entering the labor force present us with some of the most intractable problems of unemployment today and foreshadow even greater problems of youth entering the labor market in the years ahead. This problem is further complicated by the migrations of hundreds of thousands of farm youth to urban areas due to the tremendous changes occuring in agricultural production. This poses to the employment services of the urban and industrial areas the need for more and better trained personnel to facilitate the transition.

We are particularly concerned with the one-third of all new young workers who will not have graduated from high school. School dropouts make relatively the largest contribution to current unemployment figures, with jobless rates as high as 30 percent. Even when employed, the dropout gets the low-paying jobs at the bottom of the occupational ladder. Many of these young people have neither the interest nor aptitude for the academic, college-preparatory courses of training. But a very big group is composed of normally talented youth for whom meaningful courses of instruction in the vocational area might make the difference between dropping out of school and earning a high school diploma. These offer important opportunities for youth counselors. To do the job of providing proper employment assistance to this younger worker group will require a substantial increase in the number of counseling and placement personnel in our employment services, as well as appropriate training for them in this very specialized area.

In March 1962, the Employment Service established two important youth employment demonstration projects—one in Newark, N.J., and the other in St. Louis, Mo. From these projects we will obtain fresh insights into the best possible ways of serving youth, and we will thus be able to put such methods into effect in public employment offices throughout the country.

Local labor market information is essential to the dynamic role of the Employment Service in the labor market. Our local offices need such data for counseling job applicants and for helping young workers select occupational fields with growing employment potential. School counselors use occupational data in orienting students on industrial, technical, and professional career opportunities. With rapidly changing production methods in industry and agri-

culture, there is a growing recognition of the need for readjustment of vocational and technical school programs in relation to new occupational and skill requirements. Employment services offices must intensify their efforts to keep abreast of the changing oocupational structure and for making such information available to schools. Some of the additional funds will be used for this purpose.

Some of the additional funds which we are requesting for occupational labor market information in 1964 will be used to extend area skill surveys of labor supply and demand to a number of areas which have never been surveyed before. Because of rapidly changing labor market situations, many States are also finding it necessary to resurvey areas which were studied 4 or 5 years ago. During 1962, 25 comprehensive area skill surveys were completed in 14 States. At the present time, 36 more are planned or in progress in 21 States. (These are in addition to surveys undertaken on a more limited basis to determine the labor market situation for specific occupations in individual labor market areas as a background for training proposals under the Manpower Development and Training Act.) Moreover, about 30 States have published over a thousand guides to employer requirements in specific occupations.

Interest in the Nation's manpower picture has been extended from national composite figures on employment and unemployment to greater detail on a local area basis and within these areas, to specific characteristics of the labor force, particularly the unemployed. The interest in local area manpower developments has grown substantially in the past few years, with the enactment of various Federal programs designed to alleviate localized unemployment. For example, Federal assistance provided under the Area Redevelopment Act and the Public Works Acceleration Act is directly geared to local unemployment levels. Although detailed statistical data on employment and unemployment are available monthly on a nationwide basis, these data frequently tend to obscure significant labor market developments and problems in many sections of the country.

Current and comprehensive information on work force, employment, and unemployment is compiled monthly by the Bureau of Employment Security and the affiliated State agencies for 150 of the Nation's major production and employment centers. In addition, each month, based on detailed labor market reports prepared by the State agencies, the Bureau rates or classifies these 150 areas according to the relative adequacy of their labor supply, indicating whether local unemployment levels are relatively low, moderate, or substantial.

We are requesting an increase in State grants for fiscal year 1964 to permit the expansion of the monthly area labor market reporting and classification program from 150 to 180 of the 215 standard metropolitan statistical areas, and the State agencies will conduct a number of special studies directed toward the development of information needed to improve area unemployment estimates, and to obtain job vacancy statistics by area and occupation. The basic statistical program, which provides area data on employment, hours, and earnings would also be extended to 50 additional metropolitan areas. The above items are requested as a part of our proposed program to meet the recommendations of the President's Committee To Appraise Employment and Unemployment Statistics. I will discuss other steps the Bureau is taking to implement the recommendations of the Committee in the salaries and expenses statement.

To prevent the permanent entry of aliens from adversely affecting our Nation's domestic work force, it is necessary to give added protection to the latter group. It has been our continuing responsibility to advise the Secretary of State and the Attorney General as to the availability of domestic workers in connection with first preference petitions received by the Immigration and Naturalization Service for groups of 25 or more aliens. The determination is based on an analysis by the State agencies of whether the job offer, wages, and housing are such that they will have an adverse effect on domestic workers. We propose that in 1964 the "25 or more" provision be eliminated. Instead, the State employment services would be called upon to review employer requests for all aliens to be brought into the United States to perform work of any kind. At the present time the State agencies are investigating some 7,500 cases a year. On the new basis we estimate that it will be necessary to make recommendations on about 50,000 individual cases, involving both farm and nonfarm workers.

FARM LABOR SERVICE INCREASES

In the field of agricultural labor, the situation is just as challenging as it is in industry. For years agriculture has experienced marked imbalances of seasonal labor resources, along with wage levels which are among the very

lowest of any segment of our working population. For the Nation's half million migratory farmworkers these circumstances are compounded by housing and health conditions described all too often as intolerable and beyond belief.

These are some of the basic factors which influence the ebb and flow of the Nation's seasonal farm labor force, which annually runs close to a million and a half workers.

In the recruitment of these workers the Bureau of Employment Security and its affiliated State agencies are committed to a program which includes protecting these seasonal farmworkers from the hazards of unsafe transportation, unsafe and unsanitary housing, substandard wage rates, and the adverse effects frequently created through the employment of foreign workers. These conditions do still prevail in some areas of the country.

In 1964 we propose to improve the procedural and structural mechanism for recruiting and dispatching workers from home base supply areas for intrastate and interstate employment will be further streamlined and expanded. The pooled interview technique, recently introduced in connection with the annual worker plan, is designed to do a quicker, more complete job of drawing up crew work schedules prior to departure. Initial experience in Texas was good but rough spots need smoothing out. More work in locating and enrolling work crews in home base areas will be undertaken. In addition, attention will be given to perfecting the means for rerouting crews to other jobs when weather or other unforeseen circumstances seriously disrupt crew itineraries.

The objective is to achieve greater continuity of employment for migrant crews, enroll more of the crews in the annual worker plan, and give distant farm employers greater assurance of a reliable and adequate seasonal work force. Involved also will be more accurate analyses of local farm labor market conditions as a prerequisite for determining the need for inmigrations of labor.

The rapid growth of mechanized harvesting processes in some crops, combined with general developments in the organization and techniques of specialized crop farming, while highly commendable from a production viewpoint, have a disturbing effect on many "freewheeling" crews and groups that follow historic patterns of migration. Stories of the hardships endured by these unfortunate migrants are constantly appearing in the press, frequently giving rise to unwarranted criticism of farm employers and community authorities. To help avoid these unhappy experiences, with their attendant loss of income and loss of services to other farmers, and to assist in bringing about improvements in this entire area, additional funds are being requested in 1964.

It is estimated that close to a million individuals compose this segment of our population, on which a great deal of public and official interest has been focused in the last 3 years. The temporary residence of these migrant families in agricultural communities throughout the Nation annually presents many problems—to the communities and to the families.

One of the most pressing needs necessary to the amelioration of these problems is reliable information concerning the migrant families—their composition, particularly as to school age children, camp locations, and the approximate beginning and ending dates of the migrants' stay in the community. This and other related information can be furnished only in advance, and during the season, by the farm labor representative of the various local employment offices.

The information is basic to the action programs of State and local migrant labor committees which have been formed, and are being formed to help resolve and hold these problems to a minimum. It is a movement urged by the President's Committee on Migratory Labor, and is assisted in by the Committee's five constituent member-Departments, which includes the Department of Labor. Practically all of the State and local committees include public-spirited citizens, among whom are members directly connected with groups having responsibility for the health, education, and welfare of the resident populations. In many instances local farmers are members of these committees.

The common purpose of the local migrant committees is to extend available community services to the migrant families during their stay in the various localities.

The funds requested in this connection will afford the State agency personnel the necessary time to develop the needed data for the local committees, as well as to serve as members of the committees.

UNEMPLOYMENT INSURANCE INCREASES

For unemployment insurance operations our request represents a net decrease of 302 man-years from the 1963 level. The benefit functions are expected to decrease by 742 man-years because of the assumed decline in insured unemployment. An additional 175 man-years will be needed to provide for the greater workload related to the estimated growth in the number of employers and employees covered by the unemployment insurance program, and 265 man-years to improve the quality of claims-taking operations in the State agencies.

Our major concern at the moment is with the accuracy of the claims operations. Between fiscal years 1960 and 1962 there was a one-third increase in the relative frequency of cases in which claimants were overpaid through error. While the dollar amount of overpayments remains relatively low—about two-thirds of 1 percent of all payments—and a high percentage is recovered, the growing frequency of errors warrants careful scrutiny. The severity of this problem and its causes vary from State to State. In some cases the source of the problem is inadequate supervisory control out of the State central office, in others inadequate training of local office staff, in still others insufficient staff to permit careful interviewing of claimants.

To provide an initial increase in efforts to prevent errors, we have asked for approximately 265 man-years for improving claims operations. We propose to allocate the increase only to those States which demonstrate that they have analyzed their operations to identify inadequacies and determine their causes; and they have devised workable plans to correct shortcomings.

There is a longer-range problem which stems from several sources: (1) efforts by State legislatures to measure more strictly each claimant's attachment to the labor force; (2) the growing effect of private pensions and holiday and vacation pay on unemployment benefit rights; (3) the cumulative effect of the succession of new Federal programs which have added burdens on management and supervision and complications in basic claims processes; and (4) the difficulties of dealing with widely fluctuating claims workloads. Continuing attention to such basic matters as the selection and training of unemployment insurance personnel and the improvement of management and supervision is essential if we are to preserve the integrity of the unemployment insurance program.

The 175 man-years for the tax collection functions is required because in 1964 the State agencies will have to process the tax returns of an estimated 50,000 additional employers and wage reports for 800,000 covered workers than in 1963.

In addition to the program increases requested for the Unemployment Insurance, Employment Service, and Farm Labor Services, the Bureau's request provides for the mandatory increases.

In the last session the Congress increased postal rates in enacting Public Law 87-793. This increase in postal rates will increase costs for the grants to States program by $1,725,000 for 1964.

The average salary paid to State employment security agency employees continues to rise consistent with increases in State salaries generally. We now estimate that for 1964 the average annual salary rate will be $5,301. This will require an increase of $22,197,000 above the appropriation for 1963. The increase above the 1963 appropriation is to finance $11,259,000 for the cost of the 1963 allocated salary rate and $10,938,000 for (1) statewide compensation plan increases which will be financed from the contingency fund in 1963 but which becomes part of the base salary rate for 1964, and (2) for within-grade step increases which will be paid to State agency employees during 1964.

The appropriation request for 1963 was based on an estimated salary rate of $5,020. By the time the appropriation bill had passed the Senate with the amount reduced to $405 million, it had become apparent that the $5,020 salary rate would be inadequate primarily because State governments had increased employee salaries generally in amounts larger than had been anticipated. We advised the Senate committee that the increased salary rate above $5,020 would be financed from $7 million of unencumbered balances of funds granted to the State agencies prior to 1963. However, the committee of the conference further reduced the appropriation by $5 million to $400 million.

As we interpreted the committe action, it was based on an assumption that salary rates would not go as high as anticipated, and that the program increases approved by the Senate could be obtained with the lesser amount approved by the conference. However, if the total program approved by the Sen-

ate were to be carried on, it would require a number of positions which given the $407 million estimated to be available ($400 million appropriation plus $7 million in unencumbered balances) would produce a salary rate below that required by the State agencies. We were able to meet this problem in the following manner. By the time the committee of conference reported on July 31, 1962, the State agencies had advised us that they had balances of unencumbered funds (from fiscal years prior to 1963) totaling $11,259,000 instead of the $7 million which we had estimated and had earlier advised the Senate committee would be used to finance the 1963 allocated salary rate. We used the additional $4,259,000 to meet the deficiency in the salary resulting from the cut by the conference committee and also further adjusted downward requested program increases by $741,000. With the use of this $11,259,000 of unencumbered balances in the State agencies, we were able to allocate an average salary rate of $5,126 for 1963. The salary rate reported by the State agencies for November 1962 is $5,182.

As I indicated earlier, $10,938,000 will be required in 1964 to finance statewide compensation plan increases paid from the contingency fund in 1963 and for increments to be paid in 1964. This will provide for an increase of $175 above the 1963 allocated salary rate of $5,126. Of the $175, $85 is for increments to be paid in 1964. The remaining $90 is for 1963 statewide increases. Since the November rate of $5,182 is already $56 above the allocated rate, our estimate of a $90 increase appears reasonable.

To cover the rise in the price of goods and services, primarily rental costs, we have also included an increase of $2,100,000 for nonpersonal services items.

The other problem which I would like to call to the attention of the committee is that title IX of the Social Security Act still contains a $350 million limitation on the total amount to be granted to the States for unemployment compensation and employment service administration. This budget is therefore submitted with $82,500,000 under proposed legislations. Legislation is being submitted to the Congress to permit us to obtain the necessary funds for the operations of the program. It should be noted that the $350 million limitation has been inadequate since its enactment, and it has been necessary for the Congress to temporarily raise the limitation each year to cover the necessary costs of the State agencies.

Mr. Chairman, this concludes my request for the grants to States appropriation.

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. Chairman, title XV of the Social Security Act provides for unemployment compensation payments to ex-servicemen and former civilan employees of the Federal Government in accordance with the unemployment compensation law of the State to which the Federal wages are assigned in accordance with this title. The State laws govern the amount to be paid as well as the qualifying and eligibility requirements for receipt of the benefits. The temporary protection afforded under these programs equals the protection that is available to workers in private industry against the risks of involuntary unemployment.

For fiscal year 1964 we are requesting $119 million for the payment of these benefits. This is $10 million below the amount appropriated for 1963. However, as I indicated earlier, insured unemployment in 1963 has risen above our earlier estimates and we now expect that a supplemental appropriation of $12 million will be required for a 1963 total of $141 million. Our estimate of $119 million for 1964 is related to a State insured unemployment of 1.6 million per week. Of the $121 million which includes an estimated recovery of $2 million from prior year funds, it is estimated that $71.8 million will be required for the payment of unemployment benefits to ex-servicemen and $49.2 million will be required for payments to Federal civilian employees.

The average weekly benefit amount in 1964 is expected to be $33.50 for ex-servicemen and $38.50 for civilian employees. These amounts are higher than expected for 1963 and in line with the trends paid under the regular State
expected for 1963 and in line with the trends paid under the regular State unemployment insurance programs.

As you know, these benefit payments to unemployed Federal employees and ex-servicemen are mandatory under title XV of the Social Security Act and moneys appropriated by the Congress for this purpose cannot be used for any other activity.

Mr. Chairman, this concludes my statement on the request for unemployment compensation for Federal employees and ex-servicemen.

SALARIES AND EXPENSES, BUREAU OF EMPLOYMENT SECURITY

Mr. Chairman, we are requesting $13,430,000 for the basic operation of the Bureau in 1964. This provides for a net increase of 22 positions and $1,471,200 over the $11,958,800 required in 1963.

Of the requested increase, $620,000 (and all of the 22 positions) is for research operations to implement some of the recommendations of the President's Committee to Appraise Employment and Unemployment Statistics. The remaining $851,200 is required for the pay increase allowed in Public Law 87-793; the additional costs of 2 extra working days in 1964; the reclassification of the clerical staff of the Veterans' Employment Service; and for working capital, Departmentwide, and Health, Education, and Welfare merit system charges. In 1963 these charges were financed from unused funds resulting from vacancies in 1963.

I would like to state that the increase in funds which was made available by this committee and Congress during the last session for strengthening of the Bureau has enabled us to provide more adequate program leadership and support to the State agencies. As I have indicated in the grants-to-States statement, for example, the public employment service system is increasingly able to offer more effective placement and employment-related services to an increasing number of persons seeking job assistance, better development, and utilization of their skills and aid in determining their potentialities for employment.

Except for activities relating to implementing some of the recommendations of the President's Committee to Appraise Employment and Unemployment Statistics, we are asking for no program increases in the appropriation for the Bureau for fiscal 1964. A continuation of the funds provided for 1963 will enable us to assimilate effectively our present staff resources, consolidate the program gains already achieved, and continue to move forward on a broad front with the improvement now underway. I would like to indicate how we intend to use our present resources in the coming year.

Emphasis in the Employment Service will be concentrated on providing continuing encouragement and assistance to States in reorganizing and strengthening the employment service, especially in the larger urban areas where labor market problems are the most complex; developing and installing techniques for furnishing improved services to smaller communities and rural areas where full-time local employment offices would be impractical; improving our capacity to anticipate impending labor force dislocations resulting from automation or technological change, and planning programs to help workers in the occupational adjustment, including training and retraining, made necessary by such dislocations; enlarging and intensifying employment service programs for youth with special attention to increased counseling and testing of high school youth, reducing the number of school dropouts, and the problems of rural youth; and improvement and expansion of area labor market information and occupational data essential to a totally effective manpower program.

In the field of farm labor the Bureau will continue to give leadership to the intensive drive carried on in fiscal 1963 to place more domestic workers in farm jobs. Greater impetus in the movement is expected in 1964 as the accelerated and better coordinated recruitment actions take hold. The qualitative aspects of placement will continue to receive increasing attention by the State agencies, particularly in the area of selection, and the Bureau will work closely with the agencies in this regard.

The Bureau will continue to carry out its responsibility for obtaining full conformance with the Secretary's regulations in the area of interstate recruitment and placement. These require that all employers seeking to recruit interstate farmworkers through the public employment system shall meet specified conditions on wages, housing, and transportation. The Bureau will work closely with the State agencies in directing and supporting their cooperative efforts to see that these conditions are met.

The Unemployment Insurance Service will devote increased efforts to determining the causes of and remedies for overpayments of benefits to which I have referred in discussing our request for grants to States; strengthening State claims and tax collection operations through improved procedures and more effective management, supervision, and staff training; fuller use of modern data processing technology and exploration of potentials of document reading and data transmission devices; and guiding and supporting the expanded research capabilities of the State agencies which were made possible by the 1963 appropriation.

I should like now to turn to our request for funds for implementing the recommendations of the President's Committee to Appraise Employment and Unemployment Statistics. Data on employment and unemployment for States and local areas are essential for planning and evaluation of the unemployment insurance and employment service programs and operations. In addition, increasing use is being made of these data in special manpower programs at national, State, and local levels. Such use without question will continue to grow in the years ahead. Currently, for example, the data on employment and unemployment play an important part in the allocation of military procurement, the Area Redevelopment Program and Public Works Acceleration Act. With the increasing and more general use being made of these data expansion is needed in the research activity of the Bureau and the affiliated State employment security agencies to improve their usefulness.

This need was recognized by the President's Committee to Appraise Employment and Unemployment Statistics, which was appointed in October 1961 to study the Nation's programs to measure employment and unemployment. The Committee in assessing the mounting requirements for such information for manpower programs, at the National, State, and local levels, made a number of recommendations regarding needed improvements in the employment and unemployment data of the Federal-State employment security system. The recommendations involve the collecting of additional data as well as studies to evaluate and improve estimating methods. To implement some of these recommendations, the Bureau of Employment Security in fiscal 1964 plans to direct its efforts toward the following improvements in manpower data.

1. CURRENT JOB VACANCY INFORMATION

We will improve the quality and form of area job vacancy data to meet the widespread interest in data on unfilled jobs, and will undertake intensive research on the availability and methods for collecting such data. The studies will be directed toward the development of a system which will provide area job vacancy information by occupation, on a consistent and regular basis. This work will be coordinated with the Bureau of Labor Statistics' research on developing job vacancy data on a national basis. The knowledge concerning where job openings exist and the kinds of workers needed is essential for the successful operation of the employment service. Uniform reporting in terms of precisely defined concepts and occupations will increase the effectiveness of the employment services' local manpower services of recruitment, counseling, and placement. Standardized information will accelerate the interarea recruitment and placement program making the Bureau's operations more effective to meet changing industry manpower needs.

2. IMPROVING OCCUPATIONAL LABOR MARKET INFORMATION

We will conduct further research to determine the nature and reliability of the information now being obtained from employers on the occupational pattern of employment and on current and anticipated shortages of skills. These data are used for the development of local training programs and to mobilize community actions to meet current and anticipated local economic problems as well as in the day-to-day operations of the Employment Service.

3. IMPROVING STATE AND AREA ESTIMATES OF UNEMPLOYMENT

We will also conduct further research on improving the methods used for estimating unemployment by State and area, as strongly urged by the Committee. The only figures available with respect to total unemployment in specific labor market areas are those estimated by the State employment security agencies using procedures developed by the Bureau of Employment Security. The President's Committee recommendations are based on the fact that these unemployment estimates are playing an increasingly important role in the administration of various Government programs.

The research will involve household surveys of the labor force in a number of typical areas for the purpose of refining the relationships between the various segments of the unemployed used in the unemployment estimating procedure and to take into account differences in the industrial and economic conditions to be found among the areas. However, the usual household survey procedures will need to be modified to meet the special objectives of the surveys. In addition, studies of specific segments of the unemployed will also be undertaken.

This research program will require several years to complete. During fiscal year 1964, the Bureau proposes to conduct household surveys in two or three areas (buying services from the Bureau of the Census to assist in conducting these surveys). In addition, the Bureau of Employment Security will design surveys and provide technical assistance to the State agencies in conducting other types of research. These studies will be such as to obtain measures of the number of unemployed exhaustees, the number of unemployed new entrants into the work force, and the number of unemployed workers not covered by unemployment insurance.

Of the total requested, $400,000 will be used for the purchase of services from the Bureau of the Census for this project.

4. IMPROVING ESTABLISHMENT (PAYROLL) DATA

We will narrow the gap in the current employment statistics program with respect to employment, hours, and earnings data for a number of industries in the trade and service segment of the economy and for the 100 standard metropolitan statistical areas not now covered by this program. We propose to expand the sample so as to provide the additional data for the trade and service industries and for some 50 of the 100 standard metropolitan statistical areas for which data are not now available. As a part of the joint program with the Bureau of Labor Statistics and the State agencies, the Bureau of Employment Security will participate in the work related to expansion of the sample. The Bureau will assist in the development by the State agencies of additional employment benchmarks that will be required and will provide technical assistance to the States in the utilization of the additional data. There will also be an increase in the Bureau's responsibility for the administrative aspects of the program.

Mr. Chairman, this concludes my statement on the Bureau of Employment Security's salaries and expenses request.

BASIS FOR FUND REQUESTS

Mr. GOODWIN. When Secretary Wirtz appeared before you yesterday he mentioned that the Department's fund requests for 1964 were based on nine assumptions. Five of those assumptions have special relevance to the requests for the Federal-State employment security system. These are, one, that there will be a moderate rate of growth in the economy during 1963 and 1964.

Two, with the rapidly increasing size of the work force and with an extraordinarily high rate of technological development, the present and prospective rate of economic growth will leave a serious unemployment situation.

Three, that these prospects warrant and require further development and vigorous administration of the manpower program for which the Department of Labor is responsible.

Four, that the accelerated rate of change in the work force will meet an enlarged demand upon the research, statistical, and standard functions of the Department.

Five, that circumstances require the discharge of these enlarged responsibilities with a minimal increase in budget.

I think all of these points are important to the employment security program.

PROGRAM SIZE

We are asking for a very sizeable amount of money. This program takes a sizable amount of money. It adds up to about $567 million for all different requests which are made. I thought it might be well just to indicate briefly the size of the program.

We have now about 46 million workers covered under the unemployment insurance program for which we are asking money. There are about 2,234,000 employers who pay taxes under the program, and in fiscal 1962 they paid taxes of $2,709 million.

In that same fiscal year 6 million received benefits under the unemployment insurance program. The Employment Service placed 6,760,000 people during fiscal 1962. That was on the nonfarm placements.

FARM PLACEMENT

On farm placements it added up to a little over 9 million. We conducted about 2 million counseling interviews, and we furnished labor market information on a regular basis from about 1,700 communities throughout the country.

Mr. MICHEL. What is this figure of 9 million?

Mr. GOODWIN. Farm placements. We separate farm and nonfarm. On farm placements many are for a short time. They are also in some cases representative of repeated placements of the same person, so that a placement on the farm program does not mean the same as it does on nonfarm and we separate the figure. The actual figure for fiscal 1962 on the farms was 9,028,000.

NEW PROGRAMS

During the past 2 years, with the assistance of this committee and the Congress, we have been working to develop new programs and give new vigor to established programs for coping with the unemployment resulting from a rapidly growing work force and the results of technological advances and other problems which have increased the seriousness of the unemployment situation.

When I appeared before you last year the Congress had passed the Area Redevelopment Act. Since then both the Public Works Acceleration Act and the Manpower Development and Training Act have been passed.

In the past year the Federal-State Employment Security System has been engaged in helping get these new programs into operation as quickly as possible.

You heard yesterday part of that story so far as MDTA is concerned. A very large part of the administration of that program is carried out by the State employment security agencies. A key factor in these efforts has been the U.S. Employment Service and the affiliated State employment services.

INCREASED EMPLOYMENT SERVICES

President Kennedy and the Congress, as you know, recognized early that a modernized employment service would be a more important factor in promoting economic growth, and steps were taken to strengthen and improve the public employment service.

Beginning with the funds appropriated in the spring of 1961, the improvement of the employment service was started and this effort has continued into fiscal years 1962 and 1963. It was designed to develop a fully effective manpower agency geared to resolve the

complex problems of unemployment and underemployment. Nearly 2 years of stepped-up operations have resulted in substantial increases in services to job seekers and employers, as evidenced by the increase over 1961 in placements, counseling interviews, and individuals tested. Total placements rose by 21 percent, from 5,591,000 in 1961 to 6,760,000 in 1962.

We expect to make about 6,900,000 placements in 1963 and we are estimating 7,400,000 for 1964.

Services to youth and workers displaced due to automation have been increased through demonstration projects from which we are obtaining information which will provide greater insight into the problems of these groups with the highest unemployment rates.

Also in fiscal year 1962 placements in the professional and managerial occupations increased 24.2 percent and those in the clerical and sales occupations increased 18.7 percent above the previous year.

Although much has been accomplished, the resources and facilities of the Employment Service must be made adequate to cope with the rapid growth of the labor force and to keep pace with the extraordinarily high rate of technological development which characterizes the current decade.

REORGANIZATION OF OFFICES

As I indicated to the committee last year, major reorganizations were undertaken on a cooperative basis with the State agencies to strengthen the effectiveness of the local offices in the 55 largest metropolitan areas particularly.

This involved physical separation of the Employment Service and unemployment insurance operation, extensive reorganization of the employment service facilities along industrial-occupational lines, and installation of improved management and supervision. A very substantial portion of the 4,700 positions authorized by the Congress—actually the figure was 3,200 out of the 4,700—were placed in these larger cities.

As a result of the staff additions these offices now have one employment service employee for each 4,000 wage and salary workers in a community. Previously the figure had been 5,424.

They are still not relatively as well staffed as in smaller areas where that ratio is 1 to 3,000.

All but 11 of the 55 largest areas undertook these actions and there is clear evidence that this has produced favorable results. For example, in calendar year 1962 nonfarm placements in these areas were 21 percent higher than for the previous year, which was more than double the 8 percent increase from other areas. Since the effectiveness of this kind of reorganization has been demonstrated, we are requesting additional resources in 1964 to complete the task in these 55 areas and to extend the program in about 50 of the 76 next largest urban areas, those with a population of between 200,000 and 500,000.

SPECIAL PROGRAMS FOR YOUNG WORKERS

At the same time that we extend the reorganization and revitalization of the employment offices in the larger metropolitan areas, we plan to continue a number of specialized efforts to resolve the prob-

lems of some of the special groups in the labor force. Unemployment, as you know, is not a single problem but it consists of many different problems. Efforts to alleviate unemployment likewise must be tailored and directed to these different components.

Rates of unemployment for young workers are well above those for all workers. It is about double, usually. Therefore we will continue to increase employment services for young workers. We will continue to increase the testing and counseling of youth both in and out of school. We also intend to improve our program to place those who want employment.

However, in many cases these young workers are insufficiently trained and do not have the skills required for available jobs. In these instances we shall suggest to them that they further develop their skills by taking vocational training or by going back to school to complete their education. Some of them also will be referred to apprenticeship courses.

The young workers and recent school graduates in small towns and rural areas present special problems because frequently there are no available jobs in a local community. In 1964 we propose to give these youth more assistance in finding jobs and, where necessary, in relocating to communities where more jobs exist.

The long term unemployed, many of whom are older workers who have lost their jobs because of automation and technological advances, will be given increased job finding and counseling services in 1964.

IMPROVED SERVICES FOR JOBSEEKERS

The public employment offices are charged by the Wagner-Peyser Act to offer job services to all workers and employers. Local employment offices offer jobseekers and employers a ready access to the largest and most centralized job demand and labor supply listing in the community. Any person seeking a job is entitled to ask and receive assistance from the employment service whether he is employed or unemployed, unskilled or professional, a farm laborer or technician. However, we recognize that the public employment service is usually but one of a number of facilities in the community assisting in the hiring process, particularly in the metropolitan areas.

In the course of improving our services we are making increased use of various communications media, including newspaper advertising, to alert workers to job opportunities, particularly in shortage occupations, and to inform employers of available qualified applicants. The use of these media speed up the matching of workers and jobs. A job vacancy is a loss to the individual, to the employer, and to the economy as a whole.

Every worker, whatever his occupation, has a right to expect reasonably adequate placement services from the public employment office. He should also have the privilege of using a fee-charging agency if he chooses. However, no worker should be forced to pay a fee for job-finding assistance because the public employment system is inefficient or unable to meet his needs.

SPECIAL PROGRAMS FOR YOUNG WORKERS

Some groups of workers are in much greater need of employment counseling and placement help than others. The largest such group is the current graduates of schools and colleges entering the labor market. The proper placement of these new workers is crucial for them and for the proper functioning of our economy.

President Kennedy, in his first economic message to the Congress, directed the Secretary of Labor to take the necessary steps to provide better service to job applicants registered with the employment service, and specifically indicated that this would require expanded counseling and placement services for jobseekers recently graduate from college and high school.

We have attempted to carry out this directive in various ways.

Our services might range all the way from an exchange of information with schools to occasional participation in career seminars, providing placement services on the college campus at the invitation of the institution.

The total job to be done to assure the best utilization of the Nation's work force is so great that we need the efforts of all responsible resources. Employers, professional associations, institutions of learning, the Government—all must pool their wisdom and imagination to accomplish the job.

AGENCY'S ROLE IN COLLEGE PLACEMENT

Mr. FOGARTY. I was going to ask this question later but it relates to the subject you have been discussing.

I have a letter from the president of our State university dated January 24, which I will read:

I assume that your Subcommittee of the House Appropriations Committee will be starting hearings on the budget shortly.

There is a matter in this connection which came to my attention on several occasions last fall which I thought you might want to look into. It seems that under the stimulus of the Wagner-Peyser funds, State employment service offices are being encouraged by the U.S. Employment Service to extend their professional placement activities into new areas, including college placement. I was called on last September about the matter. I am enclosing a copy of a letter covering my views, which is, I think, self-explanatory.

I am sure that the USES is operating in good faith, but if you are not already familiar with this matter and its various implications, I thought your committee might be interested in hearing the viewpoint of education and employers. If so, you will find the representatives of the College Placement Council, Inc., 35 East Elizabeth Street, Bethlehem, Pa., most cooperative in providing you with the information you wish.

With all good wishes,

FRANCIS H. HORN, *President.*

UNIVERSITY OF RHODE ISLAND,
Kingston, R.I., September 19, 1962.

MRS. ALICE WALSH,
Director, Administrative Placement,
Department of Employment Security,
Providence, R.I.

DEAR MRS. WALSH: Colonel McNichols called on me the other day to determine my reaction to the question of whether the public employment agency has a role in college placement.

At his request, I am glad to summarize my comments to him. Assuming that the definition of "college placement" intended in the question involves the first

employment after graduation and that a "major" role was implied, my answer would have to be a qualified no. This is not to say that the agency couldn't enter the field and eventually train a staff so as to do a creditable job if a decision were made to do so. My negative reaction is, however, based upon:

1. What I consider to be a basic conflict in philosophy of the employer oriented State employment service and the educational oriented college placement officer.

2. The almost certain loss of the industrial and alumni relations potentials which are extremely important byproducts of the service provided by the college placement office as it is now constituted.

3. The question as to why the Government feels the need for entering this particular segment of the employment field when those colleges which have well-established placement offices as well as the majority of the Nation's employers who hire college graduates seem to be more than satisfied with the present system.

Before going on to another point, I would hasten to add that if we were to consider the role as something less than "major" there is obviously plenty of room for cooperation between the State employment service and the college placement offices as evidenced by the written agreement of February 13, 1962, arrived at by the director of our service, Mr. Stockard, and your Mr. Mayhew.

On the positive side, as I pointed out to Colonel McNichols, there is an area of professional placement where it is quite possible that the agency could provide a real service to colleges and employers and this in the field of alumni placement. If we were to tentatively use 5 years after graduation as a cutoff point, I strongly suspect that many colleges and universities might be willing to deemphasize their activity among experienced alumni upon receipt of evidence that the agency was ready and able to take over.

Sincerely yours,

FRANCIS H. HORN, *President.*

I would like your comment.

Mr. GOODWIN. Apparently President Horn has been misinformed as to what our program is, Mr. Chairman. Some of the points made in here represent the position taken by the top officials of the college placement council with whom we have met several times.

He did not develop in here what he means by the point of a basic conflict in philosophy. I personally do not know that there is any, and I do not know why there should be, because we are interested in giving the best kind of service to the graduates of colleges and universities, and we would assume that they also are interested in the same thing.

There are several points on this that I would like to make.

The first is that we have had a policy in the Public Employment Service for many years that where there is a non-fee-charging service available, we do not wish to compete with it. In other words, this is applied not only in the college placement field, but some of the nonprofit organizations that maintain placement agencies. Our basic policy is that we do not want to compete with them, we do not want to put them out of business.

We feel we can be of help to most of them, and most of them feel that way, too. Our labor market information, to take one example, is something which their resources will not give them. They have no other way of getting this kind of information on a nationwide basis. So, most of them are very glad to get our labor market information and to exchange information on what the supply and demand looks like for these particular kinds of students or workers.

In following up on this point of not competing, our basic policy says that we will not work out any arrangement with a college or university unless invited to by them. In other words, we will not put people on the campus and we will not undertake to do any part of the

job of placement of those college people, unless we are invited to do so by the college itself.

One of the points of conflict with the college placement council was that they requested us not to furnish this service even if requested by the college. They particularly did not want us to deal with anyone on the college campus except the college placement officer. In other words, they took the position that if the president of the university invited us on for any part of this job, we should not participate in that, even though he was the responsible head of the institution.

They apparently were requesting this so they could have whatever time is needed to develop the entire field. You must remember that, although a good many of the large institutions have very efficient and very adequate college placement organizations, many schools in the country do not have. They have inadequate resources or for some reason or other they have never established a full college placement service. In many cases the colleges and universities have sought out the Public Employment Service to get some help in placement work.

So, our basic position is that if we are requested by the appropriate college authority to help, we will, within the limits of our ability to do so, but we are firmly opposed to a policy which would undertake to drive out of business the college placement service.

RELATIONSHIP WITH STATE ORGANIZATION

Mr. LAIRD. Are you talking about the States requesting this of you?

Mr. GOODWIN. The States requesting what, Mr. Laird?

Mr. LAIRD. The State offices requesting it, or are you talking about doing this yourself?

Mr. GOODWIN. This would be done by the State offices.

Mr. LAIRD. Would not this request have to come through the State?

Mr. GOODWIN. It would go to the State, and that is where the decision would be made as to whether they would give any assistance to the college or university. What I have been directing myself to, Mr. Congressman, has been the recommendations and the policy position we have taken in the Bureau.

Mr. LAIRD. But you would not have anything to do with this work, would you?

Mr. GOODWIN. We would not actually do the placement work, no, but we furnish the funds and we take the policy position on what should or should not be undertaken.

Mr. LAIRD. If a State did not want to undertake it, you cannot force them to.

Mr. GOODWIN. No. That is correct, as we actually operate.

I should make clear that the Wagner-Peyser Act provides that each State in order to get Federal assistance must submit a plan of operation. In the acceptance of this plan the State agrees to abide by Federal policies and regulations. However, the way these questions really get settled is by consultation and negotiation.

Mr. LAIRD. You were talking as if you were establishing the program. Under the law, you are not supposed to establish any programs in the States.

Mr. GOODWIN. I was talking, as I indicated, to the policy position that we have taken.

Mr. LAIRD. You can state policy, but if a State does not want to do it, certainly you cannot force them to do it.

Mr. GOODWIN. That is right, in the sense that I indicated before, and we have not attempted to do it.

Mr. LAIRD. You are not supposed to be doing that in any program, are you?

Mr. GOODWIN. The Federal laws give us some areas in which we set standards, yes.

Mr. LAIRD. If a State group does not want to go into this area or any other area, you would not say, "You must go into it."

Mr. GOODWIN. No. That is right, in the sense that I explained earlier. We might recommend that they go into some areas, but in this area——

Mr. LAIRD. If they turn down your recommendation, that is the end of it, is it not?

Mr. GOODWIN. In this particular area it would be; yes.

Mr. LAIRD. Is that not true of most of these programs? If they do not want to do it, you are not going to force them to do it.

Mr. GOODWIN. That is true in most of the program items, as we actually operate, I would say; yes. Take unemployment insurance, however. The Federal law sets up definite standards that the States are required to meet. If they do not meet them, it becomes a matter of conformity with the Federal law.

Mr. LAIRD. Those are very general standards. At least, the committee reports certainly give every discretion to the State.

Mr. GOODWIN. No; that is not correct, Mr. Congressman. They are not very general. They do not cover certain very important areas, including benefit amount and duration. But take, for instance, the matter of a fair hearing, if a State sets up regulations which in effect deny a fair hearing to beneficiaries under unemployment insurance, then that is in violation of Federal law.

Mr. LAIRD. That is very specific in the law.

Mr. GOODWIN. Yes.

Mr. LAIRD. But you were talking about college placement in your response to the chairman. It seemed to me you indicated this was something you could direct. I did not think it was anything you could direct.

Mr. GOODWIN. No; but you remember the letter to which I was responding accused the Federal bureau, in effect, of having certain views. I was explaining what our views were and what we had recommended to the States.

Mr. LAIRD. But each of the 50 States could have rejected your views and you could not have done anything about it.

Mr. GOODWIN. This is true in part, but if, for instance, the State undertook to use money for purposes that were not set forth in the allocation to them, we could do something about that. For instance, if a State decided to set up a college placement office that was going to be excessive in cost and was outside of the policy position that we have taken.

Mr. LAIRD. You mean if it went beyond that as far as costs?

Mr. GOODWIN. That is right.

Mr. LAIRD. But if they were smaller as far as costs are concerned, you could not do anything about it.

Mr. GOODWIN. If they refused to do anything at all about a college placement program, even though requested by the colleges in that State——

Mr. LAIRD. Or requested by you. You could not do anything about it.

Mr. GOODWIN. Normally, this would be a matter of recommendation that we would make to them. If they did not do it, we would do nothing about it.

(See page 304 for further discussion on this subject.)

Mr. LAIRD. That is all, Mr. Chairman.

Mr. FOGARTY. Proceed, Mr. Goodwin.

PROTECTION OF DOMESTIC JOBS FROM ALIENS

Mr. GOODWIN. Another area which we intend to emphasize in 1964 is the protection of job opportunities of domestic workers by a closer scrutiny of applications of aliens who enter the United States for permanent residence under Public Law 414. We had proposed to increase this scrutiny for both agricultural and nonagricultural occupations in 1963, but were unable to go ahead with it within the amounts appropriated. Our requests for 1964 will permit us to investigate cases involving a single alien. Presently, we are investigating only those cases involving 25 or more aliens who wish to enter the country to take available jobs.

PLACEMENT OF DOMESTIC WORKERS IN FARM JOBS

For 1963 we requested funds to initiate an all-out drive to increase the number of domestic workers placed in farm jobs. Although we did not receive the full amount requested, we were able to step up our efforts in 1963. In 1964 we plan to increase further our efforts to place more domestic workers in these jobs.

On the farm we also made a substantial improvement in the operation of the Mexican program this last year. I shall discuss that at greater length when we get on to the Mexican program.

Mr. FOGARTY. Yes. Let us keep that all at one place.

Mr. GOODWIN. Objectives of the Farm Labor Service include achieving greater continuity of employment for migrant workers, and giving farm employers who are distant from labor supply areas greater assurance of a reliable and adequate seasonal work force.

PRESIDENT'S COMMITTEE TO APPRAISE EMPLOYMENT AND UNEMPLOYMENT STATISTICS

The President's Committee to Appraise Employment and Unemployment Statistics is an item of increase in the State grant budget. The President's Committee, appointed in October 1961, made a detailed analysis of the Nation's programs for measuring employment and unemployment. They reported that statistics currently collected are valid, but need to be expanded because they are inadequate for use in planning and operating National, State, and local economic and manpower programs.

I am sure you and Dr. Clague covered this particular part of the budget in terms of the general objectives. I should like to say here merely that our part of it has to do with the area and State statistics. The employment security system is the major source of all area and State employment and unemployment statistics, and the Gordon committee report spent a good deal of time considering the problems involved in this area and recommended a number of improvements in area and State statistics, all tied to employment security statistics. We are asking for some increases to improve that particular program.

UNEMPLOYMENT INSURANCE WORKLOAD

On unemployment insurance, our requests are based on an estimate that insured unemployment in 1964 will decline to an average of 1,600,000 per week.

In developing our estimates for fiscal 1964, we assumed that the gradual expansion of the last year would continue and that the economy during fiscal year 1964 would show a moderate but broad overall upward movement. We also assumed that the consequent steady growth in employment opportunities will be accompanied by low layoff rates and that, as a result, volumes of insured unemployment will trend downward between now and the end of fiscal year 1964. These assumptions lead to an estimate that average weekly insured unemployment will be 1,600,000.

However, our experience in recent months makes this assumption seem somewhat optimistic. In fact, this experience has already led us to revise upward, from 1,700,000 to 1,800,000, for the current fiscal year, 1963.

We are hopeful that the improvements anticipated in the months ahead will reverse this movement and bring the volume of insured unemployment down to the 1,600,000 per week which we are estimating in our request.

Unemployment insurance operations in the State agencies will reflect a net decrease in positions from the 1963 level, with the estimated decrease in benefit claims processing offsetting the increase required because of added coverage, and the requested improvement in claims-taking operations.

We are requesting some funds to improve the claims-taking operations of the State agencies during 1964. Over the past few years, the enactment of additional Federal programs, the adoption of increasingly complex State laws governing entitlement to benefits, and the growth of private pensions, paid holidays, and vacation plans, which often are considered in determining the amount of weekly unemployment insurance benefit payments, have caused complications in the claims-taking procedures of the unemployment insurance program.

HIGHER SALARIES OF STATE EMPLOYEES

Finally, Mr. Chairman, I should like to comment briefly on the proposed increases for postage costs, State agency salaries, and nonpersonal services. The last session of the Congress increased postal rates, and this action will increase the costs of State administration by $1,725,000 for 1964.

The average salary paid to State employment security agency employees continues to rise, as do State salaries generally. We now estimate that for 1964, the average annual salary rate will be $5,301. This will require an increase of $22,197,000 above the appropriation for 1963. A part of this increase, $11,259,000 is required to pay for the cost of the 1963 allocated salary rate and a part, $10,938,000, is required to pay for (1) statewide compensation plan increases which will be financed by the contingency fund in 1963 but which becomes part of the base salary rate for 1964, and (2) for within-grade step increases which will be paid the State agency employees during 1964.

HISTORY OF 1963 BUDGET CUT

I should like to explain further the $11,259,000 part of the increase. The appropriation request for 1963 was based on an estimated salary rate of $5,020. By the time the appropriation bill had passed the Senate in the reduced amount of $405 million, it had become apparent that the $5,020 salary rate would be inadequate, primarily because State governments had increased employee salaries generally in amounts larger than we had estimated. Accordingly, we advised the Senate committee that the increased salary rate above $5,020 would be financed from $7 million of unencumbered balances of funds granted to the State agencies prior to 1963. However, the committee of the conference further reduced the appropriation by $5 million, to $400 million.

As we interpreted the conference committee action, it was based on an assumption that salary rates would not go as high as anticipated, and that the program increases approved by the Senate could be obtained with the lesser amount approved by the conference. However, this was not the case.

Mr. LAIRD. How did you make that interpretation?

Mr. GOODWIN. From the language of the conference report.

Mr. LOVE. The conference report, on page 6, reads as follows:

> The Department reports that $20,590,000 of the Senate allowance is required to meet increased State salaries, while only $7,200,000 of the 1962 appropriation was budgeted for the same purpose. The committee of conference questions the need for this large an increase.

We assumed when we reported to them that instead of needing $13,590,000 which the budget had for salary increases between 1962——

Mr. LAIRD. We did not say all the reduction was for salary increases.

Mr. LOVE. This $20,590,000 was the figure we had reported to the Senate committee in "the effect of Senate action" as our revised estimate of the difference in salary costs between 1962 and 1963. There was no other figure than $20,590,000 available.

Mr. LAIRD. As far as that figure is concerned, but I do not think the decrease would add up to that figure.

Mr. LOVE. Our interpretation of this language was that the conferees were skeptical that salary rates would go as high as we said, and therefore the program could be carried out for a lesser amount. This is our interpretation of it.

Mr. LAIRD. I do not think your interpretation is correct, but go ahead, Mr. Goodwin.

ACTION TAKEN TO MEET INCREASED SALARY COSTS

Mr. GOODWIN. To carry out the total program approved by the Senate required a number of positions which could not be financed out of the $407 million estimated to be available because the resultant salary rate was below that required by the State agencies. We were able to meet this problem in the following manner. By the time the committee of conference reported on July 31, 1962, the State agencies had advised us that they had balances of unencumbered funds (from fiscal years prior to 1963) totaling $11,259,000, instead of the $7 million which we had estimated earlier and given to the Senate committee. To meet the deficiency in the salary resulting from the reduction by the conference committee, we used the additional $4,259,000, and also adjusted downward requested program increases by $741,000. With the use of this $11,259,000 of unencumbered balances in the State agencies, we were able to allocate an average salary rate of $5,126 for 1963. The actual salary rate reported by the State agencies for November 1962 was $5,182.

Our final nonprogram increase, $2,100,000 for nonpersonal service items, is required to cover the rise in the cost of goods and services, primarily rental increases.

LEGISLATIVE LIMITATION ON GRANTS TO STATES

One other problem which I would like to call to the attention of the committee is that title IX of the Social Security Act still contains a $350 million limitation on the total amount to be granted to the States for unemployment compensation and employment service administration. This budget is therefore submitted with $82,570,000 "Under proposed legislation." Legislation is being submitted to the Congress to permit us to obtain the necessary funds for the operation of the program. It should be noted that the $350 million limitation has been inadequate since its enactment, and it has been necessary for the Congress to temporarily raise the limitation each year to cover the necessary costs of the State agencies.

Mr. Chairman, this concludes the statement on the State grants. I wish to ask what your preference is at this time. Do you wish to ask questions on this statement or go to the next one, which is unemployment compensation for Federal employees and ex-servicemen?

Mr. FOGARTY. The way we have done before, we went through everything except the Mexican labor program, and then opened it to questions, and took the Mexican labor program separately.

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. GOODWIN. On the appropriation request for unemployment compensation for Federal employees and ex-servicemen, we are requesting $119 million. This is a decrease of $10 million below the current appropriation for 1963, and is $22 million less than the amount that we now estimate will be expended for these payments in 1963.

As State-insured unemployment has risen in 1963, the volume of payments in these two programs has also increased. Therefore, in the

President's budget it was indicated that a supplemental appropriation for $12 million would be submitted to the Congress for a 1963 total of $141 million. The 1964 request for $119 million is based upon an estimate that economic conditions will improve during the remainder of the fiscal year and that State-insured unemployment in 1964 will average 1,600,000 per week. That is 200,000 less than we anticipate for 1963.

As you know, these benefit payments to unemployed Federal employees and ex-servicemen are mandatory under title XV of the Social Security Act, and the moneys appropriated by the Congress for this purpose cannot be used for any other activity.

Salaries and Expenses of the Bureau of Employment Security

I go next, Mr. Chairman, to the statement on the salaries and expenses of the Bureau of Employment Security.

On this appropriation request, with the exception of activities relating to implementing the Gordon Committee report, we are asking for no program increases for 1964.

On the Gordon Committee report, I indicated a while ago how much the Employment Security system is called upon to furnish most of the area and State statistics. This report made a number of specific recommendations on improvements that should be made in these area statistics.

Increasing use is being made of this information for the special manpower programs at the National, State, and local levels. The Department of Defense has been using this information for a good many years now in connection with the placement of military procurement. The information is being used by the area redevelopment program and was written into law in the Public Works Acceleration Act.

The Gordon Committee report said, in effect, that there has been an increasing use of these data, but they have some weaknesses that should be corrected, particularly in view of the fact that we can expect a continuing expansion of the use of the information.

One of the major areas in which they want either more information or better information is information on unfilled jobs. The local offices now gather a good deal of information in the day-to-day operation of their local offices, but this information is not gathered on a completely uniform basis. It is not the kind that can be used to come to conclusions about national programs. One of the conclusions of the Gordon Committee was that we needed to do some basic research on improvement of this particular type of information.

In addition to the job vacancy data, they wanted us to improve our information on occupations, particularly as they relate to areas and States, and they wanted us to round out our system of reporting in the different areas. We now do not cover all of the areas in our regular reports on employment and unemployment, and they have asked us to round out our program of reporting in those areas.

This program will require a total of $620,000 in our estimate to the budget. However, it is only 22 positions. Most of this money will be used to purchase services from the Bureau of the Census. We are asking for $400,000 to purchase services from the Bureau of the

Census, and the remaining $220,000 will finance 22 positions that are being requested.

The remaining amounts in our Salaries and Expenses budget are not connected with program increases. We are requesting $851,200 for the pay increase allowed in Public Law 87–793, [and] for the 2 extra working days in 1964; and for a reclassification of the clerical staff of the Veterans' Employment Service.

VETERANS' EMPLOYMENT SERVICE

The next item we have is the Veterans' Employment Service, and Mr. Omohundro is here to present that.

Mr. FOGARTY. Mr. Omohundro, first, I want you to know I have a letter from the Veterans of Foreign Wars endorsing your program, and also saying a good word about you, which I will place in the record at the conclusion of your statement. Go right ahead.

GENERAL STATEMENT

Mr. OMOHUNDRO. If you have no objection, Mr. Chairman, may I submit my statement for the record and give some remarks off the cuff.

(The statement and letter referred to follow:)

REMARKS OF EDWARD L. OMOHUNDRO, CHIEF, VETERANS' EMPLOYMENT SERVICE

Mr. Chairman, I want to express my appreciation for this opportunity to again appear before your committee to tell you of our plans for operation of the Veterans' Employment Service in 1964. Although our request represents an increase of $165,000 over 1963 for a total of $1,565,000, none of it is for increased staff. Additional funds requested for 1964 are $142,700 to defray the cost of the pay increases resulting from the Classification Act Amendments of 1962, $10,300 for the 2 additional workdays in 1964 over 1963, and $12,000 for the cost of the reclassification of the field secretarial positions.

The Veterans' Employment Service, through the Secretary of Labor, is charged with the responsibility for carrying out the intent and purpose of the Congress to provide an effective job counseling and placement service for veterans and for promulgating and administering policies which will provide veterans with the maximum job opportunity in the field of gainful employment. It also provided for the assignment to each State of veterans employment representatives to effectuate, through the State and local offices, the physical processes of counseling and placing veterans.

In carrying out these responsibilities in 1964, State veterans employment representatives will strive to continue to influence the States to improve services furnished veterans at the local employment office level by:

1. Working with State employment service staff in developing and preparing policies and procedures and in obtaining information to carry out an effective employment program.

2. Evaluating the effectiveness of local office operations in furnishing adequate job counseling, testing, registration, and placement services to veterans, paying particular attention to the services provided disabled veterans. Evaluation of local office service to veterans will be accomplished through:

(*a*) Personal visits to local offices.
(*b*) Review of local and State office narrative reports.
(*c*) Analysis of local office and State statistical records.
(*d*) Personal discussions with State officials and supervisory staff.

Veterans employment representatives will continue their efforts to obtain and furnish information on available job openings and employment opportunities to local veterans' organizations, posts, and chap-

ters for dissemination to veterans. They will also continue to work with individual veterans in solving their employment problems.

Another important work area of the veterans employment representatives is in promoting employment opportunities for veterans, especially disabled veterans, through personal contacts with employers, veterans' organizations, civic associations, and governmental units.

Veterans employment representatives prepare informational, educational, and public relations materials designed to develop more job opportunities and to stimulate the interest of the public in veterans' problems. They also prepare and deliver talks before employer groups, labor unions, service organizations, and community associations to develop interest in training and retraining veterans.

In addition, Veterans employment representatives will actively participate on both the National, State, and local levels in programs for Employ the Handicapped Week, Hire the Older Worker Week, and other organized job promotion activities through award programs to employers and workers. They will give special assistance to veterans organizations in the selection of employers and workers to receive recognition because of their outstanding efforts in the hiring of, or securing jobs for, older and physically handicapped veterans. They will work with State agency personnel in preparing publicity materials and in obtaining newspaper, radio, and television coverage for these award programs.

The Veterans Employment Service will continue to maintain cooperative relationships with the Veterans Administration, Bureau of Veterans Reemployment Rights, United States Civil Service Commission, Office of Vocational Rehabilitation, Post Office Department, and other Federal and State agencies and community groups to improve placement opportunities of rehabilitated veterans and to assist all veterans in problems related to employment. We will continue to facilitate the placement in jobs of patients being released from Veterans Administration hospitals. We will advise veterans of employment opportunities with the Federal Government and of procedures for applying for such jobs, as well as their rights and benefits under the Veterans Preference Act.

Veterans' Employment representatives will continue to serve in an advisory capacity to veterans organizations, committees, and commissions on interpretation of existing laws and regulations affecting veterans in the fields of training and employment.

The Veterans' Employment Service will prepare reports on current labor market conditions and other facts relating to the employment of veterans for distribution at the State and national conventions of the four major veterans organizations as well as at State and district conferences.

We will also prepare an annual report for all State and national offices of veterans organizations on employment services provided veterans. [It might be of interest to note that there are currently about 22.3 million veterans, and that almost 44 percent of the total U.S. population are veterans or members of veterans' families, a total of 81 million persons.]

Again, Mr. Chairman, I am very pleased to be able to report to you and the members of this committee that the major veterans organizations—the American Legion; American Veterans of World War II and Korea; Disabled American Veterans; and the Veterans of Foreign Wars—have expressed their confidence and appreciation for the accomplishments of the Veterans' Employment Service, Bureau of Employment Security, and the State employment services in the area of services furnished veterans by passing resolutions at their last national conventions which endorsed the principle of special employment efforts for veterans.

LETTER FROM VETERANS OF FOREIGN WARS

VETERANS OF FOREIGN WARS OF THE UNITED STATES,
Kansas City, Mo., February 5, 1963.

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

DEAR MR. FOGARTY: This is to request your support of sufficient funds to finance the operations of the Department of Labor's Bureau of Employment Security and its Veterans' Employment Service which is scheduled for your consideration in the near future.

It is understood that approximately $1,565,000 will be requested by the Department of Labor to carry out the Veterans' Employment Service for the next fiscal year. This program originated under the GI Bill of Rights of 1944 and has been an extremely effective and helpful program in job counseling and employment for veterans throughout the Nation.

Enclosed is copy of VFW national resolution No. 33, entitled "To Maintain an Adequate Employment Program for Veterans," which was unanimously approved by the delegates to our last national convention which was held in Minneapolis, Minn., August 12 through 17, 1962. Your attention is directed to the second resolve clause which urges that "sufficient funds shall be appropriated by the Congress to finance the U.S. Bureau of Employment Security, the U.S. Veterans' Employment Service, and State employment security agency * * * insofar as it concerns employment for war veterans."

The Veterans' Employment Service also performs another valuable service in its participation in employment and rehabilitation programs sponsored by the VFW from time to time throughout the year in all parts of the country. With the average age of the World War II veteran now approaching 45, many veterans are having extreme difficulty in obtaining employment, particularly those who have been displaced due to technological and other changes in our society. Veterans need the services of the Veterans' Employment Service more now than ever before, especially the unskilled and semiskilled.

Your support of sufficient funds to carry out this service will be deeply appreciated by the Veterans of Foreign Wars of the United States.

Sincerely yours,

FRANCIS W. STOVER,
Director, National Legislative Service.

RESOLUTION NO. 33—TO MAINTAIN AN ADEQUATE EMPLOYMENT PROGRAM FOR VETERANS

Whereas it has been the long-established policy of the Veterans of Foreign Wars to promote a program of maximum employment for all war veterans; and

Whereas the Servicemen's Readjustment Act of 1944, as amended, provides for the establishment of facilities for adequate counseling and placement service for all war veterans; and

Whereas the U.S. Department of Labor has the legal responsibility to establish polices for carrying out provisions set forth in the "GI Bill," as amended; and

Whereas the U.S. Bureau of Employment Security, U.S. Veterans' Employment Service, and State employment security agencies have been mandated to carry out these policies provided by the "GI Bill," as amended: Now, therefore, be it

Resolved by the 63d National Convention of the Veterans of Foreign Wars of the United States, That, through appropriate Veterans of Foreign Wars officials, full support be given to the Federal and State agencies in their efforts to better serve the employment needs of war veterans; and be it further

Resolved, That the Commander in Chief and National Legislative Service be urged to insure that sufficient funds shall be appropriated by the Congress to finance the U.S. Bureau of Employment Security, the U.S. Veterans' Employment Service, and State employment security agencies to enable these agencies to carry out the provisions of the Servicemen's Readjustment Act of 1944, as amended, insofar as it concerns employment for war veterans.

Adopted at the 63d National Convention of the Veterans of Foreign Wars of the United States held at Minneapolis, Minn., August 12–17, 1962.

IMPROVEMENT IN JOB PLACEMENTS

Mr. OMOHUNDRO. The expansion program of the Bureau of Employment Security, we believe, also has benefited the employment services to veterans through the actions which have been taken in the local offices in making better type job placements for veterans. By that I mean more permanent type jobs and jobs in the professional and managerial occupations.

Last calendar year, job placements for veterans increased 8 percent over 1961, and the increases were noticed in all occupations. However, the greatest increases occurred in the professional, managerial, skilled, and semiskilled occupations.

We believe the improvement can be attributed to a large degree to the better image that is being created for the employment service and the local employment offices, and also to the effort to get a better qualified veteran applicant into the local public employment office. Another contributing factor is the fact that we are getting better identification of the veteran applicant who is seeking employment. A year ago we began to find many veterans were not being properly registered when they applied for work at the employment office. I am happy to report this has been corrected.

INCREASED AGE OF VETERANS

All in all, we have been fairly well pleased with the current accomplishments. However, the task ahead of the Veterans' Employment Service is and will be becoming increasingly difficult because of the aging factor. I mentioned to you last year and I would like to reemphasize again this year, the average age of the World War II veteran is now 44 years. It is obvious they are not as salable as they were in the past. Understanding the volume of the load, recognizing that veterans still make up one-half of the male working force in today's labor market, we feel that a closer review of the local office operations definitely is needed to assure that the veteran receives the maximum job opportunities to which he is entitled.

Another factor that will have a bearing on our future operations concerns the increasing number of retired career military personnel. The current rate of retirement is approximately 50,000 a year. Most of these men are in the 40 to 44 age category. All of them are veterans.

These men will not have a sufficiently livable income and will have to seek a second career in a civilian occupation. They will have difficulty in evaluating their military experience and will need special assistance. We are already beginning to receive requests from the Department of Defense and the various branches of the service for some help in this area. At the present time we are planning to give it some emphasis this year, and it probably will need consideration through the remainder of the 1960's.

Mr. Chairman, that is all I have to offer at this moment.

BUDGET INCREASE

Mr. FOGARTY. What about your budget? You say your request represents an increase of $165,000 over 1963 for a total of $1,565,000, but none of it is for increased staff.

Mr. OMOHUNDRO. That is right, sir.

Mr. FOGARTY. What is it for?

Mr. OMOHUNDRO. It is for the increase due to the pay raise, for the additional two workdays, and $12,000 for the reclassification of our secretaries.

UPGRADING SECRETARIES

Mr. FOGARTY. Are you giving them a raise in grade?

Mr. OMOHUNDRO. Yes, sir. We conducted a survey to determine the responsibilities that the secretaries in our field positions have. We found that with the responsibilities that we placed on them, they were far below the salary grade of other Federal employees in secretarial positions of an equivalent level as well as the State employees who are secretaries and have equivalent responsibilities. We brought this to the attention of the Office of the Director of Personnel, and he asked us to rewrite the job descriptions, which we did and which resulted in this reclassification.

Mr. FOGARTY. Have you been in contact with the Civil Service Commission on this?

Mr. OMOHUNDRO. Yes, sir, this was all approved by the Civil Service Commission.

Mr. FOGARTY. It has been approved right down the line?

Mr. OMOHUNDRO. Yes, sir.

Mr. FOGARTY. You have an 8-percent increase in placements in 1962 over 1961. That is the latest figure.

Mr. OMOHUNDRO. Yes, sir. That is a calendar year figure.

Mr. FOGARTY. I think you are doing a very good job.

Have you any questions on the Veterans' Employment Service at this time?

Mr. LAIRD. No questions.

Mr. MICHEL. No questions.

Mr. FOGARTY. Thank you very much, Mr. Omohundro.

Now we shall get back to you, Mr. Goodwin.

CITATION OF MERIT FOR MR. GOODWIN

First, I have something here that I thought was worthy of mention. This is one of former Secretary Goldberg's press releases of last June. I think it is worth while reading:

LABOR DEPARTMENT OFFICIAL RECEIVES HIGH HONOR

The International Association of Personnel in Employment Security tonight gave its highest award to Robert C. Goodwin, Administrator of the Labor Department's Bureau of Employment Security, for "notable and unselfish service to the employment security program, while serving with outstanding leadership, vision, and ability."

The presentation of the award, "citation of merit," was the highlight of the group's 49th annual convention meeting this week in Des Moines, Iowa. Last year at the association's convention in Washington, D.C., the honor was conferred on the Honorable Lister Hill, senior Senator from Alabama.

Following the presentation Edwin F. Fultz, president of IAPES, as the organization is more familiarly known, read a telegram from Secretary Arthur J. Goldberg.

"I am pleased to learn that the International Association of Personnel in Employment Security has selected Robert C. Goodwin to receive its highest citation. I agree with you that Mr. Goodwin has made an outstanding contribution to the Nation's workers and employers through the employment service and the unemployment insurance programs. And he will be especially happy because such an honor is accorded him by you, his coworkers. During my association with Mr. Goodwin I have come to respect his quiet but efficient method of accomplishment. It is in recognition of his ability that I appointed him Administrator of the reorganized Bureau of Employment Security and designated the Bureau as the manpower operating arm of the Department of Labor. Please convey to Bob Goodwin my congratulations and warm personal regards."

Robert C. Goodwin has served for more than 30 years in public employment service and unemployment insurance programs.

In February of this year Mr. Goodwin, then Director, was named Administrator of the Bureau of Employment Security when Labor Secretary Arthur J. Goldberg announced reorganization of the Bureau and officially designated it as the manpower operating arm of the Department.

Mr. Goodwin has headed the Bureau of Employment Security with its two principal programs—the United States Employment Service and the Unemployment Insurance Service—since 1948.

During the Korean war, Mr. Goodwin was named executive Director of the Defense Manpower Administration, U.S. Department of Labor.

In 1945, he was appointed executive Director of the War Manpower Commission, Washington, D.C. For this service he received the Medal of Merit—the highest Presidential civilian citation. After the war, he was named Director of the United States Employment Service.

Prior to his Washington service, Mr. Goodwin served as regional director of the Social Security Board, Cleveland, 1939–42; and regional director of the War Manpower Commission, Cleveland, 1942–45.

He began his career in the Public Employment Service as a supervisor in Cincinnati in 1930.

Mr. Goodwin makes his home in Washington at 5304 Broad Branch Road NW.

Mr. FOGARTY. I want to commend this group for taking notice of your past service and very considerable contribution to our country.

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

GRANTS TO STATES

Mr. FOGARTY. For Grants to States, the appropriation for 1963 is $400 million. The request for 1964 is $432,570,000, an increase of $32,570,000.

LEGISLATION TO RAISE LIMITATION

You mentioned in your statement, and we mentioned to the Secretary yesterday, that the legislative limitation is $350 million, and the Secretary told us yesterday that no legislation has been introduced as yet to try to get this raised. What is in the mill?

Mr. GOODWIN. The Secretary is planning to discuss this with Chairman Mills, of the Ways and Means Committee, within the next few days. We had a recommendation in last year, Mr. Chairman, which was based upon a formula, a certain percentage of the income coming in from the tax being reserved for the loan fund and the rest of it being available for administrative costs.

Mr. FOGARTY. That was not clear to the committee, so I think you should go into that in some detail.

Mr. GOODWIN. This particular recommendation was affected by a revision in the estimates of tax receipts. After we made that recommendation, the Treasury Department revised its estimate of tax receipts down by $5 million. So, the recommendations we had would not be adequate for more than 2 or 3 years.

INADEQUACY OF PRESENT TAX BASE

You see, basically the problem that we have and the situation in which we are caught is that we have a $3,000 tax base. When that was passed in 1939, it represented about 99 percent of all wages, but now it represents less than 65 percent of all wages. So, unless we can get some adjustment of the tax base, the amount of money that can be produced by the $3,000 limitation will continue to go down in relation to costs.

On the other hand, the program is continuing to expand and is becoming more complicated. An example of the expansion is what we have been required to do by way of expanding the Employment Service. We have increased our appropriation there very substantially in the last few years, and I think those will continue to go up.

What Secretary Wirtz has in mind, as I understand it, is to discuss these problems with Chairman Mills within the next few days and see if we can come to an agreement with him on what is required. I imagine what will be needed for this year is a simple solution which will take care of our problem this year and will give us a little more time to work out the more complicated problem. The complicated problem is really tied to the wage base problem. Unless that can be solved, we have no long-term solution.

EFFECT OF $350 MILLION LIMITATION

Mr. FOGARTY. The practical matter before us is that we increased this limitation in conference last year to $400 million. We may not be able to do that again because, as you know, that is legislation in an appropriation bill. What will happen if you get only $350 million?

Mr. GOODWIN. If we get only $350 million, we are in real trouble. This would mean we would be called upon to reduce the number of employees in the States by about 10,000. Our estimate actually is that they would be reduced by 10,300.

Mr. FOGARTY. What effect would that have on the program?

Mr. GOODWIN. This would wipe out most of the increases we made in the Employment Service in the last 2 or 3 years, and it would mean a reduction in the unemployment insurance employees by about 4,900 jobs. This would mean the States would be paying claims when they were not justified.

Mr. FOGARTY. I see you have a detailed statement on this. Will you put that in the record?

Mr. GOODWIN. Yes.

(The statement follows:)

EFFECT OF $350 MILLION LIMITATION ON FISCAL YEAR 1964 OPERATIONS

The grants to States request for 1964 is $432,570,000 of which $82,570,000 is in excess of the $350 million limitation on this appropriation contained in title IX of the Social Security Act. A fixed amount ceiling which does not provide for the continuing rise in the cost of goods and services, for the greater number of employers and workers needing employment and unemployment insurance services each year, and for providing a greater degree of services to aid in promoting economic growth, is unworkable. In fact this limitation has never been operative since it was enacted as one of the social security amendments of 1960. The appropriations for 1961, 1962, and 1963 have all been in excess of $350 million and there has been a temporary lifting of the limitation to a specific higher amount in each of those years—1961, $385 million; 1962, $415 million; 1963, $400 million.

The effects on our 1964 proposed programs provide dramatic examples of the consequences of such a limitation. Absorbing a cut of $82,570,000 would require a reduction of 10,300 of the 58,655 positions requested, most of which are already on the payroll, and elimination of the contingency fund. In the face of such a drastic cut, we would still attempt to maintain a balanced program of employment and unemployment insurance services.

In the unemployment insurance program there is substantial evidence that some payments are being made in error because the claims taker is under pressure to speed up the interview and, as a result, pertinent facts affecting eligibility are not being disclosed. We have proposed a start on improving claims-taking operations in 1964 by providing more time to selected State agencies which had made evaluations of this problem and had developed specific proposals for improvements.

Also, in 1964 the State agencies will have to process the tax returns of 50,000 more employers than in 1963 and the wage records of 800,000 more workers. We would not be able to finance the 300 positions requested for this work in 1964 within the $350 million limitation. More serious however, would be the reduction in the number of positions requested for ongoing unemployment insurance operations in 1964. About 4,900 of the 30,400 positions requested would have to be eliminated.

Claims for unemployment insurance are required by law to be processed and payments made to eligible individuals. There would be no diminution of the workload which is controlled by the number of claims filed, at the same time the reduction in staff would mean a very substantial lessening of the time available for this work. The resultant required speedup in claims processing could only result in a greater number of erroneous payments to ineligible claimants. Since benefit payments in 1964 are expected to total $2,770 million, only a very small increase in the rate of erroneous payments could result in a loss to the unemployment insurance trust fund which would more than offset the savings in administrative costs. The reductions in staff which would have to be made in the tax collection and enforcement activities could result in substantial loss of tax income to the unemployment insurance trust fund. In 1964, tax collections are expected to amount to $2,554 million.

On a number of occasions President Kennedy has stressed his desire to have the U.S. Employment Service increased in size and improved in scope so that it can become a key factor in the local job markets. It is the purpose of his administration that the local employment offices constantly study and be aware of labor market developments. It is also the administration's purpose that the local employment offices take every action they can to speed up the placement of workers, to promote and guide education and training consistent with current and anticipated labor market developments, and to promote economic growth.

President Kennedy has requested additional funds for the State and local employment offices in each year of his administration—1961, 1962, 1963, and 1964. By 1963, some 4,700 additional positions had been added to their staffs.

Recruiting for these was substantially completed by the end of calendar year 1962. Results have been good to date. One measure is the increase in the number of placements. In fiscal year 1962, 6,800,000 placements were made, 16.4 percent more than in fiscal year 1961 and the highest number since World War II. We expect even better results as State employment service operations are overhauled, reorganized, and revitalized. For 1964 we propose to continue the buildup of the employment service by adding 1,100 more positions. If we are required to live within the $350 million limitation, not only will this program of providing better and more employment services to our citizens not go forward, it will regress. The current employment service staff of 24,000 would have to be reduced by about 3,400. This would be a loss of about 72 percent of the employees added during this administration. Such a staff loss would not only disregard the stated requests of President Kennedy, but would destroy the efforts for program improvement undertaken by the Bureau and the State employment services.

The elimination of the contingency fund which provides funds for processing increased claims and benefit workloads, the cost of State law changes, and for statewide compensation plan increases would severely affect State agency operations. For example, without assurance of additional funds the agencies would be reluctant to hire additional employees when the volume of claims rose. This would result in delays in the payment of benefits to claimants and defeat the purpose of the unemployment insurance program. It would be necessary to seek supplemental funds for all three of these purposes and there would be long periods of uncertainty of obtaining financing for these costs with a predictable resultant effect of operations.

BUDGET DECREASES

Mr. FOGARTY. To make up the net increase of $32 million requested, there are mandatory increases of over $27 million, program increases of over $10 million, and decreases of $5,172,000. The decreases are based on a decrease in the unemployment insurance operations, is that correct?

Mr. GOODWIN. Yes.

Mr. FOGARTY. That is not a really big reduction, is it?

Mr. GOODWIN. No; it is $4,612,000 in one item, $560,000 in another item.

Mr. FOGARTY. In the overall program, it is not very large. You don't expect much reduction in unemployment.

Mr. GOODWIN. No; it is not large. You see, this is tied to an estimated reduction of 100,00 claimants.

JUSTIFICATION OF INCREASES

Mr. FOGARTY. Your program increases are set forth on pages 10 and 11. Will you go down the list and tell us why each is necessary? Give us a brief statement.

CORRECTION OF CLAIMS-TAKING INADEQUACIES

Mr. GOODWIN. The first one is on improvements in the unemployment insurance operations. We think the increases here are necessary to carry out remedial actions and improvements in the unemployment insurance operation, to correct some of the inadequacies that have turned up in the claims-taking process.

Mr. FOGARTY. Give us a couple of examples of these inadequacies.

Mr. GOODWIN. We have gotten more complicated laws, and the factor I mentioned a while ago, the different kinds of payments that

must be taken into account. We have made some checks on the accuracy of the unemployment insurance claims process. There has been a very sharp increase in the relative frequency of cases in which claimants were overpaid through error.

Mr. FOGARTY. You have other examples in the justifications.

Mr. GOODWIN. Yes.

Mr. FOGARTY. Put them in the record, please.

(The information requested follows:)

1. In a test project in six different States, an experimental questionnaire completed by claimants indicated that claims takers had failed to detect as many as one-half of the instances in which a claimant should have been referred to an examiner for thorough questioning on his availability for work.

2. In another group of six States, 90 percent of errors in amounts paid to claimants were due either to personnel failure in administration or to failure of the process to elicit complete or correct information from claimants. Prominent among the personnel failures were payments for the waiting period or for periods during which the claimant was disqualified or after his rights had expired, and failure to deduct earnings or other deductible items reported by claimants.

3. Evaluations of State operations by Federal personnel have revealed such frequent weaknesses as (*a*) failure in 29 States to follow procedures for assuring the identity of each person claiming benefits, (*b*) failure in 12 States to act upon notices by the employment service of job refusals or other results of placement efforts, and (*c*) inadequate investigation in 24 States of cases of questional eligibility.

4. A spot check in 26 States showed less than 70 hours (2 weeks) of formal training was given new claims examiners in over half of 72 local offices covered. In 10 of the offices formal training for new claims examiners was less than 1 day. New claims takers received less than 1 week of formal training in 26 of the offices; less than 1 day in 8 of them. In 9 offices no new employee received any formal training within the first month of his employment and in 13 offices, new employees were on the job as long as 3 months before they received any organized training.

Mr. GOODWIN. The next item is continuing the improvement of the employment service. I made reference to that in my statement a little while ago.

NUMBERS AND COSTS OF JOB PLACEMENTS

Mr. FOGARTY. I think you covered that rather well in your opening statement. For the record, will you give us a statement showing placements made each year since 1960, and the funds spent. Can you do that?

Mr. GOODWIN. Yes, sir.

(The information requested follows:)

Nonagricultural placements by category

[In thousands]

Fiscal year	Professional and clerical	Skilled and semiskilled	Unskilled (except casual)	Service (except daywork)	Daywork and casual	Total
1960	1,129	1,224	1,514	1,400	1,041	6,308
1961	1,094	1,049	1,345	1,374	951	5,813
1962	1,309	1,330	1,550	1,561	1,010	6,760
1963 (estimate)	1,336	1,358	1,582	1,594	1,030	6,900
1964 (estimate)	1,551	1,361	1,668	1,693	1,127	7,400

PLACEMENT COSTS

The costs listed below cover direct placement operations, including related employer contacts and clerical services. The amounts do not cover time spent in taking applications, in conducting tests, in counseling applicants, and in providing labor market information since the portions of such time directly related to placement operations are not identifiable.

Fiscal year:	*Amount*
1960	$37,945,000
1961	35,918,000
1962	44,656,000
1963 (est.)	47,395,000
1964 (est.)	53,366,000

EFFECT OF SEPARATING EMPLOYMENT AND UNEMPLOYMENT OFFICES

Mr. FOGARTY. How is the split between employment and unemployment insurance offices in the larger cities working out?

Mr. GOODWIN. It is working out very well, in our opinion. This is now, I think, the unanimous opinion of the State agencies involved. As you know, this change was not forced on any State. We recommended it, but the States did not go into it without checking into it. Although some of them had some doubts, they are now enthusiastic that it is working out very well. It relieves the Employment Service of the large claims load in the local office, and they have been able to concentrate on getting employment for the workers who use the office. I think the figures on placement which I quoted a while ago are an indication of the improvement which is being made. We have improved employment assistance much more in the areas where the unemployment insurance and Employment Service have been separated.

OFFICES LINKED TOGETHER BY TELETYPE

Mr. FOGARTY. What is Project LINCS mentioned on page 21?

Mr. GOODWIN. With your permission, I would like to ask Mr. Levine to speak on this.

Mr. LEVINE. This is an experimental pilot approach being used only in California to take advantage of some of the more modern methods of communication which have become available and therefore speed up the services which can be made available to both employers and jobseekers. It particularly relates to the use of a teletype system linking together some seven professional offices in California.

Mr. FOGARTY. Is that all the offices?

Mr. LEVINE. This is all so far. This is strictly experimental. The results have demonstrated even in the short time we have had it that we are able to get a far quicker response from the offices that are at a distance from where the order is located. This is one of the problems, how you get reaction from a remote office to supply labor for a need which cannot be met locally.

The teletype system is creating a faster response and better service to the employer and jobseeker.

RESEARCH INTO KEY CHARACTERISTICS

At the same time we are also doing research in California to determine which are the key qualification characteristics of the applicant, and which characteristics in the hiring specifications of the employer

are key. These characteristics can then be put on automatic data processing equipment, stored, and rapidly retrieved, rather than going through the manual process of digging through thousands of records.

Some people thought that this in some way disposed of any judgment and intelligence and human reaction. This is wrong. This process merely screens out for us those cases which are most relevant in terms of matching the characteristics of the jobseeker to hiring specifications. There still will have to be the interview and selection on the part of the employer and the jobseeker.

AUTOMATION

Mr. FOGARTY. The next increase is in the field of automation and persistent unemployment.

Mr. GOODWIN. We have had a number of things going on in this area of large groups of workers released at one time. We are hoping to draw from the experience shown by these experiments and apply them broadly within the public Employment Service.

JUSTIFICATION OF INCREASES

Mr. FOGARTY. Provide for the record a more detailed explanation of all these increases.

Mr. GOODWIN. Very well.

(The information requested follows:)

SUMMARY OF CHANGES FROM 1963

Improvements in unemployment insurance operations (+265 man-years), +$1,700,000

Over the past few years there have been numerous program changes in unemployment insurance such as (1) the enactment of additional Federal programs; (2) adoption of increasingly complex State laws governing entitlement to benefits; and (3) the growth of private pension and paid holiday and vacation plans, which under many State laws are taken into account in determining the amount of weekly unemployment insurance benefit payments. The complications in the basic claims procedures which are the result of these program changes have not been reflected adequately in revised procedures, adequate training, and increased supervision necessary to proper performance of the function. The cumulative effect of accommodating these changes into existing procedures has been a deterioration of operations. The seriousness of the problem is demonstrated by the fact that the number of incorrect payments due to administrative weaknesses increased from 41 per 1,000 beneficiaries in fiscal year 1960 to 55 per 1,000 in fiscal year 1962.

Recent studies in local offices have revealed that: (1) claimant interviews have in many instances become stereotyped and claimants frequently supply expected responses in an almost automatic fashion; (2) factfinding has failed in the substantial number of instances to reveal potential questions as to claimants availability for work; and (3) the required speed of handling claimants limits exploratory questioning and full identification of their efforts to find work.

The severity of these problems and their causes will vary from State to State. In some cases the source of the problem may be inadequate supervisory control out of the State central office, in others inadequate training of local office staff, and in still others insufficient staff to permit careful interviewing of claimants.

To provide for the beginning of a program of correction and improvement an increase of $1.7 million is requested. The 265 man-years which this will finance will be allocated to those States which are able to show that: (*a*) they have made efforts to utilize fully their present budgetary resources and have inaugurated effective systems to adjust staff to changes in levels of insured unemployment; (*b*) they have identified major problem areas; and (*c*) they

have developed workable plans for solving these problems, including necessary plans for adequate training and supervision.

Continuing the improvement of the Employment Service (+533 man-years) +$5,089,000

Reflecting the general concern with problems of unemployment and the development and utilization of our human resources, fiscal year 1962 saw the first significant increase in Employment Service staff resources since 1947. The improvement of the Employment Service, designed to develop a fully effective manpower agency, was first started in May and June of 1961 and continued in fiscal yar 1962 and significant operating results have been achieved. A great deal remains to be accomplished to bring the resources and facilities of the Employment Service up to the levels required by the rapid changes and growth in the economy and the labor force during the postwar years and to keep pace with the accelerating rate of change that will characterize the current decade.

The economic conditions which prevail during fiscal year 1964 will not differ markedly from those of fiscal year 1963. These conditions will continue to place heavy demands on the public employment service system. There will be a continued high level of employment, while at the same time there will be a significant number of unemployed or underemployed jobseekers. Many of these will be young workers without experience and older workers displaced by technological change. Employer requirements, on the other hand, will continue to call for better trained and more highly skilled workers.

This labor market condition calls for a more effective performance by the local employment offices and requires that they operate as community manpower agencies prepared to give strong placement assistance and effective testing and job counseling service to workers, technical recruitment and staffing assistance to employers, and leadership for resolving manpower problems of the community.

A heavy proportion of the new resources in 1962 were devoted to bringing the understaffed large metropolitan areas into closer parity with the relatively more ample staffing provisions existing in offices serving smaller rural nonfarm communities. At the same time, major reorganizations were undertaken in the 55 largest metropolitan areas, involving physical separation of Employment Service and Unemployment Insurance, and extensive reorganization of the employment service facilities along the lines of industrial-occupational specialization. All but 11 of the 55 largest areas undertook these moves. The difficulties of large-scale recruitment, training, reorganization, and space procurement, after so many static years, exceeded expectations, and it was not until the last quarter of fiscal year 1962 that all of the changes were substantially underway. This investment will become increasingly productive in fiscal year 1963, laying a sound base for further advance in 1964.

There is clear evidence that the planned course of action is bearing fruit. Total placements nationwide (excluding applicants holding acceptances) rose by 16.4 percent, from 5,591,099 in fiscal year 1961 to 6,506,000 in fiscal year 1962. The calendar 1962 total reached an even higher total of 6.7 million.

The system, excluding the 55 largest metropolitan areas, increased placements by 14 percent, while the 55 largest areas increased by 20.6 percent, with gains of 26.2 percent in professional placements and 26.9 percent in other white collar jobs. Continued improvements in quality and in occupational and industrial distribution, as well as in total volume, will be achieved throughout fiscal year 1963. A particularly strong effort will be devoted to improving performance in the professional and white collar fields.

The following workloads are goals which we anticipate will be achieved in fiscal year 1964. The placement workloads, in particular, are stated most conservatively, and the prospects of exceeding them substantially are excellent. (They also reflect a progressive increase of professional and white collar jobs in the mix.)

	Fiscal year 1962, actual	Fiscal year 1963, estimate	Fiscal year 1964, estimate
Applications for work	10,414,000	10,800,000	10,950,000
Counseling interviews	2,020,000	2,100,000	2,200,000
Individuals tested	2,176,000	2,180,000	2,250,000
Placements (nonagricultural, including AHA's)	6,760,000	6,900,000	7,400,000

Reorganization and management training essential to achieve improved performance in two-thirds of the 76 metropolitan areas with populations of 200,000 to 500,000 will be undertaken in 1964. Continued action is contemplated in reinforcing the staffing in the 215 standard metropolitan statistical areas where the preponderance of the Employment Service job lies. At the same time, special programs have been developed to provide, on a selective basis, the particular kinds of service needed by small and rural nonfarm communities.

Continually increased emphasis and concentration will be devoted to the fundamentals of administration, management, organization, improved operating methods, and supervision. Accountability for results from the expanded Employment Service resources will continue to be stressed and remedial action initiated where necessary. Steps have been taken to continue control of the use of Employment Service funds, assuring that they will not be diverted to other purposes. State agencies will continue to be encouraged to reorganize their staff and lines resources so as to provide clearcut responsibility for employment Service program and operating activities.

To carry forward the improvement of the Employment Service, it is necessary to expand the scope of several programs currently underway which provide basic information needed for effective management planning and evaluation of the public Employment Service. Special studies will be undertaken by the States on the hiring channels in use in the community and of the part the Employment Service plays in the total hiring process. This will involve both original surveys to obtain new information and analysis of information in existing records.

In order to increase the understanding of the operations of the local job market and of the effectiveness of local offices in services to employers and workers, studies of the role of the Employment Service need to be introduced in additional areas. More intensive analysis is also needed of the various measures of Employment Service activities by State and area, with particular emphasis on those measures that indicate the extent and kinds of specific services provided by the public Employment Service to individual employers and workers.

The State agencies will expand their analyses of Employment Service activities, making fuller use of seasonally adjusted data and of information on economic developments and industry emploment trends to evaluate local office effectiveness. The agencies will also establish and maintain more comprehensive programs fo revaluating Employment Service operations and for providing management at all levels with the administrative statistics essential for effective planning and supervision.

It is estimated that an additional 583 man-years will be required for Employment Service direct operations of counseling, testing, and placement and operations research services to continue the improvement of the Employment Service in 1964.

Nonpersonal services directly related to these staff increases will also be needed. One hundred seventy thousand dollars for communications are needed for continuation of the project for a combined data processing and communications system in connection with the improvement of employment services. This system will improve the services to applicants and employers throughout the country by providing a more effective and efficient interstate job placement program by establishing a national manpower inventory which will be stored at one or more central locations to be used to match worker skills, knowledge, and abilities with employer needs. Due to pilot studies, basic to phases I and II of Project LINC's in California, it is expected by mid-fiscal-year 1964 to begin the installation of the operating program to be completed in 1965. The national inventory would also be available in times of national emergency to mobilize national manpower.

An additional $300,000 non-personal-service funds are needed to complete work started in the 55 largest metropolitan areas for additional and relocated space and related expenses. An additional $875,000 is needed to extend the metropolitan area reorganization, upgrading the offices, and physically separating Employment Service and Unemployment Insurance Service activities in the "second tier" areas (200,000 to 500,000 population).

Automation and persistent unemployment (+102 man-years), +$653,000

During this fiscal year, a number of demonstration projects, operating through local Employment Service offices, designed to discover the impact of technological change on employment in local labor markets, and the impact and nature of mass layoffs and persistent unemployment, along with the development of

specialized and concentrated employment service actions to alleviate the impact, will have been completed or brought near to completion.

In these activities, there has been assessment of changing labor-supply, labor-demand relationships, description of occupational performance requirements, descriptions of new staffing patterns, and special services to affected workers in the form of intensive interviewing, testing, counseling, and placement efforts, and referral to training, aimed at enhancing opportunity for continuous employment, and facilitating reemployment, or occupational reorientation where required, so as to minimize occupational dislocation and the impact on a community.

In fiscal year 1964, the experience gained directly in these projects, along with general insights provided through project activity, will be incorporated into the continuing operations of the State agencies, and into their manpower planning, so as to alleviate these problems before they arise and to have local offices provide the more effective individual assistance to both employer and jobseeker.

This will include the extension of the use of means to anticipate impending labor force changes resulting from technological change and mass labor force dislocations in local labor markets, and planning programs of Employment Service action through application of techniques tested in the projects to help workers in the occupational adjustment, including training or retraining, made necessary by labor market changes and dislocations, in order to act on the problems involved before they develop into hard-core or long-term unemployment.

The local labor market research that has been instituted in the fiscal year 1962–63 projects will be extended into wider Employment Service use, in the form of guides for operations research, standard schedules for establishing characteristics and problems of workers exposed to persistent unemployment, and means for analyzing local labor market data in the interest of improving Employment Service operations toward action in employment problems that may develop into chronic status. An additional 102 man-years will be needed in 1964.

Services to youth (+102 man-years), +$653,000

As a result of the high birth rates of the postwar years, young people will be entering the labor force in ever-increasing numbers during the 1960's. The major impact will begin to be felt in 1964. The labor market problems of youth are being increasingly complicated by employers' more stringent hiring specifications in terms of education and skill and the relative decline in the demand for unskilled and untrained labor. In addition, many of the young workers are members of minority groups, school dropouts, or have been out of school and out of work for long periods. The employment problems of youth require specialized and time-consuming services from the local offices at the same time that the number of youth applicants is rising from 1.7 million in 1961 to 2.3 million in 1962, and to an estimated 2.4 million in 1963 and to a level of 3 million by 1969.

The program of the local offices to deal with youth employment problems includes: (1) increased counseling and testing to help young applicants make sound vocational choices; (2) increased cooperation with the schools and with other community agencies to reduce school dropouts and improve vocational guidance; (3) intensified job development and placement activities for youth; (4) extend the improved methods and techniques developed through youth demonstration projects in 1962–63 to other areas of high unemployment.

There will be a need in fiscal year 1964 for the appointment of additional coordinators of youth services in the metropolitan areas. Equally important is the provision of funds to the States whereby each State office will have a youth specialist.

Both new and expanded programs to better assist rural youth to locate jobs in urban communities will be planned in fiscal year 1963 and the impact of these plans will be felt in fiscal year 1964. Such programs will require additional staff time, above that available for regular services.

It is estimated that an additional 102 man-years will be needed in 1964 to carry out the youth employment assistance program.

Services to smaller communities (+93 man-years), +$599,000

Promoting the full utilization of human resources in rural areas remains a pressing problem. In many rural counties, agricultural employment is declining rapidly as a result of new technology, increases in productivity, and the withdrawal of marginal land from cultivation. In the wake of these developments, rural counties are frequency afflicted with high unemployment or under-

employment and low family income. The program of services to such small communities will bring the employment service's manpower assistance to 70 rural counties in 10 States during fiscal year 1963, its first full year of operation. The assistance given helps resolve the problems of unemployment and underemployment in these rural communities through two approaches: (1) providing detailed information on the area's existing and potential manpower resources and employment development assistance to the community to help it attract new nonfarm jobs and (2) counseling and placement assistance to individuals to make them take advantage of jobs and training opportunities within and outside of their area. These services are provided by a mobile team of employment service interviewers on an itinerant basis.

Many States and areas have need of this service. An increase of 93 man-years would permit the expansion of this program to 14 additional States and approximately 75 additional counties, making a total of 24 participating States and 150 counties receiving services in fiscal year 1964.

Labor market information (+119 man-years), +$763,000.

The following are increases in labor market information activities:

Expansion in area labor market analysis program.—Until mid-1953, the Bureau-State agency area labor market reporting and classification programs were designed to cover all of the country's standard metropolitan statistical areas. Since 1953, budget reductions have resulted in a cutback from over 180 to 150 areas. The area coverage has remained at this level since then despite the increased interest in the varied impact of changing employment conditions in different parts of the country, and despite the increase in the number of standard metropolitan statistical areas.

Expansion of the regular labor market program to cover all 215 SMSA's would require the preparation of detailed area labor market reports for an additional 65 areas located in 17 States. It is planned in fiscal year 1964, however, to extend this program to 30 of these areas. This will meet, in part, a recommendation of the President's Committee To Appraise Employment and Unemployment Statistics relating to the need for increasing the amount, and improving the quality of data available for States and areas. New series on work force, employment, and unemployment will have to be developed for each of these areas—where such statistics are not currently compiled—as part of these overall area labor market reports.

In addition to the statistics, the reports will present a detailed analysis each month of local employment and unemployment developments and the area employment outlook for the next few months, as well as narrative material on occupational changes and surpluses and characteristics of unemployed workers in the area. An additional 20 man-years will be needed in 1964. The issuance, by the Bureau of Employment Security several years ago, of the revised Labor Market Research Handbook on Estimating Unemployment made it possible to develop soundly based estimates of total unemployment on a statewide basis, as well as for individual labor market areas.

Since the handbook was introduced, a number of State employment security agencies which had not previously attempted to make statewide unemployment estimates began to prepare and publish such estimates on a regular basis. While the States have been encouraged to develop such estimates on the basis of the handbook techniques, an organized program for the compilation and review of such information has not yet been established.

The additional man-years requested for fiscal year 1964 will permit a start to be made on the establishment of such an organized program for the development of statewide unemployment and labor force data. A statewide labor market report will be developed to facilitate the collection of such data and introduced in at least 15 States during fiscal year 1964. The initiation of this reporting program will make it possible to secure from the State agencies—in organized fashion for the first time—detailed information on work force, total employment and unemployment in each State.

This program will be expanded to cover additional States in later years as additional funds become available. An additional 13 man-years will be needed in 1964.

Occupational Labor Market Information and Services.—The rapidly changing occupational composition of the labor force requires employment service agencies to make periodic surveys of the occupational structure of individual labor market areas. Such surveys, dealing with the occupational structure for major industries, current vacancies and anticipated shortages or surpluses of labor

related to technological change, expansion of industries, changing production patterns, or changes in market demand are significant for planning local employment service operations, counseling and placement of individual workers, participation in economic development activities, providing guidance to educational officials for the development and adaptation of vocational guidance programs and curriculum planning for schools.

Using technical guides and handbooks prepared by the Bureau, State agencies will extend the number of area skill surveys. Since 1958 they have conducted 140 surveys in 43 States. Many States find it necessary to resurvey areas which were studied 4 or 5 years ago because of changes in production techniques and labor market conditions. Other States would like to extend the survey program to smaller areas not previously studied to meet growing requirements for such information. It is estimated that the skill survey program will double in scope in the next fiscal year.

Increasing numbers of State agencies will develop occupational guide series for specific labor market areas as well as on a statewide basis. In addition, States presently in the job opportunities information program will increase their preparation of guides. Thus far 30 States have produced over 1,000 job guides. Some of the new job guides will be based upon data derived from recently conducted area skill surveys; others will be derived from special occupational labor market research carried on to develop information on job duties, employment prospects, entry channels, wage rates, and other aspects of specific occupations or groups of occupations.

With the continuing rapid rate of industrial and technological changes which result in geographical shifts of industry, development of new products, and use of new materials, concomitant changes in occupational composition, obsolescence of skill, and development of new skill requirements are steadily expanding the needs for services to employers. Specifically, employers need assistance to: (1) identify changing job skills; (2) to relate present worker skills to those required on new or changing jobs in order to effectuate the transfer, promotion or retraining of workers; to develop appropriate tests for use in selection of trainees for new jobs; and to adequately relate labor market information to the work-force needs of employers. In turn, the expansion of such services will assist the public employment service to improve its services to both employers and applicants. Additional services to employers are specifically needed in areas of job analysis, classification, consultation problems of automation, and technological change.

An additional 77 man-years will be needed in 1964. No other agency is engaged in the preparation of local occupational labor market information and occupational analysis services.

Process by which workers acquire skills.—Experimental studies to ascertain the processes by which workers acquire skills in occupations requiring a training period of 1 year or more will be undertaken; these studies, based on local office data and discussions with individual workers, are intended for local employment operations, to assist local offices in determining anticipated occupational shortages and training needs, and to equip the unemployed for adjustment to new occupations.

These studies will require interviews with workers to obtain information on how and where current skill levels were obtained, reasons for job choices, and present preferences for jobs for which the workers are qualified. Specific information will be obtained on (*a*) work experience covering industry, occupation, and earnings; (*b*) extent and type of formal training received; (*c*) extent and type of on-the-job training received; (*d*) extent to which training has been utilized, particularly with respect to current employment; (*e*) how current or most recent job was obtained; (*f*) degree of job satisfaction; (*g*) length of unemployment (for job applicants); and (*h*) personal characteristics, such as age, sex, and marital status.

An additional 9 man-years of State grants will be needed for this purpose in 1964.

Implementation of recommendations of President's Committee to appraise employment and unemployment statistics (+69 man-years), +$442,000

The President's Committee, in its report on "Measuring Employment and Unemployment," made a detailed analysis of the Nation's programs for measuring employment and unemployment. The report noted that the need for reliable and expanded data on employment and unemployment is growing every day, and that without question it would continue to grow in the years ahead. The Com-

mittee, in its endeavor to access the mounting requirements for such information in manpower programs at the National, State, and local levels, made a number of recommendations regarding needed improvements in employment and unemployment data stemming from operations of the Bureau of Employment Security.

These recommendations involve the collecting of additional data and studies to evaluate and improve estimating methods used in the Federal-State Employment Security System.

Participation of the State agencies affiliated with the Bureau of Employment Security is required to fully carry out the recommendations of the President's Committee with regard to improving the usefulness of State and area employment and unemployment statistics as well as to provide current job vacancy information. Increases in the following State agency activities are required to implement the Committee's recommendations.

Improving State and area estimates of unemployment.—The only figures available with respect to total unemployment in specific labor market areas are those estimated by the State employment security agencies using procedures developed by the Bureau of Employment Security. The President's Committee commended the Bureau on its work in this area. However, since these unemployment estimates are playing an increasingly important role in the administration of various Government programs influenced by the unemployment conditions in a community, the Committee strongly urged that further research be conducted on improving the methods used for estimating unemployment by State and area.

In accordance with these recommendations the Bureau is planning a comprehensive research program to obtain information needed to increase the usefulness of the State and area unemployment data.

The State agencies will conduct special studies. These will be directed toward the development of information needed to improve the estimates for those segments of the unemployed group who, while covered by the unemployment insurance laws, are not counted among the insured unemployed. This group includes persons who have delayed filing their claims for unemployment insurance, have been disqualified for benefits, or have exhausted their benefit rights. These studies will be coordinated with the research work conducted by the Bureau, including the household surveys, and will provide important supplemental information which could not be obtained in the detail needed from the household surveys. An additional 31 man-years will be needed in fiscal year 1964 to conduct the proposed studies.

Current job vacancy information.—In accordance with the strong recommendations by the President's Committee regarding the widespread interest on data in unfilled jobs, the Bureau intends to improve the quality and form of area job vacancy data and undertake intensive research on the availability and methods for collecting such data. The studies will be directed toward the development of a system which will provide areas, on a consistent and regular basis, job vacancy information by occupation. The knowledge concerning where job openings exist and the kinds of workers needed is essential for the successful operation of the employment service. Uniform reporting in terms of precisely defined concepts and occupations will increase the effectiveness of the employment services' local manpower services of recruitment, counseling, and placement. Standardized information will accelerate the interarea recruitment and placement program, making the employment service's operations more effective to meet changing industry manpower needs.

In conjunction with the Bureau's research program to determine the most effective methods for obtaining current job vacancy information by area and occupation, the State agencies will undertake studies designed to test and evaluate the quality of the job vacancy statistics they are now collecting and to obtain information needed in the solution of problems relating to defining job vacancies and reporting methods. For this research, 8 additional man-years are requested.

Joint BES–BLS current employment statistics program.—The current employment statistics program, which is carried on jointly by the Bureau of Labor Statistics and the Bureau of Employment Security and its affiliated States agencies, now provides the basic information on employment of wage and salary workers in nonagricultural establishments by State, and for a number of the major industrial areas of the country. However, this program does not provide complete coverage on employment, hours and earnings for the trade and service sectors of the economy or for all standard metropolitan statistical areas. The need for the expansion of these data was recognized by the President's Committee and it recommended that intensive work be undertaken to expand the cover-

age of the program, including the strengthening of the samples so as to provide needed additional industry and area data. In line with these recommendations, the CES program sample will be expanded to provide additional employment hours and earnings data, particularly in the trade and service activities, and employment and earnings data will be collected for some 50 of the 100 standard metropolitan statistical areas for which such data are not being obtained at present.

An increase of 30 man-years is requested for expanding the CES program sample and related activities to provide employment hours and earnings data for the additional industries and standard metropolitan statistical areas. (The total request for the Gordon committee is $1,062,000. This includes $442,000 for grants and $620,000 for salaries and expenses. Included in the salaries and expenses request is $400,000 for census.)

Expanded workload resulting from carrying out our responsibilities to prevent the permanent entry of aliens from adversely affecting our domestic work force (+74 man-years), +$475,000

Section 212(a)(14) of the Immigration and Nationality Act precludes the entry of aliens "* * * seeking to enter the United States for the purpose of performing skilled or unskilled labor, if the Secretary of Labor has determined and certified to the Secretary of State and to the Attorney General that (*A*) sufficient workers in the United States who are able, willing, and qualified are available at the time (of application for a visa and for admission to the United States) and place (to which the alien is destined) to perform such skilled or unskilled labor, or (*B*) the employment of such aliens will adversely affect the wages and working conditions of the workers in the United States similarly employed."

The responsibility for determining the availability of workers and the adverse effect on the domestic workforce begins with a thorough investigation made by the State agencies. State agencies now make investigations when 25 or more aliens are seeking permanent entry into the United States as workers. In 1964, State agencies will be required to investigate such cases regardless of the number of aliens involved. This change (from 25 or more to 1) will require very significant additional work to properly review and approve or disapprove these importation requests. The availability of domestic labor will have to be determined in connection with each request. Employers will file orders for workers and State agencies will attempt to recruit domestic applicants for these jobs where feasible. State agencies must also investigate these cases to determine that the job offer, wages, and housing are such that they will not have an adverse effect on domestic workers. An additional 74 man-years will be needed in 1964; 34 for nonagricultural and 40 for farm investigations and clearance.

Increases for form placement activities (+38 man-years), + $243,000

1. *For improved and expanded local, intrastate and interstate recruitment including the annual worker plan (28 man-years).*—For 1963 we allocated 80 man-years, and there is every indication that with this additional personnel marked advances will be made in 1963. However, there will be a firm need to consolidate this gain and move further ahead in 1964, and in this connection the following items are of significance:

(*a*) Of the Nation's 907,598 farms of over 200 acres (1959 U.S. Department of Agriculture Census) the majority use hired agricultural labor; many of these farms grow high labor-using crops such as fruits and soft vegetables. In 1962, State job agencies served an estimated 200,000 farms. With the increase in personnel for 1963 it is anticipated they will serve an additional 10,000 agricultural employers. The incerase for 1964 will be used to further step up the coverage of service to farmers. This operation will include improved and intensified recruitment of qualified workers, gathering information on labor needs, obtaining and giving farm labor market information, selecting, referring, and following up on placement of domestic workers.

(*b*) With the increase of contacts with agricultural employers indicated in (*a*) above, there will necessarily develop a requirement for recruiting more workers, individually and in groups. The additional positions allocated for 1963 will allow for recruiting about 150 more groups; we would expect to increase this by a similar number of groups in 1964. In the past State agencies have not been able to conduct recruitment campaigns, locally or intrastate, to the best advantage because of limited personnel. While we would expect these recruitment activities to be stepped up in 1963, still further action along this line will be needed in 1964.

(c) We are now in the process of setting up a domestic compliance program. Under this program State agencies will be required to inspect housing for workers to be sure they meet minimum standards. Additional personnel time will be needed to perform this specific job.

(d) More time and personnel will be needed in 1964 to schedule workers recruited as described in (b) above. In addition, we expect to expand the annual worker plan. In addition to Florida and Texas, we would expect to develop the use of Louisiana and Mississippi labor supply under this program. We also expect to develop in 1964 a program to assist sugarbeet companies in recruiting their workers. This recruitment has formerly been done for the most part by private recruiters. It is our plan to incorporate this recruitment into the annual worker plan which will bring about more complete utilization of these workers.

(e) The original plans for evaluations provided for national, regional, and State agency cooperation, with the State agencies ultimately making most of the surveys. Each year more State agencies are taking over this responsibility with guidance from the national and regional offices. More funds will be needed to provide State agencies with sufficient time to expand this program in 1964.

2. *Community services (10 man-years).*—The temporary residence of migrant workers in a community present many problems. In order to hold these problems to a minimum, State and local committees on migratory labor have been and are being formed. These committees are made up of public-spirited citizens, many of whom are directly connected with groups who have responsibility for the health, welfare, or education of the citizenry.

Local community groups having service programs for migrants frequently are in need of information as to the makeup of the migrant population and the camp locations involved. This is particularly true when a local committee is in its initial or planning stage.

It is a policy of the Department of Labor, and of the Bureau, to be helpful to these local committees in their programs of service to migrants. Local farm placement representatives may, therefore, furnish information that will be helpful, such as that relating to:

(a) The number of migrants moving into an area and their camp locations.

(b) Specific information as to the approximate beginning and ending dates of the migrants' stay.

(c) The approximate number of school-age and preschool children in the various camps.

(d) Availability of transportation for nonwork activity.

This type of information can frequently be furnished in advance only by farm labor representatives who have been engaged in recruiting agricultural workers to come into the area and, consequently, know the composition of this segment of the labor force. The funds requested for State grants in this connection will afford State agency personnel the necessary time to develop these data for the committee as well as to serve as members thereof.

Funding Adjustments in 1963 Operating Budget

Mr. Fogarty. I wish you would give us a further explanation of the language on page 33.

(The page referred to follows:)

Increase in Average Annual Salary Rate

The Senate, in acting on the appropriation request for 1963, approved an amount of $405 million, which together with an amount of $7 million of unexpended State agency funds would provide a total of $412 million to be allocated to the State agencies for 1963 operations. These funds would provide increases as follows: (1) $20,590,000 to finance an average annual salary rate of $5,126, (2) $1,773,000 for workload increases in tax and wage record functions, (3) $768,000 for mandatory nonpersonal services increases, and (4) $9,247,000 for program increases.

The final action by the Congress appropriated $400 million. This amount, together with the $7 million of unexpended State agency funds, provided a total of $407 million available for State agency operations for 1963. The statement by the managers of the committee of conference on the effect of the action agreed upon for grants to States for 1963 explains the approved amount as a reduction

from the Senate action as follows: "The Department reports that $20,590,000 of the Senate allowance is required to meet increased State salaries, while only $7,200,000 of the 1962 appropriation was budgeted for the same purpose. The committee of conference questions the need for this large an increase."

The final action by Congress had the effect of reducing the funds needed for salary increases from $20,590,000 to $15,590,000. The $15,590,000 is inadequate and the cost of salary will at least equal $20,590,000. The average annual salary rate for 1963 will exceed the estimated $5,020 included in the appropriation request as evidenced by the fact that the salary rate for State agency employees averaged $5,066 for the month of July 1962 and has increased to $5,185 for the month of November.

In July, at the time of the Senate action, the Bureau was aware of $7 million in State agency funds available for 1963 operations and this amount was reported to the Senate in the "Effect of Senate Action." Final expenditure reports for fiscal year 1962 revealed an additional $4,259,000 in State agency funds available for 1963 or a total of $11,259,000. Although these funds were granted to the State agencies in prior years and constitute a Federal expenditure, they were not expended by the State agencies during fiscal year 1962.

Since the excessive salary costs have occurred, as anticipated, the Bureau has indicated to the State agencies that these $11,259,000 in unexpended State agency funds are available to augment the $400 million appropriation in 1963. Therefore, the $411,259,000 constitutes basic costs for 1963 which must be provided before changes are made for 1964 operations.

Mr. FOGARTY. Is that a no-year appropriation?

Mr. GOODWIN. Mr. Love might cover that.

Mr. LOVE. What was involved in this, Mr. Chairman, was the fact we explained before. We interpreted the general position of the Congress as expressed by the conference committee that they were approving the program as the bill had been passed by the Senate with some skepticism about salary range.

We want to carry out the program, obviously. Therefore we sought means to finance the program.

USE OF UNENCUMBERED BALANCES

Each year when we grant funds to the States there is always some money left over because you cannot spend your money to the last dollar. These are reported to us as unencumbered balances. We say to a State, for example, if we are going to approve a budget for $100,000 and they have reported that they have $10,000 of unencumbered balances in the previous year, we say "Here is the program we are approving for $100,000. You already have $10,000. We will give you $90,000 cash out of the current appropriation."

While the Comptroller General has ruled that those funds are State funds, we take advantage of this in terms of being able either to reduce the requirements on the Federal appropriation or in this case to buy the program which the conference had approved.

By June 30 of 1962 they had accumulated, for a number of years back, a total of $11,259,000. We used this as additional money needed to buy the program.

Mr. FOGARTY. The thought was that $400 million was the legal limitation, on what the States could spend. At least that was the thought I had and I believe most Members had the same understanding.

Mr. LOVE. In retrospect we are glad we did this—we reported to the Senate our intention to use $7 million of the unencumbered balances in the States. Not only was the Senate aware of it but it is quite evident from the conference report that the conference was aware of our intention for the State agencies to spend more than $400 million in 1963. I think the record is clear on this. We would be glad to furnish the committee a copy of the "Effect of Senate Action."

Mr. FOGARTY. Has this same thing been done in past years?

Mr. LOVE. Yes, but this is the largest amount we have ever used in this way.

GAO VIEWS OF ADJUSTMENTS

Mr. FOGARTY. What does the General Accounting Office say about this?

Mr. LOVE. We have no reason to believe that the action is illegal. I have discussed this with the General Accounting Office auditors, as a matter of fact. Their only question, if they would have a question, would be along the line of the way individual Congressmen might interpret this.

Mr. FOGARTY. They criticized HEW for using money left over from one research grant to augment another similar grant to the same institution. It seems to me there is a similarity.

Mr. LOVE. You have to make a distinction between Federal unencumbered balances and State unencumbered balances.

EFFECT OF 1963 BUDGET CUT

Mr. GOODWIN. It would seem to me you should take into account that this is really the only procedure which would make sense, particularly when you have a 100-percent Federal grant.

On your point about the authorization, the $400 million limitation, I though that limitation was on the appropriation for that fiscal year.

Mr. FOGARTY. It is, but the average person looking at the bill Congress passed would think the States were limited to spending $400 million, and they would say that it is $350 million for 1964. This is merely an observation I am making.

Mr. GOODWIN. It would have been an extremely difficult cut so far as the program is concerned.

Mr. FOGARTY. I am not for cutting the program back to $350 million, but I am for legislation to remove the ceiling and, as you are well aware, it is against the rules of the House for us to do it in this bill.

Mr. GOODWIN. If that additional $11 million had been cut over and above what already had been cut, the situation would have been extremely serious.

Mr. FOGARTY. We will recess at this time and return at 1:30.

(NOTE.—Subsequent testimony may be found on pages 291 through 332.)

THURSDAY, FEBRUARY 7, 1963.

PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

WITNESSES

MAJ. GEN. MELVIN J. MAAS, USMCR (RETIRED), CHAIRMAN
WILLIAM P. McCAHILL, EXECUTIVE SECRETARY

Mr. FOGARTY. We will be very happy to hear from a former colleague of ours and one who is doing a great job in the employment of the handicapped. I see "physically" is out now.

General MAAS. Largely due to the pressure of your committee.

May I also thank the Bureau of Employment Security and the Veterans' Employment Service for letting me cut into their time, but I do appreciate it. I have been, as you may know, quite ill. I have been in the hospital extensively in the last 4 months and I want to get home as soon as possible. I do appreciate it.

GENERAL STATEMENT

I shall not repeat a statement which you have in front of you.

Mr. FOGARTY. We will put that in the record.

(The statement follows:)

STATEMENT OF THE CHAIRMAN

THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

Mr. Chairman, members of the Appropriations Subcommittee.

Last September the President's Committee celebrated its 15th anniversary and all Members of Congress were sent a small summary folder of the achievements of the past decade and one-half. Members of the House and Senate Subcommittees on Appropriations are perhaps in the best position to judge the worth of this volunteer citizen effort over this period, and I was gratified with the expressions of approval received from many members upon receipt of our summary booklet.

Our budget for the current fiscal year is $290,500 including pay increase costs. The appropriations request for 1964 is $303,000 which includes an estimated $12,500 for pay increases approved by the last Congress. It does not, however, include any possible increases for executive salary raises by this Congress.

Our current authorized ceiling is $300,000 established by the 86th Congress late in the fall of 1960. We have requested the President for an increase in our authorized ceiling to $500,000 to provide necessary growth potential in the immediate years ahead.

In spite of our best efforts to energize and educate State Governors' committees to establish full-time executive secretaries and in spite of the rather substantial cooperation by a great many Governors and legislatures in this area, our work and the demands upon the staff for services does not diminish. In fact, the reverse is true. As more States put full-time persons on their Governor's committee staffs, the more calls we have upon our staff for travel and for other items such as exhibits and publicity materials.

In addition, costs from the working capital fund continue to increase and we are now paying rental charges as a result of additional office space being made available to the Committee. It is obvious that no matter what economies we introduce, and we have made a deliberate effort in this area, we cannot increase services to States without dropping certain programs we already have.

Having been appointed by two Presidents to serve as Chairman without compensation, I wish to reemphasize that my philosophy always has been to oper-

ate with a small staff and to encourage State Governors' committees to assume increasing responsibility as to both fiscal and program matters. This we have endeavored to do.

However, I also am aware of the necessity for growth in the dynamic program of jobs for the handicapped. I believe that Secretary Celebrezze's letter (copy attached) is a case in point. He keenly points out that the "responsibility of the President's Committee is to help to bring understanding, acceptance, and opportunity across all of America to the principle that every handicapped person who can work has his right to earn his daily living." The Secretary then says: "This understanding, acceptance, and opportunity is prerequisite to the achievement of our goal of 200,000 handicapped rehabilitated and placed in employment each year."

Just as the Vocational Rehabilitation Act of 1954 widened the horizon of the Committee and increased its funds threefold, the Vocational Rehabilitation Administration's recent success in reaching 100,000 rehabilitations for the first time in any fiscal year underlines our partnership nature; for public acceptance is vital to the increase in placements of the handicapped. We have been assured by those directly concerned that the work of the President's Committee during the past decade and a half has been an important contributing factor in greater employment opportunities for the handicapped.

We must, therefore, step up our activties in broadening public acceptance if the Vocational Rehabilitation Administration is to achieve its 200,000 goal. In doing this, we shall strive to work even closer with the Bureau of Employment Security, the Veterans' Administration, and the Civil Service Commission. In recent months, the Department of Agriculture has come more and more into the picture, willingly and helpfully, in furthering job opportunities for the handicapped in the agricultural field. This relatively new area of opportunity must be capitalized upon.

During fiscal year 1962 we learned that the cost of the working capital fund in the Department of Labor was three times greater than our budgeted items for services. Through use of our own stockroom, made available by the Labor Department in August, and by curtailing expenditures for exhibits during the current fiscal year, we hope to achieve a partial budgetary balance in this area.

It is our intention for the staff to increase contacts with the States, particularly in connection with such new problems relating to unemployment of the handicapped arising out of automation and in the retraining field. Contacts with Governors and their committees will also emphasize obtaining statutory authority for the State committees and provisions for expanded State appropriations.

As you know, we have accepted responsibility for attempting to create a climate of acceptability for the mentally retarded and the mentally restored. We have been engaging in activities in this area during the past fiscal year and intend to continue careful extension of this work. The Veterans' Administration, at our request, will publish a study of work experiences of veterans with a history of mental or emotional illness. The National Association of Retarded Children has prepared a guide for job placement of the retarded which will be published this year. We are planning a similar guide for the next fiscal year on job placement of the mentally restored. The Veterans' Administration, the Bureau of Employment Security, the Vocational Rehabilitation Administration, and the Civil Service Commission will purchase bulk copies. Also in fiscal year 1964, we hope to produce two leaflets aimed directly at employers; one on the subject of employment of the mentally retarded, and the other on employment of the mentally restored. Each of these two pamphlets will be published with VA, VRA, BES, and CSC purchasing copies for their agency uses.

We have tentative plans in fiscal year 1964 to prepare and distribute a book of photographs portraying the wide variety of jobs performed by the mentally restored and the mentally retarded. The material for these will be prepared with guidance from medical and other professional authorities and will carry a Presidential endorsement. The above informational materials will fit well into the demonstrated need for increased understanding and acceptance of these two groups of the handicapped. Incidentally, the Veterans' Administration, the Bureau of Employment Security, the Vocational Rehabilitation Administration, and the Civil Service Commission are enthusiastic supporters of our efforts in this area because it will enable them to do a better job for the people they serve.

To guide, direct, impart enthusiasm, and coordinate the farflung volunteer groups of citizens who are carrying out the President's committee's program locally, it is neccesary to depend more upon the contents of our monthly publication, Performance. We need to include more items and articles to point out to members of Governors' and mayors' committees effective methods and media for getting our message to employers. This should call for expanding the size and distribution of our magazine.

We are now publishing 12,000 copies of this 16-page booklet. We cannot now squeeze into the magazine descriptions of the many fine, successful prototype projects carried on throughout the country which would suggest programs to other groups.

We would like to distribute double the number of copies now printed to meet the growing backlog of requests from the members of Governors' and community committees, the many organizations and groups requesting copies, and the thousands of individuals who have been recently introduced to the committee's new activities, e.g., the mentally handicapped, architectural barriers, women's groups, handicapped agricultural workers, etc.

Concurrent with the acceleration of the job placement program of the employment security offices during the past 2 fiscal years, the President's Committee has stepped up its promotional activities to assure a concomitant increase in the number of handicapped applicants successfully placed. These activities have contributed to a marked forward surge in the total of handicapped accessions to the labor force. For example, total placements of handicapped applicants during fiscal year 1962 swelled to 275,927, a 9.1-percent increase over fiscal year 1961. During the first quarter of fiscal year 1963, the number of handicapped placements rose 6.5 percent above those for the same quarter in the preceding fiscal year.

Whether or not we will be able to accomplish many of these new projects in the coming fiscal year remains to be seen. We shall do our best, while at the same time carry on our normal workload.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, August 20, 1962.

Maj. Gen. MELVIN J. MAAS,
Chairman, President's Committee on the Employment of the Handicapped,
Washington, D.C.

DEAR GENERAL MAAS: Thank you for your letter of August 7, 1962, informing me of my designation as associate member of the President's Committee on Employment of the Handicapped. I accept with a sense of pleasure and honor. It is my intention to assist in every way I can the very important work of the Committee.

On Tuesday, August 14, 1962, Miss Switzer and I met with the President to commemorate the rehabilitation and placement in employment during the year just ended of over 100,000 physically and mentally handicapped people through the Federal-State program of vocational rehabilitation. We in the Department of Health, Education, and Welfare are justly proud of this achievement. Our pride is accompanied by our keen sense of responsibility to move on to the goal of 200,000 a year.

As I accept my designation as associate member of the President's Committee I do so with appreciation of the responsibility of the President's Committee. Its responsibility is to help to bring understanding, acceptance, and opportunity across all of America to the principle that every handicapped person who can work has his right to earn his daily living. This understanding, acceptance, and opportunity is prerequisite to the achievement of our goal of 200,000 handicapped rehabilitated and placed in employment each year.

Sincerely yours,

ANTHONY J. CELEBREZZE, *Secretary.*

ORIGINAL REQUEST

General MAAS. As you realize, or probably realize, it does not match what we had hoped to get and will not permit the program that we had planned and had hoped to be able to carry out because of budgetary limitations.

First of all, I had requested of the President approval to submit to Congress legislation that would authorize an increase of our ceiling to $500,000. This was not approved by the President and we are therefore restricted to the $300,000 authorization. Now, this appropriation is slightly over, but that is due to mandatory raises provided by the Congress itself and therefore we do not have control over it.

Now, it is not my intention, Mr. Chairman, to resubmit my request to the White House this year; certainly, not for any $500,000. I don't believe, anyway. We are going to have to have more money if we are to carry out the program that the Congress has directed and that the President has directed, and particularly, since we have opened up in the field of the mentally restored and mentally retarded. I was very much impressed with the President's statement on this problem and it isn't going to be of much use to rehabilitate them unless employers have been prepared for their absorption into the work force. The problem of both rehabilitation and particularly work absorption is far greater in the mentally handicapped and mentally restored field than in all the rest of our handicapped program put together. We will be restricted in what we can do in that field. However, the fact that our appropriation is held down does not mean that we are not going ahead. We had plans, some of them, that we cannot, simply cannot do. For instance, on printing, mostly in the field of mentally restored and mentally retarded, we will be unable to do it. We wanted very much, and there is a great demand for, an increase in material in our magazine Performance and to double its circulation. It's a very excellent magazine. However, with what money we do get, I want to make every dollar that you appropriate buy the maximum opportunities for the handicapped and with that in view I intend to review all of our expenditures.

RESTRICTION OF INTERNATIONAL ACTIVITIES

Traveling will be held to a minimum, consistent with our program. In the light of the attitude of the President and the State Department, we are getting out of any international operations. The committee staff will no longer participate directly in international bodies. We will maintain close liaison with them. There will be no travel outside of the United States unless it is a very unusual circumstance, such as an organization, a major organization, say the National Rehabilitation Association or the National Society for Crippled Children and Adults, if they should hold their national convention in Toronto. Even in such cases, I will not authorize the travel unless I have first cleared it with the President or with the Secretary of State.

There will be one exception that I have already approved and for which money is available—one trip outside of the United States and that will be the end of the foreign travel. We will try to make each trip stretch a good deal further and we will make them cover more territory, make more contacts, perhaps in adjoining States, rather than trying to fly out to a meeting and flying back.

DISTRIBUTION OF PRINTED MATERIAL

On the printing, I thing we can save some money. I have disturbing reports, some of which I verified and others are just reports, that

quite a bit of our literature—and it is valuable literature—never gets distributed. We mail it in bulk, some of it to the States, and from information I have some States don't do anything with it when they get it. In too many cases, it is kept in its bundle until it has accumulated and then they sell it for wastepaper or throw it out. I intend to review everything we print and review our methods of distribution to make sure that anything we print gets in the hands of the workers for whom it is designed.

ORGANIZATION OF COMMITTEE

I had no extensive plans to enlarge the staff, Mr. Chairman, because I want this to remain, while I am chairman, at least, I want this to remain exactly what you have provided me as chairman of the committee—a staff—who can assist me in carrying out the obligations imposed on me by Congress under the direction of the President. He has charged me with the responsibility of administering both the program and the staff and I have no intention of building a bureau nor of presiding over a bureau, if one is created. I want a staff and I want a small staff that will give me advice, will give me information and when I make a decision on that, based on that advice and information, we will carry out the policies that I determine. If they want a bureau they will have to have another chairman and my recommendation would be, if they create a bureau, to make it a bureau of the Labor Department or HEW or Congress or someplace else. But it would no longer be a citizens' organization. Today our greatest function is to initiate programs—get them on a nationwide basis and to act as the bridge between Government agencies and private volunteer organizations. I think we have demonstrated in our democracy something that is a lesson for the whole world, a voluntary partnership of Government and agencies, and nowhere is this better exemplified than through the work done by the President's Committee which in itself is not government, but has access to government and is sponsored by government but run entirely by volunteer citizens. We therefore have complete entry to the Government—every department of the Government—and complete confidence of the volunteer organizations. I think this is quite important.

MANNER IN WHICH AN INCREASE WOULD BE USED

Now, I believe that if our appropriations must be held down to the current level as the President indicates he thinks it must, in order to get a substantial tax reduction, in order to stimulate jobs, and if it will create a million jobs, that in itself will do far, far more for jobs for the handicapped than any program we could initiate with any additional money you might give us this coming year. Because I will take our chances on the handicapped getting their full share of any new jobs that are created through this new program. So I am not asking—bringing stress—on the increase in the appropriation at this time. I undoubtedly will reach a determination before the preparation of next year's budget, and if it is determined, as I think it will be, that to meet our commitments, particularly to the mentally handi-

capped, that we have to ask for additional funds—it is not so much we need any more professional members, but they can be far more effective if we had a few more top clerical help—maybe some semiprofessionals. I find that there are many functions that are directed by members of the professional staff that could just as well, if not be better done by a semiprofessional or a high class clerical help. I want to relieve them—the professional staff—so they can devote their entire time to the program.

In spite of the fact that we may get no increase in the appropriation—I don't see how we can, with the present legislative restriction—you can't appropriate it in anticipation there is going to be an increase, I am not even going to ask for it. I am going to cooperate with the President in the hopes that the program will increase the new jobs which we ourselves couldn't do compared to what the tax reduction would do. If that tax reduction to hold down inflation must be dependent on holding the nonmilitary budget to its current level, we will cooperate. As I say, before the next budget I will have come, if I can get the President's approval, to the legislative committee for some modest ceiling increase—it won't be $500,000. I did ask Congress, as they did authorize an increase to $300,000 several years ago which I had predicated on a 5-year expansion based upon plans for the increased rehabilitation. Well, HEW didn't come anywhere near their 5-year plans.

As I say, I think we have justified what we expect, but I think we can do even a better job, Mr. Chairman.

Mr. FOGARTY. Thank you very much, General Maas. I think you have done a very good job since you have headed this President's Committee.

What do you have available in 1963?

General MAAS. $284,000.

BUDGET REQUEST

Mr. FOGARTY. Are you asking for $300,000.

General MAAS. We are not asking for it. That is imposed on us by the increases that Congress automatically passed. That does not meet any increases in salary for the executives of the staff. Those are just automatic promotions that you provided. That is why it runs over the limit which we don't control.

Mr. FOGARTY. I understand that.

General MAAS. We had asked for $46,000 more in my original request.

Mr. FOGARTY. What is the breakdown?

General MAAS. The entire increase to $303,000 for 1964 is, in the salary increase, about $19,000.

Mr. FOGARTY. Thank you. Any questions?

Mr. DENTON. I just want to say that we are glad to have you with us, General, and I, like the chairman, I think you are doing a very good job.

General MAAS. Thank you. I hope I can continue to with your help—with your help I will be.

Mr. DENTON. Thank you.

INCREASED EMPLOYMENT OPPORTUNITIES

Mr. LESINSKI. General Maas, I have to concur with the statement you made that the handicapped will be given a better opportunity for a job if there are more jobs available. I have found that to be true in the past, and I am positive that it will help assist the handicapped get jobs if there are more available. At the present time the employer has a greater chance of picking the employee, and he shunts aside the handicapped—oftentimes the handicapped employee works better than the persons who have full use of his fingers or whatever it might be. It is unfortunate that the employers do react that way and when these—when it comes time and you have high employment, you will have to employ them to fill in their job spaces. I appreciate your testimony very much.

SHIFTING ESTABLISHED PROGRAMS TO STATES

General MAAS. I think the program that we have been carrying on and are carrying on and even our expected, anticipated expanding program I think we can do with this money by transferring many projects which it is our business to initiate and get on a nationwide basis—but it is my personal feeling that as soon as they are stabilized—they should be the responsibility of the States. I am reviewing every program now to transfer as many of these projects which are well nationalized for their continued implementation with just some guidance from us to the States and that will free time to initiate new programs. I have one in mind that I am going to aim at the educational system. There are hundreds of thousands of jobs in both the teaching and administrative staffs of schools—from grades to college—and very few handicapped are now employed in them. In most cases there are no barriers against it. It is their practice, and I intend to aim directly at them and try to break down those practices. That, too, again, if we once get going on a national basis, we can turn it over for continued implementation to the States, just as we carried through this major project of architectural barriers. I think now the time has come when the States must carry the implementation of that program and we will have time to work on some new programs. I have many planned.

Mr. LESINSKI. That is a very valid statement, because the U.S. Government is doing too much now for everybody.

General MAAS. The tendency is, once you start them, they hang on forever. If you get used to it, it becomes a habit. That is in Government or business. I recognize that and I know that there are programs we still are carrying on that ought to be in the hands of the States now with just occasional nudges from us.

Mr. FOGARTY. Thank you very much, General. We are glad to see you again.

General MAAS. Thank you.

BUREAU OF EMPLOYMENT SECURITY

Unemployment Compensation for Federal Employees and Ex-Servicemen

BUDGET ESTIMATE

Mr. Fogarty. We shall resume the hearing on Bureau of Employment Security.

(Editor's Note: List of witnesses and prior testimony may be found beginning on p. 234.)

Mr. Goodwin, the unemployment compensation for Federal employees and ex-servicemen appropriation for 1963 is $129 million and the request for 1964 is $119 million, a reduction of $10 million. Do you estimate a supplemental appropriation of $12 million in addition to the $129 million for 1963?

Mr. Goodwin. That is right.

MANDATORY NATURE OF PAYMENTS

Mr. Fogarty. These payments are required by law and if we do not appropriate enough it just has to be made up in a supplemental bill. There is not much we can do about it.

Mr. Goodwin. That is right.

Mr. Fogarty. Has anything happened since this estimate was made to make you think it should be changed either upward or downward?

Mr. Goodwin. No. The only thing I would say there was what I said in my statement—in terms of next year we are basing this estimate in part at least on improvement in the economy. We are counting on some improvement in the economy and we think that this is a reasonable expectation and the programs are underway. But this is the only reservation we have. This represents our best estimate now.

Mr. Fogarty. Well, it is your best guess and we have to guess at it.

Mr. Goodwin. That's right.

Salaries and Expenses

Mr. Fogarty. Your salaries and expenses appropriation for 1963 is $11,500,000 and the Pay Act supplemental is estimated to be $459,000 for a total of $11,959,000.

Mr. Goodwin. Right.

Mr. Fogarty. The 1964 request is $13,430,000, or an increase of $1,471,000, of which about $700,000 is for mandatory costs.

Mr. Goodwin. Right.

DIVERSION OF OPERATING FUNDS TO WORKING CAPITAL FUND

Mr. Fogarty. You have an increase of $170,000 and 20.4 man-years of employment with the notation "Personal services funds for these man-years were diverted in 1963 to cover additional working capital, HEW and departmentwide charges." That doesn't mean much to me and the detail justifications don't help a great deal. Tell us what items were financed by diverting these funds in 1963.

Mr. GOODWIN. This was an item that represented a change for the Bureau by the Department for working capital fund and it was financed out of lapsed money in the Bureau.

Mr. FOGARTY. This is a little bit unusual, is it not? You do not do this regularly.

Mr. GOODWIN. Yes, I think we do. Maybe Mr. Hudson would want to talk to you about it.

Mr. FOGARTY. Mr. Hudson, what do you say about it?

Mr. HUDSON. Well, Mr. Chairman, you are familiar with our working capital fund operation, you authorized this several years ago.

Mr. FOGARTY. I had some misgivings at the time.

Mr. HUDSON. Anyhow, sir, the costs have gone up mostly in the area of service costs by virtue of the Department's expansion, buildings are occupied in various locations. We had increased telephone service, switchboard service—various kinds of costs and these have gone up this year because of space expansion. On the department-wide account we are spending this year, I guess, around a hundred thousand dollars or more money in alterations. We have converted space—basement space into office space, for example. We are located in about 17 buildings and the more you spread out the more incidental costs go up.

Mr. FOGARTY. When are you going to build a new building and put them all under one roof?

Mr. HUDSON. We are No. 2 on the list. But, in my judgment, this is at least 5 years away.

Mr. FOGARTY. But this $170,000 item: it is, in a way, an attempt to restore some of the cut that was made by Congress last year, isn't it?

Mr. HUDSON. I don't think so, sir.

Mr. FOGARTY. You do not think so. All right, I will take your word for it. You have always been pretty frank with this committee.

STRENGTHENING THE STATISTICAL PROGRAM

The main part of the program increase is $620,000 for additional statistical work. This would be for 22 new positions and $450,500 for expenses other than salary of personnel. It appears that this is like the BLS increase based on the recommendations of the President's Committee on Measuring Employment and Unemployment. These are related to the BLS increases, it appears to me. What parts of your statistical program would you strengthen and why do they need strengthening; then, what new statistical activities would you start, if any, if these funds are allowed?

THE PRESIDENT'S COMMITTEE ON EMPLOYMENT AND UNEMPLOYMENT

You might, before you answer those questions, tell us whether you agreed with the Gordon Committee report. There may be some recommendations in the Gordon Committee report that you do not agree with. If there are, this would be a good time to express yourself.

Mr. GOODWIN. First, let me respond to the latter part of your question, and then I would like to call on Mr. Levine to give you a little more detailed picture on what is involved in this program. We do agree with the Gordon Committee report. We felt for a long time that we needed to improve and strengthen the statistics in this area.

There are an awful lot of Federal programs now riding on these statistics. The whole area classification system, for instance, is riding on these statistics. The placement of contracts in different Government agencies depends to some extent on classification of areas. The allocation of public works programs now is also based upon the classification of areas and on these statistics that we collect. Now——

Mr. FOGARTY. Is there anything you disagree with in the report as far as your Department is concerned?

Mr. GOODWIN. No.

Mr. FOGARTY. You think it is all right?

Mr. GOODWIN. We think that the recommendations are sound and we would like very much to be able to carry them out. What we have submitted here is a program for these statistics that will take several years. We are doing this on a gradual basis, but we believe that the recommendations of the Gordon committee are very sound.

PLAN TO CARRY OUT COMMITTEE'S RECOMMENDATIONS

Mr. FOGARTY. Give us a little more detail on what you plan to do to carry out the recommendations made by the Gordon committee?

Mr. GOODWIN. Yes. I would like Mr. Levine to do that.

Mr. LEVINE. Mr. Chairman, the President's Committee on Measuring Employment and Unemployment is made up of very outstanding people, including competent statisticians. We in the BES worked very closely with the Committee and with the Bureau of the Budget, which acted as a staff service to the Committee.

SOURCES OF STATE AND LOCAL UNEMPLOYMENT INFORMATION

It is quite correct that the Committee pointed out that one of the major areas of great significance programwise and legislatively in recent years in the manpower statistics field has been the emphasis on State and local employment and unemployment conditions—that the national totals don't tell the whole story. This is what was behind the Area Redevelopment Act and the Manpower Development and Training Act and the Public Works Acceleration Act. You have to look at the component elements. Now, on component elements for employment and unemployment data there are two sources of information: one is from the household and one is derived out of operating programs. The household information is the information obtained by the Census for the BLS, monthly, on a small sample and can only yield national totals. It will not yield any breakdown by State or local areas monthly. The only information from the Bureau of the Census that is available on a State and local basis in the manpower field comes from the decennial census. So there is no alternative except to rely on the insured unemployment as a source of current information. For us in the Federal-State employment security system, we build our data from the State and local situations, but the unemployment side of it starts from insured unemployment. We do have a count of that. We have the exact detail of it, without question.

But then, when we try to move from insured unemployment to total unemployment, there is a gap for the uninsured groups, from the youngsters coming into the labor market, and we have to estimate for that. We have been using national totals and relationships be-

tween insured and total unemployment in estimating State and local unemployment. We know that isn't accurate, because they will differ from one locality to the other. You just can't use one national ratio.

INCREASE TO IMPROVE ACCURACY OF DATA

The proposal here, then, in the $620,000 that we are asking for, for salaries and expenses, is to use $400,000 to purchase service from the Bureau of the Census for household surveys to provide data against which we can check our estimates, so that we will have a better means of adjustment. This will be on a small sample. Instead of taking a national total, we will pick several typical areas. We will find the relationships there and apply those relationships to other similar areas to improve the accuracy of the data. So $400,000 of that amount is for that purpose. The 22 positions, then, that is accounted for here for salaries and expenses by the $220,000, would be used for four activities. These are not all of the activities in the Gordon committee's recommendations but these are four very important ones.

JOB VACANCIES

One, the Gordon committee feels that we have lagged very badly in the United States in not having statistics on job vacancies. In Great Britain statistics on job vacancies are used as an important indicator and the Gordon committee was interested in that approach. To that extent it looked to the Bureau of Labor Statistics to see what could be done on job vacancy statistics. We were asked to come in on these statistics because in our operation job vacancies are the heart of our business. We hope that we can get a lot more of them to place some of the people seeking jobs. So we are in contact with employers to get job vacancy operations.

In eight States this has been collected regularly. But that is all. Otherwise it is only a byproduct of operations. So we are asking for five people to devise a system, first, the research aspects of it, what can be done to derive job vacancy information on a regular, recurring basis, locally and by occupation through the operations of the employment offices in the States.

OCCUPATIONAL INFORMATION

Then, the second point is to improve occupational information. Occupations is to we in the manpower field what the atom is to the nuclear scientist. It is the core from which you start manpower. This is what your training and retraining programs are. Most of the statistics we have do not yield occupational information. We get employment data on men and women, but we don't get it by occupation and there is a great deal of concern about this information. Here we are asking for three positions to see what we can do, building on our area skill surveys which we are already doing which does give us some occupational information, to see whether we can get it on a more regular continuing basis instead of one shot in the arm and then let years go by until you get back.

IMPROVEMENT OF STATE AND LOCAL UNEMPLOYMENT DATA

The third area, and this is where 10 out of the 22 positions come, is in the improvement of the State and local area unemployment data, and I have already described how we are going to be working with the Bureau of the Census, with their data, our data, and the BLS. Every phase of this has been discussed with BLS and laid out in detail as to just how we cooperate with this thing.

Mr. FOGARTY. You are sure there is no duplication?

Mr. LEVINE. I am sure. There was a time years ago when I could not have said it that way. That is true for a number of reasons.

CURRENT EMPLOYMENT STATISTICS

The fourth activity is the joint program which BLS and ourselves carry on to provide current employment statistics. This monthly program which the State employment security agencies conduct account for most of the current employment statistics issued by the BLS. We work very closely with the States on that. And we are asking for four positions to improve some of the data on that which would help to improve the data that the Gordon Committee wants. This accounts for the 22 positions, Mr. Chairman.

BUDGET AND EXPLANATION OF VARIOUS MANPOWER STATISTICS PROGRAMS

Mr. FOGARTY. Mr. Hudson, will you have a statement prepared for the record setting forth the total amounts in 1963 and the increases requested for 1964 for statistical work in the Department in the manpower field, with an explanation of the reasons for it being divided between four or five appropriations, and setting forth the difference between the type of activities under the various appropriations?

Mr. HUDSON. Yes, sir.

(The statement referred to is as follows:)

PROGRAMS IN MANPOWER RESEARCH AND STATISTICS

I. Summary table.
II. Program specifics.
III. Division of responsibility.
IV. Justification for separate appropriation.

I. RECAPITULATION

Summary of amounts included in 1963–64 estimates

Financing sources	1963	1964	Changes
Office of Manpower, Automation, and Training	[1] $2,489,000	[1] $3,800,000	+$1,311,000
Bureau of Labor Statistics	[2] 5,671,000	[2] 8,349,000	+2,678,000
Bureau of Employment Security	382,000	[3] 1,002,000	+620,000
Grants to States	4,631,000	6,489,000	+1,858,000
Bureau of Apprenticeship and Training	62,000	62,000	
Total	13,235,000	19,702,000	+6,467,000

[1] Of this amount $1,025,000 in 1963 and $2,100,000 in 1964 are for contractual research.
[2] Of this amount $2,392,000 in 1963 and $3,865,600 in 1964 are for grants to State employment security agencies and for transfer to Department of Commerce.
[3] Of this amount $400,000 in 1964 are for transfer to Department of Commerce.

II. Program Specifics

1. CURRENT EMPLOYMENT, HOURS, EARNINGS, AND LABOR TURNOVER STATISTICS, NATIONAL, STATE, AND AREA

Data are collected by State agencies, which prepare State and area estimates, and sent to Bureau of Labor Statistics for preparation of national estimates.

Present cost of this program is as follows:

Bureau of Labor Statistics (of which $855,000 goes to State agencies, including 6 non-Employment Security agencies)	$2,584,000
Bureau of Employment Security	31,500
Grants to States	650,713
Total	3,266,213

For 1964 the proposal is to extend this to an additional 50 areas and to collect employment, hours, and earnings data for additional industries. For this the following additional amounts are requested:

Bureau of Labor Statistics (of which $319,000 goes to State agencies including 6 non-Employment Security agencies)	$523,200
Bureau of Employment Security	40,000
Grants to States	192,000
Total	755,200

The extension to 50 additional areas and compilation of employment, hours, and earnings statistics for additional industries are in line with the Gordon committee recommendations.

2. HOURS AND EARNINGS FOR NONPRODUCTION WORKERS IN MANUFACTURING INDUSTRIES

This is a new project proposed for 1964 at the following cost:

Bureau of Labor Statistics (of which $50,000 goes to States) ---------- $174,000

This project will provide information on the annual man-hours and payroll of all employees in the manufacturing industries, by industry. The data are needed for the measurement of productivity increases, measurement of earnings and work hours of white-collar workers, and improved estimates of national income. This implements the Gordon Committee recommendations.

3. EXTENSION AND IMPROVEMENT OF LABOR FORCE STATISTICS

The present cost of this program is:

Bureau of Labor Statistics (of which $1,537,000 goes to Census) ---- $1,917,000

The program consists of monthly statistics on the labor force, unemployment, and employment and a series of annual special surveys using the monthly household sample. Data are collected for Bureau of Labor Statistics by the Bureau of the Census. In addition to the collection and analysis of the statistics, special studies are made, such as projections of the labor force, tables of working life, manpower available for military service, analyses of causes of unemployment, etc.

For 1964 the following increase is proposed:

Bureau of Labor Statistics (of which $1,005,500 goes to Census) ---- $1,319,400

This project provides for the establishing of an additional sample of 17,500 households from which information will be collected in order to test proposals for sharpening the definition and increasing the accuracy of measurement of unemployment. The sample will also be used to collect new data on hours of work and information on the availability for work of persons not in the labor force.

This implements the Gordon Committee recommendation.

4. JOB VACANCY STATISTICS

This is a new program proposed for 1964 at the following cost:

Bureau of Labor Statistics	$52,500
Bureau of Employment Security	50,000
Grants to States	50,000
Total	152,500

Purpose is to study problems of developing a regular statistical program for collecting job vacancy statistics in future years. This implements the Gordon committee recommendations.

Bureau of Employment Security, in cooperation with State agencies, will study the experience of States which have collected job vacancy information to learn their experience in collecting the data and the uses made of them. Bureau of Labor Statistics will study recordkeeping practices and response problems of employers in other areas, and work on problems of developing a national statistical system.

5. STUDY OF LABOR FORCE TURNOVER AND GROWTH

This is a new program proposed for 1964:

Bureau of Labor Statistics (of which $99,100 goes to Bureau of the Census)	$192,000

This project will include study of past relationships between hours, cyclical fluctuations, and the size of the labor force and will also include interviewing of households to determine the reasons why individuals have entered and left the labor force.

Study of this subject was recommended by the Gordon committee.

6. OCCUPATIONAL OUTLOOK PROGRAM

The 1963 costs are as follows:

Bureau of Labor Statistics	$505,000

Present program includes preparation of Occupational Outlook Handbook, Occupational Outlook Quarterly, and related publications; studies of manpower and employment trends by industry, occupation, and geographical area; studies of the effect of automation, technological change, and other factors upon employment in each industry and occupation; and studies of the outlook and preparation of estimates of future manpower requirements and supply in the various industries and occupations.

For 1964 the following increase is proposed:

Bureau of Labor Statistics	$84,700

The increase is needed to strengthen the research program for the Occupational Outlook Handbook and related publications, to maintain the quality and accuracy of the information.

7. EMPLOYMENT STATISTICS BY OCCUPATION

The 1963 costs are as follows:

Bureau of Labor Statistics	$265,000

The present program covers only scientific and technical occupations.

For 1964 the following increase is proposed:

Bureau of Labor Statistics	$220,800
Bureau of Employment Security (all new)	30,000

The increase in BLS would make possible development and planning of a statistical program providing annual estimates of employment in about 100 important professional, skilled, and clerical occupations. Full use would be made of presently operating surveys: additional surveys would be made only to fill gaps.

The BES proposal will be concerned with research needed to assist in the development of employment by occupation for labor market areas. It will involve studies to determine the best sources within an establishment for occupa-

tional information and employer interpretation of job categories. This work will also be useful for development by BLS of national data and for improving the usefulness of the BES area skill survey program.

This implements the Gordon committee recommendations.

8. SURVEY OF ON-THE-JOB TRAINING IN INDUSTRY

The 1963 costs are as follows:

Bureau of Apprenticeship and Training	$62,000

No increase is proposed for 1964. It is expected that this nationwide survey which will be completed in 1964 will suggest a number of areas in which fruitful research might be undertaken for later years.

9. LABOR MARKET INFORMATION

As part of employment service basic operations and to provide workers and employers with a basis for making sound job market decisions, local offices develop, gather, and interpret local labor market facts, individual employer information, and characteristics of jobseekers reflecting current relationships and estimated future changes in occupational demand and supply. Area labor market reports are prepared by State agencies and sent to BES to form the basis for the area classification system. This program also includes the preparation and release of area and State labor market newsletters, area skill surveys, and local occupational guides.

Present cost of this program is as follows:

Grants to States	$3,638,600
Bureau of Employment Security	315,900
Total	3,954,500

For 1964, the following increase is proposed:

Grants to States (includes $200,000 to implement Gordon Committee recommendations)	$963,000
Bureau of Employment Security (includes $400,000 to purchase services from Bureau of the Census)	500,000

Specific activities in State agencies will include extending local area labor market reports from 150 to 180 major areas; developing and preparing current unemployment estimates by State; increasing the number and comprehensiveness of area skill surveys; making studies on how workers acquire skills in order to obtain information needed to improve employment counseling and vocational education.

The BES, in cooperation with State agencies, will also undertake research recommended by the Gordon committee to improve techniques for measuring State and area unemployment. As part of this, BES will purchase services from the Bureau of the Census to conduct household surveys in several typical areas to provide basic benchmark information upon which to build the improved methodology.

10. RESEARCH ON EMPLOYMENT EFFECTS OF AUTOMATION AND TECHNOLOGICAL CHANGE

The Department engages in research on the employment effects of automation and technical change as a part of its overall program of coordinated research and statistics in the manpower field. The various bureaus conduct their activities under the leadership, planning, coordination, and evaluations functions vested in the Office of Manpower, Automation, and Training.

The role of the Office of Manpower, Automation, and Training is to develop and implement, with the cooperation of the various bureaus, a national program of factfinding and communication with respect to the employment effects of automation and technological change and the measures needed to minimize and mitigate the impact of such change on workers.

While the Bureau of Labor Statistics' program on automation research grows out of a longstanding basic program in this area, it has received added endorsement by the Manpower Development and Training Act. Much of its work, therefore, becomes directly useful to the Office of Manpower, Automation, and Training. The automation research work which is being done by the Bureau of Labor Statistics deals generally with technological trends and outlook. BLS will con-

duct the basic research on automation and other technological change carried on within the Department, including productivity measurements.

The Bureau of Employment Security (under "Studies of Automation and Persistent Unemployment") includes studies usually undertaken immediately before or during the immediate impact of technological change at a particular plant and are focused on implications for USES operations in placing jobless workers. The Bureau of Labor Statistics studies are more closely related to long-term implications for productivity, manpower requirements, training, and education.

A. National program of factfinding and communication on employment effects of automation and technological change

The 1963 costs are:

Office of Manpower, Automation, and Training $561,000

In developing and implementing a national program of factfinding and communication with respect to the employment effects of automation and technological change and the measures needed to minimize and mitigate the impact of such change on workers, some of the major areas of attention by the Office of Manpower, Automation, and Training are:

1. Identifying present knowledge and ongoing research in areas relating to automation and technological change both inside and outside of the Federal Government because of the scattered state of information and the paucity of factual information with respect to the most basic questions.
2. Assembling and evaluating available quantitative estimates as to the extent and employment effects of automation.
3. Appraising and synthesizing the present scattered findings, arranging to fill major research gaps, especially where information is urgently needed for purposes of policy planning or ameliorative action.
4. Coordinating and securing the cooperation of research groups in implementing a broad plan of research and factfinding, including planning and monitoring specific research contracts.
5. Exploring new methodological approaches needed to solve difficult research problems in the area.
6. Establishing and serving as a national communication center regarding research on the economics, employment, and related aspects of technological change.
7. Establishing and operating a clearinghouse of information for employers, unions, and other interested groups on the benefits and problems incident to technological change and methods of easing its impact on workers.

The proposed increase for 1964 amounts to:

Office of Manpower, Automation, and Training $73,000

There is no proposed change in program. The increase is to finance for a full year the 1963 costs.

B. Industry productivity and technological change

The cost in 1963 is:

Bureau of Labor Statistics $400,350

This work is part of the Department's early warning system in connection with dislocations arising out of automation. Intensive studies have been (or are to be) started on the implications of innovations such as electronic computers, materials handling equipment, etc., and on prospective technological trends in various important industries such as airlines, electric power, and textiles. Work also has been started on followup surveys of workers displaced by technological change.

In 1964 the following increase is proposed:

Bureau of Labor Statistics $111,900

In order to appropriately study the outlook for important industries of the economy, it is necessary to have adequate measures of past productivity trends. We have been unable to construct measures for important industries in such fields as machinery, chemicals, transportation equipment, etc. Funds requested for fiscal 1964 are in order to develop measures for such industries and to allow for collection of additional data to supplement usual sources such as the Census of Manufacturers. In addition, some exploratory work will be done on identification of plants with high-level productivity as a guide to possible future productivity achievements for the industry as a whole. Field work done in con-

nection with productivity measurement would also be utilized to obtain more information on technological developments.

This work is a continuation of a long-established program in the Bureau of Labor Statistics, dealing with both productivity measurement and analysis of the implications of technological change. Basic research in both of these areas has been going on for a number of years. In addition, much of it is directly useful to the Department in connection with activities arising out of the Manpower Development and Training Act.

C. Studies of automation and persistent unemployment

The 1963 cost is as follows:

Grants to States	$341,800
Bureau of Employment Security	34,700
Total	376,500

Operating through the local employment service offices, 18 demonstration projects have been undertaken to determine the impact of technological change on employers and workers and the characteristics of the persistent unemployed in local labor markets. These projects have provided information needed in the development of employment service techniques and tools to assist workers and employers affected by automation and technological change.

The increase requested for 1964 is:

Grants to States	$653,000

In fiscal year 1964 the experience, tools, and techniques resulting from the demonstration projects will be incorporated into the regular operations of the local employment offices and in their manpower planning. In this manner the local offices will be able to more adequately deal with the problems resulting from automation and technological changes and to provide more effective individual assistance to both employer and jobseeker.

11. MANPOWER RESEARCH PLANNING, COORDINATION, EVALUATION, AND REPORTING

In the Department of Labor, the Office of Manpower, Automation, and Training is assigned responsibility for manpower planning, forecasting, policy, objectives, and standards, providing leadership in planning an overall research program of manpower research and statistics within and without the Government, providing manpower information to the public and evaluating and appraising the manpower program in relation to general objectives.

The manpower research program of the Office of Manpower, Automation, and Training is predicated on fulfilling the functions and responsibilities established in the Manpower Development and Training Act with the statutory objective of providing the leadership necessary for the conservation and strengthening of the Nation's manpower resources in achieving this congressional mandate. Research in the mainly unexplored field of developing better utlization of the labor force is a major concern of the Office.

OMAT does not itself engage in the gathering of quantitative data and does not, to any substantial degree, make the primary analysis of such data. These functions within the Department are primarily carried on by the Bureau of Labor Statistics, the Bureau of Employment Security, the Bureau of Apprenticeship and Training, and also by other Government and private agencies and institutions under contractual arrangements made for specific pieces of needed information. The role of OMAT is to develop the policies and programs designed to assist in the solution of the Nation's manpower problems through research, to synthesize and evaluate research products, and to make recommendations for future action.

The costs for 1963 are:

Office of Manpower, Automation, and Training	$903,000

Functions performed by OMAT in fulfilling this role include:

(*a*) Establishing a grand design for a program of studies in manpower research designed to furnish valid information on manpower requirements, resources, and utilization, including coordinating and evaluating products of all research in the manpower field.

(*b*) Fulfilling the mandate in the Manpower Development and Training Act which requires the President to submit to the Congress annually a report on the Nation's manpower requirements, resources, utilization and training and also requires the Secretary to issue a similar report to the President. These

reports provide the Congress and the Nation with a comprehensive overview of the manpower situation, an analysis and evaluation of the data, a discussion of the trends and problems, an assessment of future needs and recommendations regarding solutions to be undertaken.

The Secretary is also required to submit to the President interim and special reports on current and anticipated manpower developments with appropriate recommendations for action.

The Secretary is further required by section 309(a) of the Manpower Development and Training Act to submit each year a report containing an evaluation of the programs under title I and part A of title II, the research and training activities performed during the year, together with an evaluation of the programs and recommendations for the future.

(*c*) Performing research and evaluation stemming from, and in connection with, training and retraining programs as a vital source of information leading to decisions to assure better utilization of existing and prospective manpower, amelioration of present employment imbalances and more rapid adaptations of changing occupational requirements.

(*d*) Preparing and publishing manpower reports, bulletins, memoranda, and articles making readily available essential information enabling those concerned with the Nation's training and educational programs to make meaningful decisions based upon current manpower developments as well as future requirements.

(*e*) Making arrangements for the implementation of research programs for the most effective and efficient obtention of data as the foundation for the maximum development and utilization of the Nation's manpower resources now and in the future.

(*f*) Encouraging, promoting, and engaging in programs which communicate pertinent manpower information so that public awareness and receptivity is generated for action programs.

The proposed increase for 1964 amounts to:

Office of Manpower, Automation, and Training $163,000

There is no proposed change in program. The increase is to finance for a full year the 1963 costs.

12. CONTRACTUAL RESEARCH SUPPORT OF NATIONAL PROGRAM OF RESEARCH ON MANPOWER

The 1963 costs are:

Office of Manpower, Automation, and Training $1,025,000

As the grand design for a national program of manpower research to assist in the solution of the Nation's manpower problems is developed, gaps in available information are being identified. Where the conduct of specific research or investigation gives promise of furthering the overall program, the Office of Manpower, Automation, and Training arranges for and monitors studies carried out under contractual arrangements with other Government agencies and with private agencies, universities, and institutions.

The program increase for 1964 amounts to:

Office of Manpower, Automation, and Training $1,075,000

The entire program increase of the Office of Manpower, Automation, and Training for 1964 is related to funds for contractual research. The Manpower Development and Training Act authorized this expansion of effort for research activities for fiscal 1964.

III. Division of Program Responsibility

The Office of Manpower, Automation, and Training (financed out of the appropriation under the Manpower Development and Training Act of 1962) is responsible for the overall design and development of the Department of Labor's total program in the field of manpower research, for the coordination and evaluation of the research and statistics products undertaken and produced in the Department for arranging and monitoring research projects to be performed by private agencies, universities, and private institutions where the conduct of such studies give promise of furthering the overall program. This Office does not engage in the gathering of data and does not to any substantial degree make any primary analysis of such data.

The Bureau of Labor Statistics is responsible for conducting nationwide and general-purpose research and statistics programs.

The Bureau of Employment Security has major responsibility for State and area programs focused on the operations of the employment services affiliated with the U.S. Employment Service. On programs of joint interest—e.g., State and area employment statistics, job vacancies, and occupation employment statistics—the two agencies work cooperatively.

The Bureau of Apprenticeship and Training is responsible for on-the-job training programs.

IV. JUSTIFICATION FOR CONTINUATION OF SEPARATE FINANCING

The reason for appropriating dollars to separate accounts for manpower research and statistics relates primarily to the division of work, responsibility, and purpose for which the funds are appropriated.

In the case of the Bureau of Labor Statistics there is lodged responsibility of long historic significance in the collection and analysis of statistics on the labor force, employment, hours and earnings, labor turnover, occupational outlook in certain occupations in large industries, etc. This is data of national significance, used for many purposes, and represents in many instances national economic indicators.

Since some of this data is collected through the State employment security agencies and since these agencies need and use the material for the operation of their own State and local community program, there has been worked out a joint program of financing between BLS and BES wherever there is a mutuality of interest so that BLS pays for and shares the cost for the collection of such as employment, hours, and earnings. In other instances, where the State employment security system has a need for other national information, such as State and area estimates of unemployment or occupational structure of local community employment the financing is 100 percent from trust funds for BES and the States.

With respect to BAT, the Bureau has conducted some research in on-the-job training since 1937—since this is the Bureau's special area of interest and competence. The data collected and analyzed are used primarily for the improvement of its on-the-job training program.

Finally, there is provision for manpower research under the Manpower Development and Training Act. The dollars appropriated under this act are all allocated to the Office of Manpower, Automation, and Training and are not used for the collection and analysis of raw data but are used basically to buy research projects either from bureaus within the Department or through contracts with colleges and universities. The allocation is used to coordinate the products of research, for designing an overall plan for research, for stimulating and generating research, for communicating the results of research to the public, for developing and implementing a national program designed to minimize the adverse employment effects of automation and technological changes on workers.

Mr. FOGARTY. Mr. Denton?

Mr. DENTON. Mr. Goodwin, this entire appropriation comes out of a trust fund, I take it—the one that we are dealing with now?

Mr. GOODWIN. That's right.

LOCAL UNEMPLOYMENT STATISTICS

Mr. DENTON. I was interested in this statement about the labor statistics about the unemployment. In the district I represent, every month I get a statement about the unemployment in the Evansville area and they give me figures on three counties. The other eight counties I have no figures on and I have no way of knowing where to get them.

Mr. GOODWIN. Yes.

Mr. DENTON. That is very important today, with ARA and the public works program, and your training program and those things.

Mr. GOODWIN. Well, this, of course, illustrates some of the weaknesses in what we have. We don't have complete coverage. How many areas do we have—how many areas do we cover all told?

Mr. LEVINE. We are only covering 150 out of 215 standard metropolitan areas.

Mr. GOODWIN. In addition to that you have a large number of smaller ones.

Mr. LEVINE. We have covered hundreds and hundreds of small areas on special surveys.

Mr. DENTON. Your agency sent it out. Sends it out every month.

Mr. LEVINE. Yes.

Mr. DENTON. I think that is all.

EFFECTIVENESS OF RETRAINING PROGRAM

Mr. LESINSKI. I have had a question—on the points Mr. Levine is making here, you have the program, but you do not know what jobs we have available to train for. Therefore, actually, the job-retraining program has not been as effective as it could have been if you had the information.

Mr. LEVINE. I might not go that far, Mr. Congressman, because I would point out first that we have only had a very few months of experience with the Manpower Development and Training Act.

Mr. FOGARTY. Since September 1.

Mr. LEVINE. That's right, Mr. Chairman. We have been very fortunate in that the employment offices all over the country, out of their experience, have developed a good many job openings that they couldn't fill because they didn't have qualified workers. This is an amazing thing. Right in the midst of a recession you have job openings that you cannot fill because no qualified workers were available. As a consequence, it was quite easy for them to detect the occupations in which there were opportunities if qualified workers could be developed through training and retraining. This was the first. I would say thus far there is no evidence that lack of data, per se, have limited the training program. But, as time goes on, we will need more and more detailed information about occupations, and we will need more and more detailed information about the unemployed and their characteristics, as to their capabilities for taking the training to fill those occupations.

Mr. LESINSKI. You have answered the question that has been bothering me for a long time. A woman in her middle forties, or let's say 40 years of age, worked in a factory all the time and she was laid off. She complained to me that she knew how to typewrite and she was given the opportunity for job retraining as a comptometer operator and she was complaining to me that here a woman has her job and she was not given equal opportunity. Did this woman have the ability, No. 1; and, No. 2, the typist who was familiar with the office procedure was qualified for the employment?

Mr. LEVINE. It is quite possible.

Mr. LESINSKI. Would this be true?

Mr. LEVINE. This goes on. You have individuals losing jobs by reason of automation or mergers or otherwise and are having difficulty finding another job because this is occurring in other establishments and therefore the problem is one of salvaging by past experience the skills they have by reason of retraining so they can compete for other jobs which are available. The job market is constantly churning around.

Mr. LESINSKI. Would not the typist, let's say, who had a job—she wanted to improve her position—would have the ability to go to school and improve herself and the person who does not have the monetary ability cannot do so.

Mr. LEVINE. The Manpower Retraining Act is specific on that. There are criteria to be met to be eligible for training which for

adults involves being the head of the family; having been in the work force 3 years and being unemployed.

Mr. FOGARTY. That is all spelled out in the law.

Mr. LESINSKI. I appreciate this. But the point is, this woman had a job available to her. Just because she is out of a job she came under the Manpower Retraining Act and that is what the claim was all about. She was laid off because all she knew was how to push a button or something and she was not given the opportunity and she had a family to maintain and they would not even consider her.

Mr. LEVINE. Mr. Congressman, this is one of the great problems that confronts the local offices now. There are a great many people coming to the local offices applying for training, wanting to be included in the training programs. Our interviewers go through a very careful interview, checking their work background, history, and experience, go into employment counseling and engage with testing as to aptitudes and abilities. We find that sometimes these people don't have the qualifications to even take the training. We have had some cases, sad to relate, of what was called functional illiteracy. Those people were not referred to training. It does create some very real problems because there is no point in sending people to training courses when the school people find they don't have the qualifications to undertake the training. They would drop out of those courses very quickly.

Mr. LESINSKI. I understand that; thank you.

Mr. FOGARTY. Mr. Laird.

FEDERAL REGULATION OF STATE PROGRAMS

(NOTE.—See pages 255 through 257 for previous discussion of this subject.)

Mr. LAIRD. Mr. Goodwin, yesterday when the Secretary was before us I quoted to him from a statement of the chairman of the Industrial Commission of the State of Florida. The statement was entitled "Bureau of Employment Security Fiscal Processes, Points for Discussion at the Meetings of the Executive Committe of the Interstate Conference of Employment Security Agencies in Washington, on December 3 through 6." The chairman says as follows:

> The Bureau of Employment Security of the U.S. Department of Labor has gradually encroached on the details of administration and operation of the employment security programs through its budgetary controls, fiscal restrictions, to the point where the employment security program in Florida could now be called a Federal program administered by State personnel for control by Federal policy and planning.

The Secretary, in commenting on this statement, indicated that this was not his policy and as a matter of fact his policy was quite the opposite. Why would a statement, like the one I read, be made?

Mr. GOODWIN. Well, I am not sure I know. I don't think I have seen this particular statement.

Mr. LAIRD. Let me hand it to you. It is on the stationery of the Governor and the chairman of the Florida Industrial Commission at Tallahassee.

FISCAL CONTROLS

Mr. GOODWIN. I am in general familiar with Mr. Brown's views. I would like to comment on the general situation there. We did decide when we were putting this new program into effect that we needed to tighten down to some extent on our fiscal controls, the objective being to make sure that the money allocated to the States would be spent by the various States for the purposes for which the money was allocated. We therefore——

Mr. LAIRD. It was allocated on the basis of their request, was it not?

Mr. GOODWIN. Allocated on the basis of their requests and on the basis of the Bureau's determination of the amounts that should be allocated to the State.

Mr. LAIRD. You can reduce, but you won't increase, will you?

Mr. GOODWIN. That is right. We can reduce. We would not increase unless it was agreed to with the State.

Now, in general, these regulations that I refer to were restrictions on money from one category within a State. In other words, if we gave a state a half million dollars for employment to operate the meployment service and another half million dollars to operate the unemployment insurance, these regulations prohibited the transfer from one to the other without approval by the Bureau.

Mr. LAIRD. Hasn't that always been the case?

Mr. GOODWIN. We have had this, in general, but for some years now the States have had authority to make some transfers between what we call major budget items. Major budget items are employment services, unemployment insurance, farm programs, staff and nonpersonnel services.

CHANGE IN FISCAL REGULATIONS

When the interstate conference had their meeting in Portland in October, I was told that some of these States had complaints about our regulations, putting the States in the straitjacket and they didn't have enough leeway to meet the problems that they thought they should be able to meet. So I met with all the State Administrators at that session and discussed the problem to some extent and we agreed that there was a problem but that we couldn't work it out at that meeting. So it was agreed that they would establish a committee and come in and talk it over with us. That group had a preliminary session with us in early December and a followup session in early January with the result that we made some modifications in our regulations and requirements which were accepted by the States as meeting the problem and, as far as I know, there are at present no complaints. Certainly not with the group authorized to negotiate. Now, all I know about that situation is that at the Portland meeting Mr. Brown was not there; his representative did present this viewpoint at that meeting. I would assume that after these changes were made that this complaint would no longer hold. I would hope so, at least the authorized negotiators for all of the States reached conclusions that the regulations were reasonable.

SECRETARY'S AUTHORITY TO ALLOCATE FUNDS FOR STATE PROGRAMS

Mr. LAIRD. It seems to me that under the basic law that the authority which you have is quite well set forth in section 302(A) which states

that the Secretary of Labor shall from time to time certify to the Secretary of the Treasury for payment to each State such amounts as the Secretary of Labor determines to be necessary for the proper and efficient administration of such law. Under the terms of that section it would seem to me that the Secretary has rather wide discretion. This provision seems to say that the Secretary is to give such funds, no more, no less, as will assure proper and efficient administration and I would assume that this would not necessarily put you in a position of controlling the State agencies?

Mr. GOODWIN. No.

It also means that we have to do this in a way that applies to all States equally. To do other than that, would be interpreted properly not to be reasonable.

Mr. LAIRD. Some States may not want to do certain things other States do and you could not force all of them to do the same thing.

EFFICIENCY STANDARD

Mr. GOODWIN. This is a question I had this morning and I would like to say an additional word on this. The Wagner-Peyser Act, under which the employment service operates, authorized the Secretary of Labor to establish rules and regulations and standards of efficiency.

Mr. LAIRD. That word is "standard" of efficiency—not "standards," as you said.

Mr. GOODWIN. The Wagner-Peyser Act also authorized State plans and contemplates the approval of State plans by the Secretary of Labor.

Point No. 1 is that this is a grant-in-aid program basically and no State is required to operate that program if they don't choose to do so. Under the basic requirement of law they can be required to meet such standards of efficiency as the Secretary of Labor may establish. Now——

Mr. LAIRD. Mr. Goodwin, in this questioning, I really am not interested in this efficiency standard. I understand you can get into this efficiency area, but my questions are not really directed at the standard of efficiency.

Mr. GOODWIN. Well, you are interested principally in various items of program and what the Federal Government's authority is with relation to programs.

STATE'S FREEDOM TO ACCEPT OR REJECT FEDERAL PROGRAMS

Mr. LAIRD. My principal interest is, I think, pretty well summed up in the Senate Labor and Health, Education, and Welfare Subcommittee report of June 29, 1962, when Senator Hill in this report, under his name, said that separation of services would greatly increase administrative costs and should under no conditions be thrust upon State officials. Separation should result in less exposure of claimants to job openings, and through less efficient application of work test cause the payment of benefits to claimants neither seeking work nor willing to work. The committee report also states that these State programs should be geared to local conditions at all levels. It seems to me States are in the position to understand the need for these programs better than we are here in Washington.

I think I understand your responsibility for a standard of efficiency, but I am concerned that that not be used as a tool to give certain direction to State programs which are not in accordance with the wishes of the governing body of the State—the legislature, the governor, and whoever they designate as the chief officer to administer these programs.

Mr. GOODWIN. Well, our view is that the Wagner-Peyser Act does, through these two provisions that are in the law, does authorize the Federal Government to set regulations or definitions as to what constitutes an employment service program. We have—and the way we have operated ever since I had anything to do with the program—we have operated it as you describe it. In other words, we have not forced on the States any program item. On this reorganization that is referred to in the Senate report, we made recommendations to the States as to what we thought was desirable and in each case the decision as to whether they proceed or not proceed on those recommendations was left to the States.

Mr. LAIRD. That is the way I understood it.

My feeling was that it was left to the States but when these State people were here in town there were certain of them who felt it was not being left to the States. I have not had a complaint from my my State on this, but I have certain complaints forwarded to me from others. This Florida complaint is probably the strongest that I have seen. That's the reason that I have brought it up. I thought it should be considered. It is a fairly recent complaint—December 1962.

CHANGE IN FISCAL REGULATIONS

Mr. GOODWIN. Well, the complaints on our fiscal regulations were fairly general. A large number of States were unhappy about our fiscal regulations. They thought they were too tight and we took a critical look at them, along with the committee that they set up, and we agreed with them in part and we came to a conclusion on how they should be modified to meet that problem. Now, to the best of my knowledge, we have had no complaints from any States since the announcement of these changes; whether or not this satisfies Mr. Brown, I do not know. But I am confident that this satisfied virtually all of the States, and it certainly satisfied the committee with whom we negotiated.

WITHHOLDING FUNDS FROM STATES

Mr. LAIRD. Do you feel that under the basic act you have the authority to withhold money for the operation of the program in a particular State which you consider inefficient?

Mr. GOODWIN. I think this probably goes to the question of withholding the total grant, and I would say that you would have to come to a conclusion that the inefficiency was great enough to warrant withdrawal of the total grant.

Mr. LAIRD. It would have to be the total grant? Is that your interpretation?

Mr. GOODWIN. Well, once we granted—if we grant—no, it wouldn't have to be. I mean from year to year I think that it could be on a single item. Most of these problems, as you undoubtedly know, Congressman, are negotiated with the States. We have different views. They come up with problems and they are negotiated out, and we

come to an amicable agreement between us and the States, and this applies to the budget question as well as to the program item. So that I frankly don't know of more than one or two cases in this whole employment security area or social security area where these differences have gone to the point that Federal funds have been withheld. This was done a number of years ago in the old-age assistance program in Ohio.

Mr. LAIRD. Not for very long.

Mr. GOODWIN. No. It was about 2 months. The State lost $1,700,000, I remember.

But, in that case, very serious charges were leveled and they went really to the operation of the total program. It was not just a difference of opinion on one item in the program or anything of that kind. It is an extremely serious step, the withdrawal or withholding of funds, and you don't take it without extreme provocation and you don't take it unless all other methods fail.

STATE BUDGETS

Mr. LAIRD. When you come here to justify your budget you really don't justify the amounts going to the States by categories.

Mr. GOODWIN. We do by these broad categories. We justify the employment service. We justify unemployment insurance. We justify the farm.

Mr. LAIRD. I mean the breakdown within these groups, by State.

Mr. GOODWIN. There is no justification which we ever present in these categories by States; that is right.

Mr. LAIRD. That is what I am addressing my question to. There is no breakdown as far as employment service for each of the States, or unemployment compensation, research, and so forth, that I have seen since I have served on this committee.

Mr. GOODWIN. That is right.

Mr. LAIRD. You are setting maximum limits within these broad categories, and then dividing it on the basis of the requests made by the States, aren't you?

Mr. GOODWIN. Dividing on the basis of regulations—or, rather, rules and policies—that we set up on the distribution of the money. Now, on this point, Mr. Congressman, I would like to say that we carry out a regular program of consultation with the States. You can't perform this function without keeping the States fully informed of what the rules are and without being able to justify uniform treatment.

Mr. LAIRD. What I hope does not happen is that we have a breakdown of Federal-State relations and this committee has to start taking testimony from each of the States and making allotments, State by State, in our bill. We can do that now but, personally, I don't want to see that day come when we will have to appropriate by State. I think that would be a mistake. Don't you?

Mr. GOODWIN. Well, yes, I do. Because conditions change too much to make that a sound way of doing it.

Mr. LAIRD. We would have to get the States' budgets. We would have to have them come in and justify each budget. I think that that would require an awful lot of time and would not be as efficient as the present system if it is well operated.

Mr. GOODWIN. We have never been able to satisfy a hundred percent of the States all the time. But I would rest on the record, really, as to the way the money has been distributed, and I think that if you ask all of the States what their reactions to this particular point are that you will find most of them will say that they think the Bureau has done a fair job. And I would be surprised if you get very much dissent from that.

Mr. LAIRD. And you have not forced any money on any State that did not want money, have you?

Mr. GOODWIN. We never do and we never will.

OFFICE LOCATION AND RENTAL

Mr. LAIRD. There have been suggestions that new offices have been required in certain States. I recall a discussion about a new office in Chicago. The claim was that the State wanted to locate that office one place and they were forced by your Office to locate it at another place. Now, that cannot be possible the way you administer this law, can it?

Mr. GOODWIN. I don't know what this particular one was.

We have prepared with State participation, standards for the location of offices. Now, we never say, "You put an office here and there." We operate more in the negative position on this point. In other words, we have taken the position that certain types of offices are wasting money.

Mr. LAIRD. But you would be more apt to deny an office. You would not require the establishment of an office?

Mr. GOODWIN. That is right.

Mr. LAIRD. Is that true with buildings, too?

Mr. GOODWIN. Right.

Mr. LAIRD. Do you have certain maximum rental levels?

Mr. GOODWIN. We require that the rentals be in line with the prevailing rates in the community, and the State is required to demonstrate that they are in line with that.

Mr. LAIRD. With existing State rentals?

Mr. GOODWIN. They come in with maybe a half dozen examples of what the rent is in comparable buildings.

STUDIES UNDER TEMPORARY EXTENSION OF UNEMPLOYMENT COMPENSATION ACT

Mr. LAIRD. We made some money available to you in a supplemental appropriations bill to make a study—I think it was a million dollars.

Mr. GOODWIN. Was this the TEUC study?

Mr. LAIRD. Yes.

Mr. NORWOOD. We have the latest report in that series which has been issued within the last 10 days.

Mr. GOODWIN. This is the last one—No. 4. This particular study was spelled out in substantial detail by the Congress of what we would do.

ADEQUACY OF BENEFITS STUDY

Mr. LAIRD. I understand that part of this million dollars has been used to study adequacy of benefits rather than the purpose for which the funds were originally appropriated?

Mr. NORWOOD. There was an additional request that we had before this committee last year for $1,218,000 for additional research in several areas of unemployment insurance. And, after the final action on the appropriations, we had about $600,000 to allocate to the States for that purpose. But this million dollars was used for the purpose of conducting the studies that we agreed upon. There are a few additional reports to come.

Mr. LAIRD. It follows the instructions of the law and congressional report—all that money was used for that purpose.

Mr. GOODWIN. We think so.

Mr. LAIRD. The funds used on the adequacy studies are part of the $600,000 which were appropriated last year?

Mr. NORWOOD. There have been through the years some studies on adequacy of benefits but we were able to augment that research by additional funds from last year.

Mr. LAIRD. I just wanted to find out where it was financed?

TEUC STUDIES

Mr. NORWOOD. I have a list of the reports embraced under the TEUC studies if you would like that for the record.

Mr. LAIRD. I think it would be all right to put it in.

Mr. FOGARTY. Yes, sure. Put it in.

(The reports referred to follow:)

PUBLICATION OF RESULTS OF TEUC RESEARCH

I. FAMILY CHARACTERISTICS STUDY

Under section 10 of the TEUC Act of 1961, the Bureau, in cooperation with all State agencies, conducted four surveys of the characteristics of claimants under the TEUC program. These surveys collected information from approximately 175,000 claimants who were interviewed as to their personal, economic, and family characteristics and their past employment and unemployment experience. These surveys were conducted in May 1961, September 1961, January 1962, and April 1962. Following is a summary of the reports published thus far on the results of these surveys, and those planned for publication in the months ahead.

Report No.	Title	Date published	Content
1	Family Characteristics of the Long-Term Unemployed (May 1961 survey).	January 1962.	National summary of results of May 1961 survey.
2	Family Characteristics of the Long-Term Unemployed (May 1961 survey).	April 1962...	National and State results of May 1961 survey (over 100 tables of data presenting results by State).
3	Family Characteristics of the Long-Term Unemployed (May and September 1961 surveys).	September 1962.	National results of May and September 1961 surveys, separately for each survey and combined; results by State for the 2 surveys combined.
4	Family Characteristics of the Long-Term Unemployed (all 4 surveys).	January 1963.	National summary of results of all 4 surveys, separately for each survey and combined; and results by State for all 4 surveys combined.
5	Family Characteristics of the Long-Term Unemployed (May and September 1961, January 1962 surveys).	February 1963.[1]	Results by State for the 1st 3 surveys combined.
6	Family Characteristics of the Long-Term Unemployed (TEUC Exhaustees—May 1961 survey).	March 1963[1].	National summary of results of May 1961 survey pertaining to TEUC claimants who exhausted extended benefits by August 31, 1961.
7	Family Characteristics of the Long-Term Unemployed (TEUC Exhaustees—all 4 surveys).	May 1963 [1]...	National summary of results of all the 4 surveys pertaining to TEUC claimants who exhausted their extended benefits; and results by State for all 4 surveys.

[1] Planned date.

In addition, we are planning to compile and report data pertaining to claimants included in the May 1961 survey who exhausted regular benefits prior to the start of the TEUC program ("backlog") and data on the educational characteristics of claimants included in the last three of the four surveys.

II. SUPPLEMENTARY TEUC RESEARCH

Three additional studies related to the TEUC program were made by 13 selected States.

A. Comparison study of family characteristics of samples of claimants under the regular State UI program.

B. Adjustments and resources study—further investigation of TEUC and regular claimants included in the larger family characteristics study with respect to the adjustments made to unemployment and availability of sources of support other than claimant's unemployment compensation.

C. Postexhaustion study—a followup survey of TEUC claimants who exhausted their extended benefits to determine their labor market status 3 months after exhaustion of TEUC (their status in terms of employment, unemployment, withdrawal from the labor market).

Because of the priority given to summarizing and publishing results of the family characteristics study, no reports have yet been prepared on the supplementary research. These are planned to follow reports being made on the family characteristics study.

Mr. LAIRD. All those funds have been expended now?

Mr. NORWOOD. All of the reports have not been completed. The last one we hope to get out of this will be out in May of this year. By that time the funds will have been expended.

Mr. LAIRD. Any funds will lapse that are not expended on this particular survey; is that correct?

Mr. NORWOOD. That is correct, sir.

Mr. LAIRD. How much do you think will lapse of that million dollars?

Mr. NORWOOD. I think it will be spent for this purpose.

Mr. GOODWIN. This is one of the biggest studies of this kind that has ever been made. I think it is the biggest study of characteristics of the long-term unemployed group.

SUMMARY OF FINDINGS

Mr. FOGARTY. Do you have any summaries of these reports

Mr. GOODWIN. Yes. There is a summary in the findings in the foreword of this particular document, Mr. Chairman. They are very revealing findings, I think.

Mr. NORWOOD. The highlights of the survey might well go into the record.

Mr. FOGARTY. Put them in the record.

(The highlights of the survey follow:)

HIGHLIGHTS OF THE SURVEY FINDINGS—FAMILY CHARACTERISTICS OF THE LONG-TERM UNEMPLOYED, TEUC REPORT SERIES NO. 4

The following are the principal characteristics of all TEUC claimants represented by those studied in the four national surveys conducted during the life of the program. With few exceptions these characteristics show little or no variation from one survey to another.

1. About three-fifths (61 percent) of TEUC claimants were men. Men comprised a somewhat smaller fraction (57 percent) in the April 1962 survey than in earlier surveys. Over the period of the TEUC program, the proportion of men among unemployed workers insured under regular State programs and among all the unemployed varied seasonally from about 60 to 70 percent. Men made up two-thirds of the civilian labor force.

2. About two out of five TEUC claimants were between 25 and 44 years of age. One out of eight was under 25 years of age; 1 out of 10 was 65 or over. Men as a group were somewhat older than women claimants; their median age was 44 compared with 40 for women. About 60 percent of the men and 70 percent of the women were in their prime working years, age 25 to 54.

3. A substantial majority of claimants (62 percent) were the primary or sole wage earners of their households, including those claimants who lived alone.

4. Nearly half (48 percent) of all TEUC claimants were primary earners living in multiple-person households. In two out of three of the families of these claimants, no one else was working.

5. Another 14 percent of all claimants lived alone in independent households. Almost two-thirds of them were men. These claimants were older than claimants in other family status categories; the median age for those living alone was 49.

6. A little over one-fourth of all claimants were married secondary earners—in almost every instance the wife of the household head. One-sixth of these claimants reported dependents, including those living outside of their households. More than one-fifth of all married secondary earners lived in households of five or more people, another one-fifth in households of four persons.

7. Eleven percent of TEUC claimants were unmarried secondary earners, in most cases a son, daughter, or other relative of the household head. As a group, such earners were the youngest of all family categories; the median age for this group was 30 years.

8. One-half of the claimants surveyed had worked in manufacturing industries—29 percent in durable goods production and 21 percent in nondurable goods. A large proportion of women (55 percent) came from manufacturing employment, the majority of them from nondurable goods industries. The percentage of TEUC claimants from manufacturing declined steadily over the course of the study from 55 percent in May 1961 to 44 percent in April 1962, with the decline concentrated in durable goods industries.

9. Seventy percent of all TEUC claimants had worked in blue-collar occupations—over half (56 percent) were unskilled or semiskilled and only one-seventh were skilled workers. Four-fifths of the men and a little more than half of the women had been employed in blue-collar occupations. About 3 out of 10 of the women had worked in clerical and sales jobs.

10. Three-fourths of the claimants had been in the labor force, either employed or unemployed, during each of the 36 months prior to filing for TEUC benefits, about 94 percent during 24 or more of these months. Over four-fifths of the men and three-fifths of the women had been in the labor force all 36 months. When employed, nearly all claimants worked full time, or primarily full time—only 4 percent were part time, or primarily part-time workers.

11. A majority of TEUC claimants (52 percent) had been employed in 24 or more of the 36 months preceding the filing of TEUC claims. Among those who had been in the labor force all 36 months, only about one-third (32 percent) had received unemployment compensation benefits in 12 or more months. Four-fifths of the TEUC claimants had exhausted unemployment insurance rights only once during the prior 36 months.

12. Fourteen percent of the claimants were receiving a pension, in most cases social security benefits. Only 4 percent received a pension which resulted in a reduction in their weekly TEUC benefit, as required under the law.

DISPOSITION OF UNOBLIGATED BALANCES

Mr. LAIRD. What happens to the funds that are left over when you complete a survey like this? They have funds left over in the States—what happens to those funds?

Mr. NORWOOD. This is a special project kind of allocation. On this one we have exercised through the years a pretty tight fiscal control. At the end of the year we expect a report from the State on how nearly complete they were with respect to an individual study such as this and expect them to report an equivalent amount of money on hand at the end of that fiscal year, to complete the study if it spilled across 2 fiscal years. Then that money would be allotted to the State in the ensuing fiscal year to wind up that commitment.

So we have special purpose kind of money, particularly in the research area. This is not new. But that's the method of handling it.

Mr. LAIRD. Sometimes you end up with money in the hands of the States.

Mr. NORWOOD. That is correct.

Mr. LAIRD. What happens to this if the study is completed?

Mr. NORWOOD. The money that is allocated to the State is based on an estimate of what it will take to do the study.

Mr. LAIRD. What if their estimate is off and they have money—does that money lapse?

Mr. NORWOOD. It would be taken into account in the ensuing allocation.

Mr. LOVE. What happens in that case, Mr. Congressman, is that it is reported by the State as unencumbered funds. The Bureau then takes this money into account in its next year's grant and, as I explained this morning, if the State has $10,000 on hand and we are approving a budget for a hundred thousand, they get $90,000 in cash.

Mr. GOODWIN. Once the money goes to the States, then it is State money and we can't recover it.

Mr. LAIRD. I understood this in the regular program, but in the special project area I wondered about it.

Mr. GOODWIN. We minimize this problem by granting money on a quarterly basis. So actually, you don't get very much carried over in these special projects.

Mr. LOVE. Each year on April 15 we get a final estimate from the State of what their expenditures are going to be and in most cases it will be less than had been anticipated and we don't give the money out. We do return money to the Federal Treasury in a good many years.

PROCEDURE FOR ALLOCATING FUNDS FOR STATE PROGRAMS

Mr. LAIRD. Is there a certain amount of bargaining that goes on between the Federal Government and State? When you get to the point of allocating funds, do you say to Director A, "Well, we don't want you to do x but if you do y we will approve x." Does it operate that way sometimes?

Mr. GOODWIN. Well, it doesn't.

Mr. LAIRD. Do you understand what I am talking about?

Mr. GOODWIN. It doesn't operate that way.

Mr. LAIRD. I should not think it would because the State could just say "no," and you would not be in a very good position, would you?

Mr. GOODWIN. That's right. But that decision is made if certain changes were made in the large metropolitan areas in the employment service. This was not a terrifically expensive project, but it did take some additional money in each of these larger cities where we went in. Now, we took the position that for the States that wanted to go forward with that kind of change that we would make money available to finance it. If the States did not want to go forward with that kind of change, there was no basis for the grant, so it was not made. I don't know whether this covers the point that you are raising or not, but we do operate on this basis. The decision of going ahead in the metropolitan areas was a program decision that we consulted with the States and had general agreement. This doesn't mean

unanimous agreement, but general agreement that this was the desirable thing to do and then we proceeded to do it along these lines, granting money for those States that wanted to go forward.

Mr. LAIRD. But the grants of money were made only to those States that wanted to go into the program. You did not force any State to go into the program?

Mr. GOODWIN. That's right.

Mr. LAIRD. That's the important thing.

Mr. GOODWIN. Out of the 55 largest metropolitan areas, there were some of them that did not want to go ahead. I think in most cases the decision not to go ahead was one not to go ahead now. In other words, it was because either they were not sure that this was desiraable or that they had problems of long-term leasing or something of this kind.

EFFECT OF FOREIGN WORKERS

Mr. LAIRD. I have one other question, Mr. Goodwin, and it has to do with an article that appeared in the New York Times on December 3, 1962. That article quoted you to the effect that the annual influx of 500,000 immigrants and temporary workers does not have a major effect on our domestic unemployment. When I read that article, I couldn't quite understand it. It would seem to me that if you have 500,000 temporary workers coming into the United States to work in a given year, that that must have some effect upon unemployment; does it not?

Mr. GOODWIN. Yes. The 500,000 that they were—they are scattered evenly, or fairly evenly, over the country as a whole, and would not have a major impact.

Mr. FOGARTY. Are those 500,000 eligible to work?

Mr. LAIRD. These are all workers.

Mr. GOODWIN. There are a good many of these that come in under the immigration laws and are pretty widely scattered over the country. Where you've got your problems——

Mr. LAIRD. There are a lot of foreign workers coming in. The greatest part of the 500,000 is, I would assume, in the area of agricultural employment.

Mr. GOODWIN. And that is a different problem and is not intended to be covered by this particular statement.

Mr. LAIRD. When you talk about 500,000, you must be including people from Mexico, British West Indies, and other temporary agricultural workers, because the number of immigrants we have each year would be much less than 500,000.

The headline is "Worker Influx Held No Problem to the United States." It goes on and says it has no major impact upon our employment picture in the United States. I am just looking for information.

Is this statement that you made substantially correct?

Mr. GOODWIN. This was not a speech. This fellow called me on the phone and what he was particularly interested in, as I recall, was in the people that were coming in from quota countries, and political refugees coming in from Cuba.

Mr. LAIRD. We have to raise that figure if you include Cubans in there. You don't have the Cubans in that figure.

Mr. GOODWIN. You mean the 150,000, or 300,000? The last sentence here really deals with the farm program. It says mostly field hands in agriculture are brought in to handle seasonal crops for a restricted period. Here is the area where you have the problem that was not intended to be covered by any of these previous figures. The figures on these may be wrong. I did not furnish him any figures. He had some figures. The question he put to me, and the only question I attempted to answer, was whether these people coming in from European countries, under the immigration laws and visas, were a serious problem in terms of displacement of American workers.

Mr. LAIRD. I should think that would depend on the number.

Mr. GOODWIN. Yes, but the numbers that do come in under those programs are not only not large but they are widely spread over the country and we have not received complaints of displacement of American workers. Once in a great while you will get a complaint.

IMPACT OF CUBAN REFUGEES IN FLORIDA

Mr. LAIRD. Like you did in Florida. I am sure you had them in Florida, because I was down there and spent time with the refugees and I talked to people in the general area. I received a lot of complaints from people who said the Cubans would work until they reached the maximum they could make without losing their refugee benefits, then they would quit. Many would work a 40-hour week so long as you kept their pay down below the figure that disqualified them for their refugee benefits. Bellhops, waitresses and others are complaining about that down there, and I am sure you have gotten some of those complaints.

Mr. GOODWIN. Oh, yes. We have had complaints about the southern Florida area. We have had complaints about the areas along the Mexican border, and occasionally we get complaints from other areas, but this is where most of them are. We have not talked yet about our Mexican farm program.

Mr. LAIRD. The only reason I brought that article up is I wanted it explained a little bit. I was taken with it when I read it.

Mr. GOODWIN. I remember seeing it when it came out, and being a little unhappy at the way it was set up, because it did not give the whole picture.

Mr. LESINSKI. Mr. Chairman, I have had some complaints, from some constituents, of foreigners coming in and taking jobs from American workers. But contrary so, this might be a logical complaint; but I have found it that foreigners ofttimes will take jobs that the Americans will not, and even at a lesser pay. I have been in the position to help somebody out with a job and, because the job did not pay $2.15 an hour or $2.50, he would not take it if it did not pay that. This is a problem we have among the people, that either they get paid a certain salary or they would not work because of unemployment compensation. As I say, we have to figure out as to what we can do to correct it, but I don't think I would agree with you basically that the number of foreigners coming in does not—might to a certain extent in certain areas—displace American workers, but not across the board.

SIZE OF STAFF

Mr. LAIRD. In your justification regarding distribution of your field staff, you have a footnote, excluding your auditors who report directly to the Washington office.

How many auditors did you have in 1962 doing this State audit work?

Mr. LOVE. Twelve in the field.

Mr. GOODWIN. Twelve.

Mr. LAIRD. How many did you have in 1963? I am talking about the field auditors?

Mr. LOVE. Seventeen in 1963.

Mr. LAIRD. What do you propose for 1964?

Mr. LOVE. Same number. That is in the salary and expenses appropriation.

Mr. LAIRD. Your field staff shows no increase in fiscal year 1964; is that correct?

Mr. GOODWIN. That is right; yes.

Mr. LAIRD. When was the last increase you had?

Mr. LOVE. We got an increase in 1963; about 50.

Mr. LAIRD. So, your field staff went from—I am talking about the field staff here.

Mr. GOODWIN. That is right.

Mr. LAIRD. Your field staff was increased to 255.

Mr. GOODWIN. That is right.

Mr. LAIRD. How many of these 50 additional people did you actually hire?

Mr. CURTIS. About 42, as of December 31, 1962.

Mr. LAIRD. How are those broken down between professional and clerical?

Mr. CURTIS. We have 60 percent professional and 40 percent clerical.

MEXICAN LABOR PROGRAM

Mr. FOGARTY. All right. Mr. Goodwin, do you have a statement on the Mexican labor program?

Mr. GOODWIN. Yes; a brief statement.

Mr. FOGARTY. You can put it in the record.

(The statements follows:)

STATEMENT OF ROBERT C. GOODWIN ON SALARIES AND EXPENSES, MEXICAN FARM LABOR PROGRAM

Mr. Chairman, for the Salaries and expenses portion of the Mexican farm labor program, we are requesting $1,135,000, a decrease of $913,500 below the amount authorized in 1963. Because Public Law 78 expires on December 31, 1963, the request provides $900,000 for expenses of Bureau activities from July through December of 1963, and $235,000 for liquidation of the program if it becomes necessary. Should the program be extended, the $235,000 requested for liquidation will be used for operations, and a supplemental will be submitted to cover the remaining funds required.

As I indicated in my compliance statement, the number of contracted Mexican workers has declined in the last 2 years. We now expect a further drop to 225,000 workers in fiscal year 1963, and it is estimated that 130,000 workers will be contracted in the first half of fiscal year 1964. In line with the reduction in workers, we plan to close two reception centers by the beginning of 1964, and the 1964 budget request has been reduced to reflect appropriate savings.

As the committee knows, all of the costs of the Mexican farm labor program are financed from the farm labor supply revolving fund. Employers who contract or recontract Mexican workers are now paying the maximum fee provided in Public Law 78—$15.

The State employment security agencies also have costs which are attributable to the Mexican farm labor program. For such activities, $200,000 of the $900,000 requested for operations in the July–December 1963 period is to be granted to the States.

Mr. Chairman, this concludes my statement on the request for Salaries and expenses, Mexican farm labor program.

STATEMENT OF ROBERT C. GOODWIN, ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY, ON COMPLIANCE ACTIVITIES FOR THE MEXICAN FARM LABOR PROGRAM

Mr. Chairman, for compliance activities of the Mexican farm labor program in 1964 we are requesting $870,000, a decrease of $519,500 below the amount appropriated for this activity in fiscal year 1963. Of the total requested, $721,500 is to defray expenses for the first half of the fiscal year, as Public Law 78 expires on December 31, 1963. This amount will maintain the existing level of compliance operations; it does not provide for any expansion. Also included in the amount requested is $148,500 to meet the costs of program liquidation. Should the program be extended, the $148,500 requested for liquidation will be used for operations, and a supplemental request will be submitted to cover the remaining funds required.

This request assumes that 130,000 Mexican workers will be needed in the first half of fiscal 1964, which is 65 percent of the anticipated needs for the entire fiscal year. The higher portion results from the fact that the greater number of contracts normally occurs in the second half of a calendar year to help meet peak harvesting labor needs.

The committee may recall that up to and including fiscal year 1960, supplemental foreign labor under Public Law 78 had for a number of years exceeded 400,000 annually. In fiscal year 1961 the number dropped to 294,355 and in fiscal 1962 there was a further drop to 282,515. For fiscal 1963 we believe that approximately 225,000 Mexican workers will be contracted for seasonal employment. Our best estimate at this time is that 200,000 Mexicans will be contracted in fiscal 1964 if Public Law 78 is extended.

While the number of contracted workers has declined, the most important consideration in determining the need for compliance staff is the number of employing establishments involved, which has not declined significantly. The number of Mexican workers with each employing establishment is of importance, but is a secondary consideration in the regular deployment of staff. The same range of duties must be performed by a compliance representative whether an employer has 10 or 50 Mexican workers.

I am sure this committee understands that both employers and workers must conform to the requirements of Public Law 78, the International Agreement with Mexico, and the Standard Work Contract, which govern the importation and employment of Mexican workers in the United States. In practically all circumstances this means personal contacts by the compliance representatives with the employers and with the workers, at the employer's place of business, at his labor camps, or in the fields. These contacts are essential to the proper discharge of our responsibilities.

The 1962 amendments to Public Law 78, and their implementation by the Secretary of Labor, have also brought greatly increased responsibilities to the Bureau and to its field compliance staff. These amendments prohibit the employment of Mexican workers in other than temporary or seasonal occupations, or in operating or maintaining power-driven machinery, except in specific cases when found necessary to avoid undue hardship. Criteria for determining undue hardship under both these circumstances have been developed and put into use.

Finally, we have expanded our efforts to locate and combat adverse effect. Adverse effect hearings have been held for all States in which Mexican nationals are employed. Hourly rates have been established below which the Secretary of Labor has stated he cannot certify for the temporary employment of Mexican labor. These actions have resulted in a greater workload for the compliance staff, which must check user payrolls to determine compliance with the hourly rates, or equivalent piece rate earnings. And, beginning this year, payrolls for

domestic farm workers employed by the users of Mexical labor will be examined for conformance with the Secretary's adverse effect wage rates.

These are a few of the significant examples of the Bureau's increased responsibilities under Public Law 78, and in all of them the compliance staff is heavily involved. They perform these functions in addition to the standard compliance duties required under the International Agreement with Mexico, and the Standard Work Contract, and it is our best judgment that the administration of Public Law 78 in fiscal 1964 will require that we maintain the existing level of compliance staff services.

Mr. Chairman, this concludes my statement on the request for compliance activities for the Mexican farm labor program.

BUDGET REQUEST

Mr. FOGARTY. Your appropriation for compliance activities in 1963 is $1,344,500 and the pay act supplemental is estimated to be $45,000, for a total of $1,389,500.

Mr. GOODWIN. That is right.

Mr. FOGARTY. The request for 1964 is $870,000, which is based on the current legislation which expires December 31, the end of this calendar year.

Mr. GOODWIN. Right.

EXTENSION OF MEXICAN FARM LABOR ACT

Mr. FOGARTY. Has legislation been introduced, or have you consummated any agreement with the country of Mexico for the extension of this program?

Mr. GOODWIN. Well, the present agreement runs until December 31 of this year. The next step would be to submit legislation to the Congress. This has not yet been done.

Mr. FOGARTY. What about the agreement between this country and Mexico?

Mr. GOODWIN. This is based on the law, so you have to have a legal basis first.

Mr. FOGARTY. I see.

Mr. GOODWIN. I anticipate that the Department will recommend an extension of Public Law 78, but the final decision has not yet been made.

Mr. FOGARTY. $721,500 of the request is for operations and $148,500 is for liquidation expenses; is that right?

Mr. GOODWIN. Yes.

Mr. FOGARTY. Four or five years ago we had this same sort of a problem and you had to lay off some people and then try to rehire them?

Mr. GOODWIN. We did.

Mr. FOGARTY. It cost you some money; did it not?

Mr. GOODWIN. Yes, and we lost in that process. We lost some of the people because they did not know whether they were going to have a job or not, and they took opportunities as they came up. I am hoping that we can get action, if it is decided to extend Public Law 78. I am hoping we can get that through promptly so that there will be time for your committee to consider the appropriation for the remainder of the year.

Mr. FOGARTY. I hope so, too, this law is going to be controversial again, I assume.

Mr. GOODWIN. It may be possible before the Senate gets through.

WORKLOAD

Mr. FOGARTY. On page 6 of your justification, you say during fiscal year 1962 you made 4,570 investigations of complaints.

Were you able to investigate all complaints?

Mr. GOODWIN. No. We were able——

Mr. FOGARTY. How many complaints did you have?

Mr. GOODWIN. I am not sure.

Mr. DONNACHIE. I think we were nearly able to investigate all complaints. I don't think we have any problem about investigating the complaints. Our problem has been in other areas. We were able to handle most complaints.

HOUSING INSPECTIONS

Mr. FOGARTY. 10,800 housing inspections, and 55,000 payroll inspections were made. And, as a result of these investigations and inspections, 8,500 violations were uncovered. That is quite a sizable number, is it not?

Mr. DONNACHIE. Yes, sir.

Mr. FOGARTY. Is it getting worse or better?

Mr. DONNACHIE. The violations? I think they are decreasing as a result of the decreased workload.

Mr. FOGARTY. Percentagewise?

Mr. DONNACHIE. Not in the percentage. We are finding the movement downward not in relation to the percentage of decrease in the contracting load. We still have the same staff and we are able to cover about the same area and do more investigations with our limited number of people. When we were finding the volume that you quoted we had a lot more ground to cover, a lot more establishments to visit, and a lot more payrolls to inspect.

LOCATION OF HOUSING VIOLATIONS

Mr. FOGARTY. Are these violations taking place on the small farm or medium-size farm or larger farm? Do you have any sort of breakdown?

Mr. DONNACHIE. I would think that the bulk of them would take place on the small-user farm, but we haven't any analysis made of that.

Mr. FOGARTY. What States?

Mr. DONNACHIE. I would assume Arkansas. Many violations occurred in Arkansas.

Mr. FOGARTY. They head the list, don't they? Percentagewise, I am talking about.

Mr. DONNACHIE. Yes, they have.

Mr. FOGARTY. Then, what State comes next—Texas or California?

Mr. DONNACHIE. Texas. In California we don't have the number of violations that we have in some other States, in proportion to the contracting workload, because of, for one thing, a good State housing code. Housing is generally superior and good associations assist us in securing compliance.

Mr. FOGARTY. You are not going to brag about the housing in Arkansas, though?

Mr. DONNACHIE. No, sir. However, we put a concentrated effort in Arkansas and we think we did a good job. Nothing we are proud of in the results with the housing, but we got it up to some standard.

PAYROLL INSPECTION

Mr. FOGARTY. 6,400 resulted from payroll inspections.

Are you having difficulty getting people to pay these Mexicans?

Mr. DONNACHIE. Yes. However, a lot of these are subsistence payments. Failure to pay subsistence for days they are not offered work and failure to pay promptly when a new prevailing rate is announced.

ADVERSE EFFECT RATES

I would like to say at this time that next year in this area we will have a tremendously increased workload. As you know, we held public hearings for all the States employing Mexicans, and set an adverse effect rate for each State. The adverse effect rate provides for payment of a minimum hourly rate under the piece rate—and it also became a minimum hourly rate. We are going to have to inspect not only Mexican payrolls but domestic payrolls to see that the domestics are paid the minimum hourly rate when employed at piece rates.

Mr. FOGARTY. I am not sure I understand that.

Mr. GOODWIN. This is a very important step we have taken in the past year. What we did in this adverse effect procedure was to make studies. We used the wage information available to us from the Agricultural Department and from the census and came up with a conclusion as to what the wage rate needed to be in order to avoid adverse effect on the domestic wages.

Mr. FOGARTY. Is this State by State?

Mr. DONNACHIE. Yes.

Mr. GOODWIN. State by State and we had hearings on that. We made an announcement of what we thought it ought to be and we held a hearing and gave everyone a chance to comment on our tentative finding.

Mr. FOGARTY. When did these hearings take place?

Mr. GOODWIN. These hearings started around February of last year and went through April and we made the decisions then on wages. What we said in effect was that we would not permit any farm workers to come into this area—this State—unless they were paid such and such a rate. Now, this has the effect of raising the farm rates in all the States in which we held these hearings.

Do you recall how many States were affected with this, Jack?

Mr. FOGARTY. Put the breakdown in the record, the number of States that you held the hearings in, and the rates established.

(The breakdown follows:)

ADVERSE EFFECT HEARINGS FOR THE MEXICAN FARM LABOR PROGRAM, 1962

Public hearings for the States where Mexican contract workers are employed were held in the following cities to gather information to aid the Secretary

of Labor in determining the appropriate wage rates to prevent the employment of foreign workers from adversely affecting the wages of domestic workers:

Place of hearing	*Date of hearing*	*For State*
Albuquerque	February 9	New Mexico
Los Angeles	February 19	California
		Nevada
		Oregon
Sacramento	February 21	California
		Nevada
		Oregon
Phoenix	February 23	Arizona
McAllen	February 26	Texas
Midland	February 28	Texas
Memphis	March 2	Kentucky
		Tennessee
		Arkansas
East Lansing	March 5	Michigan
		Illinois
		Indiana
		Minnesota
		Wisconsin
Denver	March 7	Colorado
		Nebraska
		Iowa
		Kansas
		North Dakota
		South Dakota
		Montana
		Utah
		Wyoming
Atlanta	March 26	Georgia

Mexican farm labor program—Impact of adverse effect rates, 1962

State	Adverse effect rate	Hourly rate most commonly paid domestic workers	
		1962	1961
Arkansas	$0.60	$0.50	$0.50
Arizona	.95	.95	.75
California	1.00	1.00	1.00
Colorado	.90	90	.75
Georgia	.75	(1)	(2)
Illinois	1.00	(2)	(2)
Indiana	1.00	1.00	.80
Iowa	1.00	(2)	(2)
Kansas	1.00	1.00	1.00
Kentucky	.80	(1)	.50
Michigan	1.00	1.00	1.00
Minnesota	1.00	1.00	1.00
Montana	1.00	(2)	(2)
Nebraska	1.00	1.00	.95
New Mexico	.75	.75	70
Nevada	1.00	1.00	.75
North Dakota	1.00	(1)	(2)
Oregon	1.00	(2)	(2)
South Dakota	1.00	(2)	(2)
Tennessee	.65	.55	.50
Texas	.70	.60	.50
Utah	1.00	1.00	.75
Wisconsin	1.00	[3] 1.15	.85
Wyoming	1.00	(2)	(2)

[1] No Mexican nationals employed in 1962.
[2] Mexican nationals employed only in piece-rate activities.
[3] Based on only 1 survey (pea harvest).

Source: ES-232 Domestic Agricultural Wage Reports.

Mr. DONNACHIE. Here are the Mexican user States and the impact of the rates.

Mr. GOODWIN. The one that Mr. Donnachie mentioned was—we said, "If you pay a piece rate instead of an hourly rate, the earnings from that piece rate must be at least as much as the hourly rate." This will be taken to court on this last point and the suit is being brought in California, and it will be heard sometime in the next month or 6 weeks, as I recall.

Mr. FOGARTY. Who is bringing the suit?

Mr. GOODWIN. Growers' associations in southern California.

Mr. FOGARTY. In southern California?

NUMBER OF MEXICAN WORKERS

Mr. GOODWIN. Yes. But the point I wanted to make is that this series of actions that we took last year on adverse effect with relation to wages, the regulations we put out on seasonal employment and the regulations we put out on using Mexicans on machinery all have the effect of cutting back on the use of Mexican workers.

Mr. FOGARTY. What you have been saying for a long time has turned out to be true?

Mr. GOODWIN. Yes, sir.

Mr. FOGARTY. Some of us opposed this kind of legislation on this basis. This proves that we happened to be right at the time.

Mr. GOODWIN. Yes. We think so. The number that will come in this fiscal year 1964 we estimate will be in the neighborhood of 200,000. It's only a been a few years ago that we were bringing in over 400,000.

Mr. FOGARTY. I had a question on that.

ADVERSE EFFECT RATES

Mr. DONNACHIE. One other point should be made clear with regard to this. Under the migrant labor agreement with Mexico we are required to pay the prevailing wage. The presence of Mexicans holds that wage at the prevailing level and the purpose of the adverse-effect hearing was to determine what that wage would have been in the absence of the foreign workers.

Mr. FOGARTY. It did raise the rate?

Mr. DONNACHIE. Yes.

Mr. FOGARTY. I remember saying that on the floor. I am glad it turned out to be so.

INELIGIBLE EMPLOYERS

During fiscal year 1962 65 employers were declared ineligible. Percentagewise, is that high, medium, or low?

Mr. DONNACHIE. Very low, percentagewise. We only have one punitive action we can take for violations and that is declaration of ineligibility and it becomes a very serious thing to find a person in violation.

COLLECTIONS FROM EMPLOYERS

Mr. FOGARTY. Were you able to collect from the employers $286,000? Is that for fiscal year 1962?

Mr. DONNACHIE. Yes. Under the international agreement with Mexico, the United States is the guarantor of the wages of the Mexican worker. If the employer fails to pay the required wages we make an attempt to collect, and failing to collect, we pay out the money to the workers. These are usually bankrupt employers or associations. In some cases the Justice Department doesn't want to bother collecting it if it is a small amount.

STAFF CHANGES

Mr. FOGARTY. On page 9, your field staff is shown dropping by six positions in 1964. Since the total positions remains the same, this must mean that you are increasing Washington by six; is that right?

Mr. DONNACHIE. We are not actually increasing staff in Washington by six, Mr. Chairman. We found some positions in the adverse-effect area in the headquarters that had been charged to Public Law 78. We felt that we had them in the wrong place and they have been shifted from the Public Law 78 to the compliance account. These are the employees responsible for making recommendations relative to the development of materials on adverse-effect hearings to protect the domestic worker so we just moved them over.

Mr. FOGARTY. Without taking too much away from compliance?

Mr. DONNACHIE. No, these people, actually——

Mr. FOGARTY. As long as this law is on the books you ought to make sure that the law is complied with.

Mr. DONNACHIE. They are in the compliance area and they are contributing more toward preventing adverse effect than any of the headquarters employees we have.

BUDGET REQUEST FOR SALARIES AND EXPENSES

Mr. FOGARTY. "Salaries and expenses," the appropriation for 1963 was $2,048,500 and the request for 1964 is $1,135,000, including $900,000 for 6 months operations and $235,000 for liquidation costs. This runs higher than your compliance activities; does it not?

Mr. DONNACHIE. Yes.

Mr. LOVE. The reason for that is, you have the problem of returning the worker and it takes longer to close down that part of the operation.

NUMBER OF MEXICAN WORKERS

Mr. FOGARTY. Why do you estimate that the number of Mexican workers imported will go up by over 25,000 this year as compared with last?

Mr. DONNACHIE. Well, you are comparing the present calendar year which was around 195,000 to our estimate of 225,000 for fiscal year 1963 and 200,000 in 1964. We had an unusual situation in the first half of this year. The Migrant Labor Agreement was changed to permit the Mexicans to stay in only 6 months. We made that effective February 1, and all Mexicans that were in the country at

that time in excess of a hundred thousand could stay an additional 6 months so we permitted them to stay. We wanted a clear cutoff point. This is one factor. The fact that we now have to contract and replace workers who have to go home every 6 months will increase the number of worker contracts, but will not increase the number of man-days of Mexican employment.

Another factor is that surprisingly enough we expect possibly an increase in foreign workers in some areas this year. Sugarbeets, because of the increased sugar acreage, which will be a significant proportion——

SUGARBEET SUBSIDIES

Mr. FOGARTY. How much is sugarbeet production going to go up?

Mr. DONNACHIE. I wouldn't want to state. I know of one area, and I can give you the acreage. It is going from 400,000 to 486,000 acres.

Mr. FOGARTY. We are paying a subsidy on sugarbeets?

Mr. DONNACHIE. Yes.

Mr. FOGARTY. Do you know what that is costing the Federal Government?

Mr. DONNACHIE. No, I don't, sir.

Mr. GOODWIN. This is because of developments in Cuba.

Mr. DENTON. Comes from the tariff they collect on sugar that comes in.

Mr. FOGARTY. We are still paying these sugarbeet growers a subsidy, are we not, and on this increased acreage, too?

Mr. DONNACHIE. I would assume so, sir.

Mr. FOGARTY. Do you know, Mr. Goodwin?

Mr. GOODWIN. Yes.

Mr. FOGARTY. Do you have any estimate of what it is going to cost in subsidies in increasing this acreage where these Mexican nationals are being used?

Mr. GOODWIN. No, we could see whether that is available. We don't have it. Agriculture might have it.

Mr. FOGARTY. Will you find out and put that in the record at this point?

(The information follows:)

Payments made under the Sugar Act to producers in States where Mexican nationals were used in sugarbeet work, 1961 [1]

	Amount of payments (thousands)
California	$10,265
Colorado	6,075
Kansas	378
Michigan	2,630
Montana	2,300
Nebraska	2,861
Utah	861
Wyoming	1,774

[1] Payment data for 1962 not complete.

COTTON SUBSIDIES

Mr. FOGARTY. Do you have also an estimate of subsidies we are paying out for cotton in the State of Arkansas?

Mr. DONNACHIE. No, sir.

Mr. FOGARTY. Can you get that from the Department of Agriculture?

Mr. DONNACHIE. Yes.

Mr. FOGARTY. And how much it is costing the Government to store cotton and subsidize the growing of cotton and how many Mexicans are working in that area?

Mr. DONNACHIE. The number of Mexicans are way down in Arkansas.

Mr. FOGARTY. Because of the new machines that are being developed?

Mr. DONNACHIE. Primarily because of the adverse effect rate established as a result of the determinations we made last year. We put a floor under the piece rate and also adjuted the piece rate work payments designed to produce the higher hourly rate. We had a tremendous increase in mechanization in Arkansas and Texas and our loss in the contracting of Mexicans is almost entirely attributed to this factor and almost all to cotton. Our demands for foreign workers in vegetables and fruits have continued along about the same.

Mr. FOGARTY. You know the type of thing I want. Prepare a table showing cotton subsidies in the States using Mexicans.

(The information follows:)

PRICE-SUPPORT COSTS

The table below shows the amount of cotton price-support loans on the 1962 crop which were outstanding as of January 25, 1963, in States where Mexican nationals were used in 1962 cotton activities:

	Millions		*Millions*
Arizona	$31.7	New Mexico	$6.0
Arkansas	72.7	Tennessee	22.1
California	50.5	Texas	168.1

Since growers have until July 31, 1963, to repay loans and take their cotton out of the price-support program, it cannot be determined at this time how much of the loan amounts shown above will eventually remain outstanding. The figures for the 1961 crop provide some indication. The amount of price-support loans which the Government finally took over on the 1961 crop is shown below:

	Millions		*Millions*
Arizona	$18.6	New Mexico	$14.3
Arkansas	51.6	Tennessee	23.7
California	9.1	Texas	158.2

MECHANIZATION OF TOMATO HARVESTING

Mr. FOGARTY. On the effect of mechanization—I thought there was a machine being developed to pick tomatoes?

Mr. DONNACHIE. Five years ago they told us we would have it in 5 years, and today the growers are saying we are going to have it in 5 years.

Mr. FOGARTY. That argument has been used on the floor of the House. Just give us a couple more years of this kind of labor and we will have a machine to do the work.

Mr. DONNACHIE. The problem isn't finding machines as much as developing the tomato plant that could be handled by a machine.

Mr. LESINSKI. Without squashing it.

Mr. DONNACHIE. Thicker skin.

Mr. FOGARTY. That argument that has been used upstairs. In what other areas are Mexicans being used to harvest crops of any kind that the Federal Government is paying a subsidy on?

Mr. GOODWIN. I think the only ones in which subsidies are being paid—cotton and sugarbeets.

Mr. DONNACHIE. Sugarcane.

BRITISH WEST INDIAN WORKERS

Mr. GOODWIN. We are not using Mexicans for that. We are using British West Indians for sugarcane.

Mr. FOGARTY. What about the British West Indians? You have 14,000 coming in. Is the Public Health Service required to examine them, too, when they come in?

Mr. GOODWIN. No.

Mr. FOGARTY. It is just a contract entered into by the growers here?

Mr. GOODWIN. But no Public Health.

Mr. DONNACHIE. This is handled by the Immigration and Naturalization Service on the conditions of their entry and there is a physical examination.

Mr. FOGARTY. Is there the same kind of inspection we insist on for the Mexicans?

Mr. DONNACHIE. No, sir.

CANADIAN WORKERS

Mr. FOGARTY. What about the Canadians coming in?

Mr. DONNACHIE. No. They are not. They are the same. They come in the same as the British West Indians. In fact, our Canadian operation is a very informal one. We deal directly between local offices.

Mr. FOGARTY. You only have a few, anyway.

Mr. DONNACHIE. We bring to Maine about 7,000 each year for the harvesting of potatoes.

Mr. FOGARTY. They don't get down much further?

Mr. DONNACHIE. We bring a few in for apples and some dairy work in New Hampshire and Massachusetts.

Mr. GOODWIN. We have a two-way movement on Canadian labor. We have tobacco workers that are recruited in Kentucky, and some of the other States, that go into Canada for tobacco work.

Mr. DONNACHIE. These are primarily curers and primers, and they come out of the Carolinas, Florida, Georgia.

Mr. FOGARTY. Mr. Denton?

ADVERSE EFFECT RATE

Mr. DENTON. This statement you have, where you have the adverse effect rate; now, as I understand it, that is the rate that would be paid in the respective States if they did not have this Mexican farm labor.

Mr. DONNACHIE. No, sir. This applies only to the users of foreign labor. If an employer wants to hire foreign labor, he has to pay not less than that hourly rate, to both his foreign and domestic workers, to be eligible to contract foreign workers.

Mr. DENTON. Why do you call it adverse-effect rate? What is the meaning of that?

Mr. DONNACHIE. Well, we held adverse-effect hearings and determined that these are the rates at which the Secretary could certify that the employment of foreign workers would not adversely affect domestic workers; any lower than that, he could not certify.

Mr. GOODWIN. If I may interject—the point Mr. Donnachie was making a minute ago, this is an attempt to arrive at a decision as to what the rate would have been if we had not had foreign workers.

Mr. DONNACHIE. That is right.

Mr. DENTON. Is that not what I said?

Mr. DONNACHIE. I misunderstood you, then, Mr. Congressman. I thought you meant that this is a rate that everybody had to pay to the local worker or in the State.

Mr. DENTON. I did not mean to say that.

Mr. DONNACHIE. I am sorry.

Mr. LESINSKI. What they would have paid the local worker?

Mr. DONNACHIE. If he employed foreign workers, he would be required to pay his local workers this rate.

Mr. GOODWIN. And he is required to offer this to local workers before he can get any foreign workers. In other words——

Mr. LESINSKI. He has to offer to local workers before he can get foreign workers?

Mr. GOODWIN. Yes.

Mr. DONNACHIE. That is right. Then he has to pay his domestics as well as foreign, after he gets them, to give us an opportunity to continue to recruit.

Mr. FOGARTY. The Department makes that determination?

Mr. GOODWIN. We made this determination by a series of wage hearings and determinations.

NUMBER OF MEXICAN WORKERS

Mr. DENTON. We made some improvements in this law. How effective has that improvement been? Has the number of Mexican foreign laborers been cut down?

Mr. DONNACHIE. Yes.

Mr. GOODWIN. Yes, sir.

Mr. DENTON. Cut down from what to what?

Mr. GOODWIN. We began putting these Public Law 78 amendments into effect last fall, a year ago.

Mr. DONNACHIE. That is right.

Mr. GOODWIN. And I do not know that we have a figure on what the reduction was in that period of time or not.

Do we, Jack?

Mr. DONNACHIE. This figure shows it went down in 1961, from 296,000-plus to 197,100 in 1962; which would be about 100,000.

Mr. GOODWIN. Yes.

Mr. DONNACHIE. Yes, sir.

Mr. DENTON. That 197,000, would you tell me what percentage picked cotton and what percentage worked with sugarbeets?

Mr. GOODWIN. Can you, Jack?

Mr. DONNACHIE. I could not say offhand; but I would say the vast majority of these were engaged in the cotton and sugarbeets.

Mr. DENTON. Can you give us a perecntage?

Mr. GOODWIN. We can furnish you a figure.

Mr. DENTON. Put it in the record.

Mr. DONNACHIE. Yes.

Mr. GOODWIN. Yes.

(The information follows:)

Number of man-months of employment of Mexican nationals, by major crop, 1961–62

Crop	1961		1962		Percent change, 1961–62
	Man-months (thousands)	Percent of total	Man-months (thousands)	Percent of total	
Total	1,148.9	100	716.4	100	−38
Cotton	425.2	37	134.2	19	−68
Tomatoes	96.6	8	120.1	17	+24
Lettuce	88.5	8	77.5	11	−12
Citrus	88.4	8	64.7	9	−27
Cucumbers	27.6	2	21.2	3	−23
Sugarbeets	31.3	3	30.6	4	−2
Sorghum	22.8	2	9.1	1	−60
Livestock	37.8	3	24.1	3	−36
All others[1]	330.7	29	234.9	33	−29

[1] The major crops in the "all others" category are beans, asparagus, "other vegetables," strawberries, melons, and "all other fruits."

USE OF COTTON-PICKING MACHINES

Mr. DENTON. Is there any conceivable reason why you cannot use a cottonpicker to pick this cotton?

Mr. GOODWIN. There are certain kinds of cotton with which they did not get very good results with pickers, and——

Mr. DENTON. Is that long-staple cotton, or what kind?

Mr. GOODWIN. Well, it is more the soil conditions and the climatic conditions, as I understand it, that raise the problems when picking the cotton by cotton-picking machines.

Mr. DONNACHIE. It is the ability of the machine to work in the field. If it gets real wet, the machine cannot work.

Mr. GOODWIN. And the grade is not quite as good if it is picked by machines as it is when it is picked by hand.

Some of these areas in Texas that went to cotton-picking machines last year are not very happy with the results that they got and the price they got for the cotton.

So, as Mr. Donnachie indicated a minute ago, there is the possibility they are going to be on our doorstep this next season for Mexicans to pick that cotton.

We have not looked into this problem carefully yet, but they were not too happy with their machine-picked cotton.

Mr. DENTON. Before you had the Mexicans, the Negroes picked that cotton. Before we had a cottonpicker, I mean.

What has become of the Negroes that did that cotton picking? Are they going north?

Mr. GOODWIN. Yes, in large numbers.

Mr. DENTON. So the result of this program is that if they do not use cottonpickers, the Mexican displaces the Southern Negro, who comes north to northern cities?

Mr. DONNACHIE. May I interrupt, Mr. Congressman?

Mr. DENTON. Yes.

Mr. DONNACHIE. I think when we are talking about cotton and the use of machines in the Mexican areas, we are not talking about displacement of Negroes; we are talking about displacement of citizens of Texas of Mexican descent. These are the people who normally harvested cotton in the western area.

Mr. DENTON. These Mexicans you bring in displace American-Mexicans; is that right?

Mr. DONNACHIE. Well, we have the responsibility for certification of the numbers that come in. We do not think we displaced any. We brought in just enough to get it done. When they went to machines, they did not need as many Mexicans.

Mr. DENTON. Let me go back.

Mr. DONNACHIE. Yes, sir.

Mr. DENTON. Before we brought the Mexicans in, you say the American-Mexicans picked this cotton?

Mr. DONNACHIE. Well, I think——

Mr. DENTON. Now when we bring these Mexicans in, are we planting more cotton, or what became of the American-Mexicans that did the cottonpicking before?

Mr. DONNACHIE. Well, for many years we had almost an open border in these areas, and most of the cotton was picked by Mexicans who entered illegally as wetbacks.

In 1954, when the border was closed by the Immigration Service, we then started bringing them in legally in large numbers. With the passage of Public Law 78, they have come in under this law, and come in legally since then.

Prior to that, I think this cotton was picked primarily with the local Texas-Mexicans and wetbacks.

Mr. DENTON. Well, the Immigration Service has improved so you do not have that problem any more.

Mr. DONNACHIE. We may be having it now, because of the adverse effect determinations in the border areas. There is indication the apprehension of illegals has again been rising.

Mr. DENTON. Have you made a check?

Mr. DONNACHIE. In the increase in apprehension?

Mr. DENTON. Yes, sir.

Mr. DONNACHIE. I cannot say now how much it is, but I know it has increased all the way across the border.

AMOUNT OF HAND LABOR IN SUGARBEET INDUSTRY

Mr. DENTON. How about the sugarbeets? My community, when Cuba was cut off, started a campaign to plant sugarbeets. I attended some of the meetings. It was emphasized that all the work could be done by machinery now, where it had been done by hand before. Is that correct?

Mr. DONNACHIE. The harvesting has almost entirely been mechanized, but there are still workers needed in the preharvesting activities, thinning and hoeing of the plants.

Mr. DENTON. That is one thing that was brought up; they had machines to do that. That was brought up, particularly, that they had machines to do that.

Mr. DONNACHIE. Yes; they have machines that can do it, but I do not think they have proven satisfactory enough that they are used fully yet. We are still bringing Mexicans in.

Mr. GOODWIN. They may be able to reduce the amount of labor needed.

Mr. DONNACHIE. Oh, sure.

Mr. GOODWIN. One of the developments is the use of segmented seed and planting, like they do corn; they can cross plow.

Mr. DONNACHIE. They cross-plow it.

Mr. GOODWIN. This does not entirely eliminate the need.

Mr. DENTON. At that time payments were made four times; one was paid by the Government.

I understand there was in effect the Brannan Plan, which had been in effect for a long time, on sugarbeets. Part of the money comes from the tariff on imported sugar and, I guess, the rest comes out of the Government's Treasury; does it not? I do not know.

Mr. DONNACHIE. I am not that familiar with the Sugar Act.

MECHANIZATION OF VEGETABLE HARVESTING

Mr. DENTON. How about your tomatoes? I see you evidently have some up in my part of the country.

Mr. DONNACHIE. Yes.

Mr. DENTON. They told me they did have a machine that would pick tomatoes. Like you say, the problem was to get the right kind of tomato.

Mr. DONNACHIE. That is right.

Mr. DENTON. I have not seen it, but I have heard farmers say they had seen the machine in operation.

Mr. DONNACHIE. If you had the right type of plant, to develop the right type of tomato, there would be no trouble in getting the machine.

Mr. DENTON. One man had a machine, they told me, that would dig potatoes and onions and beets and carrots, and would sort them and pack them, and—well, do everything that could be done. He said it took 20 men to operate the machine; it was complete from start to finish. Do you know anything about that?

Mr. DONNACHIE. Well, there are a lot of mechanization developments. You know, agriculture is mechanizing more rapidly than industry. The advances in agriculture are tremendous. But you always have some problems. You have different problems in different areas.

Maine potatoes, for example. This is very rocky soil, and a potato-digging machine gets as many rocks as it gets potatoes; so you have not accomplished much.

Mr. GOODWIN. I saw one of these machines, Mr. Congressman, in Florida last winter for celery, where they used 45 people on 1 machine.

Mr. DENTON. Do you have much trouble, still, with them using Mexicans on machines?

Mr. GOODWIN. No; this has been one of our lesser problems on the reforms that we have been working on in the last few years.

QUESTION OF CONTINUING NEED FOR PROGRAM

Mr. DENTON. Now, I wish you would tell me this fact—back during the Korean war, there was a shortage of farm labor, and they said it was necessary to bring these Mexicans in to take care of that shortage of labor.

Now, the Korean war has been over for 10 years, anyhow, and we seem to have a great deal of unemployment. When are we ever going to get rid of this program, which was an emergency because of labor shortage during the Korean war?

Mr. GOODWIN. Well, I think we are making progress toward that, Mr. Congressman.

What you point out is certainly true, and we have got the paradoxical situation of surpluses. The number of people working on the farm has been going down every year.

You also had this movement you referred to a while ago of the large numbers in the population going to cities.

The answer is in the basic differences that exist in wage rates, in working conditions, as between our farm economy and the rest of our economy; and, further, in most of these jobs in which we use foreign workers, they are short-time jobs; and if you tried to recruit a person from, say, the Southeast, where we may have a surplus of farmworkers, you try to recruit them to go to California, say, for 2 to 3 months' work; in this type of a problem, we do not have authority to require the payment of their transportation costs.

It is extremely difficult to recruit people from places where they are available to where these jobs are, because the jobs are just not attractive enough.

Mr. DENTON. Remember, when we were out in the valley 2 or 3 years ago, we went to two camps where domestic American farmworkers were living. They were out of work, and they were still bringing in Mexicans.

You remember that situation?

Mr. GOODWIN. Yes. We try to watch that kind of situation, and I think this is not a general condition. I do not think this has ever existed on a general basis. But occasionally you do have it developing for short periods of time.

Mr. DENTON. I think that is all.

STATES USING MEXICAN LABORERS

Mr. FOGARTY. Will you supply for the record a table for the last 3 years, showing every State that has used Mexican nationals and how many?

Mr. GOODWIN. The last 3 years?

Mr. FOGARTY. Yes. Year by year.

Mr. GOODWIN. Yes, sir.

Mr. FOGARTY. Is there anything else you want to say? You have been around here a long time today.

Mr. GOODWIN. No. I appreciate the fine hearing we have had, Mr. Chairman.

Mr. FOGARTY. Thank you very much.

Mr. GOODWIN. Thank you.

(The table requested above is as follows:)

Number of Mexican agricultural workers contracted and recontracted for calendar years 1960, 1961, and 1962 by State

States	Contracted			Recontracted			Total contracted and recontracted		
	1960	1961	1962	1960	1961	1962	1960	1961	1962
Arizona	19,324	16,747	11,985	5,233	4,605	4,921	24,557	21,352	16,906
Arkansas	27,413	26,849	8,850	15,030	7,224	3,560	42,443	34,073	12,410
California	112,995	98,733	116,455	14,663	14,436	10,547	127,658	113,169	127,002
Colorado	8,492	9,083	9,119	1,025	1,466	1,253	9,517	10,549	10,372
Georgia	0	25	0	1,264	752	0	1,264	777	0
Illinois	234	35	0	141	60	113	375	95	113
Indiana	65	0	25	645	780	562	710	780	587
Iowa	0	0	0	134	212	174	134	212	174
Kansas	17	145	123	0	0	19	17	145	142
Kentucky	150	45	0	119	12	0	269	57	0
Michigan	4,815	6,744	9,968	6,486	8,136	3,359	11,301	14,880	13,327
Minnesota	34	0	0	105	55	39	139	55	39
Missouri	235	0	0	359	0	0	594	0	0
Montana	2,438	2,640	1,814	0	0	0	2,438	2,640	1,814
Nebraska	2,255	2,129	2,119	34	33	0	2,289	2,162	2,119
Nevada	158	83	66	64	0	0	222	83	66
New Mexico	10,404	7,503	1,634	932	808	510	11,336	8,311	2,144
North Dakota	45	0	0	0	0	0	45	0	0
Oregon	350	327	253	0	0	112	350	327	365
South Dakota	240	252	98	0	0	0	240	252	98
Tennessee	1,138	688	165	1	15	0	1,139	703	165
Texas	122,755	117,368	30,152	17,553	18,147	6,137	140,308	135,515	36,289
Utah	486	365	371	37	50	269	523	415	640
Washington	60	0	0	0	0	0	60	0	0
Wisconsin	528	110	383	710	844	395	1,238	954	778
Wyoming	1,215	1,549	1,398	0	0	0	1,215	1,549	1,398
Total	315,846	291,420	194,978	64,535	57,635	31,970	380,381	349,055	226,948

NUMBER OF FOREIGN WORKERS BROUGHT INTO CONTINENTAL UNITED STATES, 1953–64

(The following was subsequently submitted for the record at the request of the committee:)

Nationality	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
Mexican Nationals	205,244	318,032	407,514	452,854	442,744	438,979	444,110	320,984	296,081	197,682
British West Indians	11,523	11,651	10,061	11,323	12,075	11,726	10,973	9,681	10,267	[3] 10,812
Canadian	6,200	7,000	6,700	6,700	7,300	6,900	8,600	8,200	8,600	8,722
Other				[1] 390	[1] 685	[1] 315	[1] 405	[1] 863	[1] 40	([2])

Nationality	1963 estimates	1964 estimates	Nationality	1963 estimates	1964 estimates
Mexican Nationals	225,000	200,000	Canadian	7,000	7,000
British West Indians	14,000	14,000	Other	[1] 925	[1] 925

[1] Includes 390 Japanese in 1956; 652 Japanese and 33 Filipinos in 1957; 315 Japanese in 1958; 400 Japanese and 5 Filipinos in 1959; Japanese only in 1960; 40 Japanese in 1961; 800 Japanese and 125 Filipinos in 1963 and 1964 respectively.
[2] Incomplete: December not included. May run considerably higher due to Florida freeze.
[3] Information not available.

THURSDAY, FEBRUARY 7, 1963.

BUREAU OF VETERANS' REEMPLOYMENT RIGHTS

WITNESSES

HUGH W. BRADLEY, DIRECTOR
W. J. R. OVERATH, DEPUTY DIRECTOR
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY, OAAS
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	473	483	572
	Positions other than permanent	14	16	22
	Other personnel compensation			4
	Total personnel compensation	487	499	598
12	Personnel benefits	35	38	46
21	Travel and transportation of persons	52	53	69
22	Transportation of things	2	1	2
23	Rent, communications, and utilities	22	23	26
24	Printing and reproduction	13	19	22
25	Other services	8	8	10
26	Supplies and materials	10	11	15
31	Equipment	6	1	2
	Total costs	635	653	790
	Change in selected resources	−3		
	Total obligations	632	653	790

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	64	65	77
Full-time equivalent of other positions	4	4	5
Average number of all employees	67	66	79
Number of employees at end of year	71	75	82
Average GS grade	8.1	8.2	8.1
Average GS salary	$7,464	$7,933	$7,676

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Promotion of compliance and assistance to veterans	521	522	654
2. Administration and management services	114	131	136
Total program costs, funded	635	653	790
Change in selected resources [1]	−3		
Total obligations	632	653	790
Financing: Unobligated balance lapsing	1		
New obligational authority	633	653	790
New obligational authority:			
Appropriation	633	633	790
Proposed supplemental due to pay increases		20	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $4,000; 1962, $1,000; 1963, $1,000; 1964, $1,000.

Mr. FOGARTY. Mr. Bradley, are you ready?

We now have the Veterans' Reemployment Rights people with us.

Mr. BRADLEY. Yes, Mr. Chairman.

Mr. FOGARTY. Do you want to read your statement, Mr. Bradley?

Mr. BRADLEY. Yes, sir.

Mr. FOGART. All right, go ahead.

GENERAL STATEMENT

Mr. BRADLEY. I would like to comment briefly, Mr. Chairman, on this budget request.

I think I should inform you that the first 6 months of this fiscal year were the most hectic we have experienced in the 16 years that the reemployment program has been in the Department of Labor. Not only has it——

Mr. FOGARTY. It looks worse than after the Korean war?

Mr. BRADLEY. Worse. Much worse.

Mr. FOGARTY. Is that so?

Mr. BRADLEY. After the Korean war, why, the releases were spread over a period of several years; whereas, after this, it was all concentrated virtually within 1 month.

WORKLOAD

Not only has the workload been the heaviest that I can recall, but the problems and cases received have been more complex, time consuming, and difficult to settle. Most of the difficulty does not stem from initial reinstatement but from rights after reinstatement which may or may not flow from seniority accrued while in military service, such as pay raises, promotional opportunities, protection against layoff, questions of status, and fringe benefits. Sheer volume has slowed down our productivity and effectiveness more than we anticipated when we discussed the Berlin crisis callup before this committee last year.

Mr. Laird's concern for the Wisconsin 32d Guard Division was well taken at that time.

As you know, Wisconsin made the largest contribution of any of the States to the Berlin callup, on the basis of population. Most of these guardsmen had jobs and better-than-ordinary jobs.

We have some figures on our Wisconsin workload and on what we have done to try to cope with it. But, first, I would like to show you a few examples of the kind of cases we are getting at the present time.

TYPES OF CASES

I have here seven letters, all replying to Members of the Congress who have contacted my office within the last week or so, which typify the variety of problems we get. I request that they not be placed in the record, because it is contrary to our policy to publicize the name of any employer against whom a complaint is received, except when it becomes public information through court action, and is reported in a labor law publication, such as these two cases reported last week in "Labor Law Reports."

Incidentally, the position of the Bureau was upheld in both of these cases, at least in part.

This case in Wisconsin is one of 30-odd cases with the same large company. It stems from a model changeover that occurred just prior to the release of the servicemen from Berlin crisis duty.

It involves a little automation, as well as an unusual bidding procedure under the collective bargaining agreement. It will take a careful investigation to reconstruct what would have happened to these guardsmen if they had not been in the Armed Forces. Our Minneapolis representative is at the plant this week attempting to unravel some of these cases.

These two cases are with a company in Texas. One involves entitlement to an upgraded position and will likely have to be settled in the courts.

It also involves an arbitrator's award on a similar issue as well as the Supreme Court's decision in the case of *McKinney* v. *MKT Railroad.*

The other case involves the right of an employer to reemploy a serviceman in a like position instead of the exact position he left. The seniority and pay of the like position are the same, but the status may be different.

We have a recent court decision, *Berardi* v. *Coca-Cola Bottling Co.*, decided in the district court of Arizona, in which the court found that the employer was in violation of the statutes to offer the veteran a like position, and assessed damages not only for wages lost due to the delay in reemploying, but also for travel expenses to California, where the veteran went to work for another company.

You may be interested in perusing this particular court decision. [Handing documents to chairman.]

However, we have another court decision, *Bova* v. *General Mills, Inc.*, in which the court ruled the opposite, on this same point.

This case is another Wisconsin firm. The company underwent a reorganization and decentralization to Evansville, Ind., while the veteran was in service. The only employee who lost out completely in the shuffle was the veteran who was away on military duty.

Our Chicago representative has been handling this case and plans to hold another conference with all parties concerned during the week of February 18. The case has been active since early last fall.

This case, involving a company in Pennsylvania, deals with a violation occurring back in 1946 when the veteran returned from World War II to find the unit in which he had worked abolished. He was reemployed, but as a new hire, and claims additional seniority to protect himself against layoff.

The question to be resolved is to what other position, if any, he would have been transferred if he had been present when the activity was discontinued, and the seniority to which he would have been entitled in such position.

We must find out what happened to other employees similarly situated.

Now, this problem, referred to us by a Congressman from Alabama, involves two servicemen who reenlisted in the Armed Forces and whose employer wants to know if he has a continuing obligation to them upon their second release from the Armed Forces.

This inquiry from a Congressman in Indiana deals with the disability rights of a Federal employee who has received an "unsuitability" discharge from the Armed Forces.

This inquiry from an Illinois Senator is not a problem or a case, but is typical of the interest young men have these days in their reemployment rights. The employee wishes to volunteer for 6 months' active duty for training in the Air Force, but he is not about to enlist unless someone squares away his reemployment rights with his employer, who has already indicated that he will not reemploy him if he enlists.

Of course, this employee's interest is understandable since reemployment is now the only benefit an ex-serviceman has under Federal law.

Now, of the five cases I have cited, in which Members of the Congress are interested, only one involves initial reinstatement. Four, as you will see, involve adjustments of some kind after reinstatement. I will be glad to leave these documents with the committee, in the event any of you wish to see what is involved in our work.

REDUCTION OF BACKLOG

It is possible, Mr. Chairman, that we have underestimated the size of the job ahead of us, as well as the difficulty. However, I am confident that we can make a material reduction in the case backlog we expect to have at the beginning of fiscal year 1964 with the 12 additional employees our budget request would permit. We will certainly do our level best.

Now we have some individual figures on States for members of this committee, on the increase of the workload as a result of the Berlin crisis.

Mr. FOGARTY. Would you put that in the record?

Mr. BRADLEY. Mr. Overath has that. Do you want that read into the record?

Mr. FOGARTY. No; he can just place it in the record.

(The table follows:)

Bureau of Veterans' Reemployment Rights workload statistics for selected States

State	Problems and cases received		
	July to December, 1961	July to December, 1962	Percentage increase, 1962 over 1961
Rhode Island	97	236	143
Illinois	1,820	3,654	100
Indiana	550	1,620	194
Michigan	1,233	2,158	75
Wisconsin	515	5,260	921

Mr. BRADLEY. That completes my statement.

WORKLOAD STATISTICS

Mr. FOGARTY. We will place the table attached to your statement in the record at this point.

(The table referred to follows:)

Workload statistics—First half of fiscal years 1960, 1961, 1962, and 1963

	Fiscal 1960 (actual), 1st 6 months	Fiscal 1961 (actual), 1st 6 months	Fiscal 1962 (actual), 1st 6 months	First half of 1963
1. Problems and cases received	30,265	32,155	22,918	54,471
Problems	26,147	27,523	20,323	48,955
Cases	4,118	4,632	2,595	5,516
2. Problems and cases closed	31,383	32,640	24,039	46,837
Problems	26,999	27,884	21,219	44,363
Cases	4,384	4,756	2,820	2,474
3. Problems and cases pending at end of period	5,955	5,556	2,586	13,613
Problems	4,380	4,164	1,836	9,458
Cases	1,575	1,392	750	[1] 4,155
4. Cases referred to Department of Justice	35	29	36	27
5. Cases closed by Department of Justice	76	31	21	16
6. Cases pending in Department of Justice	148	143	144	140

[1] Total cases pending on June 30, 1962, 1,113.

BUDGET REQUEST

Mr. FOGARTY. Your appropriation for 1963 is $633,000, and the pay act supplemental is estimated to be $20,000, for a total of $653,000; and your request for 1964 is $790,000, or an increase of $137,000 and 12 positions.

INCREASE IN PERMANENT POSITIONS

Mr. BRADLEY. There will be eight professional positions.

Mr. FOGARTY. Where will they be located?

Mr. BRADLEY. One in each of our regional offices.

You see, at the moment we only have one man to the office in all except one office in New York, where we have two men. One will be located in Boston; one will be located in our regional office in Chambersburg, Pa.; one in our regional office in Cleveland; one in Chicago; one in Atlanta; one in Dallas; one in Kansas City; and one in San Francisco.

Mr. FOGARTY. Now, according to your justifications, this increase is mainly for the purposes of reducing the huge backlog because of the sudden release of the servicemen because of the Berlin and Cuban situation?

Mr. BRADLEY. That is the primary purpose; but also the Military Establishment will be about 12 percent larger, which means that the turnover in the Armed Forces will be in the neighborhood of 560,000 to 570,000 a year instead of 500,000, as we had before.

CASE HANDLING

Mr. FOGARTY. On page 8 you show fewer problems and cases estimated to be closed in 1964 than during any of the last 4 years. Is that right?

Mr. BRADLEY. I do not think so.

Mr. FOGARTY. With the exception of 1962, may I add. Is that right?

Mr. BRADLEY. Yes. Well, a part of this is due, Mr. Chairman, to the need we have found for reviewing a number of these cases now before they are closed.

It is slowing us down a little, but it is something we have found we must do, to be sure that the serviceman is getting all of the benefits to which he is entitled under this law.

Frequently, the first thing we will get from the man is a complaint that he has not been reemployed, and, because of our small force, frequently we cannot have an on-the-spot investigation, which we should do. We gather most of our information by correspondence, and perhaps we are successful in getting him back into his job, which looks like he is getting the job he is entitled to.

But, without being on the spot, it is difficult to look into the other benefits that flow from reinstatement.

A man goes into the service, and he continues to accrue seniority with his employer while he is in the Armed Forces. And nowadays so many benefits, such as pay raises, promotional opportunities, various fringe benefits, are tied to seniority; we should be sure that he has been credited with the proper seniority and, at the time of reinstatement, should attempt to square away other benefits that flow from this.

This will prevent, 3 months later, the man coming in, after you have reinstated him, and saying, "I am back all right; but I do not think I am getting the amount of money I am entitled to"; or the fellow, in July, saying, "I am getting 1 week's vacation, and the other fellow is getting 2 weeks' vacation." You have to go back in again.

We have found if we devote a little more time at the point of initial reinstatement to square away with the employer and the veteran the other rights that flow out of it, and have a clear understanding, we will do a better job, not only for the boy but for the employer himself, and save annoyances.

To do that, it is going to take more time, and it means the production will be somewhat less.

Mr. FOGARTY. Mr. Denton.

Mr. DENTON. No questions.

Mr. FOGARTY. Mr. Lesinski?

Mr. LESINSKI. No questions, Mr. Chairman.

Mr. FOGARTY. Thank you very much, Mr. Bradley.

Mr. BRADLEY. Thank you, sir.

THURSDAY, FEBRUARY 7, 1963.

BUREAU OF LABOR STANDARDS

WITNESSES

A. W. MOTLEY, DIRECTOR
GEORGE T. BROWN, DEPUTY DIRECTOR
ROBERT D. GIDEL, DIRECTOR, OFFICE OF OCCUPATIONAL SAFETY
MILTON BROOKE, CHIEF, DIVISION OF STATE SERVICES
WILLIAM E. AMOS, CHIEF, DIVISION OF YOUTH SERVICES AND EMPLOYMENT STANDARDS
ROBERT P. VAN ZANDT, ADMINISTRATIVE OFFICER
MRS. ESTHER PETERSON, ASSISTANT SECRETARY OF LABOR
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	1,772	2,317	2,556
	Positions other than permanent	8	9	10
	Other personnel compensation	2	2	23
	Total personnel compensation	1,782	2,328	2,589
12	Personnel benefits	130	179	187
21	Travel and transportation of persons	143	240	240
22	Transportation of things	18	18	18
23	Rent, communications, and utilities	62	95	95
24	Printing and reproduction	169	163	163
25	Other services	7	13	13
	Services of other agencies	107	107	107
26	Supplies and materials	45	42	42
31	Equipment	44	28	16
	Total costs	2,507	3,213	3,470
	Change in selected resources	7		
	Total obligations	2,514	3,213	3,470

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	269	317	317
Average number of all employees	240	295	304
Number of employees at end of year	261	312	312
Average GS grade	9.1	9.2	9.2
Average GS salary	$7,658	$8,268	$8,268

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Improving State labor legislation	233	270	290
2. Improving conditions of migratory workers	73	114	118
3. Reducing industrial accidents	1,482	1,685	1,828
4. Protecting young workers and advancing their employment opportunities	228	630	698
5. Promoting employment of the handicapped	278	291	303
6. Administration and management services	213	223	233
Total program costs, funded	2,507	3,213	3,470
Change in selected resources [1]	7		
Total obligations	2,514	3,213	3,470
Financing:			
Comparative transfers to other accounts	649	1,341	
Advances and reimbursements from (−)—			
Other accounts	−4		
Non-Federal sources [2]	−5	−10	
Unobligated balance lapsing	103		
New obligational authority	3,257	4,544	3,470
New obligational authority:			
Appropriation	3,258	3,244	3,470
Transferred from "Welfare and Pension Plan Reports Activities," (79 Stat. 367)		1,300	
Transferred to "Operating Expenses Public Buildings Service," General Services Administration (75 Stat. 353 and 76 Stat. 728) (−)	−1	−149	
Appropriation (adjusted)	3,257	4,395	3,470
Proposed supplemental due to pay increases		149	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $5,000; 1962, $12,000; 1963, $12,000; 1964, $12,000.

[2] Reimbursements from non-Federal sources are derived from payments for reproduction of pension plans and financial reports. (29 U.S.C. 9-9(a).)

Mr. FOGARTY. Mr. Motley, do you have a statement?

Mr. MOTLEY. I have a short statement I would like to give.

Mr. FOGARTY. All right; go ahead.

GENERAL STATEMENT

Mr. MOTLEY. I would like, Mr. Congressman, first, to present two new people of our staff that you have not met.

Mr. Milton Brooke, who has replaced Miss Beatrice McConnell, with the State Services; and Dr. William Amos, who is now heading our Youth Division.

Mr. FOGARTY. Did you say Miss McConnell is no longer with you?

Mr. MOTLEY. She is still in the Department of Labor, now working in the office of Mrs. Esther Peterson as Deputy Director. She has had a promotion; she has not left the Department.

ACCOMPLISHMENTS, 1963

I would like to speak briefly about several items for which funds were made available by Congress in 1963, which funds are continued in our request for 1964.

In improving State labor legislation, the Bureau was given funds for a study of the administration of workmen's compensation laws.

To date, we have prepared a comprehensive outline of our proposed study, which includes 12 major areas. Two subject areas have been

completed: "Attorney's Fees in Workmen's Compensation" and "Medical Care Under Workmen's Compensation." And three other areas are scheduled to be started this year: "Administrative Machinery and Methods of Financing"; "Administration of Insurance Provisions"; and "Techniques for Processing Uncontested Cases."

During 1963, the Bureau has provided technical assistance on workmen's compensation, child labor, minimum wages, wage payment and wage collection, and so forth, to State labor commissioners and State legislative councils in many States.

We have also completed a revised suggested language for a State wage payment and wage collection law, which was sent to all State labor commissioners for their use.

IMPROVING CONDITIONS OF MIGRATORY WORKERS

During 1963, in improving conditions of migratory workers, the Bureau has intensified its efforts to stimulate a greater appreciation and understanding of the urgent need to cope with the problems of domestic migratory agricultural workers. During 1962, we initiated a new and successful approach to stimulate effective community action on housing, day care, school, and church facilities, before the migrants arrived for agricultural work.

These two projects were in Hendersonville, N.C., and Elizabeth City, N.C.

Activities of State migratory labor committees during 1962 included:

Idaho: Governor's Migratory Labor Committee visited 39 camps to ascertain improvements, additions, and progress of compliance with health requirements and camp conditions in general, and took steps to determine what child-care provisions existed and what were needed.

Delaware: For the first time they had two day-care centers and its first summer school for migrant children.

Pennsylvania: 8 day-care centers were conducted and 304 children were in attendance, and for the fourth consecutive year the Governor's committee sponsored a statewide camp award program, with public recognition being given to camp operators, crew leaders, and workers whose efforts resulted in better camps.

Illinois: Required migrant labor camps to be inspected and licensed by the department of public health.

New Jersey: Extended registration requirements to day-haul crew leaders.

INDUSTRIAL ACCIDENTS

In reducing industrial accidents, I should like to point out some heartening trends.

The 1961 accident frequency rate for all manufacturing was 11.4, compared with 11.3 for 1960. The rate in stevedoring declined 4.9 percent to 125.3; and shipbuilding was down 1 percent, to 39.0.

The 1961 Federal injury rate was 8.0, a 5-year low.

With respect to our maritime safety program, I believe you would be interested in the following:

In 1960, the injury costs of the longshoring and ship repairing programs, as reported by cases closed by the Bureau of Employees' Com-

pensation, totaled $12,545,000. In July of that year, the benefits were increased from $54 to $70 per week maximum, which represented a 29.6 percent increase in benefits.

However, in 1961, the total costs of the Bureau of Employee's Compensation claims closed totaled $12,744,000.

In 1962, the estimated costs were $12,461,000. This means that since 1960, when our program became effective, total costs for injury claims have reduced slightly, although benefits have been raised about 30 percent.

The total number of injuries reported in longshoring and ship repairing in 1960 were 12,849; in 1961, 12,082; and in 1962, 11,350, as projected.

This reflects 1,500 fewer men being injured, with at least the same number of man-hours worked.

In 1959, there were 80 fatalities reported in longshoring; in 1960, 44; and in 1961, 34. In ship repairing for 1959, there were 43 fatalities; in 1960, 39; and in 1961, 30.

So in this 2-year period, the number of fatalities in these two industries has been reduced by almost 50 percent.

If you would like to see some further breakdown of the accident rate in the various ports of the country, Mr. Gidel has some charts, if you would care to take the time to look at them, Mr. Congressman.

Mr. FOGARTY. All right.

Mr. GIDEL. This will give you a picture of the longshoring record for the 3 years we have been in this program.

This [chart] shows the injury frequency rate, the green line for 1960, 131.8; the black dotted line is the annual average for 1961, of 125.3; and the 1962 average projected is 113.2.

These columns are for various regions: North Atlantic, Delaware River, South Atlantic, gulf, Great Lakes, and the Pacific.

And these reflect the 1960, 1961, and 1962 comparisons of the 3 years the program has been effective.

You can see that the effects have been variable in each of the regions, which certainly reflect the unique problems in each area. But the national trend, we feel, is favorable.

This is the same type of treatment [chart] except for ship repairing, with the green line the 1960 average, 39.3; black dotted line of 1961, 39; and the red line for 1962, projected, 35.8; with the various regions reflected.

GREAT LAKES AREA ACCIDENT PREVENTION PROBLEM

Mr. LESINSKI. I noticed that on both charts the Great Lakes area seemed to have increased. Is that because of the cold weather, or what?

Mr. GIDEL. Well, the Great Lakes have a unique situation. They only repair in the wintertime when the lakes are frozen up, and the ships are docked.

This does create a problem in cold weather. There are many small operations that do not have the safety programs or facilities available.

Much of this work is done on various rivers; places where they tie up many of these ships, and there may two or three or half a dozen men working on an individual job. One of our problems has been to reach

these people to train them, to make information available which might help them in their safety efforts.

SEASONAL VARIATION IN INJURY FREQUENCY

This is the injury frequency rate by months [chart], which will show you how it fluctuates from month to month in the national picture. The 1960 is the solid red line, 1961 the dotted, and then 1962 the dashed.

We have been trying to determine if there are seasonal fluctuations which require special attention. Showing it this way, we feel the program is being effective in tending to smooth out the line so you do not have such wild fluctuations from time to time, and we have been trying to concentrate our manpower in areas where there may be a seasonal fluctuation.

We feel the line is trending downward from year to year. That is in ship repairing.

Then in longshoring, a similar treatment [chart].

Mr. LESINSKI. So July will be a hot month, therefore there will be varying degrees because possibly of heat prostration?

Mr. GIDEL. That is one factor. There is more activity in some ports generally in some months than others.

In the summer months much work is going full blast.

INJURY RATE INCREASES IN 1962

Now, here is the manufacturing injury rate [chart] which we obtained from the Bureau of Labor Statistics which shows 1962 projected at 11.

Mr. FOGARTY. Does that correspond with this release which shows the injury rate is going up in 1962?

Mr. GIDEL. That is right.

Mr. FOGARTY. This was just issued yesterday, the 6th of February: Disabling work injuries rose to 1,990,000 in 1962.

Mr. GIDEL. These are the projections in the rate. It should be tied in with whatever the Bureau of Labor Statistics has proposed.

Mr. FOGARTY. The increase in the estimated volume of work injuries over 1961 is up 3 percent.

Mr. LESINSKI. There is a slight increase, Mr. Chairman.

Mr. MOTLEY. You do not have the last projections.

Mr. GIDEL. We had a projected rate. I think this rate was before that release.

Mr. FOGARTY. You have a rate there for 1961 and 1962, as 11.

Mr. GIDEL. 11.

Mr. FOGARTY. For both years; is that not right?

Mr. GIDEL. That was the projection we had at the time we made the chart.

WORKMEN'S COMPENSATION RATE INCREASE

Here [indicating chart] is the Federal injury frequency rate and the costs for the Federal benefits. You see, we are on a plateau. The

costs are certainly an increasing problem, although this last year they were reduced.

Mr. FOGARTY. The rate of injury has gone down, and the costs have gone higher?

Mr. MOTLEY. That is the increase in benefits that took place a year ago.

Mr. DENTON. You mean that is because the workmen's compensation has gone up?

Mr. MOTLEY. Yes.

Mr. FOGARTY. That took a big jump between 1947 and 1951. Did they increase the rates at that time?

Mr. MOTLEY. I do not remember whether the rates were increased, but the rates were increased about a year ago. That caused the last increase.

Mr. DENTON. That does not just deal with Federal employment?

Mr. MOTLEY. This last chart deals with Federal.

Mr. GIDEL. This is Federal establishments.

Mr. DENTON. That is when we passed the Workmen's Compensation Act?

Mr. MOTLEY. That is right.

Mr. FOGARTY. All right, thank you.

PROTECTING YOUNG WORKERS

Mr. MOTLEY. In "Protecting Young Workers," the Bureau has begun its program to attack the causes of out-of-school, out-of-work youth by stimulating action programs at the community level to develop wholesome work attitudes and habits among young people early in their lives. Our program is designed to attack the causes through work with national youth related organizations, field work by Bureau staff in preparation and dissemination of materials to back up this objective.

We believe this approach at the grassroots level, with the assistance of our newly organized regional representatives, will focus attention on assisting youth by encouraging organized community action, to deal with local youth problems.

The basic philosophy is outlined in our most recent publication, "Design for Community Action." Mrs. Clifford Jenkins, president of the National Congress of Parents and Teachers and chairman of our Youth Advisory Committee on Young Workers, in a review of this pamphlet, has stated:

> In "Design for Community Action," the U.S. Department of Labor presents a flexible pattern of action that can be adapted to the needs of any community, and it offers to help communities plan and implement programs. By putting this helpful booklet in the hands of leaders in your community, you can take an important first step in assisting America's young people become employable and employed.

That is all of my oral statement.

Mr. FOGARTY. Where is that booklet? Do you have it with you?

Mr. MOTLEY. Yes. [Handing pamphlet to chairman.]

Mr. FOGARTY. I think you might send a copy to each member of the committee.

PREPARED STATEMENT

(Prepared statement of Mr. Motley follows:)

STATEMENT OF A. W. MOTLEY, DIRECTOR, BUREAU OF LABOR STANDARDS

Mr. Chairman and members of the committee, I am glad to appear before you today and talk about the work of the Bureau. Our adjusted appropriation for 1963, including funds for the President's Committee for the Handicapped, is $3,339,300. The request for 1964 is for $3,470,000. This net increase of $130,700 will provide for the 2 additional workdays in 1964 and increased pay costs under Public Law 87-793.

IMPROVING STATE LABOR LEGISLATION

Since there are no program changes contemplated, I should like to give you a report on progress in our various activities. As anticipated, during 1963 there has been a continued heavy demand by the States for technical services in the development and promotion of improved standards in the field of labor legislation and administration.

The Bureau was given funds for some acceleration of our program of promoting and developing improved methods and procedures for more effective administration of workmen's compensation laws in 1963. To date, we have prepared a comprehensive outline of our proposed study, which includes 12 major areas, and have had two conferences with experts to discuss the outline and decide on priorities. Two subject areas have been completed: "Attorney's Fees in Workmen's Compensation" and "Medical Care Under Workmen's Compensation"; and three other areas are scheduled to be started this year: "Administrative Machinery and Methods of Financing," "Administration of Insurance Provisions," and "Techniques for Processing Uncontested Cases."

In 1964, the Bureau will plan for additional studies and priority attention will be given to "Techniques for Processing Contested Cases," "Problems in Administration of Disability Ratings," and "Administration of Special Funds." Also, technical services will continue to be provided to the States for improvement in both workmen's compensation laws and their administration, with particular emphasis on radiation hazards.

In the general field of labor legislation, during 1963 the Bureau has provided technical assistance on child labor, minimum wages, wage payment and wage collection, etc., to State labor commissioners and labor legislative councils in Colorado, Connecticut, Hawaii, North Dakota, Oklahoma, Rhode Island, Pennsylvania, Wisconsin, and Wyoming. We have also completed a revised "Suggested Language for a State Wage Payment and Wage Collection Law," which was sent to all State labor commissioners for their use, and furnished materials and services to the States of Colorado, Delaware, and Idaho for their use in formulating 1963 labor law legislative programs.

This work will be continued in 1964, and the legislative reporting activity is expected to be heavier. With 47 State legislatures in session, we anticipate receipt and recording of progress of 3,200 State bills; also 500 laws will be analyzed and the major ones included in the Annual Digest of State and Federal Labor Legislation. We also propose preparation, in consultation with State labor departments, of a revision of "Suggested Language for a State Minimum Wage Law."

Illustrations of labor legislation passed during the limited legislative session in 1962 are: Increases in statutory minimum wage rates in five States (Alaska, Hawaii, Massuchsetts, New York, Rhode Island); cash benefits under workmen's compensation laws were raised in eight States (New York, Virginia, Maryland, Kentucky, New Jersey, Rhode Island, Alaska, Massachusetts), and one State (Mississippi) extend coverage to radiation disability; three States (Kentucky, South Carolina, Louisiana) took action for the control of radiation hazards, and five States (Virginia, Delaware, New Jersey, New York, Kentucky) improved or extended their laws to control other types of occupational hazards; strikebreaking practices were prohibited or regulated in three States (Michigan, Massachusetts, Louisiana); four States (Massachusetts, New York, Wisconsin, Georgia) passed laws dealing with the labor relations rights of public employees; Virginia adopted statutory housing and sanitation standards for migratory labor camps, and Rhode Island provided authority for the promulgation of such standards; New York and West Virginia enacted laws dealing with employment problems of school dropouts; New York prohibited race discrimina-

tion in apprentice training programs in New York; New Jersey prohibited age discrimination in employment; Arizona provided for equal pay for equal work; and Virginia strengthened its labor department.

IMPROVING CONDITIONS OF MIGRATORY WORKERS

As a result of increased funds in 1963, the Bureau has intensified its efforts to stimulate a greater appreciation and understanding of the urgent need to cope with the problems of domestic migratory agricultural workers. In this connection, the Bureau initiated a new approach to stimulate community action before the migrants arrive for agricultural work. We fostered the formation of local councils representing public and private agencies and civic and church groups; helped them to analyze their migrant situation and then plan and carry out various programs designed to help both migrants and the community. These projects, carried out in Hendersonville and Elizabeth City during the 1962 harvest season, were endorsed by the North Carolina State Committee on Migrant Labor and included the following activities: Day-care centers; weekend centers which consisted of movies, games for youth, social evenings, and church services; improved compliance with housing standards; schools for migrant children, one of which had an enrollment of 120; preventive health programs including immunization of migrants in three counties, prenatal clinics, and visits by public health nurses in cases of illness; and homemaker service to assist families in their homes and to teach homemaking skills. We are now evaluating the reports on the projects, and will use these successful examples to stimulate other communities to try the same approach in an effort to aid the migrants.

There are presently 30 State migratory labor committees—Arkansas, Delaware, Florida, Idaho, Illinois, Indiana, Maryland, Massachusetts, New Jersey, Oklahoma, Oregon, Rhode Island, Virginia, Washington, West Virginia, and Wisconsin—the 17 which have been given services by the Bureau during the current year—and Arizona, Colorado, Connecticut, Nebraska, New York, North Carolina, North Dakota, Ohio, Pennsylvania, South Carolina, Tennessee and Texas. We have also given migratory labor service to five States which do not have committees—California, Kansas, Missouri, Montana, and Wyoming. As a result of meetings held in three towns in southeast Missouri, in which the Bureau had the cooperation of State officials, we anticipate that a day-care program for both local and migrant children will be established during the 1963 season. In Wyoming, Bureau representatives met with local groups in two towns and, as a result, an immunization program is planned for 1963. In Kansas, after discussions between Bureau staff and local health and welfare officials, a very successful day-care program was sponsored in 1962, and two summer school programs were initiated.

Activities of State migratory labor committees during 1962 include: Idaho: Governor's Migratory Labor Committee visited 39 camps to ascertain improvements, additions, and progress of compliance with health requirements and camp conditions in general and took steps to determine what child-care provisions existed and what were needed. Delaware, for the first time, had two day-care centers and its first summer school for migrant children. Pennsylvania: Eight day-care centers were conducted and 304 children were in attendance and for the fourth consecutive year the Governor's committee sponsored a statewide camp award program with public recognition being given to camp opeartors, crew leaders, and workers whose efforts resulted in better camps. Illinois required migrant labor camps to be inspected and licensed by the department of public health. New Jersey extended regisration requirements to day-haul crew leaders.

REDUCING INDUSTRIAL ACCIDENTS

Before I deal with the specifics of our four national safety programs, I should like to point out some heartening trends in the various accident frequency rates. The 1961 rate for all manufacturing was 11.0, compared with 11.3 for 1960. The 1961 Federal injury rate was 8.0, a 5-year low. The rate in stevedoring declined 4.9 percent to 125.3; and shipbuilding was down 1 percent, to 39.0. We do not claim total credit, of course, but we have made a substantial contribution to the overall effort, and propose to continue the work now in progress.

Additional funds provided in 1963 have enabled the Bureau to carry forward its work in the prevention of fires and explosions and exposure to toxic substances in ship repairing. In consultation with the maritime industry, we have drafted further amendments to our ship-repair regulations with special emphasis on gas

hazards. Additional requirements for maintaining gas-free conditions are to be carried out by competent persons designated by the employer and meeting certain criteria as to experience and knowledge of testing procedures and hazardous environments. Hearings will be held on the current draft of these proposals in the near future and the regulations will be promulgated by the end of this fiscal year.

The Bureau has prepared two 5-day courses covering the essentials of explosive hazards, and these courses are currently being given to our field staff and later will be given by our staff to designated competent persons and supervisory personnel in the maritime industry. The development of these courses involved contacts with shipyards and such Government and private agencies and organizations as Bureau of Mines, Navy Department, Coast Guard, Maritime Administration, Interstate Commerce Commission, Department of Health, Education, and Welfare, American Petroleum Institute, and the National Fire Protection Association.

Special studies are now being made of such problems as exhaust gases in the holds of vessels, effects of high temperature environment on workers, and health hazards of abrasive blasting and other toxic substances. When completed, the results of these studies will be made available in the form of technical bulletins.

As a result of the *Calbeck* decision by the Supreme Court, which places employees in new shipbuilding afloat under the Longshoremens' and Harbor Workers' Compensation Act, the Bureau has promulgated the necessary safety and health regulations. Comments from the industry on proposed regulations covering shipbreaking afloat are new being studied. The proposals will be redrafted for formal hearings, expected to be held before the end of the fiscal year.

We have initiated a study of dredging and other harbor work to determine the extent of the safety problems coming within the scope of the Longshoremen's and Harbor Workers' Compensation Act as a result of the *Calbeck* decision and the types of regulations and extent of inspection and training activities necessary to assist the industry.

Our work in comparing State safety laws or regulations with comparable provisions of American standard safety codes is continuing, with a total of 13 code comparison charts prepared since the program began in 1961. There is evidence that the code comparison work is beginning to produce results. In the last 2 years, six States have taken positive steps to improve their code structure by adoption of new codes or by bringing existing codes up to date. Two other States have recently been given regulatory power by the State legislatures. It is apparent that some of this activity stems from the work done by the Bureau in focusing atention on these problems and putting these data into the hands of interested parties.

Much remains to be done, since a recent survey showed that 17 States have adopted less than 10 percent of the standard provisions in 5 important areas of safety; 23 States have less than 10 percent of the standard provisions governing abrasive wheels; and 31 States have less than 10 percent of the standard provisions applied to cranes, derricks, and hoists.

During 1963, the Bureau has prepared and published seven new bulletins in its "Safety in Industry" series. The bulletins have gained wide acceptance, and 50,000 copies have been sold by the Government Printing Office since the bulletins were introduced in 1960.

In the field of safety training, we are providing career executive training of 120 hours' duration to representatives of international unions. This training has been provided to two groups sponsored by the AFL-CIO and one group from the United Brotherhood of Carpenters and Joiners of America. Additional training for union groups include special courses developed for the rubber industry with the United Rubber Workers and or the construction industry as conducted for the Philadelphia District Council, United Brotherhood of Carpenters and Joiners. A series of courses for supervisory personnel of member firms of the Associated General Contractors, Washington Building Congress, and similar construction groups is broadening in scope and attendance and this activity is expected to multiply considerably in 1964.

Special executive safety training for supervisors of Federal agencies GS–12 and above, to assist in preparing them to conduct training for other supervisors within the agency, was provided on a pilot basis for the General Services Administration, and is expected to spread to other agencies.

Supervisory safety training courses for field Federal safety councils has doubled in the past 3 years, and efforts will be continued to service as many of these requests as possible.

Training of State safety personnel in the basic courses and advanced courses in radiation, electricity, chemical products, machine guarding, and special industries such as construction, textiles, and foundries is continuing, and it is expected that turnover in State personnel will result in an increase in requests for these courses in 1964.

The impact of the safety program on the maritime trades has resulted in an increase in the various types and extent of training for these groups.

We initiated a municipal employee safety program through the U.S. Conference of Mayors, in which 1,000 safety packets were distributed to municipalities throughout the country.

It is expected that 32,000 individuals will have received training conducted by Bureau staff during the current fiscal year.

The Bureau is continuing its work of promoting national and international standards on occupational safety, and our safety technicians serve on more than 40 technical committees and standards boards of nationally recognized standard-setting agencies. We also provide technical staff for the Secretary of Labor in his capacity as a member of the Federal Radiation Council.

We recently surveyed Federal safety programs and found that only 18 of 65 agencies contacted have full-time safety directors. We plan in 1964 to offer increased services to those agencies without safety directors and to hold a series of area seminars, with the cooperation of the Bureau of Employees' Compensation, on the subjects of compensation and accident prevention.

Preliminary planning of the 1964 President's Conference on Occupational Safety, scheduled for June 1964, has already begun. Names of outstanding safety technicians around the Nation and from all segments of the economy are being appraised in order to set up representative planning and program committees. Staff work has begun on the safety implications of continuing changes in technology and labor force, of our world trade position in the light of the common market, and of the vast construction resulting from population growth and rapid urbanization. These findings will be used to determine Conference emphases, its theme, and ultimately its program.

PROTECTING YOUNG WORKERS

The Bureau received additional funds in 1963 to expand its entire youth activity, and has begun its program to attack the causes of out-of-school, out-of-work youth by stimulating action programs at the community level. As a part of this, we have located a representative in Los Angeles, San Francisco, New York, Boston, Cleveland, and the District of Columbia, and representatives in five other cities will be employed very shortly. During the current year we have stimulated, given guidance, and participated in conferences and workshops concerned with youth problems conducted by national organizations and community leaders. We also plan meetings and workshops with directors of national organizations to exchange ideas and work out youth programs suitable for them to sponsor locally. Our youth programs are designed to attack the causes of out-of-school, out-of-work youth through work with the national youth-related organizations, field work by Bureau staff, and preparation and dissemination of materials to back up the first two aspects. We believe that this approach at the grassroots level will focus attention on assisting youth by encouraging maximum schooling and by developing wholesome work attitudes and habits among young people early in their lives. In this manner, an attack can be directed on the causes which produce out-of-school, out-of-work youth.

Among other activities, the Bureau is continuing its work in the field of protecting youngsters from harmful employment. During the current year we have undertaken and completed an investigation of excavation operations as the basis

for hazardous occupations order No. 17. We have amended order No. 10 covering meat processing operations to extend its coverage to retail and service establishments and to allow for the employment of apprentices and student learners. All orders are under continuous review for amendments when necessary.

We have also undertaken other measures to protect young people who may or may not be covered by the Fair Labor Standards Act, such as preparation of a leaflet addressed to service station employees; and plan for 1964 a series of leaflets addressed to young workers employed in restaurants, grocery, drug, and department stores and engaged in handling materials and weight lifting. This year, we completed a combination guide, outline, and text for making a safety presentation to prospective young farmworkers which has received a favorable reception from agricultural and educational leaders.

During the current year, we have done much followup work in connection with the revision of Child Labor Regulation No. 3 of the Fair Labor Standards Act, which became effective June 1, 1962, and covered employment of minors 14 and 15 in retail, food service, and gasoline service establishments. We also conducted a local field survey of stockroom occupations in order to furnish the Wage and Hour and Public Contracts Divisions with guidlines for determining legal or illegal employment. We are now engaged in collecting and evaluating information for a possible further revision of regulation 3 for the service industries presently prohibited to 14- and 15-year-olds. Exploratory work is also underway on possible amendments to regulation 3 to accommodate the needs of young people participating in schoolwork experience programs.

We regard publications as strong underpinning for our program of getting at the roots of youth problems, and are particularly proud of our most recent one, "Design for Community Action." Mrs. Clifford N. Jenkins, president of the National Congress of Parents and Teachers, in a review of this pamphlet, has stated: "In 'Design for Community Action' the U.S. Labor Department presents a flexible pattern of action that can be adapted to the needs of any community, and it offers to help communities plan and implement programs. By putting this helpful booklet in the hands of leaders in your community, you can take an important first step in helping America's young people become employable and employed." (Mrs. Jenkins' review is attached to this statement.) Other basic publications are—

1. "School—Or What Else?", an illustrated booklet addressed to youth on the value of staying in school to prepare for the work of work. The response to this pamphlet has been so overwhelming that more than a quarter million copies were sold and distributed within 3 months.

2. "Appeal to Parents," presenting similar information to parents and supporting the stay-in-school campaign we are fostering on a year-round basis.

3. "To Make Youth More Employable," showing community leaders how to put on a public meeting to get the community interested and involved in starting and supporting programs to make its youth more employable.

We have concentrated in fiscal 1963 in making a good start on our clearinghouse material which contains details on programs being conducted all over the Nation on behalf of young people. We anticipate heavy emphasis in 1964 on enlarging the scope and impact of this function.

In our employment certificate program, we have again secured the cooperation of 45 States, the District of Columbia, and Puerto Rico in making employment certificates available to youngsters working in establishments subject to the child-labor provisions of the Fair Labor Standards Act.

SPECIAL REPORT
for
BUDGET
PRESENTATION
for FISCAL YEAR 1964

U.S. DEPARTMENT OF LABOR

BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

349a

ANNUAL REPORT

FEBRUARY 1963

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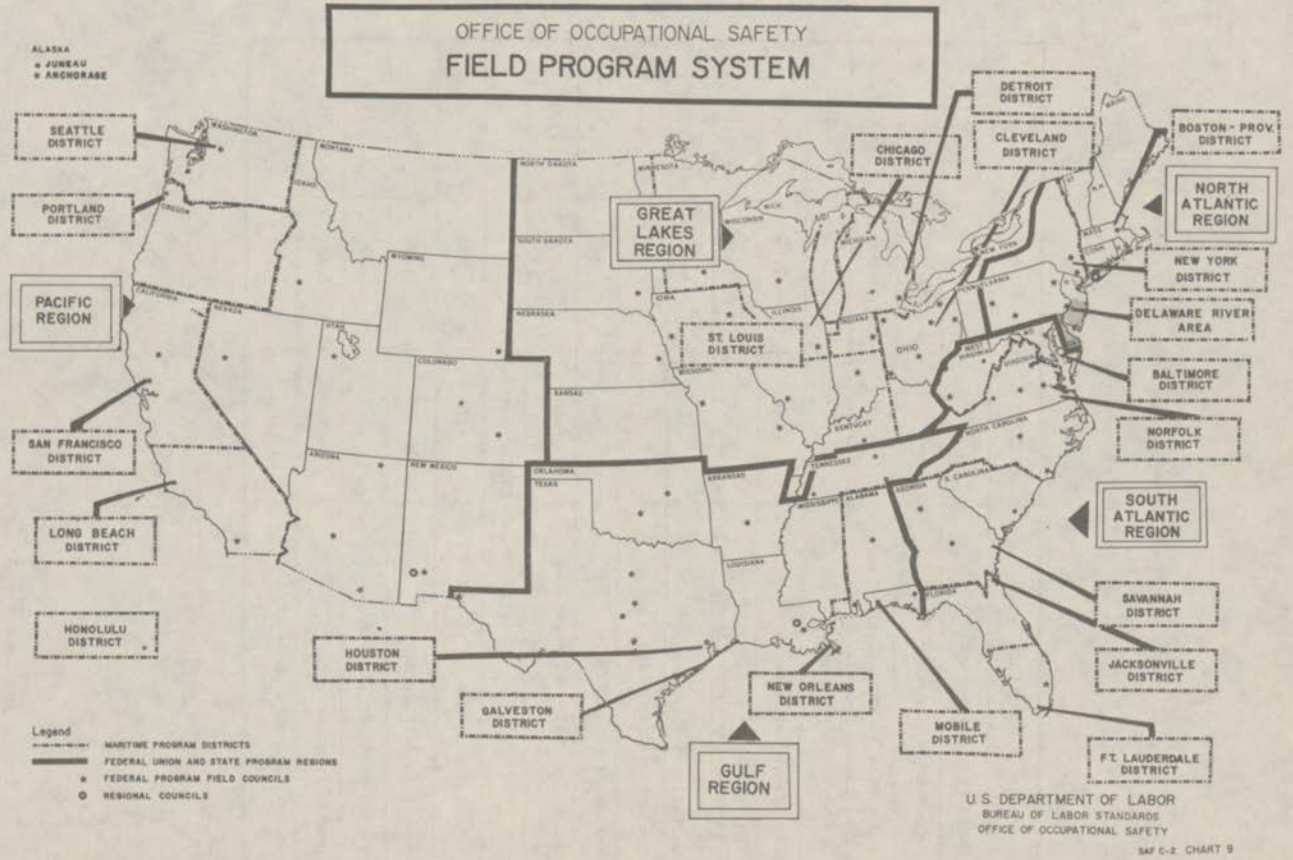


3496

OFFICE OF OCCUPATIONAL SAFETY

WORK LOAD STATISTICS - MARITIME PROGRAM

FISCAL YEAR 1962

FUNCTIONS	LONGSHORING	SHIP REPAIRING	NATIONAL TOTALS
Number of Ship Arrivals*	177,000	---	---
Number of Ship Repair Jobs*	---	58,000	---
Inspection Volume (100%)	177,000	58,000	235,000
Number of Ships Inspected	13,159	5,633	18,792
Inspection Performance	7.4%	9.7%	7.9%
Violations: Number of Employers Cited	1,826	1,329	3,155
Contacts: Promotional-Consultative	5,719	3,255	8,974
Recommendations Made	2,206	738	2,944
Number of Establishments Under the Act	960	543	1,503
Number of Employees Under the Act*	106,000	68,700	174,700
TRAINING AND EDUCATIONAL ACTIVITY			
Training Sessions Presented	773	269	1,042
Number in Attendance	18,000	5,022	23,022
Safety Meetings (Participation)	503	237	740
Number in Attendance	14,326	3,621	17,947
Safety, Technical & Educational Publications Distributed	32,201	10,753	42,954

*Estimate

OFFICE OF OCCUPATIONAL SAFETY

SUMMARY OF 1962 ACTIVITIES AND RELATED DATA
SAFETY AND HEALTH ADMINISTRATION OF PUBLIC LAW 85 - 742

FUNCTION			PROGRAMS		
			LONGSHORING	SHIP REPAIRING	TOTALS
1	Man-Hours of Exposure		77,486,000	60,752,000	138,238,000
2	Number of Disabling Injuries		9,710	2,372	12,082
3	Injury-Frequency Rates		125.3	39.0	---
4	Injury-Severity Rates		7,616	2,750	---
5	Manual Insurance Rates/ $100		2.17 - 20.20	1.62 - 10.10	---
	Accident Cost Data	F/Y 1960	$9,159,044.00	$3,386,540.00	$12,545,584.00
		F/Y 1961	$9,661,410.00	$3,083,472.00	$12,744,882.00
		F/Y 1962	NA	NA	$12,461,093.00*

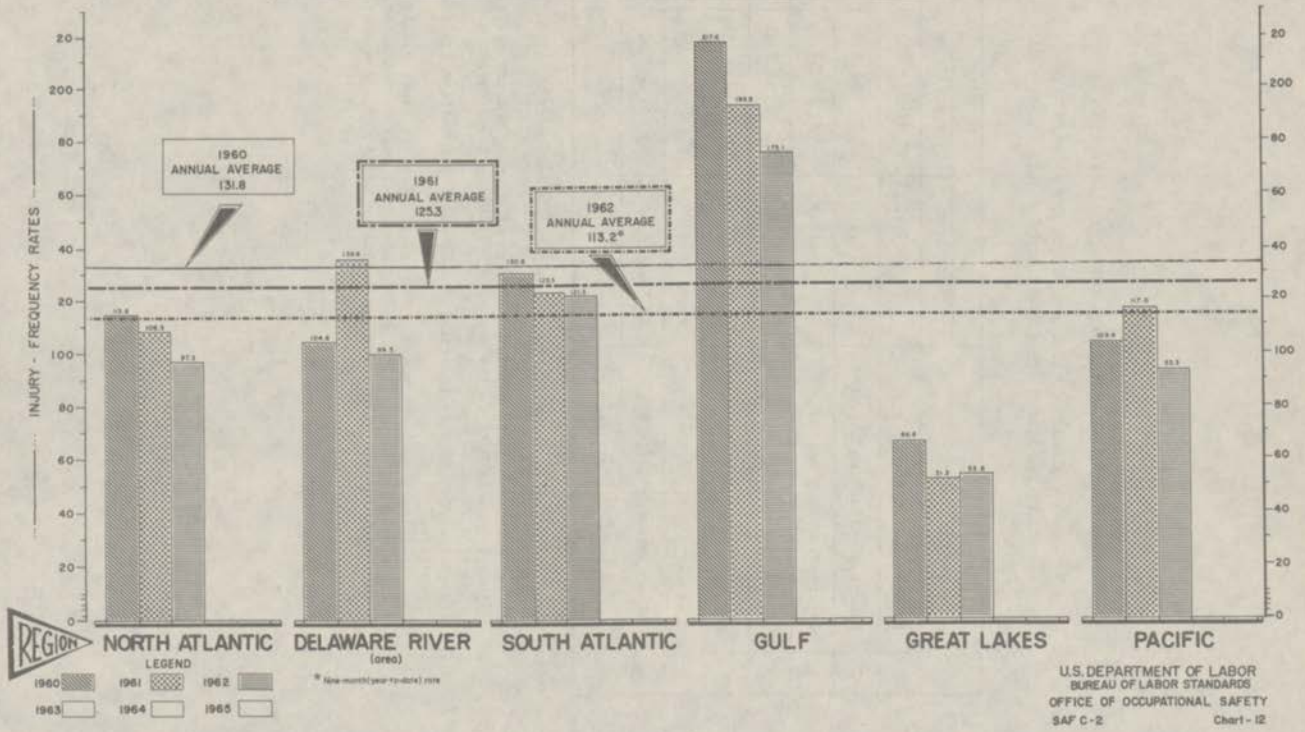
Notes: Data reflected in items 1 through 4 are collected under PL 85-742 and are on a Calendar basis.
Manual Insurance Rates are for that segment of the industry under PL 85-742.
Injury-Frequency Rate is the number of disabling injuries per million employee-hours of exposure.
Injury-Severity Rate is the total days charged per million employee-hours of exposure.
The preliminary accident costs reflected are for all cases closed during the fiscal year as reported by the BEC under the Longshoremen's and Harbor Workers' Compensation Act. The costs are exclusive of medical care costs.

NA Not Available at this time.
* Preliminary

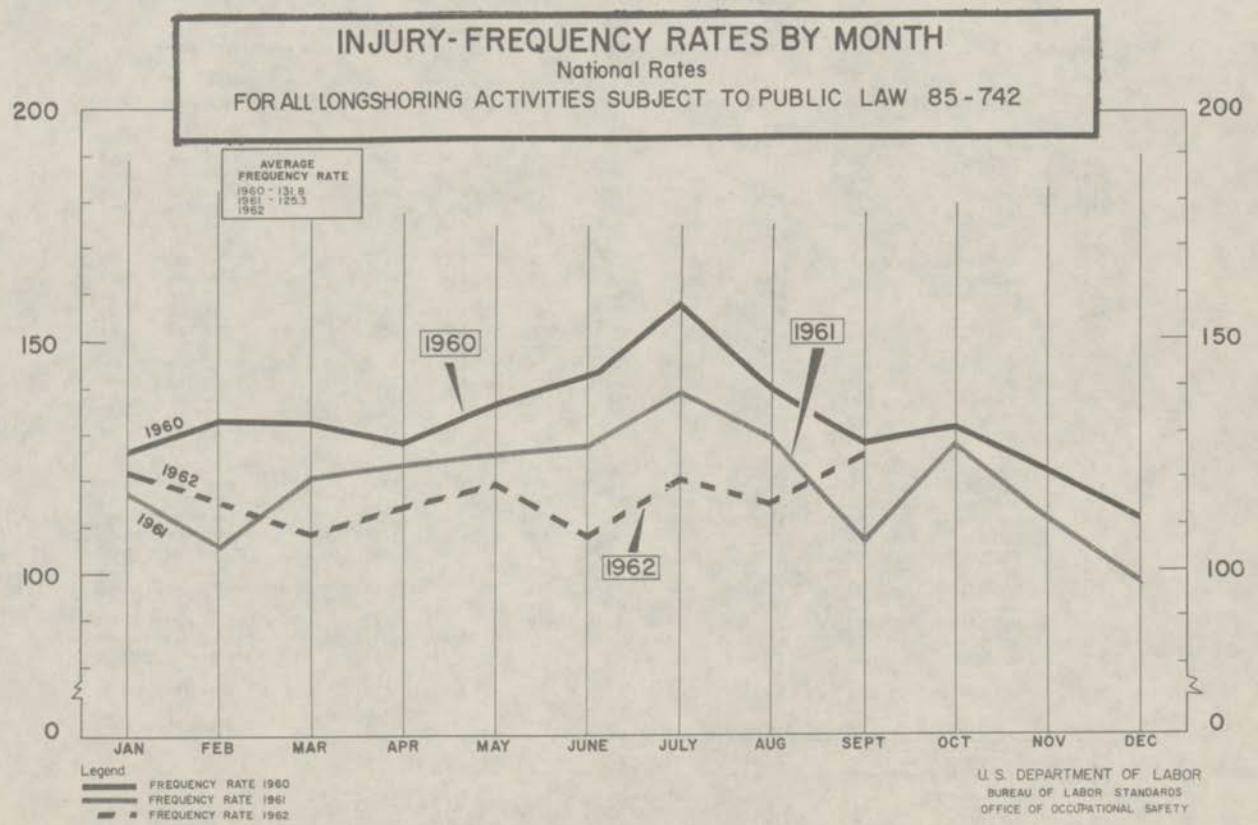
REGIONAL DISTRIBUTION of ANNUAL INJURY EXPERIENCE

LONGSHORING WORK-INJURY FREQUENCY RATES

FOR ACTIVITIES SUBJECT TO PUBLIC LAW 85-742 --- 1960 to date



U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
SAF C-2 Chart-12


INJURY-FREQUENCY RATES BY MONTH
National Rates
FOR ALL LONGSHORING ACTIVITIES SUBJECT TO PUBLIC LAW 85-742
AVERAGE FREQUENCY RATE
1960 - 131.8
1961 - 125.3
1962
200
150
100
0
1960
1961
1962
JAN
FEB
MAR
APR
MAY
JUNE
JULY
AUG
SEPT
OCT
NOV
DEC
Legend
FREQUENCY RATE 1960
FREQUENCY RATE 1961
FREQUENCY RATE 1962
U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
SAF C-2 CHART 5

NINE MONTH COMPARISON (YEAR TO DATE) LONGSHORE INJURY DATA
REPORTED UNDER PUBLIC LAW 85-742
1961 - 1962

CODE	DISTRICT	FREQUENCY RATES NINE MONTHS 1961 1/	1962	% Change	NUMBER OF INJURY NINE MONTHS 1961 1/	1962	% Change	MANHOURS NINE MONTHS 1961 1/	1962	% Change
00-00	National	122.6	113.2	- 7.6	7,432	6,549	- 11.8	60,576,000	57,862,000	- 4.4
03-00	Boston-Prov.	84.6	86.6	+ 2.3	140	146	+ 4.2	1,655,000	1,685,000	+ 1.8
06-00	New York	106.9	98.4	- 7.9	1,875	1,774	- 6.9	17,530,000	18,033,000	- 9.7
NORTH ATLANTIC REGION		105.8	97.3	- 8.0	2,015	1,920	- 4.7	19,185,000	19,718,000	+ 2.7
09-00	Delaware River Area	144.6	99.5	- 31.1	429	316	- 27.0	2,966,000	3,175,000	+ 7.0
12-00	Baltimore	109.9	99.7	- 8.5	308	258	- 16.2	2,801,000	2,586,000	- 7.6
15-00	Norfolk	113.7	112.4	+ 0.1	185	165	- 10.8	1,627,000	1,468,000	- 9.7
18-00	Savannah	138.5	168.1	+ 21.3	172	213	+ 23.8	1,242,000	1,267,000	+ 2.0
21-00	Jacksonville	159.4	141.3	- 11.3	180	144	- 20.0	1,129,000	1,019,000	- 9.7
24-00	Ft. Lauderdale	xx	93.7	xx	xx	36	xx	xx	384,000	xx
SOUTH ATLANTIC REGION		124.3	121.3	- 2.4	845	816	- 3.4	6,795,000	6,724,000	- 1.0
27-00	New Orleans	97.5	90.0	- 7.6	592	500	- 15.5	6,070,000	5,555,000	- 8.4
30-00	Mobile	145.2	166.6	+ 14.7	189	195	+ 3.1	1,301,000	1,170,000	- 10.0
33-00	Galveston	333.7	326.7	- 2.0	351	483	+ 37.6	1,052,000	1,479,000	+ 40.5
36-00	Houston	342.5	281.1	- 17.9	1,067	688	- 35.5	3,115,000	2,447,000	- 21.4
GULF REGION		190.6	175.1	- 8.1	2,199	1,866	- 15.1	11,538,000	10,651,000	- 7.7
39-00	Cleveland	40.0	29.7	- 25.7	68	40	- 41.1	1,698,000	1,348,000	- 20.6
42-00	Detroit	xx	62.5	xx	xx	35	xx	xx	560,000	xx
45-00	St. Louis	xx	45.2	xx	xx	39	xx	xx	862,000	xx
48-00	Chicago	71.2	76.7	+ 7.7	154	118	- 23.3	2,162,000	1,538,000	- 29.5
GREAT LAKES REGION		57.2	53.8	- 5.9	221	232	+ 4.9	3,860,000	4,308,000	+ 11.6
51-00	San Francisco	118.9	97.9	- 17.6	655	414	- 36.7	5,508,000	4,228,000	- 23.2
54-00	Long Beach	131.4	130.9	- 0.3	355	347	- 2.2	2,701,000	2,652,000	- 1.8
57-00	Seattle	100.6	91.8	- 8.7	273	228	- 16.4	2,714,000	2,483,000	- 8.5
60-00	Portland	130.7	104.0	- 20.4	318	212	- 33.3	2,432,000	2,038,000	- 16.2
63-00	Honolulu	63.9	56.1	- 12.2	96	89	- 7.2	1,503,000	1,586,000	+ 5.5
PACIFIC REGION		119.9	99.3	- 17.1	1,601	1,290	- 19.4	13,355,000	12,987,000	- 2.7

NOTES: Disabling Injury-Frequency Rate is the number of disabling injuries per million employee-hours of exposure.

1/ Data adjusted to exclude railroad hours that were heretofore reported under longshoring - hours reassigned to Other Harbor Work Category. Adjusted as of 1/1963.

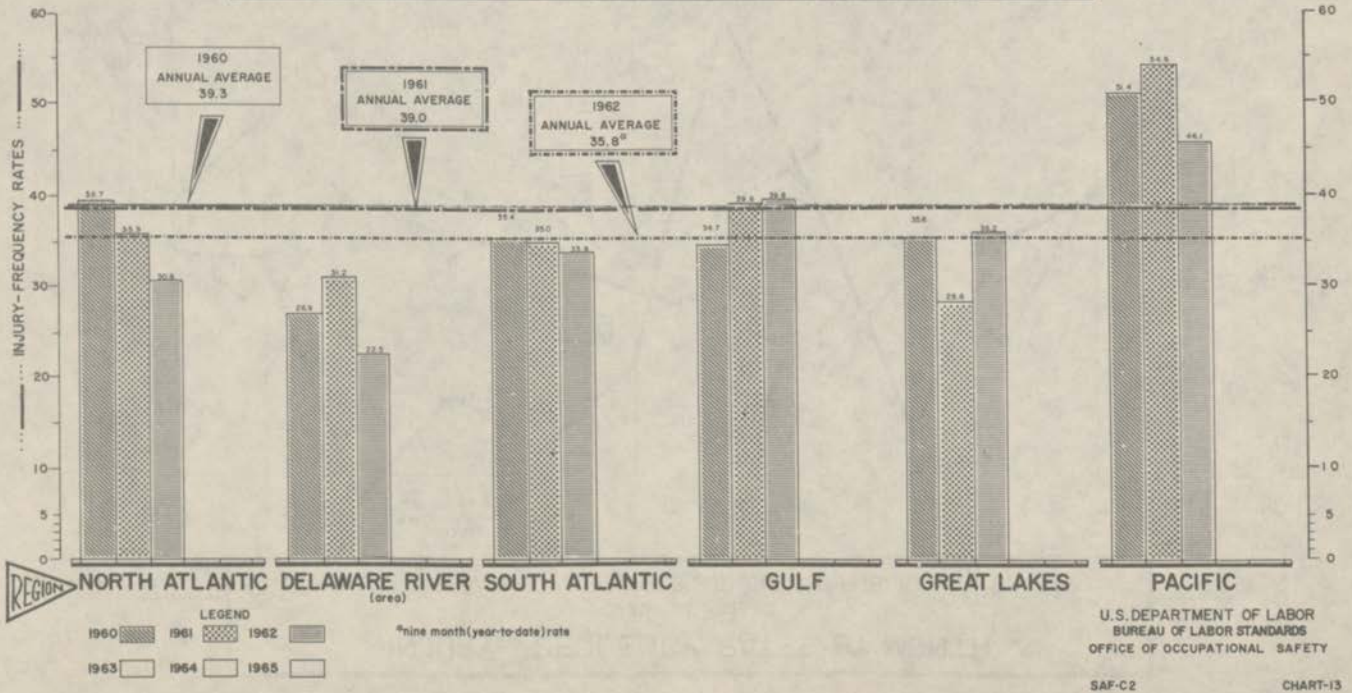
- Due to continuous adjustments, manhours and injury totals are not additive.

REGIONAL DISTRIBUTION of ANNUAL INJURY EXPERIENCE

SHIP REPAIRING WORK-INJURY FREQUENCY RATES

FOR ACTIVITIES SUBJECT TO PUBLIC LAW 85-742

1960 to date



U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

SAF-C2 CHART-13

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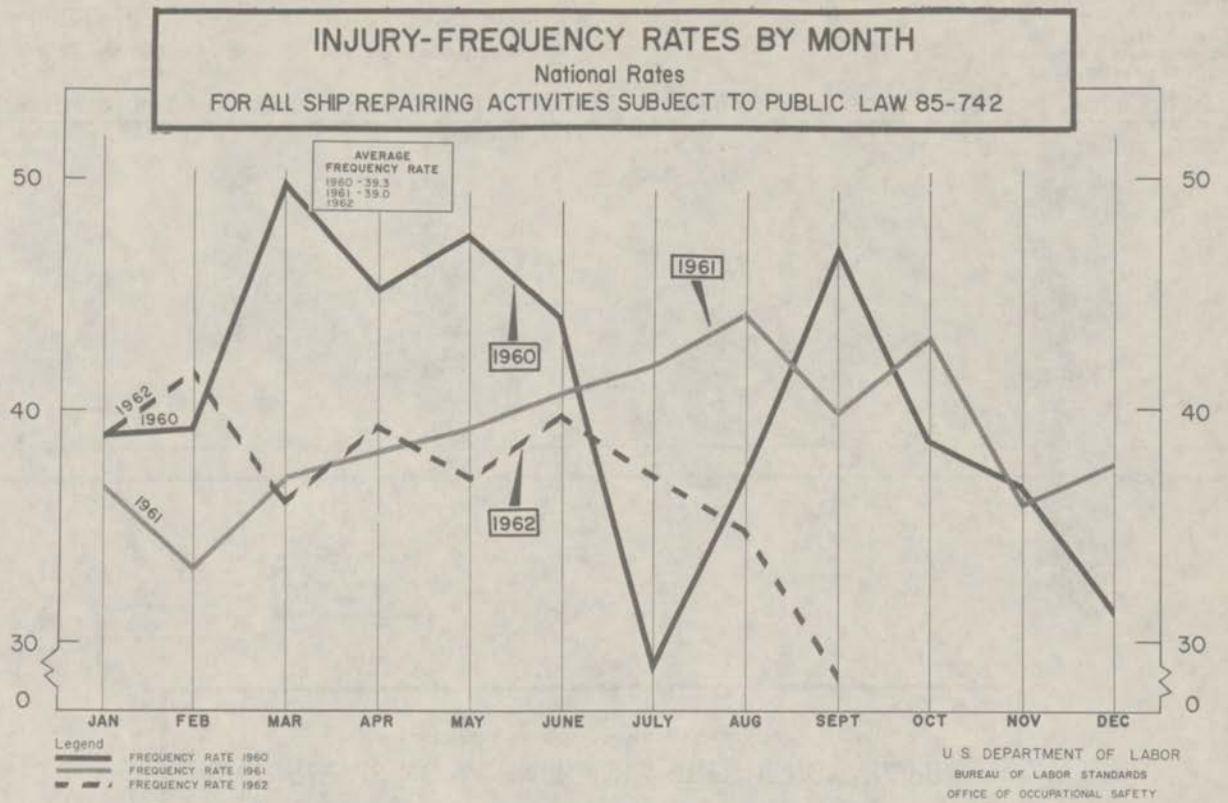
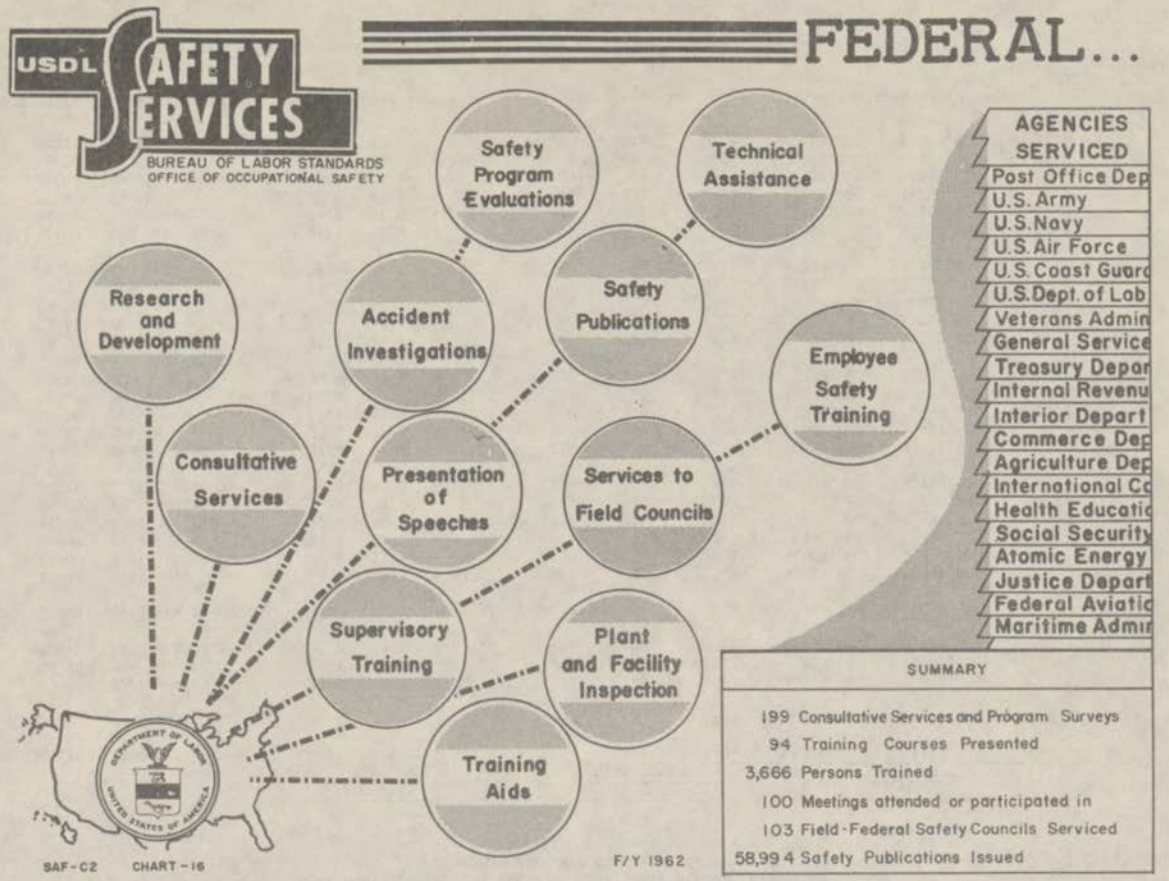

INJURY-FREQUENCY RATES BY MONTH
National Rates
FOR ALL SHIP REPAIRING ACTIVITIES SUBJECT TO PUBLIC LAW 85-742
AVERAGE FREQUENCY RATE
1960 - 39.3
1961 - 39.0
1962
50
40
30
0
1960
1961
1962
JAN
FEB
MAR
APR
MAY
JUNE
JULY
AUG
SEPT
OCT
NOV
DEC
Legend
FREQUENCY RATE 1960
FREQUENCY RATE 1961
FREQUENCY RATE 1962
U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
CHART B

NINE MONTH COMPARISON (YEAR TO DATE) SHIP REPAIR INJURY DATA
REPORTED UNDER PUBLIC LAW 85-742
1961 - 1962

CODE	DISTRICT	FREQUENCY RATES NINE MONTHS 1961	1962	% Change	NUMBER OF INJURY NINE MONTHS 1961	1962	% Change	MANHOURS NINE MONTHS 1961	1962	% Change
00-00	National	39.1	35.8	- 8.4	1,691	1,689	- 0.1	43,277,000	47,133,000	+ 8.9
03-00	Boston-Prov.	23.0	25.3	+ 10.0	38	48	+ 26.3	1,654,000	1,894,000	+ 14.5
06-00	New York	35.8	31.9	- 10.8	209	247	+ 18.1	5,835,000	7,745,000	+ 32.7
NORTH ATLANTIC REGION		32.7	30.6	- 6.4	286	295	+ 3.1	8,736,000	9,639,000	+ 10.3
09-00	Delaware River Area	31.3	22.5	- 28.1	39	68	+ 74.3	1,247,000	3,018,000	+ 42.0
12-00	Baltimore	10.6	12.8	+ 20.7	61	51	- 16.3	5,757,000	3,987,000	- 30.7
15-00	Norfolk	31.6	31.1	- 1.5	155	180	+ 16.1	4,902,000	5,790,000	+ 18.1
18-00	Savannah	27.4	28.0	+ 2.1	26	37	+ 42.3	950,000	1,322,000	+ 39.1
21-00	Jacksonville	85.5	64.8	- 24.2	327	224	- 31.4	3,826,000	3,458,000	- 9.6
24-00	Ft. Lauderdale	xx	36.9	xx	xx	29	xx	xx	787,000	xx
SOUTH ATLANTIC REGION		36.9	33.9	- 8.1	569	521	- 8.4	15,435,000	15,344,000	- 0.5
27-00	New Orleans	37.4	38.0	+ 1.6	136	128	- 5.8	3,637,000	3,372,000	- 7.2
30-00	Mobile	27.7	37.1	+ 33.9	49	52	+ 6.1	1,769,000	1,401,000	- 20.8
33-00	Galveston	40.7	33.1	- 18.6	28	54	+ 92.8	688,000	1,633,000	+ 37.3
36-00	Houston	65.5	73.2	+ 11.7	68	46	- 32.3	1,038,000	629,000	- 39.4
GULF REGION		39.4	39.8	+ 0.1	281	280	- 0.3	7,132,000	7,035,000	- 1.3
39-00	Cleveland	21.2	21.7	+ 2.3	42	23	- 45.2	1,982,000	1,058,000	- 46.6
42-00	Detroit	xx	32.7	xx	xx	17	xx	xx	521,000	xx
45-00	St. Louis	xx	56.2	xx	xx	38	xx	xx	676,000	xx
48-00	Chicago	33.9	39.5	+ 16.5	77	45	- 41.5	2,275,000	1,140,000	- 49.8
GREAT LAKES REGION		28.9	36.2	+ 25.2	119	123	+ 3.3	4,257,000	3,395,000	- 20.2
51-00	San Francisco	41.3	36.4	- 11.8	116	122	+ 5.1	2,811,000	3,350,000	+ 19.1
54-00	Long Beach	39.2	38.5	- 1.7	75	81	+ 8.0	1,911,000	2,103,000	+ 10.0
57-00	Seattle	81.9	59.7	- 27.1	141	104	- 26.2	1,721,000	1,743,000	+ 1.2
60-00	Portland	85.0	65.2	- 23.2	104	87	- 16.3	1,223,000	1,335,000	+ 9.1
63-00	Honolulu	13.8	46.5	+ 36.9	1	8	xx	72,000	172,000	+ 38.8
PACIFIC REGION		56.9	46.1	- 18.9	436	402	- 7.8	7,665,000	8,703,000	+ 13.5

NOTES: Disabling Injury-Frequency Rate is the number of disabling Injuries per million employee-hours of exposure.

- Due to continuous adjustments, manhours and injury totals are not additive.


USDL SAFETY SERVICES
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
FEDERAL...
Safety Program Evaluations
Technical Assistance
Research and Development
Accident Investigations
Safety Publications
Employee Safety Training
Consultative Services
Presentation of Speeches
Services to Field Councils
Supervisory Training
Plant and Facility Inspection
Training Aids
AGENCIES SERVICED
Post Office Dep
U.S. Army
U.S. Navy
U.S. Air Force
U.S. Coast Guard
U.S. Dept. of Lab
Veterans Admin
General Service
Treasury Depar
Internal Revenu
Interior Depart
Commerce Dep
Agriculture Dep
International Co
Health Educatio
Social Security
Atomic Energy
Justice Depart
Federal Aviatio
Maritime Admin
SUMMARY
199 Consultative Services and Program Surveys
94 Training Courses Presented
3,666 Persons Trained
100 Meetings attended or participated in
103 Field-Federal Safety Councils Serviced
58,994 Safety Publications Issued
F/Y 1962
SAF-C2 CHART-16

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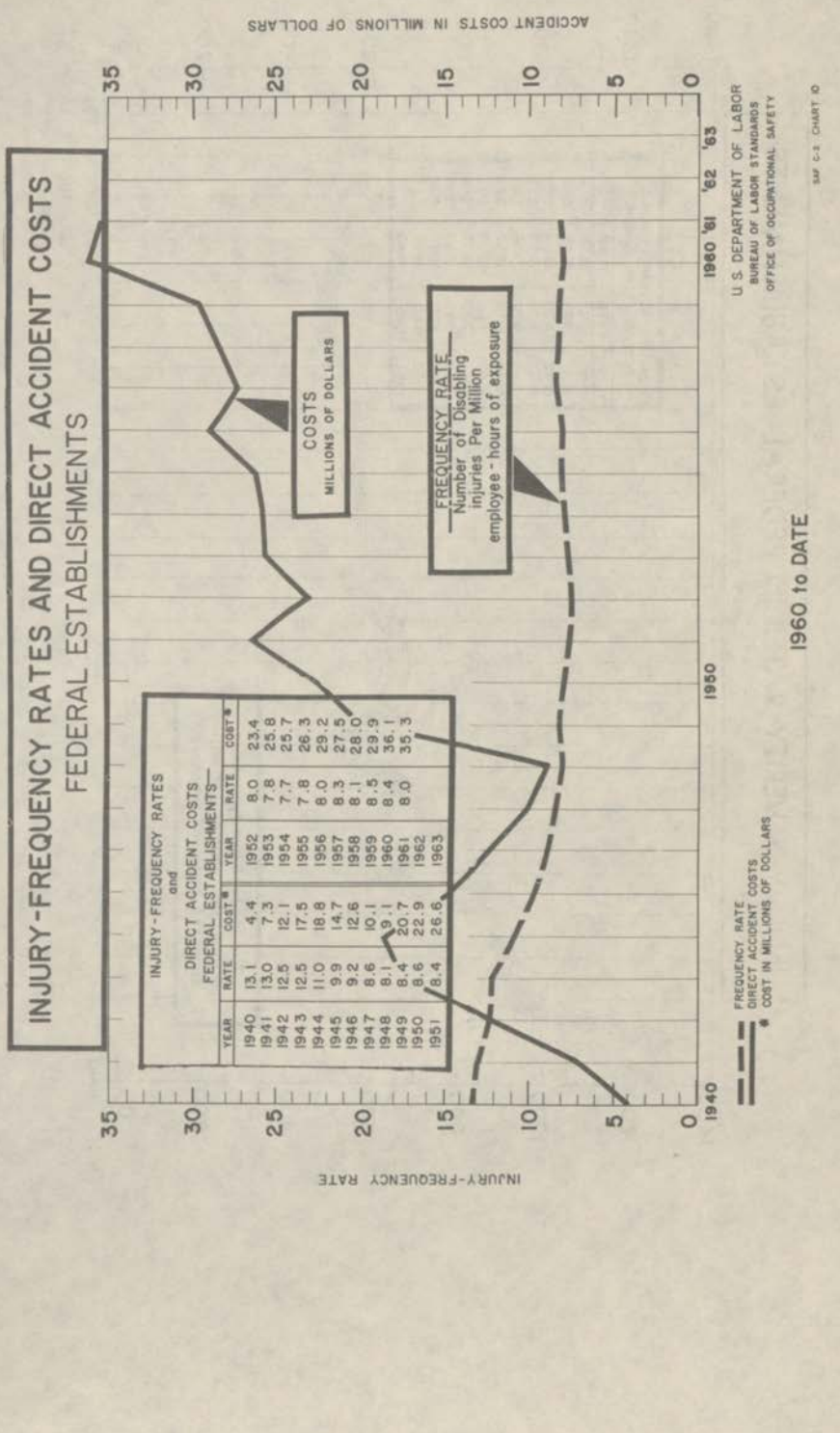
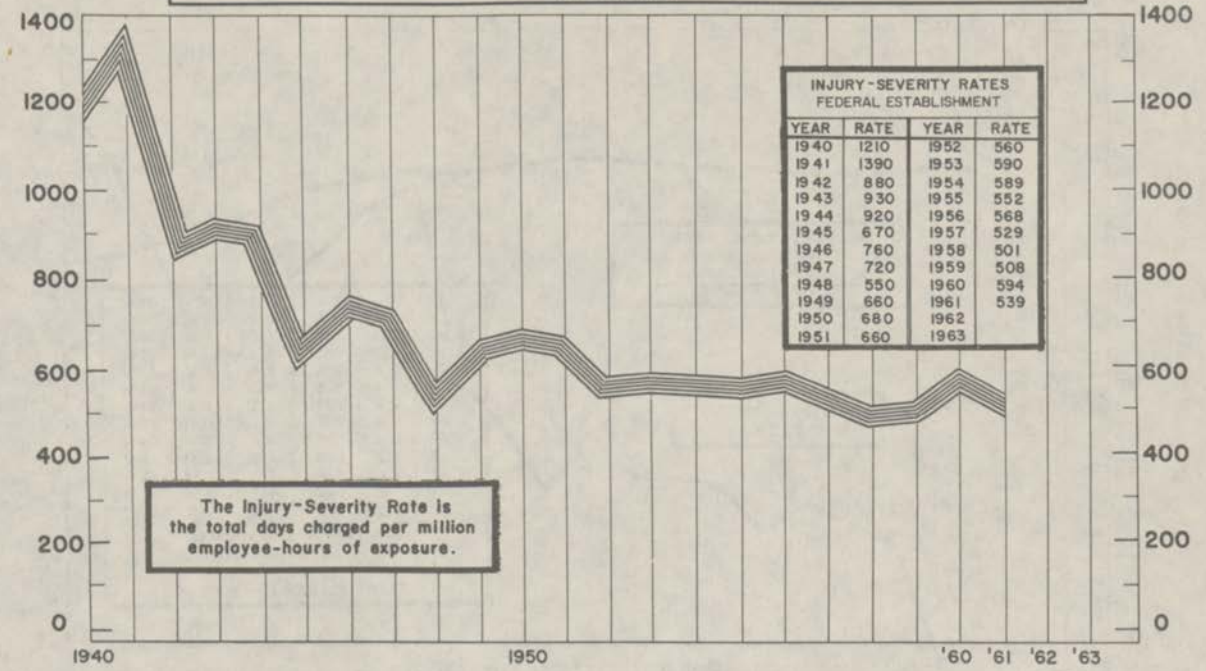

INJURY-FREQUENCY RATES AND DIRECT ACCIDENT COSTS
FEDERAL ESTABLISHMENTS
INJURY-FREQUENCY RATES and DIRECT ACCIDENT COSTS FEDERAL ESTABLISHMENTS
YEAR | RATE | COST* | YEAR | RATE | COST*
1940 | 13.1 | 4.4 | 1952 | 8.0 | 23.4
1941 | 13.0 | 7.3 | 1953 | 7.8 | 25.8
1942 | 12.5 | 12.1 | 1954 | 7.7 | 25.7
1943 | 12.5 | 17.5 | 1955 | 7.8 | 26.3
1944 | 11.0 | 18.8 | 1956 | 8.0 | 29.2
1945 | 9.9 | 14.7 | 1957 | 8.3 | 27.5
1946 | 9.2 | 12.6 | 1958 | 8.1 | 28.0
1947 | 8.6 | 10.1 | 1959 | 8.5 | 29.9
1948 | 8.1 | 9.1 | 1960 | 8.4 | 36.1
1949 | 8.4 | 20.7 | 1961 | 8.0 | 35.3
1950 | 8.6 | 22.9 | 1962
1951 | 8.4 | 26.6 | 1963
COSTS
MILLIONS OF DOLLARS
FREQUENCY RATE
Number of Disabling injuries Per Million employee - hours of exposure
INJURY-FREQUENCY RATE
ACCIDENT COSTS IN MILLIONS OF DOLLARS
0
5
10
15
20
25
30
35
1940
1950
1960 '61 '62 '63
FREQUENCY RATE
DIRECT ACCIDENT COSTS
* COST IN MILLIONS OF DOLLARS
U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
SAF C-2 CHART 10
1960 to DATE

INJURY-SEVERITY RATES IN FEDERAL ESTABLISHMENTS

1940 to date



INJURY-SEVERITY RATES
FEDERAL ESTABLISHMENT

YEAR	RATE	YEAR	RATE
1940	1210	1952	560
1941	1390	1953	590
1942	880	1954	589
1943	930	1955	552
1944	920	1956	568
1945	670	1957	529
1946	760	1958	501
1947	720	1959	508
1948	550	1960	594
1949	660	1961	539
1950	680	1962	
1951	660	1963	

U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

SAF C-2 CHART 11

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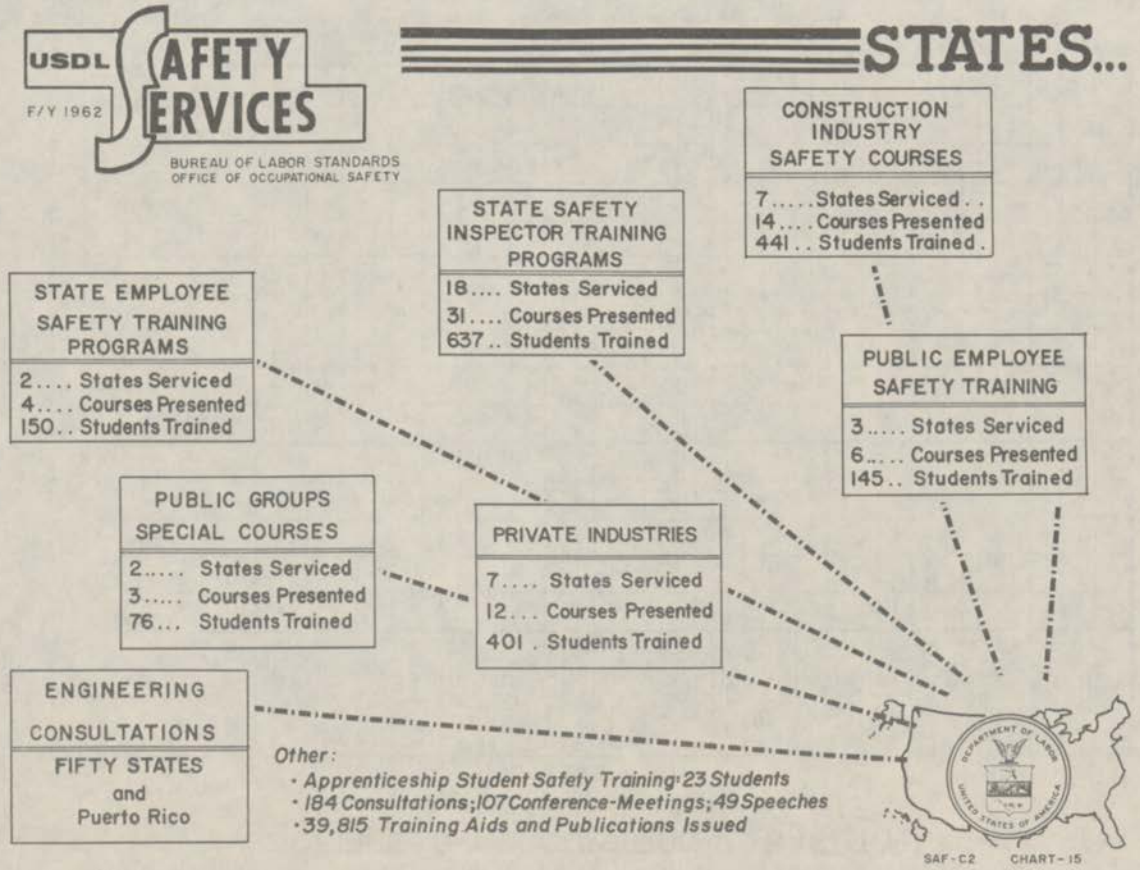

USDL
SAFETY SERVICES
F/Y 1962
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
STATES...
CONSTRUCTION INDUSTRY SAFETY COURSES
7..... States Serviced . .
14.... Courses Presented
441 . . Students Trained .
STATE SAFETY INSPECTOR TRAINING PROGRAMS
18.... States Serviced
31.... Courses Presented
637 .. Students Trained
STATE EMPLOYEE SAFETY TRAINING PROGRAMS
2.... States Serviced
4.... Courses Presented
150 . . Students Trained
PUBLIC EMPLOYEE SAFETY TRAINING
3..... States Serviced
6..... Courses Presented
145 . . Students Trained
PUBLIC GROUPS SPECIAL COURSES
2..... States Serviced
3..... Courses Presented
76... Students Trained
PRIVATE INDUSTRIES
7.... States Serviced
12... Courses Presented
401 . Students Trained
ENGINEERING CONSULTATIONS
FIFTY STATES and Puerto Rico
Other:
· Apprenticeship Student Safety Training: 23 Students
· 184 Consultations; 107 Conference-Meetings; 49 Speeches
· 39,815 Training Aids and Publications Issued
SAF-C2 CHART-15

OFFICE OF OCCUPATIONAL SAFETY

GEOGRAPHICAL DISTRIBUTION OF SAFETY SERVICES

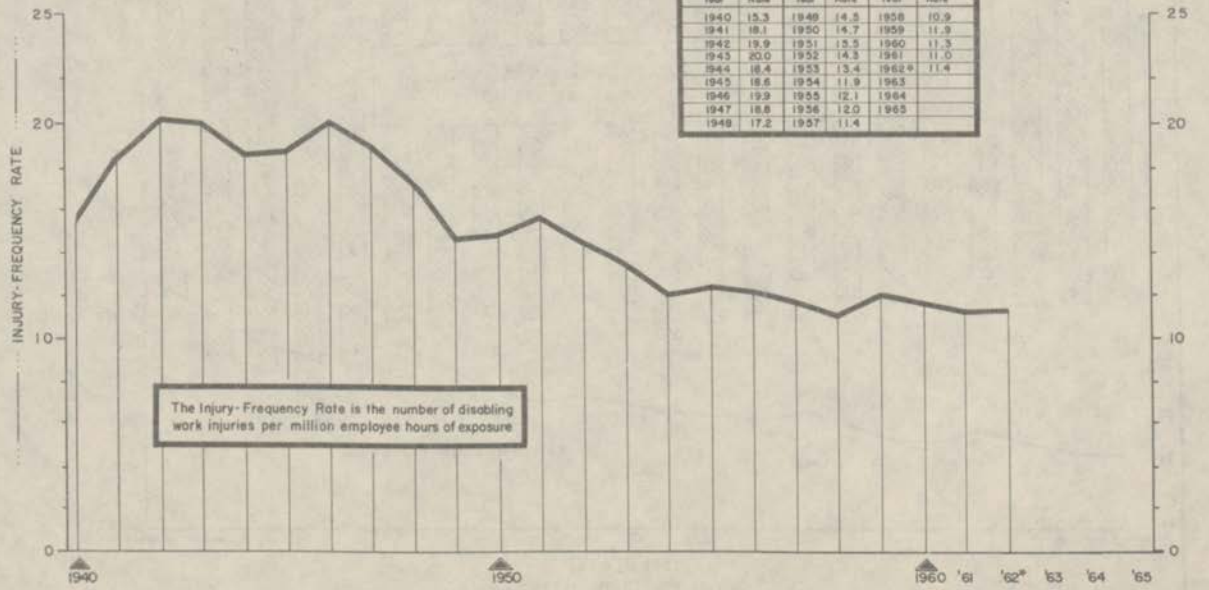
SERVICES PROVIDED		Services Provided	ALABAMA	ALASKA	ARIZONA	ARKANSAS	CALIFORNIA	COLORADO	CONNECTICUT	DELAWARE	DISTRICT OF COLUMBIA	FLORIDA	GEORGIA	HAWAII	IDAHO	ILLINOIS	INDIANA	IOWA	KANSAS	KENTUCKY	LOUISIANA	MAINE	MARYLAND	MASSACHUSETTS	MICHIGAN	MINNESOTA	MISSISSIPPI	MISSOURI	MONTANA	NEBRASKA	NEVADA	N. HAMPSHIRE	N. JERSEY	N. MEXICO	N. YORK	N. CAROLINA	N. DAKOTA	OHIO	OKLAHOMA	OREGON	PENNSYLVANIA	RHODE ISLAND	S. CAROLINA	S. DAKOTA	TENNESSEE	TEXAS	UTAH	VERMONT	VIRGINIA	WASHINGTON	W. VIRGINIA	WISCONSIN	WYOMING
	Training	FEDERAL AGENCIES	x	x	x		x	x			x	x		x		x	x	x		x	x		x	x	x			x	x				x									x		x	x					x		x	
		UNION	x	x			x				x	x	x										x	x									x	x		x								x							x		
		MARITIME (1)	x	x			x		x	x		x	x	x		x	x				x	x	x	x	x	x	x					x			x	x			x	x	x	x		x	x			x	x	x	
	State	S.I.S.P. (2)																		x																																	
	State	S.E.S.P. (3)																												x									x														
	State	Inspector Training	x			x									x	x	x	x	x	x										x	x		x	x							x						x			x	x	x	
	Consultative	Federal (4) Safety Councils	2	2	3	1	5	2		1	1	5	3	1	1	2	2	2	1	2	1		1	1	2	1	1	2		1	2		1	1	4	2		7	2	1	3	1	2	1	4	7	1		3	2	2	2	1
		Federal Agencies	x	x	x		x				x	x	x	x	x	x														x		x			x	x			x	x				x		x	x					
		Union	x	x			x		x	x	x	x	x	x		x	x				x	x	x	x	x		x	x				x			x	x			x	x	x	x	x			x	x		x	x	x	
		State	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
		Maritime (5)	x	x			x		x	x		x	x	x		x	x				x	x	x	x	x	x	x	x				x			x	x			x	x	x	x	x			x	x		x	x	x	
	Technical	Federal Agencies	x		x	x	x					x									x		x									x		x				x						x									
		State	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
		Industry					x		x	x	x		x			x	x	x	x					x	x								x		x									x									x	
		Maritime (6)	x	x			x		x	x		x	x	x		x	x				x	x	x	x	x	x	x	x				x			x	x			x	x	x	x		x	x			x	x	x	
		Publications	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

(1) includes safety talks on special hazards and code orientation (2) Special Industry Safety Program
(3) State Employee Safety Programs (4) indicates number of FSC serviced within State (5) and
(6) maritime safety services provided to the industry within the State.

INJURY-FREQUENCY RATES IN MANUFACTURING

1940 to date

INJURY-FREQUENCY RATES IN MANUFACTURING 1940 to date					
Year	Rate	Year	Rate	Year	Rate
1940	15.3	1949	14.5	1958	10.9
1941	18.1	1950	14.7	1959	11.9
1942	19.9	1951	15.5	1960	11.3
1943	20.0	1952	14.5	1961	11.0
1944	18.4	1953	13.4	1962*	11.4
1945	18.6	1954	11.9	1963	
1946	19.9	1955	12.1	1964	
1947	18.8	1956	12.0	1965	
1948	17.2	1957	11.4		

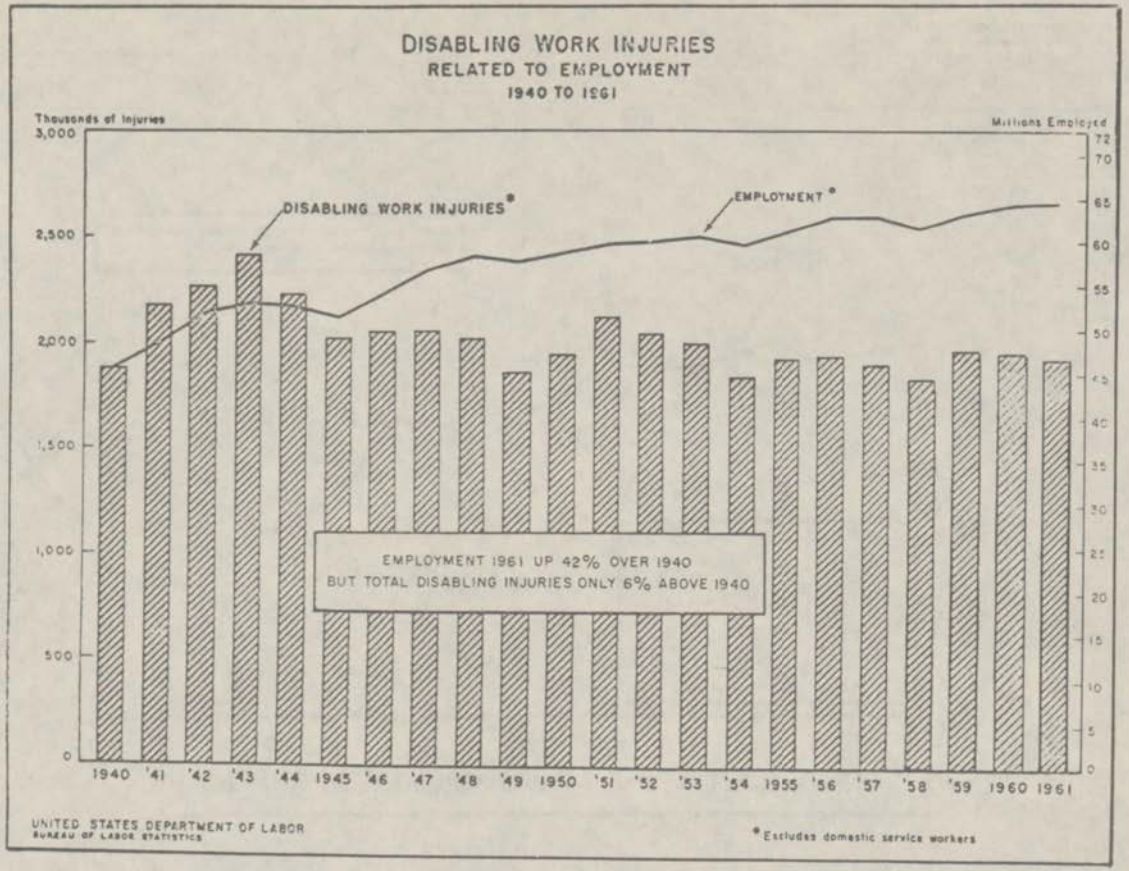


*preliminary - nine-month figure

U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

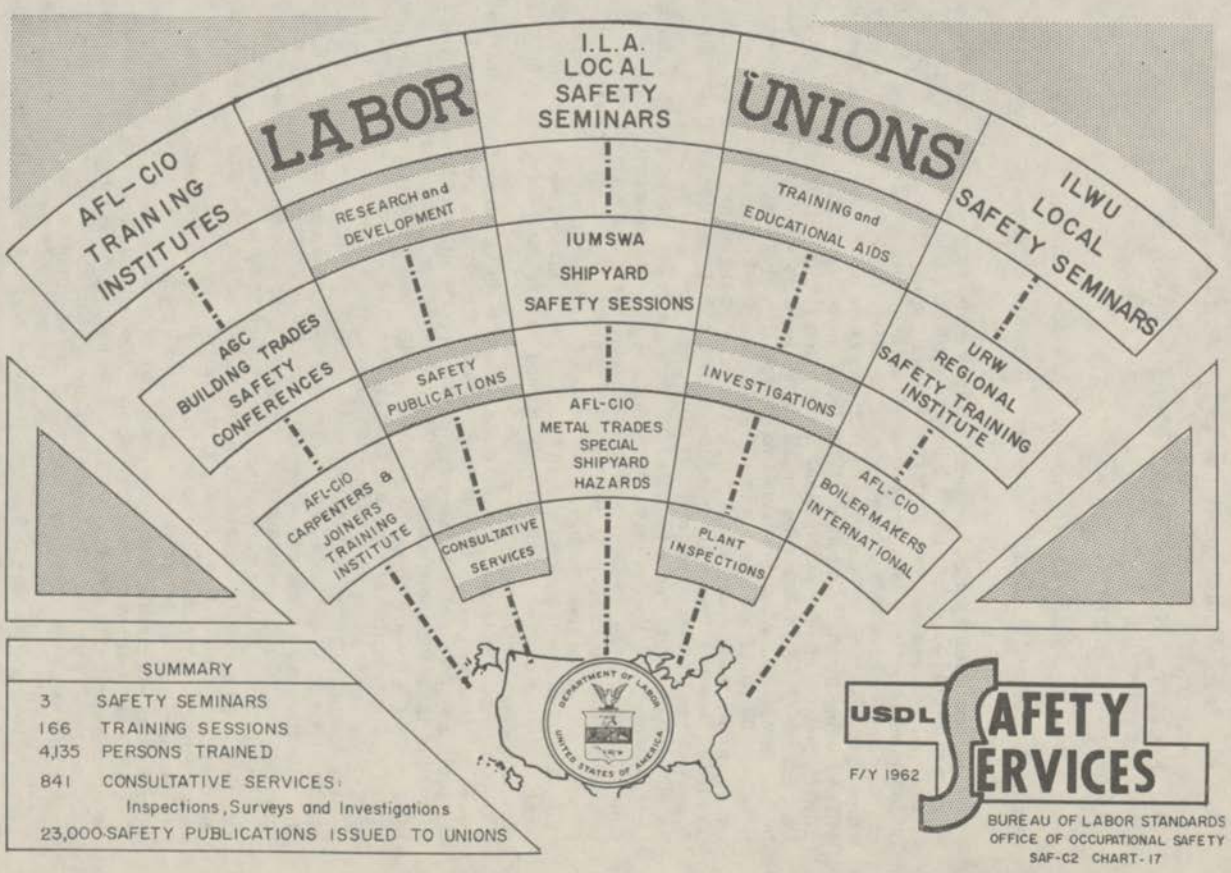
SAF C-2 CHART-14

8496


DISABLING WORK INJURIES
RELATED TO EMPLOYMENT
1940 TO 1961
Thousands of Injuries
Millions Employed
3,000
2,500
2,000
1,500
1,000
500
0
72
70
65
60
55
50
40
35
30
25
20
15
10
5
0
DISABLING WORK INJURIES*
EMPLOYMENT *
EMPLOYMENT 1961 UP 42% OVER 1940
BUT TOTAL DISABLING INJURIES ONLY 6% ABOVE 1940
1940 '41 '42 '43 '44 1945 '46 '47 '48 '49 1950 '51 '52 '53 '54 1955 '56 '57 '58 '59 1960 1961
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
*Excludes domestic service workers

3498

94628 O - 63 - 24


LABOR
UNIONS
I.L.A. LOCAL SAFETY SEMINARS
AFL-CIO TRAINING INSTITUTES
RESEARCH and DEVELOPMENT
TRAINING and EDUCATIONAL AIDS
ILWU LOCAL SAFETY SEMINARS
IUMSWA SHIPYARD SAFETY SESSIONS
AGC BUILDING TRADES SAFETY CONFERENCES
SAFETY PUBLICATIONS
INVESTIGATIONS
URW REGIONAL SAFETY TRAINING INSTITUTE
AFL-CIO METAL TRADES SPECIAL SHIPYARD HAZARDS
AFL-CIO CARPENTERS & JOINERS TRAINING INSTITUTE
CONSULTATIVE SERVICES
PLANT INSPECTIONS
AFL-CIO BOILERMAKERS INTERNATIONAL
DEPARTMENT OF LABOR
UNITED STATES OF AMERICA
SUMMARY
3 SAFETY SEMINARS
166 TRAINING SESSIONS
4,135 PERSONS TRAINED
841 CONSULTATIVE SERVICES:
Inspections, Surveys and Investigations
23,000 SAFETY PUBLICATIONS ISSUED TO UNIONS
USDL SAFETY SERVICES
F/Y 1962
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
SAF-C2 CHART-17

REVIEW OF "DESIGN FOR COMMUNITY ACTION"

Mr. MOTLEY. Would you object to having placed in the record this review prepared by Mrs. Jenkins?

Mr. FOGARTY. No; we will put that in the record.

Mr. MOTLEY. Thank you.

(The review follows:)

REVIEW OF "DESIGN FOR COMMUNITY ACTION"

(By Mrs. Clifford N. Jenkins, president, National Congress of Parents and Teachers)

Our country traditionally has been the land of opportunity—the land where every youth could expect to find a job, earn a comfortable livelihood, and enjoy family and community life. Today a million young Americans are bitterly disappointed. Out of school and out of work, they daily grow more despondent at their uselessness, more helpless and hopeless, more hostile to a society where they are "rejects." In the next 10 years 26 million more young people will be looking for their first jobs. What is the outlook for them?

In an important new publication, "Design for Community Action," the U.S. Department of Labor describes youth employment problems and the outlook for the future. No one who reads this informative, challenging little booklet—it is only 36 pages long—can remain indifferent to the urgent need for community action to prepare youth for a radically changing labor market. The booklet is a compelling call to action to every organization and individual concerned for America's children.

Chief responsibility for helping the Nation's youth become educated, trained, and employed, the booklet says, rests with the local community—your community. To be sure, Federal and State agencies are working on youth employment problems, but it is the local community that must prepare youth for work and place them in jobs. In the community effort, voluntary organizations and citizen volunteers can and must play a large role. Only through local initiative can we assure youth a good future and keep our country's economy sound and progressive.

Opportunity, the booklet makes clear, has not disappeared from America, but it has changed. It is the challenging task of every community to see that its youth are prepared for the occupational opportunities that exist. At the very time that unemployment is widespread, jobs are going begging, we are told, because there are no qualified people to fill them. While jobs for the unskilled and uneducated are rapidly disappearing, there is a mounting need for workers in the skilled occupations and professions.

Every community, the booklet emphasizes, faces a dual task: to make its unemployed youth employable and to see that young people still in school get the education and training to become qualified workers. Some alert communities are already meeting the challenge with imaginative, constructive projects, and the booklet gives stimulating examples of such efforts. It makes practical suggestions for organizing a community action committee and initiating communitywide action. It also gives illustrations of various types of action that might be undertaken—for example, a stay-in-school campaign, programs to provide part-time work and summer jobs, work-experience projects, programs to upgrade the job qualifications of unemployed youngsters, youth volunteer projects, guidance and counseling services, special programs for youth with special problems, work with parents to involve them in their children's educational and vocational planning, and work with disadvantaged children to raise their aspirations and help them overcome the effects of impoverished backgrounds.

Undereducation and unemployment of youth are tragic for the individual and serious for the Nation. They breed, as President Kennedy has said, "dependency, delinquency, and despair." The need for action in every community is urgent.

In "Design for Community Action" the U.S. Labor Department presents a flexible pattern of action that can be adapted to the needs of any community, and it offers to help communities plan and implement programs. By putting this helpful booklet in the hands of leaders in your community, you can take an important first step in helping America's young people become employable and employed.

BUDGET REQUEST FOR 1964

Mr. FOGARTY. Leaving out funds for welfare and pension plans reporting, and including the estimated pay supplemental, you have $3,339,000 available for 1963, and the request for 1964 is $3,470,000, or an increase of $131,000. Is that right?

Mr. MOTLEY. Yes, sir.

INCREASE IN AVERAGE EMPLOYMENT

Mr. FOGARTY. You show no increase in permanent positions.

Mr. MOTLEY. That is correct.

Mr. FOGARTY. But do show an increase of 9 man-years in average employment. And there is some language on page 5 that I wish you would explain:

> Nonrecurring rent, transferred to General Services Administration being absorbed in personal services in 1963, $95,000; nonrecurring equipment for new 1963 positions, $12,000; and nonrecurring lapse caused by delay in filling new positions in 1963, $76,600; offset by reduction of $88,600 and lapse of 9 man-years.

What does all this mean?

Mr. MOTLEY. I would like for Mr. Hudson to explain these items.

Mr. FOGARTY. Mr. Hudson.

Mr. HUDSON. With respect to the nonrecurring rent items, Mr. Chairman, during the past couple of years we have acquired on a nationwide basis quite a bit of rental space we owe the GSA for. In this particular budget—and this shows up in several bureaus—we will transfer appropriations to GSA this year for the rental money we owe them, which is roughly about a million dollars; we will then be square with GSA, which will budget for the rent in their own budget for 1964.

Several appropriations are financing this. Some of it was budgeted; some of it was not and was absorbed in other objects.

Mr. FOGARTY. It would not be a way of getting around these cuts that were made in previous years; would it?

Mr. HUDSON. No, sir. This is money that we obviously owe to the General Services Administration for rent. This puts us in the clear with them until 1964, for any new or additional space that comes up.

Mr. FOGARTY. Is that all?

If they are absorbing costs by not filling these positions in 1963, why can't they do the same in 1964?

Mr. MOTLEY. Would you speak to this, Mr. Van Zant?

DELAY IN FILLING POSITIONS

Mr. VAN ZANT. That is the delay in the filling of the positions in this fiscal year, in the youth activity.

Mr. FOGARTY. I thought that was your most important program from what you told us last year.

Mr. MOTLEY. It is one of our most important programs. You will recall that the actual appropriation was made available by Congress quite late, about 2 months after the start of the fiscal year. We then had problems of classification and recruiting, which has delayed our filling of these positions. We are now, however, moving along very rapidly, and we have 9 of our 11 regional positions filled in the field for our youth program.

We have gone through the process of training and this has caused our delay. It is not the fact that the program has not been important—and there is an important job to do—but we have felt that we should take sufficient time in selection of people to get the type of people that could properly do the job, and I think we have recruited some very excellent people.

Mr. FOGARTY. You received a sizable increase from 1962 to 1963 for this purpose.

Mr. MOTLEY. That is correct. But the positions that we received in fiscal year 1962 were all filled very early in 1963, and then you were very kind to give us a substantial increase in our youth program for fiscal 1963. This total expansion program has moved forward very rapidly. But there was lapse money because of this fact.

IMPROVING CONDITIONS OF MIGRATORY WORKERS

Mr. FOGARTY. All right.

Now, beside what you had to say in your opening statement about improving the conditions of the migratory worker in this country, is there anything else you would like to add?

Mr. MOTLEY. Well, the legislation that was approved by Congress last year has helped a great deal in the health program, and other legislation before Congress at the present time on sanitation also will be helpful. I think as a result of the action and consideration by Congress, that the States are giving more attention to health problems and housing than they were previously.

We have found that in a number of cases, the State health departments have been very active in the inspection of housing and sanitation conditions. We feel that there is considerable improvement in this area.

There is much still to be done.

Mr. FOGARTY. But this legislation did help to stimulate States to do a better job?

Mr. MOTLEY. I think it has helped stimulate the States, realizing Federal action was in the offing. I think they were more concerned about doing something on their own.

Mr. FOGARTY. Mr. Denton?

INJURY RATES FOR LONGSHOREMEN

Mr. DENTON. I think the charts you put on the board, the first one showed the injury rate of longshoremen.

Could you tell me any reason why it should be so much higher on the gulf than any place else, and so much lower on the Great Lakes?

Mr. MOTLEY. Well, I will start, and Mr. Gidel may wish to add to that.

The Great Lakes labor force is generally more stable than it is on the gulf. The work is done by a group of men who devote more of their time to this activity in the ports of Cleveland, Chicago, and Detroit. Therefore, they seem to be better trained and therefore have fewer accidents.

In the gulf ports, particularly in Houston and Galveston, where we have the highest frequency rate, they use a large number of casual

workers, who are not regular members of the longshore work force.

They also have a system of paying a piece rate for the loading of cotton, which has a tendency of speeding up operations, and this causes a large number of accidents in the loading of cotton.

Now, we have been working with them in correcting the situation. We have made considerable progress, but we are starting with a very high rate, and it takes considerable time to get the rate down to the rest of the country.

Mr. DENTON. It looks like that is the case where there is room for a great deal of improvement.

Mr. MOTLEY. There is.

We have found it a little more difficult to get the complete support of both management and labor in training in accident prevention work in some of these ports.

SCHOOL DROPOUT PROBLEM

Mr. DENTON. Now, just one other question: I notice that you are investigating the school dropouts, and I think that surely should be investigated. But we had an appropriation here, I think a year or two ago, where we appropriated money for the Department of Education to make research on that problem.

I do not think two people ought to be investigating the same thing.

Mr. MOTLEY. We are not investigating school dropouts as such, Mr. Congressman. We are dealing with the causes and how we can, from the standpoint of the Department of Labor, encourage the youngsters to return to school.

There has been a very close, cooperative effort with the Department of Education. They have given considerable thought to curriculums, flexibility in curriculums, to encourage youngsters to remain in school.

In the Department of Labor we have been working with the main objective, long-term objective, that when these youngsters do complete their education, whatever it may be, that they be more employable in the labor market.

This is an area in which the Department of Labor and Office of Education have to work side by side, and I do not think there is a duplication of effort.

Mr. DENTON. I hope there is not.

Mr. MOTLEY. I am sure there is not, Mr. Congressman.

Mr. DENTON. That is all.

INCREASE IN PERSONAL SERVICES

Mr. LAIRD. In your statement, you say that there are no program changes contemplated. Yet, on page 1, you show an increase of $130,700. Is that all the two additional workdays?

Mr. MOTLEY. No, that is two additional workdays, and increase in pay cost.

Mr. LAIRD. The total as made——

Mr. MOTLEY. That is right. We are not adding any additional personnel in our budget for 1964.

ASSISTANCE TO STATES

Mr. LAIRD. On page 2, you discuss the necessity to expend Federal funds for technical assistance on child labor, minimum wages, wage payment, and wage collection.

Mr. MOTLEY. Is this page 2 of my statement?

Mr. LAIRD. Yes; page 2, second paragraph. Why is this necessary? Should not the States assume a responsibility in this area?

Mr. MOTLEY. The Bureau acts, in a way, as a clearinghouse for the State labor departments in providing them with information on what new legislation has been proposed in other States, and suggested language in these various fields of work.

This is done on a cooperative effort. From time to time we have representatives from the State labor departments meet with us in Washington and develop language for legislation that would be useful to them.

For example, during the past year, we worked with the States in the development of language on State wage payment and wage collection law. Whenever they wish to have technical assistance in these various fields of work, they look to us for assistance in that work.

Now, this does not mean that the States do not do a lot for themselves; they certainly do.

Mr. LAIRD. What is the total amount in dollars and cents?

Mr. MOTLEY. Of what, Mr. Congressman?

Mr. LAIRD. The Federal funds expended to give the States assistance.

Mr. MOTLEY. In 1963, the present fiscal year, we have 25 positions, with total of $269,000. That is for improving State labor legislation.

RACIAL DISCRIMINATION

Mr. LAIRD. On page 3, you talk about race discrimination.

Mr. MOTLEY. New York?

Mr. LAIRD. New York has prohibited race discrimination in apprentice training programs.

Mr. MOTLEY. Training programs; that is correct.

We are just reporting progress made by the various States in various fields of legislation.

Mr. LAIRD. Well, you make quite a point of New York passing a law that prohibited race discrimination in the apprentice training programs. Why would this not be a good Federal law?

Mr. MOTLEY. I think it would be a good Federal law.

Mr. LAIRD. It has not been recommended by the Department of Labor.

Mr. MOTLEY. I just expressed my own personal opinion on that. This is something that would be proposed by the Bureau of Apprenticeship and Training.

However, I think personally it would be a good Federal law.

Mr. LAIRD. I was glad you pointed out the fine progress in the State of New York.

RELATIONS WITH DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE ON YOUTH ACTIVITIES

On page 10, you discuss the fact that you received additional funds in 1963 to expand the Youth activity. I am a little bit confused because we hear a lot from the Department of Health, Education, and Welfare about the job they are doing here. Is there any overlapping or duplication between your program and the program carried on presently by the Department of Health, Education, and Welfare?

Mr. MOTLEY. No, sir. I do not believe there is any duplication. We are constantly working with the various bureaus of the Department of Health, Education, and Welfare, meeting with them on their activities; and they have worked very closely with the Secretary of Labor in the President's Committee on Youth. They have appeared on the program regularly.

They have participated in all the discussions. I do not feel that there is any duplication in this field between these two departments.

Mr. LAIRD. On page 12, you discuss some of the publications you are responsible for. You outline three of them.

Just from the titles—I have not had a chance to read these publications—but from the titles, it would seem that this might be along the lines of work being carried on by the Office of Education.

You are quite sure this is a different activity?

Mr. MOTLEY. The material that was incorporated in the first one, "School—Or What Else?" was discussed very carefully with the Office of Education and, in reading this particular publication—I would like to read it to you—it points out the fact that youngsters who remain in school and complete their education have a better opportunity to enter into the labor market; their education gives them a greater job security; education has a dollars and cents value for them.

In other words, this publication is directed to the area of work for which the Department of Labor has responsibility—the lifetime work of the young people.

Now, the second one, "Appeal to Parents," is in a somewhat similar vein, in that this directs an appeal to parents; how valuable it is for the youngsters to complete school, that this will give them a much better opportunity in their work life.

These documents, which are issued by the Department of Labor, are directed to their future in the work world, while the documents of the Department of Education are directed to their educational world; and they both work very well together.

I would like to leave this one with you as an example.

I think, Mr. Congressman, that if the committee would not object, I would like to have a set of these pamphlets sent to each one of the members of the committee.

Mr. DENTON. Thank you very much.

Mr. LESINSKI. We would appreciate it.

Mr. LAIRD. That is all I have.

Mr. FOGARTY. Is there anything else you would like to say?

Mr. MOTLEY. No.

Mr. FOGARTY. Thank you very much.

Mr. MOTLEY. Thank you, Mr. Congressman.

THURSDAY, FEBRUARY 7, 1963.

WOMEN'S BUREAU

WITNESSES

MRS. ESTHER PETERSON, ASSISTANT SECRETARY OF LABOR, DIRECTOR
MISS BEATRICE McCONNELL, DEPUTY DIRECTOR
MISS DOROTHY A. CARROLL, CHIEF, DIVISION OF MANAGEMENT SERVICES
MRS. ALICE A. MORRISON, CHIEF, DIVISION OF LEGISLATION AND STANDARDS
MISS JEAN A. WELLS, ACTING CHIEF, DIVISION OF RESEARCH AND MANPOWER PROGRAM DEVELOPMENT
MRS. MARY N. HILTON, PROGRAM DIRECTOR, PRESIDENT'S COMMISSION ON THE STATUS OF WOMAN
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
11 Personnel compensation:			
Permanent positions	403	631	564
Positions other than permanent	6	8	7
Other personnel compensation			5
Total personnel compensation	409	639	576
12 Personnel benefits	28	46	41
21 Travel and transportation of persons	34	52	28
22 Transportation of things	2	1	1
23 Rent, communications, and utilities	18	21	31
24 Printing and reproduction	29	52	74
25 Other services	26	18	17
Services of other agencies	12	7	7
26 Supplies and materials	11	8	7
31 Equipment	31	8	3
Total costs	600	852	785
Change in selected resources	—4		
Total obligations	596	852	785

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	71	89	84
Full-time equivalent of other positions	1	2	1
Average number of all employees	61	86	73
Number of employees at end of year	69	85	75
Average GS grade	8.3	8.5	8.4
Average GS salary	$7,004	$7,645	$7,537

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Advancement of women's employment opportunities and status	600	687	707
2. President's Commission on the Status of Women		165	78
Total program costs, funded	600	852	785
Change in selected resources (−) [1]	−4		
Total obligations	596	852	785
Financing:			
Comparative transfers to other accounts	35	61	
Unobligated balance lapsing	37		
New obligational authority	668	913	785
New obligational authority:			
Appropriation	668	893	785
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (76 Stat. 728) (−)		−19	
Appropriation (adjusted)	668	874	785
Proposed supplemental due to pay increases		39	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $21,000; 1962, $17,000; 1963, $17,000; 1964, $17,000.

Mr. FOGARTY. We have before us now the Women's Bureau. How are you, Mrs. Peterson?

Mrs. PETERSON. Hello.

Mr. FOGARTY. Do you have a statement for the committee?

GENERAL STATEMENT

Mrs. PETERSON. Yes, I have a statement; and I do not know whether you would like for me to summarize it briefly, or——

Mr. FOGARTY. You do whatever you want to.

Mrs. PETERSON. I think I might do that, and reserve whatever time I have for questions.

(Prepared statement of Mrs. Peterson follows:)

STATEMENT OF MRS. ESTHER PETERSON, ASSISTANT SECRETARY OF LABOR AND DIRECTOR, WOMEN'S BUREAU

I am pleased to present to you today the Women's Bureau budget request for $785,000. Of this amount, $707,000 is requested for the regular programs and services of the Women's Bureau, and provides for essentially the same staff as in 1963. The amount requested also includes $78,000 for concluding the work of the President's Commission on the Status of Women. Its final report must be submitted to the President in October 1963.

The increasing number of women in the labor force, which in November 1962 was 24¾ million, or a third of the total labor force, stresses the need of the services of the Women's Bureau to help these workingwomen make their maximum contribution to the economy. I have a separate statement of background facts on women workers in the United States which gives available figures for employment and unemployment of women workers, occupations, marital and family status, and income and earnings of women workers which you may wish to insert in the record.

I would like now to discuss briefly some of the present programs and services of the Women's Bureau and how we expect to carry them out in fiscal year 1964.

Underlying the many programs of the Women's Bureau which are designed to improve the economic, social, and political status of women is the belief that the Bureau can assist all women to achieve their highest potential as workers, homemakers, and citizens. The achievement of these potentials will be reflected in the economic growth of our country as women continue to enter the labor market in increasing numbers.

The services of the Women's Bureau usually come into play for the workingwoman, married or single, after she has entered the labor force or is actively seeking guidance in entering the labor force. At this point, the Women's Bureau responds to the requests for help in getting information on vocational and educational guidance, for information and advice on existing facilities for families of mothers who find it necessary to leave the home for employment such as day-care programs. Many of these women coming into the labor force are mature women who are reentering the labor market after a long absence from it, and who are in need of guidance and often of some additional training. Another important aspect of the Bureau program is the providing of technical assistance to State agencies and citizen groups that are interested in enacting new State laws or in bringing up to date present laws affecting the status of women in her various capacities in and out of the labor force.

The Women's Bureau has four field consultants who operate throughout the country from four regional offices. These offices are located in Atlanta, Boston, Chicago, and San Francisco, each region covering some 11 to 13 States. We hope to open a fifth regional office in fiscal year 1964 by assigning a staff person from the Washington office.

The field staff works with State and community groups which include women's professional organizations, trade unions, employers, and other voluntary bodies. They also work closely with local and State government agencies. In 1962, the Women's Bureau staff assisted State groups in developing five major conferences on the problems of workingwomen. They were held at State and private universities and were widely participated in by all segments of the economy: labor, management, educators, citizen groups, and State government agencies.

Conferences were held in Utah, Michigan, Illinois, Connecticut, and Washington, D.C. Some 2,000 men and women took part in the deliberations of these conferences. Plans for similar conferences in Iowa and Minnesota are well along and the conference dates have been set. Ohio has requested the Bureau to assist in exploring the possibility of a conference there, and other States are indicating interest.

Out of these regional conferences has come both legislative and direct citizen action. Michigan, for example, amended and improved its equal-pay-for-equal-work law and set up a Governor's Commission on the Status of Women. The 1961 and 1962 regional conferences in that State were important factors in achieving the citizen interest and support that made this possible.

In Illinois, Iowa, Ohio, Wisconsin, and California, citizen groups have requested the assistance of the Bureau in their exploration of the possibility of establishing a Governor's Commission on the Status of Women in each of these States. These State commissions concern themselves with such matters affecting women as advice and information on occupations, training programs, needed legislation such as minimum wage, equal pay, wage payment and collection, and other aspects of assistance for workingwomen.

Since the decentralization of the Bureau's field staff in 1962, the ability of the Bureau to increase its service functions at State and local levels has already been demonstrated by constantly increasing calls for advice, assistance, and basic information in the many areas of concern to womenworkers, homemakers, and citizens.

The effectiveness of much of the Women's Bureau program depends upon its publications and other media of communication.

Many of the requests we receive for material reveal the need for a publication stressing the advantages of education and training for women. This we plan to prepare in fiscal year 1964. A 1959 study shows that over half of all women college graduates in the country were working, as compared to two-fifths of the high school graduates and one-third of those who did not go beyond grade school. However, the idea persists that since a girl will probably marry, and have a family, higher education for her is a waste of time and money. As a result, many girls fail to take advantage of their opportunities to prepare for employment in fields where there are serious shortages. Then, if they later

wish to go to work, they must seek employment in unskilled or semiskilled jobs, rather than in the skilled work which is calling for trained workers.

Some measure of the usefulness of the Women's Bureau publications may be found in the fact that during the past 6 months, in response to more than 5,300 requests received, we have distributed almost 58,000 publications to unions, employers, Members of Congress, State and local government agencies, Federal agencies, women's and other organizations, libraries, schools and counselors, students, and other individuals.

As a part of the total Department of Labor program in the area of impact of automation, the Women's Bureau has a special concern about the possible impact of automation on the women workers of our country. But we find that most of the studies being made these days give only brief notice to the special problems faced by women, and the special measures and considerations needed to facilitate their reemployment.

Because of this, we have taken a look at changing technology as it affects women telephone workers. A few statistics point up that situation. Between 1945 and 1960, while the number of telephones in service increased by 164 percent and total industry employment rose 57 percent, the number of women telephone operators declined 8 percent. There were few actual layoffs, however, because of normal turnover and because of company reassignments and transfers. The major effects stemming from the extended use of automatic dial equipment were the limiting of new job openings in the industry and many changes in the duties and responsibilities of the remaining jobs which involve training in new skills. We have discussed these in our report, along with suggestions for women and girls considering employment in this industry.

Our second automation study, now in the planning stage, which we hope to carry forward in 1964 will focus on the employment problems of women presently or recently employed in a specific plant markedly affected by technological change. Information will be sought about such aspects as the characteristics of the women displaced, including their financial contribution to family income; the extent of their mobility; their subsequent employment experiences, retraining or transfer plans of the plant; changes in plant jobs and job requirements; and the effects of such changes on new hires and on older women workers in particular. This illustrates the studies we are working on now and will continue along similar lines in 1964.

We continue to receive many inquiries from women and girls about job opportunities and requirements in a variety of fields. In response to the requests received particularly from women college students and mature graduates seeking to return to work, we are now making a comprehensive and up-to-date review of employment opportunities for college educated women. The requests indicate their concern over changing occupational requirements, duties, and opportunities both in traditional fields of work and in expanding and emerging professions. Our publication seeks not only to provide information about the nature of the work in numerous professions but also to encourage women to consider all possibilities appropriate to their interest and abilities so that if they do enter the labor market they will be prepared for work which they will enjoy doing. Next year, we plan to make a similar analysis of recent employment developments and the gamut of job opportunities open to high school graduates. This will enable students to compare training requirements, opportunities for employment, and outlook for the future in a variety of fields before selecting the occupation or career planned for the future.

With our continuing responsibility to keep the public informed about the facts of women's employment, we are analyzing the statistics available from the 1960 decennial census to obtain a better understanding of developments during the fifties. The first product of our work, released a few months ago, analyzed geographical differences which show a smaller percentage increase of women workers in the Northeast and North Central States than in the South and West. Two studies now underway by the Bureau are being focused on the type and extent of the diversification in occupations held by women and on the changing work status, occupations, and earnings of Negro women workers. Special analyses of those 1960 census data which show the influence of women's education on their employment and other special areas will also be undertaken.

In 1964, the establishment and effective administration of good labor standards for women will continue to be emphasized in the program of the Women's Bureau. A large number of women workers are in the trade and service industries. Women workers employed as waitresses, cooks, laundry operatives, charwomen, saleswomen, hospital attendants, and other unskilled occupations

are traditionally low paid and have little trade union organization. Although the extension of the Federal Fair Labor Standards Act to some retail establishments under the 1961 amendments has helped to alleviate the problem in this one industry, it is significant that the Federal law covers only 2½ million of the more than 7 million nonsupervisory retail workers, thus leaving these workers without coverage unless the States give protection under State minimum wage laws.

Assistance to the States on their minimum wage programs continues to be one of the Bureau's services. During the past year, the Bureau provided technical materials and advice on administration and proposed new legislation to State labor departments and a variety of unions and voluntary organizations. Assistance to State labor departments with minimum wage laws now in effect on issuance of wage orders included technical services and materials. For instance, the Ohio Department of Industrial Relations was given assistance on basic and part-time rates, overtime and learner rates, for use in revising the laundry minimum wage order; subsequently, technical information on State experience in court cases involving escalator clauses in wage orders, for use in a pending Ohio Supreme Court case on the laundry order; Pennsylvania Department of Labor and Industry was given assistance on learner regulations, statutory minimum wage rates, lodging allowances, and learner rates in retail trade for use in hearings directed to the establishment of regulations on these subjects; California Industrial Welfare Division was given comprehensive minimum wage information in connection with the current program for revision of all wage orders for trade and service industries; the Minnesota Industrial Commission was given assistance on a court case challenging the validity of the wage order for public housekeeping (subsequently upheld by the Minnesota Supreme Court); Washington State was given assistance in planning and conducting an hours-and-earnings survey for use by wage boards, resulting in the issuance for the first time of a Washington State wage order for "Health-Care Occupations" exempt from the statutory rate law; New Jersey was supplied with technical materials for use in public hearings on the revised laundry and drycleaning minimum wage orders.

In the equal pay field, the long-time efforts of voluntary organizations to obtain enactment by Congres of a Federal equal-pay bill progressed further than at any previous time, culminating in the adoption of the administration's measure by both Houses of Congress although the 87th Congress later adjourned without taking final action. As Director of the Women's Bureau, I testified at congressional hearings on the proposed bill and the Bureau worked closely with the National Committee for Equal Pay, composed of representatives of national women's organizations and unions, in providing technical assistance and materials for use of these groups. Consistent with the stepped-up Federal program, the Bureau provided technical services on equal-pay legislation and administration in the States. During the year an equal-pay law was enacted in Arizona, making a total of 22 States with laws that now prohibit wage discrimination against women. In addition, Michigan amended its original law and provided broader industry coverage.

The Bureau continues to provide technical assistance and materials to State agencies and voluntary organizations to support their efforts for better labor law standards for women. For instance, technical assistance was furnished to the Indiana Labor Department on proposed minimum wage and equal-pay legislation; the Maryland Association of University Women on a statewide campaign for a minimum wage law; the New Jersey Consumers' League on a proposed new statutory minimum wage law (which subsequently passed one house); the Missouri AAUW on draft language and supporting data for a proposed equal-pay law; the Rhode Island State Labor Department, on a proposed amendment of the women's hour law (subsequently enacted); the West Virginia Labor Department on regulations governing meal and rest periods and restrooms; and various other States and organizations.

The Bureau also answers many requests for technical information and recommendations on desirable standards. Many such requests originate with employers and unions for use in contract negotiations; some come from Members of Congress; and still others from educational institutions, research groups, and other sources. Recently technical information was supplied to the International Ladies' Garment Workers' Union and the Amalgamated Clothing Workers on State cost-of-living budgets for women covering the past 10 years; the Council of Motion Picture Organizations, Inc., on minimum wage rates applicable to the theater occupations in 24 States; the editor of Good Housekeeping Maga-

zine and a reporter of the Chicago Tribune on State equal-pay laws; the Family Service Association in Cleveland, Ohio, on women's cost-of-living budgets; the Socony Oil Co., on recommended maternity policies; and others.

Another aspect of the Bureau's program of legislation and standards deals with State laws governing political, family, and property rights of women. The great influx of married women into the labor market has focused attention on the legal rights of women to own, control, and dispose of property; to engage in business in their own name; to have an equal voice in the care, education, and discipline of their children; and other aspects of business and family life, and many requests for information on these matters are answered by the Bureau.

As a part of its continuing program on providing information on State laws concerned with the civil and political rights of women the Bureau revised separate reports on the laws for 11 States. Technical information on various aspects of laws was furnished to numerous educational institutions, groups, and individuals, such as professors at the University of California, the University of Iowa, the New Mexico Highlands University; the Library of Congress; the National Woman's Party; the National Federation of Business and Professional Women, and others.

In both the labor law and the civil and political rights fields, extensive technical materials were prepared and advisory services given to members and staff of the President's Commission on the Status of Women, including the preparation of various background papers and technical materials which have been of great value to the Commission's work in developing its recommendations.

We shall continue to cooperate with such international organizations as the U.N. Commission on the Status of Women, the Inter-American Commission of Women, and the International Labor Organization in making available material on developments in the United States relating to working women. The ILO Panel of Consultants on Problems of Women Workers, on which I serve as the U.S. Government member, is preparing background material preliminary to discussions at the 1964 Conference. In connection with this, the Women's Bureau will have special responsibilities. We also cooperate with national organizations on international programs which help create better understanding and goodwill and advance the status of women, and work with women in the United States under AID and the educational exchange program.

I also want to report briefly to you on the work and accomplishments of the President's Commission on the Status of Women. The Commission was established in December 1961 for the purpose of reviewing women's present situation and recommending any actions needed to assure their full partnership in our economic and social life. Its final report must be submitted to the President in October 1963.

Through its seven subcommittees, the Commission is drawing upon the knowledge of close to 100 experts who are giving freely and generously of their time. It is with deep satisfaction that I can honestly tell you I have never seen a more hard-working, dedicated group. Great interest and active assistance have come from women's organizations, industry, unions, representatives of State governments and individual citizens. Commission action has already had the positive result of expanding employment opportunities for women in the Federal Government. The Commission's final report will, I am sure, be a significant document which will make realistic recommendations relating to such matters as merit employment policies and practices in industry and government, protective labor legislation, civil and political rights, social services and education.

The Women's Bureau is providing extensive information to the Commission and undoubtedly the Commission's recommendations will contribute to the future effective work of the Women's Bureau by suggesting new studies which are needed or changes of emphasis in existing programs. I have a more detailed report on the Commission's work available if you would like to have it for committee consideration.

Mr. Chairman, I appreciate this opportunity to present the statement to you on the work of the Women's Bureau. With women workers comprising over one-third of the total work force, it seems most important that the Federal Government through the Women's Bureau make available the information and assistance that will enable them to have the fullest opportunity for useful, satisfying employment under good working conditions and so to make their maximum contribution to the growing economy of our Nation. I shall be glad to answer any questions.

Mrs. PETERSON. I would like to say this at the beginning: We are very fortunate, indeed, to have Beatrice McConnell with us, as Deputy Director.

Mr. FOGARTY. She has been with the Department quite a few years.

Mrs. PETERSON. We are comfortable having her with us as Deputy Director. Beatrice has taken over the day-to-day operations of the Women's Bureau, and I feel she is in a position to answer questions.

We are delighted to have her with us here.

As you know, there has been a great movement of staff, and we think it is splendid we could have her and the other technicians up here with us.

BUDGET REQUEST FOR 1964

In coming before you this time on our Women's Bureau budget, we are asking this year for $785,000, of which $707,000 is for the Women's Bureau.

This is not a reduction. It provides essentially the same staff as for fiscal 1963; $78,000 of the request is for the President's Commission on the Status of Women, to wind up its activities. It is to make its report to the President on the 1st of October. That amount of money is needed to finish that.

STATISTICS ON WOMEN WORKERS

I have a separate statement on the background facts of women workers, what is happening to the trend.

We know that there is constantly an increase in the number of women who are seeking employment and are working, and we know that large numbers of these are married, and we do have all of that statistical information, which I may just file for the record, Mr. Congressman, if that is all right.

Mr. FOGARTY. All right.

(Report follows:)

BACKGROUND FACTS ON WOMEN WORKERS IN THE UNITED STATES

1. Employment and unemployment of women workers

The number of women workers is steadily increasing. It averaged almost 24½ million in 1962. By 1970, the number of women workers is expected to reach almost 30 million. In December 1962, the number was just over 24½ million. About 1.3 million of this number were unemployed.

2. Occupations of women workers

While women work in many different occupations and continue to enter new occupations, the largest number are in the clerical field; 7 million women are clerical workers. They include secretaries, stenographers, typists, bookkeepers, office machine operators, telephone operators, and many other office workers; 3.4 million are service workers, another 2.4 million are private-household workers; 3.5 million are operatives, mostly factory production workers; 3 million are professional and technical workers, primarily teachers and nurses—in the group are a few doctors, engineers, scientists, and technicians; 2 million are sales workers, almost all in retail trade; 0.8 million other women workers include farm workers and craftswomen; 1.1 million are managers, officials, and proprietors—mainly in small retail stores or eating establishments.

3. Marital and family status of women workers

In March 1962, one in three (33 percent) of all married women were in the work force. Married women accounted for more than half (56 percent) of the total number of women workers. At the same time 42 percent of the single women and 39 percent of those widowed, separated, or divorced were in the

work force. These groups accounted for slightly less than half (44 percent) of the total number of women workers.

About 3.3 million mothers with children under 6 years of age are workers—many of them part time. They represent about one out of every five such mothers. On the other hand, two out of every five mothers with children 6 to 18 years of age (but none under 6) are in the work force.

4. Income and earnings of women workers

Women who worked full time the year round in 1961 received an average income of $3,342, while men averaged $5,663. Negro women received an even smaller average income—$2,264. Women receiving the highest average earnings were in professional and technical occupations ($4,875), followed by clerical workers ($3,719) and managerial workers ($3,411). At the same time, several million women workers earned less than $1 an hour.

1. Number of women workers

Date	Number of women workers	Percent of all workers	Percent of all women
December 1962	24,537,000	34	36
1962 average	24,474,000	34	37

2. Employment and unemployment, December 1962

	Number		Women as percent of	
	Total (men and women)	Women	Total	All women
Civilian labor force	71,378,000	24,537,000	34	36
Employed	67,561,000	23,242,000	34	----------
Unemployed	3,817,000	1,295,000	34	----------
Not in the labor force	56,954,000	42,820,000	75	64

	Total	Men	Women
Unemployment rate (seasonally adjusted)	5.6	5.2	6.1

3. Income levels of men and women

Year	Total		Year-round full-time workers	
	Women	Men	Women	Men
1961	$1,279	$4,189	$3,342	$5,663
1960	1,262	4,081	3,296	5,435
1959	1,222	3,996	3,205	5,242
1957	1,199	3,884	3,006	4,720
1950	953	2,570	----------	----------
1947	1,017	2,230	----------	----------

4. Median earnings of women workers, 1961

Occupational group	Earnings for all women workers	Women with year-round full-time earnings
Professional, technical, kindred workers	$3,552	$4,875
Managers, officials, proprietors (except farm)	2,563	3,411
Clerical and kindred workers	2,835	3,719
Operatives and kindred workers	2,118	2,951
Service workers (except private household)	1,069	2,302
Sales workers	1,038	2,391
Private-household workers	387	1,140

5. Marital status of women workers, March 1962

Marital status	Number of women workers	Percent distribution	Percent of all women
Total	23,978,000	100	36
Single	5,481,000	23	42
Married, husband present	13,485,000	56	33
Widowed, divorced, or separated	5,012,000	21	39

6. Opening (fall) college enrollments

Year	Women	Men	Women as percent of total
1962	1,603,600	2,603,072	38
1961	1,467,000	2,424,000	38
1960	1,339,367	2,270,640	37
1959	1,228,500	2,173,797	36
1955	931,194	1,747,429	35

7. Major industry groups of employed women

Industry group	Number, 1961	Percent distribution		
		1961	1950	1940
Total	22,413,000	100	100	100
Services	9,388,000	42	36	45
Professional and related	5,074,000	23	16	17
Personal	3,801,000	17	18	29
Business	338,000	2	1	1
Entertainment and recreation	175,000	1	1	1
Manufacturing	4,258,000	19	23	21
Retail trade	4,194,000	19	20	17
Finance, insurance, real estate	1,491,000	7	5	4
Public administration	862,000	4	4	3
Transportation, communications	828,000	4	4	3
Agriculture	722,000	3	4	5
Wholesale trade	491,000	2	3	2
Construction	151,000	1	----	----
Mining	28,000	----	----	----

8. Occupations of employed women, December 1962

Occupational group	Number	Percent distribution	Percent of all workers
All women workers	23,242,000	100	34
Professional, technical, kindred workers [1]	3,030,000	13	36
Medical and other health workers	855,000	4	57
Teachers (except college)	1,333,000	6	71
Managers, officials, proprietors (except farm)	1,104,000	5	15
Clerical and kindred workers [1]	6,981,000	30	69
Stenographers, typists, secretaries	2,468,000	11	97
Sales workers [1]	2,027,000	9	42
Retail trade	1,829,000	8	62
Service workers (except private household) [1]	3,436,000	15	52
Waitresses, cooks, barmaids	1,320,000	6	72
Operatives and kindred workers [1]	3,456,000	15	28
Durable goods manufacturing	894,000	4	24
Nondurable goods manufacturing	1,726,000	7	53
Private household workers	2,403,000	10	98
Craftsmen, foremen, kindred workers	248,000	1	3
Farmers and farm managers	95,000	----------	4
Farm laborers and foremen	388,000	2	27
Paid workers	87,000	----------	9
Unpaid workers	301,000	1	58
Laborers (except farm and mine)	79,000	----------	3

[1] Includes women in occupations not shown separately in this category.

9. Major occupations of employed women, by color, December 1962

Occupation	Nonwhite women		White women	
	Number	Percent	Number	Percent
Total	2,828,000	100	20,414,000	100
Professional, technical, and kindred workers	209,000	7	2,817,000	14
Managers, officials, and proprietors (except farm)	40,000	1	1,062,000	5
Clerical and kindred workers	271,000	10	6,716,000	33
Sales workers	59,000	2	1,960,000	10
Operatives and kindred workers	410,000	14	3,042,000	15
Private household workers	1,109,000	39	1,286,000	6
Service workers (except private household)	639,000	23	2,797,000	14
Farm laborers and foremen	42,000	1	347,000	2
Others	48,000	2	367,000	2

NOTE.—Prepared January 1963.

DECENTRALIZATION OF OPERATIONS

Mrs. PETERSON. I think the new thing I would like to point out to you, with the understanding that the regular work of the Bureau, the ongoing work that has been carried on for years in the tradition of the Bureau, is all proceeding as it has in the past, the newest thing we are working for is the decentralization, for which you gave us authority for four positions, for the field operations.

Not new positions; it was a matter of having our field people go into the field. We have established now four field offices: One in Chicago, which was established first; one in Boston; one in San Francisco; and, most recently, in Atlanta.

We are finding this to be a very good thing, because it is putting the persons who can actually give service out really where the people are.

It is making for closer operation. They are working as part of the Department regional staff in these areas, and we feel are doing a very fine job in giving service in the local area.

We are hoping, in line with the mandate, to improve our productivity as much as we can, to see if we can open one more office with our present professional staff, by transferring one of our professional persons from headquarters and having a fifth regional office. We are trying to work that out. Beatrice McConnell and her staff are working on that.

It does not mean another position, but readjusting our staff so we can have one more office, because we feel this decentralization is important.

One of the things we have been able to do with this is, of course, to give more on-the-job, right-on-the-spot information, and assistance to help employers, trade unions, women's groups, the usual groups the Women's Bureau services.

In addition to that, I think we have been able to do a good deal in the Bureau in raising the visibility of the problem.

REGIONAL CONFERENCES

As you recall, you asked last time about our having regional conferences. We have had five of these regional conferences. They have been sponsored by universities, and by other State groups in a broad area. They have cut across completely the entire community, and usually they have been housed in universities that have had joint sponsorship with the Bureau.

They have been very successful and have resulted in continuing committees of local citizens, who are actively participating in the programs we are initiating.

In addition to that, we participated very much in an advisory capacity with many universities and communities not really conducting the conferences, as we did these five, but in assisting them in various ways.

I recently came from one at the University of California, where we worked with the University of California and the organizations there, and I think the attendance there is typical. Our attendance has been, oh, roughly around 300. At this one there were 300 persons, and they had an overflow audience, they had to put in the gym, of 700 persons.

A conference in Utah had almost a similar turnout.

It indicates a great growing interest in this question of what is happening to women workers. What we are saying we are not moralizing about, but we are trying to bring visibility to the population, just what is the situation relative to women's employment?

We feel the regional offices have put us in a place to serve a lot better the local communities and States.

There again we work relative to better labor standards and working conditions for working women, which carries out our mandate.

PUBLICATIONS

Of course, our publications program is one of the most important parts of the Women's Bureau activities, and I think we have a very fine record. We have a few new things here for you to see—the bulletins that have come out recently.

For example, in analyzing the new census, this is the first study of the 1960 census, showing the geographical differences of women's employment.

Others are coming which will show other aspects of women's employment. We are finding this important in analyzing trends.

Here is "Women in the Federal Service." We are having increased interest in the equal-pay question, and have prepared a document on "Economic Indicators Relating to Equal Pay" which is one of our most popular publications.

Here is "Fifteen Years After College." It tells what is happening to women after they leave college. We are finding that after they have had their children, they ask how they can get their skills refreshed so they can qualify for employment.

In addition to that, we are working closely with the groups who are trying to help meet the shortages of technicians, nurses, teachers, and so on. We have a publication on "Careers for Women as Technicians."

These are typical programs of our regional conferences that we have been having, with a list of the participants; and the resource people and organizations, you can see, are very widely representative. I am very pleased that they represent a good cross section of the community.

PUBLIC INFORMATION PROGRAM

In addition to the publications and answering requests of this kind, I am finding that a good deal of time and attention—which is good—goes to individual requests. Citizens write letters, and they are entitled to good, intelligent answers.

But it indicates very much how much interest there is in women workers. We have assisted many newspapers and magazines—I have a list of the magazines and newspaper people who have come to us for material around which they have built articles.

I do not know if you are aware of the series that ran recently in the Post about "Mother Begins Her Third Career"; that after her children are grown, what does she do? We have been helping with information for these.

We have had, just here in Washington, over 600 inquiries for our bulletin as a result of this one series of articles.

Some of the others, based on our material on equal pay: "Why Are Women Paid Less?" and "Opening New Jobs."

I just give a few samples.

The one in the New York Times, which was done rather facetiously, "Who Is in Charge Here?" but based on the Women's Bureau material.

I think the information office is doing a very fine job in getting accurate and good information out to the public so that wise decisions can be made on the part of women who are choosing what they do, and those who do not have a choice know what standards they have available for them.

PROBLEMS OF AUTOMATION

We are working on the effects of automation. We are watching it particularly as to how it affects women.

The study of women telephone workers is almost ready to go to the printers; and in 1964 we will have a study on the problems of women in a specific plant, how automation is affecting women and how those problems are different from the problems of men.

JOB OPPORTUNITIES

Of course we constantly have requests for information on job opportunities, and we have to refer, and which we do refer, and help always to put people in touch with the groups that they need.

In the fieldwork, of course, we work in helping to improve the labor standards, working for the State minimum wage laws, improved hour laws, and equal pay. We have had great discussions on these questions in the Commission, and we are advising and working with the State administrators in these fields.

In relation to civil and political rights, 11 reports of State laws have been revised in this area, and Mrs. Morrison has been working very closely in this field in keeping up with what is happening.

Of course we are the one place in the Government where information in all these areas is available.

INTERNATIONAL LABOR

Our work in the international field has increased, and this, of course, is related to the requests for advice that come to us from our various agencies who need to know what the problems are likely to be in the developing countries, where standards for working women are needed to be worked on.

So we are working very closely with the United Nations, and other international groups on the status of women.

Employment is on the ILO Panel of Consultants on Problems of Women Workers for next year, and we are preparing material for that; and we work with women in the United States relative to the aid programs and the educational exchange program.

PRESIDENT'S COMMISSION ON THE STATUS OF WOMEN

I think also I would like to mention the President's Commission on the Status of Women, which is completing its work and has to have its report for the President by October 1963.

Close to 100 individuals have been called in on 7 committees that are working on this. Some of them are completed, but many of them will not have their work completed until in June. But we intend to have this report finished, to be able to be handed to the President in a printed form in October.

The work of the Commission has added a good deal of work to the Women's Bureau, because we have had to rely on the technical information of the Bureau to supply it, and I would like to take this time to really thank the Women's Bureau staff for the superb work of the small staff, to carry on the work that has been done in its ongoing, day-to-day work, in addition to the new requests which have come because of the work of the Commission.

I think the work of the Commission will focus and even sharpen the activities, because we have had people of competence take a good look at many of these questions relative to women's employment.

This is a very brief sketch of the highlights of what we are doing, and I would be very happy to answer any questions more specifically, if you have some.

Mr. FOGARTY. Thank you very much, Mrs. Peterson. That is a very fine statement. Are there any questions?

Mr. DENTON. No questions.
Mr. LESINSKI. No questions.
Mr. FOGARTY. Mr. Laird?
Mr. LAIRD. No questions.
Mr. FOGARTY. Thank you very much, Mrs. Peterson.
Mrs. PETERSON. Thank you.

REPORT ON THE PRESIDENT'S COMMISSION ON THE STATUS OF WOMEN

Do you want a brief report of the President's Commission?
Mr. FOGARTY. Yes; we would appreciate having it.
(The report follows:)

REPORT OF THE PRESIDENT'S COMMISSION ON THE STATUS OF WOMEN

BACKGROUND

The President's Commission on the Status of Women was established on December 14, 1961, under Executive Order 10980. Its broad objectives are listed in the order: Full realization of women's basic rights; family security and strengthened home life; effective utilization of the skills of all persons in promoting this Nation's economy, security, and national defense; overcoming discriminations in employment; and the development of recommendations for services which will enable women to continue their role as wives and mothers while making a maximum contribution to the world around them.

The Commission is charged to review progress and make recommendations as needed for constructive action in the following broad areas:

(*a*) Employment policies and practices, including those on wages, under Federal contracts.

(*b*) Federal social insurance and tax laws as they affect the net earnings and other income of women.

(*c*) Federal and State labor laws dealing with such matters as hours, nightwork, and wages, to determine whether they are accomplishing the purposes for which they were established and whether they should be adapted to changing technological, economic, and social conditions.

(*d*) Differences in legal treatment of men and women in regard to political and civil rights, property rights, and family relations.

(*e*) New and expanded services that may be required for women as wives, mothers, and workers, including education, counseling, training, home services, and arrangements for care of children during the working day.

(*f*) The employment policies and practices of the Government of the United States, with reference to additional affirmative steps which should be taken through legislation, executive or administrative action to assure nondiscrimination on the basis of sex and to enhance constructive employment opportunities for women.

By establishing the Commission on the Status of Women, the President provided the means for a coordinated effort to examine the whole spectrum of the American woman's life, including outmoded customs and practices, with the goal of achieving full participation by women in our national life. For the first time in our history a broadly representative Commission, at the national level, is reviewing and developing recommendations for action.

The leadership of Mrs. Eleanor Roosevelt, whom the President appointed as Chairman of the Commission upon its establishment, was lost to the Commission by her death last November. At that time the President said: "It is my judgment that there can be no adequate replacement for Mrs. Roosevelt. I have therefore decided not to appoint a new chairman."

Dr. Richard Lester of Princeton University, Vice Chairman of the Commission, and Assistant Secretary of Labor Peterson, Executive Vice Chairman, were asked to continue to guide the Commission along the lines charted by Mrs. Roosevelt. Other Commission members include the Secretary of Labor; the Attorney General, the Secretary of Health, Education and Welfare; the Secretary of Commerce; the Secretary of Agriculture; the Chairman of the Civil Service Commission; three Members of Congress; and fourteen national leaders representative of industry, labor, the professions, and other national organiza-

tions. The Commission is to complete its task and make a final report to the President by October 1, 1963.

Seven committees have been established by the Commission to study and make recommendations to it in the subject areas specified in the Executive order. Each of these committees is chaired by a member of the Commission. Every member of the Commission serves either as chairman or member of one committee, and the other members of the committees are experts on particular subjects. Through this organizational structure the Commission draws on the knowledge and talent of over 70 outstanding men and women in addition to its own membership.

PROGRESS OF WORK

The Commission met four times in 1962 and probably will meet five or six times during 1963 to consider policy questions and recommendations formulated for its consideration by the various Committees and complete its final report. The Commission regards itself as both a study and action group and, when appropriate, has made and will continue to make recommendations for action to the President. For example, as a result of a recommendation from the Commission, the Attorney General, at the request of the President, reviewed a 1934 interpretation of an 1870 law which permitted Federal agencies to request men or women to fill particular positions. The 1934 interpretation was reversed and qualified women must now be considered on the same basis as men for all types of personnel action. Not only does this action promote justice, but it increases productivity in Federal service. In the past the appointing officer could, and for many jobs did, select men from the registers who had scored much lower on civil service examinations than women. Commission action in this area has resulted in the removal of an outmoded practice and in enlarging employment opportunities for women and improving the efficiency of Government operations.

The Commission's staff and all seven committees are working toward completing reports and recommendations to the Commission by the spring of this year.

The work of each Committee has been involved with studying, analyzing, and making substantive recommendations on complicated questions. As examples, the Committee on Government Contracts has been considering the whole range of barriers to full utilization of women in companies under Federal contract and in private industry generally. The Committee has held small meetings with the Government procurement agencies, significant companies holding Government contracts, and unions. It has explored the experience of the Committee on Equal Employment Opportunities and the Committee on the Handicapped. To obtain the advice of concerned groups this Committee sponsored a conference in Washington, in September, at which some 40 of the Nation's largest companies and many unions and women's groups were represented.

The Committee on Civil and Political Rights is giving special attention to the question of family and property rights of women and the most appropriate method of remedying existing inequities. This requires careful consideration of various proposed remedies including the controversial equal rights amendment.

The Committee on Social Insurance and Taxes is developing specific recommendations dealing with special problems of women in connection with the Federal income tax, the Federal old-age, survivors and disability insurance program, and the Federal-State program of unemployment insurance. The Committee has recommended modernization and liberalization of the income tax deduction for the costs of child care incurred by working women. This recommendation has been adopted by the Commission, which urged that the President include revision of child-care deduction in his tax program, as he has done.

A Committee on New and Expanded Services has been considering such subjects as child-care services, homemaker's services, and the best uses of volunteer services. One of the chief concerns of this Committee is the identification and review of means for providing services needed by employed women, by mothers at home with young children and by women involved with volunteer community activities.

A Committee on Education has been exploring the educational needs of women at different times in their lives. It has been reviewing the process of education for women as a means to equip them for assuming their varied responsibilities in present American society. The value of guidance and counseling and the value of education for the realities of women in employment, as evidenced by statistics from the Bureau of the Census and the Department of Labor, are being given special consideration.

The necessary research, preparation of background papers, liaison with other Government and private agencies required to carry forward the work of all seven

Committees is being accomplished by a small staff of technical experts, with one technical assistant assigned to each Committee.

In the months immediately ahead, the Commission will be formulating its recommendation and final report which will reflect the materials and ideas that have been accumulated in 1½ years by the work of seven committees and the Commission staff. The Commission has already decided that its report should be written in nontechnical language and addressed to a wide audience. Consultations concerning the publication of the report have already been held with the Government Printing Office and with Mr. August Heckscher of the White House. In addition to the final report which will be widely distributed, the wealth of information accumulated by the Commission and its committees by way of special reports, studies, and papers will be preserved and made available for general use.

The extensive and valuable cooperation of Government agencies, of voluntary organizations, and private citizens throughout the country has indicated the keen interest with which the work of the Commission is being followed. Public discussion of the aims of the Commission has had considerable influence in arousing interest, and one leading organization of women is inviting the cooperation of other groups in a united effort to have comparable commissions established in every State, similar to the Governor's Commission on the Status of Women in the State of Michigan.

The Commission's work during the first year of its existence has aroused widespread interest throughout the country; one of its recommendations has resulted in increased opportunities for women to be hired on the basis of merit in the Federal Government and another is reflected in the President's tax program. The Commission's final report will be a basic handbook and guide to program and action for community groups, voluntary organizations, Government agencies, and everyone concerned with the responsibilities and contributions of women in America today.

Attachment I

Executive Order 10980

Establishing the President's Commission on the Status of Women

Whereas prejudices and outmoded customs act as barriers to the full realization of women's basic rights which should be respected and fostered as part of our Nation's commitment to human dignity, freedom, and democracy; and

Whereas measures that contribute to family security and strengthen home life will advance the general welfare; and

Whereas it is in the national interest to promote the economy, security, and national defense through the most efficient and effective utilization of the skills of all persons; and

Whereas in every period of national emergency women have served with distinction in widely varied capacities but thereafter have been subject to treatment as a marginal group whose skills have been inadequately utilized; and

Whereas women should be assured the opportunity to develop their capacities and fulfill their aspirations on a continuing basis irrespective of national exigencies; and

Whereas a Governmental Commission should be charged with the responsibility for developing recommendations for overcoming discriminations in government and private employment on the basis of sex and for developing recommendations for services which will enable women to continue their role as wives and mothers while making a maximum contribution to the world around them:

Now, Therefore, by virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is ordered as follows:

Part I—Establishment of the President's Commission on the Status of Women

Sec. 101. There is hereby established the President's Commission on the Status of Women, referred to herein as the "Commission." The Commission shall terminate not later than October 1, 1963.

Sec. 102. The Commission shall be composed of twenty members appointed by the President from among persons with a competency in the area of public

affairs and women's activities. In addition, the Secretary of Labor, the Attorney General, the Secretary of Health, Education, and Welfare, the Secretary of Commerce, the Secretary of Agriculture and the Chairman of the Civil Service Commission shall also serve as members of the Commission. The President shall designate from among the membership a Chairman, a Vice-Chairman, and an Executive Vice-Chairman.

SEC. 103. In conformity with the Act of May 3, 1945 (59 Stat. 134, 31 U.S.C. 691), necessary facilitating assistance, including the provision of suitable office space by the Department of Labor, shall be furnished the Commission by the Federal agencies whose chief officials are members thereof. An Executive Secretary shall be detailed by the Secretary of Labor to serve the Commission.

SEC. 104. The Commission shall meet at the call of the Chairman.

SEC. 105. The Commission is authorized to use the services of consultants and experts as may be found necessary and as may be otherwise authorized by law.

PART II—DUTIES OF THE PRESIDENT'S COMMISSION ON THE STATUS OF WOMEN

SEC. 201. The Commission shall review progress and make recommendations as needed for constructive action in the following areas:

(a) Employment policies and practices, including those on wages, under Federal contracts.

(b) Federal social insurance and tax laws as they affect the net earnings and other income of women.

(c) Federal and State labor laws dealing with such matters as hours, night work, and wages, to determine whether they are accomplishing the purposes for which they were established and whether they should be adapted to changing technological, economic, and social conditions.

(d) Differences in legal treatment of men and women in regard to political and civil rights, property rights, and family relations.

(e) New and expanded services that may be required for women as wives, mothers, and workers, including education counseling, training, home services, and arrangements for care of children during the working day.

(f) The employment policies and practices of the Government of the United States, with reference to additional affirmative steps which should be taken through legislation, executive or administrative action to assure nondiscrimination on the basis of sex and to enhance constructive employment opportunities for women.

SEC. 202. The Commission shall submit a final report of its recommendations to the President by October 1, 1963.

SEC. 203. All executive departments and agencies of the Federal Government are directed to cooperate with the Commission in the performance of its duties.

PART III—REMUNERATION AND EXPENSES

SEC. 301. Members of the Commission, except those receiving other compensation from the United States, shall receive such compensation as the President shall hereafter fix in a manner to be hereafter determined.

JOHN F. KENNEDY.

ATTACHMENT 2

MEMBERS OF THE PRESIDENT'S COMMISSION ON THE STATUS OF WOMEN

Mrs. Eleanor Roosevelt, Chairman (December 1961 until death November 7, 1962).

Dr. Richard A. Lester, Vice Chairman, chairman, Department of Economics, Princeton University, Post Office Box 248, Princeton, N.J.

Mrs. Esther Peterson, Executive Vice Chairman, Assistant Secretary of Labor, Washington 25, D.C.

Hon. Robert F Kennedy, The Attorney General, Department of Justice, Washington 25, D.C.

Hon. Orville L. Freeman, Secretary of Agriculture, Washington 25, D.C.

Hon. Luther H. Hodges, Secretary of Commerce, Washington 25, D.C.

Hon. W. Willard Wirtz, Secretary of Labor, Washington 25, D.C.

Hon. Anthony J. Celebrezze, Secretary of Health, Education, and Welfare, Washington 25, D.C.

Hon. John W. Macy, Jr., Chairman, Civil Service Commission, Washington 25, D.C.

Hon. George D. Aiken, U.S. Senate, Washington 25, D.C.
Hon. Maurine B. Neuberger, U.S. Senate, Washington 25, D.C.
Hon. Edith Green, House of Representatives, Washington 25, D.C.
Hon. Jessica McC. Weis, 1099 East Avenue, Rochester 7, N.Y.
Mrs. Ellen Boddy, Henrietta, Tex.
Dr. Mary I. Bunting, president, Radcliffe College, Cambridge, Mass.
Mrs. Mary E. Callahan, 3114 Princeton Avenue, Philadelphia 49, Pa.
Dr. Henry David, president, New School for Social Research, 66 West 12th Street, New York 11, N.Y.
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Miss Margaret Hickey, public affairs editor, Ladies' Home Journal, 560 North Skinker Boulevard, St. Louis 5, Mo.
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Miss Margaret J. Mealey, executive director, National Council of Catholic Women, 1312 Massachusetts Avenue NW., Washington 5, D.C.
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Miss Marguerite Rawalt, 1801 16th Street NW., Washington 9, D.C.
Dr. Caroline Ware, R.F.D. No. 1, Box 138, Vienna, Va.
Dr. Cynthia C. Wedel, National Council of Churches, 475 Riverside Drive, New York 27, N.Y.
Mrs. Katherine P. Ellickson, executive secretary, VFW Building, 200 Maryland Avenue NE., Washington 2, D.C.

PRESIDENT'S COMMISSION ON THE STATUS OF WOMEN

COMMITTEE ON GOVERNMENT CONTRACTS

Dr. Richard A. Lester, Chairman, professor of economics, industrial relations section, Princeton University, P.O. Box 248, Princeton, N.J.
Jacob Clayman, AFL–CIO, 815 16th Street NW., Washington 6, D.C.
Miss Caroline Davis, UAW, AFL–CIO, Detroit, Mich.
Miss Muriel Ferris, legislative assistant to Senator Philip Hart, U.S. Senate, Washington 25, D.C.
Charles W. Gasque, Jr., assistant commissioner for Procurement Policy, General Services Administration, Washington 25, D.C.
Miss Dorothy Height, National Council of Negro Women, 600 Lexington Avenue, New York 22, N.Y.
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Mrs. Ogden Reid, 834 Fifth Avenue, New York 22, N.Y.
John A. Roosevelt, 36 Wall Street, New York, N.Y.
Samuel Silver, Industrial Relations Adviser, Office of Assistant Secretary of Defense for Manpower, Department of Defense, Washington 25, D.C.

COMMITTEE ON SOCIAL INSURANCE AND TAXES

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COMMITTEE ON EDUCATION

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Mrs. Ruth Prokop, special assistant.

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Hon. Roger W. Jones, Bureau of the Budget, Washington 25, D.C.
Hon. John W. Macy, Jr., Chairman, U.S. Civil Service Commission, Washington 25, D.C.
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Judge Florence Kerins Murray, associate justice, Rhode Island Superior Court, 2 Kay Street, Newport, R.I.
Miss Pauli Murray, 96 York Square, New Haven, Conn.
Mrs. E. Lee Ozbirn, Skirvin Towers, Oklahoma City, Okla.
Miss Katherine Peden, 2118 South Virginia Street, Hopkinsville, Ky.
Mrs. Harriet F. Pilpel, 285 Madison Avenue, New York 17, N.Y.
Dr. Frank E. A. Sander, professor of law, Harvard Law School, Cambridge, Mass.

ATTACHMENT 3

THE PRESIDENT'S COMMISSION ON THE STATUS OF WOMEN

COMMISSION AND COMMITTEE MEETINGS [1]

Commission, 1962	*Commission, 1963*
February 13	February 11–12
April 9	April 1–2
June 16–17	April 23–24
October 1–2	May 27–28

Committees, 1962

April 3: Federal Employment.
April 4: Government Contracts.
May 2: Education.
May 16: Government Contracts.
May 18: Social Insurance and Taxes.
May 22: Government Contracts.
May 25: New and Expanded Services.
June 6: Protective Labor Legislation.
June 29: Social Insurance and Taxes.
July 19: Government Contracts.
August 7: Government Contracts.
August 24: Civil and Political Rights.
August 31: Social Insurance and Taxes (subcommittee).
September 13: New and Expanded Services.
September 21: Federal Employment.
September 24: Conference on Employment Opportunities for Women.
October 16–17: Social Insurance and Taxes (subcommittee).
October 18–19: Social Insurance and Taxes.
October 29–30: Education.
November 8: New and Expanded Services.
November 9: Consultation with Volunteer Organizations.
November 19: Government Contracts.
November 27: Protective Labor Legislation.
December 4–5: Education.

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[1] Listing includes presently scheduled meeting: additional meetings will be held by the Commission and some committees.

January 7: Civil and Political Rights (subcommittee).
January 17: Federal Employment Policies and Practices.
January 21: Civil and Political Rights.
January 24: New and Expanded Services.
January 29–30: Social Insurance and Taxes.
January 31: Government Contracts.
February 6: Protective Labor Legislation.
February 7: Education.
March 4: New and Expanded Services.
March 8–9: Civil and Political Rights.
March 20: Protective Labor Legislation.
March 21–22: Social Insurance and Taxes.

THURSDAY, FEBRUARY 7, 1963.

OFFICE OF WELFARE AND PENSION PLANS

WITNESSES

FRANK M. KLEILER, DIRECTOR
FRANK W. KUEHL, SPECIAL ASSISTANT TO THE DIRECTOR
BERT SILVER, ADMINISTRATIVE OFFICER
J. JEAN FITZGERALD, BUDGET OFFICER
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	459	928	1,255
	Positions other than permanent	2	8	8
	Other personnel compensation			11
	Total personnel compensation	461	936	1,274
12	Personnel benefits	33	67	92
21	Transportation of persons	1	40	45
22	Transportation of things	2	5	6
23	Rent, communications, and utilities	17	29	43
24	Printing and reproduction	42	60	65
25	Other services	54	148	168
26	Supplies and materials	12	16	27
31	Equipment	27	40	10
	Total costs—obligations	649	1,341	1,730

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	85	189	189
Average number of all employees	85	142	187
Number of employees at end of year	111	189	189
Average GS grade	5.6	7.2	7.4
Average GS salary	$5,394	$6,570	$6,570

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Report processing and evaluation	372	493	740
2. Regulations, interpretations, and advisory services	249	666	785
3. Executive direction and administration	28	182	205
Total program costs, funded—obligations [1]	649	1,341	1,730
Financing:			
Comparative transfers from other accounts (−)	−649	−1,341	
Advances and reimbursements from non-Federal sources (−) [2]			−10
New obligational authority			1,720
New obligational authority:			
Appropriation		1,300	1,720
Transferred to "Salaries and expenses, Bureau of Labor Standards" (79 Stat. 367) (−)		−1,300	
Appropriation (adjusted)		0	1,720

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $1,000; 1962, $1,000; 1963, $1,000; 1964, $1,000.

[2] Reimbursements from non-Federal sources are derived from payments for reproduction of pension plans and financial reports (29 U.S.C. 9-9(a)).

Mr. FOGARTY. Mr. Kleiler, are you ready?

Mr. KLEILER. Yes, sir.

Mr. FOGARTY. This is your first appearance before this committee; is it not?

Mr. KLEILER. Yes, it is, Mr. Chairman.

Mr. FOGARTY. We were told by the Secretary the other day you were put in charge of this office.

You know Mr. Denton from Indiana, Mr. Lesinski from Detroit, Mr. Laird from Wisconsin; Mr. Kleiler.

Since this is your first appearance, would you give us some of your background.

MR. KLEILER'S BACKGROUND

Mr. KLEILER. Thank you.

May I say preliminarily, my associate, Mr. Kuehl, will join us shortly. I think he is searching for a parking place.

I happen to be a native of Wisconsin, graduate of Antioch College, Yellow Springs, Ohio.

I spent 2 years as a newspaper reporter; entered the Government service in 1937 as a clerk at the National Mediation Board. I have been with the Government since 1937, in a variety of capacities in the labor relations field.

Prior to my present job, I was Deputy Commissioner of the Bureau of Labor Management Reports. For about 11 years prior to that, I was Executive Secretary of the National Labor Relations Board. Before that, a regional director for the National Labor Relations Board, Pittsburgh.

Mr. FOGARTY. Thank you. You can either read your statement or present it for the record and summarize it; whichever is easiest and best for you.

Mr. KLEILER. Well, I know that the committee wants to conserve its time——

Mr. FOGARTY. Well, we have plenty of time to hear your statment.
Mr. KLEILER. I do have a prepared statement of 4 pages.
Mr. FOGARTY. Go ahead and read it.

GENERAL STATEMENT

Mr. KLEILER. Mr. Chairman and members of the committee, I am grateful for this opportunity to discuss our activities under the Welfare and Pension Plans Disclosure Act, since passage of the amendments in March 1962, and to explain some of the underlying problems and considerations which have affected the preparation of our budget estimates.

As you know, the 1962 amendments substantially strengthened the the act, and enlarged the role of the Department of Labor in this vital area.

Pursuant to the amendments, the Secretary of Labor has broad authority to hold hearings, promulgate regulations, issue binding opinions and interpretations, conduct investigations, perform audits of financial reports, and prepare reports to Congress. Evidence of noncompliance by plan administrators is subject to civil and criminal actions.

1963 APPROPRIATIONS

Funds for the program were appropriated for the first time in fiscal year 1963. The Senate Appropriations Committee reported out on June 29, 1962, the full amount of the estimate requested for 1963 of $1,532,000, which would finance 189 employees, or 157 man-years. The conferees reduced the amount to $1,300,000.

You may recall that the timing of our submission was such that the amendments of the act were passed after the hearings on our basic appropriation were heard by this committee, and we came in on supplemental; no hearings were held.

BASIS OF 1963 BUDGET REQUEST

Now, there was no direction in the conference report concerning the reduction of $232,000, and reading back over committee hearings also gave no clue as to the precise purpose of the reduction.

The reduction of $232,000 was approximately one-sixth of the annual estimate, and it appeared to us that the conferees' action was based on the assumption that full annual estimate would not be required since 2 months of the fiscal year had passed by the time the action was taken.

Then departing from my prepared text for a moment, I want to emphasize this, that at the time this 1963 estimate was submitted, we had shown an intent to build up gradually; we explained that we had an unusually large lapse figure in the 1963 estimates, because some of the provisions of the act came into effect on a staggered basis. We could not use the full complement of 189 positions immediately.

The amount requested for 1963 took into account the fact that a new organization was being established and that investigations would not really begin until the latter half of the fiscal year. By the beginning of fiscal year 1964, it was thought that the organization would be established and investigations would be progressing at a normal rate.

The full staffing pattern of 189 jobs was held, but financing costs for 10 months was set at 142 man-years. This approach made it possible to staff up in 1963 in a manner that would enable us to move into fiscal 1964 with minimum effort and change.

1963 PROGRAM

With funds available, planning and organization work necessary to effectuate the new law began. Generally, administrative and clerical personnel would effectively administer the original act. The added responsibilities under the amendments made it necessary to recruit a staff of professional personnel capable of dealing with technical problems encountered in insurance, employee benefit fund administration, bonding, welfare and retirement benefits, and related areas. Recruitment of this specialized staff has been gradual, as planned.

1964 BUDGET REQUEST

To continue the operation of this program at the level reached in June 1963, $1,720,000 is requested to finance 187 man-years. This represents an increase of $365,600 for 45 additional man-years.

In developing the budget estimates for fiscal year 1964, we have not yet had the benefit of much experience in administering the amended act. The amendments were enacted March 20, 1962, and became effective June 18, 1962, except the bonding provisions which became effective last September; but the bulk of the annual reports called for under the amended law are not required to be filed until the spring of 1963.

We have made a good beginning in developing the regulations needed under the amendment, but there is still much to be done is providing rulings as to the applicability of the act and the regulations in specific situations. We are still attempting to remedy reporting deficiencies by correspondence and educational efforts, and thus far we have opened only a few investigations.

INVESTIGATIONS

This budget for 1964 provides for about 180 investigations to be conducted by the Department of Labor. In connection with this activity an explanation may be helpful.

The 1962 amendments also brought some additions to title 18 of the Criminal Code with respect to welfare and pension plan operations, and some of the amendments to the Criminal Code overlap or buttress the Welfare and Pension Plans Disclosure Act.

AGREEMENT BETWEEN LABOR AND JUSTICE

Last July the Department of Labor and Department of Justice entered into an agreement setting out their respective investigative and prosecutive responsibilities under the amended act and the United States Code.

If the committee has no objection, I would like to submit a summary of this agreement for the record.

Mr. FOGARTY. All right, we will put it in the record.

Mr. KLEILER. The summary is in the form of a press release, which the Attorney General and the Secretary issued jointly at the time.

(Summary follows:)

JULY 17, 1962.

LABOR AND JUSTICE DEPARTMENTS ANNOUNCE AGREEMENT ON INVESTIGATIVE RESPONSIBILITIES UNDER WELFARE AND PENSION PLANS DISCLOSURE ACT AMENDMENTS

Agreement setting out the respective investigative and prosecutive responsibilities of the Department of Justice and the Department of Labor under the Welfare and Pension Plans Disclosure Act and title 18 of the United States Code, as amended by the Welfare and Pension Plans Disclosure Act amendments of 1962, was announced today in a joint statement issued by Attorney General Robert F. Kennedy and Secretary of Labor Arthur J. Goldberg.

The understanding was reached after a series of meetings between top level staff members of the Criminal Division of the Department of Justice and the Department of Labor and concurrence by the two Cabinet members.

In their statement the Attorney General and the Secretary of Labor explained that the Department of Labor will investigate all matters that may form the basis for either a civil action or a possible criminal action under sections 9(a) or 9(f) of the act. These include:

1. Failure to file with the Secretary of Labor plan descriptions, annual reports, or plan amendments that are required to be filed.
2. Making of incomplete, inaccurate, or possible false filings with the Secretary.
3. Making of a late filing with the Secretary.
4. Violations of the retention of records requirement.
5. Violations of the bonding requirements.
6. Violation of the provision requiring an insurance carrier or service or other organization to certify certain information to the plan administrator.
7. Failure to make copies of the plan description (including all amendments) and the latest annual report available for examination by any participant or beneficiary in the principal office of the plan as required by section 8(a)(1).
8. Failure to deliver upon the written request of a participant or beneficiary a copy of the plan description (including all amendments) and an adequate summary of the latest annual report as required by section 8(a)(2).

In cases involving possible inaccurate, incomplete, or false filings, Department of Labor staff will conduct such investigations as are necessary to determine whether there is evidence of willful violation, in which event the matter will be referred to the Department of Justice.

The Department of Justice will investigate matters arising under the U.S. Criminal Code involving theft or embezzlement from employee benefit plans, false statements and concealment of facts in relation to documents required by the Welfare and Pension Plans Disclosure Act, and offers, acceptance, or solicitation to influence operations of employee benefit plans.

Prosecution of cases involving violation of the criminal provisions of the Welfare and Pension Plans Disclosure Act will, as normally, be the responsibility of the Department of Justice.

The agreement will provide guidance to U.S. attorneys, field agents of the Federal Bureau of Investigation, and Labor Department investigators in administering and enforcing the new amendments which became effective June 18, 1962, except for the bonding provisions which go into effect September 16, 1962.

Mr. KLEILER. As you will see from this document, any evidence which we receive as to criminality in connection with the administration of welfare and pension plans will be turned over to the Department of Justice for handling.

The big job for the Labor Department under this agreement is to enforce the diverse reporting and disclosure, recordkeeping, and bonding requirements.

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RESEARCH AND STATISTICS

The budget provides for a modest program of statistics and research.

As you know, the reports which we are acquiring constitute the largest collection of information available in any one place as to the structure, provisions, and operations of welfare and pension plans.

Section 10 of the amended act provides that the Secretary may use the information and data for statistical and research purposes and compile and publish such studies, analyses, reports, and surveys based thereon as he may deem appropriate.

Section 14 of the act requires the Secretary to submit to the Congress a report which, among other things, includes full information as to the number of plans and their size, the results of any studies he may have made of such plans and the act's operations and such other information and data as he may deem desirable in connection with employee welfare and pension benefit plans.

PROGRAM PROGRESS

In lieu of reporting to you orally in detail on our progress thus far, I call your attention to a report recently submitted by the Secretary of Labor to the Congress. This report, required by section 14(b) of the act, describes the Department's activities with respect to welfare and pension plans for the last calendar year and deals largely with the regulations issued, the meetings of the Advisory Council on Employee Welfare and Pension Benefit Plans, operating experience, and related matters.

Incidentally, I will not offer this for the record because it is already a public document, but I have copies for the use of the members of the committee.

In the interest of saving your time, I will not summarize it, but of course I will be glad to answer any questions the committee may have.

NUMBER OF POSITIONS AUTHORIZED FOR 1963

Mr. FOGARTY. Thank you very much.

Including the estimated pay act supplemental, you have $1,354,000 for 1963, and the request for 1964 is $1,720,000; an increase of $366,000.

As I understand it, most of this increase, $292,000, is to annualize positions most of which Congress never authorized.

Your request last year was for $1,532,000 and 189 positions. The Congress cut the request to $1,300,000. But then you went ahead and set up 189 positions anyway.

We had a problem like this a couple of years ago with the National Labor Relations Board, and Congress was quite critical of this sort of procedure.

Do you have a better explanation than they did 2 or 3 years ago?

Mr. KLEILER. Yes. We did not think we were annualizing or, if annualizing, we thought we did it with full knowledge and acquiescence of the Congress.

Let me fix a few points in time.

Mr. FOGARTY. In what way?

Mr. KLEILER. You recall that the amendments were passed in March of 1962 and in our supplemental estimate, which was submitted in May of 1962 for fiscal 1963, we explained first an abnormally large

lapse figure, indicating that we would staff up to 189; but we would not use the positions for the full year. We explained that the full round of reports under the law would not be received until the spring of 1963, and that the bonding provisions of the act would not be effective until the fall of 1962; and we had thought we made it plain that we did not intend to start out the fiscal year with 189 positions. Instead, at that time, we asked for funds to provide for an average of 154 positions—156 positions for the year.

Mr. FOGARTY. You are talking about 1963 now?

Mr. KLEILER. Yes.

Mr. FOGARTY. Your average number of employees is 142, as I look at the budget.

Mr. KLEILER. Average that we estimated?

Mr. FOGARTY. That you estimate now. You had 85 in 1962, 142 in 1963, and you want 187 in 1964?

Mr. KLEILER. Let me explain one further factor. You recall that the first 2 months of fiscal year 1963, we were operating under a resolution which did not permit us to exceed the funds available for the preceding year. We did not staff in the summer of 1962 at the precise rate we had planned in the budget estimate.

Mr. FOGARTY. I don't see the relevance of that point because, unfortunately, this appropriation bill has not been signed, in the last 4 or 5 years, until August or September, and this last year it was late August, as I remember it.

Mr. KLEILER. Yes.

Mr. FOGARTY. This has been a common thing, unfortunately, as I say, so 1963 was no different than the last 3, 4, or 5 years.

Mr. KLEILER. Well we are in this predicament, we are getting into business, adding the professional level of employees at a time when we recognize we would not need them all immediately.

Let me be specific in this, for example. We are now planning, and we indicated in our 1963 supplemental that we were planning to subject a portion of the annual financial reports to a detailed financial examination. Not all of them; a portion of them.

We decided, at the time we submitted the appropriation, not to staff that operation immediately, figuring there is not much sense in hiring a staff to subject to this detailed examination, reports filed prior to the effective date of the amendments.

Now——

Mr. FOGARTY. I still do not think you have justified setting up every position you originally budgeted. As I stated, it is unfortunate this appropriation bill was not signed until late, a couple of months after the fiscal year started, but that has been true each of the last several years. But I do not know of this having been a practice before.

When Congress has cut an appropriation, has this been the practice just because the bill was late passing, or have you cut back positions proportionate to the fund cut?

Mr. HUDSON. May I say a word?

Mr. FOGARTY. Yes.

Mr. HUDSON. Actually, there was not any supplemental appropriation for 1962. You will remember we sent in a supplemental, but we did not get a supplemental.

The appropriation for 1963 we did not get until August. We made an administrative assumption, rightly or wrongly, depending on how you interpret it, that the reduction made by the appropriation committee for 1963 approximated one-sixth of the annual request that we had made for 1963, and assumed that it was the committee's thinking that because of the lateness of this particular appropriation, that we would not be able to spend the annual rate.

So the positions were set up for 10 months, and the appropriation for this year was financed on that basis.

Mr. FOGARTY. The Senate did not pass this bill until the end of July.

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. And the Senate approved the full amount, did they not?

The full amount that you requested, and it was the end of July. Then the conference committee cut it back just a matter of about 10 days later.

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. So we assumed that the conference cut back what the Senate allowed but you set up every position the Senate allowed.

Mr. HUDSON. This was the assumption we made, that the conference action was on the basis it was because of the lateness of the appropriation, which was almost 2 months. This was all we could spend.

Mr. FOGARTY. But it was already almost 2 months late when the Senate approved the entire amount?

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. To me that makes a difference. But the way you have handled it the conference committee's action meant nothing.

Did the Department contact this committee about this matter?

Mr. HUDSON. No, sir. If the full amount had been appropriated, there would have been a 2 months' lapse of funds.

Mr. LAIRD. Is that bad?

Mr. HUDSON. No, sir; it would have been very good. We might have been able to use it to absorb some pay raise costs.

Mr. FOGARTY. Did you have any conversation with the Bureau of the Budget on this particular item?

Mr. HUDSON. The apportionment was submitted to the Bureau of the Budget on the basis of this.

Mr. FOGARTY. Did they approve it?

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. Orally or in writing?

Mr. HUDSON. They approved it as submitted in writing.

Mr. FOGARTY. In writing.

How many of the 189 jobs are now filled?

Mr. KLEILER. 143.

Mr. HUDSON. This does not mean, Mr. Fogarty, there are vacancies. It was all they could fill this year. The money appropriated by June 30, approximately 142 or 146.

Mr. FOGARTY. Mr. Kleiler, you were going to say something else?

Mr. KLEILER. Well, I wanted to explain I do not think we are in quite the same predicament as the NLRB, which, being an established organization, with no substantial impact of new legislation affecting its caseload, was projecting ahead.

We recognized in submitting the supplemental for fiscal year 1963 that we would not need, and we could not hire at the beginning of the

fiscal year all the employees that would ultimately be needed. We thought we were being perfectly candid in showing this abnormally large lapse figure, which would make it clear that we did not intend to have 189 positions for the full year. And I certainly think our budget justification explained the gradual buildup.

We thought, in all the circumstances, that we had approval for a staffing pattern which would not——

Mr. FOGARTY. There was not anything in the conference report, or anything said on the floor of the House or Senate that would lead you to believe that this full number of positions was approved for 1963 or that they would be authorized for 1964, was there?

Mr. KLEILER. There was nothing in either the conference report or Senate report——

Mr. FOGARTY. It was just a cut?

Mr. KLEILER. Yes, sir.

Mr. FOGARTY. A cut in the requested appropriation.

WORKLOAD FOR 1964

What work will you have to do in 1964 that you are not required to do this year?

Mr. KLEILER. Well, there are several workload factors.

Mr. FOGARTY. Some of your work is going down like the number of annual reports to be examined and tabulated?

Mr. KLEILER. Most of it is more of the same. We do expect to get at least 4,000 additional original plan descriptions, which we do not get this year. We are estimating 11,000 this year; 15,000 in 1964.

Mr. FOGARTY. What is the difference between regulations and descriptions?

Mr. KLEILER. Well, a plan description is a document or a combination of documents which the administrators of welfare and pension plans, must file to comply with the reporting requirements of section 6 of the law, a plan designed to advise the participants, beneficiaries, of what their rights are, what the benefits are, what the rate of contribution is, and how the plan operates.

We are receiving many plan descriptions from plans which are newly established. We are simultaneously receiving plan descriptions from adminsitrators who should have filed 1, 2, 3, or 4 years ago, that are just now meeting their initial filing obligation.

That is to be distinguished from the annual financial report which must be filed annually.

The plan description is a one-time filing, which must be kept up to date by amendments within 60 days after any change in that information has been effectuated.

Mr. FOGARTY. Are there any other workloads that will go down in 1964?

Mr. KLEILER. Well, this goes up in 1964.

Mr. FOGARTY. Yes, but any others, anything else that will go down? What about the preparation of regulations?

Mr. KLEILER. We would not get all the regulations out in fiscal 1963. In 1964, there will necessarily be further regulations and amendments of regulations, some of which were hastily contrived in the spring of 1962.

We have a table at page 15, which is our best guess as to the workload in that area.

I might add that the difficulty of devising some of these regulations, I am afraid we underestimated when we prepared the fiscal——

Mr. FOGARTY. They are going down in 1964, are they not?

Mr. KLEILER. Yes. There are——

PETITIONS WORKLOAD

Mr. FOGARTY. What about petitions?

Your disposal of petitions is going to go up.

Mr. KLEILER. You will see at the end of 1963 we will not have acted on all the petitions for exemption filed in this fiscal year.

Mr. FOGARTY. You think they will go up that much from 150 to 600?

Mr. KLEILER. It depends on what we do with petitions now pending.

I would like to do this, if I may explain this, because it is one of the most difficult problems we are presently considering. We now have only about 90 petitions for exemption from the bonding requirements of the act.

Some of them, however, involve hundreds of plans, sort of mass actions. We have, for example, petitions which ask for an exemption from the requirement that the surety company be on the Treasury list of approved prime insurers.

If we grant that, chances are we will get fewer individual applications for exemption than we estimated. If we deny it, we may get more.

Similarly, we have an application pending from the American Bankers Association for an exemption of plans administered by all the plants subject to Federal or State supervision.

Mr. FOGARTY. I see. You expect the petitions requesting variation from reporting requirements to go up, too?

Mr. KLEILER. Yes.

Mr. FOGARTY. From 100 to 150? In what area would that workload be?

Mr. KLEILER. There is a provision in section 5 of the act which says no regulation shall be isued under the Secretary's rulemaking powers which relieves any administrator of the obligation to include in such description or report any information relative to his plan, which is required by section 6 or 7 of the act.

Notwithstanding the foregoing, if the Secretary finds, on the record, after giving interested persons an opportunity to be heard, that specific information on plans of certain kinds of any class or classes of benefits described in section 3 (1) and (2) which are provided by such plans, cannot, in the normal method of operation of such plans, be practicably ascertained or made available for publication in the manner or for the period prescribed in any provision of this act, or that the information, if published in such manner or for such period, would be duplicative or uninformative, the Secretary may, by regulations, prescribe such other manner or such other period for the publication of such information as he may determine to be necessary and appropriate to carry out the purposes of this act.

Mr. FOGARTY. Under that provision, you expect the 50-percent jump?

Mr. KLEILER. Yes.

Mr. FOGARTY. Over 1963?

Mr. KLEILER. This, frankly, is the best guess.

Mr. FOGARTY. What is the best guess you have now for 1963? This budget was made up quite a while ago.

Mr. KLEILER. I will have to hedge the answer in this fashion——

Mr. FOGARTY. It is an estimate.

Mr. KLEILER. We presently have a petition filed by the Blue Cross and Blue Shield Association on behalf of all the welfare and pension plans in the country which use the various State, regional, or local Blue Cross affiliates as an insurance carrier. If we can contrive a way to give some relief from the reporting burden pursuant to this mass action by all the Blue Cross-Shield plans together, I think our estimate of 150 would be too large. There are certain difficulties in doing it on this across-the-country basis, however. We may have to break it down so that each Blue Cross or Blue Shield Association files its own application for an exemption on behalf of the plans.

INCREASE FOR TRAVEL

Mr. FOGARTY. All right. On page 16 you say an increase of $5,000 in travel, requested in 1964, is based on anticipated greater need for technical assistance as participants become more familiar with provisions of the new act.

Mr. KLEILER. We are in this predicament, sir——

Mr. FOGARTY. I would think it would be going the other way.

Mr. KLEILER. Well, it should. And we were slow in getting the technical assistance program going.

We do think, though, that the problem, as we see it, will be resulting from revisions in the report forms.

What we did on an interim basis, in the limited time available, was prescribe a regulation in the spring of 1962, which made mandatory the use of the existing forms which had been adopted by the Labor Department several years earlier, the use of which was not mandatory.

We are now in the process of revising the D–1 and the D–2 forms.

We think that the revisions of those forms, with the accompanying instructions, will create a need for explaining, and with more specificity than we have done thus far, the details of filling it out.

BACKLOG

Mr. FOGARTY. How many man-years of employment went into the 1964 budget for the purpose of reducing the backlog of work?

Mr. KLEILER. I am not sure we can break that out by different categories.

We have an estimate of an accumulation of applications for bonding exemptions, and a very small presumption that we will have a report processing backlog. But I cannot translate it into specific man-years.

Mr. FOGARTY. Mr. Denton?

Mr. DENTON. Of course this is a new agency, and you have had to set it up.

Mr. KLEILER. Not altogether new. What happened was this: Under the original act, there was an organization of approximately 85 employees, with a few topnotch professional people, Mr. Kuehl one of them.

The amendments to the act gave the Labor Department, for the first time, rulemaking, investigative, interpretative powers, and so forth.

The problem was this, that we had to add on, to what was basically a clerical operation, a few executives and many professionals at the top, a professional level.

Mr. DENTON. Then that would allow rulemaking, investigation, and interpretation, and getting opinions, would it not?

Mr. KLEILER. Yes.

Mr. DENTON. It strikes me that is all work for the Solicitor, is it not?

That would be the Solicitor's work, would it not?

Mr. KLEILER. Most of these are not legal interpretations, but inevitably there is always a difficult line to draw between what the law requires and what is permissible.

I think I can illustrate it best by explaining the bonding problems.

Now, the statute, like Landrum-Griffin Act, fixes a formula for fixing the amount of bond, 10 percent up to a maximum of one-half a million dollars. However, unlike the Landrum-Griffin Act, the Welfare and Pension Plans law goes on to say the Secretary is empowered to exempt any plan from the statutory bonding requirements if he is satisfied that financial responsibility or other bonding arrangements would provide reasonable safeguards for the plan.

Similarly, the Congress vested the Secretary with power under some circumstances to prescribe bonds in excess of the $500,000 ceiling for large plans involving tremendous sums of money.

Now, where Congress vested the Secretary with discretion, we do not think his discretion that controls is a matter of law, but is a matter of judgment as to whether those seeking an exemption have made their case on financial responsibility, the adequacy of other bonding——

Mr. DENTON. That would be a matter of arithmetic, investigating, and things of that kind. But, by and large, the question of issuing regulations and rendering opinions and interpretations are legal matters; are they not?

Mr. KLEILER. Certainly.

Mr. DENTON. Do you call in the Solicitor for those?

Mr. KLEILER. Yes, the Solicitor performs all legal services for this operation.

Mr. DENTON. Are you getting along with 142 man-years on the new operation?

Mr. KLEILER. No. No. We are getting by, simply because we have not done any detailed financial examination of any but a handful——

BACKLOG

Mr. DENTON. You do not show a big backlog here?

Mr. KLEILER. Let me make a few observations with respect to backlog.

There is, for example, a report processing backlog—it is on page 10. First, let me say I have never yet seen any budget I could not improve on with another revision. But here we were in this predicament; at the time we submitted this estimate, we recognized we had a tremendous coding operation to do. We estimated, as you will see, at the top of page 9, that we would spend this year $37,500 for this complete operation of card punching, machining, and tabulating regular reports.

That seemed like a pretty good estimate when we made it, but only yesterday we learned that our bill for this operation runs to $51,000.

Mr. DENTON. Just in that connection, the same way, I would think when you set up a new agency, you would have certain heavy expense to start with. But after that, you would not have recurring items.

Mr. KLEILER. Well, when it comes to——

Mr. DENTON. This card punching is an example of that. You set up your card machine, that is, to start out; you do not have—you have the maintenance from there on, but you do not have the initial cost again.

Mr. KLEILER. That is the punching operation.

It depends on how much we are going to do. We are now in the process of estimating for the first time the extent to which we will extract from these annual financial reports data which were never derived before.

Mr. DENTON. Yes. I realize that. That is the operation machine. But you had to get the machine first. That is the original cost which——

Mr. KLEILER. No, we do not own the machinery. This gets farmed out, you see, and we pay for it. We still have the basic workload of extracting the data.

Mr. DENTON. What do you mean you pay for it?

Mr. KLEILER. In the Department of Labor, each Bureau does not do its own machine prcoessing, the IBM work; that gets done centrally for all Bureaus by the Bureau of Labor Statistics.

We have to examine the reports and extract the data which is punched on cards which are then tabulated.

Mr. DENTON. You have to buy the cards and do the punching, but Labor gives you the machines?

Mr. KLEILER. They do not give us the machines; we send the work to them to process it.

Mr. DENTON. OK. That is all.

Mr. FOGARTY. Mr. Lesinski?

Mr. LESINSKI. No questions.

Mr. FOGARTY. Mr. Laird?

PRESIDENT'S COMMITTEE ON PENSION FUNDS

Mr. LAIRD. Mr. Chairman, on April 2, 1962, there was a memorandum from the President to heads of certain departments and agencies establishing a Committee on Corporate Pension Funds, and Other Retirement and Welfare Programs.

The Secretary of Labor was asked to serve as Chairman of this particular Committee, and the Committee was instructed to seek the views and advice of appropriate Government agencies, and also consult with interested private parties and independent experts.

The Committee's report to the President was submitted on the 15th of November.

It is my understanding that you have had something to do with that report.

Mr. KLEILER. Mr. Laird, the extent of my familiarity with that whole Committee operation is this: One day last summer a task force of the Committee asked me and Mr. Rowe, a top member of our staff, two basic questions:

What type of data could we supply in the way of statistics in very specialized areas to aid them in their studies? We told them at that time we could not produce the types of statistics they wanted from the information presently coded and punched.

They also asked if we had any recommendations or amendments to the law. Our reply was that it was altogether too early for us to have any value judgments as to how effective the law was, whether it needed any overhauling whatsoever.

In our Advisory Council, which is a statutory Advisory Council, the Council members asked Mr. Reynolds, the Assistant Secretary of Labor, about the nature of the Committee's deliberations. He told them he was not at liberty at that time to go into any detail.

I have not seen the report. Except for the one meeting, which I mentioned, I have not been consulted about the report.

The Secretary of Labor, as I understand it, has possibly two employees at the Labor Department who, on a part-time basis, assisted——

Mr. LAIRD. You have not see this report?

Mr. KLEILER. No, sir; I have not.

Mr. LAIRD. Well, this report was filed on the 15th of November.

Mr. KLEILER. I think that the President's order required the report to be submitted to the President. I have not seen it.

Mr. LAIRD. And you were not consulted? The people in your Division of the Department of Labor were not consulted in drawing up this report, except for the few question that you mentioned?

Mr. KELILER. Excuse me. The Department of Labor, I am sure, was consulted.

Mr. LAIRD. I am talking about your Division.

Mr. KLEILER. No. My Division was not.

Mr. LAIRD. Well then, I cannot ask you questions about this report. I guess I should have asked the Secretary these questions; but I just assumed that when we got to the Welfare and Pension Office, that I would be able to ask my detailed questions in regard to that report there, rather than be that specific with the Secretary.

Mr. KLEILER. Well, perhaps——

ADVISORY COUNCIL OF EMPLOYEE PENSION BENEFIT PLANS

Mr. LAIRD. Let us go on to another subject.

What about this Advisory Council on Employee Welfare Pension Benefit Plans; how often have they met?

Mr. KLEILER. They have had four meetings, July to December. We plan another meeting in March. Three of the meetings were day-long meetings; one of them was a 2-day meeting.

Mr. LAIRD. Do you feel that this Council is performing an important service?

Mr. KLEILER. This Council is one of the best devices I think Congress could have devised, to assist us in getting practical common-sense from the diverse clientele which we have.

I want to explain this, because I think it is quite important in the role of advisory councils.

This welfare and pension plan field is so diverse, involving banks—because corporate trustees play an important role in the administration of some plans; insurance companies because a great many of the welfare pension plans provide benefits through insurance carriers; the accounting profession; labor unions; management; the actuaries and others. This 13-member Advisory Council, the composition of which is prescribed by Congress, has been a device by which we are able to get the heterogeneous clientele of the Labor Department in this field—including many segments, professional and business organizations, which do not normally do business with the Labor Department—in to consult at a very high level in the formulation of regulations, and we have used them.

They worked hardest, I think, on the bonding regulations, as last spring we underestimated the difficulty of devising bonding regulations which would make sense in application to such widely assorted organizations as we find in the welfare and pension plan field.

I cannot speak too highly of this Council.

Mr. LAIRD. Do you feel that it would be helpful to the Department to have such councils of this nature provided in other sections of labor law?

Mr. KLEILER. All I can say is that in the rulemaking function under this statute, it has been most effective. I would not want to generalize from that experience.

I think, though, that the Labor Department has found, on the whole, advisory councils are very effective.

This one happens to be particularly useful because we certainly need more than the conventional tripartite advice that you get in the normal advisory committee setups, through management, labor, and public.

This one brings in public, banking, insurance, and other interested groups in a happy combination.

Mr. LAIRD. That is all I have.

REPORT ON ADMINISTRATION OF THE WELFARE AND PENSION PLANS DISCLOSURE ACT

Mr. FOGARTY. Would you put the names of this Advisory Committee in the record, and something about their background?

Mr. KLEILER. Yes. It is included in this report.

Mr. FOGARTY. I see.

Mr. KLEILER. And perhaps we can simply insert that section.

Mr. FOGARTY. Put the report in the record.

Mr. KLEILER. If you want to save space in your transcript, pages 9 to 12, inclusive——

Mr. FOGARTY. Put the whole report in.
(Report follows:)

FIRST ANNUAL REPORT TO THE CONGRESS BY THE SECRETARY OF LABOR, ON THE ADMINISTRATION OF THE WELFARE AND PENSION PLANS DISCLOSURE ACT, AS AMENDED

(Calendar year 1962)

INTRODUCTION

On March 20, 1962, President Kennedy signed into law the Welfare and Pension Plans Disclosure Act Amendments of 1962 (Public Law 87-40, 76 Stat. 35). This action was the culmination of efforts over the preceding several years to strengthen the original Welfare and Pension Plans Disclosure Act which had been in effect since January 1959.

The most significant changes brought about through the 1962 amendments gave the Secretary of Labor authority to issue rules and regulations and within certain limitations to conduct investigations with respect to violations of the act, provided for the establishment of an Advisory Council, broadened the U.S. Criminal Code by making certain actions Federal offenses, and required the bonding of persons handling funds and other property of the plans.

To administer the amended law the Secretary on April 26, 1962, established the Office of Welfare and Pension Plans under the supervision of the Assistant Secretary of Labor for Labor-Management Relations. The staff which had been administering the earlier act was incorporated into the new Office. The most pressing problems which had faced the Department required the issuance of regulations, interpretations relating to the reporting, filing, and bonding provisions of the act.

The new Office faced the problem of organizing a staff with professional and technical competence in the complex field of insurance, bonding, and welfare and pension plan administration to supplement the predecessor organization which had been concerned primarily with the filing and disclosure of the reports required by the law.

In connection with the compliance provisions of the act, the Department of Labor and the Department of Justice entered into an agreement in July 1962 which defines their respective investigative and prosecutive responsibilities.

To insure that the administration of the law would be practical and meet the needs of all of the parties concerned, the Department called on extensively the experience and knowledge of the members of the Advisory Council, and most of the significant decisions made during this formative period have been discussed fully in advance with the Council and taken into account their specialized comments and suggestions.

Section 14 of the law provides that the Secretary of Labor shall transmit to the Congress any recommendations made during the year by the Advisory Council. Because of the relatively short time which has elapsed since the new amendments became effective on June 18, 1962, and particularly the bonding provisions which became effective only on September 16, 1962, the Advisory Council decided not to submit any formal recommendations in this first year, since their primary interest during this period has been in assisting the Department in the development of rules and policies.

REPORTING AND DISCLOSURE

Most of the 1962 amendments were designed to make more effective the reporting and disclosure requirements by which participants in employee welfare and pension benefit plans and their beneficiaries receive information about the operation and administration of the plans. The first regulations issued by the Department of Labor under the amended act related to the reporting requirements.

Prior to the amendments, the use of Labor Department form D-1 for filing descriptions of plans under section 6 of the act and annual report form D-2 under section 7 of the act was optional. A regulation published on May 26, 1962, effective June 18, 1962 (29 CFR, sec. 2.11) made mandatory the use of these existing forms with certain modifications required by new statutory provisions, in filing annual financial reports.

The statute as amended requires that any change in the information required in the plan description be reported to the Secretary of Labor within 60 days after

the change has been effectuated. The regulation permits the reporting of such changes either by submitting an amended form D–1 or by supplying the additional information in a letter or other document, properly executed and identified.

The act as amended requires the annual report to be filed within 150 days after the end of the calendar year (or, if the records of the plan are kept on a policy or other fiscal year basis, within 150 days after the end of such policy or fiscal year). Plans with fiscal, policy, or calendar years ending on or after June 18, 1962, were required to file annual reports in accordance with the terms of the amended law, plans with fiscal, policy, or calendar years ending before that date could file annual reports on the basis of the law prior to amendment.

Most welfare and pension benefit plans report on a calendar year basis. Annual reports for these plans covering year 1962 need not be filed until 150 days after December 31, 1962. Consequently, the bulk of the reports filed with the Labor Department in the calendar year 1962 were pursuant to the law prior to amendment.

The 1958 act required annual reports to be filed within 120 days after the end of the plan year, and administrators of insured plans sometimes had difficulty in meeting that deadline because they had to await information from insurance carriers. Section 7(g) of the amended act requires an insurance carrier to certify to plan administrators within 120 days after the plan's year-end date such reasonable information determined by the Secretary to be necessary to enable the administrator to complete his annual report. At the same time, the period within which administrators must file their reports after the end of the plan year was extended from 120 to 150 days. By a regulation promulgated June 16, 1962 (29 CFR, pt. 1302) the Department has defined as "reasonable" that information required by certain exhibits which are part of the D–2 form presently in use. The regulation also provides that while the information certified by the carrier to the administrator of a plan shall be for the period covered by the plan's annual report, information for the latest completed policy year may be certified in lieu thereof if the information for the plan year is not available.

On June 16, 1962, the Department promulgated regulations (29 CFR, pt. 1303) governing the procedure for requesting variations from the publication requirements of the act. Section 5(a) of the act, as amended, requires plan descriptions and annual reports to be "in such form and detail as the Secretary shall by regulations prescribed." Section 5(a) also states that "no regulation shall be issued * * * which relieves any administrator of the obligation to include in such description or report any information relative to his plan which is required by sections 6 or 7." The law further provides, however, that if the Secretary finds, on the record, after giving interested persons an opportunity to be heard, that specific information on plans of certain kinds or on any class or classes of benefits provided by such plans cannot in the normal method of operation of such plans be practicably ascertained or made available for publication in the manner or for the period prescribed by the act, or that the information if published in such manner or for such period would be duplicative or uninformative, the Secretary may by regulation prescribe such other manner or such other period for the publication of such information as he may determine to be necessary and appropriate to carry out the purposes of the act.

Under the "variation" regulation, any interested person may petition the Assistant Secretary for Labor-Management Relations for a rule providing for a variation in the publication requirements. Such petition may be denied without further proceedings if it fails to allege facts entitling the petitioner to the variation requested or on other grounds stated in notice to the petitioner. Where the facts and reasons contained in a petition warrant, the regulations authorize the Assistant Secretary either to set the petition for hearing or to issue a proposed finding or rule with opportunity for hearing. Hearings will be conducted in accordance with the Administrative Procedure Act by a hearing examiner, who will receive evidence, take testimony, and certify the record to the Assistant Secretary. If a hearing is held, parties of record will, upon conclusion of the hearing, have an opportunity to submit proposed findings and conclusions, following which the Assistant Secretary will issue either a tentative decision (or, under certain circumstances, a final decision) granting or denying, in whole or in part, a variation as to the manner or period for the publication of information. Parties of record are given an opportunity to comment on tentative decisions proposed to be issued by the Assistant Secretary. In the event the Assistant Secretary issues a proposed rule without first holding a formal hearing, interested persons are given an opportunity to object and request a hearing.

Seventeen applications were received pursuant to this "variation" regulation during the calendar year. The first application was from a firm which operates a number of multiemployer welfare or pension benefit plans, asking that the funds be relieved of the obligation to include in the annual reports information showing the amount contributed by each employer on grounds that such an itemization would be unduly burdensome for plans covering the employees of hundreds of small employers; this application was denied because it failed to show that such information could not be practicably ascertained and that it failed to suggest any appropriate manner for the publication of the information other than that required by the statute. The other applications were under consideration by the Department at the end of the calendar year.

On October 20, 1962, the Department issued a regulation (29 CFR, pt. 1304) which provides that administrators of plans, which have filed plan descriptions but are relieved from the annual financial report because they have fewer than 100 participants, must file a simple one-page form which merely identifies the plan and the size group in which it falls. This form (D–3) has been adopted primarily to eliminate the need for followup correspondence with administrators of small plans who no longer need file annual reports although they had previously been making such reports. The regulation makes it clear that exemption from the requirement to file an annual report does not apply to any plan which covers 100 or more participants at any time during the calendar, policy, or other fiscal year upon which the records of the plan are maintained.

During the 1962 calendar year, the Department received 11,400 plan descriptions, bringing to 168,500 the total number of such reports on file. During the same period, 21,200 amendments to plan descriptions and 107,000 annual reports were received. Details with respect to filings are shown in table No. 1.

In the same period, 1,500 visits were made to the public document room, and 32,700 reports were examined by participants, beneficiaries, and other persons seeking information. Additionally, there were 640 requests for copies of reports or parts of reports, and 26,400 pages of copy were supplied at a charge of 25 cents per page, which reflects the overall cost to the Department for providing this service.

BONDING

To implement the bonding requirements of section 13 of the amended act, the Department has promulgated a basic regulation (29 CFR, pt. 1306), a procedural regulation governing the filing and processing of applications for exemptions from bonding requirements (29 CFR, pt. 1307) and an interpretation relating to the use of agents, brokers, and surety companies (29 CFR, pt. 1309).

After bonding problems were fully explored with the Advisory Council established by section 14 of the act, the Department promulgated a proposed basic regulation September 1, inviting comments by interested organizations and persons. About 50 formal comments were filed which were also discussed with the Advisory Council. Final regulations were issued November 30, 1962, effective January 1, 1963 (29 CFR, pt. 1306).

While developing the basic regulation, the Department received thousands of inquiries and comments indicating that the addition of section 13 to the act presented the most perplexing problems of adjustment for large numbers of widely assorted plans subject to the act.

The statute provides that any bond required by the act shall be in a form or of a type approved by the Secretary. Consideration was given to the possibility of developing a special bond form for use by welfare and pension plans under the act and requiring all bonds to be on the approved form. This course was rejected because (1) the types and structure of welfare and pension plans covered by the act are so highly diversified that it would have been unrealistic to attempt to prescribe a single form which would meet the needs of all the plans, and (2) it appeared that the overwhelming majority of persons handling welfare and pension funds were already bonded in one way or another, and it seemed preferable to allow such plans to continue to use their present bonds or to adapt them where necessary to meet the new statutory requirements rather than compel them to obtain new bonds which might subject the funds to unduly burdensome or unnecesary bonding expense.

The Department, by regulation, has provided that any form of bond which may be described as individual, schedule, or blanket in form—or any combination of such forms of bonds—shall be acceptable provided it covers all administrators, officers, and employees who handle funds of the plan in the required amounts and otherwise satisfies the requirements of the law in providing protection against loss by reason of acts of fraud or dishonesty by such persons. The

regulations have made it possible, for example, for corporations which act as administrators of welfare and pension plans to use existing commercial blanket bonds covering corporation officers and employees to comply with the statute by obtaining riders which specifically indemnify the welfare and pension funds. The regulations have also made it possible for boards of trustees which administer plans established jointly by employers and unions either to continue to use the bonds providing for the "faithful discharge of duties," which they were required to have under the Labor-Management Reporting and Disclosure Act of 1959 by virtue of being "trusts in which a labor organization is interested" or to revise them to provide for simple fidelity protection.

The amount of bonding coverage for each person required to be bonded must not be less than 10 percent (up to a maximum bond of $500,000) of the funds handled by such person or his predecessors in the preceding year. The regulations include procedures for estimating the amount handled when there is no preceding reporting year.

The regulations also permit two or more plans to be covered by a single bond to accommodate such situations as those where a single employer or employee organization has more than one plan and where the officers and employees function with respect to more than one plan. Where a single bond covers more than one plan, however, each plan must be protected and the bond must allow for recovery by each plan in an amount at least equal to that which would be required if bonded separately.

The regulations contain interpretations of such statutory phrases as "administrator, officer, and employee," "funds or other property," and "funds handled." These interpretations are generally consistent with those developed by the Department of Labor with respect to the bonding requirements of the Labor-Management Reporting and Disclosure Act; but the development of the interpretations required the resolution of a number of questions of statutory construction which were not involved in application of the Labor-Management Reporting and Disclosure Act to labor organizations.

The Welfare and Pension Plans Disclosure Act expressly exempts from the bonding requirements any plan under which the only assets from which benefits are paid are the general assets of a union or of an employer. However, the statute is silent with respect to insured plan arrangements, in which contributions made by the employer or employee organization or by withholdings from employees' salaries are not segregated from the general assets of the employer or employee organization until payment of premiums for the purchase of benefits from an insurance carrier or service or other organizations. Under the regulations, such plans would not be required merely by virtue of payment of premiums directly from general assets.

In the administration of the bonding provisions questions were raised with respect to some of the implications of section 13(c) of the act, which makes it unlawful for any person to procure a required bond "from any surety or other company or through any agent or broker in whose business operations such plan or any party in interest in such plan has any significant control or financial interest, direct or indirect." A new subsection of section 3 of the act defines "party in interest" to include, among others, "a person providing benefit plan services to such a plan." Plan administrators, insurance companies and brokers asked if section 13(c) when read in connection with section 3 precludes a broker who performs a variety of services to a plan from performing the brokerage function in procuring a bond or if it precluded an insurance company or one of its affiliates from insuring the plan against loss from acts of fraud and dishonesty if it or an affiliated company also underwrites the life insurance or other features of a plan. After a careful analysis of the purpose of section 13(c) it was concluded that Congress intended that officers and other parties in interest in a plan should not have any significant financial interest in the broker or surety company but that there was no congressional intent to preclude a plan from procuring a bond through a broker who provides other services to the plan or with a surety or its affiliate which provides other services to the plan. An interpretation consistent with this construction of the law was issued on October 31, 1962 (29 CFR pt. 1309).

Section 13(e) of the act provides that when, in the opinion of the Secretary, the administrator of a plan offers adequate evidence of the financial responsibility of the plan, or that other bonding arrangements would provide adequate protection of the beneficiaries and participants, he may exempt such plan from the bonding requirements of the law. On September 1, 1962, the Department promulgated regulations (29 CFR pt. 1307) governing the filing and handling of

petitions for exemption. The regulations permit the filing of such petitions not only by an administrator of an individual plan but also by a person or organization acting on behalf of a group or class of plan administrators. These regulations are effective January 1, 1963, concurrently with the basic bonding regulations (29 CFR pt. 1306).

DEPARTMENTAL ORGANIZATION AND STAFF

Following adoption of the 1962 amendments, overall responsibility for directing the Department of Labor's functions under the legislation was assigned to the Assistant Secretary for Labor-Management Relations, James J. Reynolds, and there was created a new Office of Welfare and Pension Plans to assist him. A staff of 85 employees in the Division of Welfare and Pension Reports, which had administered the 1958 law as part of the Bureau of Labor Standards, became the nucleus of the new organization. Arrangements were made for field staff of the Wage and Hour and Public Contracts Divisions to assist in the distribution of forms, releases, pamphlets and other informational material on the amended law and for the field staff of the Bureau of Labor-Management Reports to conduct investigations. Legal interpretive and enforcement services are provided the OWPP by the Office of the Solicitor of Labor.

Five divisions were established within the OWPP. They are (1) the Division of Reports Analysis and Inquiries, which receives, examines, files, and analyzes the reports from welfare and pension plan administrators required by the law; makes reports available for disclosure; conducts statistical studies; and replies to inquiries regarding applications of the law; (2) the Division of Regulations and Program Planning, which provides technical advice to the Director of the OWPP and collaborates with the Solicitor in the deveolpment of rules and regulations under the amended law; (3) the Division of Technical Assistance, which provides informational services to employers, trade associations, labor organizations, professional groups and others for the purpose of advising them of the requirements of the amended law; (4) the Division of Case Review and Enforcement Policy, which analyzes complaints and determines the need for investigations under the law; and (5) the Division of Administrative Management, which provides the housekeeping services and serves as liaison with the Department's personel, payroll, management services and similar Offices.

The following appointments were made to major positions in the Office of Welfare and Pension Plans:

Frank M. Kleiler, Director.
Frank W. Kuehl, Special Assistant to Director.
Evan K. Rowe, Chief, Division of Regulations and Program Planning.
Norris B. Sacharoff, Chief, Division of Reports Analysis and Inquiries.
J. Vernon Ballard, Chief, Division of Case Review and Enforcement Policy.
James M. Patton, Chief, Division of Technical Assistance.
Bert Silver, Administrative Officer.

ADVISORY COUNCIL ON EMPLOYEE WELFARE AND PENSION BENEFIT PLANS

Pursuant to provisions of section 14 of the amended act, an Advisory Council on Employee Welfare and Pension Benefit Plans was constituted, and four meetings were held during the year.

The act provides that the Council shall consist of 13 members to be appointed in the following manner: One from the insurance field, one from the corporate trust field, two from management, four from labor, and two from other interested groups, all appointed by the Secretary of Labor from among persons recommended by organizations in the respective groups; and three representatives of the general public appointed by the Secretary.

On April 30, the Department issued a general invitation to all interested organizations to recommend persons for appointment on or before May 14. Pursuant to this invitation the Department received more than 40 nominations from a wide variety of professional, business, labor and other organizations concerned with welfare and pension plans. Appointments were announced on July 1. Members of the Council are:

Charles A. Siegfried, vice president, Metropolitan Life Insurance Co., New York City, representing the insurance field. He was recommended jointly by the Life Insurance Association of America, the American Life Convention, and the Health Insurance Association of America.

Cecil P. Bronston, vice president of the Continental Illinois National Bank & Trust Co. of Chicago, representing the corporate trust field. His appointment was recommended by the American Bankers Association.

Robert S. Lane of the Soconoy Mobil Co., Inc., and Russell H. Hubbard of General Electric Co., both of New York City, representing management. Mr. Lane was recommended by both the U.S. Chamber of Commerce and the National Association of Manufacturers. Mr. Hubbard was recommended by both the Chamber of Commerce and the Council of Employee Benefits, a nonprofit organization established by various companies and associations in 1946 to assist in the development and administration of employee benefit plans.

Leonard Lesser, Richard E. Shoemaker, Edward Kennedy and Wilbur Daniels representing labor. Mr. Lesser is director of social security activities, Industrial Union Department, AFL–CIO. Mr. Shoemaker is assistant director, Department of Social Security, AFL–CIO. Mr. Kennedy is director of research, District 50, United Mine Workers of America. Mr. Daniels is a New York lawyer. All four were appointed upon recommendations by organized labor.

George Heitler of Chicago, Ill., and Glen K. Slaughter of Oakland, Calif., representing other interested groups. Mr. Heitler is vice president and secretary of the Blue Cross Association; his appointment was recommended by the National Association of Blue Shield Plans and by the Blue Cross Association. Mr. Slaughter is vice president of the National Conference of Health, Welfare, and Pension Plans; he was recommended by that organization.

John M. Grogan of Madison, Wis.; Boaz Siegel of Detroit, Mich.; and Avery Leiserson of Nashville, Tenn., to represent the general public. Mr. Grogan is Chief of the Employee Welfare Funds Division, State of Wisconsin Insurance Department. Mr. Siegel is professor of law at Wayne State University, Detroit. Mr. Leiserson is professor of political science at Vanderbilt University, Nashville.

All the original appointments were for 2-year terms. It is planned that upon the expiration of these terms, procedures for rotation will be used. Half the members who will be appointed in 1964 to represent labor and management respectively will receive 1-year terms, and the other half will receive 2-year terms. Two of the three public members will receive 1-year terms, and one public member a 2-year term in 1964. Thereafter, all Council members will be appointed for 2-year terms. Public notice will be given annually, starting in 1964, inviting organizations to recommend persons for new appointments prior to any change in the membership of the Council.

Meetings of the Council are held in Washington, D.C., with the Assistant Secretary of Labor for Labor-Management Relations serving as chairman. The discussions are conducted informally, and no verbatim transcripts of the Council meetings are made. Vincent J. Colan, assistat chief of the Division of Technical Assistance in the OWPP, has been designated as executive secretary of the Council.

The first meeting of the Council was held July 27, 1962. Labor Department officials reported on the development of regulations and other activities necessitated by amendments to the act, including an outline of the substantive and procedural problems requiring consideration in administering the act as amended. Among the several matters considered by the Council it was generally recognized that the development and promulgation of regulations to implement the bonding requirements of section 13 of the act presented the most urgent and difficult task. It was agreed that members of the Advisory Council would be consulted in the development of proposed regulations relating to bonding before they were published in the Federal Register for comment by interested persons or organizations.

The second meeting of the Council was held August 17, 1962. The discussion related mainly to the contents of Labor Department staff drafts of a basic bonding regulation and a regulation prescribing procedures for petitioning for exemptions from the statutory bonding provisions.

Members of the Council identified major problems which they felt were involved in the draft, suggested generally a series of changes and offered their opinions on matters in controversy.

The third meeting of the Council was held on October 15 and 16. The Council Members had been furnished with a summary of comments received by the Department of Labor relating to the proposed bonding regulations which had been published September 1, and with copies of the full text of many of the comments. The Council made a detailed section-by-section review of the proposed

regulations, suggesting a number of revisions. As noted above, final regulations were promulgated November 30, to be effective January 1, 1963.

The fourth meeting of the Council was held on December 11, 1962. The Council decided not to submit any legislative recommendations at this time because its attention at all its meetings was focused on proposed regulations and because insufficient time had elapsed since the amendments became effective to provide a basis in which the Council could consider possible improvements in the legislation. The Council made several suggestions for modifying a draft of a proposed regulation relating to retention of records by welfare and pension plans. The Council recommended that a fact-finding hearing be held to determine whether there was a need for bonding in excess of $500,000. The Council also recommended that further study be made with respect to the requirement in the plan description form that trustees list "other office and employment held by them" and that no significant revisions be made in the D–1 Form. With respect to revisions in the Annual Report Form D–2, some members urged that no changes in D–2 form be made beyond those compelled by the 1962 amendments, while others withheld comment until later meetings. The Council expressed the opinion that there would be no need to provide "simplified reports" as contemplated by section 7(h) of the act if the present format of the D–2 is maintained, as plans with simple reporting problems need only file portions of the D–2, while plans with fewer than 100 participants are exempt from the annual filing requirements.

INQUIRIES AND TECHNICAL ASSISTANCE

During the calendar year 1962 the Department of Labor received more than 12,400 inquiries by mail, telephone, and personal visits concerning requirements of the act and its amendments.

The most important function of the technical assistance activity was the development and execution of programs providing plan administrators and other parties affected by the act with information and assistance concerning the reporting responsibilities and obligations placed on them by the act in order to encourage complete and timely compliance with the law. Communication of the essential facts relating to this legislation to the parties affected has been accomplished in a variety of ways.

The Office of Welfare and Pension Plans published three pamphlets based on the effect of the 1962 amendments to the act. One outlines the requirements of the act, as amended; another highlights the important changes made by the amendments as compared to the original requirements; a third contains a series of the most commonly asked questions, together with succinct answers. The pamphlets have been enclosed with replies to substantive inquiries where appropriate. They have also been given wide distribution to the public through the facilities of the regional and field offices of the Wage and Hour and Public Contracts Divisions, and through insurance companies, trade, and professional associations, for distribution to their policyholders or members, many of whom are required to report under the Act.

Other publications are being prepared to explain provisions of the legislation which experience has shown to be the most perplexing to plan administrators and others resonsible for the preparation of the reports or the furnishing of information required by the law, and to familiarize participants and their beneficiaries with the act.

Welfare and pension plan discussion clinics were conducted by the Office of Welfare and Pension Plans in Kansas City and St. Louis, utilizing the staff services and facilities of the regional and field offices of the Wage and Hour and Public Contracts Divisions and the Office of Information.

ENFORCEMENT ACTIVITIES

The bulk of the Department's enforcement activities under the act thus far have consisted of efforts to obtain correction of reporting deficiencies.

Several hundred complaints have been received from plan participants or their beneficiaries asking Labor Department assistance in collecting claims for benefits under welfare or pension plans, but for the most part such complaints did not contain allegations which are subject to investigation by the Department of Labor. Section 9(h) of the act, as amended, expressly precludes the Secretary from regulating or interfering in the management of any welfare or pension benefit plan, and so the Department does not function as an appellate body where participants or beneficiaries may turn for review of rulings by plan officials upon claims for benefits. However, where the complaints allege violations of the act itself or of the Criminal Code, however, they may be matters for investigation by the Department of Labor or the Department of Justice.

In July 1962, the Attorney General and the Secretary of Labor entered into an agreement setting out the respective investigative and prosecutive responsibilities of the Department of Justice and the Department of Labor under the act and title 18 of the United States Code, as amended by the Welfare and Pension Plans Disclosure Act Amendments. Under this agreement the Department of Labor investigates all matters that may form the basis for either a civil action or a possible criminal action under section 9(a) or 9(f) of the act.

These include—

1. Failure to file with the Secretary of Labor plan descriptions, annual reports, or plan amendments that are required to be filed.
2. Making of incomplete, inaccurate, or possible false filings with the Secretary.
3. Making of a late filing with the Secretary.
4. Violations of the retention of records requirement.
5. Violations of the bonding requirements.
6. Violation of the provision requiring an insurance carrier or service or other organization to certify certain information to the plan administrator.
7. Failure to make copies of the plan description (including all amendments) and the latest annual report available for examination by any participant or beneficiary in the principal office of the plan as required by section 8(a)(1).
8. Failure to deliver upon the written request of a participant or beneficiary a copy of the plan description (including all amendments) and an adequate summary of the latest annual report as required by section 8(a)(2).

In cases involving possible inaccurate, incomplete, or false filings, Department of Labor staff conducts such investigations as are necessary to determine whether there is evidence of willful violation, in which event the matter is referred to the Department of Justice. The Department of Justice investigates matters arising under the U.S. Criminal Code involving theft or embezzlement from employee benefit plans, false statements, and concealment of facts in relation to documents required by the Welfare and Pension Plans Disclosure Act, and offers, acceptance or solicitation to influence operations of employee benefit plans.

Prosecution of cases involving violation of the criminal provisions of the Welfare and Pension Plans Disclosure Act will, as normally, be the responsibility of the Department of Justice.

Pursuant to this understanding the Department of Labor opened several investigations of possible reporting violations which could not be otherwise resolved during the year and referred other matters to the Department of Justice.

Section 9(d) of the act precludes the Department of Labor from opening an investigation unless there is reasonable cause to believe that investigation will disclose violations of the act. Section 7(b) of the act provides that in the case of reports sworn to, but not certified, the Secretary, when he determines that it may be necessary to investigate the plan shall, prior to investigation, require certification of the report by an independent certified or licensed public accountant. In several cases the OWPP on behalf of the Secretary requested certification of reports prior to investigation. Action in such cases was pending as of the close of the year.

STATISTICS AND STUDIES

During the year, work was continued on the preparation of basic statistical data from information reported in both plan descriptions (form D–1) and annual reports (form D–2).

In January 1962, a set of tabulations "Characteristics of 144,700 Welfare and Pension Plans" was released. These tables showed distribution of welfare and pension plans by such basic characteristics as location by State; type of administrator; type of benefits provided; parties making contributions to the plan; industry division, etc.

At the time this report to the Congress was prepared, tabulations of financial data for 1960 based on information reported in annual reports (form D–2) were being completed. Under preparation are similar tabulations showing comparisons for 1959 and 1960 of financial items such as contributions by employers and employees; total benefits paid to participants; value of assets by type of assets; distribution of welfare and pension plans by value of assets; etc. Similar compilations will be made for 1961 and 1962. Preliminary work was also started on a study dealing with the costs of administering welfare and pension plans.

In addition to the statistics prepared by the Office of Welfare and Pension Plans, the reports on file were used extensively by other bureaus and agencies.

Among the agencies making use of the reports were the Social Security Administration and other offices of the Department of Health, Education, and Welfare, the Securities and Exchange Commission, and the Railroad Retirement Board.

In June 1962, the Bureau of Labor Statistics released a study "Multiemployer Pension Plans Under Collective Bargaining, Spring 1960," which was based primarily on data taken from reports filed with the Office of Welfare and Pension Plans. This study, based on 798 plans, presents information on the prevalence, benefit provisions, administrative procedures functions of the administrator, individual workers pension rights, and financial management.

TABLE 1.—*Office of Welfare and Pension Plans operating statistics, Jan. 1, 1959–Dec. 31, 1962*

Activity	Calendar year 1962 [1]	Jan. 1, 1959 to Dec. 31, 1962 [1]
Receiving and processing filings:		
Plan descriptions:		
Number received	11,400	168,500
Number identified and available for disclosure	11,500	168,200
Number examined and tabulated	8,800	164,000
Amendments to plan descriptions	21,200	74,200
Annual reports for plan years ending during:		
1959:		
Number received	800	110,500
Number identified and available for disclosure	1,000	110,400
Number examined and tabulated	0	108,400
1960:		
Number received	6,000	119,000
Number identified and available for disclosure	6,200	119,000
Number examined and tabulated	90,100	117,700
1961:		
Number received	67,600	109,500
Number identified and available for disclosure	69,900	109,500
Number examined and tabulated	3,200	3,200
1962:		
Number received	32,600	32,600
Number identified and available for disclosure	31,700	31,700
Number examined and tabulated	1,400	1,400
Reports for plans covering fewer than 100 participants	3,100	3,100
Overall mail handling:		
Total pieces handled	428,500	1,765,300
Number received	165,700	672,700
Number mailed	262,800	1,092,600
Disclosure activities:		
Public documents room:		
Number of visitors	1,500	3,800
Number of reports examined	32,700	80,800
Plan descriptions	11,100	32,300
Annual reports	21,600	48,500
Furnishing copies of filings on reimbursable cost basis:		
Number of pages	26,400	83,700
Number of filings utilized	3,100	7,900
Correspondence and replies to substantive inquiries:		
Preparation of replies to substantive inquiries:		
Total number received	12,400	43,600
Mail	8,000	27,900
Phone	4,200	14,700
Visitor	200	1,000
Total number answered	12,100	42,900
Mail	6,000	23,500
Phone	4,200	14,700
Visitor	200	1,000
Other disposition	1,700	3,700
Correspondence prepared (other than substantive)	40,000	142,900
Re overdue plan description	0	2,100
Re deficiency in plan description	200	20,200
Re overdue annual report	16,300	52,800
Re deficiency in annual report	0	1,000
Other	23,500	66,800

[1] Figures rounded to nearest hundred.

Mr. FOGARTY. Is there anything else you would like to say?

Mr. KLEILER. No. Except I am very grateful to you for hearing me so patiently.

THURSDAY, FEBRUARY 7, 1963.

BUREAU OF LABOR-MANAGEMENT REPORTS

WITNESSES

JOHN L. HOLCOMBE, COMMISSIONER
ALBERT L. MOORE, JR., ASSISTANT COMMISSIONER FOR MANAGEMENT
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	3,842	4,401	4,506
	Positions other than permanent	75	76	
	Other personnel compensation	112	7	42
	Total personnel compensation	4,029	4,484	4,548
12	Personnel benefits	285	343	349
21	Travel and transportation of persons	411	430	430
22	Transportation of things	14	18	3
23	Rent, communications, and utilities	176	178	176
24	Printing and reproduction	124	132	114
25	Other services	152	196	182
26	Supplies and materials	86	100	96
31	Equipment	82	16	2
	Total costs	5,359	5,897	5,900
	Change in selected resources	95		
	Total obligations	5,454	5,897	5,900

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	561	550	514
Full-time equivalent of other positions	19	20	
Average number of all employees	506	539	508
Number of employees at end of year	582	522	510
Average GS grade	9.6	9.7	9.5
Average GS salary	$8,034	$8,634	$8,578

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Reports and disclosure	1,656	2,120	1,991
2. Regulations and administrative determinations	185	316	318
3. Compliance and enforcement	2,744	2,905	2,997
4. Administration and management services	774	556	594
Total program costs, funded	5,359	5,897	5,900
Change in selected resources [1]	95		
Total obligations	5,454	5,897	5,900
Financing: Unobligated balance lapsing	313		
New obligational authority	5,767	5,897	5,900
New obligational authority:			
Appropriation	5,775	5,675	5,900
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (75 Stat. 353 and 76 Stat. 728) (−)	−8	−40	
Appropriation (adjusted)	5,767	5,635	5,900
Proposed supplemental due to pay increases		262	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $62,000 (1962 adjustments −$6,000); 1962, $151,000; 1963, $151,000; 1964, $151,000.

Mr. FOGARTY. Mr. Holcombe, are you ready?

Mr. HOLCOMBE. Yes, Mr. Chairman.

Mr. FOGARTY. Do you have a statement you want to file with the committee, and summarize; or do you want to read it? Whichever is best for you.

GENERAL STATEMENT

Mr. HOLCOMBE. I have a statement which has been prepared and submitted to the committee some time ago, which I am happy to file.

Mr. FOGARTY. All right; whatever you want.

Mr. HOLCOMBE. Since our appropriation is less for 1964 than it was for 1963, and the number of positions is about 7 percent less, largely due to mechanization of the operation and better training, I am prepared just to answer questions, Mr. Chairman.

Mr. FOGARTY. All right. Suppose we file your statement, and we will go into the questions now.

(Prepared statement of Mr. Holcombe follows:)

STATEMENT OF JOHN L. HOLCOMBE, COMMISSIONER

Mr. Chairman and members of the committee, I appreciate the opportunity to explain our fund request for 1964 and to report on our progress in carrying out the Department of Labor's responsibilities under the Labor-Management Reporting and Disclosure Act of 1959, Public Law 86-257.

The budget estimate for 1964 for the Bureau is $5,900,000 and is $37,000 less than for 1963 (appropriation of $5,675,000 plus $262,000 estimated pay increase supplemental). In order to adjust to the amount proposed for 1964 and to absorb the cost of 2 extra days of pay and the additional cost of pay increases due to Public Law 87–793, nonlabor costs are reduced $101,000 (primarily nonrecurring) and program activities will be financed with $240,000 less than in fiscal year 1963. The operations proposed within these estimates are also based on the following overall considerations and developments:

1. The principal reports required under the Labor-Management Reporting and Disclosure Act of 1959 have been redesigned so that the required information may be entered more simply and accurately and in a manner which permits uncovering by mechanical (automatic data processing) methods many deficiencies in the reports which were previously not economically feasible by clerical examination. This ADP method of mechanical examination of financial reports has been developed over the past 2½ years as an outgrowth of the Bureau's efforts begun early in 1960 which established and utilized work control and statistical reporting processes based on punched cards and related mechanical methods. The limitation on the effectiveness of this available mechanical method lies almost entirely in the number of professional personnel provided by the budget to act on these apparent deficiencies by analysis and correspondence in Washington and by investigation in the field. The funds requested will permit field investigation of 4 percent of the financial reports received. The principal statistical and research activities within the Bureau will be those which can be obtained at little cost as a byproduct of the ADP examination process. The Bureau of Labor-Management Reports will, however, continue its program of encouraging outside scholars and agencies to conduct research based on the data available, with their own funds.

2. Although many functions such as the processing of reports, cannot be decentralized, the process of decentralization envisioned in earlier budget requests has been implemented so that 53 percent of the permanent positions in 1964 will be in the field as compared to 42 percent in fiscal year 1961.

3. A vigorous program of reduction of paperwork, simplification of management controls, and emphasis on effective manpower utilization has resulted in a planned ratio of clerks to professional personnel in the area offices of 1 clerk to each 3.7 professional personnel. At the same time, training and the elimination of much paperwork have resulted in the reduction of the unit time on most types of operations by professional personnel.

4. The moving of the national office to Silver Spring, Md., in the midportion of fiscal year 1962 consolidated operations but resulted in the loss of about 70 personnel (nearly 25 percent) who were not fully replaced until fiscal year 1963. The effect of this loss was partially offset by the use of temporary personnel in fiscal years 1962 and 1963.

5. The Bureau of Labor-Management Reports continues its emphasis on the important program of informing union officers and members of their rights and responsibilities under the act. In 1963 and 1964 we are attempting to overcome previously inadequate coverage of less heavily populated areas and delay in reaching union officials elected for the first time and new to their responsibilities.

6. While the number of complaints of violation requiring investigation are now received at a level rate, the proportion of investigations in which some violation is uncovered has increased from 15 percent in 1960 to 60 percent in 1962. The increase does not necessarily indicate an increase in violations of the statute, rather it can be attributed mainly to the following developments:

(*a*) That union members and others who file complaints are better informed, and, therefore, are more likely to know of their rights under the statute when there is a violation. Conversely, better knowledge of the statute by the rank and file has decreased the filing of complaints as to activities which do not in fact constitute violations of the Labor-Management Reporting and Disclosure Act.

(*b*) Our compliance officers, through continuous training and additional experience, are more proficient in establishing violations under the rather special conditions inherent in the internal operations of unions and the relationships between employers and labor relations consultants.

We continue to find that most of the violations of the act are due to ignorance or carelessness rather than willful misconduct that constitutes a criminal violation under the statute, therefore 1,835 of the 1,911 violations found in fiscal year 1962 have been settled by voluntary compliance and only

76 where the violations was willful or where voluntary compliance could not be obtained have been brought to legal action during the fiscal year.

Cooperative investigative efforts with other Federal agencies are continuing and we are assisting in the overall program of the administration toward the elimination of corrupt elements from the labor-management field.

May I give examples of two of our principal types of cases:

In early 1960 only a few months after the Bureau of Labor-Management Reports was organized, complaints were received from various parts of the country with respect to the Independent Bakery & Confectionery Workers Union which had previously been investigated by the McClellan committee and had been expelled from the AFL–CIO. Principally, these complaints alleged deficiencies in the union welfare fund designed to provide death benefits. As a result of a preliminary inquiry by the Bureau of Labor-Management Reports and in light of suits by union employees against the International, in April 1960 it was determined that the violation, if any, was an embezzlement. Therefore, the matter was delegated to the Department of Justice under the interdepartmental memorandum of understanding for investigation by the Federal Bureau of Investigation.

In October 1960, the Assistant Attorney General advised that no evidence had been found upon which to base a criminal prosecution but suggested that the Bureau of Labor-Management Reports might wish to investigate further.

In early 1961, a proposed settlement was filed with the court in the private litigation by union members against the international under which the international president would have retired on payment of $250,000 plus agreement by the union to undertake the expense of defending him in any future litigation. At about the same time the union filed the financial reports required by the Labor-Management Reporting and Disclosure Act for the first full year under the act and the Bureau of Labor-Management Reports immediately initiated investigation to determine the accuracy of the reports and the supporting records. It was determined that the international report showed $35,000 received from local 3 as repayment of a loan while the report of local 3 showed neither loan nor payment. Further investigation proved that this sum obtained by numerous false disbursements of international funds on false records had been deposited in March 1960 to cover up an embezzlement by international officers prior to the effective date of the act. An intensified nationwide investigation involving 42 compliance officers in 14 area offices of the Bureau of Labor-Management Reports uncovered a complicated scheme of fictitious payments and repayments by the officers in the international headquarters and various vice presidents and international representatives in the field. As the first clear evidence of violations was uncovered, information was made available to the union and the court having jurisdiction in the private litigation of the proposed settlement. The proposed settlement was withdrawn by the plaintiffs and the defendant union tried and expelled its president and secretary-treasurer.

In a final report of investigation in June 1961, the Bureau of Labor-Management Reports recommended prosecution. Thereafter two compliance officers were detailed on a full-time basis to assist the grand jury in consideration of this case and continuous support is being given to the U.S. Attorney by the Bureau of Labor-Management Reports personnel through the trial of the case.

It is estimated that the total time spent by the Bureau of Labor-Management Reports personnel on this single case represents the equivalent of full-time work of nine men for 1 year.

Another major field of Bureau activity has to do with election of union officers. For example, on the basis of a complaint filed with the Bureau by members of the Marine Cooks & Stewards Union, after unsuccessful appeal within the union, an investigation extending from Hawaii to New York established violations of the act which could have affected the outcome of the election of international officers. Because the international, on being apprised of the Bureau's findings, did not agree voluntarily to rerun the election, the district court was asked to set it aside. In June 1962 the district court ordered that a new election of officers be conducted. The Bureau supervised a nationwide rerun of the election which required the continuous presence of Bureau personnel in five ports throughout the United States for the 60-day polling period and thereafter during the counting of ballots and resolution of contests. This single case required the time of Bureau personnel equivalent to four men full-time for 1 year.

Mr. FOGARTY. By the way, you received some good publicity in the Holiday magazine, I noticed.

Mr. LAIRD. Yes, you certainly did. You must have a pretty good public relations man.

Mr. FOGARTY. It was very good as it concerned you and also for the Department of Labor.

Mr. HOLCOMBE. I was glad to read it. I was not even interviewed.

DECREASE IN PERMANENT POSITIONS

Mr. FOGARTY. Your appropriation for 1963 is $5,675,000 and the pay act supplemental is estimated to be $262,000, for a total of $5,937,000. The request for 1964 is $5,900,000 or a decrease of $37,000.

Now, since there are net mandatory costs of over $260,000, there is going to have to be a reduction of 36 positions under this budget; is that right?

Mr. HOLCOMBE. That is correct, sir.

Mr. FOGARTY. Has your workload gone down?

Mr. HOLCOMBE. No, sir; the workload——

INCREASED PRODUCTIVITY

Mr. FOGARTY. Or is this increased productivity?

Mr. HOLCOMBE. The workload that is generated from outside is staying about level; that is, the number of reports, complaints, and number of requests for education or technical assistance. The major part of the reduction is in the Washington office where by putting data on a computer, thus doing much of our work by automatic data processing, we have been able to cut down the amount of handwork.

The other factor is an increase in productivity through a rather intensive training course and, of course, there is the fact we are now 3 years old instead of 2 years old and therefore we have had more experience, found better ways of doing things.

Our new report form has simplified things for people who fill it out, but it also was designed specifically so it could be put directly on automatic data processing without the necessity of coding or transcription, and this in itself is a considerable savings and reduction.

REORGANIZATION

Mr. FOGARTY. Tell us something about the recent reorganization of the Bureau.

Mr. HOLCOMBE. The only recent reorganization is one to effectuate the transfer to automatic data processing. This will mean that there is a straight belt-line flow of the report from the time it comes in, until it goes on the machines and gets to the file room for disclosure.

We have done this by putting some of the activities which used to be in the General Services Division actually in the Reports Division. Statistics will now be a byproduct of the control data that is gotten through the automatic data processing. Consequently the way we have to get statistics out is by putting in the statistics in the actual operation. Therefore, the statistical function was merged with the Reports Division.

This is essentially the reorganization.

CORRUPT PRACTICES INVESTIGATIONS

Mr. FOGARTY. How many investigations of corrupt practices have you made during the past year and what are some of the more important ones?

Mr. HOLCOMBE. The corrupt practices go by projects, Mr. Chairman, because by their very nature they are complicated and complex investigations, usually covering more than one area office, and always covering more than one subject.

Some of the results have reached the stage of litigation and, therefore, can be talked about. For example, in Detroit, Mich., area, several separate investigations under the broad program involving the construction industry have resulted in numerous indictments, referrals to other agencies, and more recently in guilty pleas by the subjects of investigation. For example, 24 counts of embezzlement and false entries into books and records were returned on an official of a teamsters local in that city. The same investigation resulted in a four-count indictment charging embezzlement against a brother official being returned.

In a hodcarrier local in Detroit, 3 indictments containing 14 separate counts were returned which included embezzlement, false statements to this Bureau and the NLRB, and violations of the Taft-Hartley Act. In this same case, a construction company was indicted for failing to file reports as required. This matter is closely reaching a point of culmination through pleas of guilty by one union official, the company, and the upcoming trial of the remaining official.

On the west coast, our investigators determined that Senate committee investigators were interested in identical matters. By way of cooperation, we detailed our investigator on a full-time basis to the committee at their request. The result of these investigations was used in last summer's hearings on the American Guild of Variety Artists.

In Newark, we undertook the investigation of a construction union official who had been the subject of numerous Government investigations without result.

Mr. FOGARTY. What union?

Mr. HOLCOMBE. The Engineers Union.

Incidentally, that indictment was returned on the Taft-Hartley charge which the U.S. attorney elected in place of the violation of our act.

In our Buffalo area office, through several investigative efforts of our compliance officers, a Teamster official was found to be involved in extortionate practices with contractors on a construction job in the Rochester, N.Y., area. Beause this was a violation over which the FBI had jurisdiction, the entire matter was turned over to that agency, and is proceeding.

Those are examples——

VALIDITY OF COMPLAINTS

Mr. FOGARTY. In general, now, what are the results of complaints that you investigate? Do most reveal violation of the act or do you get a lot of allegations that turn out to have little substance?

Mr. HOLCOMBE. The complaints that are made to our Bureau are revealing more substance as we go along. In the first year, 1960, we only turned up about 15 percent violations. In this most recent year, 60 percent of the investigations we made turned up some violation.

VOLUNTARY CORRECTION OF VIOLATIONS

Now, it is true that most of these violations were not criminal in the sense that either they were not willful or we could not establish willfulness, and we got voluntary correction by having filed a corrected report or by making correct records which had not been properly kept, and rerunning elections, usually voluntarily, but sometimes after going to court. Only in 76 cases of this rather large number of 1,800 where we found violations was it necessary to go to court and take action.

Mr. FOGARTY. Are you receiving more complaints concerning the Teamsters union than other unions?

Mr. HOLCOMBE. We have made it a Bureau policy not to keep our statistics by union, Mr. Chairman.

Mr. FOGARTY. I see.

Mr. HOLCOMBE. We could get that. But the figures are misleading because obviously any big union is going to have more complaints than a small union.

We could furnish that information if you wanted us to get it up, but we felt it was not a desirable statistic.

Mr. FOGARTY. No, I agree it could be quite misleading.

Do you think you could effect some savings if welfare and pension plans activities were merged with yours?

Mr. HOLCOMBE. I have not studied that, Mr. Chairman, because it has not been within my assigned province and so I devote my time trying to improve the work of the operation that is assigned to me.

Mr. FOGARTY. Mr. Lesinski?

Mr. LESINSKI. No questions, Mr. Chairman.

Mr. FOGARTY. Mr. Laird.

WORKLOAD

Mr. LAIRD. You state, Mr. Holcombe, in your statement on page 3 that most of the violations are due to ignorance or carelessness. This is also true as far as the wage and hour violations go; most of those violations are due to ignorance or carelessness.

I notice that your investigations are going down, though, and theirs are going up. I just cannot understand that.

Mr. HOLCOMBE. I am not sure that ours are going down. The number of complaints we are getting, Mr. Laird, remain pretty much the same.

Mr. LAIRD. You are reducing your desk audits, your justification says.

Mr. HOLCOMBE. We are reducing the desk audits. This is not a matter, by and large, of complaints. What we are reducing is the number we do on our own motion. This is part of the fact we are going to be doing more work by machine, by automatic data processing, and therefore we will be doing less of what the auditors call "eyeball-auditing."

The complaints that come in to us are about the same, very much the same, have pretty much leveled off. The difference is that whereas in the early years we got a lot of complaints——

Mr. LAIRD. I am not talking about complaints now. I am talking about violations. You do not——

Mr. HOLCOMBE. The number of violations uncovered has gone up.

Mr. LAIRD. On page 3 of your statement, you say most violations are due to ignorance or carelessness. It seems to me that most violations of the Wage and Hour Act are due to ignorance or carelessness, also.

Mr. HOLCOMBE. Yes, sir.

Mr. LAIRD. Then I look over here at what you are doing; you are cutting down on the number of audits, and have had a decrease in personnel in the last 2 years and again in this budget.

Mr. HOLCOMBE. That is correct, sir.

Mr. LAIRD. Do you feel that you are enforcing the law as best that it can be enforced?

Mr. HOLCOMBE. The degree to which a sample is taken is always a judgmental factor and we have put this up for policy decision of what could be done at various percentages of spot checking. And in the light of all of the requirements of the Department, it was determined that this level of spot checking would achieve the purposes of the act.

Obviously with twice as much checking, you would get maybe a 10-percent increase. But the law of diminishing returns does set in, and you have to pay more to get a given increase in effectiveness as you increase your spot-check sample.

Mr. LAIRD. That is true in wage and hour, too, I would think.

Mr. HOLCOMBE. That is right. Of course, wage and hour has other things; they have had changes in their law that increase their coverage, and increase the minimum wage, all of which would tend to increase their workload.

Our workload in terms of the number of reports, number of complaints, is remaining approximately level.

INCREASED PRODUCTION

Mr. LAIRD. Well, you must be getting more production, then, from your employees.

Mr. HOLCOMBE. We are getting more production and, of course, much of what has been done to check by "eyeball," as I say, will now be done by machine. We will be able, for example, to check on the computer whether the beginning balance of this year's report is the same as the ending balance of last year's report. Without automatic data processing, this kind of a complicated interrelationship could only be done by somebody thumbing through the pages of the report.

TYPES OF VIOLATIONS

Mr. LAIRD. You talked about the 1,835 violations. Did you break those down as to type? Can you?

Mr. HOLCOMBE. Yes, sir. As a matter of fact, we have done that in the summary of operations that was published——

Mr. LAIRD. Could you supply that in the record about this point?

Mr. HOLCOMBE. Certainly. Be glad to.

Mr. LAIRD. And then I would like to have a little detail on each of these 76 willful violations which you mentioned. I think it would be well to put that in the record.

Mr. HOLCOMBE. Yes.

(The data requested follows:)

Disposition of violations, fiscal year 1962

Type of violation	Voluntary compliance	Legal action
1. Failure to provide copies of agreement	102	
2. False reports or failure to comply in title II:		
Labor organizations	1,337	11
Union officers and employees	34	2
Employers and consultants	117	1
Destruction of records		1
3. Trusteeships	39	
4. Illegal election procedures	38	9
5. Breach of fiduciary responsibility:		
Embezzlement		48
Other	21	
6. Inadequate bonding	139	
7. Ineligible persons holding union office:		
Convict prohibition	5	2
Applicability of parole board exemption		1
8. Deprivation of union members rights through violence		1
9. Miscellaneous	3	
Total	1,835	76

Legal actions, fiscal year 1962

I. INADEQUATE REPORTS TO BLMR—TITLE II (15)

1. William E. Cowart, former financial secretary and business manager, Local 26, Boilermakers, Savannah, Ga. Indicted for false LM–2 (sec. 209(b)) and false entries in union records (sec. 209(c)) on Nov. 15, 1961. On Feb. 15, 1961, following plea of nolo contendere, subject convicted and sentenced 2
2. Joseph Colozzo, president, and Paul Crissalli, secretary-treasurer, Local 1277, ILA, Brooklyn, N.Y. On Feb. 15, 1962, Colozzo was charged on information filed by U.S. attorney, southern district, New York, with 3 counts and Crissalli 2 counts of filing false reports. Pending 2
3. Peter H. Olson, former international secretary-treasurer, BCW, Washington, D.C. Indicted Mar. 23, 1962, for 14 counts charging false entries in union records (sec. 209(c)). Pending 1
4. Mary Jane Williams, bookkeeper and secretary, Local 353, Electrical Workers, Mobile, Ala. On June 19, 1961, subject fined $250 for failure to keep records required by sec. 206 1
5. Ernest E. Thompson, president, Local 1191, Hod Carriers, Detroit, Mich. Indicted Jan. 18, 1962, for failure to file union officer report (sec. 202(a)), filing false LM–2 (sec. 209(b)), and making false entries in union records (sec. 209(c)). Pending 3
6. Stewart MacKenzie, business agent, Local 1191, Hod Carriers, Detroit, Mich. Indicted Jan. 18, 1962, for failure to file union officer report (sec. 202(a)). Pending 1
7. Certified Construction Co., Detroit, Mich. Indicted Jan. 18, 1962, for failure to file employer report (sec. 203(a)). Plea of guilty entered 1
8. John Alaio, secretary-treasurer, Local 452, Candy & Confectionery Workers, BCW, Brooklyn, N.Y. Indicted May 17, 1962, for filing false report (LM–2) and 5 counts of making false entries in union records (sec. 209(c)). Pending 2
9. Floyd B. Harmon, secretary-treasurer, Local 614, Teamsters, Pontiac, Mich. Indicted June 5, 1962, on 12 counts of making false entries in union records (sec. 209(c)). Pending 1

Legal actions, fiscal year 1962—Continued

I. INADEQUATE REPORTS TO BLMR—TITLE II (15)—continued

10. Local 113, Public Building Service & Hospital Employees, Minneapolis, Minn. Required to file reports under secs. 201(a) and 201(b), organization and financial reports, in a consent decree handed down May 2, 1962, in a civil action filed in the U.S. District Court for the District of Columbia 1

II. ILLEGAL ELECTION PROCEDURES (SEC. 401) (9)

1. On Aug. 11, 1961, civil action was initiated against Union de Trabajadores de la Industria Azucarera y Ramas de la Central Santa Juana, District No. 9, Packinghouse Workers, Caguas, P.R., for: Failure to afford a reasonable opportunity to be a candidate; failure to provide adequate notice; failure to provide adequate safeguards to insure a fair election; and failure to conduct the election in accordance with the union's constitution and bylaws. Election rerun and results certified 1
2. On Sept. 9, 1961, civil action was initiated against Local 80, Operative Plasterers' & Cement Masons' International Association, Cleveland, Ohio, for failure to conduct the election in accordance with the union's constitution and bylaws. Current status pending 1
3. On Sept. 25, 1961, civil action was initiated against Trico Workers Union (Ind.), Buffalo, N.Y., for failure to provide adequate safeguards to insure a fair election, and unreasonable disqualification of members by the creation of a special class of nonvoting members. On Jan. 14, 1963, the court granted the plaintiff's motion to file a supplemental complaint to include title IV violations which occurred in the 1962 election 1
4. On Oct. 10, 1961, civil action was initiated against District 21, Brotherhood of Painters, Decorators & Paperhangers of America, Philadelphia, Pa., for failure to give adequate notice, union used money received by way of dues or assessments to promote the candidacy of the incumbent secretary-treasurer, and failure to provide adequate safeguards to insure a fair election. This case is scheduled to go to trial on Apr. 15, 1963 1
5. On Nov. 24, 1961, civil action was initiated against Local 659, International Alliance of Theatrical Stage Employees & Moving Picture Machine Operators of the United States and Canada, Hollywood, Calif., for failure to elect an officer to serve in the position of business representative as required by sec. 401(b) of the act. Proposed amendments to the constitution to eliminate the officer functions given to the business representative being considered by the solicitor 1
6. On Nov. 28, 1961, civil action was initiated against Amalgamated Local Union No. 355, Jackson Heights, N.Y., for failure to conduct an election of officers within the time prescribed by the union's constitution and bylaws and section 401(b), LMRDA. On Jan. 14, 1963, a stipulation of settlement was approved by the court under the terms of which a new election will be conducted within 75 days from that date under the supervision of the Secretary 1
7. On Dec. 18, 1961, civil action was initiated against Argentine Lodge 850, Brotherhood of Railway Carmen of America, Kansas City, Kans., for failure to provide an opportunity for every member to vote for and otherwise support the candidate or candidates of his choice, and failure to provide a secret ballot. Proposed certification of results of election forwarded to the Solicitor 1
8. On Apr. 13, 1962, a civil action was initiated against Carpenters' District Council of Cuyahoga, Lake, Geauga, and Ashtabula Counties, Cleveland, Ohio, for failure to conduct the election by secret ballot, and failure to conduct the election in accordance with the provisions of the union's constitution and bylaws. Current status pending 1

Legal actions, fiscal year 1962—Continued

II. ILLEGAL ELECTION PROCEDURES (SEC. 401) (9)—continued

9. On June 4, 1962, civil action was initiated against Local 88, Masters, Mates and Pilots, New York, N.Y., for failure to count all the votes cast by members of the union. Status pending 1

III. BREACH OF FIDUCIARY RESPONSIBILITIES: EMBEZZLEMENT (48)

1. Mary Jane Williams, bookkeeper and secretary, Local 353, Electrical Workers, IBEW, Mobile, Ala. Indicted for embezzlement. Charge reduced to failure to keep records 1
2. Thomas Ridgeway, treasurer, Local 535, Electrical Workers, IBEW, Mobile, Ala. Indictment for embezzlement as codefendant with subject Williams above dismissed 1
3. Betty Simpson, bookkeeper, Local 1232, Painters, Los Angeles, Calif. Indicted for embezzlement. Convicted Sept. 12, 1961, and sentenced to 3 years imprisonment. Sentence suspended and placed on probation 1
4. Paul H. Nicely, financial secretary and business agent, Local 1232, Painters, Los Angeles, Calif. Indictment dismissed Sept. 15, 1961, following codefendant's plea of guilty 1
5. Clyde Morris, financial secretary-treasurer, Bakery & Confectionery Workers, C & CW International, Charleston, W. Va. Indictment for embezzlement tried in June 1961. Trial resulted in acquittal 1
6. John Vidakovich, executive financial secretary, Local 338, Hod Carriers, Wood River, Ill. Conviction of embezzlement Feb. 15, 1962, carried sentence providing for 18 months probation 1
7. Carl T. Moore, financial secretary and business manager, Bricklayers, Local 14, Sherman, Tex. Waived indictment for embezzlement and on Nov. 3, 1961, was sentenced to 2 years on each of three counts, to run concurrently 1
8. Robert C. Kirby, Jr., former secretary-treasurer, Stereotypers, Local 65, Seattle, Wash. Indicted for embezzlement Oct. 2, 1961. Convicted Jan. 13, 1962 and sentenced to 3 years imprisonment and placed on probation. Probationary status contingent upon full restitution within the period 1
9. James A. Sawyer, employee, Local 5–502, Woodworkers, Elizabeth City, N.C. Indicted for embezzlement Aug. 14, 1961, and, following plea of guilty, convicted Aug. 24, 1961. Sentenced to 2 years and fined $750. Execution of sentence involving embezzlement suspended contingent upon full restitution 1
10. C. B. White, employee, Local 5–502, Woodworkers, Elizabeth City, N.C. Indicted and on same date sentenced to 1 year and 1 day; 5 years probation; full restitution ordered 1
11. James Preston, secretary-treasurer, Local 1722, Railway & Steamship Clerks, Shreveport, La. Indicted for embezzlement. Sentenced to serve 2 years probation, contingent upon full restitution 1
12. Henry Miller, secretary-treasurer, Local 12, Typographical Union, Baltimore, Md. Indicted for embezzlement and convicted Dec. 8, 1961. Imposition of sentence suspended and placed on 2 years probation, contingent upon full restitution 1
13. Joseph L. Lecesse, Local 810, Teamsters, New York, N.Y. Indicted for embezzlement; sentenced to serve 1 year and 1 day in prison 1
14. William E. Cowart, financial secretary and business manager, Local 26, Boilermakers, Savannah, Ga. Indicted for embezzlement Nov. 15, 1961, following BLMR investigation. On Feb. 15, 1962, convicted and sentenced to 5 years imprisonment; fined $2,500; imprisonment suspended conditioned upon restitution within 6 months 1
15. Ralph D. Fleming, former financial secretary, Local 40, International Chemical Workers, Wilmington, Calif. Indicted for embezzlement Oct. 13, 1961, and on Nov. 28, 1961 sentenced to 3 years imprisonment with consideration of parole after 6 months 1

Legal actions, fiscal year 1962—Continued

III. BREACH OF FIDUCIARY RESPONSIBILITIES: EMBEZZLEMENT (48)—continued

16. Henry J. Taylor, former branch manager, American Guild of Variety Artists, Honolulu, Hawaii. Indicted for embezzlement Dec. 1, 1961. Sentenced to 3 years imprisonment 1
17. L. E. Langford, former secretary, Local 444, Musicians, Jacksonville, Fla. Indicted for embzezzlement Nov. 20, 1961. Plea of guilty entered. Sentencing deferred 1
18. Tom Cleary, former president, Local 238, Security & Protective Employees Union, Building Service Employees International Union, New York, N.Y. Indicted on 12 counts of embezzlement Dec. 12, 1961. Trial pending 1
19. A. E. Atkinson, former financial secretary, Local 2477, Carpenters, Santa Maria, Calif. Indicted on 18 counts of embezzlement Dec. 27, 1961, and on June 11, 1962, sentenced to 5 years probation and to make restitution 1
20. Donna Jane Reeves, aka Donna Jane Samon, financial secretary to Local 298, Automobile Workers, St. Petersburg, Fla. Indicted for embezzlement and on Nov. 3, 1961, convicted and sentenced to 6 months imprisonment; sentence suspended and placed on probation 1
21. Ernest T. Thompson, president, Local 1191, Hod Carriers, Detroit, Mich. In addition to reporting violations noted above, this subject indicted Jan. 18, 1962 on one count of embezzlement. Trial pending 1
22. Francis R. Lenaberg, former assistant business agent, Local 3–22, International Wood Workers of America, Willamina, Oreg. Indicted Oct. 31, 1961 for embezzlement. Sentenced to 2 years imprisonment and 5 years probation 1
23. David Fuehring, former employee, Local 208, Freight Drivers, Teamsters, Los Angeles, Calif. Indicted Nov. 1, 1961, for embezzlement. Convicted Feb. 20, 1962, and sentenced to 3 years imprisonment. Sentence suspended and placed on probation. Fine of $300 1
24. Joseph B. Coleman, secretary-treasurer, Eastern District RR Food Workers Union, New York, N.Y. On Dec. 20, 1961 subject waived indictment and pled guilty to embezzlement. Convicted on May 28, 1962 and given 3 years suspended sentence; 3 years probation; contingent upon full restitution 1
25. Arthur Santa Maria, secretary-treasurer, Local 284, Independent Association, Processing, Maintenance & District Workers, New York, N.Y. Indicted for embezzlement Mar. 8, 1962. Acquitted 1
26. Peter H. Olson, former international secretary-treasurer, Bakery & Confectionery Workers Union, Washington, D.C. Indicted for embezzlement Feb. 23, 1962. Plea of guilty to 3 counts entered 1
27. Wayne P. Burley, former secretary-treasurer, Local 991, Retail Clerks, Missoula, Mont. Indicted Jan. 16, 1962, for embezzlement. Sentenced to 3 years probation 1
28. Frank Braden, secretary, Local 855, Hotel and Restaurant Employees and Bartenders International Union, Livingston, Mont. Indicted Mar. 6, 1962, for embezzlement. Sentenced to 2 years imprisonment, all but 3 days suspended. Restitution ordered 1
29. Roy Lee Williams, president, Joint Council 56; president and business agent, Local 41, IBT, Kansas City. Indicted Feb. 20, 1962, for embezzlement. Acquitted 1
30. Floyd R. Hayes, organizer, Joint Council 56; former secretary-treasurer of Joint Council 56 and Local 41, Teamsters. Indicted Feb. 20, 1962, for embezzlement. Convicted 1
31. Karl Lee Rogers, president, Local 541, Teamsters. Indicted Feb. 20, 1962, for embezzlement. Acquitted 1
32. Cecil H. Bennett, secretary-treasurer, Local 41, Teamsters. Indicted Feb. 20, 1962; for embezzlement. Convicted 1
33. Stanley B. Clevenger, former assistant business agent, Local 41, Teamsters. Indicted Feb. 20, 1962, for embezzlement. Convicted 1
34. Robert L. Williams, assistant business agent, Local 41 and Local 541, Teamsters. Indicted Feb. 20, 1962, for embezzlement. Convicted 1
35. Earl D. Williams, organizer, Missouri-Kansas Conference of Teamsters. Indicted Feb. 20, 1962, for embezzlement 1

Legal actions, fiscal year 1962—Continued

III. BREACH OF FIDUCIARY RESPONSIBILITIES: EMBEZZLEMENT (48)—continued

36. Dale Ramsey Vaughn, Jr., former business manager and secretary, Local 301, Electrical Workers, IBEW, Texarkana, Tex. Indicted Mar. 19, 1962, for embezzlement. Convicted 1
37. Ed Hargett, president, Local 71, Teamsters, IBT, Charlotte, N.C. Mar. 20, 1962, indicted for 19 counts of embezzlement and 3 counts of conspiracy. Conviction appealed 1
38. J. E. Wilson, secretary-treasurer, Local 71, Teamsters, IBT, Charlotte N.C. Mar 20, 1962, indicted for 19 counts of embezzlement and 3 counts of conspiracy. Conviction appealed 1
39. Guy E. Alexander, business agent, Local 71, Teamsters, IBT, Charlotte N.C. Mar 20, 1962, indicted for 19 counts of embezzlement and 3 counts of conspiracy. Conviction appealed 1
40. Mrs. Dolores Doyle, former bookkeeper, Local 6, International Printing Pressmen, St. Louis, Mo. Indicted for embezzlement on Apr. 4, 1962, and on May 23, 1962, convicted. Sentence pending disposition of motion for appeal 1
41. Otto E. Jasper, former secretary-treasurer, International Association of Machinists, Local 2201, San Juan, P.R. Charged with embezzlement on information after waiver of indictment on Feb. 26, 1962. Trial pending 1
42. Michelle Trasher, former office secretary, Seattle Building & Construction Trades Council, Seattle, Wash. Charged on 3 counts of embezzlement on information after waiver of indictment Mar 12, 1962. Convicted on Apr. 5, 1962 and sentenced to 12 years imprisonment 1
43. James M. Severan, financial secretary-treasurer, Local 1419, General Longshore Workers, ILA, New Orleans, La. Indicted for embezzlement May 12, 1962. Trial pending 1
44. John Alaio, secretary-treasurer, Local 452, Candy & Confectionery Workers, Brooklyn, N.Y. Indicted for embezzlement May 17, 1962. Trial pending 1
45. Floyd B. Harmon, secretary-treasurer, Local 614, Teamsters, Pontiac, Mich. Indicted on 12 counts of embezzlement June 5, 1962. Trial pending 1
46. George Uemura, former bookkeeper, United Public Workers (Independent), Honolulu, Hawaii. Indicted on 2 counts of embezzlement June 12, 1962. Trial pending 1
47. Garvey, Carl L., secretary-treasurer, Painters District Council No. 1, Lowood St., Pittsburgh, Pa. Indicted on 3 counts of embezzlement. Trial pending 1
48. M. N. Blystone, former secretary, General Grievance Committee, New York, Chicago & St. Louis RR. Co., Railroad Trainmen, Bellevue, Ohio. Indicted for embezzlement Nov. 15, 1961, following BLMR investigation. Convicted Jan. 2, 1962 and placed on 5 years probation with restitution to be made 1

IV. INELIGIBLE PERSONS HOLDING OFFICE (3)

A. Under convict prohibition:
   1. Harry F. Serio, business agent, Local 478, Teamsters, IBT, Newark, N.J. Indicted Dec. 13, 1961; convicted May 10, 1962. Sentence pending probation report 1
   2. Edward C. Kuhle, organizer, Independent Machine Workers Union, Keansburg, N.J. Indicted Jan. 6, 1962. Dismissed 1
B. Applicability of parole board exemption:
   1. Edward Silver, former chairman, Grievance Committee, Local 521, Mine, Mill & Smelter Workers, Carteret, N.J. Petition for exemption denied Sept. 5, 1961 1

V. DEPRIVATION OF MEMBERS RIGHTS THROUGH VIOLENCE (1)

1. Rafael Bardos-Barios, president, Union of Dock Workers, San Juan, P.R. Indicted May 1, 1962. Trial pending 1

Total 76

Mr. LAIRD. That is all I have.
Mr. FOGARTY. Is there anything else you would like to say?
Mr. HOLCOMBE. Nothing more.
Thank you very much, sir.
Mr. FOGARTY. Thank you very much.

FRIDAY, FEBRUARY 8, 1963.

BUREAU OF EMPLOYEES' COMPENSATION

WITNESSES

WILLIAM McCAULEY, DIRECTOR
LEROY T. MINOR, ASSISTANT DIRECTOR, ADMINISTRATIVE MANAGEMENT
THOMAS A. TINSLEY, ASSISTANT DIRECTOR, FECA
ERNEST W. LAWS, CHIEF, DIVISION OF BUDGET, FISCAL AND MANAGEMENT SERVICES
THEODORE M. SCHWARTZ, CHAIRMAN, EMPLOYEES COMPENSATION APPEALS BOARD
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Personnel compensation:			
Permanent positions	2,897	3,227	3,454
Other personnel compensation	165	123	163
Total personnel compensation	3,062	3,350	3,617
Direct obligations:			
11 Personnel compensation	3,018	3,305	3,569
12 Personnel benefits	245	263	292
21 Travel and transportation of persons	126	111	111
22 Transportation of things	26	4	4
23 Rent, communications, and utilities	106	125	125
24 Printing and reproduction	72	67	67
25 Other services	76	59	59
26 Supplies and materials	51	43	43
31 Equipment	77	12	14
Total direct obligations	3,797	3,989	4,285
Reimbursable obligations:			
11 Personnel compensation	44	46	48
12 Personnel benefits	3	3	4
21 Travel and transportation of persons	5	6	6
23 Rent, communications, and utilities	3	2	2
Total reimbursable obligations	55	58	60
Total obligations	3,852	4,047	4,345

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	522	539	550
Average number of employees	487	521	530
Number of employees at end of year	526	530	540
Average GS grade	6.4	6.4	6.5
Average GS salary	$5,930	$6,266	$6,389

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
Direct program:			
1. Disposition of compensation claims:			
(a) Federal employees	2,610	2,726	2,874
(b) Longshoremen and harbor workers	852	922	1,053
(c) Administration and management services	207	212	223
(d) Administration of War Claims Act	21	22	23
2. Appeals from determination of Federal employee claims	103	107	111
Total direct program costs, funded	3,793	3,989	4,285
Change in selected resources [1]	4		
Total direct obligations	3,797	3,989	4,285
Reimbursable program:			
3. Administration of longshoremen's rehabilitation program (costs—obligations)	55	58	60
Total obligations	3,852	4,047	4,345
Financing:			
Advances and reimbursements from non-Federal sources (—): [2]			
Authorized	—55	—56	—60
Proposed supplement due to pay increases		—2	
New obligational authority	3,798	3,989	4,285
New obligational authority:			
Appropriation	3,834	3,845	4,285
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (75 Stat. 353) (—)	—36		
Appropriation (adjusted)	3,798	3,845	4,285
Proposed supplemental due to pay increases		144	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $4,000 (1962 adjustments, —$4,000); 1962, $4,000; 1963, $4,000; 1964, $4,000.

[2] Reimbursements from non-Federal sources are payments from the fund created by sec. 44 of the Longshoremen's and Harbor Workers' Compensation Act, as amended (33 U.S.C. 944).

Mr. FOGARTY. Mr. McCauley, we are glad to have you back with us again.

Have you a statement covering your Bureau of Employees' Compensation?

GENERAL STATEMENT

Mr. MCCAULEY. We have submitted a brief statement to the committee, Mr. Chairman, which we shall be glad to file for the record if you prefer.

(Mr. McCauley's statement follows:)

STATMENT OF WILLIAM MCCAULEY, DIRECTOR OF EMPLOYEES' COMPENSATION

SALARIES AND EXPENSES

Appropriation changes.—The budget estimate proposes an appropriation of $4,285,000 for administration of the Bureau's programs during fiscal year 1964. This includes $111,000 for expenses of the Employees' Compensation Appeals Board.

The direct appropriation proposes an increase of $295,900 over the current year appropriation after adjustment to include funds necessary to cover increased salary costs during fiscal year 1963 resulting from the Postal Service and Federal Employees Salary Act of 1962 (Public Law 87–793). The net increase requested will provide funds for mandatory items including $26,820 for 2 extra days pay in fiscal year 1964 for current year staff: $194,080 for 1964 net additional cost of pay increases due to Public Law 87–793, and $75,000 for program increase to provide additional staff for increased workload under the longshoremen's and harbor workers' program.

BUREAU PROGRAMS

The Bureau's program are confined to the administration of Federal workmen's compensation laws and other similar benefits for more than 3 million employees in public and private employments. Approximately 200,000 employees reported injuries and illnesses during fiscal year 1962. More than half of these involved Federal employees.

The appropriation request does not provide for any new programs. It includes a small increase in staff required to process the expected additional workload under the longshoremen's and harbor workers' program. Justification for this increase is stated under the longshoremen's program below.

FEDERAL EMPLOYEES' COMPENSATION ACT PROGRAM

During the past year the Bureau completed the decentralization of the Federal employees' compensation program. This program is now being administered by nine offices within the continental limits of the United States and an office in the State of Hawaii.

The Federal Employees' Compensation Act provides workmen's compensation coverage to over 2.5 million employees of the Federal Government, including officers and employees of the District of Columbia (except members of the Police and Fire Departments), members of Civil Air Patrol, and members of Reserve Officer's Training Corps while in training at camp or on cruises or en route to or from such activities. Over 106,000 reports of injury were received by the Bureau during fiscal year 1962. With an increase in Federal Employment of approximately 4 percent during the past year the number of new injury reports during the current fiscal year is expected to increase proportionately and exceed 110,000 during fiscal year 1963.

Benefits under this law are continuing for a number of beneficiaries other than Federal civilian employees covered by legislation enacted prior to World War II. Prior to January 1957 the law was applicable to members of the Reserve of the Armed Forces on active or training duty in time of peace. Some 4,500 fatal cases of reservists remain on the compensation rolls in which benefits will be payable for many years to come.

A major part (approximately 70 percent) of the operating costs of the Bureau is required to administer this program. No additional funds are requested for administration of this activity in 1964.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT PROGRAM

This act was enacted in 1927 and provides workmen's compensation benefits for employees of private maritime employment engaged in loading and unloading, and repairing vessels on the navigable waters of the United States. It was subsequently extended to certain other private employment within Federal jurisdiction. These include all private employment in the District of Columbia, employees of Government contractors employed at defense bases or engaged in public works outside the continental United States; private employees working on the Outer Continental Shelf in the exploration and development of natural resources; employees of post exchanges and other nonappropriated fund instrumentalities of the Department of Defense; employees of contractors on certain projects outside the United States financed and approved under the Mutual Security Act; and employees of the Red Cross and similar organizations associated with the Armed Forces outside the United States.

The Supreme Court, in a decision dated June 4, 1962, held that provisions of the Longshoremen's and Harbor Workers' Compensation Act covered employees engaged in new ship construction work while a vessel is upon the navigable waters of the United States (including any drydock or marine railway). As a result of this decision many additional employers and employees were brought within the purview of the Longshoremen's Compensation Act with a resulting increase in caseloads. There has been an increase of approximately 14 percent in the number of injury reports received by the Bureau for this activity during the first 5 months of fiscal year 1963 as compared with the same period last year. It is anticipated that the workload will continue to rise in certain compensation districts as a result of this decision. The estimate for 1964 provides for an increase of $75,000 and 11 additional positions to handle this added workload in these districts.

Liability for the payment of compensation benefits under this program rests upon the employer and the only expense to the Federal Government is for the administration of the program. The employer must insure his liability for the payment of compensation benefits with an insurance carrier authorized by the Bureau to write such insurance or by meeting requirements of the Bureau to qualify as a self-insurer. The administration of this program is completely decentralized and operations are conducted through 13 district field offices. The program relating to employments in the District of Columbia is administered through a local district office and the cost of administration paid from funds appropriated to the District government and transferred to the Bureau.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT REHABILITATION PROGRAM

The budget estimate proposes an authorization to use $60,000 from the trust fund created by section 44 of the Longshoremen's Compensation Act. This sum is to be used in connection with the rehabilitation of permanently disabled beneficiaries of this act. The fund is made up of sums paid by employers in certain fatal cases and from fines, penalties, and interest on invested surplus. The increase of $2,030 is to provide funds authorized by the Postal Service and Federal Employees Salary Act (Public Law 87–793). The Bureau does not operate a vocational training program of its own. The amount requested is for the services of seven employees to aid in the rehabilitation of seriously disabled employees through cooperation with State facilities.

WAR CLAIMS ACT

This is a liquidating program under which benefits are being paid to American citizens who were captured or detained by the Japanese during World War II in the Philippine Islands. The sum of $23,300 is required for the services of a small staff of four employees engaged in handling cases arising out of this program.

EMPLOYEES' COMPENSATION FUND

The fund established by section 35 of the Federal Employees' Compensation Act covers costs of benefits authorized by that act and its extensions. It is also available for payment of disability and death benefits authorized by sections 4(c) and 5(f) of the War Claims Act of 1948 and for allowances granted to a small number of individuals by legislative enactment.

It is financed from two sources; namely, by a direct appropriation and by repayments by Federal agencies for sums expended from the compensation fund on account of injuries to their employees occurring since December 1, 1960.

The estimate for 1964 provides for a direct appropriation of $53,838,000 and repayments amounting to $13,162,000 or a total of $67 million. This indicates a decrease of $8,233,000 in the direct appropriation and an increase of $10,233,000 in repayments, and indicates an increase of $2 million over funds authorized for current year.

The estimates do not provide for increase in benefit amounts which will result from the enactment of Postal Service and Federal Employees Salary Act of 1962, Public Law 87-793 approved October 11, 1962. This may necessitate some revision in the costs of disability and death compensation.

Further details concerning the Bureau's operations are contained in the statements submitted in justification of the estimates. I will be glad to supply any additional information members of the committee may desire.

BUDGET REQUEST FOR 1964

Mr. McCauley. I might summarize what it contains.

The Bureau is asking for an increase of $295,900 over the current year appropriation for administrative and operating costs. However, only $75,000 of this sum represents funds required for program changes. The other items represent the cost of the pay increase and the 2 extra days of salary compensation payable during the year.

The $75,000 increase for program operating costs arises from a decision by the Supreme Court which affects employment covered under the Longshoremen's and Harbor Worker's Compensation Act.

COURT ACTION EXTENDING LONGSHOREMEN'S ACT

The Court, in a decision of June 4, 1962, broadened the coverage of the Longshoremen's Act to include employment on new ship construction while a vessel is afloat on navigable waters of the United States.

New ship construction historically has not been deemed maritime employment. In the two cases in which the Court ruled it was held that workmen employed on vessels which were being completed and outfitted on the navigable waters were within the purview of the Longshoremen's Act and entitled to the benefits of that act.

In both instances the cases involved welders. In one case, *Calbeck's*, the injured employee was injured while working for the Levingston Shipbuilding Co.

He was working on a vessel in the Sabine River when he was injured.

In the other case, the *Donovan* case, the employee was injured in the employ of the Avondale Marine Ways in New Orleans. He was a welder and was engaged in work on a barge afloat in the Mississippi River. In both cases the Court held that the Longshoremen's Act applied.

INCREASED WORKLOAD

That decision will give rise to a substantial increase in the number of cases reported to us under the Longshoremen's Act.

In districts where there are yards engaged in new ship construction we feel we will have to have some little increase in staff. We propose an increase of $75,000 in funds which will enable us to employ seven additional examiners and four secretaries to examiners in 1964.

In the larger districts we can probably absorb the increase without additional staff. In the smaller offices, for example the office at

Norfolk, Va., we have at the present time only three employees, one examiner, and two clerks. There are two large yards in the Norfolk area, Newport News Drydock & Shipbuilding Co. and the Norfolk Shipbuilding & Drydock Corp. The small staff there could not handle the increase in caseload expected from these plants.

Therefore we need additional help for that district and for several other districts where we have only a very small staff of personnel.

Mr. FOGARTY. Does that complete your statement?

Mr. MCCAULEY. That covers the increases.

ADDITIONAL POSITIONS

Mr. FOGARTY. Including the estimated Pay Act supplemental and trust fund transfer $4,047,000 is available for 1963 and the request for 1964 is $4,345,000. This is an increase of $298,000 and 11 positions.

Mr. MCCAULEY. That is right.

Mr. FOGARTY. All of the program increase is for longshoremen's and harbor workers' activities. According to the justifications you had to do some guessing to arrive at the amount of the increase. Have you changed your estimate any since you prepared this justification?

Mr. MCCAULEY. Based on the experience for the first 6 months, and the decision did not come out until June so it represents really only 5 months' experience, we anticipate an increase of about 10,000 cases. That would be on the actual reports received during the first 5 months.

Mr. FOGARTY. So of the number of additional positions you estimate are needed is still 11?

Mr. MCCAULEY. Yes, sir.

We might have to shift those between offices depending on where the biggest volume occurs.

Mr. FOGARTY. You have not yet decided where they would go?

Mr. MCCAULEY. No. One or two will have to be put in a particular office but the other two may have to be shifted.

LONGSHOREMEN'S REHABILITATION PROGRAM

Mr. FOGARTY. In the longshoremen's rehabilitation program, on page 17, I notice all these statistics are going up except cases being developed. What is the significance of this?

Mr. MCCAULEY. They are more current on those cases. These are the cases that are in the hands of the rehabilitation specialists. That only indicates they are more current in the development of the cases.

Mr. FOGARTY. It does not mean you are paying less attention to rehabilitation?

Mr. MCCAULEY. No, sir. It does not imply that at all. The workload has continued about the same and they are handling about the same caseload.

Mr. FOGARTY. Do you have a report on rehabilitation?

Mr. MCCAULEY. On the specific cases?

Mr. FOGARTY. The numbers.

Mr. MCCAULEY. Yes, sir.

Mr. FOGARTY. Supply that information for the record.

Mr. MCCAULEY. Very well.

(The information requested follows:)

Longshoremen's rehabilitation program—Workload statistics

	Actual, 1962	Estimate, 1963	Estimate, 1964
1. Cases reviewed for rehabilitation services	1,194	1,200	1,250
2. Cases selected for development of rehabilitation needs	544	500	550
3. Services provided:			
(a) Placed in employment without training	48	50	75
(b) Training in progress	38	70	100
(c) Training completed	30	50	100
(1) Placed in employment after training	30	50	100
(d) Cases being developed	398	278	275

Employees Compensation Appeals Board

Mr. Fogarty. Mr. Schwartz, have you a statement you would like to make?

Mr. Schwartz. I have a statement which I presume has been submitted. This deals with the Appeals Board.

Mr. Fogarty. Go ahead.

Mr. Schwartz. We shall submit the statement for the record.

(Mr. Schwartz' statement follows:)

Statement of Theodore H. Schwartz, Chairman, Employees' Compensation Appeals Board

The Employees' Compensation Appeals Board, a three-member quasi-judicial body, has exclusive jurisdiction to review appeals from final decisions of the Bureau of Employees' Compensation pursuant to the provisions of the Federal Employees' Compensation Act. This act covers Federal civilian employees, District of Columbia government employees (except members of the municipal police and fire departments of the District), and certain other groups of employees, such as Peace Corps volunteers, Civil Air Patrol, and Tennessee Valley Authority for work-incurred injury or disease. The procedures of the Board are informal and designed to facilitate expeditious and careful consideration of issues raised on appeal.

The workload of the Board has been relatively stable over the past several years and its operations are essentially current. Over the years, the Board has reduced the time lapse from the date of filing of an appeal to the date of closing to a new record low of 4.6 months for the 1962 fiscal period. No program changes are being requested for 1964.

Mr. Schwartz. The work of the Appeals Board has been substantially current. There have been no drastic changes in the number of appeals over the past several years, and the only increase that is being requested is necessitated by virtue of the salary increases and the 2 extra days.

Employees Compensation Claims and Expenses

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Federal civilian employees benefits	46,458	47,550	49,620
2. Armed Forces reservists benefits	15,839	15,784	15,740
3. War Claims Act benefits	557	540	540
4. Other benefits	1,142	1,126	1,100
Total program costs funded—obligations (object class 42)	63,995	65,000	67,000
Financing:			
Advances and reimbursements from other accounts (−)		−2,929	−13,162
Unobligated balance lapsing	5		
New obligational authority (appropriation)	64,000	62,071	53,838

Reimbursements From Federal Agencies

Mr. Fogarty. The appropriation for 1963 is $62,071,000 and the request for 1964 is $53,838,000. This is a reduction of $8,233,000. However, actual obligations are estimated to be $65 million in 1963 and $67 million in 1964, an increase of $2 million. The difference is being made up by reimbursements from Federal agencies under the recent change in the law.

Is that correct?

Mr. McCauley. That is correct.

Mr. Fogarty. Will you insert in the record at this point those changes in the law and a little more detailed answer?

Mr. McCauley. We shall be glad to do that.

(The information follows:)

Public Law 87–767 entitled "Federal Employees' Compensation Act Amendments of 1960," amended section 35 of the act to provide that other Government agencies reimburse the compensation fund for costs incurred due to injuries sustained by their employees on or after December 1, 1960. The Bureau is directed to provide each agency, prior to August 15 each year, with a statement of such costs. The act further provides that:

"Each agency shall include in its annual budget estimates for the next fiscal year a request for an appropriation in an amount equal to such costs. Sums appropriated pursuant to such request shall, within thirty days after they become available, be deposited in the Treasury to the credit of the Employees' Compensation Fund."

In the case of Federal corporations which are not financed through an annual appropriation the repayment must be made from funds under the control of the corporation.

Mr. Fogarty. How is this reimbursement program working out?

Mr. McCauley. It is difficult to demonstrate actual accomplishments as a result of the change, particularly with regard to the reduction in compensation costs. It is very evident that it has aroused a great deal of interest in the Federal service in the accident prevention field. We see that in several ways, principally in the requests for information by the Federal agencies, and challenges in our charges regarding the number of their injuries and the costs for which we bill them.

The other indication is more significant and that is the requests we receive for more detailed information concerning the causes of injury in the particular employments.

Post Office, which is our biggest customer, if I may refer to it in that way, has definitely moved ahead in their accident prevention work within the past year. They account for about 50 percent of our injuries.

PAPERWORK COSTS FOR SMALL REIMBURSEMENTS

Mr. FOGARTY. But you have a lot of paperwork for agencies which reimburse very small amounts.

Mr. MCCAULEY. That is correct, the accounting procedure is the same.

Mr. FOGARTY. The Conciliation and Mediation Service is one.

Mr. MCCAULEY. There are a number of them that have $5 or something insignificant like that.

Mr. FOGARTY. There are some 9 or 10 agencies under $100.

Mr. MCCAULEY. Quite a number of them are for relatively small amounts. We have proposed in that connection that we not bill the agencies where the total cost is less than $1,000.

Mr. FOGARTY. You would have more paperwork than it is worth otherwise.

Mr. MCCAULEY. That is right. It costs more than $100 to bill the agency and keep records and transfer the accounts.

(The following was subsequently submitted for the record at the request of the committee:)

U.S. DEPARTMENT OF LABOR, BUREAU OF EMPLOYEES' COMPENSATION

Reimbursement to employees' compensation fund in accordance with Public Law 87-767

ACTIVITY 1. FEDERAL CIVILIAN EMPLOYEES BENEFITS

Department or agency	*Fiscal year 1964*
Department of Agriculture	$851,145
Department of Commerce	89,265
Department of Defense	19,175
Office of Civil Defense	2,107
Department of the Air Force	1,611,536
Department of the Army	1,518,430
Corps of Engineers civil functions	71,923
Quartermaster cemeterial, expenses, and Ryukyuan civil administration	6,251
Department of the Navy	1,801,537
U.S. Marines	127,874
Department of Health, Education, and Welfare	164,051
Department of Interior	417,211
Department of Justice	91,405
Department of Labor	26,006
Department of State	10,030
Department of Treasury	162,425
Post Office Department	4,494,655
Agency for International Development	10,673
American Battle Monuments Commission	52
Atomic Energy Commission	11,069
Architect of the Capitol	5,826
Civil Aeronautics Board	202
Civil Service Commission	780
Farm Credit Administration	39
Federal Aviation Agency	144,675
Federal Communications Commission	3,866
Federal Deposit Insurance Corporation	450
Federal Home Loan Bank Board	70
Federal Power Commission	19

Reimbursement to employees' compensation fund in accordance with Public Law 87-767—Continued

ACTIVITY 1. FEDERAL CIVILIAN EMPLOYEES BENEFITS—continued

Department or agency	*Fiscal year 1964*
Federal Mediation and Conciliation Service	$5
Federal Trade Commission	104
Foreign Settlement Claims Commission	37
General Accounting Office	5,818
General Services Administration	113,765
Government Printing Office	31,060
Housing and Home Finance Agency	41,058
International Boundary and Water Commission	1,706
Interstate Commerce Commission	1,919
Library of Congress	1,806
National Aeronautics and Space Administration	74,926
National Capital Housing Authority	864
National Labor Relations Board	11,741
National Science Foundation	34
Office of Emergency Planning	1,405
Peace Corps	4,067
Railroad Retirement Board	106
Renegotiation Board	17
Selective Service System	7,658
Securities and Exchange Commission	1,892
Small Business Administration	1,391
Smithsonian Institution	4,872
Soldiers Home	25
Tennessee Valley Authority	492,365
U.S. courts	144
U.S. House of Representatives	207
U.S. Information Agency	13,635
U.S. Senate	2,065
U.S. Supreme Court	5,771
Veterans' Administration	683,197
Virgin Islands Corporation	15,489
Total	13,161,896
Rounded	13,162,000

Mr. FOGARTY. Mr. Denton?

PROCEDURE FOR PAYMENT AND REIMBURSEMENT

Mr. DENTON. As I understand this new law that you have, you have to pay the claims originally?

Mr. MCCAULEY. That is right.

Mr. DENTON. That is an appropriation of $62 million-plus we have before us?

Mr. MCCAULEY. $65 million.

You are correct, $62 million after the offset; that is right.

Mr. DENTON. $53,838,000 is shown for 1964.

Mr. MCCAULEY. That is right.

Mr. DENTON. You pay that and then bill the agency for the amount of money you have paid out?

Mr. MCCAULEY. Yes, sir.

Mr. DENTON. How is that expenditure reflected in the other appropriations?

Mr. MCCAULEY. I am not sure they are handling that on a uniform basis in the other agencies. The law contemplates they would request funds from the Congress in their annual appropriation to repay this account.

Mr. DENTON. I have not seen any item of that kind in any appropriation I have looked at this year.

Mr. MCCAULEY. I suppose those with the smaller charges, as the chairman has indicated, perhaps are paid out of funds that are already available, but the larger ones would have to request funds because the Post Office Department runs into millions of dollars, and the Defense Department likewise.

Of course, the amount they pay us perhaps is not too significant in their overall appropriations.

COMPENSATION FOR MEN INJURED ON VESSELS

Mr. DENTON. I expect I should read that Supreme Court opinion, but I thought I would ask you about the effect of it. The question was whether or not these men who were injured were under the State compensation law or under the Federal La Follette Act involving injured seamen.

Mr. MCCAULEY. That was the issue, which act it came under, State or Federal.

Mr. DENTON. I always thought if they were on a boat which was afloat they were under the Seamen's Act, but that applies only to seamen?

Mr. MCCAULEY. Traditionally new ship construction was not considered maritime employment. It still is not. In this decision the court held that if the employer had any employees engaged in maritime employment then these employees engaged in new ship construction on board a vessel which was afloat, even though as yet not commissioned, would be covered under the Longshoremen's Act.

Mr. DENTON. I have two shipyards in the district I represent. That decision would have a good deal of effect there.

Mr. MCCAULEY. It would affect them; yes, sir.

Mr. DENTON. I remember when this act first came out I tried a case under the Longshoremen's Act where a man was hurt working on a paddlewheel.

DECENTRALIZATION

One thing I have asked about many times is about decentralizing the act. It seemed it was always unfair for a man in California who wanted a hearing to have to come all the way to Washington. Have you been able to do something about that?

Mr. MCCAULEY. We have decentralized the administration of the act into our offices in the field. All cases arising in the six Southwestern States are handled through the San Francisco office. In your district the cases are being handled through the Chicago office.

Mr. DENTON. That is handled administratively. However, the man is entitled to go before a court somewhere, and the only court he can go before is your court here in Washington.

Mr. MCCAULEY. That is right.

Mr. DENTON. The cost of coming here from the west coast would be almost prohibitive. Can they handle it by briefs?

Mr. SCHWARTZ. Of course. You must bear in mind that the review by the Board is limited to the evidence of record and since they cannot introduce new evidence it would be an extraordinary situation where a claimant or an attorney could not do justice to the case by submitting a properly prepared brief.

Mr. DENTON. In an administrative hearing they take evidence, do they?

Mr. SCHWARTZ. Those under the Administrative Procedure Act have regular hearings.

Mr. DENTON. They have regular hearings and those regular hearings are held out in the field?

Mr. SCHWARTZ. That is so.

Mr. DENTON. Did you ever think about going on the circuit, such as the Tax Court does?

Mr. SCHWARTZ. Considering the number of cases and the nature of the issue and primarily by virtue of the fact that new evidence cannot be adduced the advantages which would be served would be very slight in comparison to the disadvantages.

PROCEDURES OF BOARD

Mr. DENTON. I judge that you have oral argument in very few cases?

Mr. SCHWARTZ. Very few cases.

In the 1963 fiscal period there were only 95 cases where hearings were requested. Many of those were requested by the Bureau and not by an appellant.

Mr. DENTON. The Bureau requested them so the claimant would have to come there?

Mr. SCHWARTZ. There is no obligation of the appellant to come. The Board makes certain no appellant is prejudiced by his failure to come. Since the review is limited to the evidence of record and to assure a careful review it has been the practice of the Board to have each Board member personally read the entire record and insure that the rights of an appellant are fully protected.

INCREASED COMPENSATION PAYMENTS

Mr. DENTON. We amended the Workmen's Compensation Act in the 86th Congress, did we not?

Mr. MCCAULEY. The 1960 amendment was the last.

Mr. DENTON. That does not show a very large increase in the amount of money you paid out here in appropriations. You show a jump of $3 million only.

Mr. MCCAULEY. That reflects the effect of the 1960 amendments.

Mr. DENTON. Within the whole United States it made a difference of only $3 million, less than $3 million?

Mr. MCCAULEY. The increases there were fairly significant. The largest increase is applied to the older cases which were already on the rolls.

Mr. DENTON. Of course, we have to pay the claims which are granted. I imagine there is not much we can do about that appropriation.

Mr. MCCAULEY. There is no control we can exercise over it at all. That is one of the reasons you gave us an open end appropriation a few years back which was rescinded later. We have no way of anticipating what our new caseload will be.

Mr. DENTON. I appreciate that.

Mr. MCCAULEY. For example, we have no way of knowing whether the Congress will authorize a great expansion in any particular branch of the Government which might affect——

Mr. DENTON. Costs will be fixed accordingly?

Mr. MCCAULEY. Our costs in connection with new claims are affected by the size of the Government's operation in a particular year. It would also affect future years.

This legislation passed last year to speed up and advance the public works program, I have forgotten the name——

Mr. FOGARTY. The accelerated public works program.

Mr. MCCAULEY. We had no advance knowledge of that at all.

The Forest Service, the Agricultural Department, the Parks Service, all of those agencies are moving up scheduled programs to the current year. That is fairly hazardous work, too, and we shall feel an increase in costs by reason of that. We would have no advance knowledge of a situation of that kind until it happens.

Mr. DENTON. That is all.

Mr. FOGARTY. Mr. Lesinski?

Mr. LESINSKI. I have no questions.

Mr. FOGARTY. Is there anything further?

Mr. MCCAULEY. Nothing other than to thank you for your courtesies over the years which we gratefully appreciate.

Mr. FOGARTY. Thank you very much.

Mr. MCCAULEY. Mr. Lesinski's father was in charge of the legislation amending the Employees Compensation Act in 1949 which brought greatly increased benefits to the personnel in the Federal service.

Mr. FOGARTY. He was also sponsor of many other pieces of legislation which affected the welfare of the people of our country. He was a good friend of mine.

Mr. LESINSKI. Thank you.

FRIDAY, FEBRUARY 8, 1963.

WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS

WITNESSES

CLARENCE T. LUNDQUIST, ADMINISTRATOR
IRVING LEVINE, ASSISTANT ADMINISTRATOR
V. S. HUDSON, DEPUTY ADVINISTRATIVE ASSISTANT SECRETARY
RICHARD MILLER, DIRECTOR, BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	10,921	12,846	13,861
	Positions other than permanent	47	112	98
	Other personnel compensation	64	48	161
	Total personnel compensation	11,032	13,005	14,120
12	Personnel benefits	838	983	1,060
21	Travel and transportation of persons	1,278	1,437	1,425
22	Transportation of things	83	65	65
23	Rent, communications, and utilities	374	369	378
24	Printing and reproduction	297	204	200
25	Other services	307	228	228
	Services of other agencies	1,100	1,532	1,589
26	Supplies and materials	109	126	126
31	Equipment	276	212	154
	Total costs	15,704	18,161	19,345
	Change in selected resources	113	−62	
	Total obligations	15,817	18,099	19,345

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	1,818	1,818	1,818
Full-time equivalent of other positions	4	18	17
Average number of all employees	1,545	1,764	1,770
Number of employees at end of year	1,668	1,753	1,753
Average GS grade	8.4	8.7	9.1
Average GS salary	$6,932	$7,484	$7,720

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Enforcement	12,862	14,498	15,547
2. Wage determinations	701	912	916
3. Regulations and research	1,448	2,037	2,093
4. Administration and management services	693	715	790
Total program costs, funded	15,704	18,161	19,345
Change in selected resources [1]	113	−62	
Total obligations	15,817	18,099	19,345
Financing:			
Reimbursement for emergency preparedness functions(−)			−45
Unobligated balance lapsing	1,433		
New obligational authority	17,250	18,099	19,300
New obligational authority:			
Appropriation	17,307	17,715	19,300
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (75 Stat. 353 353 and 76 Stat. 728) (−)	−57	−204	
Appropriation (adjusted)	17,250	17,511	19,300
Proposed supplemental due to pay increases		588	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961 $9,000; 1962, $122,000; 1963, $60,000; 1964, $60,000.

Mr. FOGARTY. Mr. Lundquist, you may proceed.

GENERAL STATEMENT

Mr. LUNDQUIST. Mr. Chairman and members of the committee, the Division's request for fiscal year 1964 is $19,300,000 which provides funds for the continuation of our fiscal year 1963 program level. The amount represents a net increase of $997,000 from 1963, after allowance has been made for the estimated supplemental appropriation of $588,000 required in 1963 for pay increases under Public Law 87–793. The net increase for 1964 provides for regulated investigator promotions, 2 extra days of pay, and additional costs for pay and postal rate increases. The request shows decreases for nonrecurring rent transferred to the General Services Administration and a reduction in industry committee costs for the Puerto Rican wage order program. To meet our increased workload and to effectuate an enforcement program geared to these new needs, with the same level of staff as provided for 1963, will strenuously tax our capacity to vigorously enforce the laws.

ENFORCEMENT NEEDS

Effective September 3, 1963, the minimum wage under the Fair Labor Standards Act applicable to about 24 million workers in about 1 million establishments will increase from $1.15 to $1.25 per hour. The minimum wage for about 3,600,000 employees in 200,000 establishments brought under the act by the 1961 amendments remains at $1 during the fiscal year; but on September 3, 1963, these employees for the first time become entitled to the overtime provisions requiring the payment of at least time and one-half the regular rate of pay after 44 hours work in a workweek. This represents a dramatic change in labor standards for a group of employees, many of whom have never before had the benefit of statutory overtime provisions.

The $1.25 minimum wage will require substantially greater enforcement action than did the increase from $1 to $1.15. Not only will increased wages be required for a larger number of employees, but those entitled to the wage increases are dispersed throughout a larger segment of industry. This dispersal of enforcement needs will accentuate our problems in attaining compliance.

As I indicated earlier, this will be the first time under the Fair Labor Standards Act that employees in covered retail and service establishments and other newly covered firms, principally construction, will have the statutory right to overtime premium wages for hours of work in excess of 44 in the workweek. The 44-hour workweek standard in retailing and construction firms will require substantially greater enforcement action than did the $1 minimum wage which became applicable in September 1961. The $1 minimum wage affected only a fraction of the newly covered establishments, largely in the South; the 44-hour provision will affect virtually all establishments in retailing and construction which are now covered by the law. In these enterprises newly brought under the overtime provisions few establishments, especially in retailing, have had a general practice of paying overtime premium wages, few are organized and required to pay overtime premium under the terms of a collective bargaining agreement; but nearly all have some employees working more than 44 hours per week. Of at least equal significance in terms of workload is the fact that experience under the 1961 amendments and legal interpretations of the enterprise coverage provisions indicate that 200,000 additional establishments were brought under the act by the amendments rather than 100,000 as originally estimated.

A considerable part of the wage increases amounting to hundreds of millions of dollars required for millions of employees resulting from the increase in the minimum wage and application of the overtime provision will not be given to them automatically. Our past experience clearly indicates that the statute is not self-enforcing. Noncompliance must be discovered and corrected by investigations of the employing establishments.

The number of complaints alleging violations of the law continues to increase. Complaints now are being filed at an annual rate of about 19,000, and a further increase is anticipated in fiscal year 1964, starting in September 1963, when the higher minimum wage and the new overtime provisions become effective. We must investigate these complaints promptly if the law is to apply equitably and fairly to all concerned. The 2-year statute of limitations imposes an addi-

tional responsibility which demands expeditious action in correcting noncompliance.

The statutory changes in fiscal year 1964 will also necessitate a broad-scale informational program to alert these 28 million employees and the employers in about 1,200,000 establishments to the changes in the wage and hour standards. This will be in addition to the division's normal continuing year-round educational program.

ENFORCEMENT RESULTS

In fiscal year 1962 investigation findings again reached new highs. Minimum wage and overtime underpayments increased to more than $34 million from $31 million found due in 1961. Also, the number of employees underpaid increased over 1961. Current operations indicate that additional increases in investigation findings will be experienced in fiscal year 1963.

While this appropriation request provides only for an enforcement staff at the same level as is authorized for the current fiscal year, we are anticipating increases in effectiveness per staff member. We intend to renew our efforts to effectuate efficiencies through the exercise of frugality and ingenuity in our administrative processes and to that end we anticipate greater productivity in the areas of our enlarged responsibilities.

PUBLIC CONTRACTS WAGE DETERMINATION PROGRAM

A further increase in the volume of government procurement subject to the Public Contracts Act was reported in fiscal year 1962, continuing the increase noted in fiscal year 1961 over the previous year. There has also been a rise in the number and complexity of inquiries on the applicability of prevailing minimum wage determinations, determinations of regular practice, exception, and the basic coverage of the act. Growing public interest and participation in wage determination proceedings have also added to our workload.

Initiation of six industry determination proceedings is planned for fiscal year 1964, continuing the level of fiscal year 1963. One of the six proceedings will result in the raising of the "omnibus" wage determination rate from $1.15 to $1.25 minimum effective in September 1963 when the Fair Labor Standards Act minimum is increased. The "omnibus" determination applies to all work performed subject to the Public Contracts Act which is not covered by a specific determination requiring a higher rate. It is anticipated that by September 1963, 26 specific industry determinations will carry minimum rates higher than $1.25.

TERRITORIAL WAGE ORDER PROGRAM

Regular review of the minimum wage rates for the 2-year period ending in June 1964 will be completed for all industries in Puerto Rico during fiscal year 1963. Because of the automatic 10-percent increase effective in November 1963, there will be no need for additional regular review in fiscal year 1964 under the 2-year review program as provided for in the statute.

All industries in the Virgin Islands and in American Samoa, and approximately 10 industries in Puerto Rico which might appeal from the automatic 10-percent increase, will be reviewed in 1964. In addition, economic reports will be prepared for eight industries which have wage orders providing a minimum wage of $1 an hour for newly covered workers; rates for these workers may be advanced up to the $1.15 statutory minimum, through regular committee action, in September 1964.

SPECIAL MINIMUM WAGES

In general, the volume of activity on applications for special minimum wage certificates in fiscal year 1964 will be somewhat higher than for fiscal year 1963 because of the change in the statutory minimum effective in September 1963. In addition, because of this change and also in preparation for the further statutory changes effective in September 1964, a continued development and implementation of the special regulations for employment at less than the minimum wage as authorized under section 14 of the act will be required.

MAXIMUM HOURS AND OVERTIME PAY

Our enforcement program in the new coverage areas resulting from the 1961 amendments has stimulated a heavy workload in connection with the formulation of interpretative positions applicable to these areas. This will be further increased as a result of the application of maximum hours and overtime pay standards to the newly covered effective in September 1963.

Study of changes in industrial and trade practices as a result of the amended law will continue at an accelerated pace. Public hearings and consultations with industry groups, labor representatives and others will be continued to provide a sound basis for formulation of new or amended regulations and interpretative positions and to keep interested parties informed.

In preparation for the application of maximum hours and overtime pay provisions to the retail industry, two major public hearings were held. One hearing involved regulations applicable to bona fide executive, administrative, and professional employees, including appropriate salary levels, and the other related to regulations implementing the special statutory provision applicable to employees of retail establishments the major part of whose compensation represents commissions.

An increased volume of requests for approval of various types of benefit plans, vacation and retirement plans, relocation allowance and retraining plans as well as supplemental unemployment benefit plans, in line with trends in collective bargaining agreements, is assured. Revision of published material, and the preparation of new materials continues to be an important task to be accomplished to meet the heavy demand for information on how the amended law applies to various types of employment.

ECONOMIC STUDIES

In accordance with the requirements of section 4(d) of the Fair Labor Standards Act, we are conducting a continuing program of studies of the economic effects of the 1961 amendments to the act.

Essentially, these studies involve obtaining information on wages, hours, and employment for a base period prior to the effective date of the amendments, and obtaining corresponding information at several predetermined intervals after the effective date. Such surveys provide information on the economic changes which took place and through analysis of these and other pertinent data we can determine at least in part to what extent the changes are related to the act's requirements.

The field surveys made to determine the economic effect of the minimum wages which became effective September 3, 1961, have been completed and findings are summarized in a report prepared and already submitted to the Congress. The report indicates that the minimum wage requirements brought substantial benefits to low-paid workers, and no tangible or pointed adverse effects on employment or earning power.

Beginning in fiscal year 1964, further surveys will be made to determine the effects of the changes in the minimum wage and maximum hours requirements which become effective in September 1963, 1964, and 1965.

To provide a basis for evaluating the $1.25 minimum wage, surveys will be made of all manufacturing industries and wholesale trade. Data showing employee hourly earnings and weekly hours of work will be obtained and these data will be compared with those obtained in a 1958 survey.

During the fiscal year, planning work will be done for a nationwide survey of retail trade, to be conducted in the summer of 1964. This survey will provide information on the economic effects of the maximum hours requirements which become effective in September 1963, and will provide base period data for a study of the economic effects of the increase in the minimum wage to $1.15 an hour, effective in September 1964.

Plans have also been completed for studies of the economic effects of three wage determinations issued under the Public Contracts Act. Additional industries will be surveyed in fiscal year 1964. The results of these studies will help resolve conflicting allegations regarding the economic effects of the Walsh-Healey wage determination program.

ADDITIONAL WORKLOAD

In summary, the provisions of the 1961 amendments, which will become effective about 60 days after the start of fiscal year 1964, will create throughout the entire fiscal year an additional workload for the divisions of a magnitude comparable to that resulting from increases in the minimum wage in 1950 and 1956 and the increase in minimum and extended coverage effective in 1961. We must continue to interpret and administer the more complex statute with multiple principles of coverage and dual wage standards. We have a continuing high level of activity in the public contracts minimum wage determinations and the Puerto Rican wage order programs, and in accord with statutory directions we must make detailed but vitally important economic studies. In addition, an intensified program of education and information must be undertaken to inform employers and employees of the new wage and hour standards.

This budget will enable us to maintain our organization to do an acceptable job in administration and enforcement of the acts. We have instituted a number of improvements and operating efficiencies. We are convinced these improvements must be continued and accelerated to permit us to accomplish the additional workload within the funds requested. Also, the groundwork must be laid for the handling of additional problems and workload resulting from the statutory changes which will become effective in September 1964. We will meet the challenge of our responsibilities confidently and with a feeling that in spite of added workload we will be able to attain an acceptable level of compliance with our authorized staff.

ADEQUACY OF STAFF

Mr. FOGARTY. You are going to work these people overtime to do this, and not pay them?

Mr. LUNDQUIST. Mr. Chairman, we do not contemplate that will occur.

Mr. FOGARTY. If you do, you are going to have a bad time the next time you come before this committee. We had one department official a few years ago bragging about his employees working Saturdays and Sundays. He was not bragging when he got through testifying.

Mr. LUNDQUIST. I am convinced that 40 hours of work is proper and fair and represents a good hard week's effort.

Mr. FOGARTY. With this budget that you have before us, I do not know how you are going to do a good job. I think this is one of the weakest budgets ever presented to this committee by the Wage and Hour Division. I am not blaming you but with all of the added responsibilities of the last couple of years, and extended coverage, I think you are going downhill in this area. I do not see how you can do a good job. I know you can talk about increased productivity but that does not mean much if the cases are not reviewed and enough time spent on them.

WORKLOAD

Mr. LUNDQUIST. We anticipate in 1964 we will make more investigations. We have reason to believe that in fiscal year 1963 we will have findings that are greater than last year. For example, we are estimating for 1963 we will find a total of $46 million in back wages and that we will be making 50,000 investigations. This represents an increase of some 6,000 investigations. For the first half of this fiscal year we find we have made about 25,000 investigations and our findings of the benefits being obtained for employees indicate that more employees are getting the benefits of the law and more back wages are——

Mr. FOGARTY. Do you have that table for the record?

Mr. LUNDQUIST. I have the actual figures, yes.

Mr. FOGARTY. Put it in the record.

Mr. LUNDQUIST. Yes, sir.

(The table follows:)

Investigation results for the 6-month period July through December 1962

Total number of establishments investigated	24,951
Covered employees in investigated establishments	881,574
Amount of underpayments	$23,267,578
Minimum wages	$8,857,632
Overtime	$14,409,946
Amount of payment agreed to	$9,689,806
Number of employees underpaid:	
Paid at less than minimum wage rate	76,650
Not paid full overtime compensation	100,861
Number of employees whom employers agreed to pay	86,319
Number of minors illegally employed	11,038
Agriculture	6,012
Nonagriculture	5,026
Complaints received	9,233
Litigation filed	620

Mr. FOGARTY. I would think that in 1964 your workload is going to be much larger because of the amendments of 1961. I would guess that going from $1.15 to $1.25 an hour you will have more violations than you had in going from $1 to $1.15.

Mr. LUNDQUIST. We think there may be an increase in the number of violations but we have a more experienced staff. We have continued a program of improving the management and administration of the acts; the Fair Labor Standards Act and the Walsh-Healey Act.

We are dispersing our investigators to a greater extent geographically and we find this is a very effective tool to get our men into the communities and work at the levels where they can find these violations. Our problem is one of finding violations; oftentimes they can go unnoticed.

STANDARD WORKWEEK IN CONSTRUCTION

Mr. FOGARTY. You say a 44-hour week is standard in construction firms. Is that right?

Mr. LUNDQUIST. Mr. Chairman, this is the statutory provision that was enacted in the 1961 amendments. As you know, in September 1963, the 44-hour standard will be applied to the new coverage group. The new coverage group includes about 1 million workers in the construction industry and about 2.3 or 2.4 million in retailing. It is tailored substantially to the retailing industry.

The following year it decreases to 42 hours and then in September of 1965 it becomes a 40-hour standard and the $1.25 will be applicable across the board.

NUMBER OF ESTABLISHMENTS COVERED

Mr. FOGARTY. At the bottom of page 2 of your statement you say that of at least equal significance, in terms of workload, is the fact that experience under the 1961 amendments and legal interpretations of the enterprise coverage provisions indicate that 200,000 additional establishments were brought under the amendments rather than 100,000

as originally estimated. That is quite a difference in the estimate, is it not?

Mr. LUNDQUIST. Yes, it is.

Mr. FOGARTY. Do you think you will find it to be even more than 200,000?

Mr. LUNDQUIST. We do not think so but in this business of estimating the number of establishments that are covered in industries of this kind, it is a little difficult to gather the statistical data which would clearly establish a pure numerical figure. We did not know what particular standards would be applicable, for example, to certain construction sites. We were thinking in terms of the construction firm rather than the site. This has caused some expansion.

INCREASE IN COMPLAINTS

Mr. FOGARTY. You say the number of complaints alleging violation of the law continues to increase?

Mr. LUNDQUIST. Yes, sir.

Mr. FOGARTY. They are expected to increase in 1964 because of the raising of the minimum wage in September of 1963?

Mr. LUNDQUIST. Yes, sir. We anticipate a greater increase and we anticipate this in part because we are looking for possible violations and with dignity, encouraging those who are paid in violation of the law to tell us about those violations. We find that there has been an increase of interest on the part of employees and employers alike.

ADEQUACY OF INFORMATION PROGRAM

Mr. FOGARTY. Are you satisfied you are doing enough to inform both parties about the amendments and the increase in minimum wages in September?

Mr. LUNDQUIST. Yes, sir.

Mr. FOGARTY. It has been brought out in these hearings that many of these violations were because of——

Mr. LUNDQUIST. Inadvertence or possible ignorance of the law, Mr. Chairman. We have never been satisfied with our efforts. We want to improve on them and in our informational program we will vigorously try to get the message across to both employees and employers. We have a large informational program including the mailing of posters. We call this a self-mailer and this goes to all employers. We will do that in June and we will go on radio and television.

We have popular style pamphlets. We have a very large informational program and we think we are doing a good job and we want to improve on it.

Mr. FOGARTY. With all of that, many employers will not notice it and many employees will not; but that it not your fault.

Mr. LUNDQUIST. We would hope they will and we want to keep on alterting them; in any informational program it is a matter of repeating constantly.

BUDGET REQUEST

Mr. FOGARTY. Your appropriation for 1963 is $17,715,000 and the Pay Act supplemental is estimated to be $588,000 for a total of $18,303,000. The request for 1964 is $19,300,000, an increase of $997,000. The net cost of mandatory items is $1,023,000; is that right?

Mr. LUNDQUIST. Yes, sir; because there is a decrease of $75,000 and $129,000 of nonrecurring rent transferred to the General Services Administration; $75,000 was absorbed in personal services in 1963.

Mr. FOGARTY. The budget represents a reduction of about $26,000 in the program?

Mr. LUNDQUIST. They are all rent items and then there is the further reduction of Industry Committee costs, $26,000.

Mr. FOGARTY. That is an overall reduction of $26,000 in the program?

Mr. LUNDQUIST. Yes, sir.

INDUSTRY COMMITTEES

Mr. FOGARTY. That is applied to the industry committees?

Mr. LUNDQUIST. We will have fewer industry committees because of the automatic increase that is provided for in the statute, that may be taken by many industries, and they will not appeal and we will not have committees meet this next year. We will not convene as many committees.

Mr. FOGARTY. Last year you did not ask for an increase in funds when the number of industries reviewed was going up. I see you had 29.

Mr. LUNDQUIST. The number last year did not go up, as I recall. The number 29 represents the 29 industries reviewed but there were only 12 committees in fact. They were combined so that we would have what we would call 12 committees in lieu of 10. There was an increase of two and we were able to absorb that increase. The figure 29 represents the count of some fragments of industries that are not, in fact, separate industry reviews.

Mr. FOGARTY. That does not mean you are going down very much in 1964 when you have 11 budgeted; is that right?

Mr. LUNDQUIST. That is true. The 11 is an estimate. We anticipate that some industries may not appeal but we do not know. We know there are 10 industries that did appeal successfully under the prior statutory provision. They appealed and did not take the automatic 15 percent increase. There are 10 here but 1 other industry would be added. As we see it, there are three or possibly four, industries that might not appeal and if they do not appeal we would not hold the meetings.

Mr. FOGARTY. Still your workload went up in 1963 and you did not ask for any increase.

Mr. LUNDQUIST. From 1962 it went from 10 to 12, that is right. I do not think that it went up substantially.

Mr. FOGARTY. Then you go from 12 to 11 in 1964?

Mr. LUNDQUIST. Yes, sir. We might go down to eight, Mr. Chairman.

Mr. FOGARTY. You call that substantial?

Mr. LUNDQUIST. Well, the amount of work involved in a review program is not just the industry committee meeting itself. The program that went with those industries that did not appeal involved an analysis of factors that related to the program and our enforcement action in Puerto Rico would still be as large.

WORKLOAD STATISTICS

Mr. FOGARTY. I think we will put pages 6, 7, and 8 in the record which explains some of your workload increases.

(The pages referred to follow:)

ACTIVITY 1.—ENFORCEMENT (1963, $14,648,800; 1964, $15,546,700)

NARRATIVE DESCRIPTION OF PROGRAM

The Division administers the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act to obtain compliance with minimum standards respecting wages, hours, and child labor and other employment conditions in industries engaged in interstate commerce or the production of goods for commerce and in certain establishments engaged in the manufacture for or furnishing materials or goods to the Federal Government. Information media are used to minimize unintentional violations and employing establishments are investigated on a selective basis in order to assist employers in meeting legal requirements and workers in recovering wages unlawfully withheld.

CHANGES FOR 1964

The increase of $899,900 includes increases of $101,200 for 2 extra days of pay, $460,400 for regulated promotions in the career ladder for investigators who are at grades below the journeyman level of GS–11, $517,200 for pay increases under Public Law 87–793, and $9,000 for postal rate increases. A decrease of $187,900 is reflected for rent obligations which will be assumed by the General Services Administration.

No program changes are contemplated.

WORKLOAD STATISTICS

The estimate for fiscal year 1964 provides for the continuation of the enforcement staff at the level authorized this year. It is estimated that this staff will be able to make 52,000 investigations, less than 5 percent of the 1.2 million establishments now subject to the act.

That the present level of the investigative staff is necessary to maintain an acceptable degree of compliance is clearly evident from a consideration of the changes in wage-and-hour standards which will bring about an increase in workload during fiscal year 1964.

Further impact of 1961 amendments.—The minimum wage and overtime provisions of the 1961 amendments which become effective on September 3, 1963, will have a substantial impact on the enforcement program. A considerable part of the wage increases of hundreds of millions of dollars required for millions of employees will not be given to them automatically. This noncompliance must be discovered by investigation and corrected. Many employers will be subject to maximum hours and the requirement of paying extra compensation for overtime for the first time. Continuing for several more years will be the enforcement problems arising from annual changes in the wage-and-hour standards with different standards applicable to various employees, frequently in the same establishment.

Anticipated complaint level.—Current and past experience points to a further substantial increase in the number of complaints received by the divisions as the result of the changes in the minimum wage and overtime requirements of the act effective during fiscal year 1964. As in the past, the highest priority must be given to immediate investigation of every complaint received.

Workload statistics—Investigation results, fiscal years 1961 and 1962, and estimated results for fiscal years 1963 and 1964

Investigation findings	Actual		Estimated	
	1961	1962	1963 [1]	1964
Total number of establishments investigated	44,268	44,115	50,000	52,000
Covered employees in investigated establishments	1,362,145	1,469,025	1,700,000	1,800,000
Amount of underpayments	$30,942,531	$34,004,338	$46,000,000	$48,000,000
Minimum wages	$9,252,992	$10,255,086	$17,000,000	$18,000,000
Overtime	$21,689,539	$23,749,252	$29,000,000	$30,000,000
Amount of payment agreed to	$14,477,883	$16,174,884	$22,000,000	$23,000,000
Number of employees underpaid:				
Paid at less than minimum wage rate	75,051	89,130	145,000	155,000
Not paid full overtime compensation	164,758	162,571	190,000	200,000
Number of employees whom employers agreed to pay	121,924	136,558	150,000	155,000
Number of minors illegally employed	12,786	10,485	16,000	16,000
Agriculture	5,727	4,236	6,000	6,000
Nonagriculture	7,059	6,249	10,000	10,000
Complaints received	11,934	16,443	19,000	22,000
Litigation filed	1,551	1,567	1,770	1,800

[1] Based upon a projection of actual first 5 months' findings.

Estimated investigation findings, fiscal year 1963.—The estimates of the 1963 investigation findings made a year ago have been modified on the basis of the experience during the first 5 months of this fiscal year. For example, the amount of underpayments expected to be disclosed has increased from $34 to $46 million. The greater part of the increase in this estimate is with respect to the amount of minimum wage underpayments disclosed. The estimated number of employees found upon investigation to be paid less than the minimum wage has been increased from 90,000 to 145,000. The estimates of overtime underpayments and the number of employees affected also have been increased.

These revisions in estimates are due to a number of factors. The findings in investigations following the 1961 amendments to the law have been greater than anticipated. The number of complaints alleging violation of the law has increased. The upward revision is also due to marked improvements in the management of the enforcement program with respect to—

(1) Scheduling of establishments for investigation where there was a high probability of violations existing;

(2) Recruitment and training of highly qualified personnel as new investigators;

(3) Greater dispersal geographically of the investigation staff to more adequately meet local enforcement needs;

(4) Greater participation by the members of the enforcement staff in the planning of the enforcement program at the local level; and

(5) The establishment of additional field offices to provide better supervision of the enforcement staff and improve service to employers and employees alike.

Estimated investigation findings, fiscal year 1964.—Effective September 3, 1963, there will be an increase in the minimum wage from $1.15 an hour to $1.25 for employment that was covered prior to the 1961 amendments to the act. For employment that was newly covered in 1961 overtime pay will be required for work in excess of 44 hours per week.

Instances of noncompliance discovered in investigations will increase immediately after the effective date of these statutory changes in September 1963; but the amount of wage underpayments will not accumulate appreciably until late in the fiscal year because of the relatively brief period for which the higher

standards will have been effective in investigations. In view of this fact and with the enforcement staff continuing at the same level, the estimated findings for fiscal year 1964 are only moderately higher than those for 1963. Although greatly increased workload and many enforcement problems will be created by the statutory changes in the wage and hour standards, the increased findings estimated for fiscal year 1964 will be primarily due to anticipated further increases in efficiency in enforcement operations; and only a small part of the increase will be attributable to the new standards which become effective during the fiscal year.

NEED FOR MORE INVESTIGATORS

Mr. FOGARTY. It looks to me like you have a big increase in workload and are not asking for additional personnel when you do not, in my opinion, have enough to do the current job. I think you are doing as well as you can but I think you could do a lot better if you had the personnel.

Mr. LUNDQUIST. If we had more people we would do a lot more. I suspect that every investigative agency feels it could do more.

Mr. FOGARTY. I think the legal employer wants the illegal employer to be made to live up to the law. Is that right?

Mr. LUNDQUIST. I think so; this has been our experience.

Mr. FOGARTY. That has been my experience in talking to some of the employers. They would be for increasing your personnel, I would think.

Mr. LUNDQUIST. Most employers, of course, live up to the provision of the wages and hours law.

Mr. FOGARTY. Most of them do but those who come in and out in 1 year, you do not have any idea how many of those are living up to the law or not, because you do not have a chance to check on them with the staff you have.

Mr. LUNDQUIST. We do look for new industries. Our investigators are alerted to the new firms.

Mr. FOGARTY. How many do you have that set up a business and then close in the same year, 50,000? It is more than that, is it not?

Mr. LUNDQUIST. We roughly estimate about 60,000 to 70,000; yes, sir.

Mr. FOGARTY. All told, you are only going to check 50,000.

Mr. LUNDQUIST. That is right, but many new establishments do come into compliance, or are in compliance at the time they are created.

Mr. FOGARTY. But there are also many that are not, or that has been my feeling over the years. We have been told that was one of the weakest areas.

Mr. LUNDQUIST. We certainly do look at new industries.

I agree with you, Mr. Chairman, there are tendencies among new establishments to be in noncompliance inadvertently, and because they are uninformed.

Mr. FOGARTY. Many of them do not do it inadvertently, in the area where I come from anyway.

ADEQUACY OF BUDGET

Is that all you asked for?

Mr. LUNDQUIST. As you know, and I probably need not tell you because you do know, we did ask for more investigators at the Department level and the Department asked for additional investigators from the Bureau of the Budget.

Mr. FOGARTY. The Wage and Hours Division seems to be the one in the Department of Labor that does not get treated as well. I do not know why. I do not know whether it is the Secretary's fault or the Budget Officer's fault, or the Bureau of the Budget, or the administration. I do not know whose fault it is.

Mr. LUNDQUIST. We have not felt that way personally although we are convinced, as a Bureau, that we could use more funds effectively.

Mr. FOGARTY. How many more could you use effectively?

Mr. LUNDQUIST. We estimated that we could use 250 additional investigators in this coming fiscal year. The Department asked for 150 from the Bureau of the Budget and the Bureau of the Budget in evaluating the whole program of the executive branch concluded we should stay at our present level.

Mr. FOGARTY. I think the Bureau of the Budget was wrong.

Mr. Denton?

AMOUNT OF BACK PAY DUE UNDER THE ACT

Mr. DENTON. Is that table you have shown us one that shows how much you estimate is due and owing from the employer to the employees because of the Fair Labor Standards Act?

Mr. LUNDQUIST. Yes, sir; because of the changes that were made, Mr. Denton?

Mr. DENTON. Both. How much is due now and how much was due because of the change?

Mr. LUNDQUIST. You are thinking now in terms of the change from $1.15 to $1.25?

Mr. DENTON. No; I want to know overall how much the employer owes the employee because of the Fair Labor Standards Act as it is now.

Mr. LUNDQUIST. Well, because the employee is paid in violation or because of the total amount of wages that are due to him?

Mr. DENTON. Both. I believe you had a table to that effect a year or two ago and I want to know how that stands now.

Mr. LUNDQUIST. I must confess I do not recall the table you have in mind. Are you thinking in terms of potential violations that are occurring? We estimated at one time that if we could look at——

Mr. DENTON. Let me put it another way: How much have you been able to recover from the employers for the benefit of the employees because of violations of the Fair Labor Standards Act?

Mr. LUNDQUIST. This past fiscal year, 1962, we found a total of $34 million in back wages due. As a result of our investigations, and this is for the 2-year statutory period——

Mr. DENTON. How much did you recover of that $34 million?

Mr. LUNDQUIST. There was agreement to pay $16 million, slightly less than half.

Mr. DENTON. With your staff, you can only do a certain amount of work, and to a certain extent scratch the surface. You made an estimate at one time of how much was due overall?

Mr. LUNDQUIST. Yes, we did.

Mr. DENTON. How much is that?

Mr. LUNDQUIST. That is about $100 million or above that; this was based upon a survey we made in 1956. We said then, as a result of this survey, 10,000 establishments that we visited on a random sample

basis, we projected that sample and found that if we could investigate all firms in noncompliance with the Fair Labor Standards Act during any one year, we would find a total of over $100 million in back wages.

Mr. DENTON. This means there is almost $100 million outstanding that is due the employees because of the Fair Labor Standards Act that they have not been paid?

Mr. LUNDQUIST. I think that is well said; yes.

Mr. DENTON. Here is the way it strikes me: It is a rather unfair proposition to the employer who is complying with the act, as well as to the employees.

Mr. LUNDQUIST. Yes, it is. We are dedicated to finding all of those violations that we can.

Mr. DENTON. Could you give us any suggestion that you would have as to how we could correct that situation?

I think the Congress passed the law and it ought to treat everybody fairly and if we have this large a sum of money outstanding and not being paid, it is not fair to the complying employer, nor to the employees, who are being shortchanged.

Mr. LUNDQUIST. We look at it in two ways: One, we feel a responsibility on our part with the available staff to be more efficient and more effective in getting to more firms and getting them into compliance. On the other side of the coin, we think that additional staff would help us to get to more firms. I think it can be divided in that fashion.

Mr. DENTON. Do you think education would help any so that the employers would comply and so that the employees would avail themselves of their rights?

Mr. LUNDQUIST. Yes, we do. We feel that is the responsibility that does devolve on us right now. We do want to increase our educational program. We are spreading the word to those who are affected by the law, both employees and employers.

Mr. DENTON. The legal actions are handled by the Solicitor, I take it?

Mr. LUNDQUIST. Yes, sir.

INTEREST ON BACK WAGES

Mr. DENTON. They recover back sums from the employers, and do they get interest, too?

Mr. LUNDQUIST. No; they do not. There have been a few cases, as I understand it, where the courts have awarded interest, and let me explain how that works.

Mr. Donahue, the Solicitor of Labor, of course, can explain it thoroughly and completely.

Under the Fair Labor Standards Act we cannot demand that an employer pay the back wages.

Mr. DENTON. Why?

Mr. LUNDQUIST. There is no statutory authority for it.

Mr. DENTON. Why do you need statutory authority? When anybody owes liquidated damages and he does not pay them, it is elemental he pay interest, is it not?

Mr. LUNDQUIST. I was going to add that while we do not have the authority to demand back wages be paid, we do have authority to request the employer to pay, and we also have the authority now, since

the 1961 amendments, to ask the court to award back wages. It is optional on the part of the court.

Mr. DENTON. You mean interest on back wages?

Mr. LUNDQUIST. No; the total back wages. Whether the court would also award interest on back wages, I do not know whether the court would do that.

Mr. DENTON. You have a Federal statute on that, do you not? Interest at 6 percent is due on all claims for liquidated damages covered in judgments?

Mr. LUNDQUIST. I do not know. I am a lawyer but I am not informed on that particular provision.

Mr. DENTON. There is not any doubt that if the employee sued for wages that were due him and recovered he could collect the interest due on those wages, could he not? There is no doubt about that, is there?

Mr. LUNDQUIST. I would certainly favor the approach that if an employee is entitled to back wages, and he has not received them and they have been improperly withheld, he ought to——

Mr. DENTON. I do not see how you could reach any other conclusion. To my mind, it is not even close.

Mr. LUNDQUIST. What I have in mind——

Mr. DENTON. I cannot think of any other place where he could recover liquidated damages where there would not be interest paid. The Fair Labor Standards Act cases cover that and why that should be that way, I would not know.

Mr. LUNDQUIST. In this new provision, the right to ask the court to award back wages is a new one. It was put into the statute in the 1961 amendments and prior to that time the statute specifically prohibited the courts from awarding back wages in an action where we asked for an injunction. It was in the statute.

Mr. DENTON. Under the old law, you could not bring an action for the employee but under the amendments we permitted you to bring an action for the benefit of the employee?

Mr. LUNDQUIST. Yes, sir. This is what we call section 16(c). That was where the employee asked the Secretary to sue for him and now we have further authority——

Mr. DENTON. Under the 1961 act when you asked for an injunction, you could also collect back wages for the employee, too?

Mr. LUNDQUIST. Yes, sir. It is optional on the part of the court. We would ask for such relief and it would be optional on the court to grant it.

Mr. DENTON. That is all.

Mr. FOGARTY. Mr. Lesinski?

INFORMING COMPANIES OF CHANGES IN LAW

Mr. LESINSKI. In regard to your prepared statement you do mention you do give information to businesses about changes in the law. Do you do that ahead of time or about the time the change is to be effected?

Mr. LUNDQUIST. Well, this summer we will send to every employer our self-mailer. We call it a self-mailer but it is a poster required to be posted in every establishment that has covered employees under the Fair Labor Standards Act. That will go to over 1 million establishments and in it will be a little clipping to send back to us or to our

field office or regional office with questions and opportunity for further inquiry. We are on the radio and television constantly giving informational bits about how the law applies in general and how it applies in specific to certain situations. We have an extensive speaking program. We are willing to talk to any group that wants to hear us. We like to interject ourselves into groups if they are willing to take us.

I make a number of speeches and our regional directors, and our field office supervisors, too. We have 100 field offices throughout the country and they are making speeches on an average of two or three a month, I suppose.

Mr. LESINSKI. The point I was driving at is that if the companies are properly informed in advance, they can adjust their rates to comply with the increase in wages in advance and they will be more apt to go along. If a corporation or company is caught short when it is supposed to increase rates from $1.15 to $1.25, they would be caught short of funds. If they are properly informed in advance, they can adjust their rates accordingly?

Mr. LUNDQUIST. Yes, sir. We want to do that.

OVERTIME WORK

Mr. LESINSKI. To supplement what the chairman said about working overtime, for years I tried to get the regular employees of the Post Office Department, the clerks and carriers to work overtime with additional pay and they took advantage of it and worked, not only 10, 12, but 14 hours a day. It worked to the disadvantage of the employees in the Post Office Department because a large number of them got sick.

I can see a person working 10 hours a day, if he is able physically, but when he works every day of the week 12 or 14 hours a day, that is a little too much.

Mr. LUNDQUIST. We do not schedule our overtime for our staff, but for a few clerical positions, at times if we get a backlog here or there, we will authorize overtime and pay for it. Our investigative staff is generally not authorized to work overtime and does not. The 40-hour week is our standard.

Mr. LESINSKI. When the employee can close a case within a half hour of closing time, there should not be an objection to his working overtime, but——

Mr. LUNDQUIST. No; we know that happens and we would then ask him to reschedule his hours so that he would be given the opportunity of taking an hour off at some other time.

SELECTION OF FIRMS TO BE INVESTIGATED

Mr. LESINSKI. Getting back to what the chairman talked about in covering all of the companies involved here, would it be humanly possible to check each one of them constantly?

Mr. LUNDQUIST. The chairman is referring to the fact we investigate about 50,000 establishments out of a total of 1.2 million establishments, and that represents less than 5 percent.

Mr. LESINSKI. Do you not operate something like the Customs Bureau in the matter of dope or diamond smuggling where they investigate on tips instead of checking each single piece of baggage or whatever it may be?

Mr. LUNDQUIST. Yes, sir. As I indicated, this year the number of complaints would be close to 16,000 or 18,000. Sixteen thousand to eighteen thousand of our investigations would be made as a result of valid complaints and the others would be made on the basis of leads where the investigator has knowledge of a situation and other indicia which would cause us to believe that that firm probably is in violation. There are many indicia, nonmetropolitan areas with small firms who employ unskilled workers and who tend to have their wages lower and closer to the minimum. At times, they do violate and we have a lot of know-how in that area built up over a period of 25 years in which the law has been in effect, and we have been effective in finding noncompliance even where no complaint has been lodged.

Mr. LESINSKI. The Internal Revenue Department makes a spot check of 1 out of 10 instead of each return and I can understand the chairman's concern about the enormousness of the operation getting out of hand in checking each individual concern separately and constantly watching every one.

Mr. LUNDQUIST. I agree with you, sir. We have no interest in investigating a firm that is in compliance. We just do not have the time or feel it is necessary to investigate a firm that is in compliance. We want to find the firms that are in noncompliance.

Mr. LESINSKI. Thank you.

Mr. FOGARTY. Mr. Laird?

Mr. LAIRD. On page 1 of your testimony, you point out that the minimum wages goes up to $1.25 on September 30, 1963.

Mr. LUNDQUIST. Yes, sir.

PREVIOUS INCREASE FOR ENFORCEMENT

Mr. LAIRD. You came to our committee and we granted an increase when the minimum went up from $1 to $1.15. Cannot some of these same employees, with the increase we made available at that time, also be checking on the increase in workload resulting from the increase from $1.15 to $1.25? At the time the employees were justified, they were also justified on the basis they would be needed on a continuous basis because you had this additional increase coming on September 30, 1963.

I remember very well that that was part of the justification for the increase at that time and now we come back and have another increase based on the same reasoning.

PAY INCREASE COSTS

Mr. LUNDQUIST. Mr. Laird, the budget we are asking this year will not permit any change in our program level. We are not increasing our staff at all this year as a result of this budget. The increases include $639,000 due to the pay act.

Mr. LAIRD. You have not been able to absorb any of that?

Mr. LUNDQUIST. No; we have not.

Mr. LAIRD. The President in his state of the Union message stated that the departments and agencies would absorb the major portion of the pay increase.

Mr. LUNDQUIST. Well, we certainly feel we are absorbing a tremendous additional workload this next year without an increase in staff.

Mr. LAIRD. Is there a greater workload for you than was the case when the rate was increased to $1.15?

Mr. LUNDQUIST. We think it will involve a greater workload because it will be recognized that as the employees who are raised to $1.15 will now be in noncompliance again, if they are not raised again to $1.25. We know that in many instances this increase is not given automatically. We must go out and look for this and, in fact, get compliance through administrative enforcement action.

Mr. LAIRD. You are unable to absorb any of the pay increase, I take it?

Mr. LUNDQUIST. Yes, sir.

Mr. LAIRD. The $899,000 is in that particular area?

Mr. LUNDQUIST. Yes, sir. There are four items that represent increases; two extra days of pay, $118,000; the pay increase, $639,000; postal increases, $9,000; and then to provide regular investigator promotions, $460,000.

These are promotions that will come to investigators under what we call our career ladder. They enter the staff at Grade GS–5 or GS–7 and then in normal process they go to the journeyman level which is Grade GS–11. That is the regulated investigator promotion cost.

MAXIMUM HOUR REGULATION FOR RETAILERS

Mr. LAIRD. You say that the 44-hour workweek standard in retailing will require substantially greater enforcement than did the $1 minimum in September of 1961. You made a point of that on page 2 of your statement. Why is this the case?

Mr. LUNDQUIST. Because we find that in these areas, there will be the first time in many instances, or in a large number of instances, the industry is being regulated from an hours standpoint. There are very few situations today—sure, some of the States do have State maximum hour provisions—but this will be the first time many employees and employers will be under a maximum hours provision with the requirement that overtime be paid after 44 hours. We do know many employees in retailing work as high as 48 hours. We know there are many who work less than 44 hours, but they are working as part-time employees. The full-time retail employees in many areas are working 48 hours now and something must be done by the employer to get into compliance. We know that in some instances——

Mr. LAIRD. Mr. Lunquist, I do not want to dispute you on this because you are familiar with all State laws and I am not, but in most of the States I know anything about, the retailer has an hour regulation with which he has been familiar over a period of years. That is certainly true in my section of the country.

How many States do not have any hour regulations as far as retailing is concerned?

Mr. LUNDQUIST. I would say—and I am guessing a little bit—but it would be close to 20. I can say categorically, however, that we can take the whole sweep of the southern part of the country and not one State in the South has an hour's provision for overtime. One State in the South has a minimum wage law but no other State in the South has a minimum wage law. The State of North Carolina has a minimum wage law applicable to certain people and it is 75 cents. No other State along that whole southern sweep has a minimum wage-hour law. This is where we have a heavy enforcement problem.

Mr. LAIRD. In manufacturing I can see great advantages in my section of the country to seeing that minimum wage laws are applied in the south, but in retailing it does not have as much of an effect upon us, because in retailing you are not in competition between States. You believe then that this problem you point out on page 2 is basically a problem in the South?

Mr. LUNDQUIST. And in pocket areas of other sections of the country, of course.

Mr. LAIRD. In my State, I know we have had hours prescribed in retailing and it seemed to me you were implying that there were many States that did not have this. Now I find out these are all in the South?

Mr. LUNDQUIST. No, not all. I suspect many of the Midwestern States do not have minimum wage and hour provisions applicable to retailing. I would not debate with you in regard to the State of Wisconsin but in my own home State, Illinois, it does not have a strong hours provision.

MINIMUM WAGE IN RETAILING

Mr. LAIRD. You did not find the retailers in great violation of the dollar minimum did you, in September 1961?

Mr. LUNDQUIST. We found many, many retailers, or a large number of them, had to increase their employees' pay to get into compliance. If my memory serves me well, we found that of the 3.6 million workers in retailing and other newly covered employment, 660,000 of them had to get a pay increase in order to be in compliance with the minimum wage provisions. That is about 18 percent.

Mr. LAIRD. You did not find that many were in violation?

Mr. LUNDQUIST. No, sir; we did not. We have been finding violations in retailing about to the same extent we are finding it in other areas. We do not attempt to break this out statistically as to whether the man is a retailer, wholesaler, or a construction firm. If he is a firm in violation, we want to get him into compliance. We do know that our findings this year, as estimated in my budget presentation on page 7, will show that $46 million in back wages will be found due.

In the first half of this year, we have found a total of $23,267,000 and in accordance with the request of the chairman, I will put these actual figures into the record.

We are disturbed that there are more violations being found. This is not deterring us from wanting to find them and we will go looking for them anyway.

Mr. LAIRD. I hope you do not forget about the interstate commerce violations here because that is the area that gives us great concern, particularly with plants moving from our State to the South. We can police our retailers ourselves pretty well on a State basis, but we cannot do much about the interstate violators and we have to look to you to take care of that.

Mr. LUNDQUIST. We certainly will do the best that we can.

EXTENT OF WILLFUL VIOLATIONS

Mr. LAIRD. You point out on page 3 of your statement that the wage-hour violations continue to increase. Yesterday when Mr. Holcombe, the Commissioner of the Labor-Management Reports Division, was here, he pointed out that most of his violations were caused by ignorance or neglect. What do you find about your violations, are they willful or caused by ignorance or neglect of the law?

Mr. LUNDQUIST. We find willful violators, and willful violators are taken into court and prosecuted either criminally or enjoined.

Mr. LAIRD. What percentage would you say were willful violators?

Mr. LUNDQUIST. We have roughly, I believe, about 1,500 cases that go into court out of the 50,000. We find as you get away from the willful violator, the person who disagrees with our law and wants to go to court to test it, when you get away from that group you find a large group of employers where it is carelessness, and we think even an apparent unwillingness to recognize that the law is applicable. Even though we have been in business for 25 years and have been engaged in a campaign to keep the public informed, we find a certain amount of carelessness. On the other hand, we find other people who do not understand they are covered and it is our job to bring the message to them. We are dedicated to that program as well. But I think in my judgment carelessness, and sometimes an unwillingness to even think of the problem as it relates to the wage and hour law, causes noncompliance.

The 2-year statutory period creates a windfall for the employer who is willing to let the thing just drift, because if he lets it drift for 3 years he has a 1-year windfall that he need never think about again because the statute limits us to a 2-year period.

WISCONSIN CASE

Mr. LAIRD. I got in touch with you about a violation that occurred in my district. I wrote a letter of inquiry, because I was contacted, to find out what the situation actually was. The gentleman involved felt that he was being discriminated against. You came back with your report, which was a very good report. I supported your position, and I so told the individual. Sometimes people think that we can get violations set aside. This gentleman knew I was a member of this committee and he thought I could get this violation set aside. When I contacted you, of course I just wanted information. That is what you gave me, and since the facts supported your position, I supported your position. But this particular individual became very upset about this and in my last political campaign I found he was very active in my opponent's campaign committee, so I had to use your report during the campaign to show he had failed to properly pay his employees.

Did you ever hear anything about that?

Mr. LUNDQUIST. No, we did not. We are glad to have you support the right point of view.

Mr. LAIRD. I thought you might have heard again about your report to me after it was used in the campaign last fall.

STATUTORY LIMITATION ON BACK WAGES

Mr. LUNDQUIST. In regard to this matter about the statutory limitation, we sometimes get interesting letters, Mr. Chairman. One happened to come across my desk about a month ago and we have made the investigation. This employee said, "I have been working under these conditions for the past 10 years." We made the investigation immediately but we can only get back wages for the 2-year period. We do have a problem of keeping the public informed, employers and employees, and we will continue to work at it.

Mr. FOGARTY. I just brought it up today because I hope you are doing what you can to inform both the employer and the employee of their obligations and rights because I am convinced the legitimate employer wants this law enforced.

Mr. LESINSKI. At that point, it might be doing the employee a great disservice by insisting on full repayment of back wages, thus destroying the company rather than waiving it and letting the company keep on going; otherwise it would hurt the employee much more by giving him his back wages if it causes the company to fold up because of lack of funds.

Mr. LUNDQUIST. It might. Of course we are obliged to ask the employer to pay. In many instances we do not know, really, his financial ability, and ofttimes that is something a court has to determine, I suppose.

Mr. LESINSKI. Because many businesses today operate on a 2- or 3-percent profit, a small company, and it is very hard for them to cough up a lot of back wages.

Mr. LUNDQUIST. However, we feel obliged, when Congress gives us a statute that sets a $1.15 or $1.25 minimum, we feel we have no alternative but to say if the law is applicable the employer has to pay.

Mr. LESINSKI. I agree with that. What I was bringing up was the matter of the back unpaid wages, if it was too large a sum to pay out and would destroy the company.

PROPOSED PUBLIC CONTRACTS ADVISORY COMMITTEE

Mr. LAIRD. In your statement on page 4 you point out there is a growing public interest in Walsh-Healey determinations. Industry in the last year or so has complained of a lack of fair hearings. You are familiar with those complaints. Have you recommended to Secretary Wirtz that he put into effect former Secretary Goldberg's promise—I suppose you can call it a promise—to set up a Public Contracts Advisory Committee?

Mr. LUNDQUIST. I have not talked to Secretary Wirtz about that proposal.

Mr. LAIRD. You are familiar with Secretary Goldberg's proposal?

Mr. LUNDQUIST. I am, sir.

Mr. LAIRD. That has never been implemented?

Mr. LUNDQUIST. That is right.

Mr. LAIRD. And there were a lot of industries that were led to believe, when Secretary Goldberg informed them that this was going to be done, that the Department of Labor would follow through. I know that Mr. Wirtz has only been in office a short period of time

and I have not been able to discuss this with him to see if he agrees with Mr. Goldberg on this particular point, but there was an implied promise that this would be done by the Department of Labor.

Mr. LUNDQUIST. I would say that in regard to the Walsh-Healey program we do have intensive consultation with industry in our panel meetings, and also with labor, before we actuate the study of a particular industry. We are not devoid of consultation with these groups. They have extensive opportunities to present their views to us. So I would say even though there is not a formal advisory committee, the effect of such a committee is being implemented by other procedures now in being. Any time we propose a study of a particular industry for a prevailing minimum wage determination, we have extensive consultations at the panel level, at the hearing level, and throughout.

Mr. LAIRD. That is a lot different from Secretary Goldberg's proposal?

Mr. LUNDQUIST. Yes.

Mr. LAIRD. You have seen no movement on the part of the Department of Labor to follow through on Secretary Goldberg's proposal?

Mr. LUNDQUIST. I would feel the matter is still under consideration.

Mr. LAIRD. And that the new Secretary has not made up his mind whether to support Secretary Goldberg's position or not?

Mr. LUNDQUIST. I would say I do not believe it has been abandoned but I do not know what the new Secretary might want to do about it.

REGULATIONS ON STUDENT EMPLOYEES

Mr. LAIRD. Mr. Michel the other day asked Secretary Wirtz if he had any complaints from the retailing industry regarding the issuance of regulations on student employees. Secretary Wirtz replied that no complaints had been called to his personal attention. I believe that was the manner in which he answered Mr. Michel's question.

Now, I have had letters from retailers regarding these regulations affecting student employees, complaining they feel the regulations go beyond the law that was passed by the Congress. You certainly must have had some complaints.

Mr. LUNDQUIST. Let me say this in regard to the full-time student provisions which were added in the 1961 amendments to the act: We had extensive hearings and opportunity for comment was given the National Retail Merchants Association and the American Retail Federation, and the legal representatives of these two large groups did appear. I appeared before the subcommittee of the House Labor Committee, Congressman Roosevelt's committee, and explained our standards, and I believe what we have done has been accepted generally as proper and a fair implementation of the statute.

I have worked closely with the National Retail Merchants Association and the American Retail Federation and, if I can quote them, I do not think they feel we have been unfair in the approach. They have, in fact, endorsed the approach we now use.

Let me say 3,263 certificates have been issued to firms, most of them in the limited price variety store group; almost 2,000 out of the 3,200 went to the limited price variety store group. We have reason to be-

lieve that the stores now feel that the dollar minimum is the fair and proper rate and that therefore that type of certificate is not necessary. The basic reason for the certificate is that the student could be employed at less than the dollar minimum, and we set a rate of 85 cents. There are no restrictions with respect to student workers if the store or the establishment pays the dollar minimum, and we have found that this is getting to be the going rate, and I suspect it is pretty hard to get a high school or college student to work in the stores for less than a dollar.

Mr. LAIRD. I have received some complaints and I contacted your office about it. You feel it is working out satisfactorily?

Mr. LUNDQUIST. I certainly do.

WHITE-COLLAR EXEMPTIONS FROM MAXIMUM HOURS

Mr. LAIRD. When is your decision on the white-collar exemptions going to be ready?

Mr. LUNDQUIST. We hope the tentative proposal will be ready for publication in the Federal Register within a few weeks. It is under active consideration now and as it gets firmed up in the Department we will then put it out in the Federal Register as a tentative determination. We hope to have it finalized for both the new coverage area in retailing and the old coverage area by June or July so that industry may know ahead of time. We would contemplate an effective date in September of 1963, which is when the overtime provisions go into effect and it becomes important for the retailing industry to know which of their employees may be exempt as executives or administrative employees.

REPORT ON SECTION 4(D) OF THE FAIR LABOR STANDARDS ACT

Mr. LAIRD. Has there been much criticism of your report under section 4(d) of the Fair Labor Standards Act by economists in the country?

Mr. LUNDQUIST. No, there has not. I must say they have not had time to look at it extensively because it was just printed this week. The summary went up in January.

Mr. LAIRD. I understand it was discussed at some length before the joint committee this last week by several economists.

Mr. LUNDQUIST. The joint committee where?

Mr. LAIRD. The Joint Economic Committee.

Mr. LUNDQUIST. This I did not know. Our statistics that we have gathered would show, I believe, that what the Secretary said is proper. And if I may read in part what he did say in submitting it to the Congress, I believe it would be appropriate.

The effects of these increases have been carefully watched by the Department of Labor. Two clear conclusions emerge from the studies so far made. First, the 1961 minimum wage increases had no discernible effects on average wages in the economy generally. There is no indication that these increases produced any general upward pressure on the wage structure. Second, the 1961 minimum wage increases had no discernible effect on the nationwide level of employment in the industries affected. On an overall basis employment has risen in these industries since the 1961 amendments took effect.

Despite repeated predictions to the contrary, the evidence is emphatic that the successive amendments to the act have gone far toward its objective of eliminating "conditions detrimental to the maintenance of the minimum standard of

living necessary for health, efficiency, and general well-being of workers * * * without substantially curtailing employment or earning power."

The wage effects of the recent amendments were confined for the most part to wage increases required to raise wages of covered workers to the minimum wage levels. In some low wage areas, the 1961 amendments also brought wage increases to employees paid at or somewhat above the minimum wage level prior to their enactment, but there was no consistent pattern of such indirect effects.

UNEMPLOYMENT PROBLEM

Mr. LAIRD. The sum and substance of what you have read to me is that the 1961 minimum wage law brought great benefits to low paid workers with no adverse effects on employment.

Mr. LUNDQUIST. Yes.

Mr. LAIRD. Then, why is unemployment so high?

Mr. LUNDQUIST. Mr. Laird, I do not feel qualified to answer. As a citizen of this country of ours I am disturbed personally, but I would say I am not able to solve that problem. I wish I could. Our staff throughout the country, the Wage and Hour Division, is working at the possibility of finding areas where employment might be increased. We are doing this at the personal request of Secretary Wirtz. I think it is a fine thought and I hope it will be productive, because if we in the Wage and Hour Division, having 100 field offices, could find in those communities even 10 or 20 more jobs, if we multiply that by 100 it would mean 1,000 or 2,000 more employees.

SELECTION OF INDUSTRIES FOR WALSH-HEALEY SURVEYS

Mr. LAIRD. What industries are you planning to survey under the Walsh-Healey wage determination program? You discuss that on page 7 of your statement but you do not list the industries.

Mr. LUNDQUIST. We did not have the full opportunity to look at all six industries and firm it up.

Mr. LAIRD. What is your tentative plan?

Mr. LUNDQUIST. The tentative plan would be to review those industries basically where there are evidences that the prevailing minimum rate in the industry is higher than the Fair Labor Standards Act minimum; that there are large purchases being made by the Government; that there are apparent inequities in the industry, that the competitive factors are such that inequities are present for one reason or another, because of geographic differences and so forth.

Mr. LAIRD. You must have some idea of which industries, do you not?

Mr. LUNDQUIST. As you know, we have looked at a number of industries in the electronic group; we will look at the 26 determinations that are in effect now setting rates higher than the Fair Labor Standdards Act minimum; and those that have become antiquated because we found the rate 5 or 6 years ago, we will review those.

The problem, Mr. Laird, is one again of working with the industry to find if this is fair and proper, and then to review the particular industry on whether it is one that presents particular difficulties because of change in the industry.

Mr. LAIRD. Do you mean to tell me you do not know which industries you are going to study on the basis of this budget request you have here before us?

Mr. LUNDQUIST. We know that we will look at all the 26 industries that are now under public contracts wage determinations and have rates that are higher than the Fair Labor Standards Act minimum. We will look at those.

We will want to take a look at new industry——

Mr. LAIRD. Which new industry will you take?

Mr. LUNDQUIST. We do not know as of this moment.

Mr. LAIRD. I think if you are going to justify this budget you should be able to tell us which industries you will study. You have come up and asked for money for these studies. You should have some idea of which industries you will study.

Mr. LUNDQUIST. We are not at this moment, I am not this morning, in a position to tell you.

Mr. LAIRD. Certainly you must have had to justify this to the budget people in the Department of Labor and to the Bureau of the Budget. We should have an opportunity to determine if there is a need to study these industries.

Mr. LUNDQUIST. The need is so great that five or six represent a conservative approach. We believe that the Walsh-Healey Act should be applied on a universal basis to all contracts subject to the act.

CONSIDERATION TO BE GIVEN FOREIGN COMPETITION

Mr. LAIRD. Do you think you will probably pick out the five or six that are suffering most from foreign competition and make them the subject of study this year?

Mr. LUNDQUIST. I do not think so. We will look at foreign competition, but in the act nothing is said about foreign competition in charging the Secretary to find the prevailing wage rates.

Mr. LAIRD. I understand nothing is said about foreign competition, but this will be more and more of a problem for American labor. The administration proposed the trade bill passed in the last Congress, and it seems to me they have a responsibility to protect both business and labor against adverse effects of foreign competition wherever it is legitimately possible to do so. I think we should know the industries you will study this year because I do not think you should be putting more pressure on industries that are seriously suffering from foreign competition. I am thinking in terms of jobs. Jobs are important, particularly with the high level of unemployment that we have today. And if these studies are all going to be made to raise the level in areas where foreign competition is one of the most serious problems facing those industries, I think we should discuss it a little bit. I cannot discuss it with you today because you cannot give me the names of the industries.

Mr. LUNDQUIST. I could provide for the record the 26 industries that have rates set now that are higher than the Fair Labor Standards Act minimum. We want to look at other industries now getting into Government purchases and to that extent warrant consideration. I will discuss the matter within the Department and I would say we should be able to give you some better idea within a week or so, at least, of the industry groups that we will be considering. I do not know that we could finally say, "These five or six we are going to study" because there are problems that might come up next March when we first contact those industries. We do not contact them all at once.

Mr. LAIRD. That is all I have, Mr. Chairman.
Mr. FOGARTY. I think you have a good point.
Do you have anything more you want to say?
Mr. LUNDQUIST. No.
Mr. FOGARTY. Thank you very much.

FRIDAY, FEBRUARY 8, 1963.

OFFICE OF THE SOLICITOR

WITNESSES

CHARLES DONAHUE, SOLICITOR
N. THOMPSON POWERS, DEPUTY SOLICITOR
RODGER W. WALL, ADMINISTRATIVE OFFICER
WILLIAM WILLIS, BUDGET ASSISTANT
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
11 Personnel compensation:			
Permanent positions	3,004	3,493	3,894
Positions other than permanent	16	29	29
Other personnel compensation	29	26	58
Total personnel compensation	3,049	3,548	3,981
12 Personnel benefits	219	255	286
21 Travel and transportation of persons	132	128	126
22 Transportation of things	2	6	2
23 Rent, communications, and utilities	109	99	66
24 Printing and reproduction	105	76	46
25 Other services	181	176	107
26 Supplies and materials	101	85	60
31 Equipment	126	54	23
Total costs	4,024	4,427	4,697
Change in selected resources	22		
Total obligations	4,046	4,427	4,697

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	474	495	495
Full-time equivalent of other positions	4	7	7
Average number of all employees	416	457	487
Number of employees at end of year	455	495	495
Average GS grade	8.2	8.6	8.6
Average GS salary	$7,287	$7,952	$7,952

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Departmental program activities:			
(a) Litigation	444	509	519
(b) Interpretations and opinions	543	477	494
(c) Wage determinations	542	602	625
(d) Legislation	263	438	467
(e) Labor-management laws	302	343	377
2. Field legal services (regional offices)	1,504	1,687	1,858
3. Administration and management services	426	370	357
Total program costs, funded	4,024	4,427	4,697
Change in selected resources [1]	22		
Total obligations	4,046	4,427	4,697
Financing:			
Advances and reimbursements from non-Federal sources:			
Unemployment trust fund (−):			
Authorized (annual appropriation acts)		−122	−127
Proposed increase in limitation due to pay increases		−3	
Unobligated balance lapsing	61		
New obligational authority	4,107	4,302	4,570
New obligational authority:			
Appropriation	4,116	4,261	4,570
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (75 Stat. 353; 76 Stat. 728) (−)	−9	−65	
Appropriation (adjusted)	4,107	4,196	4,570
Proposed supplemental due to pay increases		106	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $1,000; 1962, $23,000; 1963, $23,000; 1964, $23,000.

Mr. FOGARTY. We will now take up the Office of the Solicitor of the Department of Labor.

Mr. Donahue, go right ahead.

GENERAL STATEMENT

Mr. DONAHUE. Thank you very much, Mr. Chairman and other distinguished gentlemen of the committee.

May I first identify myself as Charles Donahue, Solicitor of the Department of Labor, appearing in behalf of the Solicitor's Office.

I have with me, Mr. Chairman, my now not quite so new Deputy Solicitor, Mr. Thompson Powers; and the administrative officer of the Solicitor's Office, Mr. Rodger Wall; and his assistant, Mr. Willis.

BUDGET INCREASE

Mr. Chairman, we are here to ask you to appropriate funds for the Solicitor's Office in the amount of $4,697,000. This is a net increase of $205,000 over the 1963 level. This increase is not due to a request for added functions or services, but due to extra days of pay, the cost of salary increases as a result of Public Law 87–793, and for additional man-years of employment.

REORGANIZATION

During the past year the Solicitor's Office has seen what I think is considerable change. We have made a real effort to try to use our lawyers to greater effectiveness and also to give them more variety of work. We have tried to accomplish this by breaking down the pigeonholes and sections and branches to which lawyers were assigned to one unvarying, shall we say, type of work, and in breaking down those branches to make those lawyers available for all kinds of work within a broad division or category of work.

For example, in the past we have had lawyers single mindedly devoted to working on opinions concerning the problems of longshoremen; and we have had other lawyers single mindedly devoted and dedicated to writing opinions related to the Fair Labor Standards Act. What we have done is to break down these sections which confine the lawyers to that particular type of work, because all opinion work is opinion work as far as legal work is concerned, and we will permit them to move to various activities in opinion work, thus enabling flexibility of operations which I believe and hope will result in getting more work done in the same time with less people.

This change has resulted, Mr. Chairman, in creating five divisions in the Solicitor's Office with an associate solicitor in charge of each.

We have one Division of Litigation. That means all litigation. Before we had two sections, one for appellate litigation and one for trial litigation. I saw no reason for the two, so we have it all under one head.

We have a Legislative Division, which also includes special services. We have another division for all opinions and interpretations. And we have a division for the handling of labor-management reports, because that function is carried on by the Department at Silver Spring, and we need a separate staff for those activities.

NEW APPROACH TO DAVIS-BACON ACT WORK

Finally, we have an administrative staff which is devoted to the work of determining prevailing wages under the Davis-Bacon Act. That is largely an administrative rather than a legal function and is treated separately from the other activities in the Solicitor's Office.

Now that I have brought up that particular phase of our activities, Mr. Chairman, I would say I have been in the process of changing the staff in the Davis-Bacon work. I have determined that Davis-Bacon work, the administration of that statute, is not primarily the job of a lawyer, but it is primarily the job of a person who knows industrial relations in the construction business and who has the confidence of both labor and management in that industry. I have consequently placed in charge of that work a nonlawyer, Mr. Irving Manger, who has had about 20 years of experience in the Corps of Engineers in industrial relations and who is now, I think successfully, heading up that staff, with a legal staff assigned to him for interpretations and such other legal work as he needs.

Mr. FOGARTY. How is it working out? This has been one of the weak spots in the Solicitor's Office. We have never had enough men to take care of compliance.

Mr. DONAHUE. I believe that is going to be a perennial complaint unless and until we can build up an adequate enforcement staff, which I hope we can do.

I was going to answer you this way as far as working out is concerned: Mr. Manger has been handling the determination end of it rather than enforcement in a very satisfactory way in the past 3 months, so much so that I have not had, as I have in the past, the series of complaints that come to me because of actions from below.

Mr. FOGARTY. You mean from the building trade?

Mr. DONAHUE. From the building trade and from contractors. None came to me until Mr. Manger got in the hospital—that is why he is not here today—and I had one this week. It is a very sensitive area.

On the enforcement end we are hoping we can place people gradually in our regional offices who not only can keep track of what the situation is on wage rates but who can investigate complaints in the regions on a going basis. We do not have that established yet but we hope we can get something like that into operation because I am concerned, as indeed I think you are, about the extent to which we are unable to secure adequate enforcement of the Davis-Bacon Act. In many States of the country agencies of the Government are not equipped to enforce it; some are, but very few, to be perfectly frank about it.

I do not believe it would serve your purposes for me to take any more of your time.

Mr. FOGARTY. Your prepared statement will be placed in the record at this point.

(The statement follows:)

STATEMENT OF CHARLES DONAHUE, SOLICITOR OF LABOR

Mr. Chairman and members of the committee, I appreciate the opportunity to testify in support of the appropriation for the Office of the Solicitor. However, before commenting on the appropriation request for 1964, I would like to point to a number of changes which we have made in the functioning of the office since last year.

These changes, which were carried out under a reorganization, should improve the efficiency of the office and enable us to assume a heavier workload during the next fiscal year under existing programs without an increase in staff. This is my hope.

We have, under the reorganization, taken these actions:

We reduced the number of operating divisions from eight to five.

In the process, we have consolidated most of the litigation functions of the Office into a Division of Litigation and most of the interpretative and opinion work into a Division of Interpretations and Opinions. The major exception to these consolidations has been compelled by physical location. As you know, our Division of Labor-Management Laws has always prepared interpretations and opinions and provided litigation services for the offices it serves in Silver Spring, notably, the Bureau of Labor-Management Reports and the Office of Welfare and Pension Plans and it will continue to do so under the reorganization.

We have started to convert attorney positions in our branch of wage determinations to wage analyst positions. The wage determination function now contains both legal and nonlegal tasks which can be separated. We intend to make this separation, to transfer the legal work elsewhere in the Division of Wage Determinations, and to employ wage analysts for the nonlegal functions. This conversion will be gradual in order to place the attorneys released from wage determinations work in other divisions of the Office.

We have established a research unit in our Legislative Division. This unit, which we call Research, Analysis and Reference, is preparing legislative his-

tories of labor legislation passed in the 87th Congress and is reducing interpretations of the Office to digest form for the use of the various divisions of the Office. This unit is expected to produce digests of 1,500 opinions this year and 2,100 by the end of fiscal year 1964. These legislative histories and digests will save the individual attorney long hours in research.

The most important facet of the reorganization is that related to the operation of the individual divisions of the Office. Within each Division we have established a fixed number of Counsels and Deputy Counsels who are specialists in their particular fields. The balance of the staff (from GS–13 down) are free to work in any of the specialized fields within a Division. Thus an attorney may be called one day to work on an opinion concerning a veteran's reemployment problem and on the next day to render an interpretation related to the Mexican farm labor program.

We have thus attempted to increase the responsibilities of our top supervisory staff, to relieve our technical experts of administrative duties, and to overcome the monotony of the work for junior attorneys. We anticipate that as a result of this reorganization the quality of our work will improve, our turnover will decrease and our productivity will increase. On the latter point we have reduced our request for full-time positions from 507 in 1963 to 495 in 1964.

We hope that there will be general satisfaction with the reorganization.

To carry out our responsibilities we have asked for $4,697,000 in fiscal year 1964. This is a net increase of $205,000 over the 1963 level. This increase is composed of three elements, the first related to the two extra days' pay in 1964; the second to the cost of the salary increases authorized by the Congress in Public Law 87–793 and the third to additional man-years of employment. In all other classes of expenditures we have either reduced our 1964 estimates or held them at the 1963 levels. I will be happy to answer any questions which you may have for me.

BUDGET INCREASE FOR 1964

Mr. FOGARTY. The request for 1964 is $4,697,000, an increase of $205,000.

Mr. DONAHUE. That is correct, Mr. Chairman.

Mr. FOGARTY. And you have no increase in personnel?

Mr. DONAHUE. Well, some increase in personnel has been indicated in our statement here. The actual personnel on board, average employees, for 1963 will be 457, and we contemplate additional man-years of employment in 1964 with a lesser amount spent for equipment and goods and services.

Mr. FOGARTY. The number of positions in 1963 and 1964 are the same?

Mr. DONAHUE. Yes.

INCREASED WORKLOAD

Mr. FOGARTY. I notice on page 7 of your justifications, in the area of litigation under the heading of changes for 1964, you have real problems in the minimum wage area.

We will put that paragraph in the record.

(The paragraph follows:)

The enforcement of the higher $1.25 minimum hourly wage rate for employees previously under the $1.15 rate and the 44-hour workweek standard which will apply for the first time in 1964 to employees in retail and other newly covered establishments will result in an increase in litigation activity. The increased workload will be handled without an increase in staff.

Mr. FOGARTY. And on page 12, your Division of Interpretations and Opinions is going to have increased workload?

Mr. DONAHUE. Yes.

Mr. FOGARTY. And on page 25, under labor-management laws, you expect an increase here in 1964 over 1963.

And on page 26 in connection with the Labor-Management Reporting and Disclosure Act you report almost a doubling of the litigation activities during 1963 and 1964 over 1962.

Then on page 31 in your regional offices, because of the minimum wage going up, you expect to have a greater workload.

So all through your justifications you expect a much heavier workload and you are not looking for any more positions. Will you be working these people weekends and nights and not paying them?

Mr. DONAHUE. Well, I have not done that yet and I do not intend to start it now.

Mr. FOGARTY. I would hope you would not.

AVERAGE MAN-YEARS OF EMPLOYMENT

Mr. DONAHUE. I can only say this: I have found by experience in making every effort to get good attorneys, that the number of positions which are listed is always a little larger than the number we are able to have on board as an average, due to attrition and everything else, over a period of a year. We contemplate having an increase in the number of attorneys we will have working.

Mr. FOGARTY. Do you have any activities that are going down?

VETERANS' REEMPLOYMENT RIGHTS

Mr. DONAHUE. I cannot say we have. I do not think there is one part of the Office—let me amend that by saying I think veterans' reemployment rights activities are less now than they have been in the past because we do not have as many people going in and out of the armed services.

Mr. FOGARTY. I am surprised at that because for the first time during the last few years there is an increase in personnel in the budget for the Bureau of Veterans' Reemployment Rights.

Mr. DONAHUE. I am only speaking as far as this activity is concerned in the Solicitor's Office.

DIGEST UNIT

Mr. FOGARTY. Did we give you funds for your digest unit last year?

Mr. DONAHUE. I do not believe a specific amount was earmarked, but we have been, during the past 6 or 8 months, planning to create and have put into existence a digesting unit.

Mr. FOGARTY. You made quite a point of it last year.

Mr. DONAHUE. We have it in existence at this point and it is operating. I do not really recollect whether you designated an amount for a digest unit last year or not, but we have placed it in existence. We have a chief counsel in charge of it and they are getting up a history of the Fair Labor Standards Act at the present time plus digesting the various opinions under related statutes.

Mr. FOGARTY. Mr. Denton.

AMOUNTS RECOVERED BY SOLICITOR

Mr. DENTON. How much money have you recovered for the Government under third party compensation cases?

Mr. DONAHUE. The gross recovery in 1962 was $3.1 million. The 1963 estimate is $3.2 million.

Mr. DENTON. I believe you handle these cases on a contingent basis with lawyers over the country, generally?

Mr. DONAHUE. That is correct.

Mr. DENTON. What percentage basis do you go on?

Mr. DONAHUE. What is the amount of fee they receive?

Mr. DENTON. Yes.

Mr. DONAHUE. Do you know the answer to that question, Mr Powers?

Mr. POWERS. No.

Mr. DENTON. Put that in the record.

Mr. DONAHUE. Yes, sir.

(The information follows:)

Fees for third party suits are generally 25 percent of the amount collected if the suit is not filed in court, and 33⅓ percent if the suit is filed.

Mr. DENTON. How much money have you recovered for employees under the minimum wage law? Would you rather put that in the record?

Mr. DONAHUE. I would prefer to do so. I do not have the actual figure here separated as to litigation.

Mr. DENTON. Put it in the record.

(The information follows:)

The amount of restitution collected as a result of litigation activities under the FLSA and administrative proceedings under the Walsh-Healey Act was as follows:

Fiscal year 1962	$2,050,652.96
Fiscal year 1961	1,778,514.01
Fiscal year 1960	1,438,882.84

Mr. DENTON. How much have you recovered all told, litigation and otherwise?

Mr. DONAHUE. $34 million was found due in 1962, but I am sure that is not the amount recovered. It is probably half of that.

Mr. DENTON. What I want to know is what your agents recovered after the case was referred to you.

Mr. DONAHUE. I will be glad to put that information in the record.

Mr. DENTON. And also put in the record how much fines have been levied against employers in criminal actions for violation of the minimum wage law.

Mr. DONAHUE. I shall be happy to do that, sir.

(The information follows:)

Recoveries under the Fair Labor Standards and Public Contracts Acts

[In thousands of dollars]

	Payment agreed to by employers	Recovered by litigation	Fines against employers
Fiscal year 1962	16,175	2,051	108
Fiscal year 1961	14,478	1,779	128
Fiscal year 1960	13,895	1,438	150

INCREASE IN AVERAGE MAN-YEARS OF EMPLOYMENT

Mr. DENTON. How much of an increase have you asked for in personnel?

Mr. DONAHUE. We are asking for the same number of positions as before. Actually we hope to have a higher degree of man-year employment during the coming year than we have had during the current year.

Mr. DENTON. How much additional?

Mr. DONAHUE. 457 is the 1963 level. We hope to have more in 1964.

INCREASED WORKLOAD

Mr. DENTON. You are going to have a big increase in litigation under the minimum-wage law?

Mr. DONAHUE. We may have. It has not yet appeared, may I say, but it is contemplated because of the increased activity of the Wage and Hour Division, primarily.

Mr. DENTON. And another reason is because of the labor-management reporting?

Mr. DONAHUE. Labor-Management Reporting and Disclosure Act?

Mr. DENTON. Yes. You will have more work on account of that?

Mr. DONAHUE. We probably will; yes.

Mr. DENTON. And you figure you have an adequate staff to handle that?

Mr. DONAHUE. We hope we have.

Mr. DENTON. I feel this way, an agency that is recovering a large sum of money for the Government as your agency is, if you do not have an adequate force it is foolish.

DIFFERENCES IN FIXING WAGES UNDER DAVIS-BACON AND WALSH-HEALEY ACTS

One thing I never could understand is why you fix the prevailing wage under the Davis-Bacon Act and Wage-Hour fixes the minimum wage under the Walsh-Healey Act.

Mr. DONAHUE. I am not sure that I quite understand your question.

Mr. DENTON. You fix prevailing wages under the Davis-Bacon Act?

Mr. DONAHUE. That is correct.

Mr. DENTON. The Wage and Hour and Public Contracts Divisions fix wages under the Walsh-Healey Act?

Mr. DONAHUE. That is correct.

Mr. DENTON. Why do we have that distinction?

Mr. DONAHUE. The Davis-Bacon function has been in the Office of the Solicitor, Mr. Denton, since the act was passed in 1935. I think one might well say it is there for historical reasons more than for any other reasons. It could very well be administered elsewhere, but might I hasten to add that there is no similarity whatsoever between the Davis-Bacon prevailing wage determination and determining prevailing minimum rates under the Walsh-Healey Act. It is a completely different operation. The two do not necessarily fit together.

Mr. DENTON. But you are both determining the prevailing wage?

Mr. DONAHUE. That is correct. We are doing it on a day-by-day

project basis under the Davis-Bacon Act and they are doing it on an industrywide and nationwide basis.

After notice of hearing they do it under a more deliberate fashion under the Walsh-Healey Act.

NEW APPROACH TO DAVIS-BACON ACT WORK

Mr. DENTON. As you said that is not business for a lawyer strictly but more for somebody who is schooled in labor-management relations in fixing a minimum prevailing wage.

Mr. DONAHUE. This is my opinion. It can be performed either in the Solicitor's Office or out of it.

As a matter of fact, when we finish reorganizing it, as I contemplate it, there will be a legal section and the rest of it will be like any other part of the administration in the Government, a nonlegal group. The Secretary of Labor, the Budget Bureau, or the Congress can take that and move it anywhere they want to in the Department of Labor so far as I am concerned and it can still operate.

Mr. DENTON. It was put there by statute or regulation?

Mr. DONAHUE. By regulation. It was a small operation to begin with. It was thought of primarily as an interpretative job. Back in the 1930's there was not much Government construction going on until Harold Ickes got busy and after World War II.

Mr. FOGARTY. Mr. Lesinski?

FIELD STAFF DISTRIBUTION

Mr. LESINSKI. Looking over the distribution of your field staff I notice Detroit, which is a big industrial center, has only one professional and one clerical, whereas Birmingham, Ala., although it has a lot of industry, has a total of 31. What is the reason for this distribution?

Mr. DONAHUE. We need less staff in the North, to be perfectly blunt about it, than we do in the South because there is more of a problem of insuring the payment of fair wages in the South.

Mr. LESINSKI. I notice in Nashville, Tenn., you have 16, New York has 17. The Southern States have the largest number of personnel.

Mr. LAIRD. A disproportionate part of this budget is expended in the South, not only in the Department of Labor but throughout the budget.

Mr. DONAHUE. Of course, Mr. Lesinski, the activities of the Department of Labor in Michigan are managed from the Cleveland regional office. It is our Cleveland regional office which has the staff which covers the Detroit, Mich., area.

Mr. LESINSKI. I see they have 14 in Cleveland.

Mr. DONAHUE. Yes.

Mr. LESINSKI. In other words, you have one man there merely to check on problems?

Mr. DONAHUE. That is correct.

Mr. LESINSKI. That is all, Mr. Chairman.

Mr. FOGARTY. Mr. Laird?

WAGE ANALYSTS TO ADMINISTER DAVIS-BACON ACT

Mr. LAIRD. Mr. Donahue, I would like to commend you on your program to convert attorney positions to wage analyst positions for work under the Davis-Bacon Act.

Mr. DONAHUE. Thank you, sir.

Mr. LAIRD. Do these wage analysts have any construction or engineering experience?

Mr. DONAHUE. In my opinion if they do have it it is all to the good. If we can get it that is fine.

Mr. LAIRD. Some of them have it?

Mr. DONAHUE. That is what I would like to get, somebody who has background in the construction industry because it is a law unto itself. It is not like anything else.

Mr. LAIRD. But you have had some difficulty in that area, I assume?

Mr. DONAHUE. We have been using lawyers, yes, because they have to learn the construction industry after they got a law degree. That is the way it works out. I would much rather use somebody who has experience in the industry and who does not know law, and for this reason: These fellows go through high school and college and then 3 years of law school, and get a degree, pass the bar, come into the Department of Labor in the Solicitor's Office, and they want to be lawyers. They end up determining wages and it is not legal work. The lawyers don't like to be put in that work and the people in the other parts of the office look down on them and they feel sort of downgraded.

I think the way to handle it is to recognize frankly that most of the work there is not legal work and it belongs to other types of people than lawyers.

LEGISLATIVE HISTORIES AND DIGESTS TO BE AVAILABLE TO PUBLIC

Mr. LAIRD. On page 2 of your statement you speak of these legislative histories and digests. Will these legislative history and digests be made available to the public and practicing lawyers?

Mr. DONAHUE. That is correct. In fact, we have just had printed a legislative history of the Welfare and Pension Plans Disclosure Act and its most recent amendments. That will be bound and sold by the Government Printing Office.

REVISION OF REGULATIONS FOR DAVIS-BACON ACT

Mr. LAIRD. And page 16 brings forth a question regarding the Davis-Bacon Act. Whatever happened to the regulations you planned to issue?

Mr. DONAHUE. We have deferred issuing them, Mr. Laird, and for what I believe is a very good reason. Back when we first published them in the Federal Register as proposals we received very sharp criticisms from the chamber of commerce on the one hand who said they preferred to have us wait until Congress had an opportunity to examine the whole matter this year, and from the Building and Construction Trades Department on the other who said they didn't want to have any regulations issued until the matter could be considered by the Congress. It was my opinion, and I advised the Secretary, that since these regulations or changes in them involved so much controversy, and did not seem to be particularly popular, the only wise thing to do in the public interest was to defer issuing them until we had a thorough opportunity to get all views aired. That is precisely what we are doing at the present time, sir.

Mr. LAIRD. Are you in conflict with the Comptroller General in these regulations?

Mr. DONAHUE. I believe he had some criticisms to make, reasonable criticisms, as all other parties had in one aspect or another.

Mr. LAIRD. Why did he differ with you?

Mr. DONAHUE. I can't precisely recall the exact terms——

Mr. LAIRD. Did it involve your getting into congressional activity? He is the representative of Congress.

Mr. DONAHUE. I am not so sure that his criticisms go to the regulations in the form they are in.

Mr. LAIRD. Supply that information for the record.

(The information follows:)

STATEMENT REGARDING PROPOSED REGULATIONS AND THE COMMENTS OF THE COMPTROLLER GENERAL

The comments of the Comptroller General concerning our proposed revision of the Department's regulations relating to labor standards applicable to federally financed and assisted construction which was published in the Federal Register on November 3, 1962 (27 F.R. 10760), are contained in his letter B–150223, dated December 3, 1962. The purpose of the notice of proposed rulemaking was to evoke the comments of those interested in the administration of the Davis-Bacon Act and its related statutes, including those of the Comptroller General. As indicated in testimony of the Solicitor, action on these proposed regulations has been postponed, for the reasons he stated.

The comments of the Comptroller General are discussed below only to demonstrate that the proposed regulations would be a proper exercise of the Department's authority under the law.

1. The Comptroller General asserts that our definition of "prevailing wage rate," presumably in section 1.2(b) of the proposed regulations, does not give effect to the statutory intent. He believes that the definition calls for the establishment of prevailing wages "where none exist, by reliance upon wage levels found only outside" the area for which the determination is made. Section 1.2(b) states that whenever there is insufficient evidence for the making of a wage determination for the work involved upon the basis of the wages paid in the city, town, village, or other civil subdivision of the State involved, the wage rates prevailing in such area may be determined by consideration of the wages paid in a larger locality which includes such area and from which larger locality adequate evidence of wages prevailing in such area on projects of a character similar to the proposed work may be obtained, but in no case will such larger locality include a greater geographical area than is administratively necessary for the making of a wage determination.

We believe that the proposal is reasonable and proper under the law. The Davis-Bacon Act directs the Secretary of Labor to make a prevailing wage determination for all contracts subject thereto. The proposed rule mentioned above would permit the Secretary to base such a determination upon substantial evidence where there is a paucity of local construction. The legislative history of the act suggests that the proposal is a proper one. See legislative history of the Davis-Bacon Act (committee print), Committee on Education and Labor, 87th Congress, 2d session, page 63.

2. The Comptroller General indicates that the Davis-Bacon Act gives no authority to the Secretary of Labor to make wage determinations after a contract award for classifications of laborers or mechanics whose use had not been anticipated prior to the making of a contract. On page 3 of his letter, he comments that "It is believed that the inflexibility of the law in this respect is such that a measure of control such as apparently sought can be obtained only as a result of legislative change." The regulations assert such authority and provide for a contract clause agreeing to such new classifications. This clause is similar to the clause approved in 19 Comp. Gen. 568 permitting such a contractual provision.

3. The Comptroller General has suggested the use of the bid opening as the critical date in fixing the effective period of our wage determinations, and make our determinations effective for 120 days after the bid opening. At present the determination is effective for 90 days from the date issued. Proposed regulations would extend this period to 120 days.

4. The Comptroller General indicates that the contractual apprenticeship requirement (sec. 3.15) would be objectionable to the extent that it may be interpreted as an agreement to have prescribed and to pay journeyman rates where an employee is listed on a payroll at an apprentice wage rate and is not registered as such. The pertinent portion of section 3.15 provides that "any employee listed on a payroll at an apprentice wage rate, who is not registered, shall be paid the wage rate determined by the Secretary of Labor for the classification of the work he actually performed." The proposed provision is not intended to require categorically the payment of journeyman's wages in this situation. It requires consideration of the actual duties of the employee involved.

5. Section 5.4 of the proposed regulations provides that firms debarred under the Davis-Bacon Act "shall be debarred concurrently from federally assisted construction work subject to any of the statutes listed in section 5.1," which are the statutes subject to the Reorganization Plan No. 14 of 1950. The Comptroller General comments that the Davis-Bacon Act appears to cover only contracts awarded by the United States. The provision in question is grounded upon the authority placed in the Secretary of Labor under Reorganization Plan No. 14 of 1950. The Secretary's authority for regulatory debarment under the plan was judicially sustained in *Copper Plumbing and Heating Company* v. *Campbell*, 290 F. 2d 368 (D.C. Dir. 1961). Regarding regulatory debarment, the Comptroller General doubts its effect upon contracts or subcontracts by private parties in the absence of contractual provisions so providing. The proposed section 3.17 requires the inclusion in subject contracts of a clause providing that "In the event of a contractor's or subcontractor's noncompliance with the labor standards clauses of his contract, the contract may be canceled in whole or in part, and the contractor may be debarred, as provided" in section 5.4. Section 3.16 requires that this clause, among others, be included in any subcontracts.

6. Regarding section 5.11, the Comptroller General indicates that it does not appear that wage adjustments should be "ordered" in Davis-Bacon Act cases without giving notice that administrative authority is restricted to withholding amounts to cover wage differences and that final authority to make adjustments is placed by the act in the General Accounting Office. The proposed section 5.11 provides that the head of any agency may, in appropriate cases where violations of the applicable labor standards clauses occur, order that restitution be made to underpaid employees. The provision is virtually identical with the present section 5.9 of the Department of Labor's Regulations, part 5 (29 CFR pt. 5). It has long been in effect. It merely constitutes a procedure prescribed by this Department under Reorganization Plan No. 14 of 1950 for coordinating the administration of the labor standards provisions subject thereto.

7. Regarding section 5.14, the Comptroller General comments that there does not appear to be adequate recognition or allowance for the matters over which the General Accounting Office exercises final authority. Section 5.14 provides for the referral to the Secretary of Labor of disputes involving a proper exercise of the authority of the Secretary under any of the applicable statutes or regulations and the permissive referral of disputes involving significant sums of money, large groups of employees, or novel or unusual situations. The section is intended only to provide a vehicle for promoting consistency in the enforcement of the applicable labor standards, in accordance with the requirements of Reorganization Plan No. 14 of 1950, and a vehicle for providing authoritative rulings under the Davis-Bacon Act as provided in section 10 of the Portal-to-Portal Act of 1947 (29 U.S.C. 259).

In conclusion, it may be said that generally speaking the criticism of the Comptroller General has been reasonable. The constant emphasis of his comments is upon his functions under the Davis-Bacon Act. On the other hand, the proposed regulations are designed to carry out this Department's functions under Reorganization Plan No. 14 of 1950. The plan was promulgated under the Reorganization Act of 1949 (63 Stat. 203). That act exempted the General Accounting Office from its provisions. In an opinion virtually contemporaneous with the promulgation of the plan, the Comptroller General indicated that it did not appear to be a required function of the General Accounting Office to participate in the enforcement activities carried out in pursuance of this reorganization act. (See Decision B–97080, May 9, 1951.)

Mr. LAIRD. That is all.

Mr. FOGARTY. Thank you very much, Mr. Donahue.

FRIDAY, FEBRUARY 8, 1963.

TRADE ADJUSTMENT ACTIVITIES

WITNESSES

N. THOMPSON POWERS, DEPUTY SOLICITOR
ROBERT B. SCHWENGER, CHIEF, DIVISION OF FOREIGN ECONOMIC POLICY, ILAB
LEONARD R. LINSENMAYER, ACTING DIRECTOR, TRADE ADJUSTMENT ACTIVITIES
JAMES A. WHITBECK, ASSISTANT DIRECTOR, OFFICE OF FEDERAL UNEMPLOYMENT INSURANCE PROGRAMS AND TRAINING ALLOWANCES, BES
EDGAR I. EATON, COORDINATOR, DOMESTIC IMPACT RESEARCH, BLS
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions			304
	Other personnel compensation			2
	Total personnel compensation			306
12	Personnel benefits			24
21	Travel and transportation of persons			18
22	Transporation of things			1
23	Rent, communications, and utilities			17
24	Printing and reproduction			9
25	Other services			8
26	Supplies and materials			4
31	Equipment			18
41	Grants, subsidies, and contributions			7,230
	Total obligations			7,635

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions			37
Average number of all employees			36
Number of employees at end of year			37
Average GS grade			9.5
Average GS salary			$7,821

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Assistance in tariff negotiations; Federal administration	----------	----------	88
2. Assistance to workers:			
(a) Federal administration	----------	----------	317
(b) State administration	----------	----------	730
(c) Adjustment allowances	----------	----------	6,500
Total program costs, funded—obligations	----------	----------	7,635
Financing: New obligational authority (appropriation)	----------	----------	7,635

Mr. FOGARTY. We will now take up the new trade adjustment activities. This request is for necessary expenses to carry out the functions of the Secretary of Labor under the Trade Expansion Act of 1962, $7,635,000.

Go ahead, Mr. Powers.

Mr. POWERS. Mr. Chairman, first I would like to introduce the people who have come here to assist in the presentation for this appropriation. We have Mr. Leonard Linsenmayer, Acting Director of the new office of Trade Adjustment Assistance; Mr. Robert Schwenger, chief of the Division of Foreign Economic Policy, ILAB, Mr. James Whitbeck from the Bureau of Employment Security, Mr. Edgar I. Eaton from the Bureau of Labor Statistics.

ESTABLISHMENT OF ORGANIZATION PRIOR TO FUNDING

Mr. LAIRD. Before we get into the justification can you have these gentlemen explain how they set up this office without any funds?

Mr. FOGARTY. Any question you want to ask is all right with me.

Mr. POWERS. What we have done, Mr. Laird, is to establish on paper a framework of an organization which would handle the adjustment assistance program when funds are available. Mr. Linsenmayer is in the Bureau of Labor Statistics and on a part-time basis is coordinating our work in establishing such an organization.

There is no one else working with him in that office at the present time except for one management intern who is assisting Mr. Linsenmayer during the time when he is on an out-of-Bureau assignment.

We did feel that since the Secretary of Labor had responsibilities in this area dating from November 11 that we had to be ready to discharge those duties. We came up for an appropriation before the Senate Appropriations Committee last fall and a recommendation was made by that committee to give us funds but the funds were not appropriated. As I say, we have no one permanently assigned to an organization known as the Office of Trade Adjustment Assistance but we have planned to establish one.

General Statement

Mr. Chairman, I have a statement which I should be happy to file for the record or read to you.

Mr. Fogarty. Why don't you file it for the record and then summarize it.

(The statement of Mr. Powers follows:)

Mr. Chairman, I appreciate this opportunity to appear before you to explain the need for funds for staff and other requirements growing out of the additional responsibilities of the Department as a result of the Trade Expansion Act of 1962 enacted during the last session of Congress.

We have proposed a 1963 supplemental estimate in the amount of $2,921,000. The 1963 supplemental estimate assumes our ability to staff the operation within the Department by approximately March 1. The amount of the estimate for 1964 of $7,635,000 represents an annualization of the activity estimated for the last 4 months of 1963. Of the foregoing amount, $7,230,000 will be allocated to the State employment security agencies for their role in providing worker assistance as contemplated by the act. The balance of approximately 5 percent or $405,000 will be for the activities of the Department of Labor in advising the President on tariff and trade adjustment matters, in determining eligibility for adjustment assistance and for supervision and coordination of the worker adjustment program.

Based on an analysis of the responsibilities the legislation places on the Department of Labor both prior and subsequent to tariff negotiations, the Department will have significant new responsibilities under this legislation.

With respect to the new negotiating authority, the act extends the magnitude of the Department's operations in a number of ways thereby increasing the responsibility and workload of the interagency trade organization of which the Secretary is a member. First, the act authorizes a 50-percent reduction in most duties and in a number of cases the President is authorized to eliminate the existing duties. The magnitude of this authority alone establishes new demands on the agencies of the executive branch whose responsibilities arise from the interests of a large sector of the American economy. Second, the act stresses the importance of securing detailed factual information concerning the impact of existing and potential levels of trade on the American economy. Third, the tariff adjustment provision is supplemented by provisions for adjustment assistance which may be provided in addition to or in lieu of tariff adjustment and is available in many cases where tariff adjustment could not be provided either under the present act or preexisting law. These three, among others, combine to place an enlarged responsibility on the Department of Labor to establish the best possible methods for gathering and analyzing information on the labor sector of the American economy. The Department must make it possible for the best estimate of the employment effects in question to be available to Mr. Herter at the right time and in the most meaningful form in order to facilitate appropriate consideration.

In addition, the new interagency Cabinet-level committee, which the act authorizes to assist the President in the negotiation and conduct of trade agreements, will play a major role in the program, both with respect to specific commodity questions, and on all policy questions arising under the trade agreements portion of the Trade Expansion Act. Additional staff support will be needed for the carrying out of this responsibility.

One of the alternative forms of action in cases where imports threaten serious injury to domestic industry and employment is the negotiation of orderly marketing arrangements. One such arrangement, the international cotton textile arrangement, is already in effect. The Department of Labor expects to be involved in the negotiation and administration of other such arrangements which the President may determine to be appropriate, as it is involved in the administration of the textile arrangement.

In discharging our responsibility to advise on the impact of tariff rates on U.S. employment, it will be necessary for us to make a more searching analysis than we are now doing of the potential impact at the local community level of possible tariff concessions on groups of workers and on individual workers. This function will require a great deal of economic data that we do not now have and do not collect. Such data will primarily be employment information by industry and for individual plants producing import-sensitive manufactured products. Furthermore, data will be required faster than we normally produce similar information. The timing and the specific details of such data collection

will depend on factors beyond the control of the Department of Labor. If this need materializes, we may have to make adjustments within the total appropriation in order to provide additional funds to the Bureau of Labor Statistics and perhaps the Bureau of Employment Security to provide the data needed.

The major new function given to the Department under the act is the direction of a program of adjustment assistance for workers. The bulk of our appropriation request is to pay the costs of this new program. Where the Tariff Commission finds industrywide injury resulting from increased imports caused by a tariff concession, the act provides that groups of workers in such industry seeking adjustment assistance may petition the Secretary of Labor for a determination of their eligibility to apply for such assistance. The President has delegated to the Secretary his responsibility to make certifications of eligibility to apply for adjustment assistance, after the Tariff Commission has found particular groups of workers to have been injured from increased imports following a tariff concession. The President has also delegated to the Secretary his authority to withdraw certifications upon a finding that unemployment at the certified plant or subdivision should no longer be attributed to import competition.

The Secretary must supervise and coordinate the furnishing of adjustment assistance to those individual workers who are found to be eligible to receive such assistance. This function will include coordination of Department activities in this area with similar activities being undertaken by the Department of Commerce and other agencies in providing assistance to firms and supervision and coordination of the activities of the State employment security agencies in administering the worker assistance program.

Our request will provide for some additional staff in a number of bureaus in the Department which will have operating responsibilities under the program, and an Office of Trade Adjustment Assistance, which will be responsible for the coordination of the adjustment assistance program under the act. It will provide funds for payment of benefits required by the act, under contractual arrangements with the State Employment Security Agencies.

This is a new program for the Department. We have had very little experience, for example, in determining and evaluating local community impact of tariff concessions or in determining, after a concession is made, that a job loss in fact was caused by the concession. In arriving at the dollar cost of paying benefits, we have used basic cost factors growing out of normal unemployment insurance operations.

You will recall, Mr. Chairman, that the act provides special worker assistance in the form of benefit payments for not in excess of 52 weeks except that if a worker is taking approved training he may receive up to an additional 26 weeks to assist him to complete his training, or if he is at least 60 years old at the time of his job loss, he can receive up to an additional 13 weeks.

The weekly benefit amount is set at 65 percent of the individual's average weekly wage or 65 percent of the national average weekly manufacturing wage, whichever is lower.

Every effort will be made to assist workers to remain with their present employer or to find other jobs utilizing their existing skills. When this cannot be done, the provisions of the act are designed to encourage workers to enter approved training programs. Those who refuse training without good cause will not thereafter receive cash allowances unless and until they subsequently accept training.

The act also authorizes payment of relocation allowances to the head of a family who has no reasonable prospects of suitable reemployment in his home locality and who has a job or job offer of suitable long-term employment somewhere else. This payment will consist of paying the cost of transportation for the worker, his family, and their household effects and of giving him a lump-sum payment, now about $230, toward the various other costs involved in a move.

Mr. FOGARTY. First tell us what the Trade Adjustment Act is as it applies to your program.

Mr. POWERS. The trade adjustment assistance program for workers is part of the Trade Expansion Act of 1962. That act, as you know, authorized the President to reduce tariffs by up to 50 percent and in some cases to reduce tariffs to zero.

ADJUSTMENT ASSISTANCE PROGRAM

The Department of Labor was given specific responsibilities to advise the President in connection with tariff adjustments, and to coordinate the adjustment assistance program for workers.

This adjustment assistance program is a new departure in our trade activities. Whereas in the past the only protection which was available for firms or workers was to raise tariffs for an industry as a whole, and that required a determination of industrywide injury resulting from tariff concessions, under this new act assistance will be available to firms or workers directly if they are able to establish that they have been hurt by import competition resulting from tariff concessions.

The Department of Labor was given responsibilities in connection with the adjustment assistance for workers. That assistance will consist of trade adjustment allowances to supplement and extend unemployment insurance, training, and in cases where neither jobs can be found in the area for the individual with his existing skills, or in cases where he cannot be trained for jobs available in the area, there is provision for assistance to individuals to relocate.

RESPONSIBILITY FOR CERTIFICATION

The Department's responsibility in this area consists of two things—first, we will, under delegation from the President, in cases where the Tariff Commission has found injury to specific groups of workers—we will make the certification.

Mr. FOGARTY. Are you sure?

Mr. POWERS. Yes, sir.

Mr. FOGARTY. The only reason I ask is that on page 6 of the justifications you state that the Secretary "probably" will serve as a member of the Interagency Trade Organization.

Mr. POWERS. That is a different function from the adjustment assistance.

Mr. FOGARTY. At the bottom of the page you say the Secretary will also "probably" be delegated the function of certifying the eligibility to apply for adjustment assistance.

Mr. POWERS. I think what happened in this case, Mr. Chairman, is that the second matter, that the President probably will be delegated this responsibility——

Mr. FOGARTY. The Secretary, you mean?

EXECUTIVE ORDER RELATING TO ADMINISTRATION OF ACT

Mr. POWERS. Yes, the Secretary. This was prepared prior to the time the Executive order was issued which delegated this function to the Secretary.

Mr. FOGARTY. Have you a copy of the Executive order?

Mr. POWERS. Yes, sir.

Mr. FOGARTY. Insert that in the record.

(The order referred to follows:)

PRESIDENTIAL DOCUMENTS

TITLE 3—THE PRESIDENT

EXECUTIVE ORDER 11075—ADMINISTRATION OF THE TRADE EXPANSION ACT OF 1962

By virtue of the authority vested in me by the Trade Expansion Act of 1962 (Public Law 87–794, approved October 11, 1962; 76 Stat. 872), and by Section 301 of title 3 of the United States Code, and as President of the United States, it is ordered as follows:

SECTION 1. *Definition.* As used in this order the term "the Act" means the Trade Expansion Act of 1962 (Public Law 87–794, approved October 11, 1962), exclusive, however, of chapters 2, 3, and 5 of title III thereof.

SEC. 2. *Special Representative.* (a) The Special Representative for Trade Negotiations provided for in Section 241 of the Act (hereinafter referred to as the Special Representative) shall be located in the Executive Office of the President and shall be directly responsible to the President.

(b) There shall be a Deputy Special Representative for Trade Negotiations with the rank of Ambassador, whose principal functions shall be to conduct negotiations under title II of the Act, and who shall perform such additional duties as the Special Representative may direct.

SEC. 3. *Functions of Special Representative.* (a) The Special Representative shall have the functions conferred upon him by the Act, the functions delegated or otherwise assigned to him by the provisions of this order, and such other functions as the President may from time to time direct.

(b) The Special Representative generally shall assist the President in the administration of, and facilitate the carrying out of, the Act. Except as may be unnecessary by reason of delegations of authority contained in this order or for other reasons, the Special Representative shall furnish timely and appropriate recommendations, information, and advice to the President in connection with the administration and execution of the Act by the President.

(c) As he may deem to be necessary for the proper administration and execution of the Act and of this order, the Special Representative (1) shall draw upon the resources of Federal agencies, and of bodies established by or under the provisions of this order, in connection with the performance of his functions, and (2) except as may be otherwise provided by this order or by law, may assign to the head of any such agency or body the performance of duties incidental to the administration of the Act.

(d) In connection with the performance of his functions the Special Representative shall, as appropriate and practicable, consult with Federal agencies.

(e) The Special Representatives shall from time to time furnish the President lists of articles proposed for publication and transmittal to the Tariff Commission by the President under the provisions of Section 221(a) of the Act.

(f) The functions conferred upon the President by Section 222 of the Act are hereby delegated to the Special Representative.

(g) The functions conferred upon the President by the first sentence of Section 223 of the Act are hereby delegated to the Special Representative. The Special Representative is hereby designated to perform the functions prescribed by the second sentence of that section.

(h) The Special Representative shall make arrangements under which the committee established by Section 4 of this order shall provide for public hearings in pursuance of the second sentence of Section 252(d) of the Act. The functions conferred upon the President by the first sentence of that section are hereby delegated to the Special Representative.

(i) Any proclamation proposed for issuance under Section 201(a) or Section 351(a) of the Act (submitted pursuant to the provisions of subsection (b) of this section) shall be subject to the provisions of Executive Order No. 11030 of June 19, 1962.

(j) Advice furnished by the Secretaries of Commerce and Labor under Section 351(c) of the Act shall be transmitted by the respective Secretaries to the President through the Special Representative.

(k) Subject to available financing, the Special Representative may employ such personnel as may be necessary to assist him in the performance of his functions.

SEC. 4. *Trade Expansion Act Advisory Committee.* (a) There is hereby established the Trade Expansion Act Advisory Committee (hereinafter referred to as the Committee). The Committee shall be composed of the Special Representative, who shall be its chairman, and the following other members: the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of Labor.

(b) Each Secretary referred to in Section 4(a) of this order may designate an official from his department, who is in status not below that of an Assistant Secretary of an executive or military department, to serve as a member of the Committee in lieu of the designating Secretary when the latter is unable to attend any meeting of the Committee. In corresponding circumstances, the Special Representative may designate the Deputy Special Representative for Trade Negotiations, for a corresponding purpose. Except for his accountability to his designating authority, any person while so serving shall have in all respects the same status, as a member of the Committee, as do other members of the Committee.

(c) The Special Representative may from time to time designate any member of the Committee (including any person serving as a member of the Committee under the provisions of Section 4(b) hereof) to act as chairman of the Committee when the Special Representative is unable to attend any meeting of the Committee.

(d) The Committee shall have the functions conferred by the Act upon the interagency organization referred to in Section 242 of the Act and shall also perform such other functions as the President may from time to time direct.

(e) The recommendations made by the Committee under Section 242(b)(1) of the Act, as approved or modified by the President, shall guide the administration of the trade agreements program.

(f) The functions conferred upon the President by the second sentence of Section 242(c) of the Act, to the extent that they are in respect of procedures, are hereby delegated to the Committee.

SEC. 5. *Tariff Commission.* (a) The United States Tariff Commission is requested to determine the ad valorem equivalent, and, for this purpose, the authority conferred upon the President by the provisions of Section 256(7) of the Act is hereby delegated to the Commission.

(b) Reports required to be made, and transcripts of hearings and briefs required to be furnished, by the Tariff Commission under the provisions of Section 301(f)(1) of the Act (1) shall, in respect of investigations made by it under Section 301(c)(1) of the Act, be transmitted by the Commission to the President through the Secretary of Commerce, and (2) shall, in respect of investigations made by it under Section 301(c)(2) of the Act, be transmitted to the President through the Secretary of Labor.

(c) All other reports, findings, advice, hearing transcripts, briefs, and information which, under the terms of the Act, the Tariff Commission is required to furnish, report, or otherwise deliver to the President shall be transmitted to him through the Special Representative.

(d) Advice of the Tariff Commission under Section 221(b) of the Act shall not be released or disclosed in any manner or to any extent not specifically authorized by the President or by the Special Representative.

SEC. 6. *Secretary of the Treasury.* There is hereby delegated to the Secretary of the Treasury the authority to issue regulations, conferred upon the President by the provisions of Section 352(b) of the Act.

SEC. 7. *Secretary of Commerce.* The authority to certify, conferred upon the President by the provisions of Section 302(c) of the Act, to the extent that such authority is in respect of firms, is hereby delegated to the Secretary of Commerce.

SEC. 8. *Secretary of Labor.* There are hereby delegated to the Secretary of Labor the authority to certify, conferred upon the President by the provisions of Section 302(c) of the Act, to the extent that such authority is in respect of groups of workers, and the authority conferred upon the President by the provisions of Section 302(e) of the Act.

SEC. 9. *Committees and task forces.* To perform assigned duties in connection with functions under the Act and as may be permitted by law, the Special Representative may from time to time cause to be constituted appropriate committees or task forces made up in whole or in part of representatives or employees of

interested agencies, of representatives of the committee established by the provisions of Section 4 of this order, or of other persons. Assignments of personnel from agencies, in connection with the foregoing, and assignments of duties to them, shall be made with the consent of the respective heads of agencies concerned.

SEC. 10. *Threat of impairment of national security.* Executive Order No. 11051 of September 27, 1962, is hereby amended by striking from Section 404(a) thereof the text "Section 2 of the Act of July 1, 1954 (68 Stat. 360; 19 U.S.C. 1352a)" and inserting in lieu of the stricken text the following: "Section 232 of the Trade Expansion Act of 1962".

SEC. 11. *References.* Except as may for any reason be inappropriate, references in this order to any other Executive order or to the Act or to the Trade Expansion Act of 1962 or to any other statute, and references in this order or in any other Executive order to this order, shall be deemed to include references thereto, respectively, as amended from time to time.

SEC. 12. *Prior bodies and orders.* (a) The pending business, and the records and property, of the Trade Policy Committee, Trade Agreements Committee, and Committee for Reciprocity Information (now existing under orders referred to in Section 12(b) below) shall be completed or transferred as the Special Representative, consonant with law and with the provisions of this order, shall direct; and the said committees are abolished effective as of the thirtieth day following the date of this order.

(b) Subject to the foregoing provisions of this section, the following are hereby superseded and revoked:

(1) Executive Order No. 10082 of October 5, 1949.
(2) Executive Order No. 10170 of October 12, 1950.
(3) Executive Order No. 10401 of October 14, 1952.
(4) Executive Order No. 10741 of November 25, 1957.

JOHN F. KENNEDY

THE WHITE HOUSE,

January 15, 1963

[F.R. Doc. 63-596; Filed, Jan. 16, 1963; 1:33 p.m.]

Mr. FOGARTY. When was that issued?

Mr. POWERS. January 15, 1963.

FUNCTIONS OF PROPOSED OFFICE

I would like to list the three specific functions for which we are here to ask funds.

First, the Secretary has responsibility to advise the President in connection with tariff negotiations. Congress made it clear that it wanted the President to have specific information about what the impact of increased trade would be on employment, business, and agriculture. It is our responsibility in the Department of Labor to provide information on employment, and this will require us to do more research than we are now doing into specific industries, commodities, and the impact that an increase in trade will have on jobs.

Then we have a second function, in the area of adjustment assistance, relating to concessions which already have taken place, to certify whether individual groups of workers are eligible to apply for adjustment assistance.

Then there is the third function of administering the adjustment assistance program.

METHODS OF DETERMINING WORKERS ELIGIBLE FOR ASSISTANCE

In the second area, the area where we will be making certifications of the eligibility of groups of workers to apply for assistance, these certifications may develop in one of two ways. If an industry has

petitioned the Tariff Commission for tariff relief, and the Tariff Commission has found there is industrywide injury, then the President will consider whether or not the tariff adjustment which has been recommended by the Tariff Commission should be granted, and in addition whether or not to grant adjustment assistance. He may decide that instead of granting tariff relief he will grant adjustment assistance. In either case, if he decides adjustment assistance is appropriate in that industry, he will certify that groups of workers may petition the Secretary of Labor for a determination that they are eligible to apply for adjustment assistance, and then the Secretary will have to decide whether or not that general industrywide injury finding also applies to the specific workers at a particular plant, or in a subdivision of that plant. This obviously will require detailed information on just what is the employment situation at that plant and why unemployment occurred.

On the other hand, the groups of workers might petition the Tariff Commission directly for a determination that they are eligible for adjustment assistance. If they do, the Tariff Commission is required within 60 days to make a report as to whether or not unemployment at that plant for that group of workers can be attributed to increased imports resulting from tariff concessions.

If the Tariff Commission finds that such a cause is responsible for the unemployment, then, under this Executive order the Secretary of Labor will review that determination of the Tariff Commission and make a certification. If he agrees with the Tariff Commission, then workers from that plant, or in that group, will be able to go to their State employment security agencies and seek the adjustment assistance which is to be provided.

EXTENT OF ADJUSTMENT ASSISTANCE

The adjustment assistance is substantial. A worker will be able to receive an allowance of 65 percent of his average weekly wage up to a maximum of 65 percent of the national average manufacturing wage. That cutoff is about $61 at the present time.

In addition, he will be able to get the allowance for up to 52 weeks if he remains out of work.

If he is referred to training, instead of being able to get only the 52 weeks of training which the Manpower Act provides, he will be able to get a total of up to 78 weeks under this act.

If a worker is over 60 at the time of his separation, instead of the 52-week limit he would be able to get an additional 13 weeks of allowances also.

We will make a special effort where training is concerned to set up a training program that will enable workers to be retrained to fill new jobs with their old employer.

Finally, if we are not able to find jobs for these workers in their area, or to train them for other jobs in their area, and if they are the head of a household and have a definite job offer in another locality, there is provision to pay the reasonable moving expenses for such workers and their families and to give them a lump-sum payment. The payment amounts to $230 at the present time.

I would like to say one thing more before answering any questions you may have, Mr. Chairman, and that is this:

CONCERN OVER PRESIDENT'S AUTHORITY TO REDUCE TARIFFS

I know you and Mr. Laird were very concerned about the authority which was being granted to the President under this act to reduce tariffs.

Mr. FOGARTY. That is putting it mildly. I voted against the bill.

Mr. POWERS. I know, sir.

Mr. FOGARTY. I have been doing it since 1944.

Mr. POWERS. The money for which we are asking is all designed to provide safeguards for workers, either in terms of advising the President about what will be the adverse effects of tariff concessions or in terms of assisting workers who have already been adversely affected by import competition.

SUPPLEMENTAL REQUEST, 1963

Mr. FOGARTY. This is a new activity and you requested a supplemental for 1963 of about $3 million?

Mr. POWERS. That is correct.

Mr. FOGARTY. Do you hope to get any of that this year?

Mr. POWERS. We certainly hope so. The obligation on the Government exists at the present time.

Mr. FOGARTY. What is the status of that supplemental?

Mr. POWERS. As I understand it, it will be filed——

Mr. HUDSON. We understand, Mr. Fogarty, that the supplemental will go up either today, tomorrow, or Monday.

As it stands now the recommendation of the President is for the staff to get started in the last 3 months.

So far as allowance dollars are concerned, the proposal is not to recommend a specific amount but to include authority in the appropriation language which would make any money available in the Department for the payment of whatever benefits come up this year.

Mr. FOGARTY. You mean there is a little fat in the budget for the Department of Labor?

Mr. HUDSON. No, sir. When this question came up I told the Bureau of the Budget that the only money we had available in this area was in the unemployment compensation for Federal workers and Manpower Development and Training Act, and both of those were also going to need supplemental money.

EFFECT OF DISALLOWANCE OF 1963 SUPPLEMENTAL ON 1964 REQUIREMENTS

Mr. FOGARTY. The request for 1964 is $7,635,000. What happens if you do not get the supplemental appropriation for 1963? What effect would that have on your needs for 1964?

Mr. POWERS. It would make the needs even greater so far as the benefit amounts are concerned, because to the extent that this is money to pay benefits to workers adversely affected, and the majority is for that purpose, in the 1963 supplemental over $2 million of the $3 million total being for benefits, and in the 1964 budget $6.5 million of the $7 million——

Mr. FOGARTY. You could use 1964 funds to pay benefits of 1963?

Mr. HUDSON. There is an obligation, sir, to reimburse the States for any of these costs.

Mr. POWERS. We will be signing agreements with the States which state we will reimburse them. We have an obligation to the workers right now under the act. While there are no workers at the present time who have been certified to be eligible, once certifications are made we may have obligations dating back to November 11 of last year. We will have an obligation to the workers which will not be fully taken up by the States until we have funds. The States will pay unemployment insurance to those eligible for it for such time as they are eligible, and the Government under this act has stated it will reimburse the States for those amounts.

In addition the excess will not be paid by the States and the workers will not be getting it until we get funds to pay them.

OTHER GOVERNMENT AGENCIES INVOLVED IN PROGRAM

Mr. FOGARTY. Have any other Government agencies carried out activities under this new act?

Mr. POWERS. The Tariff Commission has already received petitions for adjustment assistance for workers.

The Commerce Department and the Small Business Administration are preparing to discharge their responsibilities in connection with the assistance to firms.

Mr. Herter, the Special Representative, has been appointed and has traveled to Europe in connection with the forthcoming negotiations.

ESTIMATED NUMBER OF PERSONS AFFECTED BY ACT

Mr. FOGARTY. Over 80 percent of the request is for readjustment allowances. According to page 12 this part of the estimate is based on the assumption that 8,600 persons will be adversely affected by tariff reductions and 6,450 of them will file claims for trade adjustment allowances during 1964.

How did you arrive at that figure of 8,600?

Mr. POWERS. It was based on our best estimate of what the numbers would be who would petition for assistance on the basis of unemployment resulting from concessions already in effect. You see, we are permitted under this act to assist those who were laid off after November 11, 1962, from concessions resulting in the past. We looked at proceedings which were before the Tariff Commission at the present time and made the best estimate we could. Admittedly it was a rough estimate of potential petitions for adjustment assistance for workers.

Mr. FOGARTY. How do you estimate the number that might be eligible and the number that will file claims? How do you arrive at that?

Mr. POWERS. Mr. Whitbeck can testify to that.

Mr. WHITBECK. This also was arbitrary. It is 75 percent of those eligible who would file. This is based as nearly as possible on the possibilities of people getting back into the labor market before they actually become entitled to file.

There is some lag between people who have a potential for any of the benefits under unemployment insurance and those who actually——

Mr. FOGARTY. What is the lag? Does it vary from State to State?

Mr. WHITBECK. Yes, sir. This is roughly in accordance with national figures.

Mr. FOGARTY. Mr. Denton?

PROGRAMS INCLUDED IN BUDGET REQUEST

Mr. DENTON. This appropriation embraces funds to administer the act and also to make the adjustment payments to the men who have lost their employment because of tariff changes?

Mr. POWERS. That is right.

Mr. DENTON. That includes payments you spoke about and also in some cases money for moving and resettling?

Mr. POWERS. That is right.

Mr. DENTON. This program also embraces training. Where is the money for that? Is that in the manpower, automation, and training program?

Mr. POWERS. Yes, sir.

Mr. DENTON. Mr. Hudson, how much of this is for training under this program?

Mr. HUDSON. It is not earmarked, Mr. Denton. We have asked for $165 million for the Manpower Training Act. We do not specify in there what training will be under the Trade Adjustment Act or other acts.

Mr. DENTON. Did you make any estimate of what is required under that?

Mr. HUDSON. No, sir. Whatever training costs comes out of this will be financed out of the Manpower Development Training Act, whatever it might be.

Mr. POWERS. The allowances to the worker in training will be paid under this appropriation. The funds for the training program itself will be paid under the Manpower Development Training Act.

PAYMENTS TO WORKERS

Mr. DENTON. This allowance does not have much to do with the State allowance of money. It is up to us to pay them back just like welfare and a good many other things?

Mr. POWERS. The Federal Government has set the level of the allowance to the workers in this program. Even the State unemployment insurance is less, the individual will get the full amount. In fact, the Federal Government is going to pay the full amount and not just a supplement.

Mr. DENTON. He gets the money first from the State, does he not?

Mr. POWERS. It will be paid through the States and to the extent he is drawing unemployment insurance before his eligibility for this trade allowance is determined he will get some State money first.

Mr. DENTON. You just reimburse the State for its unemployment insurance payments?

Mr. POWERS. We pay the additional amounts, too, but the idea——

Mr. DENTON. Afterward, you make up the extra amount?

Mr. POWERS. Yes, sir.

Mr. DENTON. The employee has a certain sum of money coming to him under this program and, if that is more than the unemployment

insurance the State pays, you reimburse the State for that amount and also pay the additional sum he would get under this act?

Mr. POWERS. Except that in some cases there may not be the lag I think you are suggesting. Once there has been a determination that the workers at plant X are eligible for this trade allowance, then if workers are laid off subsequently at plant X because of import competition, they can start right out and get the full amount, and they will not be getting a lump sum [supplement later].

Mr. DENTON. Again, I think this is one of those cases where it does not make much difference what we do. The executive branch decides they are eligible for these benefits and the States grant them and we will have to make up the difference?

Mr. POWERS. Yes; but you should bear this in mind: No one will get any benefits under this program unless the Tariff Commission has made a determination that the unemployment in question resulted from imports. You have that protection. The Tariff Commission is going to make an affirmative finding.

The Ways and Means Committee was very anxious to write this into the bill and they did.

Mr. DENTON. There are so many different things involved there is not much we can do about it.

I think that is all.

Mr. FOGARTY. Mr. Lesinski?

AVERAGE WEEKLY PAYMENTS

Mr. LESINSKI. I was attempting to get an answer to the same question my colleague, Mr. Denton, was posing; that is, with specific reference to the steel industry. In the steel industry, the average wage is $3.25 an hour for 40 hours, or $130 a week. On the average, $100 income a week is, roughly, the 65 percent he would be receiving under this program?

Mr. POWERS. Yes, sir; but there is a cutoff. The cutoff is 65 percent of the average manufacturing wage in the United States so no individual can get more than that amount. That is based on a publication of the Bureau of Labor Statistics.

Mr. LESINSKI. Suppose in Birmingham, they are only paying $2.90 an hour for steelworkers. Forget the exact figure. I am trying to arrive at the approximate figure, whether it is $60 a week, $65 a week, or $55 a week. It does not make too much difference.

At $65 a week the average person would receive $3,380 times the approximate number of people you mentioned, 8,600 and that comes to $28,988,000, or, roughly, $29 million.

Of that percent, a portion is paid from the unemployment compensation fund; right?

Mr. POWERS. The Federal Government will reimburse the amount.

Mr. LESINSKI. The difference?

Mr. POWERS. No; it will pay the full amount. It will reimburse the States for the unemployment insurance paid and then it will pay

through the State the additional amount. Our estimates are that the average person who receives benefits will receive them for 23-and-a-fraction weeks and the average weekly payment will be $41. This is based on our best estimate of what will be the level of wages of those who will qualify for benefits.

Mr. LESINSKI. This could mean $30 million a year, too, if they do not find another job within 52 weeks?

Mr. POWERS. The BES experience would indicate that these people will average out drawing benefits for about 23½ weeks, not the full 52.

GUARDING AGAINST ABUSES

Mr. LESINSKI. Mr. Chairman, the point I am driving at is something we all have to recognize and that is the fact that more and more people are less apt to go back to work if they are getting something for nothing. It is a fact that more and more people will take advantage of this and our problem today in ADC or unemployment compensation is highlighted by the fact that we know many people who could have gotten work said, "What is the use? Why should I go out and get a job when I can sit home and draw unemployment compensation?"

With that thought in mind, I grant you that it would not be this full amount, but I realize it could run a lot more than what you are asking for here.

Mr. POWERS. Mr. Lesinski, if I might say one thing on that point, the question was raised before the Ways and Means Committee, in its consideration of this act as to whether or not this higher allowance would discourage people from seeking new jobs. We feel very strongly that it will not. There are a couple of specific protections in this act. One is that the State requirement on availability for work be followed. The second is that all individuals who do not become reemployed quickly will be considered for training. If they are referred for training and if they refuse training without good cause, they lose their qualification for these allowances.

Mr. LESINSKI. I am very happy to hear that because I can see a problem here in this connection.

That is all.

Mr. FOGARTY. Thank you very much.

Before we conclude, Mr. Hudson, do you have any problems you want to take up with us?

Mr. HUDSON. We have problems.

Mr. FOGARTY. That you want to bring up before the committee before we finish the hearings with the Department?

Mr. HUDSON. No, sir. Thank you very much.

Mr. FOGARTY. Then I would like to say for the record that Mr. Hudson has done a real good job in all of these hearings and he has been most helpful in connection with our proceedings.

Thank you, gentlemen.

TUESDAY, FEBRUARY 5, 1963.

INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

WITNESS

CARL J. JOHNSON, EXECUTIVE DIRECTOR

CONTRIBUTION TO INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities: Contribution to the Commission (costs—obligations) (object class 41)	5	5	5
Financing: New obligational authority (appropriation)	5	5	5

Mr. FOGARTY. Mr. Johnson, we are glad to have you with us this morning. Do you have a statement for the committee?

Mr. JOHNSON. Yes, I do.

Mr. FOGARTY. We will be glad to hear from you.

GENERAL STATEMENT

Mr. JOHNSON. My name is Carl J. Johnson. I serve as the full-time executive director for the Interstate Commission on the Potomac River Basin, having succeeded Mr. Ellis S. Tisdale, who retired early in 1962. I have a small staff consisting of one engineer, position vacant at present; one secretary, and an editorial consultant. This represents a considerable change in our organization. The change was due in part to Mr. Tisdale's retirement. Also to the need for placing more of our income in fact-finding and educational efforts. With a Federal program grant of $27,000 our total annual income is approximately $60,000.

INVESTIGATIONS

(1) We have continued and improved the operation of our 85 station cooperative water quality sampling network. Early in 1962 the District of Columbia's Sanitary Engineering Department, a network cooperator, installed the basin's first continuous dissolved oxygen analyzer on Woodrow Wilson Bridge.

(2) In 1960, arrangements were made with the U.S. Geological Survey for a study of silt and sediment origin and transport in the Potomac Basin. The commission secured financial cooperation from each signatory body to match funds provided by U.S. Geological Survey. This study was completed in October 1962 and a report is being published by the interstate commission. This represents the first reliable basin-wide data available on this subject. The study indicates that 2.9 million tons of sediment is moving into the Potomac estuary each year.

(3) A task force of Federal and State erosion control specialists, sponsored and chairmanned by the commission, completed its study late in 1962 and outlined ways and means by which local jurisdictions can develop programs to combat erosion and sediment production in the Washington metropolitan area.

EDUCATION

(1) With cooperation from two television stations and numerous radio stations, the Commission continued until September 30, the production of 20- and 60-second television and radio spot announcements. Production costs were paid by the Commission. Radio and television provided exposure time. In August 1962, the public service manager stated that over the period of 1 years the use of these spots by WRC and WRC–TV had amounted to $220,056 in public service time value.

(2) Each month the Commission has published a printed newsletter which has a circulation of nearly 3,000.

(3) Three public educational meetings were held. The average attendance was 125. Proceedings reached at least 500 people.

(4) Late in 1962 the Commission authorized the production of a 25-minute sound, color movie, which will depict progress and will take a look at outstanding problems. This film will be ready for use in the fall of 1963.

CALENDAR YEAR 1963 PROGRAMS

We are looking forward to the following:

(1) Use will be made of the two sediment studies mentioned above in an attempt to install control programs in the Washington urban and suburban region.

(2) Negotiations are underway to consolidate our sampling network with those of the members States who all now have State programs.

(3) A conference has been scheduled for late spring to hear the plans of local jurisdictions for intensified efforts to further improve water quality in the north branch of the Potomac.

(4) Conference with the newly formed Potomac River Fisheries Commission looking forward to greater efforts to protect commercial and sport fisheries from pollution.

(5) Production and use of the movie mentioned above.

(6) Cooperation with the State—that's the State of Virginia—and industrial interests in a heavy metals study in the Shenandoah River, a major tributary of the Potomac.

(7) Study, evaluation and education program with respect to the water quality aspects of the river development study of the U.S. Army Corps of Engineers which will be published shortly.

(8) Continuation of our newsletter and public meetings. We will also attempt to obtain the adoption by Virginia of the amendment to our compact, which has been adopted by the other three States.

Mr. FOGARTY. Thank you very much, Mr. Johnson.

First, I would like you to know that I am sure it is the consensus of this committee that Mr. Tisdale was a real dedicated public servant

and certainly deserves the thanks and support of the people in this area for the many years of work that he has put into this job. I guess this is the smallest appropriation that we have to consider in this bill.

You are asking for $5,000?

Mr. JOHNSON. $5,000; yes, sir.

STATE CONTRIBUTIONS

Mr. FOGARTY. What does the District of Columbia and what do the other participating States contribute?

Mr. JOHNSON. The total amounts to $27,000 each year. The District of Columbia contributes $9,000 of that. This is based on a formula which takes into consideration population in the basin portion of the State, the member body, the amount of tributary mileage, and the degree of pollution that exists in the various areas.

Mr. FOGARTY. What about Virginia?

Mr. JOHNSON. Virginia contributes $4,800.

Mr. FOGARTY. Do you consider that a fair share?

Mr. JOHNSON. Well, that was the original indication. All of the allocations that have been made were made at the institution of the compact, when it was first organized. While the total appropriations have increased over that period of time, the percentage of allocation will remain the same.

Mr. FOGARTY. The appropriations amount to a total of $27,000, and your income is 60?

Mr. JOHNSON. Our income is almost $60,000, yes.

PUBLIC HEALTH SERVICE GRANT

Mr. DENTON. Where does the other money come from, the difference between $27,000 and $60,000?

Mr. JOHNSON. We get this program grant from the Public Health Service program.

Mr. DENTON. How much do they give you?

Mr. JOHNSON. They give us $23,200 at the beginning of the year. Then there is usually a reallocation in January, and we received this notice yesterday.

The reallocation this year amounts to $4,111.

Mr. DENTON. That makes a total of how much from Public Health?

Mr. JOHNSON. A total of $27,100.

Mr. DENTON. That the Public Health gives you?

Mr. JOHNSON. That the Public Health Service grant program gives us.

APPROPRIATIONS AND CONTRIBUTIONS

Mr. DENTON. And we give you $5,000?

Mr. JOHNSON. Yes, sir.

Mr. DENTON. And how much does the District give you?

Mr. JOHNSON. $9,000.

Mr. DENTON. Of the $60,000, $41,000 comes from the U.S. Government?

Mr. JOHNSON. Substantially.

Mr. DENTON. And your program is substantially educational?

Mr. JOHNSON. Fact finding and educational.

CONTROL AUTHORITY

Mr. DENTON. I live on the Ohio River, and you are familiar with the Ohio River compact. We never got anywhere until it was compulsory. I have watched this a number of years and I doubt if you are going to get anywhere until you make it compulsory.

Mr. JOHNSON. This has been a matter of some consideration for the last few years. The records indicate that there has been a great deal of progress in the Potomac.

Mr. DENTON. Right around the District of Columbia?

Mr. JOHNSON. No; this progress has been pretty well scattered over the area.

In the four States that represent the Potomac, they all have strong control authority. This has developed over the years, and I believe that the control authority that each of those States has, and this is Pennsylvania, West Virginia, and Virginia, is considered to be about as good as exists in the country.

Now, it has been the feeling of our commission, and they made a study of this about 5 years ago that enforcement authority was not needed by this particular commission, that ample authority exists in the States and that when we got into an interstate situation, where one State was interfering with another in this respect, that the Federal authority would be inadequate. This was the opinion of our commission. There was nothing particularly to be served by the insertion of a third control agent.

I am quite familiar with your Ohio commission. In fact, I believe your Ohio River Commission has only exerted their authority in two or possibly three cases.

Mr. DENTON. Of course, that is all that was necessary.

Mr. FOGARTY. Mr. Lesinski?

Mr. LESINSKI. No questions.

Mr. FOGARTY. Mr. Michel.

STATE CONTRIBUTIONS

Mr. MICHEL. What are Virginia and Maryland doing by way of contribution to this?

Mr. JOHNSON. Virginia contributes $4,800 per year. Maryland is the largest contributor. I believe that they contribute $9,700. I believe this is the figure. It is a little bit more than the District contribution. But this is Maryland's river, so all the river mileage is attributed in this formula to Maryland.

Mr. MICHEL. Has that been considered their contribution in the last few years?

Mr. JOHNSON. Oh, yes; this contribution goes back to 1943, but it was quite a bit smaller at that time. The total budget of the commission at the time, in the beginning, as I recall, was $12,000.

It has moved up to this $59,000 or $60,000 since that.

Mr. MICHEL. Has Maryland's contribution percentagewise been pretty much the same?

Mr. JOHNSON. Yes; all the signatory bodies, percentagewise, have been pretty much the same.

Mr. FOGARTY. Thank you, Mr. Johnson.

ACCOMPLISHMENTS

Mr. LESINSKI. I have a question, Mr. Chairman. This committee has been appropriating since 1954, $5,000 a year. What has been accomplished in this 9 years' time?

Mr. JOHNSON. You have attached to your statement a copy of our January newsletter which details the treatment plant construction and the interceptors and pumping stations and that sort of thing that have been constructed since 1956.

Now, the heading—it is on the second page, I believe—the heading indicates that it is the Federal grant and Potomac program.

The reason it is headed that way is since the construction grant program went into being, of course, all the municipalities who have built treatment plants or that type of facility have taken advantage of these grant-in-aid programs.

So all of the work that has been done since that time is listed in that newsletter.

Mr. LESINSKI. I can recognize that this is a long, drawn-out operation, but the purpose of the question was, Are you making as rapid progress as you can?

Mr. JOHNSON. Yes, I believe we are. We are moving in the Potomac Basin today as rapidly as the municipalities and the States in two instances are able and willing to put up the money for construction work. I say "willing." This is more with the State. Two of the States have aid programs similar to the Federal program, Pennsylvania and Maryland. Of course, the municipalities depend on this to some extent. Consequently, when you have a grant-in-aid program of that type, and this applies to the Federal program, too, you sort of place a ceiling on your progress, because the grant money is not inexhaustible, so they delay until next year in order to qualify for the program.

Mr. LESINSKI. Thank you, Mr. Johnson.

Mr. FOGARTY. Thank you very much, Mr. Johnson.

(The newsletter referred to above follows:)

[News Letter, Interstate Commission on the Potomac River Basin, Washington, D.C., January 1963]

WINTER MEETING PROGRAM ON DISTRICT OF COLUMBIA REGION

Sanitary sewers and waste water disposal in the Washington metropolitan region occupies the center of attention at the ICPRB winter meeting, Thursday and Friday, January 24–25, in the George Mason Hotel, Alexandria, Va.

The report and recommendations for a Washington regional sewerage program presented last summer by Abel Wolman and John C. Geyer, of the Johns Hopkins University will be given particularly close examination. This is the study requisitioned and financed by the Washington Metropolitan Regional Sanitary Advisory Board.

On Wednesday, January 23, at 7:30 p.m., meetings of the commission's advisory committees are scheduled to be held. The complete program for the Thursday–Friday sessions follows:

THURSDAY, JANUARY 24

9:00 a.m.—Registration.
9:30 a.m.—Opening remarks: H. Winship Wheatley, Jr., Chairman, ICPRB.
9:35 a.m.—Past, present and future: Carl J. Johnson, executive director, ICPRB.
10:15 a.m.—Cooperation at the regional level: Brig. Gen. F. J. Clarke, Engineer Commissioner, District of Columbia.

10:45 a.m.—The regional sewer program: Dr. John C. Geyer, the Johns Hopkins University.
12:00 noon—Bus tour: Dulles International Airport, Chantilly, Va. Buses will leave the George Mason Hotel at this time and proceed to the huge new jet transportation center. Luncheon will be served in the terminal building. Water supply and waste disposal facilities (including the temporary lagoons for sewage), as well as the erosion control program, will be inspected. Return to the hotel by 5 p.m.
6:15 p.m.—Social hour.
7:00 p.m.—Banquet: Guest speaker John A. Carver, Jr., Assistant Secretary of Interior (Public Lands Management).

FRIDAY, JANUARY 25

9:30 a.m.—Panel: Local programs; moderator, Walter A. Lyon, Pennsylvania Department of Health. Panel members: Robert M. Brown, Maryland Department of Health; John Brink, D.C. Department of Public Health; E. C. Meredith, Virginia Department of Health.
11:15 a.m.—Planning relationships: G. Louis Heller, director, National Capital Regional Council.
12:00 noon—Adjournment.

Commission Declares Water Quality Policy

The ICPRB Commissioners have approved a policy statement endorsing the concept that all waste waters discharged into the Potomac and its tributaries require the "highest physically and economically practicable" degree of treatment.

The statement, which is in line with declared congressional policy concerning water quality control in interstate streams, is as follows:

"In view of the low dependable stream flow and in view of present and projected needs of legitimate water users, it is the judgment of this Commission that all waste waters must receive the highest physically and economically practicable degree of treatment required by such needs, before they are returned to the streams of the Potomac River Conservancy District, and that increased efforts should be made to this end."

Implicit in the statement, according to Carl J. Johnson, ICPRB Executive Director, is that at several points in the Potomac Basin, under present conditions, natural streamflows are not sufficient to maintain adequate quality levels to satisfy legitimate water needs.

Increased efforts, moreover, must be made to insure that waste water does not contribute to this condition, Mr. Johnson added.

A further implication, he said, is that action along these lines should precede low-flow supplement in the basin.

The Commission's concern, he emphasized, encompasses the constant improvement of water quality in all Potomac Basin streams of the five member jurisdictions of the interstate compact not only for health and esthetic reasons, but to encourage the economic development of the basin.

Federal Grants and Potomac Progress

It is quite easy to single out municipal and industrial sources of pollution in a river basin. Scraping up the funds to build corrective works comes hard, however.

This is true in the Potomac, no less than in any other river basin, whether the trouble spots are in relatively prosperous or distressed economic areas.

Public and official awarenes of remedial needs naturally is the first requirement. Then must come the will to dig into the local purse to supply the funds to build the works to end or relieve the undesirable condition.

In many municipalities where there has been a sufficient will but an inadequate way to get on with pollution abatement projects the Federal Government has helped provide incentive with construction fund grants.

After a painful birth in Congress in 1956, and a struggling infancy, the Federal grant program is leading a robust life which, through the expenditure of tens of millions of dollars, has stimulated pollution abatement works construction throughout the Nation.

What has this program meant in terms of the Potomac River communities? We took it upon ourselves to find out from the U.S. Public Health Service, which administers the grants.

The 5-year record supplied by PHS is mildly astounding. for in that brief time:

(1) No less than $44.7 million has been or is being spent on projects. Of this amount Federal aid totals $7 million.

(2) In four of the basin's five State jurisdictions (including the District of Columbia) 45 construction projects have been completed and 28 are in the process of being built—a total of 73. Of the completions, 27 projects are in Virginia, 11 in Maryland and 7 in Washington, D.C. Under construction are 14 in Maryland, 7 in Virginia, 5 in Washington and 2 in West Virginia.

(3) Total cost of the completed projects was $20.5 million, of which nearly $3.4 million is Federal grant money. Total cost of projects under construction is $24.2 million, of which nearly $3.6 million is Federal grant.

Here is a rundown of the individual projects, by jurisdiction:

Completed construction

Project	Total cost	Federal grant
Maryland:		
Cabin John Creek interceptor connecting Rockville with Washington D.C., system, permitting abandonment of old plant	$888,532	$250,000
Hagerstown secondary treatment facilities; improvements to existing facilities	323,244	92,517
Leonardtown primary treatment plant	152,099	45,629
Cabin John Park interceptors connecting with D.C. system	154,348	35,383
Sligo Branch interceptor	104,626	24,700
Gaithersburg abandonment of old treatment plant construction of interceptors connecting with D.C. system	938,800	148,000
Rockville interceptor	16,840	3,738
Emmitsburg interceptor and secondary treatment plant	277,106	67,837
Williamsport pumping stations, force mains and primary-type treatment plant to abandon old plant	269,911	72,056
Westernport interceptors and pumping stations connecting with regional treatment plant	361,221	75,282
Greenbelt interceptors connecting with D.C. treatment plant, permitting abandonment of old plant	172,764	38,386
Total	3,659,492	853,528
Virginia:		
Arlington County pumping stations, interceptors, force mains and treatment plant improvements to provide for secondary treatment	350,373	77,071
Colonial Beach primary-type treatment plant	266,707	58,280
Dumfries secondary treatment plant	101,587	20,471
Edinburg pumping station, force main, interceptor and primary-type treatment plant	114,442	33,180
Elkton primary treatment plant	42,761	6,109
Fairfax (city) conversion of existing plant to secondary treatment	682,087	77,071
Dogue Creek, Fairfax County, secondary treatment plant	159,419	38,248
Holmes Run, Fairfax County, lift station, force main and interceptors	380,448	65,347
Little Hunting Creek, Fairfax County, additions to existing plant to provide secondary treatment	208,585	35,350
Front Royal pumping station, force main and interceptor connecting Viscose City with Front Royal treatment plant	89,544	11,892
Herndon improvements and enlargements to primary treatment plant	124,616	11,654
Monterey secondary treatment plant	43,548	7,428
Mt. Jackson primary-type treatment plant, pumping stations, force mains and interceptors	73,809	15,658
Occoquan-Woodbridge Sanitary District secondary-type treatment plant	197,727	28,790
Woodstock secondary-type treatment plant	116,877	12,520
New Market secondary-type treatment plant	93,779	26,471
Bridgewater primary treatment plant	150,789	45,236
Arlington County additions to existing treatment plant, pumping station, force main and interceptors	511,781	139,000
Pimmit Run, Fairfax County, interceptor from existing obsolete plant connecting with District of Columbia system	607,714	170,913
Leesburg interceptors and improvement and enlargement of existing treatment plant	66,681	12,700
Staunton interceptors and secondary-type treatment plant	627,453	150,000
Strasburg secondary-type treatment plant	152,006	40,200
Vienna secondary-type treatment plant	127,047	38,114
Hollin Hills, Fairfax County, interceptor to Little Hunting Creek treatment plant, eliminating pumping station	68,447	20,534
Pimmit Hills interceptor eliminating treatment plant and connecting with District of Columbia system	78,197	23,459
Warrenton pumping station, force main, and interceptors	58,899	15,720
Winchester additions and extensions to secondary-type treatment plant	58,524	17,557
Total	5,548,849	1,198,974

Completed construction—Continued

Project	Total cost	Federal grant
District of Columbia:		
Blue Plains treatment plant 1st stage of secondary treatment	$6,080,778	$250,000
Anacostia River main pumping station improvements	304,596	91,378
Blue Plains treatment plant 2d stage secondary treatment	1,107,616	250,000
Blue Plains treatment plant 3d stage secondary treatment	2,229,415	250,000
Lorton (Va.) Reformatory pumping station, force main, interceptors, and secondary-type treatment plant	635,648	190,694
Glenn Dale (Md.) Hospital interceptor and siphon	86,119	25,146
Anacostia River interceptor including siphon between main pumping station and Poplar Point pumping station	826,823	248,047
Total	11,270,995	1,305,266

Under construction

Maryland:		
Union Bridge interceptors and secondary-type treatment plant	$230,750	$57,687
Rockville interceptors, pumping station and force main connecting with Cabin John Creek interceptor and D.C. system	709,797	143,618
Boonsboro interceptors and primary-type treatment plant to eliminate septic tanks	167,250	40,000
Northwest Branch Anacostia relief interceptor	417,557	49,000
Indian Head additions and changes to existing plant to provide secondary treatment	75,100	18,775
Thurmont interceptor and outfall relief sewer	100,000	25,000
Rock Creek relief interceptor	960,000	240,000
Oxon Run relief interceptor	79,900	19,975
Emmitsburg interceptor	18,325	4,581
Rock Creek No. 2 (Washington Suburban Sanitary Commission) relief interceptor	605,000	151,250
Bowling Green interceptors, pumping station and primary-type treatment plant	358,200	89,550
La Plata improvements and additions to existing lift station and secondary-type treatment plant	122,000	30,500
Northeast Branch Anacostia relief interceptor	400,000	100,000
Hancock interceptor, pumping stations, force mains and wastes stabilization lagoon	240,460	60,115
Total	4,484,339	1,030,051
Virginia:		
Occoquan-Woodbridge Sanitary District secondary treatment plant for Featherstone-Lynwood area	413,232	78,024
Occoquan-Woodbridge District No. 1 additions to existing treatment plant	508,550	36,200
Occoquan-Woodbridge District No. 2 interceptors, pumping station and secondary treatment plant for Manassas	673,850	83,000
Mount Vernon Park, Fairfax County, interceptor	27,300	5,300
Purcellville pumping station, force main and enlargement of treatment plant	86,000	24,170
Stephens City interceptor and wastes stabilization lagoon	86,432	20,250
Fairfax County enlargement of secondary-type treatment plant	492,311	75,420
Total	2,287,675	322,364
West Virginia:		
Moorefield pumping stations, force mains and primary-type treatment plant	155,550	44,565
Piedmont interceptors, pumping stations and force mains	116,000	34,800
Total	271,550	79,365
District of Columbia:		
Interceptor and pumping station	2,660,815	250,000
Project "C" pumping station and interceptor	2,592,058	250,000
Blue Plains treatment plant additions	1,543,940	463,182
Force main and relief interceptor	2,899,040	600,000
Force main and relief interceptor	7,502,664	600,000
Total	17,198,517	2,163,182

Soil Conservation Society Honors WRC–TV Series

The Soil Conservation Society of America recently presented a merit award to Washington station WRC–TV for the series of documentaries, "Our Beautiful Potomac," which has been produced since 1954.

Cited also was Stuart Finley, producer of the series of 50 ½-hour programs dealing with water resources management in the Potomac River Basin.

Joseph Goodfellow, vice president and general manager of WRC–TV and radio station WRC, accepted the award plaque with Mr. Finley in Washington ceremonies. The presentation was made by Carl J. Johnson, chairman of the Washington chapter, SCSA; David S. Whitenack, chapter secretary-treasurer, and T. A. Neubauer, immediate past chairman of the chapter, on behalf of Roy D. Hockensmith, president of SCSA.

The citation described the public service documentaries as "outstanding contributions toward conservation education in the Washington metropolitan area."

Dr. Grant Named to ICPRB

Dr. Murray Grant, District of Columbia Director of Public Health, has been appointed to ICPRB by the District of Columbia Commissioners. He succeeds Dr. Daniel L. Finucane, who recently retired as the District's public health chief.

Dr. Grant was named District of Columbia Health Director in September after serving for 5 years in neighboring Prince Georges County, first as assistant health officer, then as health officer from 1959.

Prior to that, he was director of health of Clay County, Mo.; commissioner of health of Cattaraugus County, N.Y., and assistant health officer of Baltimore County, Md.

Born in London in 1926, Dr. Grant received his early education in England, and was graduated from St. George's Medical School, associated with the University of London, in 1949. He obtained a postgraduate degree in public health from the University of Toronto, Canada, the following year.

He was certified to the American Board of Preventive Medicine and Public Health in 1955. He is now clinical professor of community health at George Washington University Medical School, and lecturer in public health at Johns Hopkins School of Hygiene and Catholic University School of Nursing.

Blackwater Proceedings Ready

The proceedings of the Commission's fall meeting at Blackwater Falls State Park, W. Va., last September will be available the latter part of this month. The publication is virtually a complete transcript of the program devoted to water resources development in the North and South Branches of the Potomac.

1962 Water Quality Report

The Commission's third annual water quality network report, covering water year 1962 (October 1, 1961—September 30, 1962), is now ready for distribution at the ICPRB office. The publication is a compilation of data obtained from 88 water sampling stations maintained in the Potomac Basin through the cooperation of the States, municipalities and industries. While the report is available to the public, it is designed for use by professionals in water management.

TUESDAY, FEBRUARY 5, 1963.

U.S. SOLDIERS' HOME

WITNESSES

GEN. WADE H. HAISLIP, GOVERNOR
BRIG. GEN. JOHN F. CASSIDY, DEPUTY GOVERNOR
COL. COLEMAN ROMAIN, QUARTERMASTER
GRAYSON H. ISBELL, ADMINISTRATIVE OFFICER
RAMOND A. GRITTON, BUDGET ANALYST
LT. COL. ROBERT M. WILKINS, BUDGET ANALYST, OFFICE, COMPTROLLER OF THE ARMY

LIMITATION ON OPERATIONS AND MAINTENANCE AND CAPITAL OUTLAY

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
	U.S. SOLDIERS' HOME			
11	Personnel compensation:			
	Permanent positions	3,839	3,970	4,220
	Positions other than permanent	65	66	66
	Other personnel compensation	147	153	196
	Total personnel compensation	4,051	4,189	4,482
12	Personnel benefits	290	300	321
21	Travel and transportation of persons	1	1	1
22	Transportation of things	2	2	2
23	Rent, communications, and utilities	115	133	133
24	Printing and reproduction	4	4	4
25	Other services	421	415	444
26	Supplies and materials	1,008	1,114	1,181
31	Equipment	376	187	166
32	Lands and structures	62	349	19
41	Grants, subsidies, and contributions	3	1	1
	Subtotal	6,333	6,695	6,754
	Deduct quarters, subsistence, and laundry charges	136	132	132
	Total, U.S. Soldiers' Home	6,197	6,563	6,622
	ALLOCATION TO DEFENSE—CIVIL, ARMY			
11	Personnel compensation:			
	Permanent positions	43	44	----------
	Other personnel compensation	1	1	----------
	Total personnel compensation	44	45	----------
25	Other services	54	64	29
26	Supplies and materials	1	1	----------
32	Lands and structures	36	459	----------
	Total, Defense—Civil	135	569	29
	Total obligations	6,332	7,132	6,651

Personnel summary

	1962 actual	1963 estimate	1964 estimate
U.S. SOLDIERS' HOME			
Total number of permanent positions	1,013	1,039	10,068
Full-time equivalent of other positions	11	11	11
Average number of all employees	1,005	1,022	1,050
Number of employees at end of year	1,040	1,073	1,102
Average GS grade	3.7	3.7	3.7
Average GS salary	$4,569	$4,852	$4,799
Average salary, grades established by Board of Commissioners, U.S. Soldiers' Home	$1,421	$1,395	$1,630
Average salary of ungraded positions	$4,576	$4,491	$4,578
ALLOCATION TO DEFENSE—CIVIL, ARMY			
Total number of permanent positions	6	6	----------
Average number of all employees	6	6	----------
Number of employees at end of year	5	5	----------
Average GS grade	8.5	8.5	----------
Average GS salary	$7,075	$7,666	----------

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Medical care	2,676	2,790	3,089
2. Domiciliary care	1,438	1,315	1,441
3. Administration and central services	2,001	2,051	2,092
4. Permanent improvements	217	940	29
Total obligations	6,332	7,132	6,651
Financing:			
Unobligated balance brought forward (−)	−1,291	−1,074	−134
Unobligated balance carried forward	1,074	134	105
Unobligated balance lapsing	40	----------	----------
Limitation	6,155	6,128	6,622
Proposed increase in limitation due to pay increases	----------	64	----------

Mr. FOGARTY. We will now take up the U.S. Soldiers' Home. General, I assume you have your usual good statement.

General HAISLIP. Yes, sir; thank you, sir.

Mr. FOGARTY. Very well, you may proceed.

GENERAL STATEMENT

As Governor of the U.S. Soldiers' Home, I am appearing before this committee to justify the funds necessary for operation of the home during fiscal year 1964. The budget now before you for consideration, as all past budgets, will be financed from the Soldiers' Home Permanent Fund, a trust fund, and not from the general funds of the Treasury. Although the home obtains its funds through annual appropriations by the Congress, and the home request for funds appears in the Federal budget, these funds are not included in the total thereof.

PURPOSE OF THE HOME

In 1851, organic legislation was enacted establishing a home for the relief and support of certain old, invalid, and disabled soldiers of the Army of the United States. In 1947, applicability of laws governing

the home was extended to include airmen, and in 1948, enlisted women of both services became eligible for membership. The home is a place where members can live out their lives independent of public assistance, and with a sense of pride in the knowledge that they have made this home possible through their personal contributions to its support. Therefore, its original mission of providing a permanent residence for certain enlisted personnel has been continued for over a century without cost to the taxpayer.

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

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

ADMISSION CRITERIA

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

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

These criteria emphasize as the home's principal mission, the care of professional or career soldiers and airmen, and recognize and reward service both in peace and in war.

ADMINISTRATION AND FINANCING

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

The act of 1851 provided that the home be financed from a trust fund and not from the general revenues of the Treasury. The Congress annually appropriates from this trust fund money for the operation of the home. The income of the fund, prescribed by law, is derived from the following principal sources:

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

The balance of this fund on October 31, 1962, was $95.3 million, but attention is invited to the fact that income from the named sources was a little over $10 million in fiscal year 1962, as compared with some $13 million during the mid-1950's. The level of operating funds now

required is over $6.5 million as compared with the $3 million level of the mid 1950's. A decision by the services to raise the standards of enlistment and service, eliminated from their rolls individuals unable to meet these higher standards. This resulted in a rather consistent reduction in income from courts-martial. In addition, a new article has been proposed for insertion in the Uniform Code for Military Justice which provides for the administrative imposition of fines and forfeitures and practically does away with summary court. There are no figures available to show the amount that will be lost, but our greatest source of income will be reduced. Conversely, expenses have been mounting each year corresponding to the persistently increasing membership, and increasing costs, particularly salaries of employees. Although it is clear that in the not-too-distant future, expenses will exceed income, the permanent fund balance is adequate to provide for the operation and expansion of the home for a long time to come.

PHYSICAL PLANT

A new 557-bed domiciliary building authorized by the fiscal year 1960 appropriation, is now complete and occupied.

General HAISLIP. Mr. Chairman, this is a magnificent building. I certainly would like to show it to you.

Mr. FOGARTY. We will go out and take a look at it someday, General.

The old barracks building replaced by this new construction is being torn down, and use of other substandard bed spaces has been all but eliminated. The capacity of the domiciliary area is now 2,016 beds. Occupancy stands at approximately 1,700. Plans provide that 2 wings, with 340 beds, will be added eventually to the recently completed domiciliary building in time to meet further space demands. The fiscal year 1960 appropriation provided for a 70-bed expansion of the hospital ward wing, a building completed in 1954. This job is now underway, and is expected to be completed in about a year, raising the capacity of the hospital area to 500 beds, 85 of which must remain unassigned on a permanent basis to provide the flexibility required to accommodate men returning from specialized care at other hospitals or from leave, for placing patients in isolation, and to provide for peakloads and epidemics. Occupancy of the hospital now stands at approximately 350 patients.

MEMBERSHIP

There were 2,211 members on the rolls as of December 31, 1962, not all of whom required bed space, as some were away on leave, while others were being treated in special hospitals serving the home on a reimbursable basis. The average membership during fiscal year 1962 was 2,168. This year the membership is expected to reach 2,243. With the additional facilities mentioned above, the fiscal year 1964 budget is based on an average of 2,328. It is pertinent to mention that in fiscal year 1955, the average membership was 1,796.

ANNUAL REPORT

The law provides that a comprehensive report of the home's activities be submitted annually to the Congress at the close of each fiscal year. Included therein, is a report of the Inspector General

of the Army, who by law, is required to make an annual inspection of the home and to report the results to Congress. The following extract of his December 19, 1962, report is quoted below to assure the members of the committee that the home is managed in an efficient and proper manner:

I. GENERAL

3. The Governor and his staff were carrying out the mission of the home in an outstanding manner. The officers and employees were dedicated to their tasks of promoting the welfare and safety of the members and were imbued with a spirit of helpfulness and cooperation. Their high morale was reflected by the members, as was manifested by their expressions of well-being and satisfaction with the home. Unobtrusively efficient and dedicated, the Sisters of Charity continued to perform their nursing duties in a manner that earned the respect of the professional medical staff and the confidence of the patients.

BUDGET

The home's appropriation request now before this committee has followed the same budgetary procedure as any other Government agency, with the exception that it will be financed from the Soldiers' Home permanent fund. It is based on past experience, estimated changes in membership, and generally increased costs of supplies and services. In addition to obligating the annual appropriation for day-to-day expenses, each year certain obligations are made against prior-year appropriations for capital improvements. The chart herewith incorporated into the record, shows the effect this type obligation has on the overall budget program:

[In thousands of dollars]

	Fiscal year 1963	Fiscal year 1964	Difference
Annual operating expenses	$6,192	$6,622	+$430
Plus capital improvements (prior-year funds)	940	29	−911
Total obligations	$7,132	6,651	−481

The $940,000 brought forward to fiscal year 1963 will complete the new domiciliary building, expand the hospital ward wing, renovate a former home theater into a new chapel, modernize and renovate the home's electrical system, demolish an old barracks building, and construct a parking area.

The $29,000 obligation in fiscal year 1964 will complete the payment for expansion of the hospital ward wing. Although on a total obligation basis, we show a reduction of $481,000 over the current year, in reality, the appropriation request for fiscal year 1964 is a $430,000 increase over fiscal year 1963. This increase is composed of the following:

There is $112,000 for 27 additional positions to staff the expanded section of the ward wing and to take care of the anticipated increase in patients; annualization in fiscal year 1964 of 27 new employees authorized by the fiscal year 1963 appropriation for staffing the new domiciliary building and absorbing the increased maintenance of the expanded facilities; and for 2 new maintenance positions to further absorb the increased demand on the maintenance shops.

94628—63——33

There is $76,000 for annualization in fiscal year 1964, of phase I of the pay increase granted classified employees in fiscal year 1963, and payment of phase II of this pay raise for the last half of the fiscal year 1964.

There is $56,000 to increase the pay of those 250 members of the home who work in minor home jobs. The last pay increase granted these employees was authorized by the fiscal year 1958 appropriation. This increase will raise their average salary to approximately $1,500 per year, or one-third of that which is paid civilian employees of the home.

There is $44,000 which is an apparent increase only. Fiscal year 1963 requirements do not include the proposed supplemental to annualize in fiscal year 1963 increased wage board pay rates granted in fiscal year 1962. Requirements for fiscal year 1964, however, do include these increased pay rates.

There is $28,000 for salaries basically founded on the basis of 52 weeks, 364 days. So each year, provision must be made for the extra or 365th day. This extra day falls on a Monday in fiscal year 1964, whereas in fiscal year 1963 it fell on a Sunday. The increase provides for the greater number of employees working on the Monday. The increase also provides for the fact that fiscal year 1964 is a leap year and salaries must be paid for the 366th day. There is also included in this increase, $2,000 for providing rations for the 366th day.

There is $65,000 to provide for 34 additional member and 24 additional patient rations during fiscal year 1964; additional supplies for the increasing membership; replenishing inventory of the hospital to a medically acceptable level since it is anticipated that during fiscal year 1963 the required purchase of more costly drugs now on the market will somewhat prevent the replacement of normal inventory; and, finally, the increase will provide 1 cent more for feeding a $1.03 patient ration, which is equal to that fed during the past year.

There is $70,000 for the purchase of $67,000 of initial equipment for the expanded ward wing, and $3,000 for the replacement of more costly equipment.

There is $10,000 due entirely to the Bureau of the Budget requiring a 75-cent increase in the daily reimbursement rate for patients maintained at St. Elizabeths Hospital.

Recurring plant maintenance, including painting, roof repairs, stonework, and similar jobs, is a cyclic program which varies from year to year depending on the size of buildings and facilities scheduled. There is a $19,000 increase requested for fiscal year 1964, primarily for the painting program. This increase is more than offset by a $50,000 reduction in the fiscal year 1964 program of nonrecurring and "phased" maintenance.

I wish to thank the members of this committee for the opportunity of presenting our needs, and I want to assure you that the management of the home will continue to emphasize and maintain the high standards of operation expected of us by this committee and the Congress.

Mr. FOGARTY. Thank you, General.

I just want you to know, as we have told you before, that this committee thinks you and the staff are doing a good job out there.

Sometimes we think you are bit on the conservative side.

RATIONS

What about the rations? Are you getting any complaints?

General HAISLIP. No, sir.

Mr. FOGARTY. Are you getting what you asked for?

Mr. HAISLIP. Yes, sir; of course we also get some surplus food that is worth about 5 cents a ration.

Mr. FOGARTY. I remember 4 or 5 years ago you did not fare so well and I think our committee took care of it.

General HAISLIP. Yes, sir; you certainly did.

But our relations with the Bureau of the Budget could not be better. They realize we submit an honest and true budget and they do not bother us.

Mr. FOGARTY. None of this come out of the Federal Treasury, anyway. This is all from a trust fund supported by the armed services.

NEW POSITIONS

The appropriation for 1963 was $6,192,000.

Your request for 1964 is $6,622,000. I think you mentioned it is an increase of $430,000 and 29 new positions.

General HAISLIP. Yes, sir.

Mr. FOGARTY. It is my understanding that 27 of these new positions are to staff the new ward wing to be opened in January 1964.

General HAISLIP. Yes, sir.

Mr. FOGARTY. What are the other positions?

General HAISLIP. We asked for two maintenance positions.

Mr. FOGARTY. That is all you are asking for?

General HAISLIP. Yes, sir.

CONSTRUCTION PLANS

Mr. FOGARTY. When the new ward wing is opened, will that complete the currently planned construction?

General HAISLIP. No, sir; we still plan to expand the southern end of the ward wing.

We are now extending the north side and as the pressure gets heavier to use more, why, then, we will extend the south side. We have the foundation built now to provide for that. The cost is very much reduced that way.

Mr. FOGARTY. Do you have a plan as to what year you are going to start? Next year or the following year?

MEMBERSHIP

General HAISLIP. Ever since I have been at the home, I have tried to develop a pattern of entry into the home, questioning every man who comes in, studying him, finding out why he came.

We have been able to get nothing. All we know is that there are about 120,000 men today who are probably qualified to enter the home. Generally, through the years, we figure that we get about 2 percent of that number. We soon might have as many as 2,400 men, based on this 120,000.

Mr. FOGARTY. You expect the membership to go up, though, don't you?

General HAISLIP. It continues to go up. The pool of eligibles increased by 16,000 men last year.

Mr. FOGARTY. Mr. Denton?

Mr. DENTON. I go by the home coming to work sometimes and I have been watching them build that building from the road. Like Mr. Fogarty, I would like to see that building, too.

General HAISLIP. I certainly would be delighted to show it to you.

Mr. DENTON. I want to join Mr. Fogarty in congratulating you on what I think is a very fine job.

General HAISLIP. Thank you very much.

Mr. FOGARTY. Mr. Lesinski?

CONTRIBUTIONS BY ENLISTED PERSONNEL

Mr. LESINSKI. Mr. Chairman, I have a question here for general information. On page 3, subtitle 1, "Contribution at the Rate of 10 Cents Per Month Made by Each Regular Enlisted Man of the Army and Air Force."

This has been in existence since when?

General HAISLIP. It was started by the act of 1851. It was cut off in about 1908.

In 1936, it was started again because the fund was being rapidly depleted. The maximum rate has been set at 25 cents and the actual settlement of the amount, by law, is done by the Secretary of the Army.

Mr. LESINSKI. In 1931, how much was paid by each man, 10 cents?

General HAISLIP. In 1931, nothing. It was restored in 1936. Then they began paying 25 cents per month until 1942 when it was reduced to 10 cents.

Mr. LESINSKI. 10 cents?

General HAISLIP. 10 cents, yes, sir.

Mr. LESINSKI. The point I am driving at is the fact that 10 cents today, in the equivalent of 1936 dollars, would be about 25 cents. I have the thought in mind that if the men would contribute 25 cents or 20 cents in lieu of 10 cents, you would have more money to operate with, wouldn't you?

General HAISLIP. Well, I think our funds are adequate, sir. We have a trust fund now of $95.3 million. We are getting more income at the moment than the outgo. But they are fast coming together.

Mr. LESINSKI. Excuse my ignorance again. The funds you are asking for here do not come out of the Treasury—from the Treasury, yes, but they are coming from your own donated funds?

General HAISLIP. Yes, sir; entirely so.

Mr. LESINSKI. I appreciate that.

Thank you, Mr. Chairman.

Mr. FOGARTY. Mr. Michel?

MEMBERS' BIRTHPLACES

Mr. MICHEL. How is the distribution of the patients out here at the home as far as the country is concerned? Do they come pretty evenly distributed or most of them from around this section of the country?

General HAISLIP. You mean our members?

Mr. MICHEL. Right.

General HAISLIP. They come from everywhere in the United States. We have a great many men who were born in foreign countries. I can furnish the list.

Mr. FOGARTY. Let's put it in the record.

Place of birth of members as of June 30, 1962:

United States	1,899	Hungary	13
Albania	1	Ireland	31
Australia	1	Italy	18
Austria	26	Lithuania	6
Bavaria	1	Mexico	2
Bohemia	2	Norway	2
Brazil	1	Poland	34
Bulgaria	1	Puerto Rico	4
Canada	18	Rumania	4
Colombia	1	Russia	35
Czechoslovakia	8	Scotland	5
Denmark	7	Sweden	6
England	15	Switzerland	1
Finland	1	Turkey	1
Germany	23	Yugoslavia	2
Greece	7	Venezuela	1
Holland	3		

Mr. MICHEL. How many women are members?

General HAISLIP. Four—one who is able to live in the domiciliary area and three who are permanent hospital patients.

NUMBER OF EMPLOYEES

Mr. MICHEL. How many employees are out at the home all told?

General HAISLIP. We expect to have 1,073 by the end of 1963.

Mr. MICHEL. Does that include those part-time——

General HAISLIP. It includes the 253 member-employees, and the 6 officers on duty at the home.

I may say that by the end of 1964, the membership will have increased 25 percent since 1955; employment only 11 percent. I may also say that while I make everybody prove the need for employees before they are put in the budget, if they are granted by the Congress, I freeze them all and again make them prove they have to have them and the time they have to have them. I spend a great deal of time and energy on holding down employees.

I think we have done a good job and I do not think we are overstaffed at all.

Mr. MICHEL. In this item for a 75-cent increase for the daily rate for patients maintained at St. Elizabeths—how many are at St. Elizabeths?

General HAISLIP. We have 36.

Mr. MICHEL. How would you break down the problems of those people? Do they come from a pretty wide spectrum, the reasons for commitment to St. Elizabeths?

General HAISLIP. Yes; they do. We are obligated to take care of them and since we have no means for taking care of mental patients at the home, we have authority to send them to St. Elizabeths. We also have authority to send them there for observation and treatment. We do not have to go to court when they first go in. If the hospital feels they have to remain for a long time, they ask us to have them committed and we go to court and have them committed.

We pay the rate set by the Bureau of the Budget, because we feel obligated to do it. They are still members of the home. Some of them have been there for many years, but under new treatment for mental illness, we have gotten a lot of them back that we never expected to see again.

Mr. MICHEL. Have you a good record in the last couple of years for rehabilitation?

General HAISLIP. Yes, sir. I think we have been able to help all the people that could be helped and returned them. Some of them come back on a sort of parole to us to see if they can get along.

Mr. MICHEL. That experience has been pretty fair?

General HAISLIP. Yes, sir. I hate to take the time of the committee, but we have three devoted men out at the home who once a week go out to St. Elizabeths to visit every man of the home who is there. They go out and take cigarettes and chocolate bars. They, themselves, have been responsible for a number of those men coming back to the home. Many of them have been there for years and never had a visitor. When we started, the doctors would hardly let us in the front door out there, but when they saw the good we were doing, they now open the whole hospital.

Mr. MICHEL. There seems to be more and more in this direction, as evidenced by the fact that the President today is sending up a message to the Congress.

General HAISLIP. These devoted men made 51 visits last year to the hospital.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FOGARTY. Thank you very much, General.

TUESDAY, FEBRUARY 5, 1963.

NATIONAL MEDIATION BOARD

WITNESSES

FRANCIS A. O'NEILL, JR., MEMBER
THOMAS A. TRACY, ASSISTANT EXECUTIVE SECRETARY

NATIONAL RAILROAD ADJUSTMENT BOARD

WITNESSES

GERALD ORNDORFF, MEMBER
HARVEY J. REESER, MEMBER
LELAND HOWARD, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	802	867	915
	Positions other than permanent	566	631	599
	Other personnel compensation			5
	Total personnel compensation	1,368	1,498	1,519
12	Personnel benefits	70	70	71
21	Travel and transportation of persons	202	247	235
23	Rent, communications, and utilities	44	48	48
24	Printing and reproduction	65	44	44
25	Other services	12	15	14
26	Supplies and materials	11	12	12
31	Equipment	7	7	7
	Total obligations	1,779	1,941	1,950

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	104	104	104
Full-time equivalent of other positions	22	24	27
Average number of all employees	126	128	131
Number of employees at end of year	117	128	131
Average GS grade	8.6	8.6	8.6
Average GS salary	$7,552	$8,122	$8,241

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Mediation	584	655	688
2. Voluntary arbitration and emergency disputes	406	460	460
3. Adjustment of railroad grievances	789	826	802
Total program costs, funded—obligations [1]	1,779	1,941	1,950
Financing: Unobligated balance lapsing	8		
New obligational authority	1,787	1,941	1,950
New obligational authority:			
Appropriation	1,804	1,904	1,950
Transferred to "Operating expenses, Public Buildings Service" General Services Administration (75 Stat. 353) (−)	−17		
Appropriation (adjusted)	1,787	1,904	1,950
Proposed supplemental due to pay increases		37	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $14,000; 1962, $14,000; 1963, $14,000; 1964, $14 000.

Mr. FOGARTY. We have now before us the National Mediation Board and the National Railroad Adjustment Board. We will be happy to hear your statement, Mr. O'Neill.

GENERAL STATEMENT

Mr. O'NEILL. Mr. Chairman, members of the committee, we appreciate this opportunity to appear before you and give you the current status of our finances.

The National Mediation Board administers the Railway Labor Act which was enacted in 1926 to provide a means for handling labor disputes in the railroad industry. Then years later, in 1936, the act was amended to include airlines within its jurisdiction.

The Railway Labor Act provides an orderly means for progressing labor disputes from direct negotiations by the parties themselves through mediation and assistance by Government mediators to investigation and recommendation in emergency situations by impartial neutrals. The purpose of the act which is to avoid any interruption to commerce or to the operation of any carrier engaged in commerce is carried out through the activities of the National Mediation Board, Arbitration and Emergency Boards, and the National Railroad Adjustment Board.

PROGRAM AND FINANCING

The estimate of the appropriation necessary to carry out these activities for the fiscal year 1964 is $1,950,000. This is an increase of $9,000 over the revised estimated cost for fiscal year 1963.

For the mediation activity a total of $688,000 is requested, an increase of $33,000, over the 1963 estimate. This increase is due to additional personnel costs because of the pay bill enacted by the previous Congress. The amount proposed does not include any plan to increase the total authorized personnel of the National Mediation Board. At the present time, the Board is authorized to employ 40 persons including three Board members appointed by the President with the advice and consent of the Senate. The remaining 37 are classified civil service employees.

An amount of $460,000 is requested to finance the program of voluntary arbitration and emergency disputes. This is the same amount as available in 1963.

For the National Railroad Adjustment Board a total of $802,000 is requested. This is a decrease of $24,000 over the amount available for the previous year. This is due largely to a decline in the number of days it is anticipated that referees will be utilized as neutrals sitting with the various divisions of the Board.

We fully appreciate that the committee, the membership of the committee is acquainted with the activities of the National Mediation Board and the Railway Labor Act. As I have said, we are not asking for additional employees. The so-called A and E fund for the Board remains the same. We only ask for an increase to cover the pay raise of last year.

SUMMARY OF BUDGET FOR 1964

Mr. FOGARTY. Your appropriation for 1963 is $1,904,000 and the Pay Act supplemental is estimated to be $37,000, for a total of $1,941,000.

The request for 1964, as you have just said, is for $1,950,000, an increase of $9,000.

The Adjustment Board has a statement too, so we will hear it before going into any details on the budget.

NATIONAL RAILROAD ADJUSTMENT BOARD

Mr. ORNDORFF. While most of the members of the committee probably are familiar with agency, for the newer members it might be desirable to give a brief statement of the establishment and operation of the Board.

The National Railroad Adjustment Board was created by act of Congress, approved June 21, 1934, for the adjudication of disputes between an employee or group of employees and a carrier or carriers, growing out of grievances or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions.

The disputes are first handled locally on the property, and if not adjusted there, are processed through successive steps up to and including the chief operating officer of the carrier designated to handle such disputes.

If not adjusted in this manner, they are then referred to the appropriate division of the Adjustment Board for settlement.

The Board is composed of 36 members, 18 selected and paid by the carriers and 18 selected and paid by organizations of railway employees which are national in scope. The act provides for four divisions of the Adjustment Board, each of which has jurisdiction over disputes involving certain groups of employees.

For example, the first division has jurisdiction over disputes involving train and yard service employees; the second division, shop crafts; the third division, clerical forces, maintenance-of-way men, dispatchers, etc.; and the fourth division, water transportation and miscellaneous.

There are 10 members, 5 labor and 5 carrier, on each the first, second, and third divisions, and 6 members, three of each labor and carrier, on the fourth division.

Since the labor and carrier members are equally divided, they frequently deadlock on cases, in which event they attempt and many times do agree upon a neutral, or referee, to sit with the division as a member and make an award. If the division fails to agree upon and select a referee, that fact is certified to the Mediation Board, which Board then selects the referee.

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

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

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

During the fiscal year, the four divisions of the Board received and docketed 1,873 cases and closed 1,380, but a backlog of 6,461 remained as of June 30, 1962. Many of these cases may involve hundreds of thousands of dollars.

The estimate for the fiscal year 1964 is $802,000, which is less than for the current year. We should like to stress the fact that the salaries of the members of the Board and the third division supplemental board are paid by the labor organizations and the carriers.

It is estimated that this amounts to about $800,000 per year. In addition, both labor organizations and the carriers furnish research and technical assistance to some of their members. Thus, these two parties bear more than half the cost of operation of the Board.

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

Mr. FOGARTY. First, Mr. O'Neill, I want you to know that I think you have done a good job and, also, that you have been very conservative in your requests before Congress.

PRESIDENTIAL RAILROAD COMMISSION REPORT

Now, have you read the report of the Presidential Railroad Commission?

Mr. O'NEILL. Yes.

Mr. FOGARTY. One section has been brought to my attention. Page 339, when they say:

It is not alone management and labor in this industry that need to reexamine their organizations and internal policies. The Government machinery touching on the labor relations of operating employees needs no less careful review. The

present reference is not to the central need for a coordinated national transportation policy; in the absence of which labor-management relations in this industry can only deteriorate. Rather, it is the concern with the operation of the procedures for administering rules by reference to the first division of the National Railroad Adjustment Board. While we intend no criticism of any individuals, the present state of affairs can only be described as one of the serious disarray. The inordinate time required to handle claims, measured in many years on the average, frustrates any genuine possibility of settling disputes or grievances. The procedures now stimulate claims. The processes of administering rules have become a legalistic game instead of vital industrial relations. The game is expensive to the carriers, to the labor organizations, and to the public.

This is the conclusion they wind up with:

There is no reason for the public to continue to support from public funds neutrals used in deciding cases involving operating employees under the First Division of the National Railroad Adjustment Board.

The reason I bring this to your attention is that it has been in print and I assumed you knew about it. If this is a fair statement and there is any way this committee can help, we will be pleased to do so.

CASE BACKLOG

Mr. O'NEILL. This committee, of course, has dealt with this chronic backlog of the National Railroad Adjustment Board over some years.

Now, as you know, this committee particularly cooperated with us in setting up special boards of adjustment involving problems of the First Division. We have many, many of these boards operating on individual railroads—for instance, the Southern Pacific Railroad has had a board for some 8 or 10 years. They are current, we hope they are fairly current, anyhow—at least they are not 5 years behind, as that report indicates the First Division is.

Mr. FOGARTY. You mean this is wrong?

Mr. O'NEILL. When that was written, I guess in late 1961, I think the score of the First Division was about 5 years behind. Mr. Orndorff has testified here, you just seem to be on a treadmill. You work hard and get as many cases out as you can, and then you get more coming in. Now, there are reasons for that, as was pointed out in this report—the time limit on claims, which means that employees, if they discuss the case with the carrier and cannot get it settled, have to file it with the Adjustment Board to protect themselves on timing.

Then there is a very important decision of the Supreme Court of the United States. That is the *Chicago River and Indiana Railroad* case, which says that in industries covered by the Railway Labor Act, you have compulsory arbitration of grievances.

You must take them to an adjustment board. That is what the Court said. Which means that since that decision has been out, there has been, let me say, greatly reduced effort on the properties to settle these things and they have been snowballing.

Now, you might ask, what are you doing about them? I might say that within the last 2 or 3 months, we have taken several steps. We have encouraged the principals of these parties—that is, the managers of the railroads and the chiefs of these railroad labor organizations—to do something about this situation.

I believe, if you have some questions for the Adjustment Board, they are prepared to give you a statement as to what the current status of these negotiations is to correct this situation. I think, Mr. Chairman,

in all fairness, you should know that there is a genuine effort being made to correct this situation.

GOVERNMENT FINANCING OF NEUTRALS

Now, the principle which this Commission stated; that is, that the Government should no longer support neutrals, has some rather far-reaching implications.

As I say, with the Supreme Court saying you will have compulsory arbitration, it must be decided in the final analysis by a neutral, that would take quite a bit of looking into by the Congress, it would seem to me, whether we can do that.

Mr. FOGARTY. This committee cannot do anything about it anyway, but the legislative committee could.

Mr. O'NEILL. Well, there is another report out, too, from the Committee on Economic Development.

Mr. FOGARTY. Yes. I have a copy of it here, too.

Mr. O'NEILL. They go into this problem of whether the Government should be in the business of financing neutrals.

Mr. FOGARTY. Mr. Orndorff, do you want to speak for the Adjustment Board? I think it would be well to keep these together and tell us what has been accomplished in the last few months.

Mr. ORNDORFF. Mr. Chairman, I will be happy to continue with what Mr. O'Neill said there with regard to the action of the parties to the National Railroad Adjustment Board; that is, the organizations and carriers.

PROPOSED ACTION REGARDING BACKLOG

They are aware of the situation and I can read a statement here about what they plan or are trying to do.

The chief executives of the railroad unions subject to the jurisdiction of the four divisions of the National Railroad Adjustment Board and the railroads, through their duly constituted committees, are aware of and deplore the backlog of cases pending particularly on the First and Third Divisions and the urgent need for the elimination of such backlog and for keeping the divisions current when that objective has been achieved. To that end, a series of meetings have been held, and future meetings are scheduled, between such union and railroad representatives for the purpose of accomplishing those objectives. Tentative agreements already have been reached in certain of the areas which have been explored and suggestions in other areas are receiving active consideration.

In one important area of consideration, it should be pointed out that most of the national agreements between the railroads and the operating unions provide for the establishment of so-called disputes committees, which adjudicate disputes arising on the individual railroads involving the provisions of those agreements; consequently, such disputes do not reach the First Division, National Railroad Adjustment Board. However, most of the national agreements between the railroads and the nonoperating unions do not contain such disputes machinery, and many disputes arising on the individual properties involving the provisions of those agreements are included in the backlog of cases before the Second and Third Divisions. It has been tentatively agreed that all of such cases will be referred for disposition to a disputes committee, which will be created under the national agreements involved. The agreement establishing said disputes committee will include provisions for final and binding decision by a referee on these cases upon which the disputes committee is unable to agree. It is estimated that several hundred cases in the Second and Third Division backlog of cases fall within that category and, consequently, such handling will reduce the backlog to that extent.

DISPUTES COMMITTEE

Mr. O'NEILL. May I interrupt a moment, Mr. Orndorff, to point out to the committee—they talk here about a disputes committee. What is the difference between a disputes committee and the Board?

There is a tremendous difference. The disputes committee is made up of people who actually negotiated the contract. They will, hopefully, know what it means. We have had excellent experience with the disputes committee. They dispose of them without any referees, without any Government cost. They may have 20 or 30 cases on the docket and they get rid of all but 3. Then they call in a neutral and get rid of the three. So we think that is a tremendous step in eliminating the backlog.

SPECIAL BOARDS OF ADJUSTMENT

Mr. ORNDORFF (reading):

It also has been tentatively agreed that it will be suggested and urged to the individual railroads and the system committees of the unions that they jointly examine all of their cases (except those involving national agreements referred to above) that are before the National Railroad Adjustment Board and agree as to those cases which they are willing to handle to a conclusion on the property. As to such cases, they would be bound, by agreement, to jointly review them in an endeavor to reach a mutually satisfactory settlement, and that those disputes which failed of settlement would be submitted to a Special Board of Adjustment, with a referee participating, for final and binding disposition. Such cases would then be withdrawn from the division under the agreement between the railroad and the union involved. It is the conviction of both the railroad and union committees that such handling alone would cut deeply into the backlog of cases presently pending before the National Railroad Adjustment Board.

Mr. O'NEILL. I do not mean to keep interrupting, Mr. Orndorff, but I think it is important to note that a Special Board of Adjustment will turn out five times as many cases as the so-called Big Board in Chicago. The cost of these Special Boards of Adjustment is about one-third the cost of having them decided by the so-called Big Board.

Mr. ORNDORFF. It also has been tentatively agreed that the supplemental board on the third division, National Railroad Adjustment Board, which was established for a 2-year period ending June 1, 1963, will be continued for another year. During the period of time this supplemental board has been in existence, it has approximately doubled the output of awards of the third division and its continuance should continue to have a beneficial result.

TENTATIVE AGREEMENTS REACHED

The following tentative agreements have been reached with respect to changing or amending certain administrative procedures before the third division which it is believed will be helpful in remedying the general situation:

(1) It was tentatively agreed that referee hearings would be conducted on a panel basis, which will permit simultaneous hearings with more than one referee and a subsequent expedition of the rendering of awards.

(2) It has been tentatively agreed that awards shall be released upon adoption. In the event that any member of the division desires to file a concurring opinion or dissent thereto, he must reserve that right at the time the award is adopted and such document must be filed within 30 days from the date the award is adopted; that in the event an answer is to be filed, it must be filed within 30 days from the date the document is filed which it answers; and that all concurring opinions, dissents and answers, if any, will be incorporated in the printed copies of the awards.

Other suggestions, both procedural and otherwise, are being considered which have for their purpose a contribution toward the elimination of the backlog and the more efficient operation of the Board for the future.

The committees of the railroads and the unions are vigorously exploring and progressing improvements in referee productivity with the members of the National Mediation Board, and everything will be done which can be done to effect all possible economies in this area. However, it is obvious that if the backlog of cases is to be eliminated and the National Railroad Adjustment Board put on a proper basis for the future, which the matters described in the foregoing are designed to accomplish, a greater number of referees will be required for a limited period of time in the future than are presently employed. Accordingly, it is imperative that the reduction in the budget covering referee expense be restored. We believe it is equally obvious that once such objectives are accomplished, a saving will be effected in the budget for the National Railroad Adjustment Board which will be substantial and permanent.

BUREAU OF THE BUDGET REDUCTION

Mr. Chairman, that is the entire statement there. It refers to the one made earlier, but because of the nature of your question, I did not read the paragraph about the restoration of the cut.

Mr. FOGARTY. The cut amounts to $137,950.

Mr. ORNDORFF. I understand that is approximate, but because of some later adjustment, it is changed in later papers.

DIVISIONS RESPONSIBILITIES

Mr. FOGARTY. I was going to ask that you define what the first, second, third and fourth divisions are, but I see you have them in your justification. The first division has jurisdiction over disputes involving train and yard service employees; the second division, shop crafts; the third division, clerical forces, maintenance-of-way men; dispatchers; and so forth; and the fourth division, water transportation and miscellaneous.

Mr. O'NEILL. That is correct.

Mr. FOGARTY. Is there anything you want to add to Mr. Orndorff's statement? When you broke in, you answered what I was going to ask concerning this other report on "the public interest in National Labor Policy" by the CED. But do you want to sum it up, now?

CASE BACKLOG

Mr. O'NEILL. Well, since I have been a member of the National Mediation Board, Mr. Chairman, some 14 years, now, this is the best constructive effort being made jointly by both sides to correct this situation. There has been talk before, let's do this, let's do that. We come to the Bureau of the Budget and the committees of the Congress and have gotten additional money for these, to set up special boards of adjustment. But we felt, the National Mediation Board, that the parties themselves ought to sit down and survey the situation and do something about it.

I am happy to report they are doing something about it. This statement of Mr. Orndorff's gives you the facts of what is being done. They have a meeting scheduled for the 14th of March again to wrap this thing up.

Mr. FOGARTY. I am glad to learn something is being done about it.

NEED FOR MORE REFEREES

In your last paragraph, Mr. Orndorff, you say:

In order to accomplish this, a greater number of referees will be required for a limited period of time in the future than are presently employed.

How many referees and how long a time and how much money will it cost?

Mr. ORNDORFF. I doubt if I can answer that question, Mr. Chairman. I do not believe the parties really know themselves. It depends on how they can get the machinery set up there.

Mr. FOGARTY. Would you know after the March 14 meeting?

Mr. ORNDORFF. Well, we would at least be in a much better position to know, because it is anticipated that many of these disputes will be settled on the property through this review.

BUREAU OF THE BUDGET REDUCTION

Mr. FOGARTY. What about this cut? Does that mean that you asked the Bureau of the Budget for $137,000 more than they allowed you?

Mr. ORNDORFF. On this referee item alone.

Mr. FOGARTY. So this cut will not help this situation we are talking about this morning at all, will it?

Mr. ORNDORFF. No; it definitely will not.

Mr. FOGARTY. It will create more delay, is that so?

Mr. ORNDORFF. Yes.

Mr. FOGARTY. What was the thinking of the Bureau of the Budget? Did they want to create more delays?

Mr. ORNDORFF. No; we understand it is in line with the President's directive on greater productivity and so forth, that we should do more work without referees, and so forth.

Mr. FOGARTY. But that is not the way to cut down on this backlog, is it, in your opinion?

Mr. ORNDORFF. No, sir; it is not.

Mr. O'NEILL. The emphasis was on productivity and they felt that the Board members and the referees could turn out more cases with the number of referee days assigned. In other words, they said "You should get along with the same number of referee days you had last year," isn't that about it?

Mr. TRACY. They cut us from our request of 3,480 referee days to 2,350 referee days. The justification for this was a comparison with past figures, past productivity, and they indicated that by greater concentration of effort on the part of the parties on the Adjustment Board without referees and with an increase in productivity on the part of referees who were assigned, we should be able to adjust the same number of cases with this amount of money as with the amount that we requested.

Mr. FOGARTY. Were you there at the time they made this decision?

Mr. TRACY. We had a hearing.

Mr. FOGARTY. What did you say when they told you that?

Mr. TRACY. Well, this is one of these difficulties you get into when you talk in this area. You can look at figures and work with a mathematical formula, but I think that actually in this type of situation, where you are handling decisions of this nature, this mathematical formula does not always work out.

Mr. FOGARTY. I agree with you, but you could not convince the Bureau of the Budget of that?

Mr. TRACY. No.

Mr. O'NEILL. Let me say, Mr. Chairman, the Bureau of the Budget feels we have to spur the people involved to do something about it and it has a lot to do with these meetings and efforts to remedy the situation.

Mr. FOGARTY. At your March 14 meeting, are you going to take this into consideration? Will this be taken up at the meeting?

Mr. O'NEILL. Well, the March 14 meeting is between the parties to implement and put into effect these changes. Well, of course, we will fully apprise the Bureau of the Budget of what goes on.

It may be that, as Mr. Orndorff said, you are in a situation where you do not quite know at this point how many additional referees you are going to need.

Now, I think for fiscal 1963, there is enough money to take care of the situation through the end of June.

Through the cooperation of this committee, we do have one budget now. We might have to transfer some funds from the Special Board of Adjustment funds into the Adjustment Board to keep going. But I would daresay that if this program continues, we might have to come back and have a complete review of the situation with the Bureau of the Budget and with the committee.

Mr. FOGARTY. Mr. Denton?

DIFFERENCE IN WORK OF BOARDS

Mr. DENTON. Could you distinguish between the type of work that the National Mediation Board does and the Railroad Adjustment Board does?

Mr. O'NEILL. The National Mediation Board is limited in its jurisdiction to mediation of disputes which arise over changes in a contract. In the railroad field and the airlines as well, you have an agreement. Section 6 says if you want changes in that, you serve notice on the other side for changes in that agreement. That comes to mediation and we try to work it out, get them into agreement.

Now, the National Railroad Adjustment Board takes up the problem of interpretation of the agreement when it is reached. If a dispute arises as to what it means, then it goes to the Adjustment Board.

The Mediation Board has no jurisdiction in that area. That is the basic difference.

CASE BACKLOG

Mr. DENTON. The backlog is not with the Mediation Board?

Mr. O'NEILL. Oh, no, sir.

Mr. DENTON. It is with the National Railroad Adjustment Board?

Mr. O'NEILL. That is correct.

Mr. FOGARTY. Mr. Lesinski?

Mr. LESINSKI. No questions, Mr. Chairman.

Mr. FOGARTY. Mr. Michel?

Mr. MICHEL. On this matter of backlog of cases, is that an increase of about 500 over the previous year?

Mr. O'NEILL. That is in the Adjustment Board or the Mediation Board?

Mr. MICHEL. That was on page 3 of the Adjustment Board testimony.

Mr. ORNDORFF. That is correct.

Mr. MICHEL. Whereas there was very little difference, probably only 10 or 11, between the years of 1960 and 1961. How do you account for that big increase of backlog in the last year? We did not cut you down any in personnel?

Mr. ORNDORFF. So far as nonoperating employees are concerned, they never had a time limit rule until 1955, December 31, 1955. They had to have their cases in. It resulted in a flood of cases and they came in all of a sudden. Cases that used to lie in the field until the parties were ready to submit them must be brought in now within 9 months. They have to be finally handled on the property. That means that when they arise on the property and they run the course there, they must within 9 months bring them to our Board.

That causes the backlog to increase. They just come in faster than we can dispose of them.

Mr. MICHEL. On the strength of what you are asking for, then, this year, what do you anticipate is going to happen with this backlog?

Mr. ORNDORFF. I think it will grow more than ordinarily. We feel that our estimate was correct——

Mr. MICHEL. Before it was cut back by Budget?

Mr. ORNDORFF. Right; and the cutback only aggravates the situation.

Mr. MICHEL. And if this committee seems inclined to give you everything that you ask for, how much would we cut into that backlog?

Mr. ORNDORFF. That depends on what the parties do with respect to this special handling—No. 1, to set up a disputes committee for national agreements in the nonoperating field, and No. 2, the result of the review that they propose on the property, with the special boards to handle those.

What is your estimate?

Mr. TRACY. 1,895.

Mr. ORNDORFF. We estimate that we will get rid of 1,895 cases. What the backlog is, of course, it can grow. We have no knowledge of what the parties will bring in. If everybody is agreeable in the field and they do not have any disputes, of course they will bring nothing in.

If there is no addition to our backlog, we will be able to catch up with it. If it is reversed, if it is the reverse, and they bring in more cases—it is rather hard to predict just what the status of the backlog would be.

Mr. MICHEL. I think all of us here on the subcommittee, when we see an increase in a backlog of this nature, feel there must be something wrong here. What do we do to cut it back? We ask you to put your best foot forward and give us some specific figures on how you plan to cut down this backlog.

Mr. ORNDORFF. That is incorporated in this last statement. That is the effort of the parties to do something about it. Of course, you understand that the Board does not control the bringing in of the cases. That is up to the people in the field and we can only deal with it after they come in.

Mr. MICHEL. Sure.

That is all.

Mr. FOGARTY. Thank you very much, gentlemen.

94628—63——34

TUESDAY, FEBRUARY 5, 1963.

NATIONAL LABOR RELATIONS BOARD

WITNESSES

FRANK W. McCULLOCH, CHAIRMAN
STUART ROTHMAN, GENERAL COUNSEL
OGDEN W. FIELDS, EXECUTIVE SECRETARY
DOMINICK L. MANOLI, ASSOCIATE GENERAL COUNSEL
H. STEPHEN GORDON, ASSOCIATE GENERAL COUNSEL
CLARENCE S. WRIGHT, DIRECTOR, DIVISION OF ADMINISTRATION
EDWARD GOODSTEIN, ASSISTANT DIRECTOR, DIVISON OF ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	14,461	16,318	17,984
	Positions other than permanent	19	26	24
	Other personnel compensation	118	116	246
	Total personnel compensation	14,598	16,460	18,254
12	Personnel benefits	1,071	1,193	1,318
21	Travel and transportation of persons	1,146	1,242	1,281
22	Transportation of things	58	69	85
23	Rent, communications, and utilities	574	628	658
24	Printing and reproduction	352	360	454
25	Other services	595	523	538
	Services of other agencies	79	75	79
26	Supplies and materials	213	245	250
31	Equipment	142	155	170
42	Insurance claims and indemnities			12
	Total costs	18,828	20,950	23,099
	Change in selected resources	44	56	−39
	Total obligations	18,872	21,006	23,060

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	1,989	2,064	2,117
Full-time equivalent of other positions	2	3	3
Average number of all employees	1,854	2,001	2,049
Number of employees at end of year	1,941	2,049	2,109
Average GS grade	9.0	9.1	9.2
Average GS salary	$7,844	$8,483	$8,663

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Field investigations	11,465	12,947	14,512
2. Trial examiner hearings	1,584	1,824	2,026
3. Board adjudication	2,689	2,979	3,150
4. Securing compliance with board orders	3,090	3,200	3,411
Total program costs, funded	18,828	20,950	23,099
Change in selected resources [1]	44	56	−39
Total obligations	18,872	21,006	23,060
Financing:			
Unobligated balance lapsing	271		
New obligational authority	19,143	21,006	23,060
New obligational authority:			
Appropriation	19,989	20,250	23,060
Transferred to "Operating expenses, Public Buildings Service", General Services Administration (75 Stat. 353; 76 Stat. 728) (−)	−846	−64	
Appropriation (adjusted)	19,143	20,186	23,060
Proposed supplemental due to pay increases		820	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $159,000; 1962, $203,000; 1963, $259,000; 1964, $220,000.

Mr. FOGARTY. Now we have the National Labor Relations Board. Mr. McCulloch, I think it would be best if you make your statement, then we will hear Mr. Rothman.

GENERAL STATEMENT OF CHAIRMAN MCCULLOCH

Mr. MCCULLOCH. Mr. Rothman, the General Counsel, and I are accompanied by several staff members. Mr. Clarence Wright, Director of the Division of Administration, is sitting at my left. Mr. Edward Goodstein, the Assistant Director, is sitting behind me.

Mr. Morris Miller, Program Planning Officer, is next, and then accompanying Mr. Rothman are Mr. Dominick Manoli, Associate General Counsel in Charge of Litigation; Mr. H. Stephan Gordon, Associate General Counsel, in charge of Division of Operations.

BUDGET REQUEST

The request for 1964 is for $23,060,000, or $1,990,000 more than the total estimated requirements for fiscal 1963.

The increase includes $990,000 more for pay act costs in fiscal year 1964 than in fiscal year 1963, and a new increase of $1 million, of which more than half is for additional workload requirements, including two additional workdays in fiscal year 1964, and the remainder is to handle within-grade and grade-to-grade promotions for the present staff in fiscal year 1964.

STAFFING

The budget request would support authorized permanent positions in the number of 2,117. This is an increase of 53 positions over the authorized permanent positions in the budget approved for 1963, under which we are currently operating.

Percentagewise, this is a little better than a 2½ percent increase in the authorized positions.

Of these new authorized positions, 45 of the 54 are in the field, the remainder in Washington.

WORKLOAD

The cause for the increase in the budget request is the continuing increase in the workload. As this committee knows very well, this intake is something the Board does not control. The parties themselves control it, as they file election petitions and the unfair labor practice charges with our Board.

Our estimates indicate that in the area of unfair labor practices, the increase will be to 15,500 such charges in fiscal 1964. We have another figure we use to deal with the unfair labor practice cases. This is called "unfair labor practice situations," which we think reflects the case workload a little more accurately, because there may be a number of charges filed around a single incident or situation.

On this basis, we estimate that 1964 will see 13,750 such unfair labor practice situations brought to the Board by parties. These increases are in the area of 6 percent.

The estimate of charges is up 6.2 percent. The situation estimate is up 5.8 percent, and we roughly summarize that as an estimated increase of 6 percent in the unfair labor practice area of our work.

In representation petitions, we estimate that our increase will be to 13,300. In my prepared statement, the figure on page 2 needs to be corrected to 13,300 from 13,200. It is stated correctly at a later point and in the budget justifications.

This is an estimated increase in representation cases of 5½ percent.

We try to make these estimates cautiously and conservatively, and I think that the record of our estimates and what has actually taken place over the last few years, which is included in the justification at page 4, will give the committee a clear picture as to whether these estimates have been accurate.

The committee has given them real credence, and I think your confidence in our estimates has been justified by our actual experience, which is normally that the actual increase in caseload is greater than what we had estimated it to be.

Thus, as we try to bring the figures for 1963 up to date and present to you recent figures for 1963, we have even estimated those a little higher than we did a year ago, when we were asking for the current year's budget, because the inflow of cases has been such that this estimated increase has been more than borne out. This is the basis for our request for additional funds for the agency.

I know that this committee has always been interested in the factors underlying these increases in the workload.

I summarize these briefly in my prepared statement. Here, I would perhaps just capsulize them and say the whole matter of national economic growth has a relation to the growth of our workload. As new industries are set up, then people often seek to organize unions, and problems arise under our act when people organize. Petitions are filed, resistance is sometimes interposed, and the commission of unfair labor practices is more likely to occur in those newly developing situations.

Similarly, a second important factor is industrial migration and movement and the dislocation that comes from automation. All of these things seem to be reflected in the workload increase that we witness in our 28 regional and 9 other field offices.

There is, in addition, increasing organizational activity by the labor unions, some of it quite intensive in selected areas, as they see a tendency of the growth of the labor movement to level off.

There is a good deal of rivalry, particularly between the Teamsters Union and the others, which is reflected in our figures.

I think our most recent figures show that the Teamsters Union participates in nearly a quarter of the elections that the Labor Board holds, either as an intervenor or a petitioner, or when there is a decertification petition field. This increase in organizational activity, of course, has been announced by the labor organizations, particularly in the Los Angeles area, and we at least try to keep abreast of such activity as we can. We think that this is definitely one of the factors tending to increase our intake.

It may well be that the improved agency service—to which I shall make reference in just a moment and which I trust the general counsel will say a few more words about, because so much of it relates to the operation of the regional office—may lead people who otherwise felt that it wasn't worth going thorugh our long procedure to come to the Labor Board and get their rights protected. This is a consequence of more nearly reaching our time goals, which are considerably shorter than the time periods of agency performance in the past of our voluntary settlements which are being made at an increasing rate, and so on.

BACKLOG

Now, if I may, I would like just briefly to inform the committee that the agency has been making significant gains in the handling of the backlog problem and the turning out of the necessary production to meet this increasing workload. These problems were brought to the attention of the Congress and the country in connection with the Labor Board sometime ago in various places. There have been queries by members of this subcommittee about our workload and our backlog. The report of the special subcommittee of the House Education and Labor Committee, which reviewed the National Labor Re-

lations Board's administration in 1961, and the earlier staff report in 1960 to the Senate Labor Committee by the Cox panel, pointed to this tough problem of backlog.

In 1962, the Board's production of contested unfair labor practice complaint cases was 640 such cases. This was 54 percent more than the number of contested complaint cases turned out by the Board in the previous year, an increase from 415 to 640.

The backlog of these contested cases at the Board was reduced from 443 at the end of fiscal 1961 to 305 at the end of fiscal 1962.

The elapsed time is making its way down a little more slowly, but nevertheless, it is being reduced. The median average for these complaint cases in the period July to December of 1962, was 302 days, as against 332 for the last 6 months of the prior year. One, of course, likes to make favorable comparisons, and the Senate committee staff report, referring back to 1958, pointed out that it took 475 days at that time to go from the filing of the charge to the Board decision.

Mr. FOGARTY. What year was that?

Mr. MCCULLOCH. 1958.

In the area of representation cases, too, we have been greatly encouraged by what Congress did in authorizing the Board to delegate the decisionmaking power to our regional directors, subject to Board review.

This means that the main load of contested representation cases has been handled by our regional directors and the Board has had only the toughest ones come to it on review—though it has had a lot of review matters and supplemental issues to handle. In any case, the backlog of these contested representation cases at the Board, from June 30, 1961, to June 30, 1962, was reduced from 540 to 150, or a 72-percent reduction. So we believe that we have responded to the congressional recommendations for "making the railroad go," for giving the parties a just decision on their rights in their disputes at an earlier time.

While the agency is not yet satisfied with what it has achieved, it is working hard to move ahead in that direction.

STUDY ON IMPACT OF DECISIONS

In a further effort to improve the Board's effectiveness, and to encourage voluntary compliance with the Board's orders, I want to bring to your attention and hopefully to secure your approval for the proposed staff realinement by which the Board would undertake a small operations analysis program to analyze for us the practical impact of our decisions and our remedies.

In this highly controversial and volatile field of administration, which I do not have to tell the members of this committee about, it becomes increasingly clear that in addition to the normal consideration of prior cases on the subject, a more complete knowledge of the impact of our decisional work upon the labor-management relations covered by the statute is also imperative.

This adjunct to the decisional process we would consider as operations analysis, because it would involve seeking out statistical evidence of the effects of Board remedies and Board decisions after they leave the Board and are operative in the industrial relations area.

Along these lines, we have attempted an informal study of the effectiveness of our rulings involving section 8(a)5 of the statute. That is the section of the statute which imposes the burden to bargain collectively in good faith. We can report preliminarily only, since the study is as yet incomplete, that for the six regions studied, a significantly large number of the parties involved in these cases did resolve their bargaining difficulties and did arrive at satisfactory contractual relations, after having resorted earlier in the bargaining sessions to the Board's process for relief.

It may be interesting to the chairman to know that this particular study was initially started by a then faculty member of Brown University who was interested in the subject and, on his own, began looking into what was happening in one of our regions, in Boston.

We were able, having learned of his interest, to enlist his further activity in studying regional offices in other sections of the country, to see whether the results would be comparable.

He is currently trying to work this project through, although he has now been moved to the faculty of the University of Pittsburgh where he is presently serving in the labor relations field. His findings appeared to contradict the widely held notion, sometimes within our own agency, but certainly in many places outside it, too, that cases filed under section 8(a)5 result in a purely perfunctory exercise of our decisional authority without any tangible benefits to the parties seeking our assistance.

This is one illustration of what we think can be a significant contribution to making the act work, securing voluntary compliance whenever we can, and finding out what the practical effect of the Board's work is.

STAFFING

Speaking for the other members of the Board and myself, it is our considered view that a limited form of operations analysis review will be highly useful in lightening our decisional burdens and enabling us to make our remedies more effective by clarifying our understanding of the results of decisions that have come before us.

It is also our considered view that the staff requirements of an operational analysis effort can be absorbed within the framework of our present Board budget by realining our staff.

In addition, it is hoped that additional savings in staff requirements will result in the future, but that is somewhat speculative. Therefore, we are hoping that the committee may see fit to concur in our proposal to establish a small staff for this purpose, to be attached to the Board.

No additional budgetary requirement is reflected in this consideration. As the Board sees it, the staff requirements now will be from four to seven persons.

I may say in conclusion, Mr. Chairman, that the Board in all parts of the agency will continue to strive for increased production and productivity. The budget estimate is based on an increase in productivity, a 2½-percent requested increase in authorized work force for the 6-percent increase in caseload.

And we cannot meet the requirements of this caseload with the funds requested unless we continue to increase the productivity of the agency.

I say in closing, as I did to begin with, that we are grateful for the care and study this subcommittee gives to the funds needed to carry out this law.

With your permission, I would appreciate it if the prepared statement which I have furnished would be filed and printed.

Mr. FOGARTY. We will file that in the record at this point.

(The statement follows:)

STATEMENT OF FRANK W. MCCULLOCH, CHAIRMAN OF THE NATIONAL LABOR RELATIONS BOARD

I wish to thank the committee for this opportunity to appear on behalf of the National Labor Relations Board and to support its budget request for fiscal year 1964.

THE AGENCY REQUEST

The request for 1964 is for $23,060,000 or $1,990,000 more than the total estimated requirements for fiscal 1963. The increase includes $990,000 more for Pay Act costs in fiscal year 1964 than in fiscal year 1963 and a new increase of $1 million of which more than half is for additional workload requirements including 2 additional workdays in fiscal year 1964, and the remainder to handle within-grade and grade-to-grade promotions for present staff in fiscal year 1964.

AUTHORIZED POSITIONS

The agency's 1964 budget request provides for 2,117 permanent positions, an increase of 53 or 2.6 percent over the 2,064 permanent positions authorized in the 1963 appropriation. Almost all of the new positions (45 out of 53) are requested to facilitate the field organization's handling of new casework in the coming year.

RISING CASELOAD ESTIMATES

The long-range rising trend in workload for this agency is continuing, not quite as sharply today perhaps as in fiscal years 1961 and 1962, but nevertheless in keeping with the estimates for fiscal year 1963 reported to you a year ago.

We reported then that for fiscal year 1963 we estimated 12,750 unfair labor practice situations and 12,300 representation petitions. In this presentation we have raised our estimates for fiscal year 1963 slightly to 13,000 unfair labor practice situations and 12,590 representation petitions to bring them in line with our most recent intake experience. (We are trying to absorb this slight rise within the appropriation granted for fiscal year 1963.)

In fiscal year 1964 our request is predicated on an increase from 14,600 unfair labor practice charges in fiscal year 1963 to 15,500 in fiscal year 1964. This is an increase of more than 6 percent or 900 new unfair labor practice charges. Comparing unfair labor practice situations, a more basic workload reflection, we expect a rise from 13,000 in fiscal year 1963 to 13,750 in fiscal year 1964 or an increase of almost 6 percent or 750 situations. Representation petitions are expected to go up from 12,590 in fiscal year 1963 to 13,200 in fiscal year 1964, an increase of more than 5½ percent or 610. In summary, the agency expects its workload to rise almost 6 percent in fiscal year 1964.

SUBSTANTIVE FACTORS AFFECTING INTAKE

Our evaluation of the steadily rising caseload has led us to study the impact of changes in the economy as a whole in relation to variations in our case intake. We have found some interesting relationships between increases and geographical shifts in the national population, the civilian labor force and the direction of gross national product. Naturally these are not mechanically or mathematically exact measures by which we can state our case for increases in new work with any degree of certainty. But they provide basic underpinning for the statistical projections of estimated workload presented to you.

A brief discussion of these factors will indicate more precisely how we view them.

1. National economic growth

There appears to be a statistical correlation between the rise in representation cases, associated unfair labor practice cases, and national economic growth. The

forecast for continued economic growth in 1963 and 1964 exerts similar influences on the Agency's workload.

2. Dislocation and changes in industry

We have also found that changes in industry such as movements from one geographic location to another and the disruption of work relationships resulting from automation, lead to industry and labor interactions, which in turn, foster many problems leading to the filing of cases, particularly unfair labor practice charges. These economic changes and resulting interactions produce grievances and aggrieved parties who whether they be unions, employers, or individuals feel that they should exercise their rights under the law.

3. Increasing labor organization activity

There has been considerable evidence that unions are accelerating their organizing campaigns to keep pace with the steady rise in the civilian labor force. Our experience shows that union organizing drives lead to increases in number of elections conducted by the Agency, and to an increase in unfair labor practice charges filed, particularly allegations of violation of sections 8(a) (1) and (3). The much publicized organizing drives appear to be motivated by the following key factors:

(*a*) Total membership, in proportion to the national labor force is declining. This loss of membership is more apparent in the manufacturing and construction industries, traditional centers of union strength and is related to technological changes such as automation. The resulting decline in the manufacturing work force has impelled greater organizational effort in the relatively unorganized service industries where the total work force has increased in the past few decades.

(*b*) Interunion rivalry is increasing, particularly between the AFL–CIO and the Teamsters' Union. The intensity of the Teamsters' nationwide organization efforts is evidenced by the fact that they participated in 28 percent of the elections conducted by the Board last year. By comparison the entire AFL–CIO was responsible for 68 percent.

(*c*) Board conducted election results have shown that a general downward trend in union growth may be taking place because unions win a majority of the small elections and lose a substantial majority of the large elections.

4. Improved Agency service to the public

The Agency's continuing record of improvement in the quality of the services it renders has resulted in broader acceptance of the orderly processes under the act. In recent years these improvements have taken the form of—

(*a*) a quick response to the need for opening new field offices in metropolitan centers where developing workload justifies such actions.

(*b*) established and timely service patterns for processing all types of cases with built-in provisions for flexibility in unusual circumstances.

(*c*) a record of effectiveness in securing voluntary adjustments of meritorious unfair labor practice cases and expeditious handling of compliance proceedings, tending to bring the benefits of the act to the public sooner.

(*d*) studies of ways and means to make Board remedies in unfair labor practice decisions more effective.

BOARD OPERATIONS ANALYSIS

I should like to enlarge the treatment of this particular subject to reveal some interesting preliminary findings and to discuss a long-felt need of the Board. After due consideration we believe a more formalized approach to an analysis of the effect of our decisions and operations is essential, and the Board is seeking your concurrence in this plan. Traditionally we have exercised our quasi-judicial functions under the statute by deciding questions on a case-by-case basis, with due deference to precedent and *stare decisis* and with a responsible sense of our primary duty to carry out the act and the objectives of Congress where new ground was being broken. But in such a highly controversial and volatile field of administration it becomes increasingly clear that in addition to the normal consideration of prior cases on the subject a more complete knowledge of the impact of our decisional work upon the labor-management relations covered by the statute is also indicated and imperative. This adjunct to the decisional process we would consider as operations analysis because it would involve seeking out statistical evidence of the historical and interactional effects of Board decisions and remedies after they leave the Board and are operative in the industrial re-

lations arena. Along these lines we have attempted an informal study of the effectiveness of rulings involving section 8(a)(5) of the statute. We can report, preliminary only, since the study is as yet incomplete, that for the six regions studied, a significantly large number of parties involved in these cases did resolve their bargaining difficulties and did arrive at satisfactory contractual relations after having resorted earlier in the bargaining sessions to Board processes for relief. This finding appears to contradict the generally held notion in the Agency and elsewhere that cases filed under section 8(a)(5) result in a purely perfunctory exercise of decisional authority without positive and tangible benefits to the parties seeking our assistance.

Speaking of the Board and myself, it is our considered view that a limited form of operations analysis review can be highly useful in lightening our decisional burdens by clarifying our understanding of the potential results of decisions we are now pondering. It is also our considered view that the staff requirements of an operational analysis effort can be absorbed within the framework of our present Board budget. In addition it is hoped that additional savings in staff requirements will result in the future.

Therefore we are hoping for committee concurrence in our plan to establish a small staff for this purpose, to be attached to the Board with no additional budgetary requirements as reflected in our justifications. As the Board sees the plan now, the staff requirements will be approximately as follows:

1 Assistant Executive Secretary: GS–14
2–4 Professional staff: GS–7–13
1–2 Secretarial staff: GS–4–6

PRODUCTIVITY AND MANAGEMENT IMPROVEMENTS

Speaking for the Board itself our unfair labor practice decisional output was increased by 54 percent, from 415 in fiscal year 1961 to 640 in fiscal year 1962. Our backlog of pending decisions was reduced by 31 percent from 443 to 304. The time required from filing to issuance of a Board decision was reduced from 332 days in the period July–December 1961 down to 302 days in the same period of 1962. By reason of the effectiveness of the delegation of representation case decisions to regional directors, the Board has been able to reduce the backlog of contested representation decisions in fiscal year 1962 from 540 to 150, a reduction of 390 or 72 percent.

Internally the management of the Board's offices and the Office of the Executive Secretary have been strengthened by the development of an internal control system that expedites the movement of Board decisions through the intermediate stages, that establishes and follows through on deadlines by prompt reporting of overdue items on overdue agendas. The Board has also improved other internal procedures governing its own deliberations resulting in higher output of decisions and reduction of timelag.

SUMMARY

The problems that we see ahead of us appear to be somewhat different in kind from those administrative problems we have begun to overcome, or it may simply be, as we have reported elsewhere, that the elimination of the heavy backlogs of prior years permits our free, timely, and full consideration of new and knottier problems.

For these new efforts we are ready and with your understanding and help we will make every effort to carry out the responsibilities laid on us by Congress in the National Labor Relations Act.

Mr. FOGARTY. Did you request the Bureau of the Budget for funds for the research or study you spoke of?

Mr. MCCULLOCH. We told them that we would bring this matter to your committee. Although I did not have this particular conversation, my understanding was that they wondered why we had not done it long before.

Mr. FOGARTY. You did not make a request of the Bureau of the Budget?

Mr. WRIGHT. For additional funds, no, sir. Because we do believe that if we get this effort underway, it will pay off in terms of the little lighter work requirement in some areas, such as legal assistants.

Occasionally, a trial examiner will be able to work a little better because of it. We think the payoff is a very practical matter.

Mr. FOGARTY. Mr. Rothman, go ahead.

STATEMENT OF THE GENERAL COUNSEL

Mr. ROTHMAN. Mr. Chairman, I appreciate very much the opportunity to appear before you again.

In order not to repeat some of the things Mr. McCulloch has said, if the Chairman has no objection, I would like to file my statement.

Mr. FOGARTY. Go ahead.

(The statement follows:)

I appreciate this opportunity to appear before you again to support the agency's budget request. For this forthcoming fiscal year 1964 it is in the amount of $23,060,000, which represents a total increase of $1,990,000 over fiscal year 1963 total estimated requirements. This increase includes $990,000 for Pay Act costs for next fiscal year over fiscal year 1963 and a net increase of $1 million for additional workload and other operating costs carried forward into fiscal year 1964.

The agency's fiscal year 1964 request also provides for an increase from 2,064 authorized positions in fiscal year 1963 to 2,117 authorized positions in 1964, a rise of 53 positions or a 2.6-percent increase in personnel. In average employment the increase is 48 or 2.4 percent from 2,001 in fiscal year 1963 to 2,049 in fiscal year 1964. This staff increase will be needed to meet the demands of new work and expanding facilities to the public and the new employees will be assigned almost entirely to the field organization for this purpose.

More than half the increase in funds for fiscal year 1964 is for new workload requirements, as described by the Chairman previously. The remainder is needed to cover two major cost aspects of current agency operations: The cost of within-grade promotions and grade-to-grade promotions.

Our heavy recruiting of the past 3 years has brought in an able staff whose growing value to the agency required that a carefully worked out promotion plan be developed. Such a plan is essential to retain an effective and mature professional staff. A program of this type has to be maintained currently to enable us to reward the maturing young professional with a salary reasonably consistent with his development even though Classification Act salaries do not quite match those now being offered and paid in private industry as reported in the recent "National Survey of Professional, Administrative, Technical, and Clerical Pay" by the Bureau of Labor Statistics. Most new attorneys start at GS–7 or $5,540. Private industry's starting level as of this report is $6,552. Under the agency promotion plan, attorneys who demonstrate competence and a capacity for hard work in 3 or 4 years can expect to reach a GS–12 level or just under $10,000, whereas private industry salaries for that level of attorney are generally between $11,000 and $12,000. We are trying to live with this competitive situation as best we can, and we believe we are doing a reasonable job of retaining our most promising and our most experienced men.

The General Counsel by statute exercises general supervision over the agency's 28 regional offices. All unfair labor practice charges and representation petitions are filed and investigated and the greatest part of the agency's caseload by volume is handled in these regional offices.

Upon the completion of the investigation of an alleged unfair labor practice, if it is clear that no violation of the statute has occurred and the charge is without merit, it is either withdrawn by the charging party or dismissed in the region. In calendar year 1962 approximately 9,500, or 68.7 percent, of the 13,500 unfair labor practice charges filed were disposed of in this fashion.

Approximately 31.3 percent of the unfair labor practice charges filed in the regions were found to have merit, an increase of 10 percent in the merit factor since 1958. When an unfair labor practice charge is determined to be meritorious, one of two things can happen. On the one hand, it can be voluntarily resolved or disposed of by the parties before or after complaint issues and before the formal Board processes are invoked. Otherwise, the case is litigated and the trial which follows is handled by a member of the region's legal staff before a trial examiner of the Board. Unless the parties reach some under-

standing or the respondent complies with the subsequent Board order, the case may have to be litigated up through the U.S. Supreme Court.

Of the merit situations, approximately three out of every four have been voluntarily disposed of in 1962 by settlement either before or after issuance of the complaint.

Why we need the money

The Agency has no reason to believe that the long-range trend of rising case intake is lessening. Our fiscal year 1962 case intake estimates were actually exceeded to the extent of 3.3 percent in unfair labor practice situations, and 1.1 percent in representation petitions, amounting to an excess of more than 500. Current case filings through midyear indicate that the rise in case intake for fiscal year 1963 is as we estimated. Our present estimates for fiscal year 1964, though conservative, reflect this basically upward trend.

For fiscal year 1964 the Agency estimates an increase over fiscal year 1963 in unfair labor practice cases of more than 6 percent or from 14,600 to 15,500. Expressed in terms of unfair labor practice situations, a more basic work unit for this category of cases, the rise is almost 6 percent greater or from 13,000 in fiscal year 1963 to 13,750 in fiscal year 1964. In representation petitions the estimate of increase is more than 5½ percent, or from 12,590 in fiscal year 1963 to 13,200 in fiscal year 1964.

The net increase in funds sought is approximately $600,000, or about 3 percent, for handling the estimated 6 percent rise in additional workload. This represents a realistic appraisal by the Agency of its ability to perform efficiently and effectively under today's operating circumstances. The Agency's request is based upon its record of an estimated minimum 6 percent productivity improvement in 1964 over fiscal year 1961 as the result of accumulated efforts over the past 18 months and the efforts we will make in the next 18 months.

In addition, the Agency's request should be viewed in the light of the substantial savings in manpower and related costs achieved through the effectiveness of our program for the voluntary adjustment of cases over the past 3 years. The request before you would have been, by the most conservative estimates, higher by 128 positions and $1,364,000 if we were settling cases today at the lower rates prevailing in fiscal year 1959. If instead of estimating with our settlement program in mind it became necessary to estimate on the basis of full litigation the increase in costs could conceivably be twice as high as the conservative estimate of savings.

We will continue to strive for further additional savings by attempting to achieve a greater productivity improvement factor than is already included in this request and by trying to increase still further the proportion of merit cases closed through voluntary adjustment rather than extensive and expensive litigation. But while it is our hope to do more to further voluntary processes under the act, we cannot predict or forecast any substantial increase in voluntary dispositions because of the many variable factors which can stand in the way of settlement.

HIGHLIGHTS OF PERFORMANCE IN CALENDAR YEAR 1962

While calendar year 1962 has been the year of greatest activity for the Agency, the Office of the General Counsel has maintained timeliness and thoroughness of case handling. In addition there have been creditable achievements in several important areas, particularly in voluntary settlements of meritorious cases and in compliance activity. Underlining these accomplishments is a hard lesson that we have learned in the past few years and that is that substantial progress and breakthrough in improved case handling comes best when the accumulated backlogs of the past are out of the way. A Governmental agency must determine what kind of accumulated workload it is willing to live with and at the same time must concentrate on getting rid of the overburden that can smother effective public service. Any backlog is unjustified when the delay in reaching the conclusion of a case caused by the backlog is lengthened to the point where it is unconscionable. Occasions are bound to arise when a just result dictates granting a time delay to one side or the other. The other side of the coin is also important; namely, that there be flexibility in case handling to permit delay when not to do so would also be unconscionable.

Some of the noteworthy highlights of the Office of the General Counsel and regional office performance are the following:

The average age of unfair labor practice cases pending under investigation remains at 21 to 22 days, indicating that in the vast majority of these cases the investigation and regional determination are completed before 30 days elapse. In calendar year 1958, the average case pending under investigation was 54 days old.

The proportion of unfair labor practice charges found to be meritorious increased during the year from 29 to 31 percent. In calendar year 1958 only 21 percent of the charges were found to be meritorious.

As much as 77 percent of meritorious unfair labor practice charges were settled or adjusted informally by the parties in calendar year 1962, as compared to 73 percent in calendar year 1961. Excluding non-Board adjustments the proportion was 64 percent settled and is substantially above the 47.6 percent level of calendar year 1959.

The average complaint issued within 48 days of the date the charge was filed. In calendar year 1958 complaints did not issue until over 143 days after the charge was filed.

The number of complaints issued increased from 1,281 in 1961 to 1,555 in calendar year 1962. In calendar year 1958, 672 complaints were issued.

The average unfair labor practice hearing closed within 98 days of the date the charge was filed. In calendar year 1958, 192 days or approximately 6 months elapsed before the hearing was closed by the trial examiner.

In the past year, unlawfully discharged employees received $2,491,138 in backpay. This is nearly three times the $877,878 received by discriminatees in calendar year 1958, and an alltime high for the Agency.

During the past year, approximately 3,351 workers who were discriminatorily deprived of their jobs were offered reinstatement by employers. This is a 50-percent increase over the 2,248 reinstatement offers in calendar year 1961. Sixty-four percent of discriminatees accepted the offers made and returned to their former jobs in calendar year 1962.

Unfair labor practice cases won in whole or in part before the Board during calendar year 1962, as in calendar year 1961, comprised 79 percent of the total. In calendar year 1960, the figure was 77 percent.

In calendar year 1962, 155 decisions were issued by the circuit courts of appeals in enforcement or review proceedings, compared to 157 in calendar year 1961 and only 74 in calendar year 1958. Seventy-five percent of the court decisions in calendar year 1962 enforced the Board order, compared to 69 percent in calendar year 1961 and 70 percent in calendar year 1958. Petitions for injunctions litigated to final order in the Federal district courts were granted in 86 percent of the cases during calendar year 1962, compared to 87 percent in calendar year 1961 and 86 percent in calendar year 1958. It may be noted that this Agency litigates more cases in the U.S. courts of appeals than the rest of the various Federal administrative agencies, including the Tax Court of the United States, added together.

Representation decisionmaking was delegated by the Board to regional directors in 1961, at which time over 80 days were required to proceed from petition to decision. During the past year the time required to proceed from petition to regional director decision was 44 days.

The number of elections conducted increased from 7,092 in calendar year 1961 to 7,300 in calendar year 1962. In calendar year 1958, 4,675 elections were conducted.

Note on special elections work

In addition to the regular work of the Agency, during this calendar year, the Office of the General Counsel has handled an unusually heavy load of special elections work. Under the national emergency provision (section 206) of the act, the Board, upon the issuance of a Presidential order, is required to hold secret ballot elections among the employees of each employer involved in a labor dispute to determine whether these employees wish to accept the final offer of settlement made by the employer.

During calendar year 1962, the regional offices made preparations to conduct "last-offer" elections among 102,000 eligible voters in four major industries embracing widely separated geographical locations. One of these disputes was resolved voluntarily by the parties prior to the election and another settled after the election but prior to the count of the ballots; one election involving 55,000 eligible voters in the longshore industry was conducted by 10 regional offices, and a fourth election, involving 40,000 eligible voters, on which all major preparations were completed, was just canceled.

Pursuant to a request by the Presidential Board of Inquiry, the regional offices conducted several union-shop authorization elections among approximately 90,000 employees representing a major segment in the aerospace industry.

OBJECTIVE OF FISCAL YEAR 1964

We have noted some but not all of the important improvements of calendar year 1962. Past improvements do not necessarily insure future success, but they lay a good foundation for launching new efforts.

During the remainder of fiscal year 1963 and in fiscal year 1964 the objectives of the Office of the General Counsel are—

1. To maintain the same high level of time and quality performance reached in calendar year 1962.
2. To continue the emphasis on voluntary settlement of meritorious cases by the parties.
3. To bring the benefits of the act speedily to parties using our processes through timely, voluntary, fair, and more meaningful compliance with Board and court decisions.
4. To equal or surpass the productivity performance improvement factor achieved since 1961.
5. To carry out the comprehensive management improvement program laid out and scheduled in Operation Challenge III.

I have appeared before you many times in behalf of appropriation requests for labor agencies. This committee has always been understanding and responsive to the requirements of effective labor-management relations in the country Your support of the role of Government in the industrial relations scene has made it possible for us to do the job as you have directed in past years and it is appreciated by all who are concerned with labor-management problems in this country.

Thank you.

BUDGET REQUEST FOR 1964

Mr. ROTHMAN. The budget request for fiscal 1964 is for an amount of $23,060,000. This is an increase over the 1963 budget request of $2,810,000, but $1,990,000 over the total estimated requirements for fiscal 1963.

Of the $2,810,000, $1,810,000 is pay act costs; $820,000 was added in 1963, and an additional $990,000 is added for fiscal 1964.

Of the remaining $1 million—less than $600,000 is for new workload requirements and more than $400,000 is for two major costs of current agency operations, grade promotions because of the large number of new hirings in the last several years, and within-grade promotions.

WORKLOAD AND PRODUCTIVITY

The agency estimates a more than 6-percent increase in unfair labor practice cases in fiscal 1964 over fiscal 1963. Expressed in terms of unfair labor practice situations, a more basic workload measure for unfair labor practice cases, the rise is almost 6 percent—13,750 situations in fiscal 1964 over 13,000 situations in fiscal 1963.

The estimated increase in representation petitions in fiscal year 1964 is more than 5½ percent over fiscal year 1963—13,300 as compared to 12,590. The agency estimates, as the chairman has remarked, over the years have been remarkably accurate.

The net increase in funds for handling the estimated 6 percent increase in caseloads is approximately $600,000, or approximately 3 percent of the total budget. The agency's request of about 3 percent is based upon its record of productivity already accomplished since 1961, and a further estimated increase in productivity improvement in 1964, making the minimum productivity improvement of the agency, in 1964 6 percent over the fiscal year 1961.

In addition, the request before you would have been at least $1,364,000 and 128 positions higher, if the agency did no better in settling cases in the last few years than the agency did in 1959. If our estimates were not based on the agency's settlement program as of today, but based on the litigation settlement programs in earlier fiscal years such as 1959, the increase in cost could be approximately twice as high as the conservative estimate of $1,364,000, and 128 positions.

We will try to save money by achieving an even greater productivity factor than is already included in this request, primarily through a major proportion of merit cases being closed through voluntary adjust ment rather than through costly litigation.

We will seek to do more to further voluntary adjustment under the act in every way. We would like to be able to predict an even greater increase in the ratio of settlement to merit cases and to litigation, but this is not easy to do because of the many variable factors which stand in the way of pushing our present high rate of settlement beyond three out of every four merit cases today.

In this regard, because it is becoming increasingly difficult to improve the voluntary processes of the act and the settlement picture, I should like to subscribe to the plan of the Board to have an analysis made of the realistic effect of Board decisions, because I think it is through probing in these new areas, during a period of great and dramatic changes in social and economic conditions, that we can do more toward improving the voluntary processes of the act.

Washington and the field operations of the General Counsel during the last fiscal year, as well as the last calendar year, have continued at the same level of time and performance as in 1960 and 1961. This means that the currency of operations hoped for has been maintained without the buildup of backlogs. I should like to review only a few of the highlights of performance of the field and Washington operations of the Office of the General Counsel in this last calendar year.

RATE OF SETTLEMENT

The average age of unfair labor practice cases pending under investigation remains at 21 to 22 days, indicating that, in the vast majority of these cases, the investigation and regional determination is completed before 30 days elapse.

In calendar year 1958, the average case pending under investigation was 54 days. This is an important figure, because it shows that an increasing number of cases are being found to be meritorious, and meritorious cases, of course, place an increased burden on the agency, because these are the cases that I spoke of.

The proportion of unfair labor practice charges found to be meritorious increased during the year from 29 to 31 percent. In calendar year 1958 only 21 percent of the charges were found to be meritorious.

As much as 77 percent of meritorious unfair labor practice charges were settled or adjusted informally by the parties in calendar year 1962, as compared to 73 percent in calendar year 1961. Excluding non-Board adjustments, the proportion was 64 percent settled and is substantially above the 47.6 percent level of calendar year 1959.

The average complaint issued within 48 days of the date the charge was filed. In calendar year 1958 complaints did not issue until over 143 days after the charge was filed.

The number of complaints issued increased from 1,281 in 1961 to 1,555 in calendar year 1962. In calendar year 1958, 672 complaints were issued, which indicates the increasing workload of the agency.

The average unfair labor practice hearing closed within 98 days after the date the charge was filed. In calendar year 1958, 192 days or approximately 6 months elapsed before the hearing was closed by the trial examiner.

WORKLOAD

In the past year, unlawfully discharged employees received $2,491,-138 in back pay. This is nearly three times the $887,878 received by discriminatees in calendar year 1958 and is presently an alltime high for the agency.

During the past year, approximately 3,351 workers who were discriminatorily deprived of their jobs were offered reinstatement by employers. This is a 50-percent increase over the 2,248 reinstatement offers in calendar year 1961. Sixty-four percent of discriminatees accepted the offers made and returned to their former jobs in calendar year 1962.

There have been some further advances this last calendar year in addition to back pay recoveries, reinstatement of discriminatees and repayment of voluntary settlements. With the Board increasing substantially its output of unfair labor practice case decisions each year, the enforcement and litigation activities of the agency have substantially increased.

I will be very pleased to answer any questions.

SUMMARY OF BUDGET

Mr. FOGARTY. Thank you. Generally, I will direct my questions to the Chairman, Mr. McCulloch, and then at any time, if you want to add something to Mr. McCulloch's answer, you go right ahead.

The appropriation for 1963 is $20,250,000. The pay act supplemental is estimated to be $820,000, for a total of $21,070,000. The 1964 request is $23,060,000, an increase of $1,990,000, of which $1,-016,000 is for estimated increases in workload and $974,000 for mandatory costs.

Now, you are asking funds to finance 58 additional positions for the General Counsel's staff, but the Board is cutting back 5. What is the main reason for 58 additional for you, Mr. Rothman, and the Board going back 5.

Mr. ROTHMAN. With respect to the Office of the General Counsel, the increase in the workload will, of course, be felt in the regional offices. That is where the intake and initial work will come, and that is the reason for the need.

Mr. MCCULLOCH. The reason for the decrease in the Board's staff is that we are estimating an increase in productivity and hoping that our legal assistants, as they become more and more familiar with the new provisions of the act and recent decisions of the court, will be able to turn out more cases.

We think that the work production of these men over the past year justifies this hope.

WORKLOAD INCREASES

Mr. FOGARTY. The workload statistics in the justification show increases for every year since 1958. Is there any special reason for this—and you expect increases for 1963 and 1964?

Mr. MCCULLOCH. I suppose that all of these matters of estimates involve a certain amount of crystal-ball gazing. But we have the benefit of staff who have been following this very carefully for a number of years, and, of course, we try to do it ourselves, as Board members.

We look at figures every month that come, and the General Counsel, who is in charge of the operation of the regional offices, follows it even more closely than we at the Board.

Mr. FOGARTY. I might say that the committee has been impressed with your estimates in the past. They have been pretty accurate.

Mr. ROTHMAN. As the prepared statement indicates, the budget justification submitted states the reasons why the caseload continues to rise. I think the Chairman has also explained a number of these reasons. There is an interplay between the various causes of the caseload increase, and sometimes these factors operation in contrary ways. But year by year, no matter what the variability of this interplay is, the fact remains that the caseload does continue to increase and shows no signs at the present of slackening off.

There is one additional reason that I think the caseloads continue to increase, and it is one of the intangible factors. In my own personal view, I am inclined to believe it is an important factor. In these changing times, I think there is a growing reliance by the public upon legal processes and upon the law, and particularly administrative law.

I think this has been noticed by observers and by historians for quite some time, but it is advancing as never before. It affects all of governmental relationships and private courts—I mean the judicial system generally—including the NLRB. And this accounts for some part of the increase in the caseload. If there is anything in this which appears contrary to some ideas of personal freedom through increases in law and Government regulation or relationships, I think it is something to be reckoned with, because reliance on the right kind of law is one of the best ways to assure the rights of the individual and personal freedoms, and this increase in legal activity is part of the price that I think is paid for living in a very complex and industrial society today.

Mr. FOGARTY. Is it getting to be a lawyer's paradise?

Mr. ROTHMAN. I trust not. We do our very best to settle these cases on a voluntary basis without the need for litigation.

STANDARDS FOR JUDGING MERIT OF CHARGES

Mr. FOGARTY. Thank you, Mr. Rothman.

Now, would any of this increase be due to the changing of any of your standards in judging whether or not charges are meritorious enough for action?

Mr. ROTHMAN. No. I think that we have established a high plateau of time and quality performance. We think they are reason-

able ones. They have built into them all the flexibility that is needed to assure fairness and due process.

Mr. FOGARTY. But, in 1958, you found only 21 percent of the charges to be meritorious. In 1962, you found 30 percent.

Mr. ROTHMAN. Yes; that is true. But I think the explanation is that in the last several years there have been a number of changing factors—for one, since 1959, there have been amendments to the law in the form of the Landrum-Griffin amendments.

This has required the Office of the General Counsel to submit to the Board a large number of cases in which new amendments to the statute are being tested.

Mr. FOGARTY. Will you submit for the record some of these amendments?

Mr. ROTHMAN. Yes, indeed, we shall submit them.

(The amendments follow:)

The most important changes in the act made by the Landrum-Griffin amendments were the addition of provisions governing recognitional and organizational picketing by unions, the closing of "loopholes" in the secondary boycott provisions of the act, the prohibition of "hot cargo" agreements, and the exemption of the building and construction industry and the apparel and clothing industry from certain provisions of the act.

Section 8(b)(7), a new section, regulates recognitional and organizational picketing by unions not "currently certified." The section is divided into three main categories dealing respectively with (1) situations where another union is lawfully recognized and a question concerning representation cannot be raised, (2) situations where a valid representation election has been held within the preceding year, and (3) any other recognitional or organizational picketing situation. In the third situation new expedited representation procedures are provided. Further, if the union's picketing in this third situation is confined to advising the public that the employer does not have a contract with the union or does not employ members of the union, and if this picketing does not cause employees of other employers to stop work or refuse to make pickups or deliveries, the picketing is protected.

The Landrum-Griffin amendments closed the loopholes to the secondary boycott provisions of the act by modifying the provisions of section 8(b)(4) and by adding a section 8(e). Section 8(e) makes it unlawful for an employer and union to enter into an agreeemnt in which the employer agrees to cease or refrain from handling the products of or doing business with any other employer. Backstopping this section are the new provisions of section 8(b)(4)(A) which make it unlawful for a union to try to force an employer to enter into such an agreement. Exempt from the prohibition of section 8(e) and 8(b)(4)(A), however, are the forcing an employer to enter into or observe such an agreement in the apparel and clothing industry and the voluntary execution of such an agreement in the building and construction industry.

Section 8(b)(4) was also modified by broadening the kinds of union conduct which are prohibited when used to achieve a proscribed object. And added to section 8(b)(4) were provisions concerning primary strikes and publicity other than picketing.

The newly added section 8(f) removes from the reach of the other sections of the act "prehire" and 7-day union security agreeement in the building and construction industry.

Mr. FOGARTY. On page 10, you point out that unfair labor practice cases won in whole or in part before the Board were 85 percent in 1960, but dropped to below 80 percent in 1961 and 1962.

Does this indicate any change in the standards of judging the merits of the charges?

Mr. ROTHMAN. No. I think that this is a question which the Office of the General Counsel should answer. It does not indicate a change in standard. In past years, there have been some criticisms directed

at the Office of the General Counsel, that the Office of the General Counsel did not issue enough complaints.

Of course, the standards of the Office of the General Counsel are that after a thorough investigation of the facts of the case, the facts are laid alongside of the law, if there is a doubt, a reasonable doubt, whether or not there has been a violation of the act, the matter will be referred to the Board.

On the other hand, if it is clear that there has been no violation, the matter will be disposed of at the regional office level; is that, administratively, in the Office of the General Counsel.

Now, the statistics that you quote disprove very strongly that the Office of the General Counsel is cutting off from the Board determination cases which should go to the Board. On the contrary, this would indicate that the Office of the General Counsel is providing the opportunity for the Board, as a five-man deliberative body, to look over some of these cases which might be considered doubtful cases.

We are not concerned whether we win or lose the case. We are concerned whether it was a matter that ought, in the public interest, to have been submitted to the Board, or whether or not the parties and the respondent should not have been harassed by unnecessary litigation conducted by the Government.

What we are concerned with is that the rights of all parties and that the interests of the respondent, for whom we think that we also have a duty, too, are adequately represented by us if and when we submit these matters to the Board.

We are not concerned with whether we win the case or not, in one sense. We are concerned whether the matter is one which appropriately should have been sent to the Board. There is still a creditable record on the win side.

SEASONAL WORKLOAD

Mr. FOGARTY. On page 4, you show 6,596 cases during the first 6 months of 1963, but estimate 8,904 for the last 6 months. Situations, 5,880 for the first 6 months and 7,870 for the last 6 months.

Why do you think there will be this increase of over 30 percent?

Mr. MCCULLOCH. We break our statistics down month by month. The explanation for the estimate you refer to is that in the last 6 months of the fiscal year the case filings will come to considerably more than half of the total of the Board's volume for the year. This is nothing unusual.

In some election years it also seems that there is a little dropping off in the charges that are filed. We can speculate about what the reasons may be for that. The parties may be diverted by other activities from the filing of charges. It might be that Mr. Wright can respond to that.

Mr. WRIGHT. Not the last one.

Basically, our experience over a good many years, and mine goes back 4, 5, or 6 years, has been that the second half has a consistently heavier filing than the first half. In late September and October it is extremely light. In January it begins to pick up, and April, May, and June far surpass in intake any quarter in the year, so that you do get in normal sequence a low first half and a very high second half of the year. We have in the past——

Mr. FOGARTY. Do you know why?

Mr. WRIGHT. I think, in part, it is weather. You look at the months that are low and some time in January it begins to pick up. Now, this January it did not. I think it is because around the country the places where it did not pick up are the places you see in the paper complaining about weather conditions.

Mr. FOGARTY. I can see where that would be true in the building trades especially.

Mr. WRIGHT. It may also be that that is the holiday season and a slowing up of activity.

NEW OFFICES

Mr. FOGARTY. What new offices have you opened during the last year?

Mr. ROTHMAN. We have not opened up any new offices in the last year. I want to qualify that in one way. I do not know whether it was last year or the year before that we placed two men on detail in Jacksonville, Fla. Florida is a large State. A considerable amount of the work has been around Jacksonville, and the regional office is in Tampa. The travel distance is great. So we assigned two men there. I do not know whether it was last year or the year before——

Mr. FOGARTY. Before you go any farther, the reason I asked that is that on page 8 of the justification you say—

> The recent creation of new regional offices and the opening of new resident offices has resulted in greater intake than was expected previously according to the filing history of the particular area.

Mr. ROTHMAN. The recent creations were not in this last year. It may have come somewhat before that—a new regional office that was opened in Albuquerque the year before last and a resident office opened in Albany. We are rather sensitive to watching caseload growths around the country, and where we believe it is necessary to provide improved service we give it.

Mr. FOGARTY. Did you open one in Indianapolis?

Mr. ROTHMAN. Almost 2 years ago, Indianapolis, which was a resident office, was made a full regional office.

Mr. DENTON. That was a very good move.

I remember last year when you were in here, you needed more money because we were in a recession. Now that times are better, we need more money because times are better. It looks like we just cannot win on this thing, either way we go.

Mr. ROTHMAN. I do not recall last year that we tied our problem of increase in caseload to a recession.

Mr. DENTON. Perhaps it was 2 years ago.

Mr. ROTHMAN. There are some regional directors that believe when times are bad the caseload goes up; other regional directors believe that in times of great economic growth the caseload goes up.

The third group believes that under both conditions the caseload grows, and it is true.

CASE HANDLING

Mr. DENTON. Let me ask you about your representation cases. They are decided in the region.

Mr. MCCULLOCH. Subject to Board review.

Mr. DENTON. Yes. And I do not remember, how long a time do you have in a representation case?

Mr. McCulloch. If I may just respond in a general way, the average time from the filing of the petition to the issuance of a direction of election by the regional director is now about 45 days, cutting it almost in half.

Mr. Denton. I used to hear a good deal of complaint about that, especially when an organizational campaign was on. The dilatory lawyers got hold of the representation cases and delayed them for a year or two.

Mr. McCulloch. It happens in a few cases, when we get some tough ones that come to the Board and we do not think the record is as complete as it should be, we may send the record back. Then when the record comes back, if it is a tough unit question, or an eligibility question, some of these cases on review from the regional directors turn out to take a little longer. But, by and large, Congressman, we have greatly reduced the time lag.

Mr. Denton. I think that is very good, 45 days. The unfair labor practice cases have to be decided eventually by the Board?

Mr. McCulloch. That is correct.

WORKLOAD

Mr. Denton. I do not understand that statement of yours. On page 3, you say that the unfair labor practices have increased from 13,000 in 1963 to 13,750 in 1964.

Then over on page 7 of your statement you say that, speaking for the Board and yourself, on unfair labor practices decision, it has increased 54 percent from 415 in 1961 to 540 in 1962.

I do not understand that great discrepancy in those figures.

Mr. McCulloch. I wish we had the General Counsel's pie chart here. The discrepancy in the figures is accounted for by the great percentage of withdrawals, of dismissals, and of settlements in the regional offices.

Were it not for the regional office disposing of nearly 90 percent of the unfair labor practice charges, the Board woud be just hopelessly swamped.

What we then get are the bitterly contested cases which cannot be settled, the merit cases where the complaints have been filed that have gone on to the hearings.

Mr. Denton. How do you go about getting them settled or dismissed?

Mr. McCulloch. Perhaps I had better turn that over to the man who does the most of it, with his staff.

Mr. Rothman. As you indicated, some 13,000 unfair labor practice charges are filed in our regional offices each year. Last year it was about 13,000. We are estimating about 13,750 unfair labor practice situations this year. Sometimes several charges filed at one time—filed separately, but they are handled as one situation, or one case, for practical purposes.

Now, a very large proportion of those cases after investigation are found to be without merit. The law has not been violated in the view of the regional office.

Mr. Denton. Just a minute; I thought this 13,700 were filed.

Mr. Rothman. Yes; but they do not all have merit and a large proportion of them are withdrawn or dismissed. About 31 3/10 percent that

remain are meritorious cases and absent voluntary settlement of those cases in some way, either by adjustment or by settlement, a complaint will be issued.

Now, as to how we accomplish settlement, I would like to say about three or four things about that.

The best way to get settlement is to have the parties in the community have confidence in the regional office. If they respect the regional office's ability to investigate fairly, to know the law and to take an impartial and neutral position, the parties will be much more inclined—if they are so minded in the first instance, and are not seeking the processes of the law to accomplish a delay or something like that—they will be in a better position to think and talk about a settlement.

In addition, we do a very specific thing. We seek to investigate the case in about 30 days, but we do not issue the complaint until 45 days have gone by, in most instances. We allow a 15-day period, in which we encourage the parties on their own to get together and see if they cannot work the matter out. During this period we do try to have our people in regional offices, in ways that are appropriate, see if they can get the parties to appreciate their responsibilities, and particularly if the respondent has violated the act in our view, to have the respondent fully understand the advantages of voluntarily working the matter out rather than going through a long litigation process and come to the very same result in the end.

BOARD PROCEDURES

Mr. DENTON. There are five members of the Board, are there not?

Mr. MCCULLOCH. Yes; there are.

Mr. DENTON. I do not see how you can decide all these cases and adjust 500. You have to have argument; you have to have conferences.

Mr. MCCULLOCH. The caseload is such that the Board is not in a position to grant oral argument very often. It is only in the exceptional cases that the Board is able to grant oral argument. It is a heavy caseload, and we are always in danger of not giving as much attention to a case as we should.

Mr. DENTON. Do you think there ought to be more members on the Board?

Mr. MCCULLOCH. I do not think that would help.

We do ease the burden in this way: The statute authorizes us to sit in panels of three. With five Board members, each one on three panels, you can see we will have five panels of three Board members. The majority of our decisions, the great majority are issued by the three-member panels. As a matter of courtesy, even those decisions are cleared through the offices of the other two Board members. So if there were something they felt was very wrong about the proposed decision, they could bring it to the full Board for its consideration. But this is one of the things that we do to expedite matters within the Board. I can tell you that there are a lot of other internal procedures by which we try to give the fullest possible consideration to these cases, consistently.

Mr. DENTON. How many law clerks do each one of you have?

Mr. McCULLOCH. From about 19 to 27. I think my staff may be smallest, with 18 or 19.

Mr. DENTON. A very large share of the work has to be done by the law clerks, then, doesn't it?

Mr. McCULLOCH. A great deal; you are right.

Mr. DENTON. I think it would be better to do something about the decision in the region and then you can do something like the Supreme Court, issue certiorari and hear important cases.

Mr. McCULLOCH. This, of course, is a decision for Congress. If we do not make the proper progress with the present setup, I am sure the Congress will want to consider other possible proposals. Some people have proposed setting up regional boards. But then you have added another, perhaps 4-month intermediate step in the final decisional process, and your delay problem is increased. What we are doing is doing our best to make this present system work.

Mr. DENTON. I would rather have a case of mine decided by a regional board than decided by—I do not want to say legal assistant.

Mr. McCULLOCH. We do not decide our cases by legal assistants.

Mr. DENTON. You are right about that, but they probably have a lot of leg work to do.

Mr. McCULLOCH. That is right, but I suppose most of the administrative agencies have a lot of difficulty in knowing just where to draw the line between the legal advice and the summaries and——

Mr. DENTON. Any court is going to have a lot of law clerks doing that work. But you have a heavy load for five men and you say it is going to increase.

Mr. McCULLOCH. Well, we expect it to.

Mr. DENTON. If you are going to do justice to it.

Mr. McCULLOCH. That is correct, but we are cutting down on our backlog of decisions that the Board is putting out, our litigation section finds, I think, about 75 percent of the cases that go to court are being substantially enforced by the courts. The litigation would thus seem to confirm the fact that the Board decisions are not losing anything by way of quality.

Mr. DENTON. I notice here that the time had been cut down from 332 days to 320 days, which is very commendable. But it is very important in this type of case that you have a quick decision.

Because as long as this pends, there is dissatisfaction and neither the employer nor the employee is getting anything out of it.

It is a case where it is a very strong policy to have a quick decision.

COURT INJUNCTIONS

Mr. McCULLOCH. We have done one thing which is perhaps a little tangential to your comment but should help in a quick decision. The General Counsel has had many requests that, after the complaint is filed, we should go into court and ask for an injunction under section 10(j). In a situation where delaying the decision of the case until after we have gotten through the 300 days would seem to prejudice the party and prevent his ever getting the relief the statute intends. We have somewhat increased the number of those section 10(j) injunctions which the Board has sought, and this has brought a little more prompt relief to parties that are in tough situations.

We haven't won all of these cases. We have also turned down a great many requests where we thought the matter could abide the subsequent Board decisions or where the law might not be absolutely clear, or where there was no reason for the extraordinary remedy of the injunction.

Of course, on the employer's side, under section 10(l), the summary relief is very quickly available, as you know, because, on secondary boycott cases, hot cargo charges and other cases like that which are listed in section 10(l), the Board must, of course, go to court promptly for a preliminary injunction.

Mr. DENTON. I have never understood why you have to go to court promptly in those cases and not others. But it is a little criticism of the act.

Mr. MCCULLOCH. Of course. We are doing our best; we are going to continue to do it with the tools that Congress has given to us.

Mr. DENTON. I think that is all.

Mr. FOGARTY. Mr. Lesinski?

BOARD DECISIONS

Mr. LESINSKI. Mr. McCulloch, in relation to what Mr. Denton has said, I would assume that the longer you are on the Board the better you know the law, and the easier it is for you to decide or make a decision; is that correct?

Mr. MCCULLOCH. I think so. It tends to fall into some patterns, but you have to be careful that you do not decide that it falls into this pattern and then find there is something just a little different.

UNION REPRESENTATION ELECTIONS

Mr. LESINSKI. On page 4 of your statement, under section C, that says:

> Board-conducted-election results have shown that a general downward trend in union growth may be taking place, because unions win a majority of the small elections and lose a substantial majority of the large elections.

What do you mean by that?

Mr. MCCULLOCH. I mean that, as we have surveyed the election results and the statistics that we are now putting out monthly, the percentages of union victories in representational elections will be much higher in, say, a unit of 15 workers or 25 workers than it will be in a bargaining unit of 200 or 300 workers.

This is just stating one of the facts on the basis of which the union groups have, I think, begun to worry a little bit more about the effectiveness of their organizing. I would be very glad to submit to you—it is a rather voluminous thing—the reports that we are getting out which show the results of these elections, one by one, every one.

And you can see both the summary and the results in individual elections. Some people find this quite an interesting reflection of the Board's work and it tends to confirm this conclusion that in the larger units, the larger plants, the unions are losing a larger percentage of the elections.

Mr. LESINSKI. Does that mean that in a smaller union the members know one another better and there is a better sense of understanding than in the larger union?

Mr. McCULLOCH. This would be speculation on my part. I think this might well be true. But it is not the Board's business, of course, either to help the union to win or to help it to lose.

Mr. LESINSKI. I understand that.

Mr. McCULLOCH. So we have not felt this was a proper inquiry for us, to try to find out why the unions are losing.

Mr. LESINSKI. I am sorry. Thank you, Mr. Chairman.

Mr. FOGARTY. Mr. Michel?

Mr. MICHEL. I was going to ask you, Mr. McCulloch, too, to comment on that. I thought it was quite interesting, when you pointed out that there were many more cases of unions losing in the large units.

Mr. McCULLOCH. If you would be interested in seeing that summary, I will be glad to send it over to you.

Mr. MICHEL. I would like it.

Mr. LESINSKI. I would like it, too; thank you.

BOARD POLICY REGARDING FOLLOWING PRECEDENTS

Mr. MICHEL. On page 6, you point out that—

> Traditionally we have exercised our quasi-judicial functions under the statute by deciding questions on a case-by-case basis, with due deference to precedent and stare decisis and with a responsible sense of our primary duty to carry out the act and the objectives of Congress where new ground was being broken.

Hasn't the Board, since the change of administration and the composition of the Board, now made up as it is with a majority of its members from the administration party, changed some, or really reversed previous Board actions, precedentwise?

Mr. McCULLOCH. There have been some changes; yes.

Mr. MICHEL. Do you have any kind of a compilation that you could furnish for the record that would show precisely how many there are?

Mr. McCULLOCH. Well, we have not made any. I suppose our difficulty is in part this: I as Chairman and the other Board members are sensitive to the kind of criticism that comes in the public domain. We try to give respectful consideration to those who do not like our decisions.

I suppose it is a little like the old saw that goes like this: "Aren't statistics wonderful? They show half the married people are women." I suppose in a sharply contested case, half the people do not like the result. We, therefore, get it from both sides.

I was attending a conference in Michigan that happened to be addressed also by the former Secretary of Labor, Mr. James Mitchell. After I had spoken, a lawyer of some note who represents employers addressed the conference and he belabored us. Then a union economist addressed the conference and he belabored us. When Mr. Mitchell got up to speak at the luncheon meeting, he said:

> When I came in this morning—

he was addressing this whole group, about two-thirds management people—

> it seemed like old home week. There you were, the Labor Board, being hit from both sides, and this has been true of the Labor Board from the very beginning.

The main problem, it seems to us, is to measure the work of the Board against the objectives and the words of the statute. I have seen various of these critical summaries.

People pick out a group of cases that they do not like and then seek to draw certain conclusions from it. The former Secretary of Labor did not draw that kind of conclusion. Board Member Rodgers, recently, responding to questions like this in a speech that he made, pointed out that a great majority of our decisions are unanimous.

There are changes, to be sure. Some of those are induced by Supreme Court decisions. The Board was reversed in five out of six cases before the Supreme Court in 1959.

The Board was reversed in five out of eight in 1960. It seems that we had to review the decisions involving those kinds of issues in Labor Board cases in the light of what the Supreme Court, which is the Court of last resort, had to say on those issues.

Secondly, the Congress itself, in 1959 amendments, gave us important new duties to carry out. I think every student of that legislation recognizes it was the result of compromise, with new prohibitions and provisos, and the interpretation of this law is not simple. as Member Rodgers said in his speech that everybody is calling the shots the way he sees them.

Then we are confronted by some changes in industrial relations developments themselves. For instance, we had a case before us not long ago where both the management and the labor groups, with one exception, asked us to change the Board policy on contract bar. Simply stated, the Court had held that a contract of 2 or more years duration between the employer and a union would bar an election petition by an outside union only for a period of up to 2 years. Came then a 3-year contract, with a petition at the end of the 2 years.

The Board and the Court said it is time to review that policy and determine whether to afford the parties a longer period when the contract stability cannot be disturbed by outside parties.

The Board did review it; the Board changed the policy.

We had another policy with reference to the open period for the filing of election petitions, just before either the termination of the contract or the end of the contract bar period. The Board's period was from 150 days to 60 days before the end of the contract. In view of the increasing rapidity with which our representation cases were coming out, this long period no longer seemed necessary.

We changed that policy to a period of from 90 to 60 days, with the thought again of avoiding the unstabilizing effect on plant relations of the new election petitions filed long before the end of the contract period.

We allow a 60-day insulated period, when no petition will be accepted so that the parties, if possible, may make a new contract. They are not subject in that period to any challenge by an outside union.

I could run down through cases—I could take cases involving lockout, for instance, where the Board has somewhat expanded the permitted scope of employer lockouts. The construction industry has been much interested in that. The first such case involved contractors in Rockford, Ill. Another such lockout case involved contractors in Atlanta. This was true also in the New York publishers' case, where it seemed to the Board that the threatened lockout by the publishers in connection with certain strikes in violation of the contract was not an unfair labor practice.

We so held.

But these decisions and others like them do not get into those other lists of Board cases which are being criticized. I think all I am saying to you is that I could make up lists on both sides, one this way and then one that way, and if we took only a narrow look at it, I think you would come to the conclusion that such partial lists are not entirely fair to the Board.

We are trying to call the shots as we see them. We are trying to take account of the past decisions of the Board. But we are also looking at the court decisions, the changes Congress has made, and the shifts in industrial relations, to do the best job we can.

I will only say one final thing on this. That is that when Congressman Pucinski and his subcommittee in 1961 went into the administration of the Board's work, he and Congressman Griffin seemed to agree for the Committee on Education and Labor that the essential independence of the quasi-judicial body would be best preserved by not, as it were, looking over the Board members' shoulders on specific decisions.

I am sure every Member of Congress has his own views as to the propriety or impropriety of that decision. But it was their feeling that the Board members should try to carry out that quasi-judicial function under the Constitution and under the authority given to them by the Congress, as a judge should.

Mr. LAIRD. What is this about the Constitution? You are a creation of the Congress.

Mr. MCCULLOCH. We are, but the oath we take is also to support and defend the Constitution of the United States, so we have our obligations, as you do, to the basic law.

Mr. LAIRD. But you are not to be interpreting the Constitution?

Mr. MCCULLOCH. I am talking about the oath of office.

Mr. LAIRD. I did not realize you were limiting it to the oath of office.

Mr. MCCULLOCH. We do not, of course, pass upon constitutional questions at all. These are functions that will be done by the courts.

DELAYS IN CASE HANDLING

Mr. MICHEL. Mr. McCulloch, some attorneys representing employers have told us in recent months that cases involving employer charges under 8(b)4 of the Labor-Management Relations Act, although handled expeditiously at a regional level, have apparently encountered unreasonable and unexplained delays when the case is forwarded to Washington for the next appropriate action. Is there really any foundation to this report?

Mr. MCCULLOCH. Let me give two answers to that. The first one is that most of the cases under 8(b)(4) where there is reasonable cause to believe the charge is true are subject to mandatory injunction. If you look at the section 10(1) of the statute, and maybe we should supply the language of the section in order to respond to your request, you will see that there are also cases involving jurisdictional disputes, where an employer can get the swiftest possible relief. This is the point I was making a moment ago to Congressman Denton. So that in terms of the immediate relief that they can secure, the General Counsel is bound by the statute to move swiftly on those mandatory injunctions against unions.

I think it is possibly true, the second answer, that at the Board level, there has been some delay in turning out the final Board decisions. I do not think this delay is prejudicial to the charging party, for the reason I have just given to you, that the unlawful picketing or boycott or whatever it is that is causing the trouble is taken care of by the preliminary injunction.

I can only plead at this point that section 8(b)(4) is a very difficult one to interpret. I know of no section of this statute that is more complex. And I can report to you that in a couple of cases where we have recently been reversed by the courts, we have been reversed for going too far in restricting the union's action.

The District of Columbia Court in the *Tree Fruit* case held that we had interpreted that section too broadly against the union and had found to be coercive certain picketing action which the court felt was not coercive, or at least not proved to be coercive.

Similarly, in the recent *Terminal Barbershop* case, we have been upset by the district court once again for having found unlawful picketing of a secondary employer under section 8(b)(4) where the court felt that a separate employer status was not present. So we get it both ways. I can only say that on section 8(b)(4), there are very difficult problems of interpretation.

In one of the lead cases written by Mr. Justice Frankfurter—the *Sand Door* case—this was before I came to the Board—he sketched the history of the interpretation of that section and its application to that particular problem and showed the changing views, not only as the Board's composition changed, but even some of the changing views of the individual Board members on this very, very complex problem, and he referred to the statute as not being entirely clear. We have to balance the rights that people have to carry on legitimate organizing, legitimate primary strikes on the one hand, and the protection that we need to give to the neutral, the neutral employer who is someone they seek to embroil in a dispute that really is not his, and it is not always clear where to draw that line.

Mr. ROTHMAN. I would like to comment on that part of the question that may deal with the length of time it takes to process a charge from the time of filing the charge to obtaining a district court injunction, a responsibility shared jointly by the regional office and the Office of the General Counsel in Washington. In 1959, it took 52.3 days. In calendar year 1962, it took only 32.2 days.

I shall tell you where some of the time is lost. On the average, the regional office investigates one of these priority 8(b)4 cases ordinarily in about 8 or 9 days. We have a rule in Washington that the Washington decision, whether to seek an injunction or not, must be approximately 72 hours from the time the file is obtained in Washington, and the average length of time it does take in these cases is about 3 days. It takes us a few days longer to prepare the petition for a preliminary injunction. But it takes approximately 2 weeks, on the average, for the Federal district court judges to hear them.

Now, this varies from time to time and place to place. Sometimes we can get a petition set down for a hearing at an earlier time. We are aware of the priority requirements of these cases as set by Congress, and we are trying to improve the situation to the extent that it is in need of improvement or can be improved by placing some increased responsibility with respect to handling these injunction mat-

ters in the regional offices and at the regional office level, hoping that one of the benefits will be that the local regional offices will be able to establish a better working relationship between Federal district courts in their districts.

But on the whole, I should like to point out that a record, and the record will speak for itself, of investigating one of these priorities cases in about a week and making a decision on whether or not to seek a petition in 3 additional days, I think, is a very creditable achievement.

One of the problems, as you phrase the question, attorneys may say that we take more time than we should. We need to investigate the cases. We are in the area, as a law enforcement agency, only being able to proceed on what we can verify in court. Sometimes those who criticize us the most do not come forward with the witnesses. We could investigate a case in less than 8 days if the parties would come forward with their charges lined up.

Mr. MICHEL. I have a couple of administrative questions. I do not know which of you would be in a better position to answer it.

MOVING EXPENSES OF NEW EMPLOYEES

Do you know of any occasions when staff members are recruited by the NLRB in one city but initially employed in another city closer to their home in order to circumvent requirements that new employees not be paid additional moving expenses?

Mr. WRIGHT. I can answer that straightforwardly; no, sir.

Mr. MICHEL. There was a question raised here at one time that obviously had some Internal Revenue ramifications. If you can put it on the record that forthrightly, I think it is to your credit.

INTEREST CHARGES ON BACKPAY AWARDS

One other question: What explanation can you give for the Board's and the General Counsel's decision to impose a 6 percent interest charge in backpay awards when the Board, for 27 years, did not impose such a penalty?

Mr. MCCULLOCH. The statute gives the General Counsel the power to issue and prosecute the complaints, and the Board was asked in a series of cases by the General Counsel to provide a more adequate remedy by adding interest to backpay. In most other cases, an obligation in the nature of a debt bears interest. The majority of the Board thought that this was an appropirate improvement. Dollarwise, it is not going to be very much in most cases. Hopefully, as we cut down our time in processing cases, the backpay amounts may be less, but by adding interest a more complete compensation and remedy will be provided for the man who has lost his job in what we find to be a violation of the law.

Mr. ROTHMAN. If I may add one point. Because the initiation of the request to assess and add interest where there is a backpay liability did originate with the Office of the General Counsel, I would like to add this. It may be true that for a long number of years the Board did not do this, but I think it may have been, among other things, that a request to include interest in the computation of damages was not made or properly presented to the Board.

I have been General Counsel for 3½ years. It is my belief that the labor laws of this country can best be served and, in the long run, the objectives of the national labor relations policy can best be carried out by vigorous enforcement of the law. I think that by vigorous enforcement, together with, we will all agree, an impartial enforcement, the parties and the public, in the long run, will be less inclined to view the law as something to be gotten around, but will look at it on a positive basis—both as a matter of law and, let me add the word "ethics" as reflected in the congressional policy—if it is appreciated that the law will be vigorously enforced.

I think that the addition of interest was simply an expression of a vigorous enforcement of the law as well as being fair and just. Interest is assessed in connection with damages when the party is deprived of the use of money for a period of time. In this instance, we saw no reason at least why the matter should not be submitted to the Board for adjudication by the five-man board.

BACKLOG AND PRODUCTIVITY

Mr. MICHEL. One final question, Mr. McCulloch. I forget the figures now that you used in improvement of that backlog. Those were quite striking, in my opinion. Now, will that show even more improvement in this coming fiscal year with the resources that you will have at your hand?

Mr. MCCULLOCH. We hope to continue the improvement. The rate of improvement will not be as great, because I am sure we have cleared out some things that have backed up for some time. And there are groups of cases that were very much like other cases.

Mr. MICHEL. Did we not, several years ago, give you some additional for this specific purpose?

Mr. MCCULLOCH. Yes.

Mr. MICHEL. And it has now been pretty well reflected.

Mr. MCCULLOCH. But that 640 contested complaint cases, that is going to be a hard level to maintain.

Mr. DENTON. I do not see how you can ever handle them.

Mr. MCCULLOCH. Well, the backlog is down a little since the figures that I have given to you. So we are still whittling away at it, and we are going to do the best we can.

Mr. DENTON. Since you spoke to me about it, I figure that is about four cases to judge a week. That is a pretty big burden to put on anybody. I would not want any of my cases decided that quickly.

Mr. MCCULLOCH. Well, we take a lot of work home and a lot of nightwork is done by Board members, I can tell you that. Briefs are read at home, and so on.

Mr. DENTON. I have seen a lot of cases where I wished the judge would work in the daytime.

PAY RAISE ABSORPTION

Mr. LAIRD. In the President's state of the Union message, he stated that because of his tax reduction program there will have to be a reduction or postponement of many desirable programs, the absorption of a large part of last year's personnel pay raise, and termination of certain installations, projects, and so on. I would like to ask you what percentage of the Federal pay raise you are absorbing?

Mr. ROTHMAN. I would have to ask Mr. Wright if he can respond to that; but before he does, I would like to say this with respect to your more general inquiry:

I think the National Labor Relations Board has in the last several years done a very creditable job in the area of increasing productivity and through efficiency and economy. It was pointed out earlier today——

Mr. LAIRD. You are not answering my question. I want to find out whether you have followed the recommendations of the President in his state of the Union message. I know the history of the Board and the improvements that you have put into effect, and so forth, but I want to find out now whether a major portion, as the President called for, has been absorbed. That is all I am asking.

Mr. WRIGHT. The National Labor Relations Board was an exception to that rule. The amount of pay raise increase we have is the full amount.

Mr. LAIRD. It seemed to me from your justification that there is no substantial amount of the pay raise that you did absorb, and there is nothing in your justification stating why you did not follow the policy of the President.

Mr. WRIGHT. The absorption of that we have made——

Mr. LAIRD. Did the Bureau of the Budget ask you to absorb it?

Mr. WRIGHT. They reviewed our work problems. As you will recall, we have stated in our estimates that we are taking up a 6-percent increase——

Mr. LAIRD. I have checked several departments and agencies. So far, I have found the general rule is the exception. This bothers me somewhat, because I think the American people were led to believe that these economies, the President spoke of, were really going to be made.

That is all I have, Mr. Chairman.

PRODUCTIVITY

Mr. ROTHMAN. Let me add a point on that. The fact with respect to our agency is this: We experience a 6 to 10 percent increase in caseload growth each year. Since 1958, I believe the total increase in workload has been around 47 percent. In the face of an increasing workload, we fear very much that we shall have to come back to this committee and ask for additional funds. If efforts were made to absorb other costs, it would merely reflect itself in a greater amount of funds that we have to come before the committee to ask for in the way of current operating revenue. We can show, however, and I would like to say it, because I think the agency can well be proud of it, we can show a productivity growth starting several years ago, which, at the present time, is approximately 6 percent greater than 1961. We have been very conscious of the fact of increasing the efficiency and the economy of the agency and its productivity, and we will try very hard to continue to do so through management improvement programs throughout the agency.

Mr. LAIRD. I would just like to add to that statement that I know of several other agencies that have not made any absorption of the pay increase. They also have used this argument about workload and increased efficiency and so forth. But my reason for asking the ques-

tion is that when the bill was signed for the pay increase and when the President delivered his state of the Union message, he made it very clear that a major part of this cost was going to be absorbed. The way the various agencies were operating, I could not understand how it was going to be absorbed 8 months ago. I do not see how he can still make the statement in his state of the Union message. I am going to be interested in seeing whether he recommends even a 50-percent absorption when he actually makes the request for supplemental funds for 1963.

WORKLOAD

Mr. McCulloch. Mr. Chairman, if I can just say a word that does not add too much, but it is a point of view I would like to express frankly to Congressman Laird. I think that in presenting its budget our agency has had a good record since I have been reviewing it, and I believe before. It is tight budgeting. We have had what seems to me to be cautious, if not conservative, estimates on the workload and the like. Within that it has been very difficult to squeeze any funds out without either lengthening the time for disposing of cases, or, in some way, artificially reducing the work that you will let come in.

Now, I suppose if the General Counsel could turn off the faucet and not issue complaints, we would not have so much work for the Board to do. But this subcommittee last year was sensitive to the criticisms of our agency in this regard and they included a note to the agency. We have been concerned to try to abide by the caution of the committee that we not turn down parties who have rights under the statute which Congress has passed and not prevent them from having their cases adequately investigated and adjudicated. I know that the General Counsel, with the procedures he has set up, has been mindful of that. So we have, I suppose, our most direct orders from the Congress itself in the statute and the review that this committee gives to our work. When we review those orders against the background of our tight budgeting, it has been difficult to accomplish the thing that you have suggested.

Mr. Laird. I did not suggest it. The President of the United States suggested it.

STAFFING

Mr. Lesinski. One question, Mr. Chairman.

Mr. McCulloch, do you not go to the Civil Service Commission for approval of increasing your staff?

Mr. McCulloch. I am sorry, I did not hear that.

Mr. Lesinski. Do you not go to the Civil Service Commission for an increase in your personnel, level 15 and up?

Mr. McCulloch. Oh, yes, of course. And there are requests from the various agencies now pending for the allocation of the additional supergrades that Congress made available to the Civil Service Commission for allocation to the various agencies.

Mr. Fogarty. Thank you very much, Mr. Chairman and Mr. Rothman.

TUESDAY, FEBRUARY 5, 1963.

RAILROAD RETIREMENT BOARD

WITNESSES

HOWARD W. HABERMEYER, CHAIRMAN
THOMAS M. HEALY, MANAGEMENT MEMBER
FRANK J. McKENNA, CHIEF EXECUTIVE OFFICER
MICHAEL RUDISIN, DIRECTOR OF BUDGET AND FISCAL OPERATIONS

LIMITATION ON SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	6,866	7,155	7,368
	Positions other than permanent	48	42	40
	Other personnel compensation	92	86	149
	Total personnel compensation	7,006	7,283	7,557
12	Personnel benefits	524	543	561
21	Travel and transportation of persons	204	209	209
22	Transportation of things	18	18	18
23	Rent, communications, and utilities	1,223	1,332	1,106
24	Printing and reproduction	100	94	87
25	Other services	185	195	233
	Services of other agencies	122	121	118
26	Supplies and materials	102	95	95
31	Equipment	31	30	916
	Total obligations	9,515	9,920	10,900

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	1,204	1,171	1,148
Full-time equivalent of other positions	11	10	10
Average number of all employees	1,132	1,110	1,097
Number of employees at end of year	1,129	1,108	1,094
Average GS grade	6.7	6.7	6.7
Average GS salary	$6,096	$6,563	$6,642

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Maintenance of earnings accounts	479	509	685
2. Processing claims	6,860	7,090	7,778
3. Maintenance of beneficiary rolls	1,072	1,155	1,176
4. Hearings and appeals	61	64	66
5. Actuarial services	197	220	249
6. Administration	835	882	946
Total program costs, funded	9,504	9,920	10,900
Change in selected resources [1]	11	----------	----------
Total obligations	9,515	9,920	10,900
Financing: Unobligated balance lapsing	225	----------	----------
Limitation	9,740	9,640	10,900
Proposed increase in limitation due to pay increases	----------	280	----------

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1961, $19,000; 1962, $30,000; 1963, $30,000; 1964, $30,000.

Mr. FOGARTY. We shall now take up the request of the Railroad Retirement Board.

Before you start, we are sorry not to see Mr. Harper here this year.

Mr. HABERMEYER. Mr. Harper is retired, Mr. Chairman, enjoying himself in Texas. We have a very able new member of the Board, Mr. A. E. Lyon, who is familiar to most of you, I think. He regrets that he was not able to be with us today.

Mr. FOGARTY. Yes, I know Mr. Lyon.

Go ahead.

GENERAL STATEMENT

Mr. HABERMEYER. Mr. Chairman and members of the committee, the statement I have, and which I would like to have go into the record, begins with a page and a half about the history of our Board and the methods of financing our program. However, since you are running behind, I think that I shall skip through that and begin with the last paragraph on the second page.

BUDGET REQUEST FOR 1964

The Board requests an appropriation of $10,900,000, to be derived from the Railroad Retirement Account, to cover the administrative expenses of the railroad retirement system for fiscal year 1964. This compares with total requirements in 1963 of $9,920,000, consisting of the regular appropriation of $9,640,000, plus an anticipated supplemental appropriation of $280,000 to cover the unabsorbed portion of Pay Act costs. The increase of $980,000 from 1963 to 1964 results from several factors. First, the 1964 estimate includes $887,000 for this appropriation's share of the cost of purchasing electronic equipment now being rented. Second, Pay Act costs amount to $560,000 in 1964 compared to costs of $326,000 in 1963, for an increase of $234,000 in 1964. Third, postage rate increases amount to $114,000 in 1964 compared to $57,000 in 1963. These cost increases are partially offset by expected increases in productivity from 1963 to 1964. The productivity increase makes it possible to reduce man-year requirements from 1,121.1 in 1963 to 1,107.7 in 1964, even though workloads are expected to increase. This decrease in man-years represents a continuation of the reduction in employment effected each year since 1959, when 1,339 man-years were expended. The reduction of 231.3 man-years from 1959 to 1964 represents a decrease of 17 percent in manpower over a 5-year period.

In addition to Mr. Healy, the management member of the Board, we have with us Mr. Frank J. McKenna, the Chief Executive Officer, and Mr. Michael Rudisin, the Director of Budget and Fiscal Operations, who are prepared to answer any questions which the members of the committee may wish to ask.

(The prepared statement of Mr. Habermeyer follows:)

Mr. Chairman and members of the committee, the Railroad Retirement Board administers the Railroad Retirement Act and the Railroad Unemployment Insurance Act. One act provides a system for the payment of annuities for age and disability and benefits for survivors. The other act provides a system for the payment of unemployment, maternity, and sickness benefits to qualified railroad workers, and an employment service for placing unemployment benefit claimants in jobs.

The Board is composed of three members appointed by the President with the advice and consent of the Senate—one upon the recommendation of representa-

tives of employees, one upon recommendation of representatives of carriers, and one, the Chairman, without designated recommendation. The Board's administrative organization is designed to integrate the administration of the programs conducted under the two acts without duplication of facilities or operations.

Funds for the support of the unemployment-and-sickness insurance system are paid by railroad employers only. Contributions are required on an employee's earnings up to $400 a month. The maximum contribution rate provided by the Railroad Unemployment Insurance Act is 3.75 percent. However, the contribution rate was increased to 4 percent for calendar years 1962 and 1963 by the Temporary Extended Railroad Unemployment Insurance Benefits Act of 1961. The additional contributions provided by this law are to be used to repay funds appropriated from the general fund of the U.S. Treasury for payment of extended benefits to railroad employees. An amount equal to 0.2 percent of the taxable payroll is set aside from contributions for the payment of the administrative expenses of the unemployment-and-sickness benefit programs.

When Congress was considering the 1959 amendments to the Railroad Unemployment Insurance Act, the balance in the Railroad Unemployment Insurance Account was insufficient to pay all benefits due in the months ahead. Railroad maagement and railroad labor organizations agreed that authority was needed to permit the Board to borrow money at 3 percent interest from the Railroad Retirement Account in order to pay unemployment, sickness, and maternity benefits. Congress included such authority in the 1959 amendments, approved May 19, 1959. The borrowing authority was used first in July 1959, and additional sums have been borrowed since that time with unemployment in the railroad industry continuing at a heavy rate. As of December 31, 1962, a total of $440,920,000 had been borrowed from the Railroad Retirement Account; $141,261,000 had been repaid, plus interest amounting to $14,310,170; and the balance due was $299,659,000 plus interest of $4,345,000.

Taxes for the support of the railroad retirement system are paid equally by employers and employees on an employee's earnings up to $400 a month at the present combined tax rate of 14½ percent. Retirement taxes are deposited in the Railroad Retirement Account (trust fund) and are invested in Government securities bearing interest of at least 3 percent. Transfers are made between this account and the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund so as to place these funds in the same position in which they would have been if railroad employment had been included in social security coverage. Also, appropriations are made to the Railroad Retirement Account for military service creditable under the Railroad Retirement Act. Funds required for the administrative expenses of the railroad retirement system are derived from the Railroad Retirement Account in amounts specifically authorized by Congress.

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. Under existing law the Government is obligated to pay to the Railroad Retirement Account the combined employer-employee payroll tax on $160 for each month of military service performed after 1936 and before 1957 during war-service periods. For service after 1956, the Government is required to pay the difference between the combined taxes on $160 and the combined social security taxes actually paid with respect to the military service involved. It is contemplated that a bill will be introduced to change the method of financing of creditable military service performed after June 30, 1963, from a tax basis to a modified cost basis and to eliminate duplicating payments to both the social security system and the railroad retirement system for the same military service.

Under the contemplated bill, if enacted, a request will be submitted for a supplemental appropriation of $11,658,000 to cover the payment of the first of 10 yearly installments on the amount owed to the Railroad Retirement Account for creditable military service for the period through December 31, 1958. When the amounts of the remaining 9 installments are determined, an interest allowance will be included, in order to place the Railroad Retirement Account in exactly the same position in which it would have been if the amounts owed for military service credits had been made available when they became due. Also, amounts due for military service after 1958 would be included in future year appropriations.

The Board requests an appropriation of $10,900,000, to be derived from the Railroad Retirement Account, to cover the administrative expenses of the Rail-

road Retirement System for fiscal year 1964. This compares with total requirements in 1963 of $9,920,000, consisting of the regular appropriation of $9,640,000, plus an anticipated supplemental appropriation of $280,000 to cover the unabsorbed portion of pay act costs. The increase of $980,000 from 1963 to 1964 results from several factors. First, the 1964 estimate includes $887,000 for this appropriation's share of the cost of purchasing electronic equipment now being rented. Second, pay act costs amount to $560,000 in 1964 compared to costs of $326,000 in 1963, for an increase of $234,000 in 1964. Third, postage rate increases amount to $114,000 in 1964 compared to $57,000 in 1963. These cost increases are partially offset by expected increases in productivity from 1963 to 1964. The productivity increase makes it possible to reduce man-year requirements from 1,121.1 in 1963 to 1,107.7 in 1964, even though workloads are expected to increase. This decrease in man-years represents a continuation of the reduction in employment effected each year since 1959, when 1,339.0 man-years were expended. The reduction of 231.3 man-years from 1959 to 1964 represents a decrease of 17 percent in manpower over a 5-year period.

In addition to Mr. Healy, the management member, of the Board, we have with us Mr. Frank J. McKenna, the Chief Executive Officer, and Mr. Michael Rudisin, the Director of Budget and Fiscal Operations, who are prepared to answer any questions which the members of the committee may wish to ask.

Mr. FOGARTY. Thank you very much, Mr. Habermeyer. Do you concur in this statement, Mr. Healy?

Mr. HEALY. I do.

Mr. FOGARTY. And Mr. Lyon, I suppose?

Mr. HABERMEYER. Yes.

PROPOSED BUDGET FOR 1964

Mr. FOGARTY. This appropriation is not money from the Treasury. These funds come out of a trust fund contributed to by the carriers and employees.

Mr. HABERMEYER. Yes.

Mr. FOGARTY. You are requesting for 1963 $9,640,000. The anticipated supplemental pay act costs will be $280,000, for a total of $9,920,000. The increase of $980,000—you have just supplied the figures on those increases—is mostly for mandatory increases in costs?

Mr. HABERMEYER. In view of the conservation—I had the advantage of being the spectator of what took place with the last group—I would like to say that the Board has absorbed 27 percent of the pay act costs and the postal rate increase costs. Both of those bills cost us considerable money.

ELECTRONIC EQUIPMENT

Mr. FOGARTY. The only significant program increase is $887,000 for the purchase of electronic equipment. This is spelled out on page 27, and we shall put that in the record.

(Page 27 of the justification follows:)

The Board is proposing to purchase at a total cost of $1,331,000 the electronic equipment now being used on a rental basis. The $887,000 shown above is the portion of the total purchase price to be financed from the appropriation "Salaries and Expenses, Railroad Retirement Board." The remaining $444,000 of the purchase price is to be derived from the Railroad Unemployment Insurance Administration Fund. The purchase price is for distribution between the two appropriation accounts because the electronic equipment is used for both retirement-program operations and for unemployment-sickness program operations.

In justifications of the purchase of the electronic installation, we have tabulated below a comparison of cumulative costs on a purchase basis versus costs on a lease basis. This tabulation, which covers costs allocable to both appropriation accounts shows that cumulative savings through purchase would be

$124,000 at the end of the third year after the date of purchase, $604,000 at the end of the fourth year, $1,082,000 at the end of the fifth year, and $1,560,000 at the end of the sixth year.

Lease versus purchase—IBM 7070-1400 system, with tape drives

Fiscal year	Purchase basis			Lease basis		Cumulative difference in cost of purchase over lease
	Purchase price	Annual maintenance	Cumulative cost	Annual rental	Cumulative rental	
1964	$1,331,000	$39,000	$1,370,000	$525,000	$525,000	+$845,000
1965		40,000	1,410,000	525,000	1,050,000	+360,000
1966		41,000	1,451,000	525,000	1,575,000	−124,000
1967		45,000	1,496,000	525,000	2,100,000	−604,000
1968		47,000	1,543,000	525,000	2,625,000	−1,082,000
1969		47,000	1,590,000	525,000	3,150,000	−1,560,000

Mr. FOGARTY. Would you like to add anything?

Mr. HABERMEYER. I would like to say that page 27 would show that by purchasing the electronic equipment instead of renting it for the next 6 years, and we certainly feel that we shall keep this equipment, we will be a million and a half dollars better off than we would be on the rental basis. We will probably keep the equipment longer than 6 years.

Mr. FOGARTY. Is the Government buying now instead of renting?

Mr. HABERMEYER. Yes. They are renting some, but the Bureau of the Budget is encouraging purchase, because it is more economical.

Mr. FOGARTY. Doesn't it get obsolete in a few years.

Mr. HABERMEYER. We believe the equipment we have now will suit our needs for a good long time.

Mr. LESINSKI. At that point, Mr. Chairman, I would like to say that the equipment, when it was new, since they did make a lot of improvements, so it was better to rent originally. They now have it improvided so that it is better to buy.

MILITARY SERVICE CREDITS

Mr. FOGARTY. What assurances do you have of prompt action on the proposed legislation regarding military service credits? This committee, as you know, has supported your stand in this area for some time now over the objections of the Bureau of the Budget, but now they are apparently on your side, too.

Mr. HABERMEYER. The military service proposal is part of a package to put both of our systems on a sound financial basis. I am hopeful that the Congress this year will pass the bill. The Board submitted the bill a week and a half ago and Congressman Harris, Chairman of the House Interstate and Foreign Commerce Committee, introduced it yesterday. So I am hopeful for early action.

Mr. FOGARTY. That is good. I hope so, too.

Mr. Lesinski?

SALARY ABSORPTION

Mr. LESINSKI. May I ask, Mr. Habermeyer, in the absorption of your salaries, how did you lay these people off?

Mr. HABERMEYER. We did not lay them off. We took care of it by attrition.

Mr. LESINSKI. Thank you, Mr. Chairman.
Mr. FOGARTY. Mr. Michel?
Mr. MICHEL. He has answered my question.

TUESDAY, FEBRUARY 5, 1963.

FEDERAL MEDIATION AND CONCILIATION SERVICE

WITNESSES

WILLIAM E. SIMKIN, DIRECTOR
ROBERT H. MOORE, DEPUTY DIRECTOR
HERBERT SCHMERTZ, GENERAL COUNSEL
L. E. EADY, DIRECTOR, ADMINISTRATIVE MANAGEMENT
JAMES J. DINNENY, ASSOCIATE DIRECTOR, ADMINISTRATIVE MANAGEMENT
JOHN G. FLANNAGAN, CHIEF, BUDGET AND FINANCE DIVISION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1962 actual	1963 estimate	1964 estimate
11	Personnel compensation:			
	Permanent positions	3,538	4,040	4,508
	Positions other than permanent	35	51	104
	Other personnel compensation	4	4	39
	Total personnel compensation	3,577	4,095	4,651
12	Personnel benefits	264	301	318
21	Travel and transportation of persons	385	465	525
22	Transportation of things	21	22	25
23	Rent, communications, and utilities	178	193	297
24	Printing and reproduction	10	10	10
25	Other services	9	23	33
	Services of other agencies	19	20	20
26	Supplies and materials	20	20	23
31	Equipment	37	38	38
	Total obligations	4,520	5,187	5,940

Personnel summary

	1962 actual	1963 estimate	1964 estimate
Total number of permanent positions	375	393	413
Full-time equivalent of other positions	3	4	8
Average number of all employees	364	391	417
Number of employees at end of year	383	417	437
Average GS grade	10.8	10.9	10.9
Average GS salary	$9,732	$10,354	$10,977

Program and financing

[In thousands of dollars]

	1962 actual	1963 estimate	1964 estimate
Program by activities:			
1. Mediation and conciliation of labor disputes	4,086	4,640	5,232
2. Ad hoc boards, panels, mediators, and consultants	13	76	175
3. Administration	414	470	530
Total program costs—funded	4,513	5,186	5,937
Change in selected resources [1]	7	1	3
Total obligations	4,520	5,187	5,940
Financing: Unobligated balance lapsing	1		
New obligational authority	4,521	5,187	5,940
New obligational authority:			
Appropriation	4,538	4,973	5,940
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (75 Stat. (353) and 76 Stat. 728) (−)	−17	−20	
Appropriation (adjusted)	4,521	4,953	5,940
Proposed supplemental due to pay increases		234	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders 1961, $17,000; 1962, $24,000; 1963 $25,000; 1964, $28,000.

Mr. FOGARTY. Now we shall take up the Federal Mediation and Conciliation Service. Mr. Simkin, you may proceed.

Mr. SIMKIN. We have a statement, which I shall not read.

Mr. FOGARTY. Very Well.

(The statement follows:)

I appreciate the opportunity to appear before the committee this morning to explain our appropriation requirements for fiscal year 1964.

As you are aware, the Federal Mediation and Conciliation Service is the only agency of the Government responsible for providing assistance in the settlement or prevention of labor-management disputes except in the railroad and airline industries. You are also probably aware that practically all of us in the Service, including top national office staff members, have been more than normally busy for many months working in a wide variety of labor disputes from coast to coast. Much publicity has been devoted to a few controversies of special pertinence to national security and public welfare. In addition, the attitudes of the parties as decribed by the press in these few situations are fairly indicative of hundreds of less publicized disputes in which Service personnel has participated. I cite this because of its relevance to the workload with which we are now confronted, the method of operation that we currently pursue, and the likelihood of continuance in the foreseeable future. It is deserving of your careful consideration because of the increased amount of time required to be devoted by mediators not only in conferences with the parties that ultimately result in reaching a settlement but also in a variety of important peripheral, time-consuming functions.

We endeavor to acquaint you with the number of disputes in which we provide assistance in order that one aspect of the workload may be more easily recognized. We also are able to count the number of times one or more mediators have met with the disputing parties in either joint conference or separate conferences. But this is only part of the total workload picture. Countless hours are spent in mediator preparation, in conditioning and preparing some or all of the participants to meet in an atmosphere that is conducive to agreement or in

"healing the breach" when nerves have become taut and ruptures have occurred. Since I am convinced that the present conditions will continue, we are seeking to establish a more comprehensive approach that will offer promise of a more effective Service—one that will minimize the occurrence of work stoppages.

An important part of any solution is some lessening of the workload numerically for the mediator so as to provide more concentration on a somewhat fewer number of dispute negotiations. This, in substance, motivates my request for a modest staff expansion.

WORKLOAD

A basic assumption in preparation of this estimate has been that the fiscal year 1964 will witness a continuation of difficult and complex bargaining and protracted negotiations. In consequence, Service personnel will become substantially busier and progressively more involved in all types of negotiations and bargaining situations. The level of workload activity in the past fiscal year was the highest since the Service became an independent agency. The tabulation on page 5 of the material already submitted shows the comparative workload over the past 4 fiscal years. Thus far in the current fiscal year, the data indicates a continuation of activity in 1963 roughly comparable with 1962. As a matter of fact, the number of joint conference cases closed in the first 6 months of this fiscal year, one important criterion, shows an increase over the 6-month period in 1962.

It is our best judgment that fiscal year 1964 will show a continuing high level of activity, especially in view of the Service's more intensified efforts in the entire mediation process and its continuing efforts to further develop all related mediation activities when such efforts offer promise of improving the labor relations climate in specific cases, areas, or industries.

The major need is for a larger mediator staff that will permit more uninterrupted mediator time to be spent on each case, both prior to and during crisis bargaining, and followup thereafter in specific cases where circumstances indicate that the parties need and are willing to accept assistance. The appropriation request presented here represents a substantial step forward in constructing this type of mediation operation that today's complex collective bargaining requires.

INTENSIFIED MEDIATION

In addition to the basic and all-important work of field mediators in crisis bargaining situations, our program of intensified mediation includes:

(1) Active interest of the national and regional offices in all disputes, including personal participation in selected situations by the national office staff and by regional officials. By way of illustration, I have personally spent substantial amounts of time with the parties throughout the protracted aerospace negotiations, the east and gulf coast longshore dispute, the New York newspaper strike, the west coast construction disputes, the Republic Aviation case, the Electric Boat strike, and others. Robert H. Moore, Deputy Director, spent the better part of 4 months on the west coast unlicensed maritime strike, the major portion of 4 months on the east and gulf coast longshore dispute, and substantial time on the Electric Boat and Dow Chemical cases. Stephen I. Schlossberg, my Special Assistant, has spent most of the past 2 months on the New York newspaper strike and was very active in the successful conclusion of three other important cases. Walter A. Maggiolo, Director of Mediation Activity, has been contsantly involved in aerospace negotiations since May 1962, as well as with many other cases, including Studebaker in early 1962. Herbert Schmertz, General Counsel, has been called upon to mediate in several cases as special problems arose.

We have had to use Edwin W. Scott, our missile coordinator, on a number of important strike situations in other industries, including Minneapolis and Milwaukee newspaper disputes and several oil industry cases. William Rose, national office representative, who was added to the Washington staff last fall, has spent almost all of his time away from the Washington office assisting in important cases, including Allis-Chalmers, the aluminum industry, Climax Molybdenum and PTC in Philadelphia. In each of these cases the regional director or his assistant from the region involved also has spent very substantial amounts of time.

(2) Increased use of outside experts working as special mediators or in conjunction with mediation panels.

(3) Substantial increase in the number of two- and three-man panels of field mediators to provide more complete assistance to the parties.

(4) Coordination of the work of special boards with our own mediation work and providing data and staff assistance to such boards.

(5) Emphasis on developing a completely professional competence and performance by the entire mediator staff. This has included constant reaffirmation of total performance in mediation by merging what had previously been separated as dispute and preventive mediation; active individual supervision and assistance by the regional and national offices; and continued intensive training through seminars and personal assistance.

FINANCIAL

In terms of financial requirements for fiscal year 1964, a total appropriation of $5,940,000 is proposed. This is an increase of $753,000 over net funds expected to be available in 1963. In terms of manpower increases, 20 additional positions are proposed—14 mediator positions, 5 supporting secretarial positions in the field office structure, and 1 clerical position in the national office.

Of the $753,000 increase mentioned above, $247,000 is related to additional pay increase costs in 1964 under the Federal Salary Reform Act of 1962. An increase of $99,000 (all objects) is related to further additional utilization of *ad hoc* boards, panels, consultants, and expert mediators, including boards of inquiry and operations of the National Labor-Management Panel. The usefulness of such *ad hoc* boards has been well demonstrated over the past several months and this expansion is both logical and desirable. Some $259,000 of the increase is related to costs of full-time, permanent positions, including $136,500 for the 20 new positions, $33,000 for two extra workdays in 1964, and the remainder for annualization costs of positions filled for only a portion of 1963, and upgrading of new mediators who entered on duty in 1963 and who successfully complete the usual 1-year probationary and training period.

Other significant increases are $82,000 for rents in order to relocate the New York regional office (a most urgent matter), to expand four field offices, and to open one new office; an increase of $27,500 for travel in dispute mediation activity; and a $17,000 increase in communications costs also related to the regular dispute mediation function.

I will greatly appreciate your careful consideration of this request. I am mindful of the need for economy in Government and fully subscribe to the principles that would achieve it. However, I am also convinced of the important needs that are briefly described in this statement and feel that the amounts requested are fully justified.

BUREAU OF BUDGET REQUEST

Mr. SIMKIN. I would like to make a few general comments.

It is easiest to think of our budget in terms of field mediators. We made a request of the Bureau of the Budget for 1964 for an increase to 260 field mediators. The Budget cut us back to 246. That, of course, is the appropriation which is before you now, based on a field staff of 246 men.

Mr. FOGARTY. What was the basis of that cut, increased productivity?

Mr. SIMKIN. Well—primarily cost. We had asked for an increase in the field staff from 232 to 260. The Budget felt that that was more than could be handled in a year's time.

GENERAL STATEMENT

I would like to start by saying that our 1964 budget is the beginning of a long-term program. I am sure you are aware of the general collective bargaining climate these days. Without exaggerating the situation, we are in the greatest period of stress and strain since the period immediately prior to Taft-Hartley.

The basic problem that is showing up in literally hundreds of disputes is that management is insisting, many times for the first time,

on increases in productivity in order to remain competitive, both for domestic and foreign competition. With the high rate of unemployment, unions are pressing for various demands connected with job security, directly or indirectly. In the absence of an even higher rate of economic growth than we now have, these two forces are coming into a real, head-on collision.

We have seen a real crisis atmosphere in longshoring, in aerospace, in the west coast maritime industry, in a few construction contracts, and currently, in the New York newspapers. These cases, as you all well know, have required extraordinary mediation efforts, efforts beyond the work of our own service. We have had a few Presidential boards. I do not need to review all of the history. I am sure you know of these disputes.

However, even in those few instances where either the Secretary of Labor or some special board has been involved, our own agency has been active throughout all of these controversies. I feel and the Service generally feels that in these few instances where something beyond our efforts is required, we could not adopt a dog-in-the-manager approach. We have to recognize that in these troubled times, there will be instances where we will need a little help. We work in closest cooperation with Secretary of Labor. We have, in the case of all these boards, not only worked with the boards but have performed a servicing function.

As you know, Taft-Hartley boards of inquiry are under our general management, as have been most of these other outside boards. Despite the crisis atmosphere which prevails today, and which I think cannot be underestimated, we have witnessed in the past year the basis for a good deal of reasonable optimism about the basic strength of collective bargaining. As you know, I am sure, the overall strike record for the last 3 years has really been remarkably low, in spite of the few tough cases that we have had. And there have been literally hundreds of cases of equal difficulty to those that have attained a high degree of publicity which have been resolved without any assistance other than our own mediation.

WORKLOAD

During the past fiscal year, we had a total of 7,313 cases in which our mediators were active to the extent of actual participation in the settlement, and at the conference table. This is the highest total since the Service became an independent agency in 1947, substantially higher than any prior year.

I suppose our biggest single job this past year has been the aerospace industry. We had a total of more than 30 major contracts in that industry, and only in a few of those has it been necessary to obtain any outside assistance. Most of them have been resolved by our own mediation efforts. We started working in that industry away back last year. It has been at least a year, or practically a year now, since we started our efforts in that industry.

Just a few other examples. For the first time that I am aware of, the Service has been active in strikes in the big auto plants. We were instrumental in helping solve the Ford problem at the plant in Cleveland that threatened to shut down a very large part of Ford operations for a period of time. We were very active in the aluminum industry negotiations.

A panel of our mediators was active, and I am sure extremely helpful, in the final resolution of the long drawn out Kohler case, similarly in Allis-Chalmers for the first time in many years. That dispute at Allis-Chalmers was settled after a short strike and without any extraordinary efforts beyond the work of our Service.

Sperry, Bendix-Westinghouse, a number of transit cases, Pacific Greyhound, the two difficult newspaper cases in Milwaukee and Minneapolis, the Caterpillar Tractor cases in Milwaukee and Peoria—these are only a few of the cases in, we repeat, more than 7,000 cases in which we were active this past year.

We are making an effort, and I believe a successful effort, in what we call more intensive mediation on the part of our own men. We have almost doubled the frequency with which we assign two or more mediators to these difficult cases. We have found in general that this has been a very helpful and useful device. The national office staff, including most of us who are here in this room, have been spending probably more than half of our time actually mediating cases with our men in the field.

STAFFING

One of the major reasons for the request for increase in the staff is that we feel a very great need for developing work outside the time of crisis. The successful conclusion of the steel negotiations this past year was due in very large part of the Human Relations Committee that was established. I know you are familiar with the Kaiser Committee and with various approaches of that type, all keyed to the notion which I believe is essentially sound in these difficult days, that some of the preparatory work and much of the necessary work in connection with bargaining has to be done outside of the crisis atmosphere of the last week or two of deadline.

We currently have a seminar going in Chicago—we have four seminars throughout the country in January and February—in which we are devoting a full week to various ways to improve the services of our mediators outside the crisis atmosphere and outside the last week or two of bargaining, which, of course, is our priority job. We believe that it is going to be increasingly necessary to do this sort of thing and that our mediators are in an excellent position to be helpful in situations where the parties want and desire it.

In any number of these cases, when the contract is finally settled, the parties come to know the mediator who is involved and look to him, in fact, suggest that he work with them during the period of the contract, in the hope that a better relationship can be developed and that some of these longrun problems can be solved without so much of the crisis approach. I have a very strong personal feeling which is shared, I am sure, by all of us that some of this more intensive mediation at the crisis time, plus what we have generally called our preventive program but which needs to be amplified and strengthened materially, is our only real hope on the part of government in avoiding compulsory arbitration. I personally am strongly of the opinion that we must avoid compulsory arbitration at almost all costs, and that the program that we are working on affords some real possibility to prevent that kind of result.

SPECIAL SERVICES

I am sure you are familiar with our missile sites program from our presentation last year. I think the key to the general success of the missile sites program is the fact that we deliberately planned this program from the beginning on the notion that disputes would be settled on the sites rather than by the commission in Washington. I happen to be vice chairman of that commission, and I am very happy that very few disputes have had to be decided here. Most of the problems have been resolved back at the sites. As you know, our mediators are chairmen of those missile site committees. This is a kind of a program that has some possibilities elsewhere in American industry.

Our arbitration service, which is under the general charge of our General Counsel, has expanded at a very rapid rate. We go up geometrically each year about 15 percent in terms of the number of panels appointed, and there is no end in sight to the rapid expansion of that service. This, of course, consists of submitting panels of qualified arbitrators from which the parties make their own selection.

NEED FOR INCREASE REQUESTED

To repeat, our request for this year, 1964, is an integral part of a long-range program. I believe that increasingly, whether we like it or not, the parties to collective bargaining are going to need some outside assistance, either from Government or from private sources. We are not in any sense looking for business. We only serve, as you know, for the most part where we are wanted and where we are called in, but the need for mediation just simply is increasing with the increased difficulties of the present day. I see no reason to believe that in the near future there is going to be any change in that trend.

We are in sympathy, in complete sympathy, with the general governmental approach in view of the pay increase, that productivity should be increased. In our own agency, we have had a program for a number of years, which we have improved, of an internal operations audit. We keep careful check to see that our manpower is properly distributed, and that our workload is distributed in an adequate way.

In view of the magnitude of the job that confronts us, I see no possibility of doing the job that is required without some modest increase in our total staff.

The missile program to which I referred a while ago is illustrative of a job that can be done with relatively limited manpower. Ever since this program was established, we have serviced, on a priority basis, over 30 different missile sites. Our mediators are available within a matter of hours to get on the job whenever any difficulty arises. We have serviced 30 of these sites with a man-year equivalent of 9 men. They are working the rest of the time on other disputes.

If that program had been serviced apart from our agency, it would have required at least 30 full-time people instead of the 9-man-year equivalent with which we have been able to do the job in a very effective way.

When we made our budget this year, the original request for a 260 field mediator staff was made on a completely honest basis. I feel that we could fully and properly utilize that size staff. We, of course,

were disappointed when Budget cut us back to 246. However, we are entirely ready to live with that under the spirit of the general approach. I think we can perform in this year ahead an even more effective job than we have in the past with the budget which we are requesting.

One of the things that we have mentioned before about our agency, which I think, frankly, is somewhat unusual for government, is that approximately 70 percent of our total personnel (field mediators, part time of our regional directors and assistant directors, and part time of five or six of us at least in the national office) are available on the firing line for actual mediation work. Approximately 70 percent of the total man-woman days of our agency are actually devoted to direct mediation work. That figure of really less than 30 percent overhead, I think, is unusual.

In summary, in terms of the major problems of collective bargaining which exist today and which lie ahead, and as a part of a long-range program, we believe that our 1964 request is fully justified. We ask your serious consideration for the request as it stands.

PREVENTIVE MEDIATION

Mr. FOGARTY. Thank you, Mr. Simkin.

You said a while ago that you only went to areas when you are asked to go in there. I was under the impression that you send mediators into areas where it looks bad and try to work for both parties in an attempt to prevent some of these problems.

Mr. SIMKIN. We do. If I left a contrary impression, I am glad you corrected it. As most of you know, we have a 30-day notice unnder the Taft-Hartley Act, and anywhere there is any likelihood of trouble, we immediately assign a mediator. It is his responsibility to contact the parties to get an understanding of the situation and to make sure that the parties are aware that we are available and ready and willing to help.

On the more difficult disputes, instead of waiting for those notices, we make preliminary investigations, preliminary planning, as much as 2 or 3 months or longer ahead of the deadline.

INCREASE IN PERMANENT POSITIONS

Mr. FOGARTY. Now, your appropriation for 1963 is $4,973,000 and the Pay Act supplemental is estimated to be $234,000, for a total of $5,207,000.

The request for 1964 is $5,940,000, an increase of $733,000, and 20 positions.

Mr. SIMKIN. Right.

Mr. FOGARTY. Will you supply, for the record, a complete breakdown of these positions?

Mr. SIMKIN. I think we have that in the record.

Mr. FOGARTY. And also a breakdown of the additional positions that the Bureau of the Budget did not allow you for 1964 and why they are needed.

(The information requested follows:)

Positions approved for fiscal year 1964 by Bureau of the Budget

GS–12 Mediator positions	14
GS–5 Field secretarial positions	5
GS–5 National Office clerical position	1
Total	20
Gross cost (20 positions)	$160,246
Deduct lapse	−24,021
Net cost	136,225

Positions not approved for fiscal year 1964 by Bureau of the Budget

GS–12 Mediator positions	14
GS–9 Mediator-trainee position (National Office)	1
GS–5 Field secretarial positions	5
GS–5 National Office clerical and secretarial positions	3
GS–4 Field secretarial positions	10
Total	33
Gross cost (33 positions)	$217,257
Deduct lapse	−57,841
Net cost	159,416

The 1964 estimate to the Bureau of the Budget was presented as the initial step in a long-range program to meet what the Service considers its major need. This is a mediator staff sufficiently large to permit more uninterrupted mediator time to be spent on each case, both prior to and during crisis contract bargaining, and followup thereafter in specific cases where circumstances indicate that the parties need assistance in developing and maintaining better working relationships. The proposed program represents a closer blending and expansion of the Service's dispute mediation function and its corrollary function of helping to improve labor relations in specific situations.

The principal purpose of the increase in field secretarial positions is to provide a secretary in the more active two-man field offices. Most of these field locations currently do not have secretarial assistance. A principal advantage of having a secretary in the field offices is that it relieves the mediators from routine office chores, thus permitting full concentration on the mediation function. It has the further advantage of assuring prompt attention to callers and to incoming telephone messages particularly when the mediators are working on case assignments away from the office.

Of the four positions not approved for the national office, two were for assignment to the Office of Mediation Activity—a mediator-trainee position (GS–9) and a secretarial position (GS–5). These were intended principally as supporting staff to the National Office representatives working in the office. The remaining two positions were proposed for the Division of Budget and Finance because of increased activity in the areas of budgeting, accounting, and auditing in view of mediator and other staff increases.

Other areas in which reductions were made from the original estimate to the Bureau of the Budget include travel, $94,000; communications, $12,000; rentals, $74,000; supplies and materials, $12,000; equipment $27,000; printing and reproduction, $5,000; other contractual services, $22,000. These increases were related to and in support of the Service's long-range program proposal.

The Budget Bureau in its review of the program indicated that the rate of acceleration should be lower than that proposed by the Service.

ABSORPTION OF 1963 BUDGET REDUCTION

Mr. FOGARTY. Last year a reduction of $50,000 was made in your request. I notice that you did not reduce the number of positions.

How was this reduction absorbed?

Mr. SIMKIN. Well, we squeezed it out in various ways.

Mr. MOORE. Most of that, Mr. Chairman, was applied to a reduction of a special request that we had made for $100,000 for Special Boards and Panels.

I think, for the record, I can indicate that we overspent the remainder that we had in the budget.

Fortunately, the Department of Labor is in a position to assume some of this responsibility. So we will come out this year not too bad off, but basically it was applied to that one item.

Mr. SIMKIN. That is the major item. Is that clear?

Mr. FOGARTY. Yes; I think it is, but it leads me to another question now.

RELATIONSHIP WITH DEPARTMENT OF LABOR

It seems to me that the Department of Labor had been assuming some of your work.

Which of you has the primary responsibility when you are both involved in the same dispute?

Mr. SIMKIN. Well, by the very nature of things, if the Secretary and I, for example, are involved in the same dispute, I am not in direct competition with Cabinet Members. So the Secretary takes the top spot.

Mr. FOGARTY. You are an independent agency.

Mr. SIMKIN. I understand that, but I am also a realist.

Mr. FOGARTY. You are not responsible to any Cabinet Member.

Mr. SIMPKIN. I am not responsible to any Cabinet Member.

Mr. FOGARTY. Well, I was just wondering. I know Justice Goldberg took the initiative a couple of years ago and moved in on some of these more different cases. And I think he did a real good job. I think he was a very good Secretary of Labor also.

Do you have any agreement with the Department of Labor that they help out or take over in connection with this dispute or that dispute?

Mr. SIMKIN. Well, in virtually every case, both under Secretary Goldberg or Secretary Wirtz, where the Secretary has been involved in an way, it has been only after consultation with me and——

Mr. FOGARTY. They seem to be getting involved more recently than they did before.

Mr. SIMKIN. Well, quantitatively the number of cases are really very small but the general impression is to the contrary.

Mr. FOGARTY. I know. They are the ones that attract all of the attention.

Mr. LAIRD. They are the big cases.

Mr. SIMKIN. Well, there are a lot of big cases in which the Secretary is not involved.

Mr. LAIRD. Well, he thinks he is involved in this aerospace area. I do not know where he was involved but at least there is some credit taken by the Department of Labor in that area, too.

Mr. SIMKIN. The actual amount of time spent by anybody in the Department of Labor in the aerospace disputes this past year was rather small.

Originally Secretary Goldberg and Secretary Wirtz have had some part to play in the aerospace industry, but we have had——

Mr. LAIRD. I was just relating it to the justifications.

Mr. MOORE. Well, I think I would like to——

Mr. FOGARTY. Well, the justifications really do not give the Labor Department any credit, do they?

Mr. MOORE. No, sir. First I think you realize, as a practical matter, while the newspaper reflects only that the Secretary was in the longshoreman disput, I spent about 4 months in it, but you do not see everyone that is involved.

Mr. FOGARTY. I am not being critical of you.

Mr. MOORE. Actually, we go to them for help more often than they walk in and take over.

As Mr. Simkin indicated earlier, when we have a situation where we are confronted with a catastrophe or something, we do not feel that the dog in the manger attitude applies. If we feel that the Secretary of Labor can help or White House advice or otherwise, even though this may be distorted by the press, we feel it incumbent upon us to seek that help, and this has been the way this has worked.

I know that, because I have been involved.

RELATED MEDIATION ACTIVITIES

Mr. FOGARTY. On page 12 you say that:

> Plans are being developed for a substantial enlargement and improvement of our related mediation activities.

Can you be a little more specific and tell us how much of the budget will be devoted to this?

Mr. SIMKIN. We are running our seminars this year——

Mr. FOGARTY. They are a part of it?

Mr. SIMKIN (continuing). With full attention to this part of our program, and the bulk of the additional manpower will be directed in these areas.

We have had a program over a long period of years with work among the parties well prior to bargaining dates.

As I said earlier, we must expand this program very substantially to meet the real problems that lie ahead.

USE OF OUTSIDE EXPERTS

Mr. FOGARTY. Also on page 12 you refer to the use of outside experts in dispute cases.

Will you place in the record a listing of the disputes during the first 6 months of this fiscal year in which such experts were used, the names of the experts in each, and the amount paid to each expert?

Mr. SIMKIN. Very good. We will supply that.

Mr. MOORE. Could that, Mr. Chairman, go back, say, to the past year to be illustrative?

Mr. FOGARTY. You mean the last calendar year?

Mr. MOORE. It would be more helpful.

Mr. SIMKIN. 1962, I think, would be a more representative picture.

Mr. FOGARTY. All right.

(The information requested follows:)

Ad hoc boards, panels, or experts used in dispute cases during calendar year 1962

Name of dispute	Name of expert	Salary cost	Travel reimbursement cost
West coast maritime dispute (not Taft-Hartley)	Walter Gellhorn	$150.00	0
	Robben W. Fleming	37.50	0
	Benjamin Aaron	37.50	$12.25
West coast maritime dispute (not Taft-Hartley)	James J. Healy	1,725.00	2,309.61
Aerospace industry (Presidential Board, not Taft-Hartley).	George W. Taylor	3,750.00	1,361.96
	Ralph T. Seward	3,500.00	910.66
	Charles C. Killingsworth	4,650.00	1,884.94
	Wayne E. Howard	578.40	270.31
Boeing Aircraft (Presidential Board, not Taft-Hartley).	Lewis M. Gill	3,100.00	1,570.56
	Saul Wallen	2,900.00	1,543.89
	Patrick J. Fisher	2,850.00	1,617.98
Aerojet Corp. dispute (not Taft-Hartley)	Donald A. Crawford	(1)	(1)
Atlantic and gulf coast longshore dispute (mediation effort during period of Taft-Hartley injunction).	Robben W. Fleming	300.00	498.27
	Vernon H. Jensen	450.00	272.78
	Robert L. Stutz	300.00	186.72
Northern California (46 counties) construction employers dispute (not Taft-Hartley).	John T. Dunlop	[2] 2,125.00	[2] 1,267.94
Las Vegas, Nev., test site dispute (not Taft-Hartley).	do		
Pacific Northwest ironworkers dispute (not Taft-Hartley).	do		
Total		26,453.40	13,707.87

[1] Salary and travel reimbursement claim not yet presented.
[2] Represents total salary and travel reimbursement costs for participation in disputes listed.

NOTE.—Other cost items such as conference room rentals, communications, reporting services, report duplication, secretarial overtime, etc., approximating $20,000, have also been paid by the Service.

Boards of inquiry (Taft-Hartley) appointed during calendar year 1962

Name of dispute	Name of expert	Salary cost	Travel reimbursement cost
West coast maritime dispute	James J. Healy	$250.00	$288.48
	Frank J. Dugan	150.00	4.75
	Laurence E. Seibel	100.00	0
Republic Aviation Corp. dispute	Lloyd K. Garrison	350.00	0
	James C. Hill	300.00	5.00
	Arthur Stark	300.00	7.50
Atlantic and gulf coast longshore dispute	Robben W. Fleming	225.00	292.16
	Vernon H. Jensen	225.00	189.55
	Robert L. Stutz	250.00	169.26
Lockheed Aircraft Corp. dispute	Arthur M. Ross	125.00	0
	Frederick M. Bullen	150.00	185.35
	Paul D. Hanlon	(1)	(1)
Total		2,425.00	1,142.05

[1] Salary and travel reimbursement claim not yet presented.

Mr. SIMKIN. It would be a more representative picture. We have used outside people in two ways—three ways, really.

We have had John Dunlop and Jim Healy and Scotty Crawford coming in as individual outsiders to work with our mediators, just one man working with us in a panel——

Mr. FOGARTY. Mr. Dunlop has been doing this for a long time, has he not?

Mr. SIMKIN. Not with us. This is a relatively new working device for this Service.

In fact, I think it was done only once in the past history of the Service. And then we have the three-man boards. Although some of them have been appointed by the President, they have been under our supervision and coordination. Examples are the two aerospace boards and, of course, the Taft-Hartley boards.

NATIONAL LABOR MANAGEMENT PANEL

Mr. FOGGARTY. On page 14 you say the National Labor Management Panel "will be of immeasurable value to the Service."

Mr. SIMKIN. This is the Panel that is provided——

Mr. FOGARTY. Is it that important?

Mr. SIMKIN (continuing). Provided for in the act.

We have delayed reestablishment of that Panel a little bit longer than we would have liked, the actual appointment of that Panel.

Most of the prospective labor and industry members of the Panel have been lined up and we expect to get that underway in the next month or 6 weeks.

Mr. FOGARTY. How long has it been authorized?

Mr. SIMKIN. It has been authorized ever since 1947 and has never been active.

Mr. FOGARTY. How many meetings has the Panel held?

Mr. MOORE. One, I think. I think one was held right after its original appointment back in 1947, and that was——

Mr. FOGARTY. Why has it been inactive?

Mr. MOORE. Under the statute the members were appointed for staggered periods of time and, after the first meeting, they ran into the difficulty of getting the people assembled again and then the short-term appointments started expiring and were never renewed, and it just gradually went out of existence.

Mr. FOGARTY. How do they get paid? On a per diem basis?

Mr. MOORE. Yes, sir.

Mr. SIMKIN. Under the act, I think, they get $25 a day plus expenses. That will not be a problem.

As I said earlier, we have made practically all of the plans to get that underway again and I feel that this Panel, particularly in our troubled days that we are in now, will be very helpful to us in the future.

Mr. FOGARTY. When are they going to meet?

Mr. SIMKIN. We have to first get the official appointments by the President.

You see, they are Presidential appointments. We hope to have the first meeting sometime this spring.

Mr. FOGARTY. Mr. Denton?

RELATIONSHIP WITH DEPARTMENT OF LABOR

Mr. DENTON. Did this agency use to be under the Department of Labor?

Mr. SIMKIN. Until 1947, yes.

Mr. DENTON. What Mr. Fogarty was talking about is what bothers me, too, but you were under the Department of Labor and they wanted you independent of the Department of Labor?

Mr. SIMKIN. Yes.

Mr. DENTON. Now, it seems that you are both doing the same thing.

In last year's appropriation in one field you both asked for money for the same purpose.

Mr. SIMKIN. You are referring to the use of the outside boards?

Mr. DENTON. I do not remember just which one it was. Do you remember?

It was the use of outside boards, yes.

If they wanted to have your agency independent of the Department of Labor they have not been very successful about that, have they?

Mr. SIMKIN. I think so. I think you can have cooperation between Government agencies even though they are independent, and I think that is our present situation.

Mr. DENTON. Of course, I say it just looks a little bad to see two people doing the same thing but——

Mr. MOORE. Well, there are a number of cases, Mr. Denton, in which the Department has become involved but they have been very few numerically, and they have been——

Mr. DENTON. Well, I think Secretary Goldberg and the present Secretary have done very fine work and they are to be commended.

But it is the same thing with you here; it is the lack of streamlining the Government——

Mr. MOORE. We can go down one step further. For instance——

Mr. DENTON. I am afraid it is the handful of cases that they wanted to get away from when they took you out of the Department of Labor.

Mr. MOORE. Bill and I may get involved each in half a dozen important cases each year.

You might say, in a sense, "If you two are going to handle cases why do you need mediators?"

But what we are speaking of here is the bulk of the cases preserving, the integrity of the mediator by handling it at a little higher level.

We may add a man and then pull in someone from the national office, and then someone else may get involved, and then if the pressures are extreme we may ask for help from a special presidential board or from some outside expert.

These things are done selectively to meet the pressure of the particular problem in each instance.

Mr. DENTON. I think that is all.

Mr. FOGARTY. Mr. Lesinski.

PROFIT SHARING

Mr. LESINSKI. This is not in relation to what you are being questioned about here, but I think it is in relation to some of your remarks.

Do you think that the present trend of labor to go on a profit-sharing basis will lessen your problem of mediation?

Mr. SIMKIN. No. I think the number of instances where profit sharing—either profit sharing or cost sharing has been adopted is so small that it will have no appreciable affect on our total workload.

Conceivably, if you look down the road 15 or 20 years, and this should become a widespread practice, which I consider doubtful, even if that should happen I am not sure it would lessen our workload because I think there will be plenty of disputes under those plans.

Mr. LESINSKI. Well, the reason for the question is that it is my feeling that labor would be less apt to ask more than it is now because it shares more in the profits if it——

Mr. SIMKIN. Well, that, of course, is the hope and should be the expectations of such plans.

But numerically they are such a small part of the whole picture I do not think they will have any effect.

Mr. LESINSKI. Well, of course, some of them seem to be heading that way now——

Mr. SIMKIN. Well, I am sure that General Motors would not agree with you on that.

Mr. LESINSKI. Well, perhaps so. Thank you, Mr. Chairman.

Mr. FOGARTY. Mr. Laird.

RELATIONSHIP WITH DEPARTMENT OF LABOR

Mr. LAIRD. You talk about the additional work that you propose to do, Mr. Director, in the areas of strike prevention, before collective bargaining starts, to preclude a real impasse.

Under the Department of Labor's justifications they want funds to work in this area of labor-management relations—the area prior to the time collective bargaining actually takes place.

What is the difference between their particular proposal in this labor-management area and the direction you wish to move in?

Mr. SIMKIN. Perhaps it is either a confession of ignorance or proof that we are an independent agency, but I am not fully aware of their requests or the basis for them. I am afraid I cannot answer that question as to their program.

As far as our program is concerned, we feel that it is "a natural," because our mediators get the acquaintance of the parties, get the confidence of the parties in the dispute situation, and they are the ones who, in the crisis of bargaining, find out where the underlying problems are that are susceptible to correction over a long period of time. It is a very logical and sensible thing for the mediator then to move on to the program through the next contract.

With all due modesty, I think that we are in more of a sound position to work on such programs where the parties really want it and want our help.

Mr. MOORE. I assume that the problems have the same difference here that we discussed last year, and that is, our procedure calls for identifiable individual situations rather than a general approach.

I assume you are speaking of a more general approach to the whole problem rather than to an identifiable individual situation which we deal with.

Mr. SIMKIN. We only intend to develop these where the way is opened naturally.

We are not planning a lot of fanfare on this program, but there are just dozens of cases just this last year where the way is opened naturally for us to move in.

Mr. LAIRD. From my visits with the Secretary, he indicated to me that it was to the best interest of the Department of Labor to move out of the area of actual conciliation where collective bargaining was taking place, and thus not tie up the Department of Labor for a long period of time in something where you really have the responsibility. He also said he thought there was a place for the Department of Labor prior to the time that collective bargaining took place.

Mr. MOORE. Could this be under the $50,000?

The reason I ask is I talked with them—for instance, when we got in this aerospace problem on the west coast, the Department of Labor, at considerable expenses, did put together for us some very excellent material to analyze every contract and the way it was applied, and all the fringe——

Mr. LAIRD. Well, that is the Bureau of Labor Statistics.

Mr. SIMKIN. We do not want to duplicate a research agency in our office.

Mr. LAIRD. No, this has nothing to do with the Bureau of Labor Statistics, this proposal.

Mr. SIMKIN. It may possibly be with reference to projects where a study committee was set up.

In this recent Longshoremen's settlement, the Department of Labor, under its jurisdiction, is going to conduct a very extensive study of manpower utilization in all of the ports on both the east coast and the gulf.

Now, this will be a very broad and necessarily expensive study.

Mr. LAIRD. This is not what I am talking about.

Mr. SIMKIN. But it is not under BLS.

MISSILE SITES WORKLOAD

Mr. LAIRD. In your justifications you make quite a point of the missile sites activities under the Executive order of May 26, 1961.

For the past few years I served on the Military Construction Subcommittee and in 1961 you had 19 missile sites under construction; you had 11 site activations.

In 1962 you had 17 missile site construction jobs and you had 17 site activations.

In 1963 you have 8 construction projects and you have 16 site activations.

Now, in 1964, and you are addressing yourself to 1964 in this particular justification, there are only three construction projects and there are just seven site activations.

Where you have had your problems has been usually in the period of time when the work is moving from construction into site activation.

Your greatest problems have been in that particular area as far as labor-management is concerned, but here you have a reduction in the construction sites from 8 to 3, and site activations from 16 to 7.

As I read over your justifications, you are making a bigger job out of missile site activities in 1964 than you did in 1963.

Mr. SIMKIN. Well, that is, of course, not correct. We did not intend to leave that impression.

Mr. LAIRD. This goes on for several pages and was one of the major items that you used to justify your budget.

I cannot understand with the declining activity why it would receive such great importance in——

Mr. SIMKIN. Well, we may have made a mistake in the number of pages, I will agree with you.

I will agree with you in terms of the probable number of years' equivalent on the missile site projects. The chances are that that will be somewhat less in 1964 than it was in 1963.

We have one full-time mediator at Canaveral and that will continue because that is a long-range program. In terms of our other work it will decline slightly but not to the same degree that construction activities cease, because we still have to service those bases up until the time that they become fully operational and the Air Force takes over.

In fact, even at the ones that are fully operational, we have some small amount of work to do.

There are some indications that there will be some new sites.

Mr. LAIRD. Well, I have counted in the three new Minutemen sites in 1964.

Mr. MOORE. Our most difficult problems with the sites, as I have understood it, is during the construction phase.

Mr. LAIRD. I think most of the disputes have been when you were starting to activate the sites.

Mr. MOORE. This is where we got into some of those jurisdictional spots where we had a great many squabbles over travel rates and so forth.

Mr. LAIRD. The greatest work stoppages have been——

Mr. MOORE. That is true, but not necessarily because of a lack of effort, because it is easier to settle a problem over contract provisions than it is these jurisdictional fights when you get into a fight over whether it is going to be a craft or——

Mr. LAIRD. Construction is to be completed on all but three sites by 1964.

Mr. SIMKIN. We anticipated that we would get our toughest disputes as conflicts between the building trades and industrial unions.

Actually, that has not been the result. We have had relatively few such disputes that have been serious.

Most of them have been jurisdictional disputes between the building trades or between building trades and nonunion employers.

Mr. LAIRD. But you will agree that this is a declining activity?

Mr. SIMKIN. I will agree that this is declining to some extent.

Mr. LAIRD. You go from 8 construction jobs to 3, and 16 site activations to 7. It would seem to me that this would be a declining activity for your agency.

Mr. SIMKIN. I mentioned earlier that, according to our figures which are a little bit rough because they are on the basis of the time that we had, it is now an equivalent of 9 man-years.

The year before that I think we were figuring it at 12. I think it may very well in 1964 go down to somewhere in the neighborhood of six.

That would be my best guess, but it——

Mr. LAIRD. In your justifications you make no mention of that. They do not indicate that you are going to be able to cut down on the manpower devoted to this activity

Mr. MOORE. Now there are those unknown factors, like at the present time the missile operation where you get into peripheral things which do not relate, as such, and when the Commission from time to time request us to set up a labor-management committee——

Mr. SIMKIN. We are designating a mediator for the test site in Louisiana. We have a mediator spending a substantial amount of time in Houston in connection with the construction of the moon shot program in Houston.

We have spent quite a bit of time in the Las Vegas project.

Mr. LAIRD. That has been going on and that is part of your nine——

Mr. SIMKIN. That is right, except that it has intensified somewhat, the Las Vegas problems, within the last 6 months.

Mr. LAIRD. That is all I have.

Mr. FOGARTY. Mr. Michel?

Mr. MICHEL. I have no questions.

Mr. FOGARTY. Thank you.

Is there anything else you want to say?

Mr. SIMKIN. I think I have nothing else.

Mr. FOGARTY. Thank you very much.

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