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NATION'S MANPOWER REVOLUTION

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT AND MANPOWER

OF THE

COMMITTEE ON LABOR AND PUBLIC WELFARE

UNITED STATES SENATE

EIGHTY-EIGHTH CONGRESS

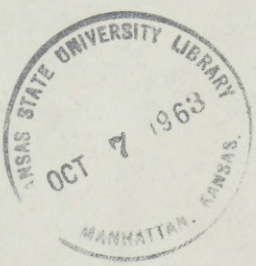
FIRST SESSION

RELATING TO THE TRAINING AND UTILIZATION OF THE MANPOWER RESOURCES OF THE NATION

PART 2

JUNE 4, 5, 6, AND 7, 1963

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NATION'S MANPOWER REVOLUTION

TUESDAY, JUNE 4, 1963

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND MANPOWER OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 4232, New Senate Office Building, Senator Edward M. Kennedy (chairman pro tempore), presiding.

Present: Senators Clark, Kennedy (presiding pro tempore), and Javits.

Committee staff members present: Stewart E. McClure, chief clerk; Edward D. Friedman, counsel; Dr. Garth L. Mangum, research director of the Subcommittee on Employment and Manpower; and Raymond D. Hurley, minority associate counsel.

Senator KENNEDY. The subcommittee will come to order.

We will hear from Hon. John F. Henning, Under Secretary of Labor.

The subcommittee is delighted to welcome the Honorable John F. Henning, Under Secretary of Labor, Mr. Robert C. Goodwin, Administrator of the Bureau of Employment Security of the Department of Labor, and Mr. Louis Levine, Director of the U.S. Employment Service, Bureau of Employment Security of the Department of Labor to serve as a panel this morning. We are delighted to have you here and participating in this and giving us the benefits of your experience and understanding of this important problem to which the subcommittee is directing its attention.

You may proceed in your own way.

STATEMENT OF HON. JOHN F. HENNING, UNDER SECRETARY OF LABOR; ACCOMPANIED BY ROBERT C. GOODWIN, ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY, DEPARTMENT OF LABOR; AND LOUIS LEVINE, DIRECTOR, U.S. EMPLOYMENT SERVICE, BUREAU OF EMPLOYMENT SECURITY, DEPARTMENT OF LABOR

(Mr. Henning's prepared statement follows:)

PREPARED STATEMENT OF JOHN F. HENNING, UNDER SECRETARY OF LABOR

Mr. Chairman, and members of the subcommittee, I am grateful for the opportunity to appear here today to give my views regarding an active labor market policy in the United States, a policy designed to achieve maximum utilization of the Nation's most important resource—manpower.

Today, more than ever before in our history, the objectives of the American people call for an acceleration of the pace of economic and technological progress.

Greater productivity is essential for economic growth, and to keep our growing population gainfully employed. It is vital to our competitive position in the free world and to our strength versus the Communist nations.

That we can muster the technical resources to meet this aim of greater productivity, there can be no doubt. The true challenge is to our willingness to cope with the effects of change upon individuals.

The problems of change in all of its ramifications are not solely problems of a lack of potential jobs or of things the American people want. There are more opportunities for new occupations and new industries in the United States today than ever before. Taking advantage of these opportunities, however, will require not only large amounts of capital, research, and initiative; it will also take a well-prepared and highly trained work force. When we speak of an active labor market policy, we mean those actions and programs which will produce the kind of labor force which can and will respond to the inevitable challenges presented by mans' accelerating accumulation of knowledge. Even in those areas where we do not have the impact of technology, there is a need for policies and programs to help those whose employment opportunities have been curtailed by discrimination, lack of education, lack of adequate training, and other factors.

Although it is true that the average ninth grade graduate of today has already accumulated more scientific knowledge that the average high school graduate of 25 years ago, the gap in knowledge between those who go on to higher fields of learning—and important jobs in business, industry, and government—and those at the bottom rung of the economic ladder, is becoming increasingly wider. There is a danger in the United States today of a breakdown in communications between the prime movers of technological change—the industrialists, scientists, and engineers—and the average worker.

Unless this is corrected, it can lead to a great deal of trouble, based primarily on a lack of understanding of the challenges before us and the actions we must take to meet those challenges.

With the passage of the Manpower Development and Training Act, this Nation has for the first time in its history recognized that the implementation of the Full Employment Act of 1946 requires a major national effort to improve the functioning of the labor market, and the quality and adaptability of the labor force. As President Kennedy said in his first manpower report to the Congress: "Manpower is our basic resource. It is the indispensable means of converting other resources to mankind's use and benefit. How well we develop and employ human skills is fundamental in deciding how much we will accomplish as a nation."

Our ability to conserve this basic resource is particularly important in an era of automation, advanced mechanization, and techonological change.

The word "automation," originally coined to describe the automatic handling of parts between successive stages of production, has become the symbol of the kind of technological progress that replaces men with machines. Concerning automation, there seem to be two extreme schools of thought: Some envision mass unemployment due to automation. These people maintain that automation will cause overproduction—the production of more goods than the American public can consume. Result: Unemployment and loss of purchasing power. As far as the advocates of this position are concerned, the best way to control technological change is to stop progress in its tracks—to declare a moratorium on science and engineering—to maintain the status quo.

Others believe that automation poses no problems at all. Automation, they maintain, is no different from any other form of technological change—change which has been occurring since the discovery of the wheel. They argue that in the long run, if business is good, things will straighten out of their own accord and that while some people may be hurt, they are the same people who would be hurt regardless whether change takes place or not.

These extreme views do not reflect the true situation. Change, regardless of its nature, is never placid. It may be of benefit to the majority of the people, but it has its bad effects on individuals. The Industrial Revolution was of great benefit to mankind, but no one can deny the fact that it caused great misery to millions of working men and women—misery which could have been avoided if our minds had not been encumbered by debilitating economic and social philosophies. Our goal is to make use of the wonders of modern science and technology without sacrificing human values and without inequitable cost in terms of individual interests. The extremists, therefore, are wrong. Although we should not be frightened by technological change, we do have reason to be concerned—and that concern should be translated into constructive action.

President Kennedy stated the core of our problem most emphatically in 1961 when he said, "The major challenge of the sixties is to maintain full employment at a time when automation is replacing men." To meet this challenge, we need programs which will stimulate economic growth on the one hand and the pursuit of an active labor market policy on the other.

Our first task is to stimulate the Nation's rate of economic growth by creating an atmosphere favorable to consumer spending and investment. The President's tax program is designed to increase demand and provide incentives for investment. An economy that is rapidly expanding will provide more jobs for an increasing labor force and an environment in which the benefits of technological advance can be had without causing undue harm to individuals.

But, rapid growth by itself is not enough. Growth, based upon an acceleration of the rate of technological change, for example, will not necessarily require an expansion in employment to yield greater output. Furthermore, technological change generally creates a greater demand for better educated and more highly skilled workers. Two-thirds of the men and women on today's unemployment rolls have had less than a high school education, and the vast majority are in the unskilled and semiskilled categories. These people, now in the labor force, and hundreds of thousands of others about to enter the labor force, must be prepared to take advantage of the opportunities presented by an expanding economy.

In the long run it may be true that technological progress creates more or as many jobs as it eliminates, but it is equally true that the jobs it creates are very often in fields far different from those occupied by the workers who have been displaced.

For example, in manufacturing, there has been a net loss of 425,000 jobs in the last 5 years.

The proportion of all U.S. workers who are in the goods-producing industries has fallen from 51 percent in 1947 to 42 percent in 1962. There were 1.5 million fewer workers in the goods-producing industries in 1962 than in 1947.

During the same period, the proportion of U.S. workers employed in the service industries has increased from 49 percent in 1947 to 58 percent in 1962.

A cursory examination of the social and economic characteristics of many of our unemployed underscores the fact that economic growth is not the sole answer to our manpower problems. Too many of our currently unemployed could not find jobs—even in a rapidly expanding economy—without an active labor market policy geared to meet their specific problems.

I have in mind the following:

Workers in depressed areas of the country.

Rural workers displaced by automation on the farm.

Negroes and other minority group workers whose unemployment rate is twice that of white workers.

Older workers who have many years of employment ahead of them, but can find nothing to do.

Younger workers (particularly school dropouts) ill prepared to meet the challenges of our modern economy.

Unskilled workers in general whose unemployment rate is twice that of skilled workers.

Displaced skilled and semiskilled workers who need retraining.

Furthermore, the danger of job loss for those now employed cannot be ignored. Workers employed in industries susceptible to the introduction of labor-saving machinery must be made aware of their predicament in advance and must be given adequate help in making the transition from one job to another.

The objectives of an active labor market policy can be defined as achieving and maintaining—in conjunction with monetary, fiscal, and other measures—a full employment economy. Such a policy should include at least the following:

(1) An up-to-date current labor market information service for workers and employers, assessing and communicating the results of such information as job vacancies, occupational needs, availability of workers and skills at all the critical junctures where this type of information counts—particularly in a systematic manner at all placement services.

(2) An early warning system of impending changes, especially layoffs, again communicated to where it counts, e.g., the employment services, so that preventive work can be immediately initiated to place in jobs or put into training those who are scheduled to be displaced. Similarly, early expansion would facilitate efficient manning and growth.

(3) An effective informational service for career guidance and counseling before entry into working life and, of course, an effective system of guidance activi-

ties beginning at the elementary school level (the latter especially important in view of the school dropout problem) and continuing throughout a person's working life.

(4) A corresponding educational system, vocational as well as academic, which is responsive to current and upcoming manpower needs.

(5) An expanded apprenticeship training program.

(6) A well-endowed system of placement services which focuses not only on a given labor market but is national in scope.

(7) A program of training and retraining for unemployed and underemployed workers, as well as a program for equipping employed skilled workers with additional skills to meet increasing technical demands.

(8) A program for aiding the mobility of workers, responsive to the changing geography of employment opportunities.

(9) The elimination of racial discrimination in employment, training, and education.

These are the points which need thorough exploration before this committee. Mr. Robert C. Goodwin, Deputy Manpower Administrator and Director of the Bureau of Employment Security, and Mr. Louis Levine, Director of the U.S. Employment Service—who are here with me today—will discuss those points which have a bearing on the Department's training activities and the work of the U.S. Employment Service. Dr. Seymour Wolfbein, Deputy Manpower Administrator and Director of the Office of Manpower, Automation and Training, will appear before you on June 6 to give an evaluation of the training and retraining program. I am certain that before these hearings are over each of the nine points I summarized will be given a thorough airing.

In conclusion, I believe that the United States is becoming increasingly aware of the need for an active policy designed to conserve our human resources. Compared with European countries, I would say that this awareness is a little late in coming. On the other hand, our problems are far more complex than those faced by the smaller European nations, and we lack the tradition of economic and manpower planning that exists in Europe.

Nevertheless, I believe that the United States will find solutions to its manpower problems, and that those solutions will be consistent with our own Federal-State traditions. Our policies will in many cases be different from those of Sweden, Denmark, etc., the difference being based on the size and political traditions of the Nation, as well as on the peculiar nature of our problems.

As Secretary of Labor Wirtz has said: "We have the full capacity and competence to meet every problem which exists in the manpower field, and are dependent only on the decisions to do it."

Mr. HENNING. Senator, we appreciate this opportunity of participating in the hearings. I will summarize and elaborate a bit on the formal statement that has been filed with the committee and I will be followed by Mr. Goodwin, who is the Administrator of the Bureau of Employment Security, and later by Mr. Louis Levine, who is Director of the U.S. Employment Service.

The essence of the testimony I submitted is concerned with the development of active labor market policies.

We might define such policies as those which, established in conjunction with adequate fiscal and monetary policies, will assure full employment. Active labor market policies are directed to the challenges of matching men and jobs.

Now, the Department of Labor holds to the position that we must have a dual approach, which is to say we must enjoy economic growth and also we must have active labor market policies.

We are, of course, concerned with the question of economic growth, and in terms of our vision we would note that growth is terribly important when we consider first the increase in the labor force due to population expansion.

For example, during the 1960's, by reason of population increase, the labor force will realize a net increase of 12½ million. When we add to this staggering proportions of the new jobs which the econ-

omy must provide by reason of technological advance we can sense the full magnitude of the problem.

We are to know a 12½-million increase by reason of the population increase, but in terms of technological change we must provide additionally for 24 million new jobs.

The Department of Labor estimates that the annual labor force of the 1960's will be 80 million workers. It estimates that on the basis of productivity increase over the past several years, the annual rate of productivity increase will be 3 percent.

This would mean, in terms of job displacement by reason of technological change, that each year the economy must provide 2,400,000 jobs or 24 million jobs over the 1960's simply by reason of technological advance.

So, we have the challenging total of 36½ million new jobs which the economy must provide in the 1960's.

Now the Administration has given attention to the challenge of economic growth, hence the tax reduction proposal of $10 billion; but even if we achieve economic growth by fiscal and monetary policies, which unquestionably we would, the burdens of unemployment would still be with us because of the manifestations of technological change.

We appreciate this most when we consider the ways in which technological unemployment is falling upon the American labor force.

First, it is falling heavily on the unskilled. Hence the need for active labor market policies which will meet this threat. The rate of unemployment among the unskilled month after month, year after year, is at least twice the national average. In the calendar year of 1962, the rate of unemployment among the unskilled workers of the Nation was 12 percent as against the overall national figure of 5.6.

Next, we see technological unemployment falling heavily upon American youth. All of us are quite sensitive to the youth challenge in employment; we sometimes forget that it is aggravated and assumes its particular dangers because young workers come to the labor market so often without the skills that are need and required by dramatic technological rates of change. The teenage rate of unemployment in 1962 was 13 percent as against the national overall figure of 5.6.

Again, we see a third manifestation in this, and all of these point to the necessity for active labor market policies. We see this again in the tragedy of minority unemployment.

Now, as in the situation of the unskilled and the youth, and because of factors arising out of the heavy number of unskilled workers in the minorities, 60 percent, minority unemployment is twice the national average month after month and year after year. It was 11 percent in the calendar year 1962 as against the national average of 5.6.

Now, before itemizing those particular items of active labor policy which we advocate for consideration, that we insist actually are necessary if we are to truly realize full employment, I think it would be well to note that much progress has been realized within the past 2 years.

On this question of worker training there has been more achieved than in any previous administration in history, but I submit this not in any partisan sense because actually, the history of occupational training in this country is so meager that the flavor of the comparison somewhat loses its value.

In all of our history we have had two basic acts of national legislation recognizing the problems of worker training—the Fitzgerald Act of 1937, which gave us our apprenticeship law; and the Smith-Hughes Act of 1917, which gave us our vocational educational law.

Now, in the past 2 years we have had enacted the Manpower Development and Training Act, the most comprehensive worker training program yet espoused by our Government; and we have had worker training provisions brought into the Area Redevelopment Act and the Trade Expansion Act.

In the Manpower Development and Training Act we have thus far approved programs for 44,000 workers since the actual inception of the program, which was the first week of September of last year.

The Area Redevelopment Act, through its training provisions, has approved courses for better than 21,000 workers.

We additionally have the traditional apprenticeship program which at the moment involves 160,000 workers across the country, but whatever satisfaction we might take from this figure is limited by the fact that traditionally 50 percent of those receiving apprenticeship training will never achieve journeymanship. The mortality rate has been consistently this high over the years.

Beyond this, Government has its vocational education program which does embrace 2 million workers across the country, but only about 24 percent of those are involved in trade and industrial education; the great commanding portion of workers receiving vocational education is in agriculture and home economics.

Now, this is not to minimize the need for the training of workers in agriculture, but when we appreciate the fact that the agricultural labor force is constantly declining, and grave and serious problems prevail in other areas of employment, we can sense that vocational education is not realizing its potential or meeting the needs for which the program was instituted.

Now, Congress has before it this year the administration's program on a $100 million expansion of vocational education. The Federal Government currently gives $55 million a year to vocational education. States and counties provide funds totaling four times this amount throughout the Nation. There will be additional funds under the Administration's bill and we trust there will be an expansion in the reaches of vocational education training.

This largely is the background of the problem. Before listing the points of the labor market policy that we would propose, I would point to one critical area, and that is minority unemployment.

The Negro comes from the agrarian South much as workers came to the industrial labor markets of this country in the 19th century, unskilled, without the traditions of craft training, and facing the disturbing factor of discrimination. But when we consider his unskilled capacity alone we might liken him to the European immigrants who came here in the 19th and early 20th centuries. You might remember that Andrew Carnegie recruited hundreds of thousands of workers from European nations that were untouched by the industrial revolution for the needs of his particular industrial enterprise. So in the past there was a place for the unskilled worker in the American economy; it is not the situation today. The Negro worker comes then one generation too late to the highly industrialized labor markets of the North, and this is a particular tragedy in addition to the fact, of

course, that even when qualified he often knows the terrors of discrimination.

Now, there is no sign of any change that will relieve the problem of the unskilled worker in terms of technological development.

The U.S. Department of Labor in 1957 issued a projection in this manner. It listed the labor market needs in terms of skills of the 1960's, and declared that in 1970, at the end of the decade, there would, for example, be a need for 42 percent more professional and technical workers than in 1960; 24 percent more service personnel, which is to say insurance, banking employees, real estate industry employees, Government employees; a need for 22 percent more skilled workers; a need for 18 percent more semiskilled, but the tragedy in terms of human suffering is that the proportion of the unskilled will be down.

Now, this is nothing to regret in terms of increased productivity, because increased productivity is essential and the mastering of automation is essential if we are to capture the genius of change, but the prime elements in the transition from the old order to the new cannot be ignored and the plight of the unskilled worker in this transition, of course, calls out for remedy.

We see everywhere about us the dramatic evidence of technological unemployment; I would submit only one example. Between 1956 and 1962 in this country in American manufacturing—the goods—output increased 20 percent but there were 1 million fewer production workers in American manufacturing in 1962 than in 1947. While we realized a gain of some 300,000 service personnel, statistically this is not enough to match the loss of jobs brought about by change and, of course, in terms of suffering it does not at all relieve the plight of those whose jobs were eliminated.

So, by reason of the awful necessity of developing ways and means of realizing growth—the first fundamental—we must have labor market policies that will obtain even with growth, because even with growth the plight of the unskilled, the young worker and the minority workers calls for action.

So, we recommend nine points for consideration.

The first listed is the updating or the intensifying of the current labor market information for services that are now the responsibility and the jurisdiction of the U.S. Employment Service. I would not like to indicate that we are not active in these areas listed in point 1 in the extension of labor market services, but only suggest that the times call for greater attention and expansion. America, like most countries, of course, lacks any data as to information on job vacancies; we have no single statistical source that can tell Government or the working people or industry of existing job vacancies.

Now, this handicap is not peculiar to America, but it's more real here perhaps because we have a variety of employment services—governmental, private, union hiring hall arrangements and, of course, the traditional means by which one finds employment through personal information obtained from friends. But we need, as point 1 indicates, a great extension in Government information available as to occupational needs, availability of workers and skills, and again an approach, surely, to some reasonable catalog of vacancies.

Secondly, we propose an adequate, early warning system of impending changes in technology, so that the community, industry, and the

workers involved may know of the economic destiny that might develop by reason of change.

Now, the employment service, as Mr. Goodwin will perhaps tell, has already experimented here in the meatpacking industry; it has done notable work, and it does have existing through its local offices of the employment service—1,900 throughout the Nation—a system whereby serious changes in technology are brought to the attention of our local offices so that workers might be advised and counseled in ways of preparing for the change.

Three, an effective informational service for career guidance and counseling before entry into working life.

Fundamentally, this burden rests with the secondary school system of the Nation. Even in an advanced State like California, a senior student in an American high school is fortunate if he received 1 hour of personal counseling before his departure. He is fortunate if he gets 1 hour of thoughtful, personal counseling as to the demands of employment before he leaves school.

So there must be surely a reexamination of the responsibilities and the duties of the secondary school system of the Nation if we are to give some guidance to high school students in terms of the demands of the marketplace.

Fourth, an educational system that will be vocational as well as academic.

Now, the tragedy of vocational education in the secondary school system has been that it is usually the depository for students with disciplinary or intellectual problems, and so, those students who have the potential for a real and productive place in industrial life, in the manual arts, are not normally found within the vocational education jurisdiction. There are many problems here that cannot be easily erased, such as the question of the parental status and the direction of children through such courses, but the tragedy is that most children fail to utilize such courses because of indifference or ignorance of the values that can be there obtained. There must be a complete reexamination of the American vocational education system at the secondary school level.

Point 5, an expanded and intensified apprenticeship program. As I mentioned, we have 160,000 apprentices throughout the Nation, we don't replace the skilled workers who each year leave the labor force through death, injury, retirement, or choice.

Again, whatever satisfaction you can take out of the figure of 160,000 is minimized by realizing that the mortality rate is 50 percent.

Sixth, we propose a well-endowed system of placement services which focuses not only on a given labor market, but is national in scope; the tradition of employment services has been parochial. There has been too little exchange of job information within States, let alone between States; and while the U.S. Employment Service has made considerable progress in this area in recent years and has experimented particularly on the west coast with the interstate exchange, certainly, we must advance this concept so that workers, for example, in areas of declining industry can be aware of the job potential in other territories.

Seventh, we need a training program and a retraining program for unemployed and for the underemployed workers. I endeavored to

cover this by reference to the new training programs of the past 2 years and the traditional training programs.

Obviously, we must extend the reach of vocational education, the Manpower Development and Training Act, and the apprenticeship system if we are to meet the challenge of technological unemployment, because now we face a society in which hundreds of thousands of workers enter an economy which has neither place nor position for them.

Eight, a program for aiding the mobility of workers responsive to a changing geography of employment opportunities. European nations have written history in this area.

On the question of mobility through relocation allowances, our Trade Expansion Act does provide for relocation allowances for workers displaced by import competition but the idea is new to America. However, we face difficulties not known in Europe because of the geographical size of America and also because we here deal with the roots of custom and weather preference, and other elements that would discourage one from moving his place of employment.

Under the Manpower Development and Training Act the Office of Manpower, Automation and Training is conducting research as to the deterrents of mobility which might be eliminated. There can be no question that health and welfare plans, pension plans, and dismissal pay provisions, certainly all measures that have made for better life in America for the working people, do tend to discourage mobility.

So, we must give attention to the matter of making it easier for men to move to areas of rewarding employment.

Ninth, the elimination of racial discrimination in employment, in training, and education.

I believe I touched upon the Negro plight. The Negro rate of unemployment is twice the national average year after year, Negroes comprise 11 percent of the labor force of the Nation and yet they make up 22 percent of all the unemployed. The rate of unemployment within the Negro community itself is 11 percent.

Now, we have, we think, with the Manpower Development and Training Act acknowledged this and I am proud to say that 20 percent of the 44,000 workers who have been approved for training under the Manpower Development and Training Act are Negro. And we are happy to say, also, that 27 percent of those enrolled are below 22 years of age, which indicates that the training programs devised in the last 2 years are meeting the special labor market problems that face the young and the minority workers.

Senator KENNEDY. Mr. Henning, since you were directing your attention to that point, I think you would be interested in knowing that I come from a part of the country where there is a very serious problem with regard to the senior members of the work force.

Mr. HENNING. Yes.

Senator KENNEDY. And the facts which you mentioned here do not suggest that meets the great needs of many of our old industrial States which have these chronic problems in the general area of the Appalachian region. My more particular interest is in Massachusetts and the older more traditional industries; textiles and shoes.

I see from your report that we are going to have the benefits of Mr. Wolfbein on job retraining. I would be interested if you would care to make any comment on that; I would certainly appreciate it.

Mr. HENNING. Yes, Senator, on job retraining?

Senator KENNEDY. On the problems of the training and retraining for job opportunities our more senior citizens whose jobs have been lost through automation or through foreign importation, or through some other economic reason.

Mr. HENNING. Yes, Senator.

The Manpower Development and Training Act, as I have mentioned, has met in a satisfactory way the problems of the young and the minority. There is more needed and we are not completely satisfied, but we are happy that 20 percent of the enrollees are Negroes, 27 percent are below 22 years of age. We are not pleased, though, with the fact that only 10 percent are above 45 years of age. The problem of training and retraining the older worker is one not easily met, but we are consicous of it.

Mr. Goodwin can later tell of the U.S. Employment Service emphasis on job placement of older workers. The older worker rate of unemployment, of course, is far below that which prevails for the younger workers, but hard core unemployment or unemployment beyond 15 weeks, and then even further, beyond 6 months, is grave for the older workers. When they do know unemployment they are much more difficult to place. About 45 percent of the older workers are long-term unemployed.

I would not pretend to offer any easy solution to this. There are certain inherent problems. Apprenticeship is traditionally a program for the training of younger workers, although there is no statutory provision on this question; but apprenticeship involves 4 years of training, and it is a program which in the nature of things centers on the young.

The vocational education program that we have had available through the years has not been directed sufficiently to the industrial training needs of society, so it has had little meaning for the older worker.

The Manpower Development and Training Act again has 10 percent of its enrollees above 45. It would be higher, save for this point: the Manpower Development and Training Act, properly I say, provides that training must be related to the needs of the labor market. This is one of the historic weaknesses of vocational education which can establish programs for the sake of training. I don't want to be misunderstood on this; this certainly is not the administrative purpose, but in the nature of things there is no relationship between vocational education and the demands of the job market.

Congress, when it established the Manpower Development and Training Act provided that the U.S. Employment Service through the State agencies could establish programs only for the demand areas of employment. This is why we enjoy a high placement rate. Seventy percent of all those who have completed their Manpower Development and Training Act training have found employment. It is harder to find possibilities of employment for the older worker due to numerous traditions that we have as to health and the future potential of the older worker. But certainly I would agree, Senator, that we must concentrate upon the needs of the older worker. The

experience with older workers under the Manpower Development and Training Act has been satisfactory, they have advantages not possessed by younger workers in terms of stability, emotional balance, attendance, and performance. We trust that we can meet this problem, but it is a genuine one.

Senator, that completes the nine points that we submit for active labor market policy to accompany the economic growth that is necessary if we are to know full employment.

Senator, may I introduce Mr. Goodwin?

Senator KENNEDY. We have some questions here which we will hold until the panel has completed their presentation.

STATEMENT OF ROBERT C. GOODWIN, ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY, AND DEPUTY MANPOWER ADMINISTRATOR FOR OPERATIONS, U.S. DEPARTMENT OF LABOR

Mr. GOODWIN. Senator, I want to express my appreciation to you for the opportunity to discuss the role of the employment security program. I think you know the employment security program is a Federal-State program and is financed by the Federal Government 100 percent. The programs are administered by the various States.

I think it particularly fitting that this discussion is taking place on the eve of the 30th birthday of the Employment Service, the Employment Service law was signed June 6, 1933, so that we have had about 30 years of experience in that program. We have had a little less with the unemployment insurance program; that act was passed in 1935.

Mr. Levine intends to discuss at somewhat greater length the new U.S. Employment Service that we have been concentrating on during the past year.

I want to talk briefly about some of the problems of unemployment insurance, some of the farm labor activities, and I also will touch to some extent on some the Employment Service problems and the problems involved in the administration of the area redevelopment program and the Manpower Development and Training Act.

The Public Employment Service does a big job in assisting people.

Last year, in the United States, we made more than 6,700,000 nonfarm placements and almost 8,500,000 farm placements.

Almost all of the people that were placed were unemployed. We recently have made a check on this point because of some allegations that have been made, and our findings are that 97 percent of all the placements were of people unemployed at the time they were placed. The other 3 percent represent people who want to improve their status and who care to us while they were employed and sought help in getting a new job through the Public Employment Service.

We are interested, in the Employment Service, in helping people make the best possible adjustment to their job, and in connection with this we carry on a counseling and testing service.

In 1962 we counseled in the local offices of the Employment Service 2,100,000 people seeking jobs. Most of these were the younger workers, workers entering the labor market for the first time.

Of this group 124,000 were veterans, 167,000 were handicapped workers.

Nearly 2,300,000 tests were administered. The use of tests in the placement of workers is expanding and it is one program that employers are very much using to a great extent and find it very useful in selecting people.

Older workers, who were mentioned a minute ago, who often encounter obstacles in their search for work, accounted for 2 of every 10 nonagricultural placements in 1962.

For young people under the age of 22, guidance is especially important.

In 1962, over half of all the counseling interviews were with young people in this age category.

Service to college students, graduates and dropouts is not a newcomer in the employment security field, although assistance on an individual basis has been given applicants in these categories since the beginning of the Public Employment Service. The heavy demand for these services as a concentrated effort in cooperation with colleges first occurred in the postwar years immediately following World War II.

In 1962, students, dropouts and graduates were placed in almost 40,000 jobs. Of this number, 10,600 were in professional occupations. A total of 23,000 students were assisted in obtaining employment. These college placements have been possible only through very close cooperation with the colleges involved.

One of the most important services provided through the Employment Service, to which Under Secretary Henning referred, was the area labor market information and classification program.

This program plays a very vital role in the operation of the Federal-State employment security system. It is also an important source of data for developing a number of national manpower programs.

Senator KENNEDY. What are the criteria now? Were the criteria generally utilized in deciding where these labor markets are?

I was wondering what improvements you had made in this field as a result of the labor changes already mentioned by Mr. Henning, whom we have had before this subcommittee. As to the question of mobility, are we addressing the facts and information which the Bureau of Employment Security obtains from the true economic picture of labor in these various communities?

Mr. GOODWIN. This is a very good point, Senator. As I am sure you know, the committee appointed by the President, the Gordon Committee, which made a study last year of the whole area of job statistics came up with some conclusions about our area statistics.

They felt that they were weak in certain respects and they made recommendations for changes in those statistics. One of the biggest weaknesses that they pointed out was the absence of any good job vacancy data, and they also made a number of recommendations which will strengthen and improve the accuracy of our area statistics.

We have requested—the administration requested—additional funds in our appropriation for this year to get started on the improvement of these area statistics.

This matter is now pending before the Congress; we are hopeful that we will be able to carry it through.

The Bureau of Labor Statistics is also involved in this same question, but we do need very badly to carry through a strengthening and improving of the various statistics.

The Under Secretary mentioned the matter of labor mobility, and in connection with this point the work of the Employment Service is very important.

A good deal of the unemployment we have now is related directly to the question of mobility. Some of the areas of heaviest unemployment find it difficult to attract industry to those areas and the most reasonable solution to the problem frequently is to offer the workers in those areas job opportunities elsewhere.

So that the Employment Service has as a part of its program of labor clearance, clearance of jobs between areas, and taking all reasonable steps to induce people to move from one area to the other whenever jobs can be found in other areas.

This, I think, is a question that will be before the Congress in a good many forms in the next few years; the Congress can deal with this problem in the Trade Expansion Act by making provision for paying the cost of moving people from one area to another whenever they had lost their jobs because of tariff related to the Trade Act.

Most European countries have adopted programs to deal with the transfer of worker out of areas of unemployment. I think that this is something that we can do and should learn a great deal more about in this country.

With regard to unemployment insurance I would like to say just a word or two. The basic role of unemployment insurance, of course, is twofold.

It serves as a protection to the individual worker who has suffered loss of earnings and it operates to maintain the purchasing power for the economy and is a brake on an economic downturn.

The role of unemployment insurance has expanded and changed somewhat since the early days when it covered only a very limited segment of the labor force and had benefits of short duration.

I think the most significant thing here is that the kind of unemployment we are getting as a result of the technological changes that are taking place is longer term unemployment, so that the unemployment insurance program as we originally conceived it has had to be extended in terms of the period covered for benefits in order to meet these problems.

The administration recently has made proposals to the Congress which would further improve the unemployment insurance program in this respect.

Just a word about the farm labor program:

In the agricultural segment of the Nation's economy, the bureau and its affiliated State agencies are most concerned with the full utilization of manpower for farm production.

The technological developments have been going forward very rapidly in the farm labor area. This has released a large number of workers from the farm but it also has reduced the work period which most people can get from farm employment, it has contracted that period and made it more difficult for those who still get a living from farm employment.

The farm labor migration problems brought a great many social problems and the Department is quite interested in these. We are interested particularly in the list of bills that have been introduced by Senator Williams and which are designed to meet various phases of this particular problem.

The Employment Service, in its problem of dealing with migrant workers is very much concerned with this legislation and we hope that it will pass.

The past 3 years have witnessed the passage of other very important legislation in which the employment security system has played an important role.

The Secretary has referred to the Area Redevelopment Act, the Manpower Development and Training Act, also the accelerated Public Works Act and the Trade Expansion Act.

In all, these play an important role both on the employment service side and with respect to unemployment insurance.

I think we should also note, as far as the Manpower Development and Training Act is concerned, and as far as training generally is concerned, that the relaxation of restrictions in State unemployment insurance laws has been a big aid in the training of unemployed persons.

In general, eligibility for benefits under State unemployment compensation legislation is contingent upon the claimants being available for work.

This eligibility standard had the effect in the past of disqualifying unemployed persons who were training for work. Although some States consider attendance at training courses evidence of availability, this practice was not widespread.

But in the last few years a number of States have moved to change their laws on this point and today 22 States have provisions that make it possible to take training and not be disqualified for unemployment insurance.

Senator KENNEDY. What kind of flexibility do you provide for the States, in determining their participation in labor market areas? Can they make direct appeals to the Bureau of the Budget?

Is there not some procedure whereby States make the recommendations, or are these completely within the Federal scope?

Mr. GOODWIN. Well, the decision, the final decisions on the labor market areas are decisions that are made here in Washington.

The gathering of the information and the recommendations are made by the State agencies. But on this point the end result is fulfilling a purpose of the Federal legislation; therefore, it is appropriate that the final decision be made federally, nationally.

That is done in the case of many special area assistance programs. This system is used for placement of government, it is used in connection with the Area Redevelopment Act, it is used in connection with the Public Works Acceleration Act and in all cases this is a Federal decision and they are made here in Washington.

Now in some cases we tie in with the Bureau of the Budget because they have a system that is uniform for the Federal Government as a whole; this is for the standard metropolitan areas. This does not mean, however, that the system is static.

If changes are made in labor market area definitions, most of them are made on the basis of changes in information made available to us through the census.

We obtain data from the census on the commuting patterns that exist in given localities and this frequently will change the boundaries of a local labor market area.

The criteria that has been developed has been, we think, pretty carefully thought out, but these conditions do change and occasionally the boundaries will change as a result.

Senator KENNEDY. Now, would you find from your experience in dealing particularly with the Area Redevelopment Administration that the 5A and 5B criteria which have been established should be utilized? Has the Bureau of Employment Security found a better way of devising a formula than that which has been adopted in the Area Redevelopment Administration and which I know has in many instances really failed to address itself to the chronic needs of many of our communities in the country?

Mr. GOODWIN. Well, first, I should make the point that we do not make the final determination under either section 5A or 5B; these are made by the Area Redevelopment Administration and they have discretionary authority in what they do.

Senator KENNEDY. This gets to the point. We find in many instances a good deal of reluctance on the part of the Area Redevelopment Administration in using that discretionary power to interpret the law in a way which I think would be in accord with the purpose and the intent of this legislation. I think that it is the role of the legislature to expand or at least to clarify this formula if we are going to rely on the Area Redevelopment Administration to use their discretion in interpretation.

What I was getting at was whether either from the Gordan Committee reports or from your own many years of competent dealing with these matters you have been able to devise any greater flexibility or whether we ought to be giving the States more flexibility or considering their recommendations to a greater extent?

Mr. GOODWIN. Well, I think the question may come around, Senator, to whether the system is getting at the particular problem you are interested in.

For instance, one concept here would be hard core unemployment.

Now this is not broken out as far as our system is concerned at all. If Congress was interested in providing for additional attention to the matter of hard core unemployment in Area Redevelopment Administration eligibility then it would seem to me that the best approach would be to develop a legislative formula or a policy which would get at that problem.

We would not profess to get at that problem in our classification system; we only take into account the total unemployment for the total area.

Now, I know, the Under Secretary has been very much interested in this problem, he may want to say something about it.

Would you like to say something?

Mr. HENNING. Senator, we would view with sympathy any proposal that would allow us to develop statistics for areas more functionally defined than the traditional labor market areas.

I understand the difficulty in Massachusetts. It exists in California. For example, Los Angeles would not qualify for Area Redevelopment Administration assistance because the unemployment rate does not meet the criteria, but there are large geographical areas within the labor market that need assistance. We have not the funds for instituting the research necessary for the data on areas smaller than our tradi-

tional areas, but certainly we have a sympathetic mind on this and we have worked with the Area Redevelopment Administration on the problem.

We have worked with Members of Congress on it, and obviously the problem must be solved if the Area Redevelopment Administration is to be as meaningful as it should be.

Senator KENNEDY. Mr. Henning, is the Department of Labor financially bound or is it a belief that the best way and most equitable way of determining job opportunities is based upon the present formula?

Is it strictly a matter of financial limitation or is it more basic?

Mr. HENNING. I will let Mr. Goodwin speak. There is a physical problem, No. 1, and there are those who would view this in the purest sense and who would say that it is dangerous to start making definitions within the traditional areas because then there would be no end of requests for particular information, you see.

Senator KENNEDY. That is what I was interested in.

Mr. HENNING. So there are certain realistic limitations but this doesn't mean we cannot reconsider the traditional areas.

Mr. GOODWIN. I think one point that ought to be made here is the matter of the availability of the basic data and the statistics we get our data from most sections of the country on a county basis and this is the only way it is available to us. In New England it is on the basis of the towns, as you know.

Now, the only other data that is available which will point out the problems in smaller jurisdictions is the census tract data, which we get only once every 10 years, and I think that theoretically it would be possible for us in the Employment Security Agency to make a check on smaller units and get the information, but as the Under Secretary has pointed out, this would be very expensive and would probably require some research before we could be sure that we could come up with statistically reliable results.

This is the problem.

Mr. HENNING. Senator, we will be happy to work toward resolving this.

Mr. GOODWIN. I would like to say a few words now about the Area Redevelopment Administration training program and the role we play in connection with that, and the Manpower Development and Training Act after that.

The Area Redevelopment Act delegates to the Secretary of Labor the responsibility for determining area and individual training needs, determining whether training facilities and services are available to meet these needs, selecting and referring individuals for training, and paying retraining subsistence allowances to eligible trainees.

These responsibilities are all carried out by the Federal-State employment security system. This system at the local area level also provides leadership to the local community in identifying and developing skills that are needed to assist in the economic development of these areas.

One of the most important responsibilities of the local office, if not the most important, in administering the Area Redevelopment Administration program, is the survey of an area's labor supply and demand to estimate the shortages in selected occupations and to estimate the supply of potentially qualified trainees.

These surveys must be geared to pinpointing occupations in which there is a reasonable expectation of employment—a point that Secretary Henning made earlier.

Now, training under this act began in November of 1961, and by the end of April 1963, a total of about 398 Area Redevelopment Administration training projects, for nearly 20,000 trainees in 42 States, American Samoa, and Puerto Rico had been approved.

Out of this group over 14,000 had enrolled in training by that date and more than two-thirds of the trainees who had completed their training—rather over 70 percent of those who had completed their training were known to have obtained jobs, most of them, in training related occupations.

About 16 percent of the trainees dropped out before completing their training.

The program has been of some success in achieving its goal of helping the long-term unemployed in redevelopment areas to return to gainful employment.

More than half of the enrollees had been unemployed at least 15 weeks or longer at the time of their enrollment, and more than a fourth of them had been out of employment for more than a year.

So, it is getting at the hard core unemployed in a very real way.

Data collected in the first quarter of 1963 indicate that more than one-third of the unemployed and underemployed workers who have been trained in Area Redevelopment Administration courses were heads of families.

The majority of them were in the age groups in which family responsibilities fall most heavily. Over three-fourths were in the age group 19 to 44; nearly three-fourths had completed 9 to 12 grades of school and only a relatively few had failed to complete grade school.

As you know, the main purpose of the Area Redevelopment Act is to provide the unemployed and underemployed workers in redevelopment areas with skills to help them find employment in jobs created by the appearance of new firms in the area.

Initially it was anticipated that many unemployed or underemployed workers in these areas would find employment in new or expanding business enterprises stimulated by Area Redevelopment Administration loans and grants.

Well, for a number of reasons this part of the program has been slow in developing. However it is expected that from here on out a good deal more of the employment in redevelopment areas will be employment that has been created by the new industries that have been brought in.

Now the Manpower Development and Training Act.

This act makes provision for occupational training in any area where it is needed. Training allowances are available for a period of up to 52 weeks to unemployed heads of households with at least 3 years of previous employment experience. In addition, training opportunities are available to underemployed persons.

Here, again, the provision is that training be undertaken only in occupations where there is a reasonable opportunity to place the worker. As the Under Secretary has indicated to you, over 70 percent of the 4,000 who have completed courses through April 1963 have been placed by May 29.

Through May 23 in this program over 43,000 trainees have been approved in 49 States, the District of Columbia, Puerto Rico, and the Virgin Islands.

Preliminary reports indicate that of the number of trainees enrolled to date exceeds about 23,500, which is an increase of more than 17,000, since the beginning of 1963.

About half of this group has been drawn from the ranks of the long-term unemployed; that is, individuals unemployed for 15 weeks or more, and about one out of every five in Manpower Development and Training Act training have been unemployed for 52 weeks or more.

About two-thirds of the Manpower Development and Training Act trainees were men.

The principal occupations in which training has been conducted are machine operators, licensed practical nurses, typists, stenographers, automobile mechanics, welders, electronics mechanics, and nurses' aids.

As of the beginning of April, in connection with the selection of unemployed people for training, the local public employment offices conducted over 234,000 screening interviews, 72,000 counseling interviews, and administered more than 41,000 general aptitude test batteries.

There have been 34,000 specific aptitude tests, and 2,600 proficiency tests. The local offices referred about 22,000 individuals to Manpower Development and Training Act training in this particular period.

The program has gotten off to a good start. As you know, it did not actually get underway until September of last year.

We are picking up steam weekly and I think that it is fulfilling a great need.

I think, Mr. Chairman, this covers the principal points that I want to make.

Thank you very much.

(The prepared statement of Mr. Goodwin follows:)

PREPARED STATEMENT OF ROBERT C. GOODWIN, ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY, AND DEPUTY MANPOWER ADMINISTRATOR FOR OPERATIONS

At the outset I would like to express my appreciation to you for this opportunity to discuss the role of the Bureau of Employment Security and its affiliated State and local agencies in expanding the Nation's manpower potential and facilitating increased utilization of the work force.

I think it is particularly fitting that this discussion is taking place on the eve of the 30th birthday of the Federal-State Employment Service system. On June 6, 1933, the President signed into law the Wagner-Peyser Act establishing the U.S. Employment Service. This charter called for the provision of a wide array of services to men, women, and youth seeking assistance in securing employment.

Although Mr. Levine intends to discuss at much greater length the "new" U.S. Employment Service and its many and varied activities, I would like to say a few things about some program efforts and problems in this area. I then plan to direct my remarks to the Federal-State unemployment insurance system and the farm labor activities of the Bureau. I hope to conclude my statement by a review of training under the Area Redevelopment Act and the Manpower Development and Training Act.

THE EMPLOYMENT SERVICE

From its inception the National Employment Service system has faced massive challenges to fulfill its responsibilities to workers and employers. These have included periods of large labor surpluses—during the depression of the 1930's and the several postwar recessions—as well as times of widespread manpower shortages during World War II, the Korean conflict and the cylical postwar years of prosperity, high productivity and peak employment.

During the past 30 years, the Employment Service has adapted its procedures and programs to meet new challenges and to implement new responsibilities growing out of changing conditions.

The public employment service assists people. Last year in the United States, we made more than 6.7 million nonfarm and almost 8.5 million farm placements. Almost all of the persons placed were unemployed. So you see, the public Employment Service plays an extremely vital role in the fight against unemployment.

The Employment Service is concerned with helping people to make the best possible adjustment to the labor market. Counseling and testing are important devices in this effort. In 1962, 2.1 million counseling interviews were held. Of these, 124,000 were with veterans and 167,000 with handicapped workers. Nearly 2.3 million tests were administered. Older workers, who often encounter obstacles in their search for work, accounted for 2 of every 10 nonagricultural placements in 1962. For young people, under the age of 22, guidance is especially important.

In 1962, over half of all initial counseling interviews were with these young people, who accounted for about a fourth of all nonagricultural placements.

COLLEGE PLACEMENT SERVICES

Service to college students, graduates, and dropouts is not a newcomer in the employment security field. Although assistance on an individual basis has been given applicants in these categories since the beginnig of the public Employment Service, the heavy demand for services as a concentrated effort in cooperation with colleges first occurred in the postwar years immediately following World War II.

In 1962, students, dropouts, and graduates were placed in almost 40,000 jobs. Of this number, 10,600 were in professional occupations. A total of 27,000 students were assisted in obtaining employment, including both graduates seeking permanent employment and undergraduates seeking temporary or part-time jobs to defray colleges expenses. These college placement services have been possible only through the close cooperation and coordination of college administration and placement officials.

AREA LABOR MARKET INFORMATION

The area labor market information program plays a vital role in the operations of the Federal-State employment security system. It is also an important source of data for developing national manpower programs. In hundreds of areas throughout the Nation, local employment offices compile and summarize detailed information on employment and unemployment in their communities. Data on occupational demand and supply, expanding and contracting industries, and other facets of the labor market are collected and used by the local offices in counseling, selection for occupational training, and job development. In addition, job applicants also use this information to determine what occupational fields, consistent with their abilities and interests, offer the best job prospects.

Through the medium of our area labor market reporting and classification program, the Bureau has focused national attention on the problems of localized unemployment which required remedial legislation or corrective administrative action. Even in periods of relative prosperity when national rates of unemployment were no higher than 4 percent, wide geographical differences in the behavior of employment and unemployment were evident.

Both the Area Redevelopment Act and the Public Works Acceleration Act are examples of recent measures enacted by the Congress to meet the needs of such areas of substantial or persistent unemployment. In both instances, assistance given to local areas under these programs is geared to data on local employment and unemployment conditions developed through our area labor market information program.

Over 1,000 areas have been designated as redevelopment areas by the Department of Commerce. Included in this total were over 550 labor market areas classified by the Bureau as areas of substantial and persistent unemployment. In addition to our factfinding responsibilities under this program, the Bureau and the affiliated State employment security agencies also aid in the preparation and review of local "Overall Economic Development Plans." These are blueprints for economic recovery developed by local community groups and required under the act before any assistance can be obtained.

The most recently enacted program of Federal assistance to labor surplus areas, the accelerated public works program, is another example of the value and flexibility of our labor market information and classification program. Since the inception of the program in September 1961, close to 250 labor market areas have been designated for assistance by the Department of Labor on the basis of having had substantial unemployment for 9 of the past 12 months. Through April 30, local offices have received over 22,000 job openings from contractors in public works projects. About 28,000 referrals have also been made resulting in over 21,000 placements.

ELIMINATING DISCRIMINATION AND SEGREGATION IN THE EMPLOYMENT SERVICE

In the past several years, the Bureau of Employment Security has made significant progress in eliminating racial discrimination and segregation from State employment security agency operations and in strengthening employment services for minority group jobseekers. Specific steps taken by the Bureau in this period are of major importance in our effort to remove discriminatory barriers to equal employment opportunity for minority group workers.

The Bureau has been working presistently with State agencies to obtain the elimination of segregated employment office facilities. As a result of these efforts, there are now remaining only four geographically separate offices maintained for serving nonwhite applicants, two in one State, and two in another. Plans have been formulated for eliminating the two offices in on State as soon as space can be found to house integrated services. In the other State, one of these offices will be abandoned upon the completion, within the next several months, of a new building to house the integrated services, and the Bureau is continuing to work with the State agency for the closing of the remaining separate office. With respect to local offices having separate divisions, within the office, for serving nonwhite applicants, the number of such offices also has been significantly reduced to 12 at the end of May 1963. During the last 18 months, local offices having racially segregated divisions for serving applicants have been integrated in Alabama, Florida, Georgia, North Carolina, Tennessee, and Virginia. State agncies have mad plans for the integration of all but a few of the remaining offices of this kind by the end of this year or earlier.

In administering its responsibilities for providing training under the Area Redevelopmnt Act, the Manpower Development and Training Act, and other Federal legislation, the Employment Service has included in its regulations and procedures governing the selection of trainees provisions for nondiscriminatory selection. Criteria for approval of training programs, now in effect, require that assurances be given by a State, before approval of a program, that there will be no discrimination in the selection and referral of trainees and that the training facilities will be completely desegregated. If such assurances do not appear in the official training proposal, the State is requested to furnish them before the program is approved by the Secretary. In addition, onsite inspection will be made of training programs in order to assure compliance with the prohibitions against segregation and discrimination.

PRIVATE FEE-CHARGING AGENCIES ATTACK

I would also like to bring to your attention some significant facts concerning the attack which is currently being made against the public employment service by private fee-charging agencies. More detailed information concerning this campaign will be provided to you by Mr. Levine when he discusses Employment Service activities with you.

Although fee-charging agencies have been critical of the activities of the U.S. Employment Service over a long period of time, their attacks have recently become more carefully organized and increasingly vicious and their criticism is mounting. A well-financed lobbying campaign and a letterwriting campaign directed to the Congress are being organized and conducted by the National Employment Association.

It has been the policy of the Employment Service to use all possible means to disseminate constructive factual information concerning the activities of the public employment service system.

It is our view that the public employment service system is not providing unwarranted competition to private enterprise. Private employment agencies are growing rapidly, both in numbers and in business volume. Our dynamic labor market affords ample room for their continued expansion. However, private

enterprise cannot be expected to provide for all segments of the work force, a wide variety of job placement, guidance, and labor market services which are in the public interest, but for which no fee can be charged.

EMPLOYMENT AND UNEMPLOYMENT STATISTICS FOR STATE AND LOCAL AREAS

In implementing the recommendations of the President's Committee to Appraise Employment and Unemployment Statistics, the Bureau of Employment Security is improving the scope and quality of its employment and unemployment data. They are needed by the Bureau of Employment Security for the planning and evaluation of unemployment insurance and Employment Service programs and operations. Our plans include studies of estimating methods, and further refinements of job vacancy, payroll, and occupational data. The significance of these various data cannot be overemphasized in the context of the continued improvement of operations and the usefulness of such data in a number of other programs, such as military procurement, the Area Redevelopment Act, the accelerated public works program, and the Trade Expansion Act.

MOBILITY OF LABOR

A number of factors have made labor mobility crucial to the role of the public employment service in today's labor market. One of the most important is that the rate of technological change is causing the rapid obsolescence of traditional occupations and industries. There is a pronounced emergence of new occupations, and new industries are being created. There is a decline in demand for unskilled workers and an increase in demand for highly skilled and professional people. There is a change in job specifications for many so-called semiskilled people who are now known as technicians: Workers who still do some manual work but who must possess some know-how beyond that which is ordinarily acquired in high school, yet not as much as that required to be an engineer, for example. These developments are causing many imbalances in the supply and demand situation within local labor markets and between labor market areas all over the Nation. Tremendous geographic shifts in industry locations are also taking place.

All of these factors mean that labor market areas are becoming more interdependent. In order to achieve a better national balance between the supply and demand for workers, it is necessary to insure that the mechanism be capable of bridging the gap between where the worker lives and where the job exists.

The successful relocation of Area Redevelopment Act and Manpower Development and Training Act trainees for whom job openings are not available locally also place further responsibilities upon the employment security's system interarea recruitment program. This is also true with respect to relocation aspects of the Trade Expansion Act.

Some of the major problems with which the Bureau is faced in the implementation of the interarea recruitment program include the need for extreme care in the selection of applicants for referral, rapid communication, current and accurate labor market information for operating purposes, and the economic and social factors which tend to restrict the mobility of qualified workers.

It is abundantly clear from what I have said, that the Federal-State employment security system with its 1,900 local offices constitutes the backbone of the Nation's manpower operations program. As a result of a longstanding record of successful performance in assisting workers and employers, each local office has become the manpower service center in its community. Furthermore, the day-to-day operations of this nationwide system include a capability for successfully implementing newly enacted manpower legislation.

Over the years the list of such legislation has become impressively long. One of the first such laws was that creating the highly important unemployment insurance program. Initially including only those workers covered in private industry and commerce, the law was later amended to extend the unemployment insurance principle to include ex-servicemen and Federal Government employees. More recently unemployment insurance legislation has provided for the temporary extension of the duration of unemployment insurance payments to persons who have exhausted their entitlement.

UNEMPLOYMENT INSURANCE

At this point, I shall add a word or two more about the unemployment insurance program. The basic role of unemployment insurance is twofold. It serves

as a protection to the individual worker who has suffered loss of earnings, and to the economy by maintaining some measure of the worker's purchasing power. The role of unemployment insurance has expanded and changed since the early days when it covered only a very limited segment of the labor force and benefits were of short duration. Some of this change is a result of legislation; some the result of changes in the nature of the unemployment problem.

The increase in the proportion of the hard-core unemployed to the total unemployed, the obsolescence of skills resulting from new technological processes, the presence in the total group of unemployed of some who are not immediately available for work because they are in training status, and the increasing mobility of workers—all of these have necessitated changes in the concepts and administration of unemployment insurance.

In 1962, a weekly average of 1.8 million unemployed persons filed claims for jobless benefits. These claims were processed in our offices throughout the United States and resulted in the payment of an average weekly benefit of $34.56. In total, jobless benefits totaled nearly $3 billion in 1962, and thereby helped to suport the Nation's purchasing power.

FARM LABOR

In the agricultural segment of the Nation's economy, the Bureau and its affiliated State agencies are most concerned with the full utilization of manpower for farm production. With the rapid acceleration of farm mechanization in recent years—an acceleration even more rapid than in industry—farm manpower needs have undergone a radical change. This change is not unique in agriculture—it is evident throughout our economy. The extraordinary gains seen in agricultural technology in the past year have had a profound effect on the utilization of farm manpower.

The increased use of mechanized methods of cultivation and harvesting, the use of more and better fertilizers and pesticides, and improved seeds, have all contributed to a major upswing in agricultural productivity, both per acre and per man. The modern farmer needs seasonal workers just as those of the past but today the emphasis is on quality of manpower rather than quantity. The demand for skilled workers, both seasonal and year round is steadily increasing, and in many areas the supply cannot meet the demand. The unskilled migratory worker, formerly the backbone of agricultural production, is more and more becoming the displaced person in the farm labor force.

Farm labor migration brings attendant social problems. Uneven emloyment patterns; inadequate housing, education, and transportation; and insufficient welfare and recreation facilities all contribute to substandard living conditions for the migratory farmworker. Also, agriculture still lacks the social legislation that protects most workers in other industries and it suffers from wage levels lower than those of any other segment of our population.

One of the most important manpower programs of the farm labor service for the migrant worker is the annual worker plan. Too often, in the past, large numbers of farmworkers drifted aimlessly over the country looking for work, in many cases arriving in areas either too early or too late to be employed at cultivating or harvesting operations. As a result, they suffered from seriously depressed economic conditions. To combat this condition, the plan, designed to provide an orderly flow of workers from supply-to-demand areas, was developed by the farm labor service in cooperation with farm employers and the State employment services.

By means of the annual worker plan, advance employment schedules are worked out for migrant farmworkers and their families at their home bases. Workers who participate in the plan—180,000 individuals in 1962—are assured of relatively continuous employment and participating farmers are assured of an adequate labor supply when they are most in need of workers.

Participation in the plan is steadily increasing and it has proved an effective means of reducing unemployment and underemployment. It is not a perfect operation but it is a useful tool, and it will be developed still further to meet the changing demands for migrant labor.

These are some of the reasons for the growing public demand for correction of social problems in farm areas. Although much progress has been made in providing decent and clean quarters for the migrants, there is still room for improvement. One step in the direction of alleviating this problem is the Housing Act of 1961 which authorizes the Farmers Home Administration of the Department of Agriculture to make insured loans for improving on-the-farm housing and for the construction of community housing.

Community services to migratory workers are increasing. In the past, many communities were often seemingly oblivious to the fact that the migrants possessed in the same human needs and wants as they themselves. Gradually, within the past several years, many communities have become aware of their obligation to these people who are so important to the local economy at harvest time. Church, civic, and youth groups are cooperating in providing day care for tots while their parents are in the fields; schools are adapting their curriculum to fit the needs of older children; and health and welfare services are offered by State and county public health departments.

Communities cannot carry the burden alone and for this reason, many agencies have backed, and will continue to back, legislation to aid the farm-worker. The Migrant Health Act, passed by Congress last year, it is a significant breakthrough in the struggle to provide adequate medical care for the migrants. This act authorizes the U.S. Public Health Service to make project grants to pay part of the cost of family health service clinics and other projects to improve health conditions and services for domestic migratory farmworkers and their families.

I know that you are acutely aware of the increasingly higher levels of unemployment which have followed each of the postwar recessions. Earlier, Secretary of Labor, W. Willard Wirtz, reported to you that the loss to the economy from unemployment and underemployment has been estimated at between $30 and $40 billion in goods and services last year. He also noted that unemployment in 1962 was becoming an all too permanent condition for a hard-core group of men and women. For this group of individuals, inability to find work month after month is especially demoralizing.

Although the national rate of unemployment declined between 1949 and 1962 (from 5.9 to 5.6 percent), the number of long-term unemployed workers (15 weeks or longer) increased so that they represented nearly 28 percent of all unemployed in 1962 against about 18.5 percent in 1949. The growth of this hard-core group has been rapid and has developed despite the steady upward thrust of the gross national product to new levels of national affluence. In large measure the dislocation of these workers has resulted from the widespread introduction of new technologies in industries, service, and commerce. The growing size of this group of long-term unemployed represents the Nation's most serious economic problem, as these workers comprise a substantial proportion of the total unemployed.

Striking as these statistics are, however, a few additional facts also require mention. As Secretary Wirtz stated, although roughly 4 million people were unemployed in any given month in 1962, approximately 14 million different workers were unemployed at some time during the year. These 14 million persons would, in turn, include 2 million or more who had 2 spells of joblessness, and about 2½ million additional persons who suffered 3 or more spells. Others included would be 4 million workers who were unemployed 15 weeks or more, counting all periods of unemployment; about 2 million of them for more than half a year.

The past 3 years have witnessed the passage of very important pieces of legislation in which the employment security system plays an important role. I refer to the Area Redevelopment Act, the Manpower Development and Training Act, the Accelerated Public Works Act, and the Trade Expansion Act. In a very important sense, these acts have armed the employment security system with new sets of highly specialized tools and have enabled us to provide a more effective and better rounded service to workers and employers.

The Federal-State Employment Service, during the 1950 decade, began to participate in direct State and local community efforts to alleviate unemployment. Pennsylvania, a State with numerous pockets of long-term unemployment, held a statewide conference on employment skills in 1959. As a result of this meeting, Pennsylvania in that same year became one of the first States to pass legislation providing specifically for the training of the unemployed. This amendment to the State education code provided for training of public-assistance recipients and other unemployed workers.

Ohio and West Virginia enacted laws in 1960 for upgrading skills as a means of reducing the level of unemployment. Connecticut, Massachusetts, and Michigan also initiated specialized training courses for unemployed workers by amending the State education code to provide for training of public assistance recipients and other unemployed workers.

It is also important to note that the relaxation of restrictions in State unemployment insurance laws has been an aid to the training of unemployed per-

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sons. In general, eligibility for benefits under State unemployment compensation legislation is contingent upon the claimant's being available for work. This eligibility standard had the effect of disqualifying unemployed persons who were training for work. Although some States consider attendance of training courses evidence of availability, this practice was not widespread. Today, 22 States have comparable provisions.

It is of interest to note that the concept of federally assisted retraining for the unemployed goes back at least as far as 1949. In that year, a Senate bill proposed to assist the occupational adjustment of workers in areas where job opportunities had declined because of technological change or plant relocation. Similar measures were introduced in both houses of Congress in subsequent sessions.

The Area Redevelopment Act, approved by the President on May 1, 1961, was the culmination of long, untiring efforts of many persons. It was a happy occurrence that, along with efforts the President and Congress to strengthen and improve the public employment services, the Area Redevelopment Act made Federal assistance to train unemployed and underemployed persons a reality. In March 1962, the passage of the Manpower Development and Training Act further broadened Federal responsibility in the field of manpower and training activities.

AREA REDEVELOPMENT ACT TRAINING PROGRAM

The Area Redevelopment Act delegates to the Secretary of Labor the responsibility for determining area and individual training needs, determining whether training facilities and services are available to meet these needs, selecting and referring individuals for training, and paying retraining subsistence allowances to eligible trainees. These responsibilities are carried out by the Federal-State employment security system. The system at the local area level also provides leadership to the local community in identifying and developing skills needed to assist in the economic development of these areas.

One of the most important functions of local offices—if not the most important in administering the Area Redevelopment Administration program—is the survey of an area's labor supply and demand to estimate shortages in selected occupations and to estimate the supply of potentially qualified trainees. These surveys must be geared to pinpointing occupations in which there is a reasonable expectation of employment.

Training under this act began in November 1961. By the end of April 1963, a total of 398 Area Redevelopment Administration training projects for nearly 20,000 trainees in 42 States, American Samoa, and Puerto Rico had been approved. Over 14,000 unemployed and underemployed had enrolled in training courses. More than two-thirds of the trainees who had completed their training were known to have obtained jobs, most of them in training-related occupations. There is considerable evidence that the proportion of those obtaining employment after training is significantly higher than this. About 16 percent of the enrollees dropped out.

The program has been of some success in achieving its goal of helping the long-term unemployed in redevelopment areas to return to gainful employment. More than half of the enrollees in Area Redevelopment Administration training courses had been unemployed at least 15 weeks at the time of their enrollment. Over a fourth had been out of work more than a year.

Data collected in the first quarter of 1963 indicate that more than one-third of the unemployed and underemployed workers who have been trained in Area Redevelopment Administration courses were heads of families. The majority were in the age groups in which family responsibilities fall most heavily. Of all Area Redevelopment Administration trainees, over three-fourths were in the age group 19 to 44. Nearly three-fourths had completed 9 to 12 grades of school. Only a relatively few had failed to complete grade school.

I have only briefly touched upon the scope of the Area Redevelopment Administration training program and the characteristics of the people benefiting from this program. I have brought some advance copies of our quarterly report on this program. This will offer you some additional details.

As you know, the main purpose of training under the Area Redevelopment Act is to provide the unemployed and underemployed workers in these areas with skills to help them find employment in jobs created by the appearance of new firms in the area.

Initially it was anticipated that many unemployed or underemployed workers in these areas would find employment in new or expanding business enterprises stimulated by Area Redevelopment Administration loans and grants. Because economic conditions generally have been poorer than expected in these areas and the development of Area Redevelopment Administration financed projects has proceeded slowly requiring much leadtime before labor demand is affected, the process of developing suitable training projects has proved difficult and painstaking. Thus Area Redevelopment Administration training was, and largely still is, geared to existing occupational shortages in redevelopment areas. In the future, however, it is anticipated that training under the act will be more closely integrated with the Federal loans and grants program in redevelopment areas. In addition to the overall economic development program required of every designated redevelopment area for which assistance is granted under the act, specific training needs surveys have been made to identify occupations for which training is appropriate. Local employment offices make careful labor supply and demand surveys to estimate the supply of potentially qualified trainees. Findings are discussed with local advisory committees and with representatives of other Government agencies concerned with these problems.

Upon approval of a training proposal the public employment office in the area in which training will be undertaken begins the process of selecting and referring applicants for training. This involves matching aptitudes, education, and other personal characteristics necessary for the demand occupations with those existing among the unemployed or underemployed workers in the area. At the same time, the local training authorities schedule classes, acquire space, arrange for teaching personnel, and assemble instructional materials and equipment.

Local offices, toward the end of a training program or immediately upon completion, make every effort to place the trainees in jobs that will utilize this newly acquired skill. Sometimes this may require a local office to look beyond the employment needs of the Area Redevelopment Administration area if trainees are to be placed. Job opportunities in redevelopment areas are especially limited because of long-term economic decline. Unemployment rates of 10 percent, 20 percent or even higher are not uncommon in such areas.

MANPOWER DEVELOPMENT AND TRAINING ACT

The Manpower Development and Training Act makes provision for occupational training in any locality where it is needed. Training allowances up to a period of 52 weeks are available to unemployed heads of household with at least 3 years of previous employment experience. In addition, training opportunities are provided to underemployed persons. The Department of Labor has also placed a high priority on the initiation of special training programs for youth. Typically, these are designed for residents of large metropolitan areas where significant unemployment problems exist and youth are further disadvantaged in the labor market due to limited education or lack of skills. Many of these trainees may be members of minority groups or low-income families.

While training is conducted principally in vocational education classes, on-the-job training opportunities are also provided. The duration of the training period varies with course length generally reflecting the differences in skill requirements found in the various occupational groups. Modest transportation and subsistence payments to workers receiving training away from home are permitted.

As with the Area Redevelopment Administration, the act requires that training be undertaken only in occupations in which there is a reasonable expectation of employment. All training project proposals must be supported by a survey of local training needs to determine those occupations where specific demand exists and where training appears indicated. The local training authorities also use the survey findings in establishing curriculums and determining the types of facilities that will be needed.

In conducting operations, the Federal-State employment security system bears in mind that Manpower Development and Training Act training is one of a number of alternatives to be evaluated in relation to the applicant's particular capabilities, interests and job needs. The local public employment office relates these considerations to job prospects in the locality in affording the applicant specific opportunities appropriate to his needs.

The Manpower Development and Training Act program has progressed rapidly since funds for the program became available last September. Much preliminary work has been required by State employment security agencies in surveying local training needs, setting up advisory committees, and preparing project proposals, and by State vocational education authorities in obtaining training facilities and instructors and establishing course curriculums. Through May 23, 1963, some 1,221 institutional training projects for about 43,000 trainees had been approved in 49 States, the District of Columbia, Puerto Rico, and the Virgin Islands. Allowance and training costs for these projects total about $54.5 million.

Preliminary reports indicate that the number of trainees enrolled to date in Manpower Development and Training Act vocational education classes exceeds 23,500, an increase of more than 17,000 since the beginning of 1963. As of mid-May, about 8 months since funds became available for Manpower Development and Training Act training, courses in about 800 projects have been started in all States with approved projects.

Close to 70 percent of the 4,000 trainees completing Manpower Development and Training Act course through April 1, 1963, had obtained employment as of May 29, almost wholly in training-related occupations. State employment services accounted for more than 8 out of every 10 job placements among these trainees.

About half of the Manpower Development and Training Act trainees have been drawn from the ranks of the long-term unemployed, that is, individuals unemployed for 15 weeks or more. About one out of every five workers in Manpower Development and Training Act training had been unemployed for 52 weeks or more. About two-thirds of the Manpower Development and Training Act trainees are men.

Among the principal occupations in which training is being conducted are machine operators, licensed practical nurses, typists, stenographers, automobile mechanics, welders, electronics mechanics, and nurse aids.

As of the beginning of April, in connection with the selection of unemployed persons for training, local public employment offices had conducted over 234,000 screening interviews and 72,000 counseling interviews, administered more than 41,000 general aptitude test batteries, 34,000 specific aptitude tests, and 2,600 proficiency tests. Local offices referred about 22,000 individuals to Manpower Development and Training Act training in this period. Information regarding the status of Manpower Development and Training Act institutional training projects by State is provided in the attached table.

In some instances, insufficient numbers of trainees have been available for specific occupational training courses. A significant factor contributing to this trainee shortage has been found to be the relatively low level of allowances. Many unemployed workers with family responsibilities find it difficult to undertake a lengthy training program on the relatively modest weekly allowances available.

Analysis of the characteristics of trainees enrolled in training projects discloses that while trainee selection has been "on target" with respect to getting the long-term unemployed into training, the older age groups have not fared as well as might be desired. State employment security agencies are continuing to urge employers to relax their age specifications so that more "older" workers can be referred to training projects with adequate assurance of job placement upon completion of courses.

Lack of basic education among numbers of the unemployed also makes it difficult for such workers to benefit from training. These persons are in most need of help. As would be expected, the older, unemployed worker is found in appreciable numbers in this group. The problem of assisting the hard-core jobless workers is further complicated because many of the unemployed—for different reasons—lack the motivation to apply for training.

Before completing my statement to the committee I would like to say a word or two about people; the people that have been helped and who are the objective of the new manpower development program of the 1960's. As I mentioned previously, the basic job of the public employment service is helping people. I would like to cite some specific examples of individuals who have benefited from these programs:

Gerald Steele, of Detroit, Mich., who has been assisted by a recent Manpower Development and Training Act program. He came to Detroit from Nashville, Tenn., in 1948 when he was 14 years old. Mr. Steele is 29 years of age and the father of five children. He had worked at several different jobs until he became totally unemployed in 1960. Although Mr. Steele has only a ninth grade education his counselor at the Michigan Employment Service offices concluded that he was qualified for training as a screw machine setup man. Mr. Steele completed a 30 weeks' course under the Manpower Development and Training Act and today he earns $2.46 per hour with prospects of an additional $0.50 per hour within the next 90 days.

Another example is Michael Kelly from Warwick, R.I., who received training under the Area Redevelopment Act. He is 29 years old and the father of two children. Prior to his entrance into an Area Redevelopment Administration training program, he had never had a steady job and had not worked at all for 13 months. The Rhode Island Employment Service counselor who was assigned to work with Mr. Kelly saw great potential in this man and encouraged him not only in his Area Redevelopment Administration course but also to work toward getting a high school equivalent certificate. With additional study and self-training Mr. Kelly achieved this goal. Today he is employed as a sheet metal worker, the occupation for which he received training under the Area Redevelopment Act, by Thoman, Austin Co., Cranston, R.I.

In addition to the human values—the invaluable assistance of these training programs to victims of unemployment—the Area Redevelopment Administration and Manpower Development and Training Act training programs appear to be of sound financial merit. Some recent studies tend to indicate that the costs per trainee are largely, if not more than offset, by the savings in unemployment insurance and welfare payments. When the moneys realized by a country in the taxation of the income of employed trainees are also considered, the picture is even brighter.

As the Federal-State employment service agencies integrate their experience of the past 30 years with the knowledge gained in implementing their new responsibilities, I feel certain that they will make an even greater contribution to the whole field of manpower and training. The successful experience of the last three decades has been the result of tailoring our programs to the needs of the Nation, and of individual communities, workers and employers. To increase our effectiveness, the public employment security system will strengthen its efforts to serve the individual worker and employer and, to this end, work more closely with education and training facilities, with civic groups and organizations in meeting local manpower problems and in contributing to the attainment of national goals of minimum unemployment, employment stability, and economic growth.

One of the means whereby we may help attain these goals is the continued active participation in the never-ending job of manpower development and utilization.

TABLE 1.—*Status of Manpower Development and Training Act institutional training projects, by State*

State	Approved [1]		Started [2]		Completed [3]	
	Number of projects	Number of trainees	Number of projects	Number of trainees	Number of project sections	Number of trainees
U.S. total	1,221	42,900	807	22,475	237	4,009
Alabama	27	1,523	13	345	2	53
Alaska	2	90	1	29		
Arizona	5	253	3	81		
Arkansas	19	471	15	278		
California	92	4,290	80	2,887	31	633
Colorado	7	141	3	64		
Connecticut	61	2,960	33	1,553	47	879
Delaware	2	39	2	32		
District of Columbia	8	365	5	202	3	57
Florida	21	820	9	138	1	17
Georgia	11	320	10	188		
Guam						
Hawaii	9	371	8	158	5	96
Idaho	3	80	3	87		
Illinois	55	4,124	44	2,200	6	229
Indiana	19	987	15	357	2	26
Iowa	15	439	10	223	2	36
Kansas	12	306	6	128		
Kentucky	44	1,225	30	676	2	40
Louisiana	21	722	16	640	19	331
Maine	6	293	6	223		
Maryland	50	1,146	14	263		
Massachusetts	56	1,521	37	906	23	240
Michigan	26	603	21	432		
Minnesota	5	125	4	75		
Mississippi	47	1,374	30	637	4	13
Missouri	15	217	11	153	3	22
Montana	11	241	4	91		
Nebraska	13	365	7	258		
Nevada	7	435	6	146	1	11
New Hampshire	31	1,272	22	561	4	77
New Jersey	8	369	7	197	5	67
New Mexico	40	2,489	26	1,128	16	258
New York	25	720	10	151		
North Carolina	11	175	6	93		
North Dakota	71	1,941	47	877	10	158
Ohio	30	811	17	550		
Oklahoma	10	385	9	276	1	14
Oregon	105	3,222	85	2,250	27	374
Pennsylvania	62	1,270	27	548	7	135
Puerto Rico	9	181	6	142		
Rhode Island	15	436	13	280	3	42
South Carolina	1	30	1	30		
South Dakota	24	566	17	384		
Tennessee	25	517	17	343		
Texas	9	376	5	192	6	101
Utah	5	92	2	45		
Vermont	16	585	5	107		
Virginia	4	90				
Virgin Islands	8	245	7	226		
Washington	20	449	14	219	1	8
West Virginia	20	764	15	358	6	92
Wisconsin	3	69	3	68		
Wyoming						

[1] Through week ending May 29, 1963.
[2] Project sections started through May 10, 1963 (preliminary).
[3] Project sections completed through Apr. 1, 1963.

Source: State employment security agencies. U.S. Department of Labor, Bureau of Employment Security, U.S. Employment Service, Washington, D.C., May 31, 1963.

SUMMARY STATEMENT OF ROBERT C. GOODWIN

The Federal-State employment security system has been in the forefront in the battle to alleviate unemployment in the Nation. Our 1,900 local offices in the 50 States and other areas of the Nation deal continuously with this chronic problem. During its 30 years of operation, the Federal-State employment system has always been alert to the demands of the times, including the need to eliminate the current waste of our human resources.

The Wagner-Peyser Act laid the foundation for the present Federal-State employment security system in the early 1930's by establishing the public em-

ployment service. This service provides a wide array of services to the unemployed, to men, women, and youths who wish assistance in securing gainful employment, including those legally qualified to receive income maintenance through unemployment compensation benefits.

In administering the many programs of the Federal-State empolyment security system, a number of current problem areas have arisen. A few of these I discussed in some detail in the body of my report. Some concern the traditional activities of the Bureau; others have developed as a consequence of the introduction of newly enacted pieces of manpower legislation.

In its day-to-day operations, this Federal-State system gears its activities to the needs of individuals at the local level. For example, in 1962 nearly 11 million persons registered for work in the 1,900 local employment service offices.

Also in 1962, the employment service made more than 6.7 million nonfarm and almost 8.5 million farm jobs placements. Almost all of the persons placed were unemployed.

In addition, as circumstances warranted, 2.1 million counseling interviews and 2.3 million tests were given to assist workers in making an occupational choice.

Our unemployment insurance program, which is one of the Nation's best tools for maintenance of consumer purchasing power, processed nearly 16 million claims for jobless benefits from newly unemployed workers in 1962. During that year, a total of 2.7 billion in benefits was paid to unemployed workers.

The States and Bureau compile and analyze statistics on the levels and trends of these activities. Byproducts of our operations—such as employment and unemployment data—not only assist us in evaluating our own programs and in planning improvements, but they also provide the basis for evaluating the need for other programs—such as ARA, APW, TEA, MDTA—and for helping to implement these programs.

The 1950's witnessed the slow increase in unemployment levels conjoined with a rather sharp rise in long-term joblessness. It became apparent that new tools had to be forged to help meet this problem. A pioneering program of training was established in late 1961 when the Area Redevelopment Act was implemented. It is against this background that the broader Manpower Development and Training Act of 1962 was passed.

Training under these acts has been very successful. By May 1963, over 14,000 trainees had enrolled in Area Redevelopment Act training courses and over 23,000 in Manpower Development and Training Act courses. Over two-thirds of those who had completed their training were known to have obtained employment, most of them in training-related jobs.

The new "tools" to assist the Nation attain national goals of minimum unemployment, employment stability, and economic growth have further helped the Federal-State employment security system do a better manpower development and utilization job. But the problems before us loom large. We in the public employment system are cognizant of these problems and the fact that we have a broad responsibility to the workers of this country, especially during the present time in the face of severe widespread and long-term unemployment.

On a later occasion, I shall discuss before this committee other problems confronting the Federal-State employment security system. I shall also attempt to outline the objectives and future program plans of the Bureau.

Senator KENNEDY. Thank you very much, Mr. Goodwin.

(The prepared statement of Mr. Levine follows:)

PREPARED STATEMENT OF LOUIS LEVINE, DIRECTOR, U.S. EMPLOYMENT SERVICE, BUREAU OF EMPLOYMENT SECURITY, U.S. DEPARTMENT OF LABOR

The emergence of the public employment service as the primary operating arm of the manpower program in this country merits the full consideration of this committee. I appreciate this opportunity to discuss with you the evolution of this instrumentality of the Federal and State Governments. I suggest that an understanding of the economic and social forces that have molded its development are necessary to the determination of governmental manpower policies. At this time, I would like to discuss the emergence of the present-day public employment service. On a later occasion, I would appreciate an opportunity to describe our current objectives and plans for the future direction of the employment service in our efforts to improve the functioning of the labor market

and to implement the maximum utilization of the human resources of this country. We seek the recommendations of this committee, particularly as guidance in the improvement of our objectives and plans.

The modern public employment service traces its origins to a few, limited-service municipal- or State-operated employment offices established primarily to help newly arrived immigrants find jobs and help distribute them throughout the country rather than have them concentrate in the port cities, which they tended to do. Essentially, these offices were social-work agencies that gave recognition to an awareness of some public responsibility to assist individuals in trouble. As few and limited as they were, these offices left a legacy of social consciousness which can be readily traced through the entire history of the public employment service.

The first public employment service on a nationwide scale came with World War I. Under congressional authorization, the Secretary of Labor established the first U.S. Employment Service early in 1918 to carry out a massive recruitment effort on behalf of war-production industries. When the emergency had passed, the U.S. Employment Service was reduced to skeleton proportions.

Throughout the twenties and early thirties, repeated legislative proposals by representatives of both political parties for a permanent and nationwide system of employment exchanges failed to evoke the public support necessary for enactment. The high regard for the personal virtues that marked the American pioneer—hard work, perseverance, thrift, foresight—led to the view that an unemployed worker was probably lacking in one or more of them. Many held that the unemployed had no one to blame for their predicament but themselves and had little claim to public sympathy or help.

It took the greatest economic tragedy that this country had ever experienced to shake the popular beliefs regarding the nature of the unemployment problem and the character of the jobless workers. Although the main impetus to the enactment of this legislation was clearly the emergency unemployment created by the depression, proponents of the measure stressed both the immediate and long-term need for a Federal-State Employment Service system. In addition, mention was made of the abuses of private fee-charging employment agencies, and the resultant need for a tax-supported system, free to individuals using it.

As mentioned by Mr. Goodwin, the Wagner-Peyser Act became law on June 6, 1933, creating a Federal-State system of employment offices. During the first years of its operation, the Employment Service was required to take on the mass registration and referral of millions of jobless workers to public works and work-relief projects. Here began the development of many of the tools and activities that were later to mark the emergence of a professionalized placement service.

Procedures for clearance or interarea recruitment were established by the midthirties. Special attention was given to finding jobs for unemployed veterans on public works projects and with private employers. Young people in search of jobs were at a serious disadvantage as they had to compete with experienced applicants, and a number of special programs were started to assist them. The early local office counseling programs were developed as part of the work with youth and some experimental work with aptitude testing was undertaken.

Labor-market information began with some simple counts of local office workload items needed for administrative purposes. An occupational research program was started as early as 1934, as much to provide a rational basis for local office reporting as to develop a scientific tool for applicant selection and referral.

Although the public conscience had come to accept—even to demand—Government programs of protection against involuntary unemployment and other economic and social hazards, the stigma on unemployment and work relief—the old notion that an unemployed worker was somehow less worthy—had not completely disappeared. Some of the stigma "rubbed off" on the Employment Service as the agency that referred jobless workers to work-relief activities. This unfavorable public image operated against any general acceptance by employers of the local office as a suitable place to obtain skilled and competent workers. With the coming of unemployment insurance, it was expected that this situation would be greatly improved, as unemployment insurance claimants with recent work experience and at all skill levels would become available for referral to employers. Unfortunately, the beginning of benefit payments coincided with the sharp economic downturn of 1937–38. Insured unemployed workers came to the local offices to file claims and register in a volume that inundated the local offices. The employment service staff was too busy taking claims and registrations to have much time for soliciting orders and referring workers to jobs.

With the onset of World War II, the problem shifted to one of labor shortages, and the Employment Service geared its operations to administering manpower regulations designed to maintain essential civilian production while channeling the needed manpower into war industries.

During the postwar period, the United States has been undergoing a great industrial transformation and a scientific and mechanical revolution in agriculture. Although these changes were taking place in the 1950's, their full implications in terms of the developing manpower problems were largely obscured until the turn of the present decade. Rising national production and employment brought to most Americans a higher standard of living that far surpassed anything the world has ever seen. At the same time that new job opportunities were proliferating, the labor force was growing at only a moderate rate. Smaller numbers of young people were reaching working age during the 1950's—a consequence of the low birth rates of the 1930's.

Nevertheless, manpower problems resulting from industrial and occupational changes and a diminished rate of economic growth were slowly gathering momentum and were reflected in a gradually rising rate of unemployment, a growing number of chronically depressed areas, and marked imbalances in the skill demands and supply in the labor market. Throughout most of the decade of the 1950's, the Employment Service, operating with limited funds, sought, nevertheless, to direct attention to, and to keep its own operations abreast of, the emerging manpower problems.

The inability to meet all the demands had an impact on the quality of those services which were provided, since efforts were made to meet the needs of as many people as possible. As a result, there was a searching self-analysis in the Employment Service during the 1950's which culminated in a speech by Secretary of Labor Mitchell in October 1958 when he expressed his concern to State agency administrators and employment service directors in a meeting in Chicago. This presentation further stimulated efforts already underway to determine ways to improve and strengthen the public employment service. The problems were considered further in meetings with State agency administrators in Kansas City in December 1958. A Bureau task force of Employment Service technicians made various recommendations for program actions to meet needs of jobseekers. The role of the Employment Service in our changing economy was considered with university consultants and their recommendations were reported in December 1959. In addition, in 1960–61 a series of meetings were held with university people in the fields of economics, sociology, personnel management, business administration and related fields, in 5 regions throughout the country with 83 participants from 76 universities. They were encouraged to criticize, make suggestions, and to engage in research on the labor market and specifically on the Employment Service role, its program and the needs that it should meet. During this period, the role of the Employment Service was a major consideration of the Federal Advisory Council, an important group of management, labor, and public representatives who advise the Administrator of the Bureau of Employment Security and the Secretary of Labor. And then, most important of all, the role of the Employment Service in a changing economy was considered by the Senate's Special Committee on Unemployment Problems during hearings in the fall and winter of 1959–60.

Since the recommendations of the many groups and individuals with whom the Bureau of Employment Security and the U.S. Employment Service had consulted were reflected in the recommendations of the Senate's special committee, I would like to quote extensively from its report of March 1960.

The committee recommended: "a substantial increase in appropriations for the Bureau of Employment Security, particularly to enable the Bureau to strengthen its services. The national office of the U.S. Employment Service should be given adequate funds and personnel.

"The development of new effective techniques for the interstate exchange of information on employment opportunities.

"A sharper line of distinction at the local level between the functions of the employment service and the administration of unemployment insurance benefits. The local organization of the employment service should be adjusted to provide the maximum separation between the administration of unemployment insurance benefits and the counseling and employment services. This shift of emphasis should be directed toward improving the public image of the employment service and to encourage employers to consult it when they are seeking employees."

The committee recommended also:

"* * * Increased appropriations for the expansion of services to youth now provided by the employment security system."

"* * * The Bureau of Employment Security should expand its programs to reduce discrimination in employment against young people, older workers, nonwhites, women, the handicapped, and other groups."

The views of the minority on the committee were that there should be a "* * * substantial stepping up of the services of the U.S. Employment Service and its affiliated employment services in rural areas, not necessarily through the location of new offices but through three phases of their program:

Registration for job applications—with traveling representatives going to small towns on a regular basis; work with the rural schools to provide better occupational information for young people on future occupations together with testing and counseling services for those going into the labor market, similar to the services now provided in urban areas; extension to more areas of the valuable skill surveys made by the State employment security agencies under the guidance of the Bureau of Employment Security, on the skills of the people in these areas."

With respect to the growth in need for engineers, scientists and other professional and highly skilled workers, the minority quoted its committee consultant that the "contest for brains, not hands" means a stepping-up of work in the counseling field, if we are to have people prepared for these jobs in the future. In addition, he foresees the need for intensified relationships with colleges and universities who must carry the major responsibility for equipping tomorrow's workers with the skills they will need as well as the continued improvement of placement services for "* * * workers transferring from one employment to another."

The committee minority noted that a report prepared for the Federal Advisory Council on Employment Security reveals that "one of the greatest single needs of the employment service is the expansion of a basic research program aimed at getting current information in a variety of areas surrounding labor market problems." The committee minority noted also that "a much higher percentage of the American work force now depend on the public employment service for placement help than was the case a decade ago," and then recommended that: "We support the expansion of the basic research program of the U.S. Employment Service. We suggest that the cooperation of universities and colleges be enlisted for the planning and conducting of studies. * * * Many constructive recommendations for research programs are outlined in the "December 1957 Preliminary Report of the Labor Department's Consultants on Future Policy and Program of the Federal-State Employment Service." We recommend that this publication be given wide distribution. * * * We believe Congress should increase appropriations for strengthening and expanding the U.S. Employment Service. Emphasis has been put by the legislative branch on alleviating the effects of unemployment rather than preventing it."

I have quoted at length because this Senate committee report highlights many of the actions recommended by the various groups consulted.

While throughout public employment service history, there were continuing efforts to improve the service and many changes were made in relation to the changing employment problems of our country, the intensive efforts in this direction from 1958 on, represent consultation with, on the widest possible scale, and the thinking and advice of concerned and knowledgeable people in and out of government. Thus, when the first increase in funds for the Employment Service became available in May 1961, there was a sound basis for research, developmental work, and action. Additional funds were made available in fiscal 1962, and then maintained at that level in fiscal 1963. However, with the general inflationary increase in costs of goods and services over the years, and with the growth in the labor force, the Employment Service in 1963 is not staffed, in relation to the 1963 economy, as well as it was in1948 in relation to the 1948 economy.

I would like to turn now to the major efforts of the last few years to strengthen the public employment service as an essential mechanism in carrying out an effective program of human resource development, distribution, and utilization.

One of the first steps was to strengthen the U.S. Employment Service within the Federal Government. A Bureau of Employment Security task force, working from July to December 1960, which had the benefit of advice from management people in the Department of Labor and Bureau of the Budget, and from university and industry management experts, provided recommendations for a Bureau reorganization. These recommendations and others, put into effect on February 1, 1962, provided for a more readily identifiable USES and an Unemployment Insurance Service with increased responsibilities.

The reorganization included the Bureau's regional offices which also were given clearly defined USES responsibilities and an expanded role in carrying them out. The major emphasis, however, on strengthening and improvement was directed toward the point at which workers and employers are provided services, i.e., in the local offices.

In early 1961, the administration recognized the need for the additional resources and for strengthening the Employment Service throughout the country and immediately backed this with action in the form of a supplemental budget request. The Congress acted soon afterward to make available additional resources. May-June 1961 saw the first appreciable increase in Employment Service staff resources since 1947.

This was applied immediately to increased local office staffing, to bring it more in line with employment growth in the respective labor market areas. An extensive "hire now" campaign was started and continued throughout the summer of 1961. At the same time, work was started on a major improvement effort, the reorganization of the 55 largest metropolitan areas—those with populations of a half-million or more. This involved a separation of employment service and unemployment insurance activities, with separate offices or separate space within the same office. The Employment Service operations were set up on an industrial-occupational unit basis to help bring together related occupations and industries to more effectively provide workers and employers the widest possible choice of job opportunities and jobseekers. As of this date, reorganization work is well underway in 42 of these huge metropolitan areas.

Throughout the system increasing attention has been given to improving the qualifications of staff to provide service. Improved standards have been developed for use in selecting counselors, labor market analysts, and occupational analysts. A study that will lead to improvement in the standards for selecting interviewers, employer contact staff, and others who use interviews as a part of their work, is now underway. Increased emphasis has been given to out-service training in colleges and universities, particularly for counselors and Employment Service managers and administrators.

A review of nonagricultural placement activities for the most recent year, calendar 1962, reveals that the 55 largest areas as a group showed more substantial gains than were shown for the Nation as a whole. Nonfarm placements in these 55 areas totaled 3.3 million—a 21-percent gain over the previous calendar year. Nationally, a total of 6.7 million placements were made, about 14 percent more than during the previous calendar year and the highest for any year since World War II. In the same period, over 8.4 million farm placements were made. Some of the placement increase is attributable to improved economic conditions but the rate of placement gain far exceeded most of the standard economic indicators. Unemployment, for example, remained at a high level throughout 1962.

With sharply increased growth of youth in the labor force, efforts were made to reach more of those young people who had no job or further training plans. To better serve them, youth placement and counseling specialists were provided in the larger local offices. As of October 1962, 20 metropolitan areas had specifically designated area youth coordinators or specialists working on an areawide basis. In addition to these local area specialists, 27 States designated a State supervisor of youth services for overall guidance for the program in the State. This, we believe, is a great step forward in providing specialized employment services to the youth of the country. However, this number of specialists does not adequately meet current needs of our youth and especially those of the ever-increasing number entering the labor market each year.

Demonstration projects were undertaken in St. Louis, Newark, and Detroit to determine how to further improve youth services, to assist dropouts, to work with agencies concerned with youth development as well as juvenile delinquency, and to help youth find their way in the world of work.

What are some of the results of the expanded service to youth? The most recent data available is for the 1961–62 school year. In that period, the Employment Service worked with the seniors in 10,600 high schools, an increase of over 700 schools from 1960 to 1961. Youth placements in 1962 increased by nearly a fourth to a total of almost 1 million. Dropouts referred to the Employment Service by the schools, as a result of cooperative agreements, and subsequently placed by the Employment Service, totaled nearly 23,000, over double the number placed in the 1961 school year.

The public employment service has made significant progress in eliminating racial discrimination and segregation from its operations, in strengthening

its services to minority group workers, and in advancing nondiscriminatory practices in the labor market. Referral action on orders containing discriminatory specifications has been prohibited. The official policy of the Employment Service to make no indication of an applicant's race, creed, color, or national origin on any office record has been promulgated. Standards governing personnel administration in State employment security agencies have been revised to specifically preclude racial discrimination in any personnel practices. Procedures have been adopted for the Employment Service to furnish duly authorized fair employment practice bodies with information concerning job orders containing discriminatory specifications, including the President's Committee on Equal Employment Opportunty when such job orders are from Federal agencies and holders of Federal contracts. In addition, a local office may accept and forward complaints to the President's Committee on Equal Employment Opportunity or inform the complainant how to submit his complaint.

In carrying out its responsibilities for improving skills of all workers, including minority group workers, provisions for nondiscriminatory selection of trainees by the Employment Service have been emphasized. In addition, regional meetings of college presidents and executives have been promoted for the purposes of informing these officials of job requirements in our changing technology, to alert them to the need for gearing curriculums to help people qualify to enter or train for changing profesional and technical jobs and to offer them the assistance of the Employment Service in solving their problems in the development of trained manpower and in placing their graduates and students.

Specialized services have been provided for other applicant groups who have had difficulty in getting consideration solely on the basis of their qualifications. What are some of the results?

Placements of older workers, age 45 and over, totaled 1.3 million in 1962, a 13-percent increase over the previous year. Among the relatively hard-to-place handicapped workers, a total of 281,000 placements were made, representing a 9-percent increase over 1961. Over a million placements of veterans were made, an 8-percent gain over 1961. In this connection, it should be noted that while the overall veteran population is declining, the increase in the average age in this group is resulting in a higher proportion of the veterans in the harder to place age brackets.

Initial counseling interviews were provided for 1.2 million jobseekers in calendar year 1962, an 11-percent gain over 1961. In connection with counseling and selection, 2.3 million individuals were tested, an increase of 14 percent over the previous calendar year.

Now let's look at some labor market changes. In keeping with the occupational shifts in the Nation's work force, growing demands have been made upon the Employment Service by both employers and workers for providing recruitment and placement services and helping overcome shortages in various professional and technical fields. The growing needs in these occupations relate in large measure to the defense effort, to the growth in investment in research and development, to our changing technology, and to economic needs in a space age. As a result, employers have listed growing number of job vacancies with the public Employment Service. In order to meet these needs for recruitment and placement service, and through counseling and labor market information, to bring a knowledge of these opportunities to youth, educators, and community agencies and groups who can help meet these shortages over the long run, the Employment Service has taken steps to strengthen its operations in these occupational fields. This is clearly in the national interest.

Where the traffic volume requires this action, separate units have been set up in local offices. In nine of the largest metropolitan areas separate professional and technical offices have been set up. Those efforts have contributed to the improvement in results. During calendar year 1962, the sharpest placement gain among occupational groups nationally was found in the professional and managerial category which rose over the year 21 percent to a total of 239,000 placements, as compared with a 14-percent increase in total nonfarm placements. In the 55 major metropolitan areas, professional and managerial placements at 167,000 in 1962 showed an even greater gain than nationally—26 percent.

Special emphasis has been given to activities to minimize the adverse employment effects of automation and other technological changes through a series of demonstration projects involving research and action. In fiscal years 1962 and 1963, such demonstration projects were undertaken in 11 States, covering 20 projects and approximately 16,000 workers. Of these, about 13,500 were laid off workers and 2,500 workers continued in jobs changed by technological shifts.

Operating through local Employment Service offices, these projects were designed to discover the impact of technological change on employment in local labor markets, and the nature of mass layoffs and persistent unemployment. Specialized and concentrated Employment Service actions were undertaken to alleviate the impact. These included intensive interviewing, testing, counseling, and placement efforts and referral to training.

In addition, there has been an assessment of changing labor-supply and labor-demand relationships. Descriptions of occupational performance requirements, new job descriptions and new staffing patterns were prepared.

A mass of data derived from the demonstration projects is being assembled—some 132 items on more than 7,000 workers. This material will be analyzed in the hope that statistically valid relations can be obtained for matching worker characteristics to success in finding jobs, to effective USES service, to willingness to move or retrain, and to ease adjustment to the shock of job loss. If such predictors can be found, the Employment Service will be able to target special service more quickly to the displaced workers most accessible to such help.

In addition to the projects, a system was introduced in all State agencies for obtaining through employers advance notice of mass layoffs. Such notice permits planning to strengthen service and an opportunity to provide it on a more orderly basis.

Turning now to interarea recruitment and placement, I wish to mention a number of steps that have been undertaken to help strengthen operations. In addition to a listing of job openings which cannot be filled locally and for which applicants from other areas are being sought, key labor demand and supply information is being exchanged between labor market areas through the biweekly inventory of job openings. More important, an experimental project has been undertaken in California in which nine local offices have been joined in a communication network to speed the transmission of information about available job opportunities and applicants in professional fields. In addition, research is underway to determine whether a computer system can be used for the storage and retrieval of these data in order to (*a*) broaden the base of selection of these workers, (*b*) widen the range of suitable job opportunities that can be immediately determined, and (*c*) speed the initial steps for matching jobseekers with job vacancies.

Growing numbers of employers have been listing their needs for workers with—thus "using"—Employment Service local offices. In calendar year 1962, nearly a million nonagricultural employers were users. Of the 242,000 larger firms, which are designated as major market employers, over 69 percent were users. In addition, homemakers who needed domestic help and agricultural employers throughout the Nation made wide use of Employment Service recruitment and placement services.

In addition to these services for employers, the Employment Service has put to use its limited local technical resources to help them solve problems of turnover, selection, and utilization, all of which affect the Nation's ability to use its human resources effectively. Here are a few examples which show how Employment Service job analysis techniques and occupational and labor market information have been applied to help employers solve typical problems.

In California a printing firm was having difficulty screening candidates for the apprentice jobs for web pressmen. A number of trainees the company had hired from walk-in traffic had been unable to learn the work, and the quits and layoffs were expensive to the firm and created dissatisfaction to the workers laid off. An Employment Service job analyst helped the employer prepare a job specification which gave a much better idea of what a worker had to learn, to do the work effectively. With this specification and the use of its tests, the Employment Service was able to find several potentially qualified applicants, among them veterans and young people who had had no previous skill training. These were hired by the employer who has now reported that these trainees are doing excellent work and that the turnover problem has been solved.

A large cannery in Oregon found it almost impossible to interview the hundreds of applicants who came to its door when the canning season began and quick screening by the employer had resulted in many dissatisfied workers who were not properly matched with the jobs they were expected to perform. The employer asked the Employment Service for help. Through its effective screening, which involved the registration and testing of over 200 applicants, 136 were referred to the employer. Not one failed to meet his hiring requirements.

A foundry in Iowa had a 50-percent turnover rate in 1 year. The local office was asked to help solve this problem. Assistance was given in analyzing the

reasons why workers were leaving and the jobs involved were analyzed to determine what the requirements for effective work really were. The results, which involved the placement of molder and coremaker trainees, shag grinders, and shakeout men, have been so successful that the employer estimated his reduction in cost of turnover is about $1,800 per month.

This is the kind of industrial service that employment offices, with limited resources, have been able to give to many firms in recent years. Surely the Nation's interest in sound utilization of its human resources would suggest that the public Employment Service use its know-how to help solve such problems when employers voluntarily request such assistance.

Among the leadership of many of the Nation's communities, there is increasing recognition of the need for local development organizations that are capable of analyzing and implementing programs that will help prevent or alleviate substantial and persistent unemployment. During the 3-year period 1958–61, State employment services reported that the number of community organizations in their areas engaged in employment development programs more than doubled, from approximately 2,600 to 5,200. Employment service staff provided technical assistance to 1,097 of these organizations and furnished labor market information to an additional 2,761 local groups. These efforts have been further extended in the last 2 years. Particular emphasis has been given to providing manpower information necessary for overall economic development plans and community development activities in depressed or declining areas.

In rural communities experiencing a high level of unemployment or underemployment, and which are remote from local employment offices, a specialized approach has been developed. It provides for mobile teams of interviewers and counselors whose job it is to assure that people in rural and smaller areas are receiving the varied employment services they need, including detailed information on the area's existing or potential manpower resources; assistance in using this information to attract new industry and for local firms interested in expansion, or to meet current or anticipated requirements; information to each job seeker about available job and training opportunities; and counseling and placement services where such services has been inadequate due to remoteness from existing local offices. In the current fiscal year these smaller area services are being provided in 10 States to 40 areas covering 70 counties.

In efforts to identify a community's longer range manpower needs, by occupation, the Employment Service fostered the conduct of area skill surveys. From 1957 to October 1961, 63 area skill surveys were completed. With the passage of the Manpower Development and Training Act, the need increased for information to identify training and retraining needs, as well as for use in helping to improve vocational education, job counseling, and placement. From October 1961 to date, about a year and a half, 77 additional comprehensive area skill surveys were completed and 18 more are in progress. In addition, to speed the availability of information, less comprehensive training needs surveys were devised for use in developing training programs under the Manpower Development and Training Act. Such surveys are conducted in any areas in which training is undertaken.

As described in detail by Mr. Goodwin, passage of new legislation concerned with unemployment and actions related to this national problem, such as the Manpower Development and Training Act, which I have just mentioned, the Area Redevelopment Act, and the Trade Expansion Act, has placed increased responsibilities upon the Employment Service not only for determining current and long-range training needs, but also for working with training agencies in development of project proposals, screening and selecting trainees, assisting in the placement of trainees, and following up on the effectiveness of these activities to assure continued improvement. Recent public assistance legislation that calls for the rehabilitation of public welfare recipients adds similar responsibilities on the public employment service for selecting and screening those who have potential for various kinds of training. Additional responsibilities have also been placed upon the Employment Service for selection and referral of qualified workers under the Public Works Acceleration Act. The Youth Employment Opportunities Act now before the Congress, and other proposed legislation which involves selecting, counseling, testing, and referral of various workers groups for employment will add to these Employment Service responsibilities.

I would be remiss if I did not report to you that currently a potent force is carrying on a savage attack on the Federal-State public employment service. Ever since the passage of the Wagner-Peyser Act, there have been some persons—especially those engaging for profit in the placement of people in jobs—who have not accepted the basic principles of the act. They have carried on a more or less continuous but unorganized fight against the public employment service. Beginning last fall the National Employment Association, an organization of private fee-charging employment agencies, assumed the leadership of the attack, and it immediately began to show signs of a very careful organization and direction. A specific plan, calling for a fund of over $163,000, was laid out by the National Employment Association. The plan called for solicitation of special contributions directly from agency owners, including the establishment of a $1,000 club made up of those who contribute that amount or more. The National Employment Association started a vigorous letter-writing campaign, directed to Senators and Congressmen, protesting against the activities of the public employment service. Led by a paid lobbyist, this attack is now reaching it culmination in the Congress.

Although numerous allegations are made, those which occur most frequently are protests against employment service to employed workers; use of so-called "costly" advertising; Employment Service competition with private enterprise; and continued growth and expansion of the Employment Service, which they say is: "far beyond what was originally intended."

The motives of the fee-charging agencies are, not only to lessen the competition of the Employment Service by limiting its scope and cutting back on its activities, but also to divert public attention from the need for regulation of their industry, as is pointed out by the congressional hearings conducted last year by Senator Morse.

I would like to discuss one of the allegations briefly, to demonstrate a deliberate misuse of information. The allegation was made that 60 percent of the people who were placed by the State agencies affiliated with the United States Employment Service last year were people already employed. This is completely wrong. The percentage was based on figures supplied by Mr. Goodwin, when he stated that: "three out of five new hires are employed workers changing jobs."

In an analysis based on 1959 data derived from so-called "household surveys" used in the Monthly Report of the Labor Force, it was found that of every five workers hired by employers from all sources, or through any hiring channel, three were employed, one was unemployed, and one was a new entrant to the labor market. The quotation was taken out of context from a letter (incidentally, to a private agency) which clearly differentiated between employers' "new hires" and Employment Service "placements." Any group that is in the business of finding jobs for workers must understand the meaning of the term "new hires," used in Bureau of Labor Statistics reports, yet, in this instance, they chose to distort the definition.

To get the facts regarding this allegation, we conducted a nationwide survey during he week beginning May 19. We found that of placements verified that week, 97 percent were of workers who were unemployed. The contrast between the allegation and the fact needs no comment.

As we look back over these Employment Service program improvements and some of the accomplishments that are already evident, the thinking and the recommendations of the many consulted, management, labor, university, and public representatives, technical staff within the Employment Service, the Department of Labor, and the Bureau of the Budget, and the Congress, are clearly identified; but there is so much more to be done. No one can be satisfied so long as unemployment is at the present level. It must be remembered, however, that the Employment Service cannot solve the Nation's unemployment problems alone. It is in the first line of attack. There is a tremendous job ahead for the Employment Service and educators, community groups, employers, labor, and other Government agencies, with whom the Employment Service works, to meet both local and national objectives. I hope to present, on June 18, some of the plans for further improvement of the Employment Service which I believe will contribute to better operations of the labor market and improve the utilization of human resources. We hope to benefit by the suggestions of this committee.

Status of Manpower Development and Training Act institutional training projects, by State

State	Approved [1]		Started [2]		Completed [3]	
	Number of projects	Number of trainees	Number of projects	Number of trainees	Number of project sections	Number of trainees
U.S. total	1,221	42,900	807	22,475	237	4,009
Alabama	27	1,523	13	345	2	53
Alaska	2	90	1	29		
Arizona	5	253	3	81		
Arkansas	19	471	15	278		
California	92	4,290	80	2,887	31	633
Colorado	7	141	3	64		
Connecticut	61	2,960	33	1,553	47	879
Delaware	2	39	2	32		
District of Columbia	8	365	5	202	3	57
Florida	21	820	9	138	1	17
Georgia	11	320	10	188		
Guam						
Hawaii	9	371	8	158	5	96
Idaho	3	80	3	87		
Illinois	55	4,124	44	2,200	6	229
Indiana	19	987	15	357	2	26
Iowa	15	439	10	223	2	36
Kansas	12	306	6	128		
Kentucky	44	1,225	30	676	2	40
Louisiana						
Maine	21	722	16	640	19	331
Maryland	6	293	6	223		
Massachusetts	50	1,146	14	263		
Michigan	56	1,521	37	906	23	240
Minnesota	26	603	21	432		
Mississippi	5	125	4	75		
Missouri	47	1,374	30	637	4	13
Montana	15	217	11	153	3	22
Nebraska	11	241	4	91		
Nevada	13	365	7	258		
New Hampshire	7	435	6	146	1	11
New Jersey	31	1,272	22	561	4	77
New Mexico	8	369	7	197	5	67
New York	40	2,489	26	1,128	16	258
North Carolina	25	720	10	151		
North Dakota	11	175	6	93		
Ohio	71	1,941	47	877	10	158
Oklahoma	30	811	17	550		
Oregon	10	385	9	276	1	14
Pennsylvania	105	3,222	85	2,250	27	374
Puerto Rico	62	1,270	27	548	7	135
Rhode Island	9	181	6	142		
South Carolina	15	436	13	280	3	42
South Dakota	1	30	1	30		
Tennessee	24	566	17	384		
Texas	25	517	17	343		
Utah	9	376	5	193	6	101
Vermont	5	92	2	45		
Virginia	16	585	5	107		
Virgin Islands	4	90				
Washington	8	245	7	226		
West Virginia	20	449	14	219	1	8
Wisconsin	20	764	15	358	6	92
Wyoming	3	69	3	68		

[1] Through week ending May 29, 1963.
[2] Project sections started through May 10, 1963 (preliminary).
[3] Project sections completed through Apr. 1, 1963.

Source: State employment security agencies.

TABLE 2.—*Characteristics of trainees enrolled in Manpower Development and Training Act courses through May 1, 1963*

	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Total enrolled	19,498		12,350		7,148	
Percent of total		100.0		63.3		36.7
Family status:						
Total	19,498	100.0	12,350	100.0	7,148	100.0
Head of family or household	12,161	62.4	9,488	76.8	2,673	37.4
Other	7,337	37.6	2,862	23.2	4,475	62.6
Duration of unemployment:						
Total [1]	18,777	100.0	11,884	100.0	6,893	100.0
Under 5 weeks	4,480	23.9	3,085	26.0	1,395	20.2
5 to 14 weeks	5,237	27.9	3,813	32.0	1,424	20.7
15 to 26 weeks	3,257	17.3	2,292	19.3	965	14.0
27 to 52 weeks	2,301	12.3	1,342	11.3	959	13.9
Over 52 weeks	3,502	18.6	1,352	11.4	2,150	31.2
Years of employment:						
Total [2]	19,285	100.0	12,175	100.0	7,110	100.0
Less than 3 years	4,195	21.8	1,732	14.2	2,463	34.6
3 to 9 years	8,747	45.3	5,600	46.0	3,147	44.3
10 or more years	6,343	32.9	4,843	39.8	1,500	21.1
Age:						
Total	19,498	100.0	12,350	100.0	7,148	100.0
Under 19 years	823	4.2	445	3.6	378	5.3
19 to 21 years	3,733	19.1	2,246	18.2	1,487	20.8
22 to 34 years	8,647	44.3	6,127	49.6	2,520	35.3
35 to 44 years	4,162	21.3	2,388	19.3	1,774	24.8
45 years and over	2,133	11.1	1,144	9.3	989	13.8
Education:						
Total	19,498	100.0	12,350	100.0	7,148	100.0
Less than 8th grade	519	2.7	421	3.4	98	1.4
8th grade	1,405	7.2	1,090	8.8	315	4.4
9th to 11th grade	5,691	29.2	3,898	31.6	1,793	25.1
12th grade	10,048	51.5	5,973	48.4	4,075	57.0
Over 12th grade	1,835	9.4	968	7.8	867	12.1

[1] Excludes 648 trainees classified as underemployed at the time of enrollment and 73 family farmworkers considered as unemployed because they belong to low-income farm families.
[2] Information on years of employment not available for 213 trainees.

Source: State employment security agencies.

TABLE 3.—*Characteristics of trainees completing Manpower Development and Training Act courses (for project sections completed through Apr. 1, 1963)*

	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Total enrolled	4,009		2,259		1,750	
Percent of total		100.0		56.3		43.7
Family status:						
Total	4,009	100.0	2,259	100.0	1,750	100.0
Head of family or household	2,118	52.8	1,615	71.5	503	28.7
Other	1,891	47.2	644	28.5	1,247	71.3
Duration of unemployment:						
Total [1]	3,695	100.0	2,030	100.0	1,665	100.0
Under 5 weeks	1,007	27.2	695	34.2	312	18.7
5 to 14 weeks	971	26.3	657	32.4	314	18.9
15 to 26 weeks	509	13.8	299	14.7	210	12.6
27 to 52 weeks	465	12.6	201	9.9	264	15.9
Over 52 weeks	743	20.1	178	8.8	565	33.9
Year						
Years of employment:						
Total [2]	3,971	100.0	2,246	100.0	1,725	100.0
Less than 3 years	1,123	28.3	434	19.3	689	40.0
3 to 9 years	1,617	40.7	925	41.2	692	40.1
10 or more years	1,231	31.0	887	39.5	344	19.9
Age:						
Total	4,009	100.0	2,259	100.0	1,750	100.0
Under 19 years	298	7.4	164	7.3	134	7.7
19 to 21 years	855	21.3	445	19.7	410	23.4
22 to 34 years	1,497	37.4	942	41.7	555	31.7
35 to 44 years	846	21.1	436	19.3	410	23.4
45 years and over	513	12.8	272	12.0	241	13.8
Education:						
Total	4,009	100.0	2,259	100.0	1,750	100.0
Less than 8th grade	126	3.1	78	3.5	48	2.7
8th grade	347	8.7	220	9.7	127	7.3
9th to 11th grade	1,331	33.2	768	34.0	563	32.2
12th grade	1,899	47.4	1,040	46.0	859	49.1
Over 12th grade	306	7.6	153	6.8	153	8.7

[1] Excludes 282 trainees classified as underemployed at the time of enrollment and 32 family farm workers considered as unemployed because they belong to low-income families.
[2] Information on years of employment not available for 38 trainees.

Source: State Employment Security Agencies.

TABLE 4.—*Employment status of trainees who completed Manpower Development and Training Act courses through Apr. 1, 1963, and related employment security placement activities (based on reports through May 29, 1963)*

Employment status and employment security placement activities	Trainees	
	Number	Percent
I. Completions and terminations:		
Total enrolled	5,141	100.0
Completed training	4,009	78.0
Terminated training prior to completion of course	1,132	22.0
II. Placements:		
Completed training	4,009	100.0
Obtained employment	2,764	68.9
Training related	2,493	62.2
Nontraining related	271	6.7
Referred to employment, awaiting referral or status unknown	1,245	31.1
III. Employment service placement activity:		
Obtained employment	2,764	100.0
Placed by employment service	2,274	82.2
Other	490	17.8

Source: State employment security agencies.

MANPOWER TRAINING OPERATIONS UNDER THE AREA REDEVELOPMENT ADMINISTRATION

FOREWORD

This report has been developed for use by the Bureau of Employment Security as a tool for assuring the progress of its manpower training operations under the Area Redevelopment Act. The report is based on information furnished by the State employment security agencies through the Bureau's regular reporting system. It was prepared by Mary Meyer, Laura Dale, Delores Dudley, John Ludden, Robert Mineart, and Paul Ralli. Renee Barkley assisted with the statistical work. Carol Marshall and Shirin Williams typed the report.

DATA ON THE AREA REDEVELOPMENT ADMINISTRATION TRAINING PROGRAM NOVEMBER 1961—MARCH 1963

Scope

Between November 1961 and March 1963, a total of 375 Area Redevolpment Administration training projects for nearly 19,000 trainees had been approved by the Secretary of Labor. This would provide training for more than 170 different occupations to the residents of about 180 redevelopment areas and 13 Indian Reservations. By the end of March, over 13,000 unemployed and underemployed workers in 42 States, American Samoa, and Puerto Rico had enrolled in Area Redevelopment Administration training courses. About 7 of every 10 enrollees had completed training by the end of March, and two-thirds of the graduates were known to have obtained employment, the majority in training-related occupations.

Geographic distribution

By the end of March 1963, Area Redevelopment Administration training programs had been started in 42 States, American Samoa, and Puerto Rico. Seven States, each with an enrollment well in excess of 600, accounted for a little over half of the 13,322 enrollees. These were, in descending order, Pennsylvania—with nearly 1,400 enrollments—West Virginia, Michigan, Oklahoma, Minnesota, Rhode Island, and Connecticut—with 675 enrollees. (See table 1.) The eight States that still had no Area Redevelopment Administration training in progress by the end of March were Delaware, Louisiana, Mississippi, Nebraska, New Hampshire, Utah, Vermont, and Wyoming

Characteristics

The Employment Service gives preference, in the selection of trainees for Area Redevelopment Administration courses, to those with the longest period of unemployment, insofar as practicable. The statistics indicate considerable success in the achievement of this goal. About half of the workers who enrolled in Area Redevelopment Administration training courses between November 1961 and March 1963 had been unemployed 15 weeks or more at the time they were referred to training. About one-fourth of the trainees had been unemployed a year or longer. (See table 2.)

The bulk of Area Redevelopment Administration trainees are in the age groups in which family responsibilities fall most heavily. Over three-fourths are between 19 and 44 years of ago. About 1 in 10 enrollees was 45 years of age or older. Least represented among Area Redevelopment Administration enrollees were those under the age of 19; they constituted about 8 percent of the total.

The majority of the workers who have enrolled in Area Redevelopment Administration training courses have completed 9 to 12 grades of school; nearly three-fourths of those who enrolled between November 1961 and March 1963 were in this category.

As has been true since the beginning of the program, the proportions of those with very low and very high educational attainment were small. Only 15 percent of the enrollees had completed less than nine grades of school, and even fewer—about 7 percent—had any training beyond high school.

Post training employment

The ultimate measure of the success of the Area Redevelopment Administration training program is the number of trainees who obtain employment after they complete their training. Of the 9,304 workers who had completed their Area Redevelopment Administration training by the end of March—6,193—two-thirds, were known to have obtained jobs, most of them in training-related occupations. It is important to bear in mind that some of the remaining one-third are workers who have only recently completed their training and will undoubtedly be employed within a very short time. It also includes some who may already be employed, in the redevelopment area or some other area, but whose employment status is not known to the Employment Service.

Evidence of some unavoidable underreporting of employment is a comparison of the post training employment data for the period November 1961–June 1962, as issued in July 1962, and as updated as of March 1963. The data issued in July showed a 61-percent employment rate. Updated, on the basis of data received up to the end of March 1963, the employment rate for trainees who completed their Area Redevelopment Administration courses by June 30, 1962, is 71 percent—a rise of 10 percent over the earlier figure reported for the same period.

Even greater increases than this have been found in some States that have established especially intensive followups of trainees after they have completed their courses. There is considerable evidence that the proportion of Area Redevelopment Administration trainees who obtain employment comparatively soon after they complete their training is significantly higher than the two-thirds indicated by the data currently available.

Characteristics—status

In January 1963, the Employment Service instituted a new reporting plan, which has resulted in increased information on the characteristics of Area Redevelopment Administration trainees by training status and post training employment status.

This kind of information was available for 2,525 workers who enrolled in Area Redevelopment Administration training courses between January 1 and March 31, 1963. (See table 3.) Of these, 616 had completed their training by the end of March. The data are based on a small number of cases and must therefore be considered, at this point, only possible indicators.

Of the trainees in this group under the age of 45 who completed training by the end of March 1963, the proportion of those known to have obtained employment varied from slightly less than 80 percent to about 87 percent, depending upon the exact age group. Highest rates, not unexpectedly, were found among those in the 19- to 21- and 22- to 34-year-old groups. As contrasted with these high rates of post training employment, only a little more than half of those aged 45 or over were known to be employed after completion of their training.

Lack of education was also an apparent handicap for the worker, even one with the added advantage of the occupational skills acquired in Area Redevelopment Administration training. Somewhat less than three-fourths of these who had completed no more than grade school were known to be employed. The proportion rose a little above three-fourths for those who had some high school, and to 83 percent for those who had completed high school. The number who had some education beyond high school was very small, and almost all of them found jobs when they completed their Area Redevelopment Administration training.

Our data indicate a consistent relationship between length of unemployment at the time of entering training and the probability of obtaining employment afterward. Although the numbers are too small and our experience too brief at this point to make broad conclusions, it appears that, the shorter the length of his unemployment at the time of his enrollment in training, the greater are his chances of obtaining employment upon "graduating."

Among the small group that started Area Redevelopment Administration training and graduated in the period January 1 to March 30, 1963, the short-term unemployed high school graduate in his twenties or early thirties had the best chance of getting a job after completing training.

Employment security services

The Employment Service is responsible for referring to Area Redevelopment Administration training those workers who are most eligible for, and who can most benefit from, such training. With its long experience in the counseling and testing of workers, the Employment Service was well equipped to undertake this responsibility which has, however, added significantly to the workload of the affiliated agencies. In the period September 1, 1962–March 31, 1963, the Employment Service conducted almost 40,000 screening and counseling interviews and administered nearly 13,000 aptitude and proficiency tests to potential Area Redevelopment Administration trainees. These resulted in approximately 6,000 referrals to Area Redevelopment Administration training courses in the 7-month period.

A number of factors are involved in determining whether a screening interview will result in a referral. Among these may be the worker's own interest in training, or in training for the particular occupation being considered, his aptitudes, his basic preparation, his health, and even—in a few cases—his willingness to accept employment in another community. In view of the many possible reasons that might make the worker unsuitable for a particular training course or that might cause him to refuse training, the 5-to-1 ratio of screening interviews to referrals, which has remained stable, may not be excessive.

Employment security services related to Area Redevelopment Administration trainee selection, U.S. totals, cumulative, Sept. 1, 1962 [1] to Jan. 31, 1963

Screening interviews	31,115
Counseling interviews	8,467
GATB's	5,246
Specific aptitude tests	7,048
Proficiency tests	697
Training notices issued	10,760
Responses to training notices	8,665
Referrals to training	5,981

[1] September 1962 is the earliest date for which some of these data are available.

THE AREA REDEVELOPMENT ADMINISTRATION TRAINING SPOTLIGHT

Over 400 Indians from 7 reservations in Arizona, Montana, New Mexico, and the Dakotas have enrolled in Area Redevelopment Administration training courses, most of them given on the reservations. Others are expected to start training soon. Arts and crafts are among the training occupations, which also include sheep shearer, carpenter (entry), nurse aid, clerk-typist, and electronic wirer, among others.

The National Institutes of Mental Health and the Americna Psychiatric Association have both recently directed inquiries to USES about the extent of training of psychiatric aids and other mental health personnel. To date, Area Redevelopment Administration training of such workers has been limited. Nineteen workers in Huntington, W. Va., completed 16 weeks of Area Redevelopment Administration training as psychiatric aids, and 34 ward attendants were trained in Anaconda, Deer Lodge County, Mont., for work in a mental hospital. The latter was an 8-week course. Another 8-week course, to train an additional 10 workers for the same mental hospital, was approved in mid-April, as was a request from Illinois for a 16-week Area Redevelopment Administration course for 60 psychiatric aids.

An urgent need for agricultural and home economics extension workers was indicated in American Samoa, but the necessary training facilities were not available there. Ten men and 10 women were selected for training and were sent to the University of Hawaii in Honolulu where all 20 successfully completed 16-week courses. They have since returned to American Samoa, where their Area Redevelopment Administration training-acquired skills are being used for the improvement of their communities.

Nearly 300 residents of Puerto Rico have enrolled in Area Redevelopment Administration training courses in 14 occupations that include stenographer, typist, carpenter (entry), plumber (entry), upholsterer, and refrigeration mechanic.

Union initiative in helping to develop Area Redevelopment Administration training programs was demonstrated by Local 1281, United Brotherhood of Carpenters and Joiners of America, in Anchorage, Alaska. Under the terms of its agreement with Alaskan contractors, local 1281 provides millwrights and carpenters for area construction projects. To meet unfilled area demands, the local in October 1962, proposed to the Anchorage City Area Redevelopment Organization that an Area Redevelopment Administration program for retraining carpenters as millwrights (entry) be established.

This proposal for 30 millwrights (entry) has been approved with local 1281 designated as the public training facility to administer it. Training began in April 1963, with classes conducted in the union hall.

The success of this program has stimulated three other unions in Anchorage to explore Area Redevelopment Administration training possibilities for occupations they represent.

Fifty workers in Kentucky enrolled in training for jobs as artistic shapers. The 50 are divided into 4 groups, each of which will be trained in 1 specializa-

tion—weaving, ceramics, woodworking, or metal forming—to be taught in a 3-month course that began in April and will end in July. The trainees have become so interested and proficient that many of them are already using their training-acquired skills in their spare time to make such items as toys, jewelry, lamps, and various souvenir items that they have sold to a local wholesale dealer.

TABLE 5.—*Status of Area Redevelopment Administration trainees, by State, cumulative, November 1961, to March 1963*

State	Enrolled	Dropped	Currently enrolled	Completed	Employed			Unemployed and other
					Total	Training related	Non-training related	
Total, November 1961, to March 1963	13,322	2,287	1,731	9,304	6,193	5,472	721	3,111
November 1961, to June 1962	6,593	937	[1] 3,392	2,264	1,613	1,421	192	651
July 1962 to March 1963	6,729	1,350	1,731	7,040	4,580	4,051	529	2,460
Alabama	255	23	0	232	90	71	19	142
Alaska	84	23	0	61	44	40	4	17
Arizona	41	10	15	16	8	7	1	8
Arkansas	492	102	145	245	167	156	11	78
California	24	12	0	12	12	10	2	0
Colorado	103	16	44	43	28	16	12	15
Connecticut	675	162	31	482	370	347	23	112
Florida	103	6	23	74	58	55	3	16
Georgia	104	18	0	86	50	39	11	36
Hawaii	11	0	0	11	11	11	0	0
Idaho	32	1	31	0	0	0	0	0
Illinois	404	28	101	275	193	185	8	82
Indiana	140	53	2	85	43	35	8	42
Iowa	20	0	10	10	9	9	0	1
Kansas	12	1	11	0	0	0	0	0
Kentucky	595	64	91	440	236	206	30	204
Maine	147	15	9	123	110	108	2	13
Maryland	375	94	0	281	193	175	18	88
Massachusetts	272	39	47	186	140	124	16	46
Michigan	1,086	82	77	927	724	587	137	203
Minnesota	735	120	38	577	251	206	45	326
Missouri	167	33	5	129	78	62	16	51
Montana	284	25	0	259	244	243	1	15
Nevada	19	0	0	19	11	11	0	8
New Jersey	241	77	48	116	107	104	3	9
New Mexico	215	41	41	133	94	87	7	39
New York	95	8	15	72	47	43	4	25
North Carolina	306	80	68	158	115	102	13	43
North Dakota	90	6	22	62	58	54	4	4
Ohio	338	59	20	259	187	166	21	72
Oklahoma	964	180	213	571	402	333	69	169
Oregon	49	0	0	49	25	16	9	24
Pennsylvania	1,383	313	76	994	448	396	52	546
Rhode Island	678	128	45	505	380	380	0	125
South Carolina	57	12	11	34	18	13	5	16
South Dakota	18	7	0	11	11	11	0	0
Tenessee	299	69	0	230	124	88	36	106
Texas	232	44	101	87	64	52	12	23
Virginia	98	5	0	93	64	60	4	29
Washington	68	0	68	0	0	0	0	0
West Virginia	1,273	241	31	1,001	744	644	100	257
Wisconsin	437	37	186	214	169	154	15	45
American Samoa	20	0	0	20	20	20	0	0
Puerto Rico	281	53	106	122	46	46	0	76

[1] Number of trainees carried over from fiscal 1962 to fiscal 1963.

TABLE 6.—*Characteristics of trainees enrolled in Area Redevelopment Administration training projects, by State cumulative, November 1961 through Mar. 31, 1963*

State	Age (years)						Education (grade completed)					Duration of unemployment (weeks)						
	Total	Under 19	19 to 34 [1]	35 to 44	45 and over	N.R.	Under 9	9 to 12	12	Over 12	N.R.	Under 5	5 to 14	15 to 26	27 to 52	Over 52	Under-employed and farm-worker	N.R.
Total	13,322	1,022	7,858	2,473	1,356	613	2,052	4,641	5,113	903	613	2,060	1,562	2,677	1,671	3,431	1,287	634
Percent distribution	100.0	7.6	59.0	18.6	10.2	4.6	15.4	34.8	38.4	6.8	4.6	15.5	19.2	12.6	12.5	25.7	9.7	4.8
American Samoa	20	1	14	3	2	0	0	8	10	2	0	0	0	1	0	1	18	0
Alabama	255	24	149	69	7	6	31	100	111	7	6	44	57	23	20	50	55	6
Alaska	84	5	47	15	11	6	0	33	18	27	6	3	5	7	15	33	15	6
Arizona	41	2	30	7	2	0	5	18	17	1	0	13	6	10	4	4	4	0
Arkansas	492	42	302	69	63	16	166	135	153	22	16	37	33	19	21	76	290	16
California	24	0	16	6	2	0	2	10	10	2	0	5	8	7	4	0	0	0
Colorado	103	3	55	21	24	0	41	36	23	3	0	14	27	9	10	33	10	0
Connecticut	675	82	416	80	36	61	70	326	186	32	61	223	181	68	34	33	75	61
Florida	103	8	31	29	35	0	17	30	52	4	0	12	10	3	5	49	24	0
Georgia	104	8	78	13	5	0	5	7	81	11	0	16	12	10	17	24	19	6
Hawaii	11	4	7	0	0	0	0	1	8	2	0	1	1	2	4	1	2	0
Idaho	32	4	15	11	2	0	1	0	31	0	0	14	5	1	4	8	0	0
Illinois	404	29	223	91	59	2	68	128	192	14	2	79	74	37	39	126	47	2
Indiana	140	1	90	36	13	0	19	59	53	9	0	5	50	38	17	19	11	0
Iowa	20	7	12	0	1	0	2	6	12	0	0	3	8	4	1	2	2	0
Kansas	12	2	6	2	2	0	0	0	8	4	0	0	3	3	1	5	0	0
Kentucky	595	109	351	79	22	34	77	136	310	38	34	69	94	39	58	230	71	34
Maine	147	27	56	41	23	0	39	56	49	3	0	32	39	15	28	31	2	0
Maryland	375	18	235	68	54	0	61	123	183	8	0	64	97	51	54	105	4	0
Massachusetts	272	14	182	51	24	1	64	150	45	12	1	49	110	58	35	19	0	1
Michigan	1,086	85	585	232	165	19	44	434	457	132	19	153	209	155	139	367	44	19
Minnesota	735	22	320	178	78	137	114	186	270	28	137	84	116	100	78	215	5	137
Missouri	167	13	92	41	21	0	15	75	63	14	0	15	30	22	28	69	3	0
Montana	284	12	207	30	35	0	56	134	66	28	0	34	56	46	68	73	7	0
Nevada	19	0	4	7	8	0	0	4	10	5	0	19	0	0	0	0	0	0
New Jersey	241	10	159	42	28	2	78	81	68	12	2	85	67	30	8	6	43	2
New Mexico	215	6	145	45	19	0	82	43	80	10	0	29	40	16	37	35	58	0
New York	95	2	17	29	47	0	47	33	13	2	0	5	32	13	13	26	6	0
North Carolina	306	42	189	55	20	0	35	94	157	20	0	35	58	41	54	93	25	0
North Dakota	90	3	51	18	17	1	31	24	24	10	1	10	10	7	15	51	0	1
Ohio	338	50	220	46	22	0	16	65	227	30	0	56	62	36	52	92	40	0
Oklahoma	964	57	608	186	105	8	126	343	382	105	8	114	161	103	118	349	111	8
Oregon	49	1	20	21	7	0	1	16	28	4	0	4	9	5	5	18	8	0
Pennsylvania	1,383	23	644	308	146	262	320	507	251	43	262	129	178	176	183	348	107	262
Puerto Rico	281	47	221	6	7	0	11	104	151	15	0	40	60	58	74	35	14	0

Rhode Island	678	104	416	104	54	0	45	377	200	56	0	262	159	100	80	71	6	0
South Carolina	57	13	42	1	1	0	5	23	25	4	0	10	9	8	2	9	19	0
South Dakota	18	1	17	0	0	0	2	10	0	6	0	0	0	0	0	0	3	15
Tennessee	299	32	230	27	7	3	66	65	152	13	3	44	56	44	49	46	57	3
Texas	232	12	138	57	22	3	76	79	59	15	3	37	62	33	29	36	32	3
Virginia	98	6	58	27	7	0	19	41	37	1	0	7	1	3	9	73	5	0
Washington	68	1	33	18	16	0	35	23	9	1	0	15	42	9	1	0	1	0
West Virginia	1,273	28	912	216	65	52	125	442	551	103	52	126	218	183	217	469	8	52
Wisconsin	437	62	215	88	72	0	35	76	281	45	0	68	107	84	41	101	36	0

[1] May include a few under 19.

[2] Includes an undetermined number who completed high school.

TABLE 7.—*Characteristics of ARA trainees, by status, U.S. totals, new enrollees, Jan. 1, 1963, to Mar. 31, 1963*

Characteristics	Enrolled	Dropped	Currently enrolled	Completed	Employed			Unemployed and other
					Total	Training related	Non-training related	
Total	2,525	269	1,483	773	616	595	21	157
Family head	913	95	594	224	185	176	9	39
Unemployed	739	85	508	146	125	118	7	21
Age (years):								
Under 19	235	23	155	57	45	45	0	12
19 to 21	562	54	364	144	122	120	2	22
22 to 34	909	115	502	292	253	248	5	39
35 to 44	506	52	265	189	149	139	10	40
45 and over	313	25	197	91	47	43	4	44
Education (grades):								
Under 8	104	17	64	23	16	15	1	8
8	289	27	170	92	62	59	3	28
9 to 11	798	106	407	285	224	217	7	56
12	1,190	101	753	336	279	273	6	61
Over 12	144	18	89	37	35	31	4	4
Unemployment (weeks):								
Under 5	433	38	263	132	118	114	4	14
5 to 14	549	61	369	119	98	94	4	24
15 to 26	353	38	235	80	66	63	3	13
27 to 52	269	34	163	72	54	52	2	21
Over 52	674	80	303	291	210	207	3	75
Underemployed	247	18	150	79	70	65	5	10

FIGURE 1

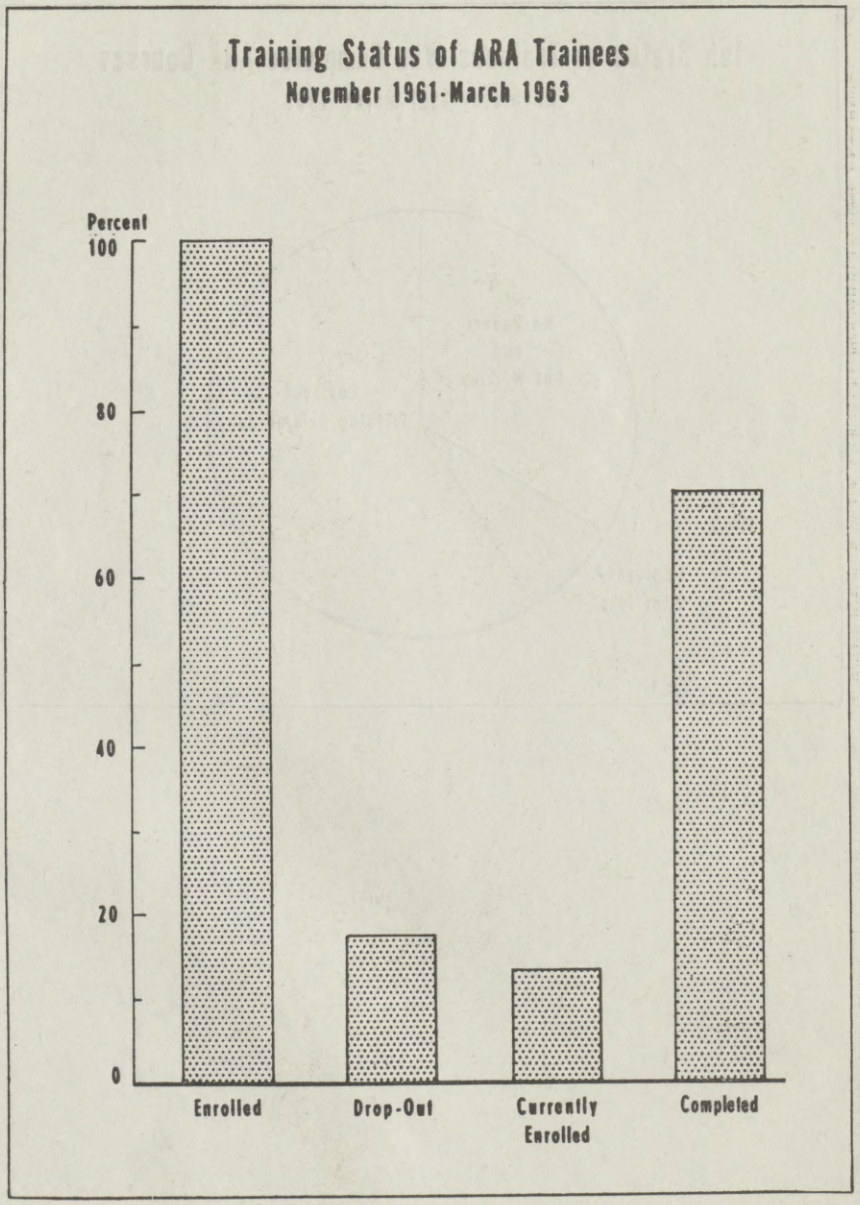

Training Status of ARA Trainees
November 1961-March 1963
Percent
100
80
60
40
20
0
Enrolled
Drop-Out
Currently Enrolled
Completed

FIGURE 2

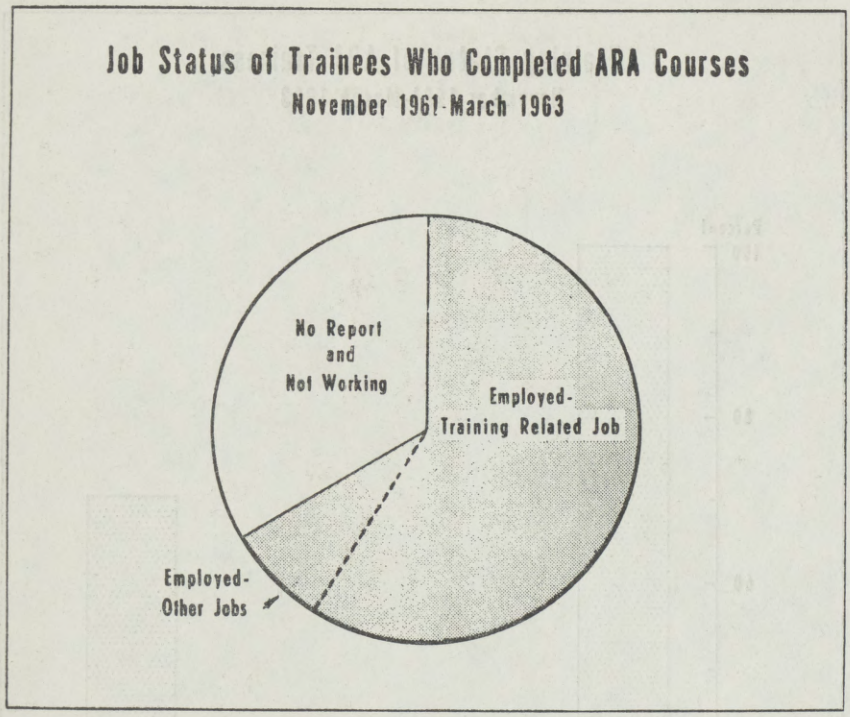
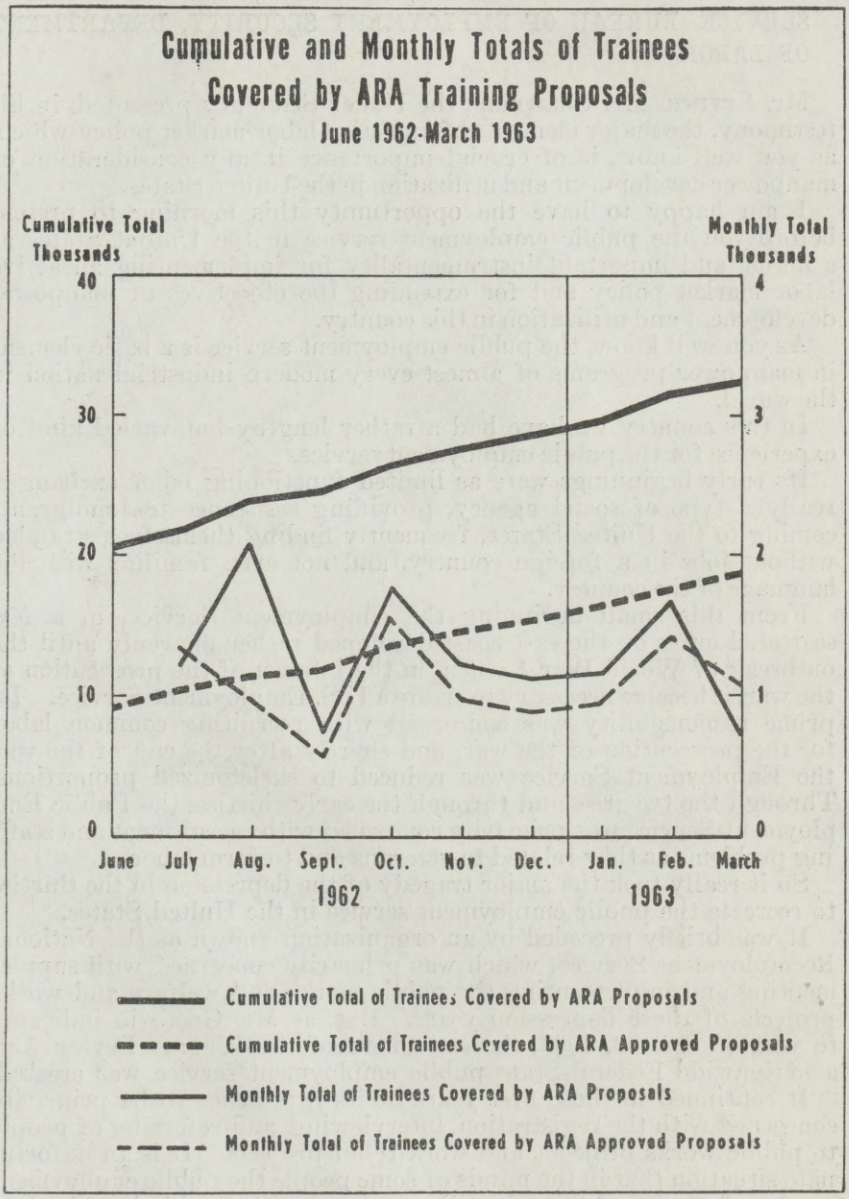

Job Status of Trainees Who Completed ARA Courses
November 1961-March 1963
No Report and Not Working
Employed-Training Related Job
Employed-Other Jobs

FIGURE 3


Cumulative and Monthly Totals of Trainees Covered by ARA Training Proposals
June 1962-March 1963
Cumulative Total Thousands
Monthly Total Thousands
40
30
20
10
0
4
3
2
1
0
June
July
Aug.
Sept.
Oct.
Nov.
Dec.
Jan.
Feb.
March
1962
1963
Cumulative Total of Trainees Covered by ARA Proposals
Cumulative Total of Trainees Covered by ARA Approved Proposals
Monthly Total of Trainees Covered by ARA Proposals
Monthly Total of Trainees Covered by ARA Approved Proposals

STATEMENT OF LOUIS LEVINE, DIRECTOR, U.S. EMPLOYMENT SERVICE, BUREAU OF EMPLOYMENT SECURITY, DEPARTMENT OF LABOR

Mr. LEVINE. Mr. Chairman, the Under Secretary presented, in his testimony, the major elements of an active labor market policy which, as you well know, is of crucial importance in any consideration of manpower development and utilization in the United States.

I am happy to have the opportunity this morning to present before you the public employment service in the United States as a major and important instrumentality for implementing an active labor market policy and for extending the objectives of manpower development and utilization in this country.

As you well know, the public employment service is a basic element in manpower programs of almost every modern industrial nation in the world.

In this country we have had a rather lengthy but varied kind of experience for the public employment service.

Its early beginnings were as limited functioning labor exchanges, really a type of social agency, providing assistance to immigrants coming to the United States, frequently finding themselves stranded without jobs in a foreign country, and not even familiar with the language of the country.

From this small beginning the Employment Service, in a few scattered cities on the east coast developed rather unevenly until the outbreak of World War I when, in the interest of the prosecution of the war, it became necessary to create a U.S. Employment Service. Its prime responsibility was concerned with recruiting common labor for the prosecution of the war, and shortly after the end of the war the Employment Service was reduced to skeletonized proportions. Through the twenties and through the early thirties, the Public Employment Service was primarily concerned with recruitment and staffing problems as they related to veterans and to farm labor.

So it really took the major tragedy of the depression in the thirties to recreate the public employment service in the United States.

It was briefly preceded by an organization known as the National Reemployment Service, which was primarily concerned with supplementing and implementing the public works and welfare and works projects of those depression years. But, as Mr. Goodwin indicated to you, on June 6, 1933, the enactment of the Wagner-Peyser Act, a nationwide Federal-State public employment service was created.

It continued in those first years of its experience to be primarily concerned with the registration, interviewing, and referring of people to public works projects, and work-relief projects. It is an unfortunate situation that in the minds of some people the public employment service of the present day is still associated with the kinds of limited job opportunities and the characteristics of the unemployed associated with those depression years.

Shortly after the enactment of the Social Security Act, with its provisions for employment security, in January of 1938, we had our first significant initiation of unemployment insurance payments.

This was associated with a period of very sharp economic downturn and the Employment Service was inundated with claims for unem-

ployment benefits. Then and through the present day, there has been a widespread notion that an employment office is an office to which a person goes for processing of his unemployment compensation claims; receipt of unemployment benefits; and is still sometimes referred to as an unemployment office.

There is many a person associated with the public employment service who grits his teeth when he hears that reference to an unemployment office.

With the defense emergency period in the summer of 1940, when President Roosevelt declared the defense emergency. It became necessary for the public employment service to extend its activities into sources of labor supply and assistance to labor and industry that would be defense related and also into activities related to the building of camps and cantonments.

This was further accentuated with Pearl Harbor and the Employment Service was federalized. It became the operating instrumentality for the War Manpower Commission and this was the activity in which it was engaged until the mid-November of 1946 when it was returned to the States and has been operating as a Federal-State system since then.

I would like to concentrate my remarks this morning on this postwar experience of the Employment Service and the implications which that has for the present-day situation.

As you know, the decade of the fifties was probably one of the most exciting and dynamic 10-year period in the economic life of this Nation, with tremendous technological changes, scientific advantages, automation, and advanced mechanization, tremendous geographic shifts of industry, changes in industrial composition of the Nation, the occupational composition, obsolescence of occupations. Also unfortunately, throughout this period, a rising volume and rate of unemployment, and since 1957, a period characterized by an unfortunately high volume and rate of long-term hard-core unemployment.

In that same period we have experienced, of course, a great population explosion, tremendous growth in concentration of population in urban areas, which have added to the complexities of the labor market.

Unfortunately, in that same period, the public employment service staff resources were declining, so that by 1960 it had several thousand fewer people on its staff than at the beginning of the decade.

That this situation was developing through the fifties became quite apparent by 1958. And it was in October of 1958 when former Secretary of Labor Mitchell, appearing at a national meeting of State administrators, criticized the public employment service for failing to keep abreast of the economic changes and the labor market service needs that were emerging in the population. This was a matter that had been of very real concern to the Bureau of Employment Security and to the people working on the employment service program within that Bureau.

As a matter of fact, a few months later, a national meeting was held in Kansas City of all State employment security administrators, and employment service directors to discuss what could be done to improve and strengthen the service provided by the employment offices, to make them more influential in their participation in the job markets of the Nation.

A crucial element in that, of course, was the problem of adequacy of staff resources.

I might also indicate that about the same time the Bureau of Employment Security brought together a small staff of outstanding experts on labor market problems from universities to consult with it. These experts felt that the employment service needed strengthening and improvement; needed increased resources. These experts also indicated that a basic need in the employment service was improved research on labor market information and labor market problems.

I might say that perhaps one of the most significant developments that occurred about this time was the creation of the Special Senate Committee on Unemployment which, as you know, in the fall and winter of 1959, held extended hearings on the problems and characteristics of unemployment in this country.

In my testimony, which is in complete detail and which I am submitting for the record, you will find extended excerpts from the recommendations made by both the majority and minority members of that special Senate committee which recognize the importance of strengthening and improving of the public employment service in the United States; the need for increased appropriations; the need for increased emphasis on providing specialized labor market services—to youth, to older workers, to handicapped workers, to the minority groups, the then increasing problem of displacement and long-term unemployment, and the need for dealing with that particular segment of the work force.

I might also say that about that same time we held a series of conferences in five sections of the country bringing together university people engaged in active teaching or research on the labor market to seek their advice, and to find out how we might strengthen the employment service. They, too, came to very much the same conclusions as those reached by the majority and minority members of the special Senate committee.

It is interesting, and I have a deep personal interest in this matter, to find that before this Administration came into power President-elect Kennedy assembled a number of task forces. Those task forces had a variety of missions as you will recall, but those which dealt with the domestic economy and with the questions of manpower and employment and unemployment, without exception, recognized the importance of strengthening and improving the employment service in this country if we were to advance manpower objectives.

Very shortly, after the administration came into power, action was initiated in the Department of Labor and in the Bureau of the Budget to bring before the Congress the need for additional resources in the public employment service and additional funds did become available for May and June of 1961, to improve and strengthen the employment offices.

We were still in the latter stages of the effects of the 1960–61 recession, and our first emphasis was to put on an intensive job drive, a "Hire Now" campaign, which was quite successful by reason of these additional staff resources that were made available. This, of course, was a short-run objective; we were much more concerned with the fundamental basic long-term improvement of the Employment Service that was needed.

I am glad to say that the Congress acted favorably on the requests of the administration and provided additional funds for fiscal year 1962 which was the first full fiscal year in which we had additional resources to strengthen the Employment Service.

We had done a very careful examination and appraisal of all of the experience and advice and consultations that we had had prior to this time and on the basis of this appraisal had come to the conclusion that the primary weaknesses of the public employment services were concentrated in the largest metropolitan areas of the country.

Now, these 55 areas, with 500,000 or more population, accounted for more than half of the Nation's salaried and wage earning portion of the population. These were the areas that had the most complex labor market problems. These were the areas which constantly gave rise to the problem of being inundated by large volume claims for unemployment insurance and were therefore a distraction from employment office activities.

As a consequence, we placed about 70 percent of the additional resources in these areas. We reexamined the organization and structure of the employment offices in those areas; we looked into the location of those offices, the facilities, the applicant intake, the employers they were serving, the changing character of the industry, and the occupations of those individual labor markets.

As a consequence, we reorganized the Employment Service in those major areas, in many instances relocating them in accordance with the changed character of the labor markets they were serving, differentiating between professional and commercial and sales offices from industrial offices, which serve a quite different clientele, and always separating out the casual and short-term job employment offices.

Perhaps one of the most important gains that was made was the physical separation of unemployment insurance and employment service operations in the local areas. They were still jointly administered, jointly supervised and interchange information and experience, but there was an opportunity provided for concentrating on the job finding process and the providing labor market services through the conduct of Employment Service activities in a physically separated facility. This has been reflected in a tremendous gain in Employment Service performance.

In 1962, the nonfarm placements increased some 14 percent in the Nation as a whole over 1961, but in the 55 metropolitan areas, in these 55 areas, the increase was 21 percent over the preceding year.

Furthermore, there was a dramatic change in the type of placements made, in the very crucial and basic occupations in the professional and technical categories, where a 26 percent increase in 1962 was effected over 1961.

At the same time the public employment service began delving more deeply into the problems of long-term unemployment and the characteristics of the hard-core unemployed.

We set up, for example, in some 11 States, 20 demonstration projects concerned with automation and technologically displaced people. These are in industries that range from life insurance, because these computers and automatic bookkeeping devices are displacing people, to meatpacking, steel, and electrical appliances. Quite a number and variety of industries! We are just beginning to assemble some of the experience from those projects.

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As part of that same process we introduced systems for advanced information on prospective layoffs that might result from technological changes. We have again increased emphasis on employment counseling which is of basic importance, a most important professional activity—for older people displaced and finding themselves frequently in job markets, hunting jobs with no experience in having hunted jobs perhaps for 10 or 15 years. They may have had that kind of continuity in employment but once their job has disappeared the prospects for returning become slight unless they become really adept in the whole process of hunting jobs.

This requires depth counseling.

We went intensively into the problem of serving the youth. We set up three major demonstration projects in Newark, in St. Louis, and in Detroit; and there we were dealing with the slums, the hard-core unemployed, the group that has been referred to as social dynamite by the former president of Harvard, James Conant, a major part of that made up of Negro youth, but including, as well, a number of hard-core unemployed who have been school dropouts and then found themselves without a job and the prospects of getting a job very slim.

In these demonstration projects we are developing specialized techniques and methods for working with various social agencies in the community to resolve and ameliorate some of the problems of the youth unemployment.

We are working very, very closely with the President's Committee on Juvenile Delinquency, and in some 16 major areas the public employment offices are closely invoved in those activities.

I do not want to take more of your time. I have presented in some detail the testimony that will be a part of the record.

I would like to say in closing, if I may, that we are currently confronted with an organized campaign attacking the activities of the public employment service in the United States, largely coming out of a national organization of private fee charging employment agencies who feel that the public employment service is competing as they would say unfairly in the private enterprise system.

The major attack that they have made is that the Public Employment Service has been concentrating its activities on placing employed rather than unemployed people.

Indeed tney have stated that 60 percent of the people placed by the public employment offices were employed people.

A survey made the week before last based on a sample throughout the United States, but including 10 of our most important States, a 100-percent survey and not a sample, and accounting for about 75 percent of the placements, demonstrates that, as Mr. Goodwin indicated, 97 percent of the people placed were unemployed people.

At the same time, there is no denial that as the labor market is changing rapidly, as jobs become obsolete, as the contents of occupations change, many employed people find themselves in dire straits and are seeking advice and assistance from public employment offices, and there are many people who feel they are underemployed and would like to utilize their skills and capacities at higher levels and they, too, seek assistance from employment offices.

I might say one more word in closing, and that is our concern with the problem of minority group unemployment. This is a most serious problem and in the last several years we have concentrated in

every way to minimize and eliminate discriminatory practices within the employment offices and in the relationships between the employment offices and the local job markets that are served by those offices. We have worked very closely with various agencies and the communities, with employers and with organized labor, to do what can possibly be done to minimize discrimination in job opportunities for minority groups.

This completes my statement, Mr. Chairman.

Thank you very much.

Senator CLARK (presiding). Thank you very much, Mr. Levine. Let the record show the chairman of the subcommittee was unable to be here at the start of today's hearing, because he was a member of the congressional delegation attending the funeral of Representative Francis E. Walter.

I think the record should note I came into the room at 11:20. Senator Kennedy?

Mr. JAVITS. Mr. Chairman, of course, I will yield.

Senator KENNEDY. I would like to ask a question of Mr. Henning. One of the earliest statistics Mr. Henning gave this subcommittee was that 36.5 million jobs would have to be found during the period of the 1960's, 24 million would be necessitated by new job opportunities and 12.5 million would be necessitated by automation.

I was wondering what would be your personal feelings the observation of the Department as well, in achieving this realistic goal; and secondly, what would you estimate the rate of growth that would be necessary in the economy for such achievements.

Mr. HENNING. First, Senator, with respect to the possibility of the economy providing the necessary jobs. The economy has been growing, but it simply has not been growing fast enough. Between 1947 and 1962, for example, there was an increase in economic growth.

In 1962 there were 10 million more workers employed in the American economy than in 1947, but the tragedy was that between 1947 and 1962 there was a net increase in the labor force of 13 million workers, and so I think it is important to remember this, there has been growth but it has not been sufficiently fast.

Senator KENNEDY. Mr. Henning, what were the job opportunities between 1947 and 1957? As I understand it, our total employment has not really been in the ascendancy but has been in the descendancy in recent times.

Mr. HENNING. Well, Senator, we do have the expanding labor force. Each month we will note in the statistics that we list a disturbingly high rate of unemployment and usually the account will say that there were more workers employed in May than in any previous May in history, so we have had this expanding labor force; we have had economic growth, but not of sufficient size.

Now, as to the rate of economic growth that would be essential to meet the problem.

Again it must meet the question of population growth and technological change; the two elements together comprise this perhaps frightening total of 36.5 million jobs that must be provided in the sixties.

The Organization for Economic Cooperation Development has given to the nations of the Western Alliance which comprise OECD, the

objective of a 5-percent economic growth rate through each of the years of the sixties.

Organization for Economic Cooperative Development believes that if we enjoyed a 5-percent growth rate through the 1960's, we will meet the direct challenge of growth, but again in terms of our population, even if we have this growth we will not meet the peak hazards of the labor market, the burdens that fall with particular cruelty upon minorities, upon the young, upon the unskilled.

Senator CLARK. Do I take it, Mr. Secretary, from your testimony, that you are inclined to believe that the unemployment situation in the United States during the next few years is more likely to get worse than better?

Mr. HENNING. Not necessarily.

Senator CLARK. I won't ask you for an opinion that you do not want to give.

Let me complete my comment and then you can make any answer you think desirable. Again I say, I don't want to press you for an answer that you do not feel inclined to give. We have had some pretty drastic testimony before this subcommittee a couple of weeks ago, by some social scientists, about the effect of what they call cybernation. They were concerned that the application of computers to automated assembly lines and other automated laborsaving devices might cause massive condition of unemployment in this country within the next few years despite the possibility that the economy in general will be stimulated by market conditions and various programs which this administration is recommending.

I wonder if in the Department of Labor any prognosis based on serious thought is presently available in the form of a comment on what I have just said.

If there is not, we would be happy to have it later.

Mr. HENNING. First, Senator, as to the question of growth:

If the growth rate between 1962 and 1967 continues at the pace of the rate between 1957 and 1962, then it is estimated that in 1967 we will have an unemployment rate of approximately 7 percent.

Senator CLARK. Now, in making that computation—I assume you are, but I want it on the record—including the growth of the labor force?

Mr. HENNING. That's right.

Senator KENNEDY. You say the growth of the economy?

Senator CLARK. The growth of the economy less the increase in the labor force will end up, in your opinion, with an unemployment rate of 7 percent.

Mr. HENNING. No, Senator.

Senator CLARK. You better state what you meant.

Mr. HENNING. I was recalling the fact that the growth had not been sufficiently fast, and unless it increased we would face difficulties, but let me go over this briefly again, Senator.

As we see it there are two dominating elements: first the need for economic growth, and secondly, the need to meet the challenge of technological challenge.

Senator CLARK. How about the challenge of the increase in the labor force?

Mr. HENNING. Well, this is involved in the growth problem.

Now, we must have growth because of the increase in the labor market. The net increase in the labor force in the sixties will be 12.5 million workers.

As to technological challenge, you spoke of the forbidding views of the future—the Department of Labor's estimate of the technological change rates in the 1960's is 3 percent; assuming an average labor force of 80 million a year. This would mean a job displacement rate of 2,400,000 a year, or 24 million over the decade, so we face the frightening requirement of providing 36.5 million new jobs in the 1960's.

Senator CLARK. I think you better clarify what you meant by 3 percent, I do not think it is too clear on the record—3 percent of what?

Mr. HENNING. A productivity increase. It is based on the productivity experience of the last 15 years, because despite the drama of the computer, our productivity rate has not jumped ahead too rapidly.

Senator CLARK. You are not converting at this point the 3 percent productivity increase rate into jobs?

Mr. HENNING. Job displacements, yes.

Senator CLARK. How do you relate——

Mr. HENNING. It does not mean that there will be that much unemployment, but this has been the experience of the past, that you can apply the productivity increase rate to the labor force, and again that projection of the Labor Department is based on this 80 million labor force of the 1960's.

Senator CLARK. I am still not clear and I think it is my own fault and not yours, just what this 3 percent has relation to in terms of additional workers looking for jobs.

The first place it is an annual rate, the 3 percent?

Mr. HENNING. What is that?

Senator CLARK. Is the 3 percent an annual rate?

Mr. HENNING. We estimate it will be 3 percent at an annual rate, yes.

Senator CLARK. Now what does the 3 percent annual increased productivity translate itself into in terms of workers looking for jobs?

Mr. HENNING. Well, in terms of elimination of jobs, 2,400,000 jobs a year.

Senator CLARK. That is what I wanted.

Mr. HENNING. Yes. Or over the decade, 24 million.

We add the 12.5 million net increase by population growth and we have the total of 36.5 million.

Now, it is our point of view that economic growth is necessary and hence our position with respect to the tax reduction program. We take the position also that the approach must be dual, we must have economic growth but we must have intelligent labor market policies, because even with economic growth we will not in this changing technological age meet the unemployment problems of the unskilled—their rate of unemployment is 12 percent annually; we will not meet the problem of the minority peoples—their rate of unemployment is 11 percent annually, as against the national rate of 5.6; we will not meet the problem of youth unemployment—13 percent against the 5.6.

We submit this, Senator, there must be the fiscal and monetary policies directed to growth, there must be intelligent labor market policies to meet the test of our automation.

Senator CLARK. Senator Kennedy.

Senator KENNEDY. You mentioned earlier this early warning system. Do you have any specific proposals at the present time that would take care of this?

Mr. HENNING. No, Senator; Mr. Levine might speak with more precision on this, except this, Senator: we regard this as one of the essential ingredients of an active labor market policy. We have only made embryonic beginnings, we must extend it.

This requires the cooperation of industry, it requires definite commitments by industry to join with us in anticipating technological change. As to the organizational aspects Mr. Levine could speak with more preciseness.

Senator KENNEDY. Do you think that it should be done by legislation or by other means?

Mr. LEVINE. Well, I would suppose that to introduce legislation requiring advance information as to potential layoffs and only those layoffs which were related to technological innovations might involve some rather difficult problems of drafting, I would guess, if nothing more.

But I am not expert in that area. I am inclined to think that if there were the proper understanding on the part of industry, management—certainly labor is deeply involved in this, and the community at large—there is every incentive for providing advance information with respect to impending layoffs resulting from technological innovation that will represent a permanent closedown or loss of employment.

For example, we came into the picture on meatpacking, layoffs which were introduced by reason of closing of a plant, because of new techniquies introduced in other plants.

In the case of Oklahoma City, after the fact, it was a most distressing experience. The people who were laid off were older people frequently, they were unskilled, many of them women, with many of them in minority groups; the employment opportunities were lacking; the opportunities for transfer ability had not been worked out; the prospects for training and interest in training were pretty slim because the workers did not realize what was involved.

This was a rather dismal experience.

On the other hand, we are presently engaged in a project in a community in Iowa where a meatpacking plant is closing. We have been advised of it months in advance. We have met with the automation trust fund people, both management and labor. We have been interviewing the employees who will be faced with these permanent layoffs, determining their skills, potentialities, and giving them tests.

We have been attempting to unearth job opportunities to which they might transwer, and lacking those job opportunities the possibility for training is being investigated. The prospects for retraining them are quite good.

The experience we had in Omaha—about a year's experience—with that kind of advance information has been a very, very favorable experience.

I'm hopeful as the communities come to know more about this and as management recognizes that some of the dangers that it fears are not really there, then we will get the kind of cooperation that is needed for the advance warning.

Senator KENNEDY. In addition to that, we can expand on programs for increased mobility.

Mr. LEVINE. With respect to mobility of labor, Senator, we have here a problem of current, quick moving, labor market information on job opportunities. This is one consideration. This is a demand attraction factor.

On the other hand, you have your supply characteristics problems.

In attempting to deal with this increasingly difficult problem of labor mobility, which means really the synchronizing of labor supply and demand relationships over a geographic area, and the distances involved, we are doing several things.

First, we are modernizing and improving our techniques for what we call, in our parlance, clearance—interarea recruitment—where you link the activities of one local office with another, so that when a job opportunity exists in one locality but the supply is not there, it will draw on the supply in other localities.

This means the need for more rapid flow of information than we have hitherto had. As an experiment in California, we have now linked up nine local employment offices through a teletype system, and using that system for interarea recruitment, we find this has stimulated employer interest and applicant interest in mobility.

We are also examining the possibility of introducing computer approaches to identifying the basic job characteristics of the job applicant and the basic characteristics of the employers' hiring specifications so that they can be linked in these automatic data processing equipment and transmitted over a considerable distance.

Now, there is some objection going on in some quarters that we are perhaps moving too quickly, into this kind of advanced communication process for interarea recruitment. We feel this is meaningful only for the most professional, high cost kinds of occupations and shortages and would not be useful for others.

Now, with respect to the problem of the unskilled or semiskilled, permanently displaced and no prospects for employment, within the area, we feel that all that we can do is bring job information to them, we can counsel with them, considerations of homeownership frequently, and many other ties to the community tend to immobilize some of these people.

Offsetting that, we are working on the possibility of economic development for the community to bring some industry in, hopefully, to utilize these displaced people's skills.

The problem of mobility and relocations has not been met in this country, including the question of whether there should be some provision for payment of what the British and Scandinavians and others refer to as "settling in allowances." This is something we have not met in this country.

Senator CLARK. Senator Javits?

Senator JAVITS. Are you three gentlemen those principally concerned with all manpower retraining in our Government?

Mr. HENNING. We are concerned, Senator, with the Manpower Development and Training Act, the Area Redevelopment Administration; we are concerned with apprenticeship law, and we relate to vocational education.

Senator JAVITS. Now, I notice that you have in your report a total of 43,000 trainees under the Manpower Retraining Act, but your testimony here this morning relates to 19,000 under the Area Redevelopment Administration program.

How do those figures compare with the stated goals when we enacted these measures, and the rate of their achievement, Mr. Henning?

Mr. HENNING. The rate of achievement in the Manpower Development and Training Act was slowed by the organizational problems involved. The money was not available at the beginning of the fiscal year and the program met the usual organizational problems of new agency existence. It became operational in terms of actual training in the first week of September.

Secondly, an educational period was required in order to convince management that this was a means of realizing a trained labor force. It was necessary to convince labor unions that it would not be a means of diluting craft skills and creating a cheap pool of unskilled workers. It was necessary to meet with vocational education authorities at the local level, to explain the place of vocational education in the program. And institutionally, it was necessary to meet with all of the State employment security agencies of all the States on the organizational aspects of the program, so the growth rate was slow in the early months, Senator, but we are pleased to say, for example, that last month we recruited 7,200 workers, more than twice the figure for February; we anticipate that we will have 50,000 workers in approved programs at the end of this fiscal year.

Senator JAVITS. Does that mean 50,000 in all programs, Mr. Henning?

Mr. HENNING. No. Manpower Development and Training Act. The Area Redevelopment Administration program totals, as you indicated, 19,000—I think it is just a bit higher, over 20,000 approved for training.

Senator JAVITS. I am just quoting.

Mr. HENNING. Yes, the Area Redevelopment Administration training is necessarily limited to areas defined in the law. The Manpower Development and Training Act, of course, is available for workers everywhere.

Senator JAVITS. Now, could you give us for the record your chart of objectives which was originally submitted to the Congress in connection with these programs so that we might compare them with the achievement?

Mr. HENNING. I do not know if I have the chart information, and this is no excuse, this was before my coming to office in October.

Senator JAVITS. You may supply it.

Mr. HENNING. We were given an appropriation of $70 million for the first fiscal year and we will complete this fiscal year with a $6 million surplus, so we have not used that much of the plan moneys for training in the first fiscal year; we have requested the $165 million for the second year which was authorized by Congress and that appropriation now rests at $140 million by reason of the

House action; but we have, then, in our first fiscal year, come within $6 million of the training goal in monetary terms.

Senator JAVITS. I would like to see a chart comparing your objectives and your performance, especially your objectives as given to us at the start of each of these programs. Would you supply that for the record?

Mr. HENNING. We would be happy to, Senator.

Senator JAVITS. The other thing I would like to ask you about, I notice in your testimony here this morning, you speak of screening interviews, 31,115 in number. Is that the number of interviews or number of individuals, no matter how many times interviewed?

Mr. HENNING. Mr. Goodwin will speak to that.

Senator CLARK. The Senator is reading from a pamphlet entitled, "Manpower Training Operations Under the ARA," which was furnished us as an exhibit to the testimony today. He has reference to page 4 entitled "Employment Services Related to ARA Trainee Selection."

Mr. GOODWIN. Those are individuals, Senator.

Senator JAVITS. Now, why do we have 31,000 interviews and only 19,000 trainees? What happened? What is the problem?

Mr. GOODWIN. Well, the purpose of the interview is to screen out those that are not suited for the training, this represents the screening out process, the difference between the two.

Senator JAVITS. In the screening out of such a large number, do you learn anything about this whole program? In other words, there are some relatively few Americans who ought to be retrainable to take retraining, and if that is the case, what is wrong?

Senator CLARK. Education is——

Senator JAVITS. Well?

Mr. GOODWIN. This is one of the big factors, of course. We find that they are not equipped to take the training in some cases.

Senator JAVITS. Because of education?

Mr. GOODWIN. Yes, that is a large part of the group that is screened out; this includes some of the so-called functioning illiterates who have not gone beyond the fifth grade.

Now, I think I can say, Senator, that we will be able to give training to a larger proportion of this group in this next year than we have been in the last.

We relate training in basic items such as arithmetic and writing, for instance, to whatever might be needed to perform the job that might be available.

Do you think this would be appropriate under the Manpower Development and Training Act? It takes a little longer, and it is a little more difficult to set up this type of project, but we have done a few of them in the last several months and we expect to do more in this area in the future.

Senator JAVITS. What is the weighting in that rejected 12,000 based upon color. What is the weighting in terms of Negroes as compared to whites?

Mr. HENNING. The weighting?

Senator JAVITS. Weighting, w-e-i-g-h-t-i-n-g.

Mr. HENNING. Twenty percent of those in the approved Manpower Development and Training Act programs are nonwhite. The rate has been rising.

Senator JAVITS. How about those that were rejected?

Mr. HENNING. I am not familiar with any statistics on the rejection rate.

Mr. LEVINE. I don't know the statistics on it.

Senator JAVITS. I am told that Negroes represent an extremely large proportion of those rejected, I am not making any accusations about why they were rejected; I think it is a very significant question in this whole field, you see.

Mr. HENNING. I know of nothing to support that, Senator, but we would be glad to analyze rejections. The rate of Negro participation has climbed from the inauguration of the program, but we are not satisfied with the 20 percent figure. Negroes comprise 11 percent of the labor force, and we have a greater proportion of Negroes in Manpower Development and Training Act than there are Negroes in the labor force. Unfortunately, Negroes comprise 22 percent of the unemployed.

But I can assure you there is no discrimination involved in whatever statistics are submitted.

Senator CLARK. I would not be surprised if Senator Javits is not correct. I would anticipate that due to education factors that you would have a higher rejection level among Negroes in terms of who can be adequately trained and who cannot. This is one of the tragedies.

Senator JAVITS. Give us that, Mr. Henning, because I think it would be very helpful to us in other directions.

Now, as to the very hardrock of unemployment among Negroes; does the Department attribute any substanial proportion of that to discrimination, that is taking the Negro and the white and taking the Negro out?

Mr. HENNING. Yes, Senator; in terms of evaluating discrimination a vehicle is necessary, and we have vehicles in 20 States of the Nation because of FEPC which make it abundantly clear that the Negroes rate of unemployment is accenuated by job discrimination—we are convinced of it.

Senator JAVITS. Isn't it therefore one of the responsibilities of the Secretary of Labor to recommend an FEPC on the national level as an element of the manpower problem?

Mr. HENNING. I believe this is a question that could best be answered by the Secretary.

Mr. JAVITS. Has he made such a recommendation?

Mr. HENNING. I am not familiar with his position on any precise legislation which may or may not be before the Congress.

Are you speaking of a specific proposal, Senator?

Senator JAVITS. I would like, then, if I may, to request that the Secretary be asked to reply to that question, in writing, to the subcommittee.

Senator CLARK. Would the Senator yield?

Senator JAVITS. Yes.

Senator CLARK. It is the intention of the chairman of the subcommittee to hold hearings within the next couple of months on the FEPC legislation which I have introduced. And at that point the Secretary will have to tell us where he stands on this subject.

Being a member of the Secretary's own party I can understand some of the embarrassment with regard to this policy.

Senator JAVITS. In any event, I request this information for this record.

Mr. HENNING. All right.

Senator JAVITS. Now, finally, you have an automation problem in the country, a serious, very serious one, we all understand very clearly that an aspect of dealing with automation will be manpower retraining for those who are let out because of automation, at least temporarily.

Now, to what extent do you feel that we are able to say to American business and to American workers, "If you are let out by modern technology we are ready, willing, and able to retrain you?"

In other words, is our governmental machinery, our authorization, our offices, and soon, ready to face that challenge?

Mr. HENNING. First, Senator, before we could make any such assertion we must have that economic growth that would provide jobs; there can be no effective training program of any kind instituted without full employment, so, that is the first requirement.

Senator JAVITS. You understand my questioning of you is not at all unsympathetic or adversary, I am merely trying to develop these points.

Mr. HENNING. I appreciate that.

But secondly, then, we would have to have the institutional forms of training extended; so our first position is there must be economic growth; secondly, the institutional forms of training must be extended.

We can see this dual need clearly in apprenticeship, perhaps the most proven of all training systems. Unless we have high employment we cannot have an effective apprenticeship program in this country, because it involves training on the job.

Senator CLARK. You say it involves on-the-job training, so there has to be a job available in order for it to be effective.

Do you take the position, then—frankly, I do—it is not enough to conduct retraining courses through the educational system and subsidiaries, there must be actually apprenticeship employment with on-the-job training by private employers if we are going to lick this problem?

Mr. HENNING. Yes, Senator. I was giving that as an example of how the economic factors affect institutional training programs. But we must, after economic growth, then extend these institutions we now possess in training. What are they? Apprenticeship embraces only 160,000 workers across the country, and as I testified earlier the mortality rate is 50 percent. We have to extend the vocational education program, as it embraces 2 million, but only one-quarter of those are involved in industrial training. We must extend the Manpower Development and Training Act, which is yet in its beginnings, and we must reexamine the secondary school system of the Nation to make certain that adequate vocational direction is given to high school students to meet the demands of a changing technological age. We also in this institutional approach must eliminate race discriminations or any other ethnic discrimination. There is no panacea, but if we have available to us all the powers and values of these reforms we can, in truth, say that we can meet the training challenge.

Senator JAVITS. Now, the President addressed himself to the problem of modern technology on railroads, and there are two reports now

on the President's desk on that score, the Rifkind report and the Rosenman report.

Has the Department given any consideration to addressing itself on the problem of retraining American workers in the face of changing technology in the terms of an overall planning basis, so that collaboration might be invited on that subject with industry and business in the effort to develop a master 20-year plan for the United States which would involve the retraining, the relocation of a working force and possibly its financing as well, possibly postulating this upon certain assumptions which, for example, you say you have a 3 percent productivity increase for 15 years; certainly no one would argue if you postulated a plan on that assumption.

Now the question is, "Has that been done?" I know the answer is, "No."

Second, should it be done?

Third, if it should be done, what would you like us in the Congress to do about helping you to do that?

Mr. HENNING. First, as to whether it has been done. Historically America has given little governmental attention to worker training. We have only two acts in our national history which recognize the problem in any serious way—the Fitzgerald Act of 1937, which gave us our apprenticeship law, the Smith-Hughes Act of 1917, which gave us vocational education—so historically nothing of consequence was done in terms of meeting this manpower training problem.

But under the Manpower Development and Training Act there were certain historic forward moves.

The President, for example, was obliged under this act to submit to Congress with 30 days of the opening session a detailed analysis of the manpower crisis and proposals to remedy it.

We have an ongoing training program in Manpower Development and Training Act, but more profoundly you have within Manpower Development and Training Act the research programs to look into the mobility and all other ramifications of the manpower programs. Even this is not sufficient, I must agree, but we must acknowledge the progress.

As to what the program should entail, we like to think that it would embrace, Senator, the aspects of the active labor market policy——

Senator CLARK. Let me interject, set forth in Secretary Henning's testimony; correct?

Mr. HENNING. Yes, I have listed those, Senator, as the essentials for an active labor market policy.

Now, these points of training require greater elaboration, but this is essential.

Senator CLARK. And Mr. Wolfbein is coming down to further elucidate this shortly, is he not?

Mr. HENNING. Yes, but on the idea there has to be a reexamination of vocational education and all of our approaches to worker training in this Nation.

Senator JAVITS. Now, in other words, these nine points and such of them as require limitation by us is your prescription of what ought to be done and what we can do to facilitate it?

Mr. HENNING. Yes, Senator.

Senator JAVITS. I think that is all, Mr. Chairman.

Senator CLARK. Thank you, Senator Javits.

Mr. Levine, I would like to ask you to turn to your prepared statement. I will read you a sentence and then ask a question in connection with it.

With the general inflationary increase in costs of goods and services over the years, and with the growth in the labor force, the Employment Service in 1963 is not staffed in relation to the 1963 economy as well as it was in 1948 in relation to the 1948 economy.

That discourages me rather substantially. What do you need from the Congress that you do not have to enable you to adequately staff the Employment Service in the upcoming fiscal year?

Mr. LEVINE. Well, Mr. Chairman, we have presented to the Congress a request which was before the House, and is now currently before the Senate, which involved some expansion of employment office facilities for the next fiscal year.

Senator CLARK. These are requests for appropriations.

Mr. LEVINE. That's right.

Senator CLARK. Therefore, they would not come before any legislative authorization committee. In this connection in order to properly staff yourself what you fundamentally need is more money?

Mr. LEVINE. Essentially, the problem is in the first instance, resources; and we are in the process of catching up but have not caught up yet.

Senator CLARK. When you say "resources," do you mean money——

Mr. LEVINE. Staff resources.

Senator CLARK. Warm bodies, not dollars?

Mr. LEVINE. Well, that requires dollars.

Senator CLARK. I understood you have not spent all the money you had.

Mr. LEVINE. The Employment Service?

Senator CLARK. Yes.

Mr. HENNING. No, Senator, I was referring to our Manpower Development and Training Act appropriation.

Senator CLARK. Do you agree, Mr. Secretary, with Mr. Levine, that you need more dollars from the Congress in order to make the Employment Service in 1964 at least as good as it was in 1948?

Mr. HENNING. Yes, sir.

Senator CLARK. And with the money which you have requested will you be able to improve the staffing of the Employment Service in 1964 to—so that in your judgment it will be better than it was in 1948? Or are you just swimming fast in order to stand still?

Mr. LEVINE. There is a problem here, Mr. Chairman——

Senator CLARK. I assume the problem is the Bureau of the Budget.

Mr. LEVINE. Well, apart from that, there is the problem of absorption of new staff and of training. This is a highly complex field, requires a good deal of professional competence, and so simultaneously with adding of staff we are also going more intensively into outservice training for existing staff by using university and college facilities and also some inservice training. It is a process not only of the adding of numbers of bodies, as you said, Mr. Chairman, but also quantity and competence, and to assure this means quality performance.

Senator CLARK. Are the skills which you need in your service presently in short supply?

Mr. LEVINE. Yes, sir; they are.

Senator CLARK. Is the salary scale a significant factor in this regard?

Mr. LEVINE. It is a quite important factor, sir, because these salary scales are fixed in the States; this is a Federal-State system and the employees are State employees, subject to State merit systems or civil service employment or classification systems.

Senator CLARK. I will make an observation and ask you to comment on it.

In your opinion, is private industry enabled to recruit the kind of trained personnel needed for your service better than you because they pay higher salaries?

Mr. LEVINE. Judging by some of the turnover that occurs in Employment Service staff, we are staffing private employers frequently in their personnel departments from Employment Service sources; in other words, the staff themselves take some of the jobs that come along they are so good.

Senator CLARK. Do I take it for—from your answer that you have a substantial turnover in your Employment Service to your having trained employees who shortly leave you in order to accept employment with private industry at higher salary?

Mr. LEVINE. The problem is in two categories, sir; one is attracting young people, competent people, to come in at entry grades, and this is the problem of salary classification.

Senator CLARK. Generally speaking, within the range of the various States and I know it differs, what is the opening salary?

Mr. LEVINE. This will differ between interviewers and counselors and labor market analysts, and various categories, Senator.

Senator CLARK. I understand.

Mr. LEVINE. But there are a number of States in which $4,000 is an entry, and even $3,600 entry would be quite attractive.

Senator CLARK. Generally speaking, though—well do you recruit largely from college graduates or do you have many high school graduates?

Mr. LEVINE. We have in the past had a higher proportion of high school graduates, but we are increasingly hiring those college graduates, when we get into certain professional categories, such as counselors, labor economists, statisticians, and that variety of occupations, you must have a college degree and really more than that.

Senator CLARK. Do you have any observation which might be useful to this committee as to whether you might be able to get to the middle or the bottom of the barrel in your recruiting of college graduates?

Mr. LEVINE. We have been very successful in these past couple of years, Mr. Senator, in going out to the colleges and universities and bringing to the attention of the graduates at graduating classes the opportunities that exist in public service. This is an attractive field insofar as dealing with human beings and useful services, salary is not the only thing in this case. It is important however, I will not deny that for a moment. The quality of the people that we have brought into the Employment Service, I am talking about younger people now, in the last 2 years, has been very, very good. I hope we can continue it.

Senator CLARK. So you are satisfied?

Mr. LEVINE. I wish the salaries would keep pace with the competition outside.

Senator JAVITS. Mr. Levine, I have heard of some fracas between your people and the college placement bureaus. Perhaps now or whenever the Chair finds it correct——

Mr. HENNING. The Administrator of BES will speak to that.

Mr. GOODWIN. Well, there is a national organization of college placement officials, a group with whom we met several times. They feel, according to their national officials that the public employment service should do no placement work at all as far as graduates of colleges and universities are concerned.

The basic policy of the employment service and one that has been in existence as long as I have had anything to do with it and known anything about it, is that wherever there is an existing facility for placing people, nonfee charging placements service, that our role is one of cooperation and supplementation rather than displacement. We take this position not only with the college placement people but also with the various nonprofit organizations or the professional societies that run different kinds of placement services, so that we have extended this policy to the college area, we do a relatively small amount of business with the colleges, we have, I believe it is 24, is that right, Mr. Levine?

Mr. LEVINE. Forty-eight.

Mr. GOODWIN. We have 48 colleges where some kind of arrangements exists between the State employment service and the college, a large percentage of these, I think 19 of them, are junior colleges, and deal mostly with the technical area. In a few of these—the State employment service has a full-time person on the campus. This is on the invitation of the college and at their request.

In most of them it is something less than a full-time, year-round arrangement and in all the other colleges there is no one stationed on the campus at all. There may be exchange of labor market information, there may be exchange of other types of information that would assist the college as well as the employment service, but the point that I think should be emphasized, particularly in light of some of the criticisms that have been made, is that we perform no service on the college campus except by the invitation of the appropriate officials of the college.

Mr. JAVITS. Do you feel, then, that your practices in this matter are not subject to criticism and do you propose to persevere in them?

Mr. LEVINE. That is correct, sir; we do not think they are subject to criticism. There are some officials of the college placement group that have taken the position—they have said, well, there are some of the colleges we have not had a chance to develop yet and we would like—we intend to develop the field completely eventually, and we prefer that the employment service have no arrangements with the college in the meantime.

We have been frank about our position. We think this is not reasonable, and we believe that the basic policy we are operating under is justified.

Senator JAVITS. Thank you.

Senator CLARK. Now, Mr. Levine, would you turn, please, to that part of your prepared statement which begins with the words "The

public employment service has made significant progress in eliminating racial discrimination"—I get the impression from reading that paragraph that you are reasonably content with the situation respecting discrimination in employment. I wonder if I am putting words in your mouth, because, frankly, I am not, and I do not think Senator Javits is. I wonder whether you are content with the situation with respect to fair employment practices.

Mr. LEVINE. Mr. Chairman, I am far from content with the problems that confront members of minority groups in their search for jobs or the facilities or resources that are available to assist them.

I know no one in the Labor Department or in the public employment service associated with the Labor Department who does not feel the same way.

I am saying in this testimony that we are very conscious of this problem, very sensitive to it. We have taken a number of important steps to minimize and eliminate it both within and without the employment service as that relates to the community and to the employers and to the individuals who seek the services of the employment offices, there is much progress yet to be made, and we continue to push at it.

Senator CLARK. Are there limitations to what you can do because of the fact that there is no Federal fair employment practices legislation?

Mr. LEVINE. I am not sure exactly——

Senator CLARK. Let me say, I know that you are inhibited by higher authority, I do not want to force you to make a statement that you are not authorized to make, so if you prefer not to answer, just say that.

Mr. LEVINE. I would prefer not to answer it. I would only say in any State where there is a Fair Employment Practices Act or an anti-discrimination legislation, the employment service is the first of the institutions to adhere closely to them.

Senator JAVITS. Perhaps some enlightenment might be suggested. It has been suggested by staff, to compare their experience in States without FEPC and States with them.

Senator CLARK. That was going to be my next question.

I take it one of your objectives is to eliminate race discrimination in job employment; is that correct?

Mr. LEVINE. That is correct, sir.

Senator CLARK. Is your job easier in those States where there is a Fair Employment Practices Act and in those cities where there is a human relations commission or something like that?

Mr. LEVINE. This is a very difficult area to assess, because it doesn't show up in the direct operating experience, sir.

This is an attitude on the part of employers and the kinds of orders they give to local office, the response that the local office makes to that order.

Now, all local offices are under instructions not to record race on any record in the local office, which——

Senator CLARK. Is that wise? I remember when that policy was adopted.

It must have been 10 or 15 years ago, we all thought then this was a great thing because it would tend to eliminate discrimination; I am wondering if it does.

Do you think it is wise to have access——

Mr. LEVINE. Our experience demonstrates that it is well to keep the item of race off the record when it is used in the operations for placement purposes or referral.

We think, however, it is most unfortunate to have lost the information on race and we have therefore arranged frequently with the help and advice and cooperation of groups who are concerned with this to get race for research purposes but to keep it out of operations, and this is the way we are attempting to get at this problem, sir.

Senator CLARK. Now, would you turn to page 19, Mr. Levine, where you in the paragraph beginning in the middle of that page discuss the new legislation and your relationship to it.

I notice that you do not mention, nor did, as I hastily read their statements, Mr. Goodwin or Secretary Henning, the Public Works Acceleration Act, and its relationship to your service, if any.

From where I sit I have felt that the most effective single piece of legislation we have passed in terms of filling jobs has been the Public Works Acceleration Act. I would like your comments, first, on whether you agree with that and secondly, what relationship, if any, there is between your employment service and recruiting of jobs for projects authorized under the Public Works Acceleration Act.

Mr. LEVINE. Well, Mr. Chairman, I call your attention to the sentence which says:

> Additional responsibilities have also been placed upon the employment service for selection and referral of qualified workers under the Public Works Acceleration Act.

Senator CLARK. That's right, I should have mentioned that. Would you elaborate on that?

Mr. LEVINE. The public employment service has the responsibility in the first instance for identifying and bringing to the attention of the Commerce Department, which administers the Public Works Acceleration Act, the localities which have the experience and criteria required by the act with respect to the unemployment situation.

Beyond that there is provision that when a contractor comes into the area under this act he is required by regulation of the Area Redevelopment Administration, which administers this act, to list his job openings with the public employment office. This does not mean that he has to recruit exclusively through the public employment office, he merely lists his openings.

It does afford the employment office an opportunity in an area of unemployment to select from the individuals who are registered with it, unemployed individuals who have the qualifications, to go to that job, and we are affording ourselves of that opportunity in every way.

There are instances, of course, where the contractor brings with him certain skills which are frequently in short supply and might not even exist in an area of unemployment.

Senator CLARK. Now, I direct this question to all three of your gentlemen and then you decide who you want to answer it.

Do you think there is any need for this committee to take a close look at the Wagner-Peyser Act, as amended, in order to determine whether the Federal-State relationship of the employment service is sound administratively and meets the need of our current unemployment problems?

Mr. HENNING. First, Senator, I would say that the Federal-State relationship has been a success despite the fact that there are certain

annoyances that are connected with it from time to time from the Federal point of view. It recognizes the position of the States in our organizational structure, so we do favor the Federal-State relationship.

We are concerned with the extension of the services in the U.S. Employment Service, for example, as I mentioned, we feel that it is a tragedy that there is no catalog of job vacancies in the United States. We would like to have a better exchange of job vacancy data across the Nation. We would like to see a more intimate relationship between the various systems, but I don't want this to be taken as meaning that we have no faith in this system or its functions.

Like any institutional development, it can always stand review and improvement and intensified analysis. We say it is a successful system but it needs extension if it is to meet the job market realities of our time.

Senator CLARK. What is your experience with respect to State assistance for the employment service? Does it vary substantially, according to State?

Mr. LEVINE. State what, Senator?

Senator CLARK. The State participation in the employment service, as I understand it, check me if I am wrong, I may be wrong, you have to have really a separate relationship with each State under Wagner-Peyser, don't you, and the success of your activities within that State depend substantially or indeed at all, on the cooperation you get from the State both with respect to itself or with respect to its manpower, and with respect to financing.

Mr. HENNING. The financing aspect would not be important, but Mr. Goodwin has lived with this relationship for a number of years.

Senator CLARK. Financing is not important because all the money is Federal money.

Mr. LEVINE. That is right.

Mr. GOODWIN. I think one point that might be made, Senator, is that the State actually has no choice as to whether it has an employment service or not, because it is linked in with unemployment insurance, and for the employers in the State to get the tax offset they must have an unemployment insurance law. The unemployment insurance claims can be paid only through public employment offices. So in reality there is really no choice as to whether you have a public employment office in a State or not.

Senator CLARK. Is that staffed with State employees?

Mr. LEVINE. Yes.

Senator CLARK. Hired by the State?

Mr. LEVINE. Hired by the State.

Senator CLARK. But you paid out of this fund?

Mr. LEVINE. They are paid, the administrative financing is 100 percent federally financed.

Now, the——

Senator CLARK. Excuse me, I want to be sure I understand.

Federally financed administratively, but recruitment by the State?

Mr. LEVINE. Yes. The only Federal requirement with relation to the recruitment of personnel is that each State must have a merit system and the employees must be selected through a civil service or merit system——

Senator CLARK. But the State selects them?

Mr. LEVINE. Yes. The individual selection is specifically up to the State; the Federal law says that the Federal authorities cannot intervene in that process.

Senator CLARK. Who fixes the salary schedule?

Mr. LEVINE. It is fixed by the State and the policy of the Federal Government is that the salaries in the State employment security agencies must be comparable with the salaries paid other State employees.

Senator CLARK. Other State employees?

Mr. LEVINE. Yes.

Senator CLARK. So, there is no Federal standard for salaries?

Mr. LEVINE. That is correct.

Senator CLARK. And the recruitment is entirely by the State?

Mr. LEVINE. That is correct.

Senator CLARK. Who is responsible for promotion?

Mr. LEVINE. The State.

Senator CLARK. Who is responsible for discipline or dismissal?

Mr. LEVINE. The State.

Senator CLARK. Is there within the limits of the various State merit systems, in your experience, any wide variation in the effectiveness of this system from State to State, or is it pretty uniform?

Mr. LEVINE. There is a substantial variation, Senator. I would like to say that the existence of the merit system, the requirement of the merit system has raised the standards of people selected for employment security work in a good many States.

Now, in some of the States that had well-established civil service systems it made little or no difference, but we have a large proportion of our States which do not have a civil service system and in those States the requirement of the merit system for Employment Service staff has improved the quality of the personnel in this program.

Senator CLARK. My own experience with the merit system, has been quite substantial, all things considered.

Mr. LEVINE. Yes. I recall.

Senator CLARK. It has been that you can write all the laws you want establishing the merit system but a shrewd politician can get around most of them if he wants to, and a great deal of it depends on the will or the desire of the State administrators to really make the integrity of the system as opposed to the letter of the law apply.

Has this been your experience?

Mr. LEVINE. I would draw a different conclusion, I think, Senator; I would agree with you that in the individual case, if you got the smart administrator he usually can find some way to get around it, not always, but usually, but if you take a look at the total result you have got a better result than that if you did not have a merit system.

Senator CLARK. I am sure of that but is it good enough and this gets me back to my primary question, Are you gentlemen content with the present division of responsibilities with respect to personnel administration between the State and the Federal Government called for by the Wagner-Peyser Act, as amended?

Mr. LEVINE. The Under Secretary wants to comment, but let me just say this: That on your broader question, as I understood the way you asked it first, was whether it would be desirable to take a look at the Federal-State relationship in this program now.

I would agree with what the Under Secretary said, that is, his conclusion was that the Federal-State system has been a successful system for this program; I think that is correct, sir.

Senator CLARK. Of course, that is not what I asked you.

Mr. LEVINE. Pardon?

Senator CLARK. That is not what I asked you.

Mr. LEVINE. But my feeling is that it would be desirable to take a look at the Wagner-Peyser Act, for instance, in terms of present-day problems. My own feeling is that from the standpoint, the legal standpoint of the Wagner-Peyser Act you will find that the language there is very broad and that this makes it possible to change and adapt to new conditions.

I am not sure that we have done that in all cases; in other words, I would be interested in your taking a look from this point of view, as to whether a congressional committee that is detached from the program would feel that more—that changes should be made in the way we operate. I think that would be helpful.

I am going to—first, let me hear what the Under Secretary wanted to say.

Mr. HENNING. No, Senator.

Senator CLARK. Well, I am going to ask you gentlemen if you will talk with the Secretary and see whether, as a matter of Labor Department policy, you want to take a look at the Wagner-Peyser Act and come down here before the end of the year with any legislative changes you gentlemen would care to recommend.

I am speaking only for myself now. My own view is that this subcommittee is really not competent, particularly in connection with the current hearings, to go into the depth and breadth necessary to do that. This is becoming increasingly true with congressional action in most complicated legislation.

We have to look to the executive recommendations and perhaps screen and perhaps amplify and perhaps curtail executive recommendations.

As far as I am concerned I would like to look to Secretary Wirtz and you gentlemen to tell us what you think we need next year to press for any changes to Wagner-Peyser as part of our overall efforts to deal with the legislative implications of unemployment.

Mr. HENNING. Thank you, sir.

Senator CLARK. I would like to turn to a couple of other matters. Do you gentlemen have 15 minutes more, perhaps?

Mr. HENNING. Yes, certainly.

Senator CLARK. You gentlemen have all talked about the need for growth of the economy, and, of course, this is a high priority need. However, what we are really talking about in the study in which this subcommittee is engaged is the growth of employment opportunity. In my best judgment this is not necessarily the same. We are having growth in the economy, to be sure, at an unsatisfactory rate, but I would think we could have a growth of the economy at an acceptable higher rate than we have now and find we had not increased employment opportunity at all and I wondered whether any of you would care to comment on that. Perhaps I am unduly influenced by the very pessimistic testimony we have been hearing here on the suggested results of cybernation and accelerated automation, including considerable wider use of computers.

I wonder if we really solve the problem when we say if we could get the economy growing at a satisfactory rate we would solve the unemployment problem.

I am afraid we might not, and I would like your at least curbstone views on that, perhaps you want to give it a little more thought and come back later?

Mr. HENNING. No, Senator; we would be happy to speak to that. We would agree with you that there must be economic growth, that there must also be active labor market policies to meet the changes imposed on the work force by automation.

Economic growth is not going to solve the Negro unemployment problem, is not going to solve the problem of the unskilled worker.

It is well to remember the promise that rests in the future with people of talent and skill. The Labor Department surveys of 1957 and the projection of the needs of the sixties declared that in 1970, for example, there would be a need for 42 percent more professional and technical workers, so I do not think there is any room in American society for doubt or pessimism as to the future of the professional people. There is no room for any doubt in the future of the skilled worker; we will need 22 percent more skilled workers in 1970. There is no room for doubt about the place of service personnel; but all of us are understandably disturbed over the very frightening possibility the future holds for the unskilled. The proportion of the unskilled usable in the labor market in 1970 will be down from 1960, and what happens in a society where you have hundreds of thousands of men without root, without any place or position in the economy—this is the frightening aspect. But I think it is a dangerous thing to look only at the negative side.

I think we have to look at the promise of change, to the demands for skill that the new order will make; then we must determine and bring about successful policies of training to meet the demands of the day, bring about a revision of our educational structure, bring about all these active labor market policies that we think are important.

Senator CLARK. I thoroughly agree with you, Mr. Secretary. The thing that concerns me and one of the things I would like to get done by this subcommittee as a result of these hearings, is to arouse the people of this country to the very critical situation which confronts us—in the foreseeable future—with respect to unemployment of all those who are not reasonably highly skilled and trained.

Mr. LEVINE. Yes, sir.

Senator CLARK. This includes the minority groups, it includes youth, it includes all those who are not high school graduates to be quite frank about it.

Mr. LEVINE. That is true. Two-thirds of the unemployed are without high school diplomas.

Senator CLARK. I do not think in this country we are not concerned about this. That is why I am trying to bring that out.

Mr. LEVINE. We appreciate that, Senator, and we have been sounding the alarm wherever we go, but we have also been pointing to the promise.

Senator CLARK. Now, Mr. Secretary, would you mind turning to your statement, and the nine points which you list there as comprising at least the major part, I take it, of an appropriate active labor market

policy and with specific reference to No. 1, which has reference to an up-to-date current labor market information service.

In your judgment, do you have that now?

Mr. LEVINE. No. But I want to reserve my answer by indicating that we have these services in some forms, save for any adequate system of listing job vacancies. We do approach this in a serious way, but we know, Senator, we need a great extension of the services herein listed, although we do have them in varying ways now.

Senator CLARK. Now, in order to get the up-to-date current market labor information service, what, if anything do you need from the Congress which we are not presently providing you with?

Mr. LEVINE. Well, we would need the support of our documented requests in the area, would you not say that?

Mr. Goodwin will speak on that.

Mr. GOODWIN. All of the increase that we have requested this year for the Federal staff in the Employment Service has to do with this very point; in other words, it is related to the Gordon Committee report and the improvements that would be taken under that report.

Senator CLARK. Can you give me in terms of dollars and also in terms of additional staff, what you have asked for for the next fiscal year?

Mr. HENNING. On the Federal employment rolls we have asked for an increase from 1,164 to 1,186.

Senator CLARK. That is not much, is it?

Mr. HENNING. No, 22 people.

Mr. GOODWIN. This is on the Federal staff, and that is 22 people.

Senator CLARK. That is just——

Mr. HENNING. The program essentially, remember, operates through the States and there, of course, the request is much higher in terms of the State grants.

Mr. Goodwin can speak to this. The Congress just allowed us a higher State grant figure—we are moving from $411,259,000 to $432,570,000. So, to give a proper analysis we would have to consider those services which the States would be operating, and the moneys needed and those services of a directional nature at the Federal level.

Senator CLARK. Well, do I misunderstand when I suggest your answer indicates that you do not need much from the Congress to get what you want under point 1?

Mr. HENNING. I do not think myself that we have the complete excuse of finance. I think all of us appreciate that we face new responsibilities in programing. I do not want to minimize the heroic work that has been done, but I think we have come to an age of new emphasis, so money is not the only difficulty.

Senator CLARK. And in the absence of wanting additional funds there is not much that this committee or the Appropriations Committee, can do for you in the immediate future?

Mr. HENNING. Mr. Goodwin can speak more on the funds.

Mr. GOODWIN. I might say on the funds for State agencies for this coming year, of course, we finance both the Employment Service and unemployment insurance and requests for this coming year are $32 million more than we had for 1963. Only about $8.5 million of that is for expansion, and the rest of it is for the costs that are related to increasing salaries in the States, increases in costs of goods and services.

Now, Mr. Levine made the point that we had a considerable way to go in improvement in the Employment Service, but that if you got the most out of your money you could not make that progress too rapidly, or you would waste money.

If you take a look at the statistics on the cost of the employment service in Sweden, for instance, that is frequently held up as an ideal in the employment service field, they are spending four or five times as much proportionately in the operation of their employment services as we are in this country.

This does not——

Senator CLARK. We are happy to have you, Mr. Secretary, please run along.

Mr. HENNING. Thank you very much, Senator, we certainly appreciate your interest and the right to participate in the hearing.

Senator CLARK. We will be happy to have you back some day.

Mr. GOODWIN. So I think the answer to this is that we do need substantial increases in the Employment Service over the next 10 years if we are going to perform the greatly increased services that we are now required to perform.

Senator CLARK. Did you ask for more money for the next fiscal year than the Bureau of the Budget was willing to give you?

I am not going to ask you how much, because I know you have inhibitions as to what you can answer, but I think you can answer that.

Mr. GOODWIN. Yes, it was reduced.

Senator CLARK. Nevertheless, if you get from the Appropriations Committee what you have asked for you will be reasonably content and you can make a large part of the desired improvements under point 1?

Mr. GOODWIN. Yes, that is correct.

Senator CLARK. Now, point 2 has reference to an early warning system of pending changes.

Are you adequately staffed to set that up and administer it?

Mr. GOODWIN. Well, this particular point is not related so much to the need for additional staff. We have a program of regular contacts with the industries in the locality and this responsibility has been given to that group to discuss the problem with employers——

Senator CLARK. Let me interrupt you by asking you whether in your opinion this is entirely an administrative problem and that you do not need any additional assistance from the Congress in order to implement it?

Mr. GOODWIN. We are not ready at this time to recommend legislation in this field; I would say that. We think that the chances are very good, as Mr. Levine indicated, that our objective here can be obtained by industry cooperation.

We think that legislation would be complicated and would in itself bring a number of problems, so we would, at this point not be willing to make any recommendations as far as legislation is concerned.

Senator CLARK. So far as you are concerned, this committee can forget about point 2?

Mr. GOODWIN. I would say: watch carefully what develops under point 2.

Senator CLARK. Turning to point 3, you call for an effective informational service for career guidance and counseling.

Do you need anything in that regard from the Congress other than what is asked for in the general Federal aid to education bill?

Mr. GOODWIN. I think that is all at this time, yes.

Senator CLARK. Point 4 is a corresponding educational system, vocational as well as academic, which is responsive to the current and upcoming manpower needs.

Is that, too, a matter for a general education bill?

Mr. GOODWIN. This relates to, as I understand it under the Under Secretary's point, this relates to continuation and strengthening of the Manpower Development and Training Act plus the vocational education bill that is before the Congress.

Senator CLARK. That was part of the general educational program of the President?

Mr. GOODWIN. Yes; I think there are additional actions that are needed in this field, but as far as congressional action is concerned I think those are the two principal ones.

Senator CLARK. Do you have any close contact, either of you gentlemen, with the administration of Smith-Hughes or George-Barden?

Mr. GOODWIN. The Smith-Hughes or the George-Barden?

Senator CLARK. Yes.

Mr. GOODWIN. No; we have very little. The Employment Service, I may say, selects trainees for all of the various types of training programs and I am sure they have to some extent with those programs, but compared with Manpower Development and Training Act and vocational education—well compared to the Manpower Development and Training Act and the Area Redevelopment Act we play a minor role.

Senator CLARK. Let me put it this way to you, Mr. Levine, you must see the end product of a vocational training system under both Smith-Hughes and George-Barden; are you satisfied with what you are getting?

Mr. LEVINE. I would have to base my answer, Mr. Senator, on the information that we get from the State employment service system, local office people, who are working with the problem.

They tell me that one of the major advances that was made in the past couple of years was the enactment of Area Redevelopment Act and Manpower Development and Training Act legislation which provided for an interrelationship between the Public Employment Offices and Vocational Education authorities, so Vocational Education people were apprised as to changing hiring specifications and content needed in occupations, so that this is also reflected in the qualifications of the trainees and so on. I think that both vocational education and the public employment service have benefited from that relationship; I have heard it from both groups of officials. There is not the statutory requirement under the George-Barden or the Smith-Hughes Act, so the relationship there, as Mr. Goodwin indicated, is relatively minor.

Senator CLARK. Off the record.

(Discussion off the record.)

Senator CLARK. On the record.

Gentlemen, I call your attention to point No. 5, in the Under Secretary's list of nine points for an active labor market policy.

No. 5 reads, "An extended apprenticeship training program."

I suggest to you that that may be pretty well outside the field of government and be largely a matter of encouraging private industry

and labor unions to expand the apprenticeship training programs and particularly to open it up to minority groups.

I invite your comment on that observation.

Mr. GOODWIN. I'm sorry the Under Secretary had to leave because he is particularly interested in this and I know that he would want to comment on it.

He may want to submit something for your record on it.

Senator CLARK. We will be happy to receive it, although I imagine you gentlemen are pretty familiar with his thinking.

Mr. GOODWIN. My comment would be that you are right, that this is intimately tied up with management and labor and the expansion of it depends to a large extent on activities that they entered into.

However, I suspect that in order to get this the Federal Government's promotional activities may need to be stepped up some.

Senator CLARK. What kind of activities?

Mr. GOODWIN. Promotional activities. In other words, this is to a large extent the role of the Federal Government in dealing with this particular program. They work with management and labor in promoting this.

Senator CLARK. As you know, there is a substantial school of thought in this country which I have not heretofore belonged to, which feels that there are very real antitrust implications in the curtailment of apprenticeships in certain labor unions and moreover very clear racial discrimination practices in a number of those labor unions. We just had a drastic example of it in my home city of Philadelphia, and it may well be that this committee will have to look further into those aspects of the situation.

I ask no question, but I would be happy to receive comment if you care to make it.

Mr. GOODWIN. Well, I think that I will suggest to the Under Secretary that he might wish to submit something to you on this because I am not well enough informed on the program myself.

Senator CLARK. Do you care to comment, Mr. Levine?

Mr. LEVINE. I am less well informed than Mr. Goodwin in this particular area.

Senator CLARK. Now, turning to No. 6, "A well endowed system of placement services which is national in scope." Do you need any help from Congress in implementing that point in your market policy?

Mr. GOODWIN. I think, sirs, this relates really to the point I made a while ago on financing.

We think that over a period of time we will need additional support from the Congress on further expansion in the Employment Service to meet this problem, particularly since it is national in scope.

As you know, the proportion of the professional and technical personnel in our labor force has been increasing and this is the personnel that tends to operate in a national labor market.

They go from New York to San Francisco, Los Angeles, and so on.

Now, we have just begun to deal effectively with this group and I think a great deal more needs to be done.

This same observation might be made to other segments of the labor force. But, we will need the understanding and support of Congress for additional resources to do a more effective job in this area.

Senator CLARK. But nothing immediate except sympathetic consideration of your appropriation request?

Mr. GOODWIN. That is the immediate thing, yes.

Senator CLARK. Point No. 7, "A program for training and retraining for an employed and underemployed worker."

Do you see a need for additional legislation in order to enable you to accomplish this objective?

Mr. GOODWIN. Well there may be in relation to the Manpower Development and Training Act, for instance, there may be—this was somewhat slow in getting started and I think there might be a need to take a look at this in terms of financing.

As you recall, the act now provides that the Federal financing will extend for 2 years and that after that it will be financed on a matching basis—50 percent Federal and 50 percent State.

Only a few States acted on this last year in response to the problem. Next year is not a year in which most State legislatures meet; so, unless there are special sessions of the State legislatures we will go into fiscal year 1965 with very few States equipped to match funds under this program.

I have received copies of letters that some States have written to Members of Congress on this question. There is some concern on the part of a number of States that it would be desirable for the Congress to consider this problem and perhaps extend the period of Federal participation.

Senator CLARK. I am going to ask you gentlemen to confer with the Secretary and the Under Secretary and express to them the feeling of some urgency on my part that you should have whatever legislative recommendations you have in mind in this regard available for this subcommittee before the end of this calendar year.

I hope that we will not be confronted with a crash program in which we will have inadequate opportunity to consider and place legislation on a must basis for passage before June 30 of 1964. Let us see if for once we cannot get ahead of the game.

Mr. GOODWIN. All right, we will pass this on.

Senator CLARK. Now, point No. 8. "A program for aiding the mobility of workers."

Do you have in mind there the possibility of amending the Manpower Development and Training Act to authorize payment of relocation expenses?

Mr. GOODWIN. That is certainly one direction it could take and in my opinion it would be highly desirable and a very important step.

Senator CLARK. I am going to ask you to do the same thing with respect to point 8 that I asked you to do with respect to point 7—bearing in mind that during consideration of Manpower Development and Training Act we found—at least I found, I do not think I was alone in this regard—great resistance toward any programs with aid in the mobility of workers in areas of chronic unemployment. There was a feeling of local pride and a strong feeling that the job must come to the man instead of the man going to the job.

I personally have very little sympathy with that but it is a political fact of life. I think you have to give some thought as to how we can minimize that in order to make such a program as you here recommend politically feasible.

Point No. 9: "The elimination of racial discrimination in employment, training, and education."

I would reiterate as before that the Secretary would be prepared sometime this summer to express his views of FEPC employment scale along the lines set forth in the bill which I have already introduced and which has been referred to this subcommittee, S. 773.

(The supplemental information requested of the Department of Labor witnesses by subcommittee members follows:)

SUPPLEMENTAL INFORMATION REQUESTED FROM THE DEPARTMENT OF LABOR BY THE SUBCOMMITTEE ON EMPLOYMENT AND MANPOWER OF THE SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE AT HEARINGS ON "THE NATION'S MANPOWER REVOLUTION," JUNE 4, 1963

1. Question. The estimated number of trainees under the Area Redevelopment Act and the Manpower Development and Training Act originally submitted to Congress and actual training accomplishments to date.

Answer. (*a*) *Estimated number of trianees under the Area Redevelopment Act.*—In the January–February 1961 hearings held by the Senate Subcommittee on Production and Stabilization of the Senate Banking and Currency Committee prior to the passage of the Area Development Act, no specific numerical goals relating to the occupational training provisions of the act were presented by the Department of Labor. During the hearings on the 1962 supplemental appropriation bill, the Department estimated that the proposed $10 million for retraining subsistence payments would permit the payment of weekly benefits to approximately 22,000 jobless workers. No estimate was made regarding the number of trainees that could be derived from the $4,500,000 proposed for the actual training costs.

Actual trainees.—The first training programs were approved under the act in October 1961. Through the end of fiscal year 1962, training had been authorized for over 9,000 trainees. Provision of the facilities and services required in training the 9,000 trainees exhausted the funds available for this purpose, although substantial sums were still available for payment of subsistence benefits.

The sum of $11,060,000 were appropriated for training under the act in fiscal year 1963—$4,516,150 for training and related costs and $6,543,850 for subsistence benefits and related costs. Training in fiscal year 1963 was authorized for more than 13,000 trainees. As in fiscal year 1962, funds available for training were depleted at a much faster rate than the funds for subsistence; the former were exhausted while nearly $3 million of the latter remain.

Although the objective of 22,000 trainees a year under the Area Redevelopment Act had not been attained, between the inception of the training program and the end of June 1963, nearly 500 training programs for about 23,000 trainees had been approved in 42 States, American Samoa, and Puerto Rico. About 16,000 unemployed and underemployed workers had been enrolled in Area Redevelopment Act courses, and about 70 percent had completed their training by June 30.

One important reason why more workers have not been trained is that necessary expenditures for training facilities, equipment and services have proven to be substantially heavier than originally anticipated. These heavier expenditures have held development of new programs to a level below that required to accommodate 22,000 trainees a year.

(*b*) *Number of trainees under Manpower Development and Training Act—Estimates.*—Secretary Goldberg in his testimony before this subcommittee in June 1961 projected a total of 65,000 institutional trainees for the 1963 fiscal year. This projection was based on the States being able to get training projects underway early in July.

Actual trainees.—The delay in appropriations until after August 15, 1962, caused the program to get off to a slow start in some States. In spite of these difficulties institutional training for 57,643 trainees had been approved through the end of fiscal year 1963. Of these, nearly 30,000 had actually been enrolled in programs as of June 30, 1963. The balance of the approved training courses can be expected to start in the near future.

The Manpower Development and Training Act also provides for on-the-job as well as institutional training. At the yearend, projects were approved for 2,227 trainees. Arrangements for on-the-job training were the responsibility of

the Bureau of Apprenticeship and Training in cooperation with State apprenticeship and employment security agencies.

In addition to the institutional and on-the-job training programs under the act, there have been special experimental and demonstration projects approved involving some 25,500 persons most of whom were youths. These projects are designed to show how unemployed people with particularly difficult employment problems can be trained for employment by providing special techniques of testing, counseling, guidance, training, remedial educational instruction, job development placement, and counseling after placement on the job.

2. Question. The proportion of trainee rejections under the Manpower Development and Training Act represented by Negroes (Transcript, p. 439).

Answer. Through the end of May 1963, 105,274 tests (general aptitude test battery, special aptitude tests, proficiency tests) has been administered in placing Manpower Development and Training Act trainee applicants for the approximately 57,000 trainee openings approved.

Although we know that approximately 20 percent of the trainees are Negroes, we do not know how many of those tested and rejected were Negroes. Employment Service policies prohibit the keeping of records on a racial basis.

3. Question. Senator Javits requested for the record a statement of the Secretary's position on fair employment legislation (Transcript, pp. 442, 481).

Answer. Attached is a copy of the statement of Under Secretary of Labor Henning of July 24, 1963, before this subcommittee, setting forth the support by the administration of the pending fair employment practice bills, S. 773 and S. 1210.

4. Question. To what extent should the national apprenticeship program be expanded, particularly to open it up to minority groups? Is it largely a matter of encouraging private industry and labor? (Transcript, p. 476.)

Answer. The need for an expanded apprenticeship training program in the United States and the best way to achieve it may be pointed up by a brief explanation of the apprenticeship system and a review of the present training situation and present and future employment and manpower problems.

Apprenticeship is the proven method for training workers in all of the operations, work processes, and practical and technical aspects of a skilled trade. Training is given on the worksite with related instruction in trade theory given in the classroom. Most apprenticeship programs consist of a 4-year curriculum of on-the-job experience and related instruction. This is an ideal training method for attaining journeyman skill in the crafts. It develops well-rounded craftsmen with flexibility to adapt to varying job requirements.

Under the National Apprenticeship Act of 1937 the Secretary of Labor is authorized to set up standards to guide industry in employing and training apprentices; to bring management and labor together to develop training programs; to appoint such national committees as are needed; and to promote general acceptance of standards and procedures.

The Bureau of Apprenticeship and Training of the Department of Labor is the agency charged with the responsibility of encouraging management and labor to formulate and conduct on-the-job training programs. The optimum expansion of apprenticeship, therefore, is necessarily a cooperative task to which efforts of each of these three groups are indispensable.

The development of skilled craftsmen through formal apprenticeship programs is given major emphasis by the Bureau. It works with management, labor, trade, and industrial education institutions, and State apprenticeship agencies through offices located in each State. An additional responsibility of the Bureau is that of promoting on-the-job training under the Manpower Development and Training Act of 1962.

Each year approximately 1,200 new apprenticeship programs are promoted and registered by the Bureau. Presently, there are almost 160,000 apprentices in training in registered programs, mainly in the construction, metalworking, and printing trades.

It is estimated that there are 53,000 more in nonregistered programs. The total of apprentices, therefore, is about 213,000 currently in training. It is noteworthy in assessing the importance of the Federal apprenticeship program that the promotional activities of the Bureau and State apprenticeship agenices recognized by the Bureau account for about 75 percent of all apprentices in training. Regrettably, however, experience indicates the likelihood that only 50 percent will complete training and become journeymen. This probability should be borne in mind also in the light of the fact that not enough apprentices are now in training in the United States today even to replace losses of crafts-

men through death, retirement, and other attrition. In addition, the Department of Labor has predicted that the number of skilled craftsmen, foremen, and kindred workers needed by our economy will increase from the present 8½ million to over 11 million in 1975. For every 100 skilled workers the Nation had in 1955 it will need 145 in 1975. The situation is particularly crucial in defense, space, and related manufacturing industries. A study of two key occupations will illustrate the problem facing the Nation.

Annual requirements for new maintenance and construction electricians will probably average 22,000 during the 1960's. However, the present level of apprenticeship in that trade will provide only 31 percent of this number; 85,000 new tool and die makers will be needed during the 1960's; apprenticeship, if it continues at the level of the past 10 years, will provide only 45 percent of these.

These situations make it clear that apprenticeship must grow. Other impelling reasons can be cited. President Kennedy pointed out in 1962 that because of our rapidly changing industrial techniques "the development of this Nation's skilled craftsmen is of vital importance to the continued national security and economic growth of the United States." In his manpower report to the Congress, March 1963, he declared:

"Skill requirements are changing and rising rapidly. The most rapid growth will be in occupations requiring higher skills."

Raising the earning power of the American work force is done through education, training, and job opportunities. The national apprenticeship program plays an important function in all three. Positive steps must be taken nationally to open up more apprenticeship opportunities for our youth, especially for a large segment of the 5½ million who will not be going to college in 1963–65.

Apprenticeship is a job opportunity. Industry and labor must be further encouraged to open up additional thousands of such opportunities if our youth are to achieve their proper place in our economic system.

The pressing necessity to unlock the doors to apprenticeship and better jobs for youth in minority groups is fully appreciated. This is reflected in the President's statement, dated June 4, 1963, directing the Secretary of Labor in the conduct of his duties under the Federal Apprenticeship Act and Executive Order 10925, establishing the President's Committee on Equal Employment Opportunity, to require that the admission of young workers to apprenticeship programs be on a completely nondiscriminatory basis.

Within the Department of Labor we are proceeding to open these doors in a number of ways. New standards have been formulated directed to the achievement of full equality of opportunity in our national apprenticeship system.

A broadened nondiscrimination policy has been established which includes standards covering selection, entrance qualifications, eligibility, and other criteria under which all federally registered apprenticeship programs must operate. Registration will be withdrawn from any programs which do not comply. All federally registered programs must contain a specific nondiscrimination clause. It is one of the principal objectives of the Bureau of Apprenticeship and Training to enforce these standards vigorously.

Further, a National Advisory Committee on Equal Opportunity in Apprenticeship and Training has been established by the Department of Labor. It is composed of representatives of employers, labor, education, minority groups, and the public. At its first meeting in May 1963, it endorsed the establishment of an apprenticeship Information Center in the District of Columbia.

This Center was formally opened June 17 in the District of Columbia Employment Service office. Cooperating in this project, in addition to the Bureau of Apprenticeship and Training and the District of Columbia Employment Service, are the District of Columbia Apprenticeship Council and the District of Columbia public schools. The purpose of the Center is to inform and counsel youth regarding apprenticeship opportunities and refer them to joint apprenticeship committees and employers. Open to all youth, such centers will assist in promoting equal opportunity in apprenticeship. Similar centers have been established in New York City and Fresno, Calif., as a cooperative effort of city, State, and Federal groups and agencies. Additional centers are blueprinted for other locations.

The Bureau of Apprenticeship and Training has five minority specialists active among employers, labor unions, and civil groups promoting openings in apprenticeship for minority youth.

Although these specialists direct all of their efforts toward minority opportunities, the full Bureau staff is responsible for implementing the Department's nondiscrimination policy in apprenticeship and training.

The equal opportunities programs briefly described here and others being developed contribute to an intensive campaign against discriminatory employment practices. It is in the Nation's interest to raise the income level of our Negro population. If their earning power was lifted to the level of that of the white population there would be a $13 billion increase in our gross national product.

An expanded national apprenticeship program, fully supported by industry, labor, education, and government at every level is in the Nation's best interest. As an important part of a sound manpower policy, there is no doubt that the Federal Government must step up its promotion of an expanded apprenticeship program.

5. Question. What legislative recommendations does the Department of Labor have in mind regarding manpower training? For example, should Congress extend the time for total Federal financing under MDTA? (Comprehensive recommendations requested by end of calendar year.) (Transcript, p. 480.)

Answer. (*a*) The administration's recommendations on MDTA amendments which have been formulated up to the present time are embodied in S. 1831 and S. 1716. These bills were ordered reported by this subcommittee, July 30, 1963.

(1) S. 1831 provides:

Authorization of literacy training program for people who are unable to avail themselves of training under the present act because of lack of education. Such programs would be designed to develop sufficient basic literacy and work skills so that these persons would be able to pursue courses of occupational training. This program would call for an extension of training allowances by an additional 52 weeks in view of the fact that some of the disadvantaged persons may need more than 1 year of combined training and basic education in order to meet the training purposes of the act.

Lower minimum age for which youths would qualify for training allowances from 19 to 16.

Increase from 5 to 15 percent the amount of the total allowance provided by the act which could be allocated to youth in the age range from 16 to 22, and a provision should be added to prohibit payment of allowance to any youth who drops out of school for a period of 3 months after the date of dropout.

(2) S. 1716 deletes the effective date for State matching requirements for financing State training programs under MDTA.

(*b*) The administration's proposals for amendment of Area Redevelopment Act are embodied in S. 1163. This bill passed the Senate on June 26, 1963. On August 5, 1963, it was reported by the House Banking and Currency Committee. It does not contain significant provisions regarding training.

STATEMENT OF JOHN F. HENNING, UNDER SECRETARY OF LABOR, JULY 24, 1963

President Kennedy said in his message on civil rights and job opportunities:

"This problem of unequal job opportunity must not be allowed to grow, as the result of either recession or discrimination. I enlist every employer, every labor union, and every agency of government * * * in the task of seeing to it that no false lines are drawn in assuring equality of the right and opportunity to make a decent living."

Emphasizing his words, the President stated:

"I renew my support of pending Federal fair employment practices legislation, applicable to both employers and union."

I hope I may be helpful to this subcommittee by identifying the extent of this problem, and by developing in more detail the elements of the conviction the President expressed.

It is hard to measure accurately the extent of unfair employment practice, of unequal employment opportunity, of job discrimination. Perhaps the fairest, and sufficient, argument is simply that there is such discrimination, that any such discrimination is wrong, that it ought to be stopped, and that Federal legislative action is necessary to accomplish this.

There are, however, meaningful indications of the extent of discriminatory employment practices as between white and nonwhite employees. These indications are contained in the breakdown of the figures for white and nonwhite employment in various occupations and the figures for unemployment.

These figures reflect end results. They do not show reasons or explanations. But there can be no question about what they mean in terms of inequality of opportunity.

EXTENT AND CHARACTER OF MINORITY UNEMPLOYMENT

The unemployment rate for nonwhites as a whole is today over twice as high as for whites—in May, 10.3 percent compared with 5.0 percent. Among married men with family responsibilities, the difference is even wider, 8 percent compared with 3 percent.

The Negro's disadvantage is especially severe when it comes to the better paying, more desirable types of jobs. Chart 1 shows that among laborers the nonwhite unemployment rate in about one-third greater, and in the skilled occupations it is over twice as great.

Today's unemployment strikes hardest at younger workers. In May this year, as chart 2 shows, the rate for nonwhite teenage boys was nearly 25 percent, but 17 percent for white boys. For girls the difference was even wider—33 percent compared with 18 percent.

The nonwhite minorities suffer a disproportionate amount of the hard-core or long-term unemployment. Although they constitute only 11 percent of the work force, they make up 25 percent of all workers unemployed for 6 months or more.

Chart 3 summarizes the unemployment story in a way which highlights discrimination. Year by year since 1947 the nonwhite unemployment rate has fluctuated at a level well above the white rate, but the gap between the rates has been least when there are employment opportunities for everyone—as during the postwar boom and the Korean war. Since the mid-1950's, with generally rising unemployment and slower economic growth, the Negro has paid a disproportinately higher price.

To facts must be faced and faced squarely in evaluating the employment and unemployment figures. First, the disproportionate unemployment and underemployment of Negroes reflects, in part, the fact that a smaller percentage of Negroes are qualified for the jobs (above the unskilled level) which are available in today's work market. But second, the reason this is true is that previous discrimination has resulted, directly or indirectly, in Negroes either being denied equal educational and training opportunity or in their being discouraged from using the opportunity they had.

EDUCATION AND DISCRIMINATION IN EMPLOYMENT

There is a clear and close correlation between employment and education, and the only long-range guarantee of equal employment opportunity is equal education and training; but we must be honest in the recognition that discrimination is a cause was well as a result of unequal education and training.

There is disquieting evidence, furthermore, that while education clearly improves a Negro's job opportunity, it does not improve it as much as it does for whites.

Chart 4 indicates that in 1940, only 7 percent of nonwhite men of working age had a high school education or more; by 1960, the percentage had risen to 20. In the prime working ages of 25 to 44, the increase was ever more impressive—from 8 percent in 1940 to 29 percent in 1960. In contrast, in occupations in which education is an important factor in hiring, job opportunities for these men opened up comparatively little in the two decades. The proportion of Negroes in the professional, technical, managerial, and clerical occupations increased from 5 to 11 percent of the Negro employed civilian labor force in the 20 years. Thus, although a much larger proportion of Negores had attained the capability of performing in such occupations by 1960, relatively few were employed in them.

The percentage of Negroes in better occupations tends to rise, of course, with their education, but there is great disparity between the rates of improvement between nonwhite and white men as shown in chart 5. Among those workers with no high school eduaction in 1962, 60 out of every 100 white persons were in simiskilled and unskilled occupations, compared with 85 out of every 100 nonwhite persons. At the upper end of the educational ladder, for those with 1 year or more of college education, the proportion of white men in these lower end jobs declined to 11 percent, whereas the proportion of nonwhite men dropped only to 33 percent. In other words, whereas the differential in occupational

achievements between the races at the lower education levels was only about 40 percent, at the upper level the differential becomes 200 percent.

Nearly 33 out of every 100 nonwhite men who had gone to college ended up in some type of laboring or semiskilled occupation, more than three times as many as among white men. Only two-fifths of the nonwhite men with some college education were in professional and technical work compared with three-fifths of the white men. At every educational level, a much larger proportion of nonwhites than of whites falls into occupations offering the lowest status and opportunity.

Recent high school graduates would be the group in which we should expect improvement in occupational opportunity, if there had been significant changes in the attitudes of employers during the past few years. However, a study of those young people who were not enrolled in college does not indicate measurable advances. (See chart No. 6.)

At the very start of their working careers, fewer than one out of four of the nonwhite high school graduates obtained jobs in the clerical and sales field, as compared with 40 percent or more among comparable white youth. Almost one-half of the nonwhite high school graduates 16 to 24 years old were in service or laboring jobs.

One would expect that the older group of high school graduates, who had been in the labor force for several years, would have been able to move up into better occupations. This did happen among the white youngsters—only 11 percent of those who graduated before 1960 were at the lower end of the occupational scale compared with 20 percent of the more recent graduates. But it did not happen among the nonwhites; the ratio was close to 50 percent among both the newer and the more experienced graduates.

Evidence of the difference between earnings of white and nonwhite workers of similar education and occupation, has been developed by Dr. Herman Miller of the Bureau of the Census, who will discuss the data on this with you in some detail later this week. (See charts 7 and 8.)

In every occupational group, and in virtually every occupation, the median earnings of nonwhite male workers in 1960 were substantially less than the earnings of white men with the same education. If we compare the earnings in an occupation as between nonwhite workers two or three notches ahead of white men in schooling we find that the earnings of the nonwhite men with more school years are nevertheless almost always lower and often substantially lower. In many occupations the Negro who has some college education earns no more than white men with only an elementary school education. The average professional or technical worker who is nonwhite and has completed college earns less than a white worker in the same occupation who has completed only the 8th grade.

EFFECTIVENESS AND NEED FOR LEGISLATION

However, there is a most revealing and notable set of exceptions, as shown in chart No. 8. In occupations such as mail carriers, protective service workers, and busdrivers—in which the workers are largely municipal or Federal employees and under fair employement practices regulations—the earnings of nonwhite men equal or are close to those of white men of similar education.

The need for legislation is demonstrated in chart 9. This chart shows that in the Federal civil service and in the Armed Forces, in which fair employment practices are mandatory and under review, Negroes have attained a substantially larger share of occupations requiring skill and responsibility than in the private economy.

Much remains to be accomplished even in the civil service and the Military Establishment, but substantial progress has been made, and the pace has quickened in recent years. Virtually all of the change in the extent of Negro employment has occurred in the civil service since President Roosevelt's Executive Order 8802, June 25, 1941, creating a Fair Employment Practices Committee; and in the armed services as a result of President Truman's Executive Order 9981 of July 1948. Before 1948 the Armed Forces were largely segregated and before 1941 few Negroes could be found in skilled crafts, clerical, or professional civil service jobs in the Federal civil service.

It is obvious that without uniform guidelines, and without enforcement and review procedures, little is accomplished. One waits for the other. Private industry needs these guidelines on a common basis, just as the Federal establishment needed them.

ECONOMIC NEED FOR FAIR EMPLOYMENT LEGISLATION

The process of equal opportunity for employment can and must be speeded up in the interests of the present and future of the Nation's economy. Some will ask how, when unemployment rates are high, nondiscrimination in hiring, by itself, can create jobs and contribute to economic growth. The answer is easy. It arises from the need for improving the utilization and therefore the productivity of the labor force. Many technical and professional jobs are available and cannot be filled because minorities are not traditionally chosen to fill them. Negroes who are forced to take jobs beneath their capabilities and cannot aspire for advancement do not inspire their children to improve their education to meet a similar blank wall. In this way, many talented professional and technical people may be lost to the labor force from lack of incentive.

This does not mean that Negroes do not aspire for whatever advancement or opportunities exist. Witness the impressive mass migration of Negroes, particularly the younger adults, from the South. Some of this migration can be held to have harmed the national economy. Industry has been seeking labor and markets in the South, but according to recently released Census statistics for 1960, 12 percent of the young nonwhite people age 25–29—those most recently and probably better educated—left the South for other regions of the United States within the previous 5 years. Much of the South's future pool of trained and resourceful labor is drifting away. The growing trend toward expansion of industry to the South could well be hampered by lack of recruits. At present many technicians are imported by southern firms at great cost.

Statistics, necessary and useful as they are, are poor vehicles for projecting the very human stories that they represent. The dramatic numerical disparities contain countless instances of frustration and disappointment for the individuals who labor under the disadvantages of inequality. They reflect a situation which exists despite the dedicated efforts of many public and private agencies and individuals, such as State and local fair employment practices agencies and the President's Committee on Equal Employment Opportunity.

FUNDAMENTALS OF EFFECTIVE LEGISLATION

These facts call for speedy action now to fashion a remedy in the form of a law. The bills to provide this remedy lie before this committee now.

S. 773 and S. 1210 contain the basic elements for an effective Federal law to deal with this situation.

First, the legislation should have broad coverage, including not only employers, but employment agencies, labor organizations, and apprenticeship programs, but leaving Government agencies and contractors under title VII of the President's Civil Rights Act of 1963.

Second, it should provide for the full use of conciliation, to effect compliance, but it must also contain effective enforcement procedures for those cases which cannot be settled by conciliation. Experience under State laws shows how much can be done through conciliation where legal sanctions can be invoked.

Third, enforcement of a fair employment practices law should be vested in an administrative agency whose decisions are enforceable through the Federal courts of appeal. This is the pattern that has been used in similar social legislation such as that directed against unfair labor and unfair trade practices. This type of administrative enforcement is best suited for the complicated questions which will arise and make possible uniformity of application throughout the country.

Fourth, the administrative agency must be given authority to act in the public interest and not be limited to remedying the complaints of individuals. We cannot rely exclusively on victims of discrimination to effectuate the public policy insuring true equality. In this connection it is important that the agency be given authority to deal with patterns of discriminatory practices where they exist and not merely isolated instances of individual discrimination.

There will necessarily be differences on the details of fair employment legislation, but I pledge you every assistance that this Department can render in working on whatever problems must be solved.

The time for action has come.

The country is ready. Why are Negroes accepted in certain occupations and not in others in many cities? A report by the Florida Council on Human Relations tells about a young Negro woman, hired as a maid by a jewelry store, and required to wear her maid's uniform, who does all of the store's bookkeeping and earns a bookkeeper's salary. In Houston it was considered a breakthrough in Negro employment when a large supermarket recently hired a Negro girl with a college degree as a checker. Negroes do not qualify as telephone operators in New Orleans, but have been accepted in Memphis. What but ridicule can be made of this?

Without statutory support, many States, localities, individual employers, and labor unions who want to do the right thing cannot or will not move.

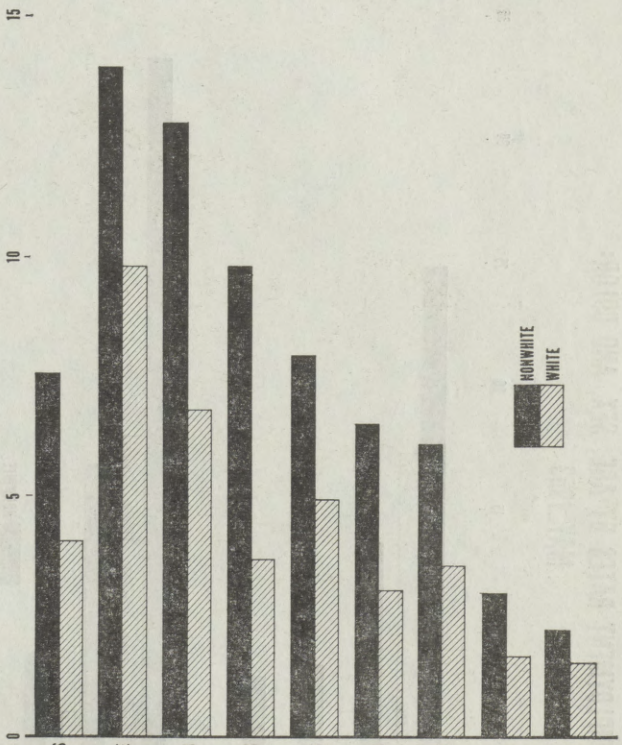
This Nation can no longer afford the economic waste and the human misery that result from discrimination in employment.

According to recent estimates of the Council of Economic Advisers, the gross national product could rise by 2.5 percent if the educational achievements of nonwhite workers were fully utilized by removing discrimination in employment. This estimate is conservative, as the Council points out. It would be much higher if one could quantify the effect of discrimination on uneconomical labor mobility and on the dampening of incentives.

But the most compelling argument for this legislation is neither to remedy economic problems nor to alleviate hardship—it is to secure justice. The administration, and I personally, urge early enactment of fair employment practices legislation because it is right.

CHART #1

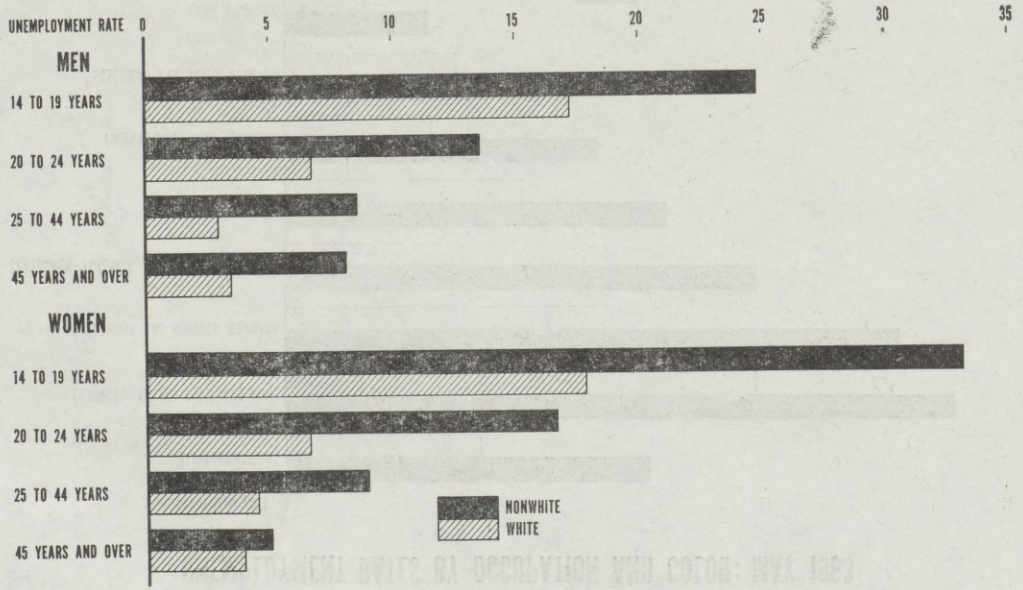
UNEMPLOYMENT RATES BY OCCUPATION AND COLOR: MAY 1963



SOURCE: U.S. DEPARTMENT OF LABOR

CHART #2

UNEMPLOYMENT RATES BY AGE, SEX, AND COLOR: MAY 1963

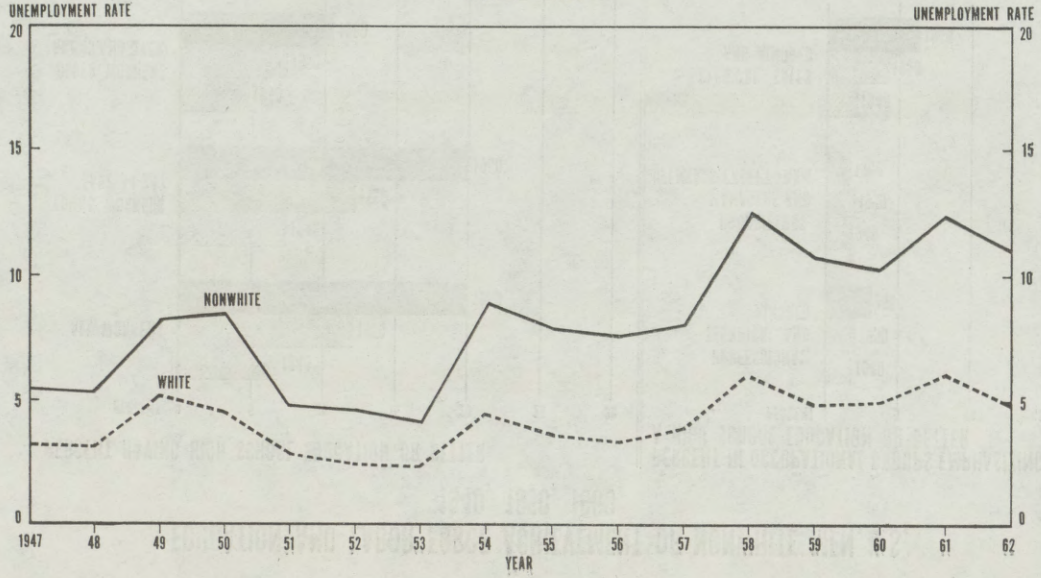


SOURCE: U.S. DEPARTMENT OF LABOR

CHART #3

UNEMPLOYMENT RATE, BY COLOR
1947-1962

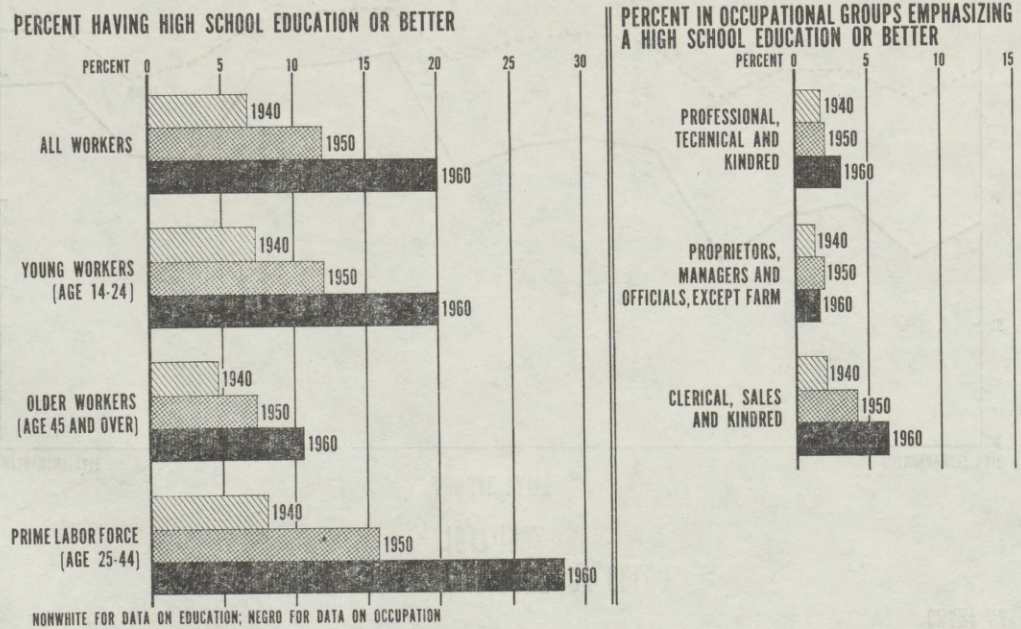
ANNUAL RATES



SOURCE: U.S. DEPARTMENT OF LABOR.

CHART #4

EDUCATION AND LABOR FORCE ACHIEVEMENT OF NONWHITE MEN, U.S. 1940, 1950, 1960

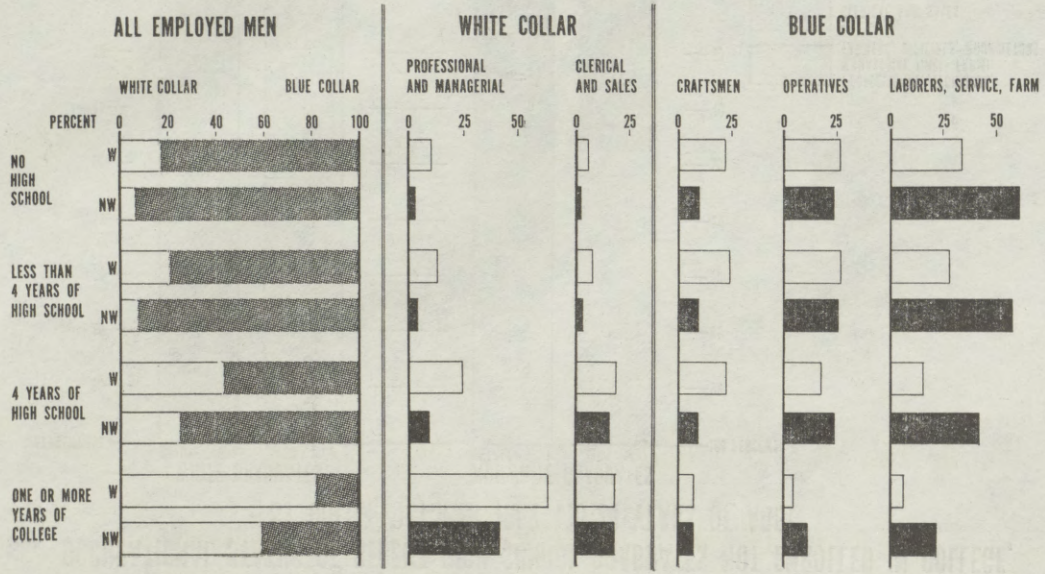


NONWHITE FOR DATA ON EDUCATION; NEGRO FOR DATA ON OCCUPATION

SOURCE: U.S. BUREAU OF THE CENSUS.

CHART #5

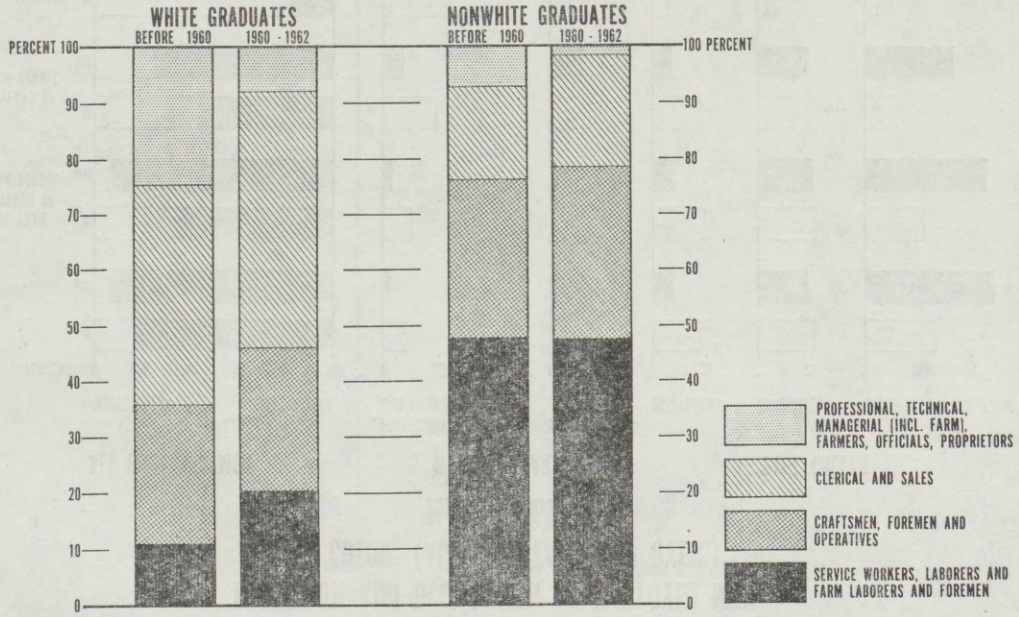
EDUCATION AND OCCUPATION OF EMPLOYED MEN BY COLOR, (AGE 18 YEARS AND OVER.) MARCH 1962



SOURCE: U.S. DEPARTMENT OF LABOR

CHART #6

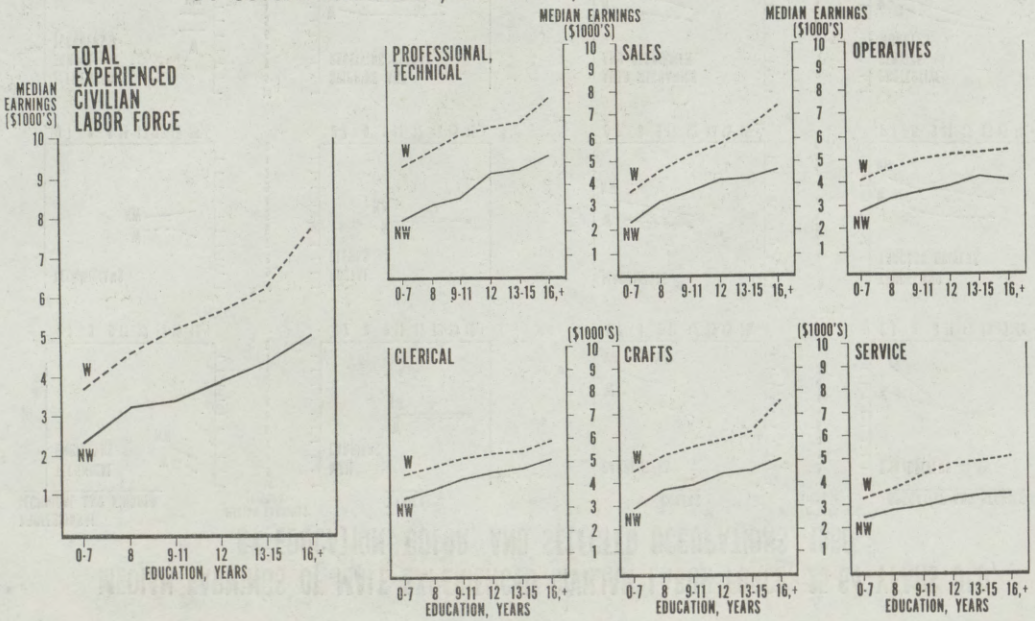
OCCUPATIONAL STATUS OF RECENT HIGH SCHOOL GRADUATES NOT ENROLLED IN COLLEGE, BY COLOR, OCTOBER 1962 (16-24 YEARS OF AGE)



SOURCE: "MONTHLY LABOR REVIEW," JULY, 1963: "EMPLOYMENT OF HIGH SCHOOL GRADUATES AND DROPOUTS, 1962," TABLE 7.

CHART #7

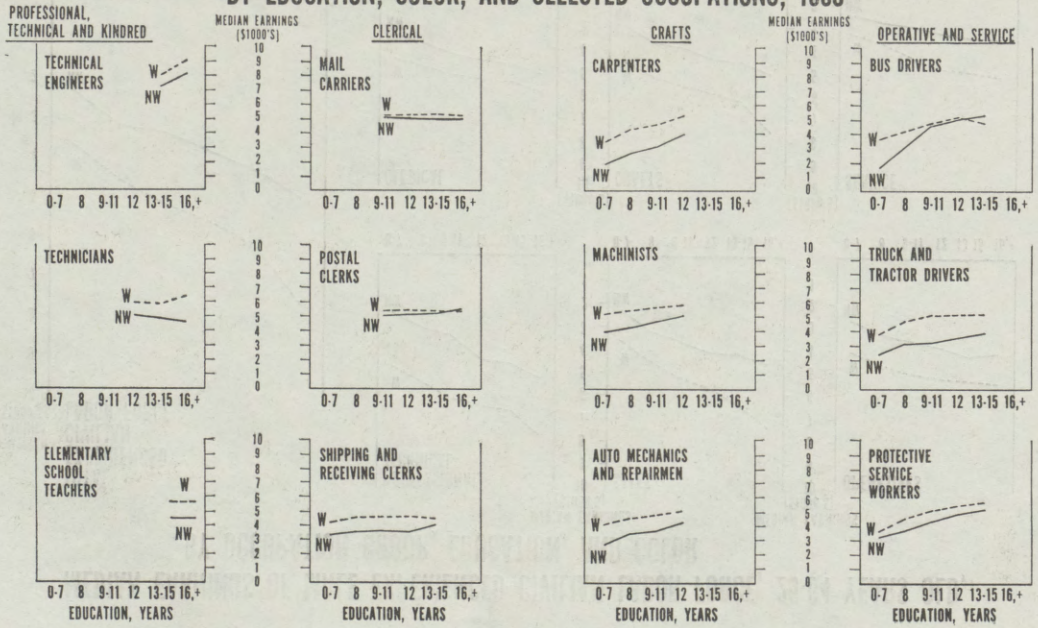
MEDIAN EARNINGS OF MALE EXPERIENCED CIVILIAN LABOR FORCE, 25-64 YEARS OLD, BY OCCUPATION GROUP, EDUCATION, AND COLOR



SOURCE. U.S. BUREAU OF THE CENSUS

CHART #8

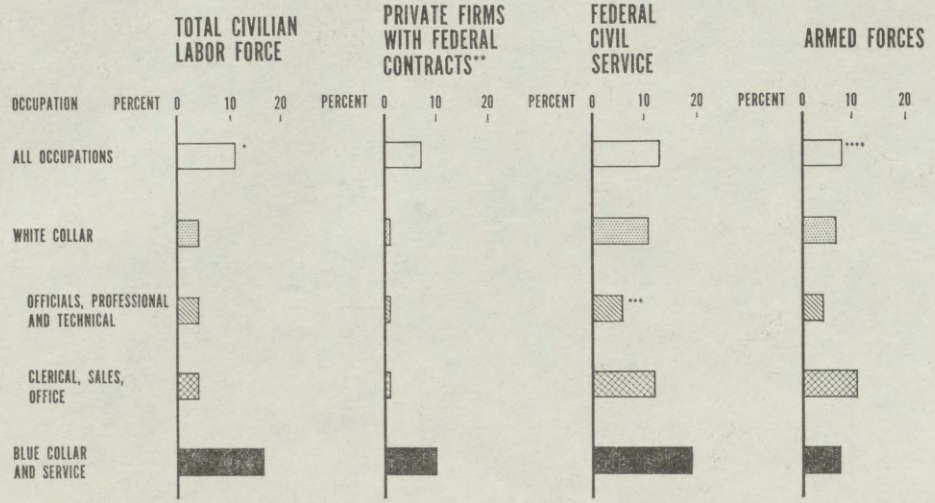
MEDIAN EARNINGS OF MALE EXPERIENCED CIVILIAN LABOR FORCE, 25-64 YEARS OLD, BY EDUCATION, COLOR, AND SELECTED OCCUPATIONS, 1960



SOURCE: U.S. BUREAU OF THE CENSUS.

CHART #9

NEGRO EMPLOYEES AS A PERCENT OF EACH OCCUPATION GROUP, BY EMPLOYING ORGANIZATION, 1962



*INCLUDES FARM WORKERS NOT SHOWN SEPARATELY.
**UNLIKE THE TOTAL CIVILIAN LABOR FORCE, INCLUDES MAINLY MANUFACTURING FIRMS.
***ALL NON-WAGE BOARD WORKERS EARNING $4500 AND ABOVE AND IN G.S. OR P.F.S. CLASSES 5 AND OVER.
****INCLUDES COMBAT FORCES NOT SHOWN SEPARATELY.

SOURCE: U.S. BUREAU OF THE CENSUS, U.S. DEPARTMENT OF LABOR, U.S. CIVIL SERVICE COMMISSION, AND U.S. DEPARTMENT OF DEFENSE.

Senator CLARK. Gentlemen, do either of you care to make any further comments?

Mr. GOODWIN. I think as far as I am concerned, Senator, I have stated what I wanted to say and I want to express my appreciation to you for this opportunity.

Mr. LEVINE. Thank you very much, Senator.

Senator CLARK. The subcommittee will stand in recess until 10 a.m., tomorrow morning.

(Whereupon, at 1:20 p.m., the subcommittee recessed to reconvene at 10 a.m., Wednesday, June 5, 1963.)

NATION'S MANPOWER REVOLUTION

WEDNESDAY, JUNE 5, 1963

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND MANPOWER OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 o'clock in room 4232, New Senate Office Building, Senator Joseph S. Clark (chairman) presiding.

Present: Senators Clark, Kennedy, and Javits.

Committee staff members present: Stewart E. McClure, chief clerk; Edward D. Friedman, counsel; and Dr. Garth L. Mangum, research director of the Subcommittee on Employment and Manpower; and Raymond D. Hurley, minority associate counsel.

Senator CLARK. The subcommittee will be in session.

I will ask the witnesses for this morning to come forward and take their places behind the cards and you may have to turn around here to see where.

Mr. Little is on the end, from California. Next is Mr. Harding, from Utah; Mr. McHenry, of Pennsylvania, like most Pennsylvanians, is in the middle; Mr. Gibbons, from Connecticut; and on the far end, Mr. Bernstein, from Chicago.

Gentlemen, will you take your seats and let me welcome each of you here and tell you how grateful the subcommittee is for your willingness to come on and testify.

Many of you come from a good long way off. As you know, we heard yesterday from Federal witnesses from the Department of Labor with respect to the Employment Service at the Federal level, and we had some testimony indicating at least some of the problems which confront the Employment Service and its State-Federal relationship.

I am sure you gentlemen will express your own points of view speaking for your respective States. I will ask that the prepared statement of each of you will be placed in the record at this point.

(The statements referred to follow:)

PREPARED STATEMENT OF PAUL W. LITTLE, CHIEF, DIVISION OF PUBLIC EMPLOYMENT OFFICES AND BENEFIT PAYMENTS, SACRAMENTO, CALIF.

I. ECONOMIC FACTORS AFFECTING CALIFORNIA'S MANPOWER SITUATION

California's manpower problems are like those of the Nation as a whole, in most respects. There are some important differences, however. These grow directly out of California's more rapid population growth, and out of California's unique role over the past 25 years in the Nation's defense and aerospace procurement

programs. It is important, therefore, to give a brief description of the California economy before turning to a detailed discussion of its manpower situation.

A. POPULATION TRENDS

California's mid-1963 population is almost 17,700,000. This population figure does not make California unique; several other States have nearly as large a population. California's situation is different because its population has doubled every 20 years since 1860, and this rapid rate of growth is continuing. In the last decade, the population increased at an average 522,000 persons per year, and two-thirds of this increase came from migration.

A State which has grown as rapidly as has California has necessarily adjusted its economy to continued growth, just as a man walking in a strong wind adjusts his posture to keep an even balance against the pressure of the wind. The continuation of approximately the same rate of growth will presumably keep the State's economy in much of its present posture of adaptation to growth. A sharp decline in the rate of growth, on the other hand, would require substantial readjustment in the employment which provides the facilities required by growth; construction, real estate, finance, and the other industries which are geared to provide the various capital investments necessary to support the population as it expands.

California's rapid growth shows no sign of abating, and the present outlook is for a population of 21,700,000 by 1970, of 24,800,000 by 1975, and 28,100,000 by 1980.

California is one of the most urbanized of all of the States. The geographic shift of its centers of population during the last century has been as important a factor as its rate of growth. The early population tended to concentrate in northern California, reflecting the oportunities of the gold rush days. Then the Metropolitan San Francisco-Oakland Bay area became a major area of population growth. More recently, the southern counties of the State have outstripped the rest of the State. They have grown so rapidly that, at the present time, about 60 percent of all California residents live in the 10 southernmost counties. Los Angeles County has become the most populous single county in the United States, with 6,395,200 residents as of July 1, 1962. San Diego County, on the southernmost bay in California, is the second most populous county in the State with 1,167,000 people. Orange County, adjacent to both San Diego and Los Angeles, has 882,500 residents. In the San Francisco-Oakland area, Alameda County has 946,700 residents, Santa Clara County, 760,100, and San Francisco County has 745,000.

B. CALIFORNIA'S ROLE IN DEFENSE AND SPACE PROCUREMENT

The second characteristic of California, which colors every aspect of its manpower situation, is the unique role which California has played for the past 25 years in the Nation's procurement of defense and space equipment. When the first stirrings of American rearmament began to stimulate the defense industries of the country, the aircraft industry of California immediately began to expand. World War II procurement emphasized the equipment of ground troops and the building of ships, so that every community in the Nation with heavy industry or port facilities was immediately affected, and California's share of World War II procurement was not disproportionate. Nevertheless, the aircraft industry and the shipbuilding industry in California had assembled a combined employment of 666,666 persons by the time war production reached its peak. In late 1945, and early 1946, nearly all of this employment was terminated, and California was faced with the gigantic task of industrial development great enough to provide employment not only for the displaced civilian labor force but also for the demobilized military personnel. The readjustment was made effectively and by 1948 California was again enjoying a satisfactory measure of employment. The labor force had been reemployed into a pattern of industry that constitutes the basic structure of California's economic life.

When the Korean War began, in June 1950, the emphasis in procurement was much more heavily on aircraft, and from late 1950 to mid-1957 the California aircraft industry again expanded tremendously to reach a peak employment of about 284,000 wage-and-salary workers. Meanwhile, research on missiles and closely related outer space exploration activities was developing and employers took advantage of the concentration in California of highly trained engineers, mathematicians, physicists, and specialists in electronics. California had, along

with its burgeoning aircraft industry, a steady, though small growth in the space and electronics fields.

Another crisis for California was marked in 1957 when technological changes in military procurement again caused a liquidation of manned aircraft procurement, with consequent heavy layoffs by the California aircraft industry. In the following 5 years, employment in this industry declined by a little more than 100,000. During the same 5 years the expansion of missiles and electronics production gained in momentum, and employment in these fields rose by about 150,000. The employment shifts involved in these two concurrent changes put a tremendous strain on California's economy and created problems of very great magnitude to the workers involved but again, for the most part, the State adjusted quite effectively to the Department of Defense decisions that made such violent shifts in her manufacturing employment. San Diego still has serious problems that can be traced to the time when these changes occurred. Los Angeles, however, and the San Francisco-Okland and San Jose metropolitan areas adjusted rapidly and gained in prosperity with the new defense and outer space procurement programs. The future of defense and space procurement, fields in which California has so heavily specialized and which have been such a large support of its growth and prosperity, cannot be foreseen clearly at the present time. The record shows that aggregate employment in the missiles and electronics fields has declined for each of the past 4 months. What little is known about the projected procurement of missiles now in production or about to be started suggests that the declines of recent months should not be disregarded as a clue to the future.

I have recounted this history of California participation in the highly specialized and very technical field of aircraft and space procurement because the ups and downs in this field have been numerous and of staggering proportion, and our future expectations must assume that as aerospace technology develops it will continue to force changes in the hardware involved and in the skills and jobs of the people who produce this hardware.

C. NEED FOR DIVERSIFICATION

California's manpower past, its manpower present, and its manpower future hinge on the State's unique role in this very specialized field of Government purchasing. The fact that California employers have assembled a labor force of tremendous professional and technical competency gives California many advantages. It must be noted, however, that management of the firms employing these specialists frequently complains that much of the development needed to devise the new civilian products that this technology can produce—new products which will stimulate the economy of our Nation—has been stifled by the priority they must give to space technology for NASA and Department of Defense purposes. The civilian market industrial production that California could well expect to develop hand in hand with the growing space technology just has not been realized, and consequently, California's urgent need to broaden its industrial base is frustrated by the very programs which put in our hands the technology to make our economic base broader. California's ultimate economic growth must rest on the diversification of our industrial development which gives us enough growth of civilian production to bring into better proportion the role that this tremendously specialized defense plays in the State's economy. (The State's leaders in both industry and government are aware of this need for greater economic diversification and, as a result, are making efforts to bring about a better balance in our economy.) The U.S. Arms Control and Disarmament Agency recently estimated that 23 percent of all manufacturing employment in California was directly engaged in the production of good and services for national defense. This is entirely too high a percentage of our total economic base. Withdrawing this work would, of course, only create unemployment in California and the Nation as a whole, and reduce the Nation's readiness posture. Industrial development that will gradually add to our economic base is the only way to bring our economy into sound balance while keeping available to the Nation the tremendous capabilities we have developed by our specialization in defense and space. Until this diversification is accomplished, however, maintenance of the present levels of defense employment in California is of as much importance to us as is the maintenance of steel production in Pennsylvania; automobile production in Michigan; and garment production in New York; and it is just as important to the economic health of the Nation as

a whole as is the maintenance of the specialized industries of other leading States.

Moreover, I believe the Nation's security requires the full utilization of California's capability in aerospace research and development. This capability consists of a large specialized work force clustering around the great university research centers of our State, our outstanding educational system with its supporting graduate research divisions, the excellent transportation systems of water, air, rail, and truck, and the strategic location of the State. Therefore, from the point of view of the security of our Nation alone, it is necessary for California to share fully in future defense expenditures.

D. THE MANPOWER OUTLOOK FOR CALIFORNIA

Now, let me give a brief description of California's employment picture as of April 1963. This is a spring month; if I were to quote a September seasonal figure, when we have a peak in employment related to harvesting and processing of California's $3 billion agricultural output, the farm, canning, and transportation figures would be higher. The basic picture of California today can be seen in the current employment figures, however. We had 6,300,000 at work and 409,000 unemployed. The seasonally adjusted rate of unemployment is 6.2 percent (and the unadjusted rate was 6.1 percent). About 1,442,000 of the 6,311,000 at work were employed in manufacturing, 38,000 more than a year ago. Other industries with more than 1 million employees include trade, with 1,317,000; the services industries, with 1,166,000; and Federal, State, and local government with 1 million even. In construction we hade 375,000 at work; and agriculture, forestry, and fishing, 287,000. Finance, insurance, and real estate had 317,000 All of these figures, except that for agriculture, are at or close to record employment figures for any April in California's history. All of these figures, except agriculture, will expand in future years.

Government services will have to expand because the decade of the 1960's will see the school-age group increase by 44 percent and the college-age group increase by 72 percent. Education is the largest single component of government services in California. It seems likely that other government services and the service industry and trade will respond to the continuous population growth we anticipate. The rate of growth itself determines, in large part, the level of employment in construction and possibly also in finance, insurance, and real estate.

Agricultural employment will undoubtedly follow past trends and decrease slowly. California's agriculture has been increasingly mechanized with respect to most preharvest operations and, with respect to harvest operations in cotton, the small grains, and sugarbeets. Efforts are being made to reduce manpower requirements for fruit and vegetable harvests but, up to now, the improvements have been limited, and there are no prospects of any real breakthrough in the immediate future. The result is that the annual average of farm employment has been decreasing, but the labor requirements at the seasonal peak in August and September have barely been affected. The manpower problems in California agriculture are difficult whether regarded from the point of view of the farmers or from the point of view of the farmworkers; and they are likely to continue to be difficult in the years immediately ahead.

The real key to California's manpower future, of course, is the prospect for employment increases in manufacturing. I have noted these implicitly in my absence of a large pool of unskilled manpower and the need to import at great disdiscussion of California's unique role in space procurement. California has proven itself to be a tremendous adaptable State in the past, and this gives us a measure of confidence as to the future of manufacturing in this State.

California is not a State easily adapted to heavy industries, because of the absence of a large pool of unskilled manpower and the need to import at great distances the raw materials required. Rather, it is a State in which workers with better-than-average productivity and skill have always been able to earn higher-than-average wages and a good profit for their employers by producing the specialized kinds of products which require not large numbers of unskilled workers but substantial numbers of highly productive, well-educated, well-trained workers. The manpower outlook for California rests on its ability to continue to develop additional markets for the products of this category of highly trained workers, and the future of California's workers rests on their ability to stay ahead of the parade in productivity.

Automation and technological advance have probably played a greater role in California in the past than in most States because of the specialized production we have engaged in, and because as we have grown we have built new plants

with technologically advanced equipment. If we are to grow in the next decade and keep our position intact, however, we must continue technological advance with all of its unsettling and challenging consequences.

Looking ahead to estimate the occupational structure that we can expect in California in 1970 or 1975 is not easy. Much of what will occur, of course, will depend on the patterns of population growth and the future of aerospace procurement. We must expect that the changes that will occur in California will be rather like those generally expected in the Nation as a whole. We think, however, that California's growth and its industrial potential in the field of light industry will generate a demand for more skilled workers and more of those in the semiskilled manufacturing occupations. We expect further continued growth of the highly technical and the professional occupations. We see little future for the unskilled. Their numbers may increase, but their share of the employment that California can expect in 1970 will be smaller than now, and the kinds of jobs that will remain for them are likely to be more intermittent and less attractive than they are now. California has only limited opportunities to offer the unskilled, functionally illiterate, poorly trained worker. Much of our manpower development efforts must be put into insuring that those disadvantaged in our kind of economy can develop themselves in competency so that they can prosper in such an economy.

The future of farm jobs needs special comment. California's agriculture is under great economic pressure to mechanize as many as possible of the remaining harvest jobs which provide employment for people who should be competent farmworkers. While the need for these people is far greater than our ability to meet at the present time, it would be unrealistic to expect that these needs will not gradually be reduced by the economic forces currently at work.

These prospects will give you a general background for the specific problems that I wish to take up in the latter portion of my presentation.

In order to make California a real place for you and all who will use the transcript of your hearings, let me very briefly identify the major urban labor markets of California and characterize each.

E. LOS ANGELES-LONG BEACH-ORANGE COUNTY LABOR MARKET AREA

In April 1963, 2,924,400 people were employed in this area, which consists of Los Angeles and Orange Counties. The level of unemployment was 168,000 and the seasonally adjusted unempolyment rate was 5.6 percent. (The unadjusted unemployment rate was 5.4 percent.)

The economy of this area is heavily dependent on defense expenditures. The three aerospace industries—aircraft, electronics, and missiles—employed about 334,000 workers in April. The rapid growth in these industries during the past decade has been a major factor influencing occupational trends.

The 1960 census showed that 46 of every 100 persons employed in California were working in the Los Angeles-Long Beach-Orange County area. Between 1950 and 1960 total employment in the area rose by 55 percent. The strongest uptrends occurred in professional, technical, and clerical jobs. The result was a higher concentration of workers in the white collar occupations. On the other hand, the proportion that semiskilled operatives and laborers represented of total employment declined. Operatives were displaced by clerical and kindred workers as the largest single occupational group in the area.

The outstanding development of the 1950–60 period was the sharp upsurge in the employment of engineers and associated personnel. A major factor in this trend was the rapid expansion of research and development facilities as missile and related aerospace programs supplanted the production of manned aircraft as the leading defense-oriented activity. The impact of the advancing technologies was most apparent in the electronics, aircraft, and ordnance industries. The consequent changes in staffing requirements also resulted in sharply increased employment of such workers as physicists, chemists, mathematicians, programers, electronic technicians, and machine shop craftsmen. White collar workers, including professional, technical, managerial (except farm), clerical, and sales personnel constituted 49 percent of the total employment in the area, compared with 47 percent for the State as a whole. The 31-percent representation of craftsmen, foremen, and operatives was also moderately higher than the State rate.

The 1960 census for the area indicated that the median age for the total population was 31 years. There were 145,615 persons up to the age of 34 years enrolled in colleges, while nearly one-fourth of the persons 25 years of age

and over had completed one or more years of college. The median school years completed by persons in the latter age group was 12.1.

Recent employment trends in the three defense-related industries have been disturbing. These three industries which led the job expansion during 1962, declined throughout the first quarter of 1963. This was triggered by the cancellation of the Skybolt missile contract and delay in the XB–70 supersonic bomber program. There has been a phasing out of some contracts, and more important, a slowing in the rate of military and space contract awards to California firms. In the fiourth quarter of 1962, military prime contract awards to California firms represented 20.3 percent of the national total, down from 26.8 percent in the previous quarter. The drop to 20.3 percent represented the smallest share to California since the second quarter of 1959.

Aircraft employment which rose to 128,300 in December 1962 from a 10-year low of 113,100 in June 1961, has dropped steadily since December to 121,700 in April.

After 30 months of uninterrupted gains, employment in electrical machinery has declined steadily since December. Widespread losses caused a reduction of 3,400 in the last 2 months. The current April level of 162,900 compares with 155,400 last April, and the all-time high of 168,500 set in December 1962.

Employment trends in ordnance, the outstanding growth industry during 1962, were also materially affected by the cancellation of Skybolt missile project. After reaching an all-time high of 52,800 in December, employment in ordnance dropped to 49,500 in April, following termination of the Skybolt program.

F. SAN FRANCISCO-OAKLAND LABOR MARKET AREA

Total civilian employment in this six-county labor market area was 1,190,500 in April 1963. Unemployment was 65,300 and the seasonally adjusted unemployment rate was 5.3 percent. (The unadjusted unemployment rate was 5.2 percent.)

The economy of the San Francisco-Oakland area is one of the most widely diversified in the Nation. Although nearly every kind of activity that occurs in a modern urban-industrial economy can be found here, the chief business in the region is not the production of goods but of services. Located here are the main offices of 30 large companies with assets in excess of $30 billion, including the headquarters of some of the largest banks, insurance companies, and utilities in the Nation and also the regional offices of many more.

As a result of its trade and service base, the bay area labor force contains a larger proportion of "white collar," professional, technical, scientific, clerical, and sales workers than the State as a whole, and it also has proportionately fewer semiskilled and unskilled workers. This unique labor force of highly educated and skilled workers as a result of a varied but stable economic structure and exceptional cultural, educational, and climatic conditions.

In the past decade the number of professional, technical, and scientific workers in the labor force has expanded faster than any other occupational group. The growth of these occupations stems from the establishment of nucelar energy, missiles, and electronics plants and research facilities in the East Bay and peninsular counties. One reason these industries have clustered in this area is the proximity of Stanford University and the University of California—two of the world's foremost training centers for scientific workers. Along with the growth of the missiles and electronics industries, research and development firms have also been established in the area—firms that were attracted by the availability of qualified workers and leading training centers. The bay area has also attracted numbers of well-trained and qualified workers in business occupations such as accountants, advertising men, and other administrative and managerial staff specialists. However, opportunities for these workers are not quite so numerous as for technical and scientific workers.

As a major distributive and financial center, the bay area has a considerable force of clerical and sales workers, while occupations in the skilled trades are almost as varied as those in the professional occupations.

With the influx of electronics, space, and nuclear industry, a whole new level of skilled workers is developing—the technician who bridges the gap between the skilled craftsman and the professional worker. Moreover, the craftsmen employed in these industries have also had to upgrade their present skills or learn new ones. An increasing number of job orders is placed not merely for machinists but rather for highly skilled "experimental" machinists. Skilled craftsmen in other industries have had to learn new techniques in order to keep

up with job opportunities in the new space-age industries. For example, many of the technquies now used by welders on exotic metals for missile firms were unknown 5 years ago. Besides new space-age trades, the bay area's labor force contains a wide range of skilled men in traditional trades. Carpenters, plumbers, glass mold makers, shipfitters, maintenance mechanics, auto mechanics, and a host of other craftsmen are required to keep industry moving. Marked shortages of certain types of skilled workers do occur from time to time particularly in defense oriented industries and for those skills where there is a comparatively long and expensive training period required. However, by and large, the bay area has relatively better supplies of skilled men available than many other areas with expanding space industries.

As in many other areas of the State, the number of semi-skilled and unskilled workers in the bay area is growing more rapidly than job opportunities in these occupations. This condition stems from an expanding population, a slowdown in the growth of industries that traditionally employ a large number of these workers and technological changes in production, processing, and distribution methods. Service workers and agricultural workers are affected by the same forces which on the one hand have increased the competition for jobs, and on the other hand, reduced the number of jobs available.

G. SAN DIEGO LABOR MARKET AREA

This labor market area, which includes all of San Diego County, had an employment of 314,300 in April. Unemployment was 25,400, with an unadjusted rate of unemployment of 7.5 percent.

Approximately 80 percent of the county's population, taxable sales, and employment is concentrated in the community of San Diego, which has grown by 35,000 to 45,000 residents every year since 1950. However, population growth has slowed appreciably since 1960.

Aircraft plants and Federal Government establishments have been the basic industries in the area. During the past 2 years, electronics component production has been greatly increased and research and development laboratories also have shown growth.

Manufacturing industries provide approximately 22 percent of all jobs in the area, down from 24 percent in 1960 as a result of drastic reductions in work forces in local aircraft plants. Wholesale and retail trade accounts for about 22 percent of the total, Government agencies about 20 percent, and the service group provides more than 19 percent of all jobs in the area.

The area has had a substantial labor surplus for about 3 years.

H. SAN JOSE LABOR MARKET AREA

In April, 276,500 were employed in the San Jose labor market area (Santa Clara County); 18,500, or 6.3 percent of the labor force, were unemployed.

San Jose, the central city, together with the surrounding area in northern Santa Clara and southern San Mateo Counties, ranks close to the Nation's top in space-age industries, including advanced research and development and the production of missiles and electronics equipment.

Of the Nation's 500 largest industrial corporations, at least 60 have manufacturing, distributive, or research development centers in Santa Clara County. This area's recent growth has come from the expansion of durable goods industries; research and development in the fields of electronics; large-scale shopping centers, and government services. Construction, also, is important in this area with its many tract projects.

With recent shifts in defense contracts and the steady increase in the number of inmigrants and new entrants into the labor force, the number of locally available workers in currently sufficient to meet most labor needs of the area's industries.

I. FRESNO LABOR MARKET AREA

April employment in this labor market area (Fresno County) was 130,500; 13,800, or 9.5 percent of the labor force, were unemployed.

Fresno, the largest community in the county, is located in the geographical center of California. It is a trade center for one of the richest and most diversified agricultural areas in the Nation. Its largest industries—trade, service, and manufacturing, normally absorb more than one-half of the total number of workers employed in nonagricultural jobs. About one-half of the manufacturing industry is related to the food processing.

Much of Fresno's employment is seasonal. Seasonality is greatest in industries allied with agriculture, construction, and outdoor activity. The employment uptrend begins in either April or May as construction activities accelerate and the spring fruit harvest begins. Agriculture, manufacturing, trade, and construction employment continue to increase from this point until the fall peak is reached. From September to December, most industries show a gradual decline in employment. Farm related activities main fairly high levels into December because of the cotton harvest. Fresno does not maintain sufficient numbers of large manufacturing firms to absorb the surplus of semiskilled and nonskilled laborer that exists throughout the offharvest season. During the January to May period many of the unemployed are women who have worked in food packing plants and canneries and who possess manipulative skills. Others include unskilled warehouse laborers and semiskilled persons such as forklift operators.

J. STOCKTON LABOR MARKET AREA

Total civilian employment in this labor market area (San Joaquin County) was 91,600 in April 1963. Unemployment was 9,400 and the unadjusted rate of unemployment was 9.3 percent.

Stockton is the most populous city in the county (San Joaquin) and, because it contains the largest inland port in California, is the principal industrial and trading center for the northern San Joaquin Valley. The city serves an extensive agricultural area which produces a wide variety of crops.

The impact of agriculture on the economy creates a labor market which is strongly influenced by seasonal factors. Many workers are employed in food processing plants and related industries from April through October. The effect of worker immigration is most significant in the multimillion dollar agricultural economy of the community. Large numbers of migrant workers enter the area each year to work in cherry, peach, walnut, and tomato harvests when the local labor supply is not sufficient to meet the demand. Unskilled and semiskilled labor is in surplus during the winter months. Employment opportunities in other than seasonal industries are increasing, and continued shortage exist for skilled and experienced clerical help, nurses, repair and maintenance men, and accountants.

K. SACRAMENTO LABOR MARKET AREA

April employment for the Sacramento labor market area was 203,200. Unemployment was 11,300, or 5.3 percent of the labor force.

Sacramento, the capital of California and the county seat of Sacramento County, is the commercial center of the Sacramento Valley. It is the retail and wholesale trade center for the Sacramento Valley to the north and the mountain areas to the east and northeast.

Sacramento has shared fully in California's remarkable growth. Government employment constitutes about 31 percent of the total employment in the community and is relatively stable. Employment is seasonal in agriculture, contract construction, canning and preserving, and container manufacturing. However, the seasonal extremes have been dampened by the constant increase in employment opportunities presented by the two space-age establishments in the area. The demands by these firms for professional, technical, and highly skilled workers have been high and the local supply has not been sufficient to meet them. A surplus of unskilled labor exists for about 4 months each year from December to March. Indications are that the demand for unskilled workers will constantly decline while the local demand for highly skilled and technical workers will increase. Training beyond high school level is becoming increasingly important in the local labor market.

L. SAN BERNARDINO-RIVERSIDE-ONTARIO LABOR MARKET AREA

Employment in this duocounty labor market area (San Bernardino and Riverside) was 272,500 in April 1963. Unemployment was 16,800, with an unadjusted rate of unemployment of 5.8 percent.

Most of the population and industry of San Bernardino County is concentrated in and around the San Bernardino community. While the community has been primarily a trade and service center, the recent transfer of missile programs to Norton Air Force Base is attracting aerospace research and development firms, which anticipate very rapid growth. This trend will generate a growing need

for engineers, technicians, and highly skilled and well-qualified electronics and missile workers.

The economy of the Riverside community is well diversified with government, trade, service, and manufacturing industries of almost equal size. Worker demand is heavily concentrated in the professional, technical, and highly skilled categories. Also in strong demand are well-qualified stenographers, secretaries, and office machine operators.

The third important community in this labor market area is Ontario, which is located in the west end of San Bernardino County. The community has shown the fastest population growth in the San Bernardino-Riverside-Ontario labor market area. Manufacturing is a major industry and includes aircraft modification, apparel, plastics, and food products. The community also serves a wide retail and service market and is surrounded by rich agricultural lands, with wine grapes and citrus the most important crops. A large labor pool of semiskilled and unskilled workers is available, and there is a constant large supply of women workers.

II. Profiles of Unemployment and Current Attempts at Solution

A. Younger Workers

1. Growth trends

California must have a sharply increased demand for labor to reduce the number of unemployed workers in its labor force. However, even if the demand for labor were to significantly increase, some workers would remain unemployed because they are untrained and lack skill and basic knowledge needed in today's labor market. For example, a high percentage of the currently unemployed in California's economy are unskilled teenagers, and the number of teenagers in California's population has been constantly on the increase.

A comparison of the 1950 and 1960 census figures on the numbers of young people in California's population aged 14 through 24 years old discloses a percentage increase of 52.1 percent. Reference to the following table will indicate the growth of this age group by sex.

Table 8.—*California population, age 14 through 24 years*

[1950–60 Census]

	1950	1960	Percent of gain
Total	1,522,905	2,316,182	52.1
Male	776,885	1,193,579	53.6
Female	746,020	1,122,603	50.5

Note.—Table 66, U.S. Census for California, p. 35. Table 115, U.S. Census for California, p. e(1)60.

2. Rates of unemployment

The 1960 census also reveals that in excess of 1,100,000 young people in the 14–24 year age group were in the labor force. This is a 56 percent gain over 1950 census figures for this age group. These young people, at the time of the 1960 census had an unemployment rate of 10 percent compared to a 6.1 percent for the civilian labor force as a whole. Population projections by the U.S. Department of Labor indicate that California will have over 2,400,000 in 14 to 24 year age group in the 1970 labor force. This is a 119 percent increase.

The 14 to 19 age group, representing the beginning workers in California with the least amount of experience and training, numbered 379,376 in the labor force during 1960, of which 45,909 were unemployed. The rate of unemployment for this age group is 12.1 percent compared to 6.1 percent for the labor force as a whole—almost exactly double the rate for the total labor force.

This rate of unemployment, however, does not reflect the even higher rate for certain disadvantaged youths, such as school dropouts and youths who are members of minority groups. For example, the recent report to President Kennedy entitled "Jobless Youths" from the President's Committee on Youth Employment reveals that the rate of unemployment for Negro youths is almost double that for white boys and girls, and that the school dropout suffers the more because of lack of education and training. These two disadvantaged groups are increasing numerically in California's population.

3. Dropouts and minorities

The school dropout and the minority youth frequently are culturally deprived, having little or no exposure to the aspirations and ambitions which are necessary to the realization of their potential. The parents of these groups frequently have fewer or no marketable skills and are so much involved with obtaining the necessities of life that the education and training of their children for a labor market requiring complex skills and knowledges is ignored. The dropout group is heavily weighted with minority youths, both Negroes and Mexican-Americans. The size of the dropout group is increasing by virtue of California's population increases. However, the school dropout rate (25 percent in California—less than the national rate of about 30 percent apparently is not increasing.

California's Education Code does not require school districts to make a periodic school census and no provision is made for the collection of enrollment statistics from nonpublic schools. For that reason the best source of information concerning the holding power of the public and nonpublic schools is derived from the decennial census conducted by the U.S. Bureau of the Census. The 1960 census obtained information as to the numbers of children and youth of various age groups enrolled in school at the time the census was taken. Any individual enrolled in either a public or nonpublic kindergarten, graded school, college, university, or professional schools as either a full-time or part-time student was counted as enrolled in school. Percentages reported for various age categories are:

Age:	*Percent enrolled in school*	Age—Con.	*Percent enrolled in school*
5 and 6 years	82.8	18 and 19 years	40.8
7 to 13 years	98.2	20 and 21 years	21.5
14 and 15 years	96.3	22 to 24 years	12.3
16 and 17 years	83.3		

For the age groups of 14 to 17 years, which correspond roughly to grades 9 through 12, 89.7 percent of California's youth were enrolled in school. Of all children and youth enrolled in elementary and high schools, 9.7 percent were in nonpublic schools.

A second source of information as to the holding power of the public schools is the enrollment figures collected each March 31 and October 31 by the State department of education. The table below shows for each of the last 10 graduating classes the enrollment of each group in the 12th grade and in the 8th grade and the percentage of difference:

12th grade of—	Enrollment in 12th grade	8th grade	Percent difference
1953	73,992	104,994	29.5
1954	79,431	107,840	27.0
1955	86,143	115,010	25.0
1956	93,483	124,163	25.0
1957	101,389	134,999	25.0
1958	108,610	140,824	23.0
1959	120,994	152,900	21.0
1960	143,620	178,306	20.0
1961	152,355	188,760	19.0
1962	158,558	193,401	18.0

The enrollment of the 1962 12th grade was 18 percent smaller than was the enrollment reported for the same group when it was in the 8th grade. This represents a difference of 34,843 young people which is approximately equiavlent to the population of a city such as Modesto or Whittier. Actually the dropout rate is higher than 18 percent because to the enrollment figures given above do not make any allowance for youth transferring to California schools from other States. Accurate data on the number of such transfers are not available. On the basis of the U.S. Census data and these enrollment figures, the State department of education estimates that the actual dropout rate on a satewide basis for the class of 1962 was approximately 25 percent.

4. Programs in effect

The California State Employment Service in providing employment services to its youth population has for the last 12 years given special program emphasis to youth employment services. These employment services are provided in an

environment of community action and cooperation coupled with government action and cooperation.

(*a*) *Terminal student program.*—Basically the terminal student program operates the same the State over. Specifically, the services offered for terminal students in all of our local offices, include job application services at the school, employment counseling and aptitude testing, proficiency testing in typing, shorthand, and spelling, current occupational information (occupational guides), specialized counseling and placement attention for early school leavers, job placement services, speakers for career days, job development, overall job placement consistent with career goals, and coordination of work experience-education programs with a community-centered program of job development.

Employment service counselors work with school counselors and administrators in California high schools and junior colleges. The terminal student program is a supplement to the school guidance system.

Under the terminal student program, young people entering the labor market, whether high school graduates or dropouts, are identified, and job counseling and job placement services are provided as needed. These services are provided generally at school, although there are a significant number of offices providing a combination of employment services both at the school and in the local office. The terminal student program currently services over 70 percent of the high schools in California enrolling more than 92 percent of the graduates. This represents in excess of 153,000 students. Within this group, those who are entering the labor market and are in need of employment counseling and job placement services are provided these services. More than 24,000 terminal students were placed during 1962. This represents a 10.2-percent increase over 1961. Of these students, over 2,000 were school dropouts representing a 36-percent placement increase over 1961. More than 37,000 registered graduating seniors were given the general aptitude test battery as an adjunct to employment counseling.

(*b*) *Preemployment youth program.*—The preemployment youth program is designed to help the teenager still in school find part-time jobs after school, on weekends and during vacation. This phase of our total youth employment program helps the young person meet his financial obligations and assists him in the transition between school and the time when he will compete in the open labor market as an adult worker.

Preemployment youth programs or in-school teenage programs have different identities in different communities, such as youth employment service, youth employment organization, workreation, jobs for teens, etc. As in our entire youth employment program, community leadership and community identification is heavily involved.

It has been the experience of the California State Employment Service that existing child labor regulations offer a wide range of protection for our youngsters in employment opportunities for teenagers. The Californiia State Employment Service youth program is geared to comply with existing child labor regulations. At the same time, one of the objectives of the California Interdepartmental Committee on Youth Employment is to publicize that teenagers may work on many different jobs and in many different occupational fields. Over 300,000 pamphlets developed and distributed by this committee have been of significant help in familiarizing both employers and young workers with the kinds of jobs and conditions under which teenagers may be employed.

(1) Community participation

Currently California has over 150 community youth employment organizations that win support from the community for the total youth employment program. These community organizations are counted on heavily in the preemployment and terminal student phase of our youth program. Individual community youth employment organizations frequently include city managers, superintendents of public instructions, representatives from labor and management, school guidance people, business leaders, representatives from county and city governments and from the press, radio, and television. These youth employment committees give equal support to both preemployment and terminal student youth. While the department does not require any special placement reports from our local offices on our preemployment youth program, an idea of the effectiveness of the placement work in this program is obtained when you know that the California agency last year placed over 154,000 young people under 20. This is a 48.1 percent increase over 1961.

(2) California youth farm program

During the past 3 years, the California State Employment Service has renewed its efforts to draw into farmwork those youth who are not usually attracted to this work without some special stimulus.

During 1962, about 7,500 young workers were placed in 10,700 agricultural jobs and earned around ¾ million dollars. The local programs were stimulated by 69 employment offices and participation included 786 farm employers, 150 schools and colleges, 45 local organizations and agencies, hundreds of parents and other interested helpers.

Emphasis in recruitment was to improve the status of farmwork and to appeal to youth on the challenge of outdoor work to build up physical fitness and stamina. Football prospects were made into farmwork crews, often with their coach as the working supervisor.

The success of the programs depends upon the degree to which the planning provides for supervision, transportation, and preseason job orientation. Agricultural teachers and other youth leaders usually make the best supervisors. Sometimes the farmer with a special interest in kids was the best supervisor. Farmers, parents, and local service clubs often provide the transportation, although older youth frequently make up car pools. The Farm Bureau, Agricultural Extension Service, or other farm groups often cooperate in job development among farmers and in advance training meetings with the student workers, to teach them how to do the job and how to protect the farmer's crop, tools, and property.

A special youth program to place mentally retarded students or dropouts is discussed under handicapped workers. The need for similar service is to the paroled youth delinquent and several offices have been successful in finding farmers who will take a special interest in the rehabilitation of a youth delinquent through giving him a farm job opportunity.

Farmwork offers special hope and opportunity to the dropout. Minimum qualifications for potential success are physical fitness, stamina, willingness, industry, and reliability. Agriculture perhaps offers the best opportunity for the unskilled or semiskilled worker who is not able to find a job in industry.

(*c*) *Apprenticeship.*—As a primary concern with manpower utilization and stabilization of the work force, the California State Employment Service has a direct interest in increasing the number of apprentice-trained craftsmen. Our interest is based on the following facts:

(1) Currently California has 22,212 apprentices in training. During the calendar year 1962, 4,340 California apprentices completed their training. This is only a fraction of a number of skilled craftsmen needed annually by California industry to replace journeymen who retire, die or otherwise leave the skilled trades.

(2) Concurrent with the need for more apprentices, there is a tremendous number of young people who need an opportunity to learn the special knowledges of skills required of today's craftsmen. For example, the 1960 census indicates that California has over 2 million young people in the 14- to 24-year age group, of which more than 1,193,000 are males. Unemployment among the total group is 10 percent and among the males is 10.4 percent.

The California State Employment Service has traditionally worked with the division of apprenticeship standards through the interdepartmental committee on youth employment along with joint apprenticeship committees and labor and management, to identify and develop apprenticeable job opportunities. For example, we have for the past 5 years cooperated with the division of apprenticeship standards in sending out a joint letter declaring June to be Apprenticeship Month.

Apprenticeship Month has as its objective the identification of more apprenticeable job opportunities in California. Currently in connection with Apprenticeship Month, our area managers and division of apprenticeship standards (DAS) representatives met to arrive at an overall plan to develop apprenticeable job opportunities. Employers are solicited by DAS personnel and by California agency's employer relation representatives for apprenticeable jobs. Division of apprenticeship standards representatives identify employers that are good prospects for apprenticeships and work as a team with employer relation representatives to provide information to those employers who have never used apprentices before. When the appropriate local joint apprenticeship committee requests the services, our employment service offices will provide recruitment, selection (including testing), and referral services.

(*d*) *Apprenticeship information centers.*—Supplementing the project to develop apprenticeship opportunities are two demonstration apprenticeship information centers. One of these is located in Fresno and the other is in the San Francisco metropolitan area. The purpose of the apprenticeship information center is to provide one place in the community where all the information about

apprenticeship is available to all individuals interested and especially to minority groups.

The functions of the apprenticeship information centers are to:

Maintain a library of apprenticeship information for youths, counselors, parents, joint apprenticeship committees, employers, unions, and the general public.

Provide group and individual counseling and guidance to junior and senior high school students and applicants about:

The nature of various principal occupations.

Qualifications for apprenticeship including educational requirements and aptitudes.

How to prepare for apprenticeship.

How and where to apply for apprenticeships.

The apprenticeship information centers are given leadership by local representatives from the California State Employment Service, Department of Education, Bureau of Apprenticeship Training, and Division of Apprenticeship Standards. The apprenticeship information center, however, is a project of the overall labor-management apprenticeship committees in the specific communities.

The demonstration project in Fresno, Calif., was evaluated after 6 months of operation. The evaluation team, composed of the chief of the division of apprenticeship standards, the chief of the bureau of vocational education, and the State counseling supervisor from the California agency met with the Fresno labor-management committee.

Following are some of the findings: 130 qualified applicants for apprenticeship had been referred to joint apprenticeship committees and as of the date of the evaluation 30 of them were placed on jobs. Previously one or two apprenticeship candidates had been placed through the Fresno office per month. Joint apprenticeship committees were insuring objective selection by using California agency aptitude tests in the selection of candidates. Questionnaires completed resulted in the documentation of standards for the selection of apprentices which in many instances had been neglected. In addition, it was discovered that considerably greater emphasis had to be placed on the development of apprenticeable occupations and improved communication was needed between apprenticeship information staff in the employment office and the staff of the school people engaged in preapprenticeship training.

Currently the California State Legislature is considering a bill, AB–110, which will require the establishment of additional such centers throughout California. The California State Employment Service will finance the division of apprenticeship standards needs through the contingent fund. AB–110 provides $50,000 for fiscal year 1963–64 and $50,000 for fiscal year 1964–65.

(*e*) *Youth opportunities boards.*—A Youth Opportunities Board of Los Angeles was created by a joint powers agreement with the city of Los Angeles, county of Los Angeles, California State Employment Service, the Los Angeles Unified School District in Los Angeles junior college. The purpose of the Los Angeles Youth Opportunities Board is to provide a top administrative vehicle for coordinating all of the actions of government to improve the employment opportunities for young people in Los Angeles County.

Full-time coordinators of the California State Employment Service and of the superintendent's office of the Los Angeles city schools serve on the board. To date the board has been successful in the establishment of procedures which provide employment counseling and job placement services to all school dropouts and potential school dropouts in the Los Angeles city school system.

The board is now in the process of working out arrangements to provide employment counseling and job placement to all graduates and school dropouts who are entering the labor market and interested in full-time career employment.

A similar board is established in Alameda County and serves the metropolitan area of Oakland, Calif. Such boards have accepted foundation grants for studies and for the purpose of obtaining information on the nature and the scope of the problem of youth unemployment and are devising action programs to combat youth unemployment.

Governor Brown, along with other top administrative officials in the State and county government of California, believes the establishment of such youth opportunities boards represents a breakthrough in coordination of Government action for the benefit of youth and will improve their opportunities for employment.

(*f*) *Career Guidance Center of Los Angeles—a national pilot project.*—The career guidance center pilot project sponsored by the office of the Los Angeles County superintendent of schools and supported in part by grants from the National Defense Education Act, is a cooperative project between the schools and the Los Angeles community, involving the California State Employment Service.

The purpose of the career guidance center is to supplement vocational guidance and counseling programs and to augment "career days." It is a unique and potentially most effective project through which young people and their parents can become easily and reliably informed about career opportunities and requirements. It is entirely possible that this center contains the largest amount of occupational information ever presented at one time to young people. It is estimated that over 900,000 pieces of educational material pertinent to career guidance were distributed at the 1962 career guidance center and considerably more than this in the 1963 career guidance center operation.

The center presents displays, materials, and personnel representatives covering a large variety of occupations. Pertinent information about thousands of occupations are available under one roof. During the days the center is in operation, hundreds of employers and staff working in these occupations are on hand to provide information and personalized assistance in discussing jobs and/or training requirements including employment opportunities available. Thousands of young people, many of them accompanied by their parents, talk with a person actively engaged in the occupation under discussion. Students and adult visitors as well take the opportunity to ask questions and to discuss plans with knowledgeable people who not only know their fields but are also anxious to be of help.

Approximately 40,000 students, teachers, counselors, parents, and others visited the center in 1962. The attendance for 1963 exceeded 43,000 including 25,000 students.

(*g*) *Employer Recruitment Day—Stockton, Calif.*—One of the demonstration programs developed through our Stockton local office is Employer Recruitment Day. This project involved 275 preselected students from 5 local high schools and 1 junior college. Over 500 job interviews were conducted by 51 recruiters in one place representing 32 firms and resulted in more than 100 students having jobs waiting for them upon graduation. As recently as February of this year employers were still reinterviewing for hire candidates who were first interviewed on Employer Recruitment Day. It is anticipated that this project will be installed in other California communities.

(*h*) *Youth authority program.*—The California agency established over 6 years ago a comprehensive program for providing employment counseling and job placement services to wards of the California Youth Authority. All wards confined in correctional institutions are provided application taking and needed employment counseling at the institutions. Job placement services are provided to a paroled ward upon his release by local offices serving his community. Youth authority counselors furnish local office counselors with case history information pertinent to vocational planning.

The general aptitude test battery results are used by institutional counselors as an aid in determining training assignments within the correctional institution and by our employment counselors in working out vocational plans. When necessary, employment counseling is extended by the staff in the local office serving the paroled ward's community. Followup reports are submitted by local offices to the California agency's central office to determine the effectiveness of employment services.

Of the over 900 followup reports on individual parolees evaluated, approximately one-third reported upon release from the institution for job services to the employment counselor in the local office. Forty-five percent of these wards were referred to prospective employers within 90 days. Of those referred 67 percent were hired. Undoubtedly other wards were referred and hired after the 90-day report period.

An interesting difference was noted between parolees who upon referral were hired as compared to those not hired. Of those wards hired 59 percent had parole agents who contacted employment counselors. Of those not hired, however, only 41 percent had agents who contacted counselors. These figures suggest that increased collaboration between parole agents and employment counselors is related to the job placement of youth authority parolees.

(*i*) *Job Clinic—Riverside, Calif.*—Employers, employment service counselors, and school counselors conduct job clinics as part of the instruction for terminal

students in Riverside. Each terminal student participating in the clinic fills out a sample employer work application. Several applications are selected and flashed on a large screen. Critiques are then given by employers, personnel officers, and the manager of the employment office. The critique helps students in realizing the importance of including all work experience, hobbies, references, and answering all questions using correct spelling. Employers then conduct job interviews with students selected from the audience. Other benefits resulting from job clinics are that students observe the introduction and interviewing process and the attitude and conduct expected by employers.

5. California conservation and training program, senate bill No. 1064, and assembly bill No. 2104

Now pending in the California Legislature is Governor Brown's conservation and training program which will provide a combined conservation and remedial education program creating additional jobs for young people in California. The California agency will select and refer all young people to this program and provide needed counseling and job placement services. This program will return young people, after work and training, to jobs in competitive employment or to further training utilizing the Manpower Development and Training Act. It is expected that cities and counties will adopt this conservation and training program for their own. Governor Brown has earmarked $300,000 for this pilot demonstration project. The bill also makes provision for enabling legislation for the National Youth Employment Opportunities Act of 1963.

B. ETHNIC MINORITIES

1. Population

California's total population in 1960 was 15,720,860. Of that total, the largest single ethnic minority is that with Spanish surnames, constituting 1,426,538 or 9.7 percent. Negroes account for 883,861 or 5.6 percent of the population. Other nonwhites, which include Chinese, Japanese, Filipino, and Indian constitute 378,113 or 2.4 percent. In total, 17 percent of the total population can be considered racial or ethnic minorities. Of that total 80 percent are Negro and people with Spanish surnames.

The minority population distributes itself in the State in somewhat traditional fashion, with the bulk of the Negro population located in the urban areas. Approximately 23 percent of the Negro population resides in the San Francisco-Oakland-Berkeley area. Fifty-one percent of the Negroes are in the Los Angeles area. Other nonwhite, though primarily in the urban areas, with 55 percent in the San Francisco-Los Angeles areas—are more liberally distributed through the agricultureal valley areas. People with Spanish surname are also highly concentrated in Los Angeles, with over 45 percent.

2. Rates of unemployment

Rates of unemployment, based on 1960 census figures, follow patterns similar to the Nation. On a statewide basis, unemployment among white males was 5.5 percent, white females, 6.3 percent. Unemployment among nonwhite males was 10.1 percent and among nonwhite females, 9.3 percent. There are significant figures for youth in the State. Unemployment among white males from ages 14 to 17 was 11.6 percent. Among nonwhite males of the same age it was 22 percent. For ages 18 to 19, white male youth were unemployed at the rate of 13 percent; nonwhites, 22.3 percent. For ages 20–24, unemployment among whites was 8.1; among nonwhite, 16.6 percent. In some areas, these rates become somewhat appalling. In Fresno, unemployment among white males was 7 percent; among nonwhite, 15.3. In Bakersfield, unemployment among white males was 6.3 percent; among nonwhites, 15.5 percent.

3. Programs in effect

(*a*) *Policies.*—In 1951, the California State Employment Service instituted the following policy.

(1) To provide nondiscriminatory service so that all applicants will receive equal treatment by the department.

(2) To make no reference to an applicant's race, creed, color or national origin on any application for work form.

(3) To select qualified applicants for referral regardless of race, creed, color, or national origin without interpreting or imposing any implied factors.

(4) To refer qualified applicants without regard to such nonperformance factors as race, creed, color, or national origin.

(5) To accept no order which contains discriminatory specifications.

(6) To make an ever-increasing effort to persuade all employers and unions to use hiring specifications geared to the actual requirements of the job so that we may refer the best qualified applicant for the employer's selection.

(7) To cooperate with employers, unions, the press, civic organizations, and community agencies who are interested in eliminating discriminatory hiring practices.

(8) To carry out our job-placement responsibilities in such a manner as to give full support to California's statutes pertaining to the regulation of discriminatory employment practices.

In 1959, California passed a Fair Employment Practices Act which established the illegality of discrimination in hiring, provided procedures for complaints, and penalties for violation. The California State Employment Service cooperates with the fair employment practices division through a joint agreement which sets forth the procedures for exchange of information.

(*b*) *Program supervision.*—In our Sacramento headquarters, we have had assigned since 1952 a staff person on a part-time basis to supervise our program of services to minority groups. Much of his effort was concerned with maintaining contacts with minority-group organizations, with organizations concerned with the employment programs of minority groups, in providing technical assistance to the areas and their advisory committees, and providing guidance to local offices. In August 1962 this position was made full time and has resulted in accelerated planning for our minority-groups program.

Each of our administrative areas currently has a person who is assigned as a minority-group consultant. In the Los Angeles metropolitan area this is a full-time position. Future plans contemplate a full-time position in each of the area offices and minority-group specialists in each of our local offices who will serve on either a full- or a part-time basis as community need and the size of program dictate.

(*c*) *Work with community organizations.*—

(1) Neighborhood House

Richmond Neighborhood House was established in 1951 in the community of North Richmond, Calif. This is an impoverished area of 5,000, almost all Negro and largely unskilled. Its vice, crime, and gang warfare made the problems of North Richmond well known throughout California.

The Neighborhood House staff, with the help of community resources including employment service staff, has developed a job-upgrading project designed to prepare the dropout and unemployed young people for employment.

The National Committee on Employment of Youth, in its publication, "A Job-Upgrading Program in Your Community," September 1962, cited the Detroit job-upgrading program and the job-upgrading project in North Richmond as the two outstanding examples nationally of successful experiments in improving the employability of school dropouts. The youth authority has also noticed a marked reduction in delinquency.

The California State Employment Service has assigned one person to work with Neighborhood House, providing needed job placement, counseling, and testing services to those youth who, through intensive casework, have been raised to a level of employability.

(2) Youth for services

In cooperation with the San Francisco community, our youth and student office has assigned one person as a "street worker" to deal with hard-to-reach youth. These are young people that will not come to an agency for vocational help, who lack aspiration, and need motivation. Work is in association with social caseworkers in San Francisco and is highly informal. Work of our employment counselor assigned to this project can be briefly described as preemployment counseling. The project, youth for services, is currently being financed by a Ford fund, and a Rosenburg and San Francisco Foundation grant.

(3) Hunter's Point project, San Francisco

The objective of the Hunter's Point project in San Francisco is to provide intensive job placement service and counseling services to this area. Hunter's Point is approximately 90 percent Negro. Most of these young people are out of school and unemployed and have little or no work skills. The California agency in this project is cooperating with the San Francisco Group Work and Recreation Council, the police, San Francisco Youth Association, and a number of qualified social caseworkers. The project is a neighborhood project and is housed in quarters provided by the San Francisco Housing Authority. It is anticipated that two

units of employment service staff will be assigned full time to this project. The Ford Foundation will finance this project and the activities will be extended to other depressed, low income, high minority districts such as Western Addition and Ocean View.

(4) Castlemont area, Oakland

This is an area which is under study because it represents a neighborhood in the transitional stage toward ghetto. Community agencies have developed an extensive program designed to reverse this process. The employment service is involved in the planning stages, and will participate by making placement services available in that area.

(5) Special manpower development and training projects

We have three special Manpower Development and Training Act training projects now going on in Los Angeles. These pilot projects are designed for minority youth predominantly and have evoked the interest and attention of the President's Committee for Equal Employment Opportunities. One of these projects trains clerk-typists. This training includes instructions in business mathematics and English, office machines, office procedures and typing. Another of these projects provides training for electronic assemblers and includes training in soldering, reading of schematics and color coding. The third trains machine operators who receive instructions in the operation of lathes, milling machines and grinders, along with blueprint reading and mathematics. The course in electronic assembler was graduated on May 3, for which the Vice President of the United States was present. Out of 21 graduates, 16 have already been placed in jobs for which they were trained, and the other 5 are committed.

Another project has been approved for training high school dropouts, primarily minority, for jobs as telephone frame men in San Francisco. We are keenly interested in the outcome of these courses and have high hopes for them.

A special project of the Youth Opportunities Board in Los Angeles is directed toward minority youth in the East Los Angeles Spanish-speaking community. Funds from the Manpower Development and Training Act have been requested for developing a program which would include, in addition to job training, classes in basic language training and other basic academic requirements to prepare the youth for work. The employment service will be involved in outstationed interviewers to service this project.

(6) Apprenticeship information center pilot projects

The California State Employment Service has participated actively with the Statewide Committee for Equal Opportunities for Minorities in Apprenticeship which initiated the apprenticeship-information center pilot projects. These centers, housed in local offices of the California State Employment Service, will, it is hoped, make it possible for minority youth to become exposed to the apprenticeship program. These centers will devote their efforts to insuring that the minority community is encouraged to send its young people through the center for information, counseling, testing, and referral.

(7) Career Guidance Center, Los Angeles

The Career Guidance Center of Los Angeles, a community sponsored youth project, serves to expose students from minority ghetto communities to the world of work and provides motivation regarding occupation choice which their isolation otherwise might otherwise fail to provide. The California State Employment Service provides counseling and placement service to the center.

(8) California conservation and training program

As in the rest of the Nation, the rate of unemployment among minority youth in California is more than double. The California conservation and training program, now pending before the California Legislature, would reach some of these unemployed and disadvantaged minority youth and prepare them for a productive life. The California State Employment Service will make the final selection of youth for this program.

C. OLDER WORKERS

1. Growth trends

California's population problems have been well publicized as we moved into position as the largest State in the Union and continue to be the traget of a great land migration equaling in impact the gold rush days of 100 years ago. But the age composition of our population is not so well known.

One-half of the population of California over 25 years of age is over 45 years of age; the older work force numbers more than 2¼ million, roughly 40 percent of the total work force. Our work force will maintain this ratio of older workers through this decade and the next.

Without full utilization of this segment of the labor force, California's economic growth cannot proceed at the maximum rate. The meshing of a large number of mature, experienced workers into the new industrial machine emerging in our State poses a serious problem at the present time, the dimensions of which are just now beginning to become apparent to us.

Thus a consideration of the employment problems of older workers is imperative in any discussion of the manpower problems of the present and future in California.

2. Rate of unemployment

Last year, calendar 1962, there were 255,000 workers 45 years of age and over, who requested our assistance in locating employment. The unemployment rate for this group is lower than for younger workers and is presently 5.8 percent. But we have learned that the older worker's period of joblessness, once he becomes unemployed, lasts much longer than for the younger worker.

The unemployed older worker finds the greatest barriers to employment at an age when he has the greatest need for employment in order to house, support, and educate his children, and to accumulate assets for his retirement years. In addition, a prolonged period of unemployment at this stage of his working life can mean reduced social security pension benefits upon retirement, thus creating additional future problems not only for the worker himself but for the economy and society in general.

The barriers to employment for older workers are formidable enough during high employment periods, based on the stereotypes and prejudices concerning older worker performance on the job, and sometimes on the fears of greater costs of hiring older workers among those employers with inadequately structured pension plans.

The California Legislature passed a law on age discrimination which became effective on September 15, 1961. The administration of this law was assigned to the California State Employment Service. There were no provisions for enforcement. Since this agency is not an enforcement agency, the task of enforcement was assigned to the duly constituted local law enforcement agencies—the police and sheriff departments. The law provides that employers with less than six employees are not subject; workers under 40 years of age and 65 years and over are not included in the law; apprentice programs are exempt from the provisions of the law as are employers who have established recruiting programs with high schools, colleges, universities, and trade schools.

3. Programs in effect

(*a*) *Older worker specialists in each office.*—The California State Employment Service has now extended to all of our more than 100 local offices a program of services to older workers. Each older worker specialist has special training in the employment problems of mature workers and how they can be mitigated through the use of our job counseling, job development, and placement services. The specialists in our large offices carry out their responsibilities on a full-time basis; those in the smaller offices devote part of their time to providing a program suitable to the size and needs of their community.

(*b*) *Special counseling and placement programs.*—Our special counseling and placement programs for older workers have been cited in a recent report of the U.S. Special Senate Committee on Aging issued March 1963.

Most of these programs have been developed in cooperation with other community agencies to meet special community needs and several of them have achieved national recognition. Some examples of such programs are given here:

(1) Experience Unlimited: Provides an opportunity for jobless executive and managerial personnel to discuss their mutual, job-related problems in a group counseling setting. This program recently received the International Merit Award of the International Association of Personnel in Employment Security, as well as the 1961 California Award.

(2) Career Associates: Feminine counterpart of Experience Unlimited.

(3) Maintenance Gardeners: Middle-aged men with varied occupational backgrounds learn a satisfying new occupation. The special course of instruction includes techniques of soil care, planting, pruning, weed control, and safety factors. It is taught through regular adult education facilities.

(4) Homemaker, Home Manager: This program was developed to utilize the abilities and experience of middle-aged women from the business, teach-

ing, and social work fields in connection with the problems of the elderly "housebound." The women are given specialized training, and assume certain responsibilities on a part-time basis. They are not domestics. This program was given the State Merit Award of the International Association of Personnel in Employment Security in 1960.

(5) Senior Home Repairers: A program tailored to supplement social security income. A pool of men from the skilled trades over 65 years of age, who have their own tools, do simple repairs around the home. They do not wish full-time work.

(6) Walking Tour Guides: San Francisco visitors are provided with walking tours to points of interest. The program is sponsored by the California Historical Society.

(7) Senior Research Associates: A group of retired professional men make their services available on a consultant basis to small businesses and individuals who otherwise would not be able to afford such services.

(8) Job Preparation Clinics: Eight session discussion series covering selection of a realistic vocational goal, determining vocational skills, acquiring training to improve skills or develop new skills, hunting a job, interviewing for the job, adjusting to a new job, making out an application, job opportunities in the community and the importance of appearance and attitudes.

4. Results

Our efforts have resulted in a 90 percent increase in the placement of workers 45 years of age and older in the years, 1959–62. This figure reflects the population increase and the impact of our age discrimination law passed in 1961, as well as the intensive efforts of the California State Employment Service to place these workers.

D. WOMEN IN THE LABOR MARKET

1. Background information

California is second only to New York in its number of women workers. There are well over 2 million women in the State's current labor force, and they comprise about one-third of the State's total labor supply. Their median age is just over 40 years with two-fifths of them 45 or older. The majority of women workers are married and living with their husbands.

The older woman has become increasingly important in the labor force over the last two decades. In 1940, women 45 years of age and over were 22 percent of all women workers; in 1950, about 31 percent; by 1962, their proportion had increased to 39 percent of the total. The following census figures give a good indication of the distribution by age of our women workers, and there is no reason to believe this distribution will not continue during the present decade.

TABLE 9.—*Women in the labor force*

Age group	1950 [1]			1960 [2]		
	In labor force	Unemployed	Rate	In labor force	Unemployed	Rate
14 and over	1,259,460	105,815	8.4	2,037,002	134,384	6.6
14 to 19	71,350	12,625	17.7	145,065	16,026	11.0
20 to 24	158,150	16,305	10.3	213,032	17,767	8.3
25 to 29	163,180	13,890	8.5	181,818	12,823	7.1
30 to 34	151,080	11,610	7.7	209,203	14,089	6.7
35 to 39	161,640	12,145	7.5	260,917	15,595	6.0
40 to 44	150,405	10,655	7.1	259,038	15,316	5.9
45 to 49	128,745	8,725	6.8	243,589	13,949	5.7
50 to 54	103,925	7,595	7.3	198,243	11,011	5.6
55 to 59	80,530	5,985	7.4	152,713	8,402	5.5
60 to 64	53,840	4,070	7.6	97,891	5,294	5.4
65 to 69	24,510	1,610	6.6	45,837	2,694	5.9
70 to 74	8,390	440	5.2	19,285	928	4.8
75 and over	3,715	160	4.3	10,371	490	4.7

[1] 1950 U.S. census for California—table 66.
[2] 1960 U.S. census for California—table 115.

The proportion of women in the total labor force has continued its slow upward trend ever since the immediate postwar period. In 1950 women workers represented 29.6 percent of California's total labor force. In 1960 this percentage had grown to 33.2. It is estimated that from 2.8 to 3 million women will be in the labor force by 1970, between 34 and 35 percent of the total civilian labor force.

New technological developments, social patterns, and living customs have been largely responsible for the striking increase in the number of workingwomen in recent years. Not only do women make up a growing percentage of the labor force, but they constitute an increasing proportion of the unemployed. This is amply demonstrated by a comparison of related statistics for 1950 and 1960. The following summary of available data is given for your information.

TABLE 10

	1950	Percent	1960	Percent
Civilian labor force	4,234,775		6,135,341	
Women	1,259,460	29.6	2,037,002	33.2
Unemployment	339,600		373,908	
Women	105,815	31.2	134,384	36.0

In 1950, 105,815 women accounted for 31.2 percent of California's unemployed. By 1960 their proportion in the ranks of the unemployed had increased to 134,384, or 36 percent. Estimates of the unemployed women in California by 1970 cannot be made with any degree of assurance, since so many economic factors are involved, but if the proportionate rate of increase is maintained, women in 1970 will account for about 40 percent of California's unemployed. This proportion would, of course, be much greater in the event of an economic slowdown or recession, since in many industries women would traditionally be the first to be laid off in favor of the male breadwinner.

Official projections for women workers in 1970 are not available at this time, since the California agency relates these projections with population estimates developed by other State agencies, which are currently being developed. These projections will not be available, therefore, until later this year.

It is realized that an unknown number of women workers are not too firmly attached to the labor force, working either part or full time mainly to supplement family income; or working only when attractive job opportunities meet their particular requirements, as set by domestic or other responsibilities. However, we believe that the vast majority, here in California as elsewhere, are a vital, available segment of the labor force.

While women are seeking employment in an ever-increasing number of occupations, the majority of them find work in a relatively small number of occupations. Over 30 percent are employed in clerical and kindred occupations. Another 25 percent are employed in service occupations, including private households. Only 13 percent are in professional, technical, and kindred occupations.

Women will figure in 319,100 of the total 850,000 placements the California State Employment Service will make in fiscal year 1963. This amounts to almost 38 percent of the total, and seems appropriate in view of the fact noted above, that women constitute 33.2 percent of the civilian labor force and 36 percent of the unemployed. Of the 319,100 total female placement, 3,764 or 11.8 percent of the total will be in professional, technical, and managerial occupations, which again seems appropriate since only 13 percent of women are employed in professional, technical, and kindred occupations.

2. Special community projects

The California State Employment Service has also instituted a number of forums and similar groups to assist women in group approaches to their own employment problems. Civic organizations sponsor the forums which are conducted by California State Employment Service, employers, and industrial psychologists. A number of these programs are specifically concerned with women over 45. The need for such programs is pointed up by the increasing number of women in the labor force (it is estimated that half of all women between 35 and 55 will be in the labor force by 1970) and the increasing age of the female segment of the work force. (The estimated proportion of women over 45 in the labor force will rise by 57 percent between 1960 and 1970.)

Called by such titles as "Job Preparation Clinic for Mature Women" and "How to Get and Hold the Right Job After 40," these discussion series cover

such subjects as selecting a realistic vocational goal, determining vocational skills, acquiring training to improve skills or develop new skills, hunting a job, interviewing for the job, adjusting to a new job, making out an application, and appearance, posture, mannerisms, attitudes, and the job opportunities in the community.

3. Labor laws for women

California's industrial welfare commission publishes "orders" affecting the employment of women and minors in more than a dozen industries including some phases of agriculture. Generally the orders cover such items as minimum wages and hours, lifting restrictions, reporting-time pay, shortage and breakage liability, and drinking and sanitation requirements.

California also has an "equal pay for equal work" law and in almost all cases limits hours women may work to 8 hours in 24 and 48 hours in 1 week. Exceptions are found in professional, administrative, and executive occupations as defined in the orders.

A copy of the appropriate order must be posted by the employer in an area frequented by women and minors where it may be easily read during the work day.

The California State Employment Service operates within the framework of these laws.

4. Women in agriculture

Women have traditionally made up a significant segment of the California farmwork force. During the 1962 harvest peak, the first week of September, farm employment included an estimated 38,550 women, representing about 9 percent of the peak farmwork force. Assuming that many women not working at that time did farmwork at other seasons of the year, it is likely that 40,000 or more women engaged in California farm work at some time during the year.

Of the 38,550 women farmworkers at peak, 8,300 (22 percent) were unpaid farm-family workers; 3,600 (9 percent) were hired year-round worker; 18,700 (48 percent) were local seasonal workers; 4,950 (13 percent) were intrastate migrants, usually with families; and 3,000 (8 percent) were interstate migrants.

California specialty crops include many small fruits which are easily damaged and women have been acceptable workers because of their careful handling and dexterity in tasks such as fruit and berry picking, sorting, packing, and cutting for drying. However, mechanization of cotton picking, prune and walnut picking, and other agricultural work has reduced labor requirements in crops in which women normally work. Experimental mechanical apricot cutters may lead to fewer women needed in dry yards. In a few instances new mechanization has created jobs for women, such as the experimental field-packing rigs which have appeared in some vegetable harvests.

Aside from the probable continued reduction of women in farmwork due to reduced labor requirements, fewer women seem to be seeking farm jobs, or fewer are being accepted, for a number of reasons such as:

(*a*) Farm wages have increased along with mechanization, and the head of the family working as a machine operator, in a crop such as prunes, may be able to earn as much or more than when the whole family formerly worked as a crew in the prune harvest.

(*b*) Where once the whole family had to work to earn enough, now the father may be making enough driving a truck, in a farm or nonfarm job. The mother may be staying home, and the children may be in school.

(*c*) School attendance by their children appears to be more important to farmworker parents than it was a few years ago. More women in farmworker families seem to be staying home—instead of leaving early to work with the father—to get the children off to school and to be at home when the children return from school.

(*d*) Whether valid or not as a reason, some farm employers have become increasingly reluctant to hire families including women and youth because of the 1961 industrial welfare order establishing minimum wages and restricting working conditions for women and youth in agriculture. Exemptions are granted and enforcement is still largely educational, so that it is too soon to evaluate the future impact on employment of women and youth.

Despite some expected reductions in the number of women seeking farmwork and in the number of jobs to be sought, the decline in farm employment of women is expected to be both slight and gradual, because the fruits and vegetables—many of them easily bruised or otherwise damaged—involve careful handling during tasks which are, therefore, less readily mecha-

nized. Women make up a desirable and significant segment of the work force for such tasks. Similarly, the popularity of summer farmwork as a family "vacation" project which gives a needed boost to family income, will continue to keep many women in the harvest labor market for the foreseeable future.

E. HANDICAPPED WORKERS

1. Growth trends

The problem of accumulating information which accurately shows the number of handicapped people in the general population and in the labor force has not been satisfactorily solved. Since the uses to which the various agencies put this kind of information vary considerably, the categories of disabilities which are considered to be handicaps also vary widely. Not only do we have variations in the types of disabilities, but we also have different degrees of conditions which are considered to be handicaps.

The President's Committee on Employment of the Handicapped has indicated that approximately 10 percent of the population have physical disabilities while another 10 percent have a mental disability.

Since we work with only those who are in the labor market, it is to be expected that the many handicapped people who are not in the labor market would give us different statistics. We estimate that approximately 8 percent of our applicants have a physical or mental condition which is considered to be a handicap by the Bureau of Employment Security definition under which we operate. We have over the years found that we were recognizing about 5 handicapped applicants in every 100 new registrations for work. Many of our field supervisors' annual evaluations of Employment Service Offices have noted this problem of identification and action is being taken to improve our effectiveness in this program area.

In fiscal year 1960 approximately 27,750 workers were involved in industrial accidents which left them with at least some degree of limitation. In recent years this figure has shown an annual growth of about 2,000 and we can foresee no changes in this trend. During calendar 1962, 22,829 Californians were released from hospitalization for mental handicaps.

The "Long Range Plan for Mental Health in California" indicates that in 1961 we had in California an estimated 1,609,600 people who needed psychiatric services. Less than 8 percent of these people received any kind of psychiatric care. It is estimated that in 1975 there will be in California approximately 2,530,000 people who at any given time have sufficient symptoms to warrant a diagnosis of psychiatric disorder.

However, in the absence of absolute standards for defining a handicap and accurate statistics on the number of people who have these handicapping conditions, we can still safely assume that the handicapped population is increasing due to: (1) the extension of the average life span; and (2) the fact that medical science is now treating and returning to the labor force many people who only a few years ago would have succumbed to their illness or accident.

2. Rate of unemployment

Although we do not have statistics which show the exact degree to which the unemployment rates of the handicapped differ from the rates of the nonhandicapped, we have noted with concern over a number of years that the unemployed handicapped are not reabsorbed by the labor market as rapidly as are the nonhandicapped. We have been able to determine this employment problem of the handicapped by comparing their relative proportions in people first registering with us for work with their proportion among those who continue to register for work because they have not found employment.

3. Programs in effect

(*a*) *Local office programs.*—The problems of rehabilitation are many sided. For some handicapped people to be enabled to work competitively no special services are needed. They merely need to be exposed to jobs which are within their physical and mental capacities. Other handicapped people will need the counseling we provide and still others will need counseling and training under one of the training programs we administer before they can work competitively. After the services mentioned are given to those who can benefit from them, there is still a residue of handicapped people who are not able to work competitively until they are given medical or rehabilitation services. We believe that the answers to the employment problems of these more severely disabled people lie in improvements in the general economy, increased effectiveness of medical serv-

ices, and continuing increases in the quantity and quality in the programs of the vocational rehabilitation service.

Recognizing the large numbers of people who are handicapped and the fact that they frequently are disadvantaged in their search for productive work, the California State Employment Service has approached the problem from two angles. First, we recognize that a public education and information program is necessary to assist employers to evaluate objectively the handicapped who apply for work in the various industries. Second, we recognize it is necessary for our local office personnel to be able to evaluate objectively the handicapped in relation to specific jobs so that applicants who are handicapped are selected and referred to jobs where they can work competitively. Therefore, we continue to educate our staff to the capacities of the handicapped so that the handicapped person coming to our offices for job-finding services is provided with the maximum job exposure which we can give. To better provide this maximum exposure to available employment opportunities our program for the handicapped includes four main services: careful selection and placement, counseling, testing, and individual job development. These services are provided to the handicapped on an as-needed basis. The increasing effectiveness of our placement program is indicated by the increase in placements of the handicapped which totaled 19,800 in calendar 1960 and 25,497 in calendar 1962.

(*b*) *Community action.*—Since providing information to employers is more effectively accomplished through community action than by an agency acting alone, we participate actively in the Governor's Committee for Employment of the Handicapped. We also participate in 47 community employ-the-handicapped committees. The highlight of our year-round promotional campaign for the handicapped occurs during National Employ the Physically Handicapped Week. Almost all of our offices intensify their promotional program before and during this week. The National Employ the Physically Handicapped Week kickoff luncheon, which is held annually in Los Angeles, is believed to be one of the best community-sponsored promotional activities in the country.

(*c*) *Cooperation with other agencies.*—Providing maximum service to the handicapped requires cooperation with other agencies in addition to providing those services in which the employment service is competent. For example, the California State Employment Service has interagency agreements with the vocational rehabilitation service and the department of mental hygiene which provide not only a means of interagency referral, but also the basis for our communicating to those agencies information which is of value to them in providing service.

(*d*) *Cooperation with schools, agriculture.*—In 1962, in cooperation with a San Diego County school work experience program, the farm placement staff developed farm employment opportunities for mentally retarded youth. With the school analyzing the capacities and special problems of the individual youth, the farm labor staff did a highly specialized job of developing suitable employment opportunities with an employer who was interested and willing to help the retarded youth become oriented, trained, useful, and happy in a farm job. The youth placed were reported to have benefited from the work experience and self-confidence which they did not have while in school. Although the number of youth placed to date in this program is small, this could well become a significant phase of employment service to handicapped youth who might be expected to rank high among the dropouts.

F. CALIFORNIA VETERANS

1. Growth trends

The U.S. Census of Population for 1960, table 48, reports 2,311,371 veterans living in California. This is 44.2 percent of all males 14 years of age and over. World War I veterans constitute 10.25 percent of all veterans, and veterans of other wars, such as the Spanish-American War, the Boxer Rebellion and the Philippine Insurrection, amount to another 11.33 percent. Because of advancing age, very few of these two veteran groups remain in the labor force. Except for the totally disabled, the remaining 78 percent are a part of the California labor force. With an average age of 43, the great majority are in their working prime and constitute the group with the greatest stake in our economic health and in the kind of manpower program which is needed to solve the many major manpower problems we face.

2. Programs in effect

(*a*) *Placement of veterans.*—For a number of years, California has placed more veterans per year than any other State in the Union. While in part this is due to the large number of veterans in our population, it also demonstrates the interest in the veterans' employment program expressed by a large number of people, particularly those in veterans' organizations. There are, throughout the State, approximately 60 local veterans' employment committees which are promoting veterans' employment at the local level. These committees are composed of members of veterans' organizations and of representatives of public agencies which give service to veterans. The actual placement activity is carried on by the local office of the California State Employment Service.

(*b*) *Placement of retired military personnel.*—California has received singular recognition for its pioneering work in the placement of retired military personnel. A brochure entitled "Job Finding Techniques for Retired Military Personnel" has been adopted by other State employment services and has found favor with the Bureau of Employment Security and the Department of Defense. We have also developed techniques for the group counseling of retired military personnel. In addition to placing a number of them in substantial jobs, we have helped hundreds of others find their own jobs through the techniques suggested in the brochure. We might note that the California agency, itself, has hired over 400 retired military personnel.

(*c*) *Need for special services.*—We can no longer say that the veteran has one single, special need such as rehabilitation, reemployment rights, or priority of referral to a job. Veterans, now and in the future, will require far more from the Employment Service than job placement services or prompt payment of benefits. Since veterans constitute 44.2 percent of all males 14 years of age and over in California, they feel the full impact of automation. Many are being displaced from their jobs for the first time since the war at a time in their lives when financial demands on them are heaviest. It is also a time in their lives when they will need to draw on special resources of self-discipline and energy in order to update their skills. Solutions to the employment problems of the veteran will require a broadly conceived and efficiently operated employment Service system designed to provide a fully integrated manpower service to industry and worker alike.

III. Implications of Economic Growth and Labor Market Needs

Current labor market and economic policy has as its goal full employment, i.e., the maximum utilization of our manpower resources and a corresponding minimum overall rate of unemployment. In reaching this goal of full employment, economic growth will be necessary. However, this is not the full answer, since economic growth by itself can fall short of gaining full employment.

The high rates of growth in some States still troubled by high unemployment points up that economic growth alone does not necessarily result in full employment. Within a given State, economic growth very easily could be concentrated in areas of already high employment, leaving pockets of high unemployment within the State, with a resultant overall rate of unemployment which is undesirably high. Further, economic growth alone will not provide full employment for those groups in our labor force now comprising the bulk of the hard-core unemployed:

(1) Those whose skills have been made obsolete by automation and advancing technology;
(2) The unskilled, frequently illiterate, uneducated, and untrained;
(3) The minority workers;
(4) Youth; and
(5) Older workers.

What is needed, along with economic growth, are labor market policy guides. "Labor market policy" does not mean a planned, controlled labor market. The phrase refers instead to those policies designed to give maximum assistance and stimulation to the laws of supply and demand governing the labor market. These labor market policy guides should include the following:

A. MOBILITY OF LABOR

The need to increase the mobility of labor is increasingly apparent. This is evidenced by the many areas of high unemployment containing workers with skills which are in critical demand in other parts of the Nation. Sometimes

the area of demand will be only a scant few hundred miles from the area in which the unemployed worker resides. Sociological, psychological, and financial reasons all combine to impede workers' mobility. These reasons must be dealt with positively to create an increasing mobility of labor, responsive to the changing geography of job opportunities.

B. COUNSELING AND INFORMATION SERVICE

The high rates of youth unemployment present to the Nation one of the outstanding challenges of the day. The unemployed youth of today can become the malcontent of tomorrow. History is replete with examples of totalitarian systems being built upon the idle malcontents of a nation. Aside from the big need for more jobs in the economy, one big factor in the youth unemployment problem is the lack of vocational skills among so many of our young people—high school graduate and dropout alike. This is due in some instances to a lack of sufficient vocational training facilities, but, in even larger part, it is due to a lack of vocational knowledge on the part of our youth which would cause them to seek vocational training. Expanded vocational counseling and informational services are needed for youth prior to their entry into the working life.

C. EARLY WARNING SYSTEM

The "automation revolution," as it has been termed by some, is rapidly shifting into high gear. In the years immediately ahead, we may expect increasing automation with all its attendant benefits and problems. Foremost among the problems is that of worker displacement. Whether automation directly or indirectly causes layoffs, or whether it results in "silent layoffs" (the failure to hire workers who otherwise would have been needed), it contributes to rising unemployment. It is imperative that plans be made which will prevent the displaced worker from slipping into the ranks of the long-term unemployed. However, efficient planning cannot begin after the fact of displacement. What is needed is an "early warning system" of anticipated technological changes and layoffs which will permit planning to begin many months in advance of actual displacement.

D. JOB PLACEMENT SERVICE

If maximum benefits from the standpoint of utilization of our human resources are to be achieved from economic growth then we must couple that growth with efficient implementation of a strong labor market policy.

For 30 years this Nation has looked to the public employment service for such implementation. Prior to World War II this service was mandated to select and refer citizens to emergency public works, to collect and disseminate labor market information, to provide a job placement service and to pay unemployment insurance benefits.

During World War II this service was mandated to provide the manpower for our defense establishments.

In the post-World War II period this service has been asked to take on many additional manpower tasks (for example, manpower retraining) all of which are deeply rooted in the public interest.

As our technology grows and the job market becomes increasingly complex we must look to an instrument of Government capable of and responsive to implementing all of the major elements of a strong labor market policy. Such an agency must be equipped to do research into manpower needs, manpower planning and function as a major factor in manpower development and training, as well as job placement.

The public employment service is not only capable of performing these manpower functions but it is in fact now performing these functions within the limits of the resources provided. A major deterrent to fully meeting these manpower responsibilities has been inadequate staffing of this arm of Government.

For example, please note from table C that not until last year did the staffing (per 10,000 labor force) of the California State Employment Service return to levels comparable to those of 1950.

Although the staffing of the public employment service is currently geared to a fixed ceiling set by law, the needs for its services increase at a rate commensurate with the growth of the labor force. Accordingly, future legislation in the manpower field must provides for the continuous augmentation of the staffing resources of the public employment service in line with economic growth in general and labor market growth in particular.

E. RETRAINING

The need for retraining stems primarily from the "automation revolution" referred to above. As more and more processes are automated, more and more workers find that their skills either are completely obsolete or are in very light demand. In either case, the displaced worker becomes a statistic among the long-term unemployed. Continuing retraining programs will be needed to provide these displaced workers with skills which are in demand in the labor market and which will remain in demand during the foreseeable future in order to enable them to compete for jobs. This needs to be a continuing program because no matter how carefully future labor market developments are assessed, it is inevitable that many of the occupations for which workers are retrained will themselves be affected by automation at some time in the future. It has been estimated by authorities in the field that many workers will need to be retrained two or three times during their working lives.

F. EDUCATIONAL NEEDS

As has been noted above, too many youth of today, both high school graduates and dropouts alike, lack the skills needed to enable them to compete for jobs on the labor market. Educational facilities must be strengthened and revamped, if necessary, so that they are effectively responsive to current and projected manpower needs.

G. LABOR MARKET INFORMATION

The success of all of the points previously discussed depends in large measure upon the effective compilation, use, and dissemination of labor market information. We must continue to strengthen the labor market information service of the public employment service so that it provides for workers and employers current and accurate information on such things as job vacancies, occupational needs, occupational trends, and availability of workers.

H. ELIMINATION OF DISCRIMINATION

As long as discrimination, because of such factors as race, color, creed, point of national origin, age, or sex is permitted to exist, full employment will be impossible of achievement. For example, if we were to succeed in reducing unemployment to a 4-percent level, but unemployment among minority workers averaged 8 percent, while unemployment among youth under 21 averaged 12 percent, we would still have serious problems facing us. The fact that the problems would be isolated in pockets would not make them any less serious or any less difficult to solve. Full employment must apply to all segments of our labor force if it is to have any meaning at all.

IV. Labor Market Objectives for Meeting Needs of the Future

A. MOBILITY OF LABOR

1. Background

People tend to migrate to where they want to live. Usually the attraction is climate in the broadest sense. They attempt to find employment after arrival. Often the market for their services is somewhere else.

Industry locates for economic reasons. Often the site is governed by the location of raw materials or available transportation facilities or land rather than by the availability of labor.

Whatever the reason, the right applicant and the right job are often in two different places. An aim of the employment service is to bring them together. We call the process labor clearance, a term derived from the Wagner-Peyser Act of 1933 establishing the employment service.

> "Section 3. * * * It shall be the province and duty of the Bureau to promote and develop a national system of employment offices * * * maintaining a system for clearing labor between the several States."

Regulations supplement this in title 29–Labor, chapter I, section 21.2(c): "Each State agency shall maintain an adequate system for the recruitment and transfer of workers between areas within the State."

California has been a leading State in carrying out this mandate. We have had to. California is a big State, geographically, as well as in population. Skills are needed in quantity, in particular and often highly specialized kinds, and, of course, in particular places. Industry has dispersed widely, sometimes to reach

the people, in the growing communities, and sometimes purposely to get away from them, as when expansive operating areas were needed for security or defense reasons. The economy draws upon all parts of the State for its workers, and upon other States as well. And the California work force also supplies skills and abilities to other States—although in smaller quantities.

Through interarea recruitment (other than agricultral) the California agency placed 48,880 individuals in 1962, 42,181 in 1961 and 39,263 in 1960. This is 6.4 to 8 percent of all nonfarm placements made. However, these interarea placement figures comprise 24.9 to 29.4 percent of the employment service national total and over twice the volume of any other State employment service.

2. Methods

In outline, the system of clearing labor is simple. In detail it becomes highly complex and requires the knowledge and coordination of a large part of the placement staff in many places. The California labor clearance system, is, of course, part of the U.S. Employment Service nationwide labor clearance placement network operating under Federal policies.

When any of the local employment service offices has a job listing for which there are no qualified local applicants, the listing is sent on to one or to many other offices where there is an indicated possibility of locating an applicant. The job listing may be sent to one or two other offices; the listing may be duplicated and sent to a large number of offices. In addition, we have a compilation of such listings from all parts of the State called the inventory of job openings. (See exhibit.) The inventory listings are in briefer form. The inventory is compiled in the State office every 2 weeks and mailed to all California local offices and to key local offices (particularly the professional network offices) in all states. California's inventory lists 2,000 to 5,500 openings in each issue. The combined listings of all States run from 15 to 20,000 openings. Seventy-five percent are in professional, technical, and managerial occupations.

Local offices receiving job listings search their applicant files and recruit qualified applicants in any manner feasible.

Through this exchange of job listings and information, a statewide, nationwide labor market is created. Employment can tap the resources of any or all areas if necessary to find the workers they need; applicants have access to jobs in many areas if necessary to utilize their skills.

In California, we have four major centers of activity: the Los Angeles area, the San Francisco Bay area, San Diego, and Sacramento. We attempt to maintain the closest contact possible between these areas and between the communities within the large metropolitan complexes to allow freest exchange and recruitment of key personnel. In addition, we attempt to maintain close contact with the other major centers throughout the country.

We also hope to assist in some small degree to direct the waves of inmigration from Eastern and Midwestern States, and to a greater extent considerable migration within the State. Despite the great growth in population, some counties have actually lost population and there are shifts into the urban centers and also from the urban centers into suburban residential and fast growing industrial centers.

3. Problems

However, in the practical operation of this labor clearing system, there are some formidable problems. This field admittedly needs much strengthening. The problems involve three factors: time, distance, and volume.

(*a*) It is necessary to communicate between area quickly. Needs are often urgent. They are tied to production schedules, contract requirements and market requirements. Mail communication is often too slow and present budget limitations often preclude use of phone or wire to a sufficient extent.

(*b*) Job listings in great volume must be kept current, otherwise effort is wasted in recruiting applicants for position that have already been filled.

(*c*) Contact between applicant and employer must be effected within reasonable time.

(*d*) The locations to which recruitment effort is directed must be based on a constant and vast flow of labor market information from many sources and over wide areas.

(*e*) Constant effort is needed to recruit from the minimum distance—or locally when possible.

(*f*) A careful selection of the openings to be recruited upon must be made so as not to overload the system and to keep the volume within workable limits.

(*g*) Despite relative mobility of the labor force, there is frequent unwillingness to relocate enve though more suitable employment or greater opportunity is available elsewhere.

4. Recent improvements

In our efforts to increase the efficiency and effectiveness of the interarea placement operation we have recently taken many steps toward improvement and a number of innovations have been established.

(*a*) Because of economic expansion of Pacific slope States, continuing needs for professional, scientific, and technical workers are being listed with the Employment Service. For example, in California, 8,000 clearance openings in these occupational groups were listed in 1961. Typically, qualified workers for these openings are not available locally and must be recruited from other labor markets. Time is a critical factor in meeting these needs and fast communication between local offices is the key to effective service.

The LINCS-West teletype system has been estabilshed connecting offices in seven key labor markets in California, to serve the professional—the key shortage—labor market. The term LINCS is used to denote Labor Inventory Communications System, and the West refers to the location in California. This is a pilot operation estabilshed at the request of the Bureau of Employment Security, with the view of applying its methods to other areas if successful, which it appears to be.

(*b*) We have succeeded in automating the porduction of the biweekly inventory of job openings at a substantial saving in time and cost.

(*c*) We are engaged in a program of speeding and improving means of obtaining and disseminating labor market information. This involves several steps:

(1) Immediate contact with an employer by the local office when a significant layoff is indicated to ascertain the extent and the specific occupations involved.

(2) A prompt report of the occupational skills available to a central point in the labor market, to the State office, and to Washington.

(3) Systematic dissemination of this information through State and national labor market areas. We often teletype such infromation in advance of printed reports to areas of known demand for the skills.

(4) Provision for rapid, direct communication between the areas of demand and areas of supply.

(5) Issuance of a labor supply and demand summary with the widely distributed inventory of job openings. The summary outlines the current situation for each principal area of the State. Information from all available sources is used; it is sent by teletype to the point of publication.

(6) Prompt reporting to the central office for action when supply and demand factors indicate possibilities of hiring if training or retraining are undertaken.

(7) Issuance and updating of occupational guides based on extensive research which combine information on training and skill requirements, prevailing wage data, and supply and demand factors in a considerable number of specific occupations.

While some of these basic methods and tools are not new, we are conscientiously improving the techniques. We are more closely coordinating research with operations and we are refining the type of data obtained and disseminated.

Nevertheless, we have barely scratched the surface of the interarea labor market problems that still exist. Markets in commodities and stocks and merchandise are often highly organized. There are central exchanges where buyers and sellers can trade to their best advantage. They use costly communication systems, electronic quotation systems, elaborate grading and pricing systems, and recording methods. They have the means of completing transactions in the shortest time. The labor market has scarcely begun to approach such a stage. Skills go begging because workers cannot contact those who would employ them—or cannot move to the job locations. Jobs go unfilled—or filled by unsuitable applicants, for lack of an adequate exchange. Vast sums are expended to recruit skill and talent, by employers who have such sums. Those who do not may suffer serious economic disadvantage.

Granted, people are not commodities. Yet, an individual's skill is often his most valued possession and is frequently the best priced thing he has to sell.

5. Consideration for future policies

In our considerations for future policies, we feel that there is a need for more purposeful mobility of labor and that it is possible to assist the public in accomplishing this. We have several basic objectives. These are geared toward greater speed, greater accuracy and the removal or diminishing of deterrents to adequate mobility.

(*a*) *Machine matching—Jobs with workers.*—As our technology grows, the selection characteristics of professional, scientific and technical jobs become more complex. Moreover, to insure proper utilization of the training and experience of our professional workers a means must be found to make available to employers the widest possible labor market in which to recruit these workers, and to make available to the worker the widest possible number of opportunities. Under the present procedures the matching of professional workers with complex files is a slow, laborious process, and takes place in single, separate locations. Electronic equipment is now available to store and retrieve the information necessary to efficiently match on a statewide and nationwide basis professional applicants with jobs. State and Bureau of Employment Security representatives currently are studying this process with the objective of having an operational plan programed within the next fiscal year.

(*b*) *Closed-circuit TV for face-to-face interviewing by the employers and applicants in different cities.*—One of the greatest difficulties in affecting interarea placement is that both employer and applicant hesitate to make a definite commitment without the close contact and exchange of the face-to-face interview. The travel cost to one or both parties is the most significant deterrent in effecting this contact. The use of closed-circuit TV would be a tremendous factor in solving this problem. We have made some preliminary studies of the feasibility of linking the principal labor market areas by closed circuit TV. Although cost estimates so far have been high, there are indications that the development of microwave systems, or the possibility of using certain existing microwave facilities may bring costs down to levels that are economically feasible.

(*c*) *Interarea teletype systems for exchanging or disseminating labor market news, developments, applicant and job data.*—As indicated, we have already established a partial teletype system on an experimental basis. The advantage is in quick communication and documentation of messages. The teletype also provides a method of contacting several stations simultaneously. We use it to transmit job listings, to make surveys of applicant availability in advance of specific recruitment, to survey the availability of openings for applicants and in a number of other ways . We believe there are advantages in more widespread use of the teletype to link labor markets in different States.

(*d*) *Transportation and relocation allocations for applicants.*—We advocate granting transportation and relocation allowances to provide the means of bringing workers to jobs in other areas. Many employers are fully aware of the need for this. They offer such allowances. Some applicants expect them. Often it is the Government that finances them through defense contracts. There is a curious selectivity, however, in the way these expenses are allocated. They generally are provided to professional employees, as a sort of perquisite: engineers, scientists, administrative and technical applicants. The skilled craftsman or production worker, who often cannot move to a distant location without financial help—the machinist, the machine operator, the assembler or toolmaker—these are rarely offered an allowance, or even a loan.

Within the past 60 days of this writing, we have seen three separate instances of recruitments in crafts or trades either fail, or succeed in recruiting a much smaller number of applicants than were qualified and available for work, for this reason. In each case, employer representatives personally interviewed applicants in our offices. One employer establishment was in a Southern State, one in a Midwestern State, and one in a Rocky Mountain State. Yet a number of applicants were unable or unwilling to accept because no financial provsion was made for transportation or relocation.

(*e*) *Transfer of pension rights.*—We have found that one of the principal deterrents to workers willingness to move from one business to another, even though the change may mean fuller utilization of skills and greater opportunity, is the inability to transfer pension rights that have been accumulated. We strongly believe that insurance companies, employers, and unions alike must give this problem priority consideration in order that pensions can follow the worker from job to job in the same manner as OASI benefits now do.

The foregoing relating to mobility of labor is stated almost entirely from the viewpoint of nonfarm employment. The mobility and the interarea placement

of farm workers present a separate and distinct picture which of necessity has its own characteristics and requires special methods.

6. Mobility of agricultural labor

The importance of agriculture in California necessitates a special farm placement operation. Characteristically, farm employment falls into two distinct groups: year-round workers including the managerial and professional, and seasonal workers who do the planting, cultivating, and harvesting.

The mobility of the year-round workers is much the same as in nonagricultural work. The seasonal workers have a high mobility—although they are constantly attempting to decrease it and settle in one place—and their recruitment and placement means constant use of the interarea or clearance methods.

Farm placement representatives and supervisors working in farm placement offices maintain close contact with the agricultural community and become familiar with the crops, the seasons, and the requirements of the employers. Recruitment of workers is generally made through direct contact from one local office to another.

During 1962, the average number working on California farms included 25,500 nonlocal migrant workers representing 8 percent of the total average farm work force. This figure includes 17,400 intrastate and 8,100 interstate migrants. At the 1962 peak, the week ending September 8, nonlocal migrant workers totaled 55,500 and represented approximately 13 percent of the farm labor service at the time. This included 38,200 intrastate migrants and 17,300 interstate migrants.

California Weekly Farm Labor Report

A key factor in directing the movement or migration of agricultural workers is the California weekly farm labor report. The farm placement representatives in each major agricultural county report the crop operations which are pending or current. The information includes the acreage, the percent completed, the beginning and ending dates of the season and the peak dates. They also report the current employment, the expected peak labor requirement, the pending need for workers from other areas, the current employment of contract foreign workers (which represents openings for domestic workers who are entitled to replace them) as well as information on prevailing wages and housing or camp facilities. Migrant workers rely heavily on this information which has been issued since 1940.

(*a*) *Interstate agricultural clearance.*—During 1962 California directed 124 clearance job orders to 11 States, representing 2,112 agricultural openings; 1,240 workers were referred against these openings. Heaviest recruitment was from Texas which sent 94 percent of all the workers who came from other States. The majority of these workers were personally recruited by employers who went to Texas and used the Employment Service facilities under advance arrangements and information from the California agency. California received 61 clearance job orders from 9 States representing 4,892 openings for which 265 workers were referred.

(*b*) *Annual worker plan.*—California also participated substantially in the annual worker plan. This is a plan of scheduling jobs in advance for migrant workers, from crop to crop. It attempts to get them the most work with the least cost and travel and lost time. It also helps the farmer to know what crews he might expect.

In 1962, California agency assisted 4,461 workers by participating in their annual worker plans. The workers were residents of 27 States and Mexico. Sixty-five percent showed Texas as the home State. Twenty-three percent showed California as the home State.

(*c*) *Some problems of farm labor recruitment.*—If there is a substantial group of migrant farm laborers, those who are attached to a particular area often seem difficult to move. Attempts to move even unemployed farm workers to other areas have met with widely varying degrees of success. Farmers have had some success in special recruitment through our metropolitan offices in Los Angeles, San Francisco and Oakland, or out of pools centering in agricultural areas.

Recruitment publicity about distant farm jobs publicized in Spanish as well as English, in urban communities, seems effective in attracting workers who go, on their own, to the work areas which are usually not more than a day or two's drive from home. We are referring primarily to workers from the Los Angeles and San Francisco Bay areas who can can be attracted to nearby harvesting jobs.

On the other hand, illustrative of some of the problems is the experience in recruiting unemployed Fresno farm workers to work in Ventura County at distances of about 200 miles, for 8 weeks. Of 784 applicants called from our files, 129 replied, 78 expressed interest. Only 9 were among the 39 finally hired and transported to the job. Nearly half the workers left after 1 week and only 7 stayed for the entire 8 weeks.

(*d*) *Observations on the mobility of farm labor.*—

(1) The number of migrants is declining along with the decline in total farm labor needs, due primarily to mechanization and more efficient farming.

(2) Migrants appeared to be making fewer moves between areas in a crop year. This seems partly due to reduction in unncessary moves, and partly to diversification, staggering of plantings, and changes in marketing which have cut down some of the seasonal peaks.

(3) Agriculture sometimes furnishes interim employment to westward migrants whose ultimate objective is to become settlers with permanent employment in nonagricultural or possibly agricultural occupations.

B. COUNSELING AND INFORMATION SERVICE

1. Present service

Employment counseling is a specialized field requiring specialized knowledges. It is particularly important that the employment counselor possess a broad knowledge of many fields of work. In addition to his basic skill as a counselor, he must possess information on employment opportunities by occupation, industry, and geographic area. At a time such as the present, when, due to technological advances, new and different skills are needed and many types of work in unskilled and semiskilled occupations are fast disappearing, it is important that the counselor have up-to-date knowledge of current trends. He must have at his fingertips accurate information about occupational fields, specific occupations and specific jobs. This is the type of counseling which the public employment service is uniquely qualified to provide.

During recent years, the number of individuals requiring California State Employment Service assistance in problems of vocational choice, adjustment, or change has increased at a substantial rate. For example, in 1956 the total number of individuals counseled was 69,259. In 1962, the number of individuals who received this assistance was 124,309. Growing population; increase in the span of working life; displacement of large numbers of workers due to automation; and increasing numbers of youth entering the labor market for the first time are among the many factors involved in this evergrowing need for counseling services. In addition, the passage in 1961 of the California State Retraining Benefits law and the Area Redevelopment Act and in 1962 of Public Law 87–415, the Manpower Development and Training Act, have given additional counseling responsibility and contributed to the increased need for counseling services.

Steps taken by California to meet this burgeoning need for job guidance services include:

(*a*) Increase in the number of employment counselors to handle the increased workload.

(*b*) Improved efficiency in the counseling staff through more stringent basic educational and experience requirements.

(*c*) A vigorous program of in-service and out-service training of counselors.

(*d*) Assignment of counselors within local offices to programs initiated for special worker groups such as the older worker, handicapped, and youth in order that these individuals may receive specialized assistance in problems common to their groups.

Due to the large number of high school seniors entering the labor market, a great need for employment counseling of graduating students and those dropping out of school prior to graduation exists. This need is not met through school guidance.

School counselors are hard pressed to handle a heavy workload of disciplinary and other special problem cases and the schools do not have resources to provide sufficient job-oriented counseling. It has been well established that, in order for school counselors to do an adequate job, the counselor-student ratio should be one full-time qualified counselor to each 250 to 300 high school students. In 1960–61 California had a statewide credentialed counselor-student ratio of 1 to 745.

In order to assist in this vital area of employment counseling, the California State Employment Service is providing 70 percent of the high schools which enroll 90 percent of the graduates in the State with this much needed service to students who are entering the labor market. During the 1-year period ending October 31, 1962, 44 percent of the students graduating from these schools registered for work with the department. Of this group 40,117, or 59 percent, needed and received employment counseling.

Among handicapped workers, especially among those entering the labor market for the first time since becoming handicapped, or who are forced to change occupations, the need for counseling is great. During the year 1962, 16,731 handicapped applicants (25.9 percent of applicants who were recognized and served by our offices) received counseling service.

During 1962 applicants over 45 years of age who needed and received employment counseling totaled 17,418.

In mid-1956 there were approximately 11,550 adults and youths on parole in California. As of April 1963 the total had reached 23,341. Although much is done toward the rehabilitation of the parolee during imprisonment, he still may have difficulty in adjusting to a competitive labor market and his skills may not be marketable in the community in which he seeks work. The parolee's need for intensive counseling service is as great or greater than that of any other special applicant group. Placement and counseling service to parolees by the California State Employment Service is covered by formal agreements with the California Department of Corrections and the California Youth Authority. These agreements serve as patterns for dealing with a substantial number of other applicants who are under the supervision of other correctional agencies such as releasees or parolees from Federal institutions. Parolees referred to the California State Employment Service receive the services of employment counselors who have acquired specialized knowledge and techniques in the employment counseling of parolees.

2. Considerations for future policies

(*a*) *Elementary schools.*—Present trends indicate that the number of young people entering the labor market will continue to increase. Employment counseling interviews with graduating high school students and with dropouts referred to the California State Employment Service indicate that many students enroll in general educational courses or vocational courses on a rather haphazard basis with little or no vocational planning involved. Consideration should be given to the introduction of job-oriented information by school personnel in our elementary schools. While it is recognized that interests are known to change rapidly during this formative period, exposure to information concerning various occupational fields, including basic entry requirements, would lead to better planning upon entry into high school. Students, with the assistance of school counselors, would then be better able to base their choice of high school subjects on a more realistic goal, which should lead to better motivation and lessen the chances of dropout.

(*b*) *Service to dropouts.*—Due to the increasing problem of school dropouts, expansion of our service to this group of disadvantaged job seekers should be given serious consideration. On a national basis, it is estimated that 7.5 million or 34.6 percent of the young people entering the labor market in this decade will not have completed high school. Although many dropout students are referred to our employment service by the schools, others simply fail to return to school or move to another area where they do not reenroll. Dropout students interviewed by the California State Employment Service give various reasons for dropping out of school. Among them are financial need, dislike of school, and lack of motivation. Employment counseling interviews indicate that basic reasons can, in many instances, be traced to the apathy of the parents. In view of the above it is felt that emphasis should be given to immediate employment counseling at the first indication that a student is even considering leaving school and that means of educating parents in the importance of meaningful education should be studied.

Future considerations might also include special emphasis on agricultural career counseling for the dropout youth. It is believed that a program jointly undertaken by the schools, the California State Employment Service, and the Agricultural Extension Service, could channel many youths into agricultural jobs where they are needed and for which it is believed many would be suited and find satisfactory lives. The Agricultural Extension Service could be called on to assist in winning the support of farmers for such a program, and to provide training for farm employers and foremen in how to train and supervise such

employees with the tact and understanding called for to establish a good employer-employee relationship. The Farm Bureau, Grange, and other organizations of farm employers could undoubtedly be called upon to facilitate development of such a program, again to help elicit the interest and cooperation of the farm employers.

Finally, there is a need for research studies into the reasons youth drop out and the environment and characteristics of dropouts. Information obtained should be used for purposes of identifying potential dropouts. Through the coordinated efforts of school and employment service counselors, many dropouts could be prevented if the youth are identified sufficiently in advance of the time they actually drop out.

(*c*) *Extension of counseling in high school and college.*—Serious consideration should be given to extending employment counseling service to both high school and college students as the need arises, even though the student is continuing in school, rather than limiting service to those entering the labor market. Interviews with college graduates and college dropouts frequently reveal that students enter college with no realistic goal, feeling that they have at least 2 years in which to face the problem. In many cases they complete or drop out of college before actually arriving at a decision and then discover that they lack specific courses to meet entry requirements in the work of their choice.

(*d*) *Expanded counseling for employed and unemployed workers.*—The time has passed when a young worker can begin an occupation with the secure knowledge that he has entered a lifetime vocation with all required formal training behind him. Foreseeable industry and occupation trends emphasize the need for programs of vocational training for new labor force entrants as well as programs of retraining of employed workers to meet the needs of ever-changing industrial and technological progress. The rapidity with which industries decline and new industries appear on the scene with resultant changes in occupations demonstrates that a need for employment counseling exists throughout a person's working life. Accordingly, the counseling service of the public employment service will need to be expanded and extended to a much larger segment of our labor force (both employed and unemployed) than ever before.

(*e*) *Community clinic.*—Employment counseling interviews frequently reveal the need for professional counseling in other areas, such as in cases in which marital, emotional, or mental problems are directly related to the vocational situation. In the interest of full utilization of manpower and in order to get such individuals into the active labor market as soon as possible, the establishment of community counselor clinics under one roof and staffed by the various agencies and private groups providing such counseling services should be considered. In this way prompt referral of such individuals could be accomplished; the individual would be treated as a total person; and thereby become ready for employment at an earlier date.

(*f*) *Assistance to counselors.*—In view of the importance of the employment counselor in the full utilization of manpower as indicated above, it is believed that much consideration should be given to providing assistance to employment counselors similar to the assistance given teachers in obtaining a master's degree under the National Defense Education Act. Employment counselors in employment offices throughout the Nation are the counselors that come in direct contact with clients most needing the benefit of a highly skilled and proficient employment counseling service. It is essential that they have maximum opportunity and encouragement to attend universities and become highly qualified to provide this service.

C. EARLY WARNING SYSTEM FOR TECHNOLOGICAL CHANGE

Technological advances have improved our standard of living and helped maintain our country's position of leadership in a rapidly industrializing world. However, any methods for improving the production of the individual worker are bound to have an impact on the labor market. New production methods may affect the worker by changing the skill requirements of his job, or even by eliminating it. The new technology may enable the employer to expand his operations, or to produce the same output at a reduced cost, or to do both with fewer workers. Technological change is of particular concern to the public employment service, in line with its legal responsibilities to bring workers and jobs together, help utilize the highest skills of the work force, and contribute to stabilizing employment.

Since the impact of technological change on the work force is increasing in momentum, the public employment service must be alert to their impact on firms and workers in order to help minimize resulting employment problems through regular placement, counseling, testing, retraining, or other services.

All too often, timely information about technological improvements or other management decisions which result in layoffs is not received through current operating reports. The earliest possible notification of management plans for any changes which affect employment—use of better methods, cost reducing changes, mergers, consolidations, changes in plant location, plant obsolescence, plant shutdowns because of loss of market is essential in planning for proper assimilation of the disclocated work force.

For these reasons, the public employment service is working toward an "early warning" system for gathering, by direct contact with employers, as much advance information as possible on changes which will affect their operations and their employment practices. This advance information of impending changes is needed to:

(*a*) Insure that all employment services needed will be available to the employers and workers involved;

(*b*) Help identify surplus and shortage occupations as they develop, for training and recruitment purposes;

(*c*) Help the local employment office organize for possible mass layoffs;

(*d*) Provide advance information so that needed action by other State and Federal agencies may be coordinated.

1. The problems of mass layoffs

In recent months, we in California have had reason to become extremely concerned about a number of mass layoff situations in which thousands of workers have been released from their employment, sometimes on short notice, in an economy which cannot readily absorb them. Mass layoffs may occur for a variety of reasons, such as contract cancellations; business mergers; cyclical fluctuations of business economy; failure of a crop; lack of raw materials; and automation or other technological changes. Plant relocation has in some instances removed many jobs completely from the community. For instance, in the San Francisco Bay area, more than a dozen large manufacturing firms with modern, well-equipped plants have in recent years shut down their local branches and moved to other States, taking with them their payrolls and their jobs. Various reasons are cited for these moves: the cost of land for modern horizontal plants has gone up; taxes are too high; labor costs are believed excessive; or the employer finds it necessary to move closer to the major markets for his product, or the main sources of his supply. Whatever the reasons given for the move, effect on the bay area has been the same—the economy of the area has been upset and the labor market has been saddled with a worker group for whom finding new jobs is a difficult process.

In almost every case where a plant has left its usual location, even for a move to the suburbs of a larger city, workers have been displaced. In the larger plant moves, significant numbers of workers have remained in the old locations, but all too often only a small portion of them have skills useful to other employers in the area. A much larger group of those who remain do not have the skills currently in demand. Moreover, they have often been receiving wages substantially higher than they can command on the open job market. These are among the workers who contribute significantly to the problem of hard core unemployment. Many of them exhaust unemployment insurance benefits and put a heavy strain on other social and community resources.

California employers reported to the California State Employment Service in the 6 months between October 1, 1962, and April 1, 1963, that about 62,000 workers had been laid off, or would shortly be displaced. These reports involved only situations where 100 or more workers were to be laid off for 4 weeks or more. The figure of 62,000 represented almost 1 percent of the total California civilian work force as of March, 1963.

Other comparable facilities are also in the process of laying off workers or are doing very little hiring. Fifty-two employers reported that they had laid off or would lay off 22,504 workers during the quarter ending March 31, 1963. Some of these are among the largest employers in California. The full impact of such layoffs on smaller subsidiaries and suppliers cannot be fully assessed at this time. Early warning information on these anticipated layoffs would have made it possible for the public employment service to make maximum use of its resources to help ease the impact of both workers and employers. As for specific illustrations: Douglas Aircraft and its subcontractor, Northrop Nortronics, early

this year were obliged to lay off some 8,495 workers because the Skybolt program was canceled. The Smith-Corona-Marchant Co. in Oakland closed its plant, laying off 1,100 workers. In February, 1963, North American Aviation's subsidiary, Autonetics, reported that in 12 to 15 months it expected to reduce its work force by 10,000 workers because of the introduction of new production techniques. A special problem has been presented by the layoff at Autonetics. This firm comprises approximately 30 percent of the total manufacturing employment in Orange County. This expected layoff would represent over 10 percent of total manufacturing employment in the county.

In the three cases mentioned, advance information was available, although the leadtime was generally too short. For instance, in the case of Skybolt, rumors began to circulate late in 1962 that the contract might be canceled, and the first actual layoff began immediately following the 1963 New Year holiday, on January 3. During January, 3,915 workers were laid off. On February 5th, all production on this multimillion-dollar project and all research and development were halted, causing an additional 1,322 layoffs by February 18. Even though the advance notice was short, our agency contacted the Douglas Space and Missile Division as soon as word was received that the Skybolt contract might be canceled.

We were told that if cancellation came, our agency's services would be greatly needed, and that the company would cooperate in activities related to placement of laid-off workers. In conjunction with the employer, an advance plan was developed involving some of the following actions:

(*a*) The three local employment service offices involved were staffed to the maximum possible with fully trained placement personnel to assure prompt, efficient, work registration, selection, and referral.

(*b*) Individual job development was started for applicants having immediately marketable skills.

(*c*) All local employers who might be interested in hiring the separated workers were telephoned immediately and orders were solicited.

(*d*) Through our system of clearing jobs with employment offices in other areas, employment data on skills and occupations available as a result of the layoff was spread throughout the State. Our professional office teletype network, generally known as "LINCS West," was used to circulate information about available applicants in professional occupations.

(*e*) Interested employers were invited to come into our offices and interview laid-off workers there. To accommodate both workers and employers, our offices were kept open evenings and weekends.

(*f*) Our interviewers were stationed in each of the affected plant locations, to interview laid-off workers and direct them to the local office in their area of residence.

(*g*) Plans were coordinated with the officials of the local International Association of Machinists, to inform them of the employment services being provided and arrange for them to notify their membership.

(*h*) Publicity was coordinated with the company and with the unions.

(*i*) Employers were encouraged to recruit directly, with extensive newspaper advertising, either at the plant or at motels and hotels. Some 30 employers set up such direct recruitment.

(*j*) The Douglas Co. prepared two lists. One was given to separated employees, listing the names of employers interested in their occupations. Another list for employers summarized occupations in which employees were available.

The total effect of the Skybolt layoff cannot yet be appraised. We do not have sufficient data on the individual workers who were reemployed locally, to know exactly what happened to them. A partial tally for the first week of the layoff, January 4 through January 9, showed that 1 of the 3 employment service offices involved made 539 referrals to 20 other southern California local employment offices, of whom 333 were accepted by various employers. About 156 of these were known to have entered on the job, with other hires pending verification.

The Marchant Co. Layoff

A somewhat different program has been instituted in endeavoring to assist the Smith-Corona-Marchant Co. which is laying off some 1,100 workers in the bay area and closing its Oakland branch. With the help of special funds from the Bureau of Employment Security, our department is engaged in an intensive program to assist workers displaced by this move as well as to study the effec-

tiveness of our own techniques in preparation for possible future layoffs coming from relocation, technological change, and related improvements.

The proposed program, which is now underway, includes the following points:

(*a*) Preparation of a questionnaire by all plant workers, covering such factors as occupational classification, age, education, mobility, and work experience. All information in this questionnaire is confidential and is seen only by persons engaged in the project.

(*b*) Group orientation meetings with employees to discuss problems of reemployment, the nature of the labor market, services provided by the public employment service and related matters.

(*c*) Intensive analysis of workers' questionnaires, supplemented when necessary by interviews, to identify skills, knowledges, abilities, and interests.

(*d*) Identification of individuals with reemployment problems related to inadequate skills or lack of demand for their occupations in the labor market.

(*e*) Arrangements for counseling and testing individuals with such reemployment problems.

(*f*) Analysis of current job openings to determine how they relate to applicant qualifications, and the identification of specific industries and occupations where employment opportunities appear to exist for the laid-off workers.

(*g*) An intensive job promotion drive for groups of workers, concentrating on employers in the area who hire workers in specific occupations. Individual job development will also be made for workers with readily marketable skills.

(*h*) Analysis of the questionnaires and related data to identify possible training and retraining needs, and exploration of training under the Manpower Development and Training Act or other applicable legislation.

The research involved in this project should yield valuable data which will be combined with other information from similar projects sponsored by the Bureau of Employment Security throughout the United States. Followup is planned 2 months after the layoff is completed.

2. *Labor-management approach to "early warning" on technological change*

Recent developments in collective bargaining agreements and contract negotiations highlight the concern of union labor with the implications of automation and technological change. Agreements such as the one between the Kaiser Steel Corp. and the United Steelworkers, which became effective March 1, 1963, illustrate the kind of long-range economic planning in which labor and management alike are endeavoring to combine the achievement of the greatest possible productivity with protection against the loss of employment or income for individual workers. The Kaiser plan provides basically that workers will receive 32.5 percent of any savings resulting from increased labor productivity and more efficient use of materials—whether through direct effort of employees, by use of better equipment, newer processes, better materials, or through improved yields. Workers are guaranteed against loss of employment or disruption of normal income which might result from productivity increases "not resulting from a decrease in man-hour requirements caused by a decrease in finished steel production, or a change in product or production requirements." (This quotation is from the report of the committee which developed the Kaiser plan.) The worker who would otherwise be displaced goes into a plantwide employment reserve for retraining or assignment to new jobs. Workers on short workweeks will receive pay for a 40-hour week. The worker who misses promotion or who is downgraded because of changes covered by the plan will receive a displacement differential for 52 weeks unless he is promoted sooner.

To quote further from the committee report: "Accelerated progress toward additional productivity will be encouraged by providing additional employment and income security to the employees. The interests of all concerned will also be furthered by a thorough study of the types of training and retraining programs which may be required and the means through which such programs can be instituted * * * important strides will be made toward continuity of employment and income security by providing:

(*a*) That increases in productivity will not result in loss of employment or income for the employees;

(*b*) Greater integration of seniority units;

(*c*) Training and retraining programs for employees in relation to the skills required for prospective job vacancies; and

(*d*) Conditions which will lead to improved product quality and customer service in order to earn and keep customers. Of course, any growth in the demand for steel will be of great additional aid in accomplishing the same."

Another approach to long-range problems of worker displacements has been taken by the United Automobile Workers. Currently this union has an agreement with American Motors for profit sharing, and other contracts provide types of cushions for displaced employees. However, Walter Reuther has also proposed a long-range program to stimulate a movement of displaced blue-collar workers into white-collar jobs. In a letter which Mr. Reuther sent on March 23, 1962, to companies in the automobile, aircraft, and agricultural implement industries, he stated: "It is obvious that the displaced problem would have been sharply reduced in recent years had systematic and foresighted provisions been made for the transfer of qualified blue-collar workers to openings in white-collar occupations. Yet, to our knowledge, no important company has made such provision. This, we believe, is largely the result of traditional modes of thinking which have become obsolete in the face of today's fact." Mr. Reuther stresses the lack of advance planning, while offering a constructive proposal for retraining individual displaced workers.

Another significant development underlining the necessity for advance planning to meet the impact of technological change is the agreement reached in 1960 between the International Longshoremen's & Warehousemen's Union and the Pacific Maritime Association. This agreement, which runs to July 1, 1966, was the culmination of 3 years of negotiations. It gives union members a high degree of protection against layoffs and declining earnings resulting from rising productivity, while the employers gain substantial freedom to mechanize and modernize.

One interesting aspect of the ILWU–PMA agreement is the manner in which the question of mechanization was handled. Though some employers have considered that mechanization is wholly an employer prerogative, the PMA did not take this position. From the start, they recognized that the union had a legitimate interest—the men were entitled to a share of the machine. Their agreement reflects the concept that a complete bargain includes the rate of productivity as well as the amount of compensation.

In other kinds of agreements—such as in the railroad industry, the steel negotiations of 1960, and the packing industry—the Government has been a party. Apart from considerations of collective bargaining dealing with wages and hours, there is a growing trend to recognize the long-term implications of technological change. While incentive payments, and various other forms of financial protection for the worker, have so far received most of the attention, the implications of disappearing occupations and the problems of the hard-core unemployed who do not have skills needed to compete in the changing labor market are being given increasing attention in labor-management negotiations.

3. Considerations for future policy

The technological revolution of the mid-20th century has made necessary a change in the basic concept of the role of the public employment service in the economy. In keeping with this change from matching men and jobs to shaping the labor market the Employment Service must:

(*a*) Clearly identify the reasons why individuals are unemployed;

(*b*) Motivate individuals to realistically appraise their relationships to the labor market;

(*c*) Influence employers to recognize the impact of their employment policies on the labor market;

(*d*) Make educators aware of the dynamic character of the labor market; and

(*e*) Apprise Government agencies of trends in the labor market.

The responsibility of the public employment service to do everything possible to stabilize employment and maximize production involves working relationships with every facet of society through placement, counseling, providing labor market information, and assisting in the development of training and retraining. The working relationships must be two-way. Management, labor, and Government must be aware that the labor market is the economy and that stable employment and maximum production, as well as social welfare in its most literal sense, are community products.

Instead of identifying those economic areas in which the Employment Service ought not to intrude, there is a need to involve the public employment service in

every area where action will lead to stable employment. One of the more important of these areas is advance notice of worker displacement. Management and labor alike must recognize this need and include the public employment service in any early warning systems developed.

D. JOB PLACEMENT SERVICE

1. Major considerations

The California State Employment Service is mandated to provide an efficient job placement service in order to achieve maximum utilization of our human resources. The serious loss to the economy which results from frictional and structural unemployment must be minimized by prompt and effective action in bringing workers and jobs together. The public employment service operates in the public interest by assisting employers to cut recruitment and turnover costs, and workers to cut wage losses. The California State Employment Service must recognize that the labor force is mobile and dynamic and must operate to break down the barriers of provincialism which inhibit its maximum utilization.

We are now a little more than one-third of our way through the decade of the 1960's. At the outset of the decade, it was recognized that manpower would be one of the most difficult problems we would face. Accelerated technological change was eliminating semiskilled and unskilled jobs and at the same time was increasing jobs which required both higher academic preparation and longer specific skill training. At the same time, the population explosion was producing more and more young jobseekers who not only lacked job skills but in many cases lacked the basic academic preparation on which skill training could be built. In other words, we were to have more unskilled workers competing for fewer unskilled jobs. We were also to have more jobs requiring longer training time, with a growing number of jobs undreamed of at the time the needed workers had begun their training. In short, we were to face two problems: (1) how to locate, upgrade, or train enough highly skilled professional and technical people to do the vastly complicated work which would have to be done, and (2) what to do with the large number of inadequately prepared jobseekers who would be looking to employment as their only source of income. The implications of these problems to our space and defense program, to our industrial leadership, and to our social welfare suggested urgency in finding the solutions.

The problems are still with us, and no doubt will be for some time to come. But the employment service has moved effectively against these problems and has made a substantial contribution toward containing them.

2. Placement growth

We have in California:

(*a*) Increased placements from 432,669 in fiscal year 1959 to an estimated 834,526 in fiscal year 1963 (92.8 percent increase).

(*b*) Increased placements in the professional, managerial and technical occupations from 8,332 in fiscal year 1959 to an estimated 15,022 in fiscal year 1963 (80.2 percent increase).

(*c*) Increased placements in the skilled and semiskilled occupations from 80,514 in fiscal year 1959 to an estimated 116,933 in fiscal year 1963 (45.2 percent increase).

(*d*) We have made these increases in the top skill levels without sacrificing service to other groups. Placements in unskilled occupations have been increased during the same period from 141,373 to an estimated 271,200 (91.8 percent increase). (See table A at the end of sec. IV.)

Gains in occupational terms may also be expressed in industrial terms which give strong indications of the shifts in employment by industry. The shifts relative to total population have been generated in large measure by the automation revolution referred to elsewhere in this report. Other factors have also contributed, however. Changes in consumer habits, for example, combined with the rapid expansion in population and its increasing need for services, is reflected in the industrial breakdown of our placement accomplishment. To illustrate, between 1959 and 1963, placements in service industries, excluding private households, increased 189.8 percent at the same time that placements in trade increased 96.3 percent; placements in manufacturing increased 32.6 percent; and placements in the construction industry increased 41.5 percent (see table B at the end of sec. IV).

3. Relation of staff to labor force

Our placement achievements have been made possible by the administrative support given to the employment service in recent years. Growing legislative

concern with the manpower problems of our complex and rapidly changing economy is evinced by the strengthening of the employment service which has occurred since the low water mark of staff and funds in 1954. Yet, increases in staff and financing have been moderate in terms of total need. In fiscal year 1963, there were only 2.13 employment service man-years of staff time available for each 10,000 individuals in the California labor force. Since 1953, we have added only 1 employment service man-year to our staff in proportion to each 10,000 California workers. This is in spite of the increasing demands on our agency resulting from such major legislation as the Manpower Development and Training Act, the Area Redevelopment Act, older worker legislation in California, and the expanding need for counseling, testing, and regular placement services resulting from economic displacements of workers (see table C at the end of sec. IV).

4. Improvements in service

Even though we have enjoyed some success in keeping the unskilled work force gainfully employed and in making adjustment to the changing industrial structure of the work force, we will continue to put greater management emphasis on meeting the needs of those industries that hire professional, technical, and skilled workers, and toward the training—rather than short-time placement—of unskilled workers. To this end we have:

(*a*) Coordinated our network of professional offices by both improved communication equipment and by extending the area in which the offices can deal directly with applicants and employers. We have, for instance, enlarged our Los Angeles professional office and moved it into the heart of the management services district of the city. We have made it possible for applicants anywhere within the metropolitan area complex to be screened immediately against jobs anywhere within that area. This office has direct teletype communication with six other professional offices in the State and with the headquarters job clearance office in Sacramento.

(b.) The teletype communication system now operating in our professional network offices is the first step toward two goals of national scope. The first of these goals is to speed up job clearance communications between significant labor markets all over the country. The second goal is to speed up the clerical job of searching application files for the right worker by putting the applications on file in a computer located in a key location, probably either Los Angeles, because of the size of its labor market, or Sacramento if administrative considerations are paramount.

We are, in brief, making every attempt to bring the time a man spends looking for a job, or the time a job remains vacant, down to an absolute minimum. To do this we will need to know, within a few hours of receipt of a job order for one of these highly skilled jobs, whether there is an applicant anywhere in the State who can do the work.

In this connection I should like to say that exposure of the underemployed to jobs at higher skill levels is as much a part of our obligation under the Wagner-Peyser Act as locating job opportunities for unemployed workers. The Wagner-Peyser Act, you will recall, requires that a placement service be provided for all persons who are legally qualified to engage in gainful occupations. The Employment Service, therefore, has never limited its services to a certain portion of the public, such as the unemployed, or denied service to another category, such as employed workers. We simply cannot afford to overlook any promising source of workers qualified to do the highly complicated tasks that need to be done today.

For one thing, many workers accept work temporarily below their highest skills and continue to look for more suitable work. Others, thoroughly trained and ready for upgrading, find themselves with no opportunity to advance unless they change employers. Others need to relocate for reasons of their own or because they are faced with layoff; they desire to find new work before leaving the last job. The Employment Service makes no efforts to persuade workers to leave one employer for another. (Actually we provide special assistance to employers who are experiencing high turnover rates.) On the other hand, if employed workers are interested in job openings publicized by the Employment Service, they have as much right to apply for them as unemployed workers and their prompt and efficient readjustment in the labor market is essential to proper utilization of worker skills.

5. Farm placement service

Some aspects of our farm placement operations and programs are similar to nonfarm. Overall there will be fewer farm jobs in 1970 than there were in 1960,

and more of those will require specialized training, and skill as a result of advancing mechanization and technology.

The California State Employment Service serves the Nation's No. 1 agricultural industry which, in 1962, produced commodities yielding nearly $3.34 billion in cash-farm income.

Farm placement is a highly specialized employment service program which, in 1962, was conducted through 25 permanent and 43 seasonal farm labor offices in addition to full-functioning local offices.

(*a*) *Principal farm placement responsibilities.*—The principal functions of farm placement service are:

(1) To determine farm labor needs, evaluate labor supplies, and to facilitate labor procurement from outside sources as may be needed to perform work for which the available labor supply is inadequate.

(2) To encourage use of department offices by farm employers and workers so that all needs may be met through the orderly distribution of available workers, and to expedite satisfactory and suitable employment contacts between individual farmers and workers.

(3) To recruit, select, and place qualified domestic workers in farm jobs represented by employer orders in department offices.

(4) To maintain a farm labor information program to guide traveling workers for timely arrival at the places and seasons of need, for the kinds of work to be done.

(5) To promote improvements in working conditions, housing, and transportation of farmworkers as important factors in the recruitment of labor and the stabilization of its use.

(6) To promote the employment of youth in accordance with labor laws and regulations, and to assist in informing farmers of such laws and others relating to the employment and safety of agricultural workers.

(7) To cooperate with agencies and organizations with related interests and responsibilities to farm employers and workers. The department provides farm employment information and otherwise cooperates in community planning of services and facilities contributing to farmworker health, education, and welfare.

(8) To evaluate needs and process records for contract foreign workers, make wage surveys, and maintain surveillance of foreign labor use to help assure conformance with laws and regulations which apply and for which the department has certain responsibilities under an agreement between the director and the U.S. Secretary of Labor.

(*b*) *Personalized farm placement services.*—Prior to 1961, a major share of the agricultural placement activity was assisting in day-haul arrangements or spot placements of workers for whom no formal work applications were taken.

Early in 1961 the Department established the policy to register all farm job applicants. The basic objectives were: (1) to identify individual workers for whom records of qualifications and performance would be maintained to improve the quality of referrals; (2) to acquire employer verification of qualifications and performance or default; (3) to improve the selection and referral process benefiting both worker and employer; (4) to identify and eliminate from referrals workers demonstrably unqualified.

By 1962, noticeable advancements in farm labor service and employment stemmed from the revised registration policy. There was evidence of better matching of men to farm jobs, and some upgrading both in the applicants seeking service and the openings available to them. Workers were increasingly aware of the importance of a good work record and employers reported a noticeable improvement in the quality of workers received.

The placement of individuals, rather than "bus loads," reduced the total tally of agricultural placements from 974,060 in 1960 to 283,994 in 1962. Pool-type placements, representing more than half of the total in 1960, had been reduced to zero by 1962. Offsetting the quantitative decline in placements was the increased value of the average placement representing a better qualified worker on the job for a longer period.

In the latter part of 1962, there was interesting evidence that the personalized farm placement service was beginning to pay off in increasing numbers. Whereas individual selection placements for January–September 1962, has been 14 percent below the number during the first 9 months of 1961, the trend was reversed when the number of individuals selection placements for October–December 1962, exceeded that for the corresponding 1961 period by 4 percent. For the first 4

months of 1963, individual selection placements exceeded those for the 1962 period by 8 percent.

The upgrading of farm placement service was timely because of the concurrent upgrading in the skills required by accelerated mechanization and application of scientific methods and materials to farming.

Agricultural workers were being encouraged to participate in Manpower Development and Training Act training. A course in tree and vine pruning had been completed in Fresno in late 1962; a course in tractor operating was underway in Indio early in 1963; and a course in horticultural training was in process of approval for Santa Rosa. The availability of applicants for professional agricultural occupations such as agronomist, agricultural engineer, chemist, farm management specialist, etc., called for a new program of professional farm job development which was initiated in the coastal area in 1962, and is being extended in 1963. The library of occupational guides, prepared by the Department, included 19 for agricultural occupations—from "cowboy" to "agronomist."

The upgrading of farm placement service has required improvement in farm labor facilities and staff to do the job. Special civil service classifications in the farm placement officer and farm placement supervisor series were established by the California State Personnel Board, and the farm placement staff was augmented from these classes. An extensive training program was set up for these employees, and to improve the abilities of old employees performing farm placement functions. Progress in farm placement service and the quality of the farm labor market is expected to continue.

(*c*) *Fresno farm labor project.*—An experimental farm placement service "laboratory" was set up in Fresno County in 1962 as a joint project by the California State Employment Service and Bureau of Employment Security of the U.S. Department of Labor: "to measure and evaluate existing services and programs in relation to the needs and potentials and to intensify operations and explore possibilities for increased effectiveness and penetration in farm placement service."

During the first year of the project, the Fresno headquarters office and seven "satellite" offices conducted extensive studies into the nature of Fresno County agriculture and labor needs, and into the composition, characteristics, work habits, and employment interests of local and outside workers who engage in Fresno farmwork at one time or another during the year. Inquiries covered related subjects such as housing, education, and welfare facilities, services, and problems.

Some promising innovations in office procedures and forms indicated improved application and order taking. An edge-sort application card facilitated file search for qualifications and worker acceptance factors. Color coding made employer records more meaningful and useful.

An organized program of employer visiting during the first year resulted in 4,200 visits during which promotion of our farm placement service developed 574 job orders with 10,806 openings. The employer record file contained data for nearly 3,000 farm employers representing one-fourth of all farms in Fresno County, but probably about one-half of all farm employers and roughly 60 percent of the total crop acreage.

The Fresno project, scheduled to operate another year, proposed further penetrations in knowledge of and service to employer and applicant groups.

(*d*) *Annual worker plan.*—California participates in the interstate program for preseason scheduling of migrant families and crews under the program known as the annual worker plan. California extended the principles of the program to serve intrastate migrants as well. During 1962, annual worker plan contacts were made with 351 interstate groups totaling 2,490 workers, and with 244 intrastate groups totaling 1,398 workers. The program aims to regularize migration and to close the gaps between employment in different work areas by reducing the time and travel for job seeking. The program involves considerable education and promotional efforts to sell its advantages to both workers and employers. The Department expects to build on the limited success achieved in the past 2 years during which special emphasis has been given to its development.

(*e*) *Youth farmwork program.*—See special section II, A on youth employment for progress and development of this program.

6. Considerations for future policy

(*a*) *Improved teletype communications.*—We are now using teletype facilities on a pilot basis for rapid transfer of orders and applications between our professional offices. We are also experimenting with electronic data processing

equipment to store applicant information which can be screened against job requirements on a broad area market basis. The combination of these two processes will permit rapid exposure of all qualified job applicants to all suitable job openings in the area and throughout the State. We intend to make use of modern equipment just coming into use to speed up this process. For example, recent improvement in data processing equipment will permit us to process information direct to a computer in the English language without the digital coding which was formerly necessary.

(*b*) *Cooperation in depth with professional associations.*—Acting on a suggestion from the California State Employment Service, several social welfare agencies and two graduate schools of social work have formed a committee to plan a way out of a drastic and chronic shortage of qualified social workers in Los Angeles County. In addition to making fuller use of the Employment Service for current needs, the committee is seeking ways to attract both undergraduate and graduate students into full academic preparation for careers in social work.

The State employment service will assist in reviewing specific jobs in the agencies to identify any jobs which require less than full professional qualification. The committee also is seeking ways to increase mobility of workers between agencies. Present salary administration generally requires a transferring worker to enter a new agency at the minimum pay grade, and few workers are willing to accept the loss without a compensating opportunity to advance. We believe the techniques developed in this committee effort will be applicable in other shortage professions and will eventually provide future job seekers better information on guidance, education, and employment questions.

(*c*) *Medical placement services.*—Some of our local office managers have discovered urgent need in small and medium sized communities for specialized placement service for the medical professions. These groups embrace nurses, dental assistants, medical assistants, medical technicians, X-ray technicians, and the subprofessional occupations such as nurse aid. In very large communities, the number of persons registered in a profession makes it feasible for the professional association to maintain a placement service. In smaller communities there is a compelling need for a clearinghouse where doctors, dentists, hospitals, laboratories and private patients can contact the specialists they need. Frequently the filling of these jobs becomes an emergency matter, yet the selection of a proper applicant must be precise since health and life are involved. We have experimented with three such placement services and have established procedures to insure fully competent selection and referral. We are devising means of measuring need for the service in given communities and we are in contact with the medical profession at both State and local level. We plan as these needs are identified in specific communities to establish medical advisory committees and to work in full cooperation with all the professions involved in providing a competent service to meet the need.

(*d*) *Use of labor market information.*—We plan to improve our methods for getting accurate, up-to-date labor market information in the hands of our local office managers, supervisors, and interviewers. For example, one of our area offices are now experimenting with a publication titled "Major Employment Opportunities," which is released on a rush basis to all local offices in the area and frequently corrected and expanded.

This publication lists the name of the firm (new or expanding), the local office concerned, and as much detail as possible on size, capital investment, the number and occupations of the workers, and the dates involved. A special card index system was devised and new forms designed for receiving and coordinating the release of information. Local offices participate by pooling their information with the area labor market analyst, who edits and distributes the publication.

This is but one of the techniques we plan to develop to keep our local office personnel on top of the local labor market picture.

(*e*) *Industrywide arrangements.*—The California program for establishing craft and industrywide agreements should be expanded. The public employment service has a strong obligation to stabilize employment. That obligation can be met most effectively through close cooperation along structural lines in terms of crafts, industries, or multiestablishment employers. Efficient placement has been demonstrated in these areas in the last 2 years. The activity can and should be increased substantially.

(*f*) *Use of occupational analysts.*—The assignment of occupational analysts to a limited number of local offices in the last year has measurably strengthened the placement process beyond expectation. More complete and accurate knowledge of job content has greatly contributed to the selection and referral of

applicants to training courses or to jobs. The analysts have been particularly helpful in the identification of training needs through surveys conducted in all the principal labor market areas in the State. The training and assignment of more occupational analysts to more local offices in the State would undoubtedly further increase the effectiveness of the public employment service in stabilizing employment and increasing the productive capacity of our economy.

(*g*) *Management controls on placement services.*—Early in fiscal year 1964 central office data processing equipment will produce a report of placement activity with specific employers broken down occupationally and by special applicant groups. This report will strengthen the ability of local office management to evaluate and plan all placement and promotional activity. Assessment of accomplishments is basic to proper and effective planning. The future programs of the CSES will benefit substantially from this report.

(*h*) *Services to city and county jurisdictions.*—We have initiated a pilot project in our Los Angeles metropolitan area to coordinate the referral of qualified and prescreened applicants for city and county civil service openings. The Los Angeles professional office has been established as a "clearinghouse" for all city and county civil service openings. An interviewer, specially trained in city and county civil service regulations and needs, coordinates the referral to the proper agency. Referrals are not made to build up civil service lists. This coordination eliminates the confusion of 10 to 20 offices in the Los Angeles area sending jobseekers to city and county hiring agencies. This cooperative effort will enhance our already fine working relationship with the city and county civil service authorities. We consider this a pilot for expansion of our services to governmental jurisdictions throughout the State.

(*i*) *Test selection techniques.*—We are increasing our development and use of approved USES tests in selecting qualified applicants for referral to employers and to Manpower Development and Training Act courses. California now leads in the development of job tests and we intend to remain in the foreground in this activity to the extent that funds are available.

We have found these tests to be effective techniques for gaining greater acceptance with industry and for making placements which because of their quality serve the objective of better utilizing our State's manpower requirements and resources.

(*j*) *Use of labor market analysts.*—There is a great need for labor market analysts in our larger offices, accentuated by the need for accurate labor market projections required by the Manpower Development and Training Act. These labor market analysts would work with occupational analysts presently assigned to the offices to:

(1) Provide the local office employment service staff with detailed local information about the labor market so that their operations can be more effective.

(2) Handle increasing demands for local office labor market information needed for the Department's specialized programs.

(3) Help our area labor market analysts maintain better overall labor market information.

(*k*) *Research.*—Adequate funds are needed for expanded research activities in order to obtain information which will insure that our employment service offices are properly structured and organized to give maximum service to the community. The types of research needed are fully described under the heading "Labor Market Information Service."

(*l*) *Civil defense emergency.*—Planning for disaster, whether natural or man-made, is one of the essential functions of the California State Employment Service. No product can be produced or service performed without the use of manpower. Many of our resources can be stockpiled but manpower cannot; therefore, plans must be made in advance for the optimum use of this resource. The California State Employment Service has installed in all local offices plans and procedures to carry out this tremendous responsibility. We are in the process of completing agreements at Federal, State and local levels of government and with manpower resource pools such as colleges and universities so that essential activities will be continued. A system of labor-management committees at all levels will provide guidance and assistance in gaining support and understanding of the manpower program.

E. TRAINING AND RETRAINING

1. Background information

In California, as in the Nation as a whole, the full impact of technological change was beginning to be felt and reflected in increasingly high levels of unemployment during the 1950's. Individuals who in the past had been able to secure new employment within a relatively short period of time following a layoff, found that this no longer held true. Many workers found that the skills and training that they possessed were no longer adequate to compete in the current labor market. Many workers found that they had not only been laid off from their jobs—the jobs themselves had sometimes been abolished due to new or radically changed industrial techniques.

As shown by the following compilations, unemployment rates have gone higher after each recession year than was the case before the recession year.

TABLE 11.—*Rate of unemployment*

[Percent]

	1954 [1]	1955	1956	1957	1958 [1]	1959	1960	1961 [1]	1962
National rate	5.6	4.4	4.2	4.3	6.8	5.5	5.6	6.7	5.6
California rate	5.0	3.9	3.4	4.2	6.4	4.8	5.8	6.9	5.9

[1] Denotes recession year.

In the recovery year of 1962 the unemployment rate was 5.6 percent nationally and 5.9 percent in California while in the recovery year only 7 years prior to that, unemployment annual average was 4.4 percent nationally and 3.9 percent in California. In addition to the problems encountered as a result of the numbers of unemployed, long-term unemployment became an increasingly encountered situation. With this long-term unemployment evolved the group since referred to as hard core unemployed, i.e., individuals with low saleable skills, individuals with obsolete skills, functional illiterates, school dropouts and the heavily disadvantaged minority groups.

2. Present programs

The California State Employment Service became involved as early as 1950 in establishing training courses for jobless workers to meet specific manpower needs of local communities. These training activities were initiated by local offices of the California State Employment Service in response to recognized needs for workers in particular occupations. Arrangements were made with the employers involved to obtain a reasonable guarantee of employment for the trainees. The local school districts in the area furnished the facilities and the instructors.

These early training efforts were limited in scope. The courses were generally given in evening hours (so as not to interfere with unemployment insurance eligibility) and were designed to assist the local employment office in filling short term demands for workers. For example, short intensive courses for the occupation of retail clerk to fill the demand for workers during the Christmas season were frequently established. There was no attempt to establish training on a large scale for the purpose of combating the problem of technological displacement of workers. The programs were strictly for the purpose of training large groups of workers for occupations in which there was expected to be a substantial demand in excess of the existing supply of qualified trained workers. There were no training allowances of any kind paid to the trainees.

These training programs trained jobless workers in such occupational classifications as retail sales clerk, grocery checker, electronics assembler, wirer and solderer, waitress, service station attendant, sewing machine operator, and gardener. These early training programs proved of great value in many respects in addition to the immediate advantage realized by the trainees themselves. It provided the California Agency with experience as to what training (without allowances) could and could not be expected to do. It also provided us with valuable experience in cooperating and developing training programs with the school systems and provided much valuable knowledge in the operation of California's vocational education system. But possibly of greatest value, it demonstrated clearly that training, as such, was not a panacea for all of the ills of unemployment, that some people were willing to be trained, others were not; some people were capable of benefiting by training, while again others were not.

As a result of our experience, the California agency actively supported senate bill 20 in the 1961 session of the California Legislature. This bill amended the California unemployment insurance code to allow an individual to enroll in an approved course of training and remain eligible for unemployment insurance benefits. In effect, the usual requirements to seek work and be available for work while claiming benefits were waived while the applicant was attending an approved retraining course. Under this program, the trainees received their usual unemployment insurance benefits and no more. Existing vocational courses in public and private schools are used, with no special courses established for training purposes under this program. From mid-September, 1961, through April of 1963, a total of 4,772 individuals have been approved for training under this program. A verified placement result of better than 60 percent for those individuals completing their course of retraining is shown.

The Manpower Development and Training Act of 1962 was passed and signed by the President in the spring of 1962. Training provisions were effective on July 1, 1962. However, due to a delayed congressional appropriation, the funds and the agreement by which California would administer the program did not reach California until late August 1962. Governor Brown signed the agreement for the State of California to administer the provisions of the Manpower Development and Training Act on the day it was received, August 22, 1962. Two training programs had been set up and were ready to go, were actually in operation the Monday following, August 27, 1962. Since that time and through April of 1963, a total of 89 training proposals have been approved that would accommodate as many as 3,883 individuals; 2,654 individuals have actually enrolled in training (several of the approved projects—or some section of approved projects—have not yet started). A total of 654 trainees have completed their training courses. With the exception of three classes where unusual difficulties were encountered (in one an anticipated employer establishment failed to open as scheduled, and on two the Skybolt missile layoff resulted in a surplus of workers that had previously been in short supply) we have had a placement record of 76.4 percent in verified training related jobs. We anticipate that this placement ratio will improve as we gain experience in the program.

As of the date of this writing, California is contributing 10.9 percent of the national accomplishment of trainee openings approved under the Manpower Development and Training Act.

In California, the impact of the Area Redevelopment Act has not been substantial. Of 10 designated counties, only 2 are counties with as many as 15,000 people in their labor force. The rest of the counties are sparsely settled and have the lumber industry as their principal support. Training under this act has been in only one county, for machine operators. Additional training programs have been difficult to justify in view of limited economic activity but attempts will continue to be made to fully implement the training provisions of the Area Redevelopment Act legislation. In all of our training programs we have found the Division of Vocational Education, Department of Education, to be responsive and capable. Personnel of that Division have been most diligent and, in our view, very efficient. There has been less delay than originally anticipated in such operations as finding new training facilities, locating and credentialing of instructors, securing equipment, etc. In all of their actions, that Division has been most effective in securing the cooperation of local school districts, their school boards, their district personnel. In California, equal credit for Manpower Development and Training Act accomplishments must be given the Division of Vocational Education.

3. Considerations for future policies

The Manpower Development and Training Act has been effective in California as one tool with which to attack the pressing problem of unemployment. However, the California agency feels that there are several areas where needed improvements in the law can be made.

(*a*) *Youth allowances.*—The current law places a 5 percent limitation of training allowances for youth age 19 to 21. Without this limitation, California would be expending 15 to 20 percent of total allowances on this age group. Unemployment among youth is now approximately 2½ times the average for all groups, with minority group youth having an even higher percentage of unemployed. We feel that restriction on the number of youth who can be referred with allowances severely limits the effectiveness of the Retraining Act. The only restriction we believe is appropriate on the referral of youth would be a qualification that all youth referred with allowances be required to be at least 16 and have been

out of regular school for at least 1 year. Restricting allowance payments to those youth who have been out of school at least 1 year would eliminate any possibility of encouraging youth to drop out of school in order to attend a Federal retraining course with allowances.

(*b*) *Expanded research.*—One of the primary problems in establishing training courses is discovering the occupations for which training would be appropriate. New industrial techniques are being developed and installed so rapidly that it is difficult if not impossible to keep pace with them. We avoid training individuals in occupations that may be in the process of being radically changed or eliminated within the foreseeable future. This Agency feels that it is essential to manpower planning to have more and expanded research in order to obtain information on the character of our changing and shifting labor market and to plan any type of effective attack on the problem of the unemployed.

(*c*) *MDTA financing.*—The Manpower Development and Training Act presently requires the States to assume one-half the financial burden beginning July 1, 1964. This Agency feels that this requirement places an inequitable burden on many States inasmuch as a significant portion of unemployment will not be either within the State's control or will it be its full responsibility. For example, in California, the population has grown by 5,566,000 in the decade ending in 1962. A reliable estimate is that two-thirds of this growth is a result of in-migrants from other States. In most cases these individuals are unemployed and in many instances they have no real prospects of securing steady employment as their skills and experience are not adequate for the highly competitive California labor market. We have good reason to believe that substantial numbers of these new in-migrants remain chronically unemployed. Consequently, California and States with similar conditions would be forced to pay half the training costs for a significant number of unemployed who are recent arrivals from other States. Because of the effects that in-migration has on a given State's unemployment problem and because of the national scope of the problem, this Agency believes the problem should be dealt with by Federal financing.

In addition, California is experiencing the same twin obstacles faced by other States in the matter of matching funds. First, State financial resources are already strained with little room to accommodate sizable new expenditures. Secondly, the program is, as of this writing, less than 9 months in operation, with such limited experience, the results are yet too fragmentary to justify making recommendations to the State legislature for the State to assume an equal burden with the Federal Government in supporting the program.

For these reasons this Agency urges that the financing of the Manpower Development and Training Act continue to be based 100 percent on Federal grants.

(*d*) *Prejob training.*—Among the hard-core unemployed there is a disproportionate number of functional illiterates. Most jobs for which training is conducted require an ability to read and write. Many applicants who are otherwise fully qualified are not referred to training due to lack of this ability.

In some instances we have had to screen as many as 10 or more applicants in order to find one who is qualified to take a specific retraining course. Many individuals screened out for literacy reasons are members of minority groups who also constitute the most pressing of the hard core unemployed. A great deal of difficulty is encountered even determining the vocational aptitudes and abilities of functional illiterates. It is recommended that a section of the act should be added to provide for intensive basic literacy training for those individuals who, without such training, would have difficulty in qualifying for any job.

(*e*) *Relocation allowances.*—Consideration should be given to providing relocation expenses. This provision, deleted from the original draft of the law, would provide for paying relocation costs to an individual who lives in an area where he could not secure employment if he would move to an area where there was an assurance of employment. In some instances, relocation costs would be the only expense incurred in securing employment for an unemployed worker. In other instances, relocation expenses would be an added cost of training. This provision would be particularly appropriate in California due to the long distances involved between the major labor market areas.

(*f*) *Eligibility for allowances.*—The law provides that only those individuals who are head of family or household and who have had not less than 3 years of experience in gainful employment (youth 19 to 22 excluded) may receive training allowances. The requirement specifying allowance eligibility only to those individuals who are heads of family or household appears to be much too restrictive. For example, a single self-supporting individual contributes to the

work force no less than a married individual and has qualifications and attributes equally as great. It is important that he become employed and self-sufficient. Yet, because he supports no one except himself, he is denied the opportunity to gain new skills with the financial assistance of the act. This "head of family—household" provision should be retained as a priority item. That is, individuals with families to support should be given priority in being referred to the training courses with single self-supporting individuals considered if there are still openings to be filled in the class. However, we believe that the single adult, if referred, should be entitled to training allowances.

(*g*) *Financial assistance to apprenticeship.*—It is recommended that the act be amended to provide financial incentives to employers who establish apprenticeship programs in order to encourage them to expand their own plant training program and put additional "drive" into the State apprenticeship programs.

Substantial training costs are incurred by employers who cooperate in the apprenticeship plan. In addition to putting untrained individuals with low productivity on the payroll, these employers also provide journeymen employees to provide at-the-shoulder supervision and assistance to their trainees. This close training-superivsory relationship between the apprentice and the journeyman is expensive for the employer to maintain—however, it is still the best—and most people maintain the only—way to assure full training for the inexperienced individual to become a full journeyman in skills such as carpenter, machinist, plumber, electrician, etc.

In California there are currently 22,000 individuals in formal apprenticeship programs. Authoritative estimates are that California could and should absorb 100,000 apprentices in training at all times. It is believed that the significant cause of the gap between accomplishment and needs is a reluctance of employers to assume the financial burden.

In this connection, steps should also be taken to encourage employers with large defense contracts to employ more apprentices. Most of these contracts contain provisions for training, yet the actual amount of apprenticeship training among the large defense establishments is minimal.

(*h*) *Duration of manpower training program.*—It is the view of this Agency that the Manpower Development and Training Act (or similar legislation providing like services) should be enacted as permanent legislation. It is predictable, for instance, that the rapidly changing technology commonly known as automation has not even yet had the full impact that it will have on the labor market in future years. It is predictable that many individuals will, in their working years, have to be trained two or three times just in order to keep pace with the rapidly changing technology.

This Agency knows of no knowledgeable individual or group that asserts that the problem of providing trained manpower in the years ahead is going to diminish. The rapid advances in technology have had a virtual self-generating effect on the labor market with new breakthroughs in data processing systems, for instance, affecting ever-widening circles of industry and industrial processes. The widespread myth that automation creates as many new job opportunities as it makes obsolete is not accepted by experts and students of the labor market and industrial trends. It is, at best, a statement that has never been proved. What is indisputable, however, is that automation requires vastly different skills with the phenomenon of highly skilled individuals having to return to formal training in order to remain current with their jobs. This is today true of the engineer and the physician. In future years it will be increasingly true of skilled and semiskilled jobs of all kinds.

(*i*) *Older workers.*—In the training and retraining of older people, we need more information on the motivating factors which influence these people to take such training. We hope that research in the near future can assist us in this area.

In the President's Message to Congress on February 23, 1963, he recommended a new 5-year program of grants for experimental projects to stimulate needed employment opportunities for older workers. We hope that our study of the "over 65" worker, now in the planning stage, will be considered under this program. The special employment problems of the "over 65" group are of continuing concern to us.

In summary, the California State Employment Service believes that the Manpower Development and Training Act will constitute one effective attack on the proble mof unemployment. It will not solve that problem. We are cognizant of the fact that we have not yet approved for training 1 percent of the unemployed in the State. On the other hand, we are equally aware of the fact that finding

gainful employment for even 1 percent of the unemployed affects a far greater number of individuals than just the relatively few who are directly involved. We believe that such training, even in limited amounts, can contribute to stopping or reversing the downward economic trend and, for the individuals directly involved, can interrupt the cycle of short-term jobs and long-term unemployment that prove so debilitating to the individual and to his community, State and Nation.

F. EDUCATIONAL FACILITIES

1. Vocational education

Vocational education is considered in California to be that part of the total program of education dealing specifically with the acquisition of skills, understandings, attitudes, and abilities that are necessary for entry to and successful progress in an occupation. Vocational education applies solely to the preparation for occupations that can be achieved through the high schools, the junior colleges, and the adult classes that art a part of the California public school system. Vocational education in California has as its purpose the preparation of persons for useful employment. It is intended to serve the needs of two distinct groups of people, those who are already employed, and those who are preparing for initial employment.

Vocational education encompasses all the occupations in the following fields and for purposes of administration and qualification under the Federal Vocational Act is divided into the following programs; Vocational Agriculture, Vocational Homemaking, Distributive Education, and Trade and Industrial Education.

(*a*) *Vocational agriculture.*—The major objetcives of vocational agriculture include the development of effective abilities to advance farming, to produce and market commodities efficiently, to conserve natural resources, and to manage a farm effectively.

(*b*) *Distributive education.*—The major objectives of distributive education include the improvement of skill, technical knowledge, occupational information and judgment of management workers engaged in marketing activities or other activities that involve contacts with buyers and sellers.

(*c*) *Trade and industrial education.*—The major objectives of trade and industrial education include increasing skills and technical knowledge of persons already employed in trades and industry through extension of supplemental courses and the development of basic manipulative skills and related industrial knowledge that will best enable persons to get jobs in trade and industry. Among the groups served are journeymen, technicians, apprentices, and in-school and out-of-school youth.

(*d*) *Vocational homemaking.*—The major objectives of vocational homemaking are to prepare students for homemaking responsibilities and activities necessary to achieve family well-being.

2. Considerations for future policies

(*a*) *Expansion of vocational education.*—Without question the "post-sputnik" educational emphasis has resulted in more college-oriented courses. This trend has had a detrimental effect on the expansion of vocational education at the high school and junior college level.

High schools and junior colleges lack sufficient vocational courses and capacity to qualify young people leaving high schools for entry upon available jobs requiring technical skill and knowledge. It is essential that more meaningful vocational education courses be developed and made available in more schools and for more jobs for noncollege bound youth.

(*b*) *Cooperation between schools and the employment service.*—It is essential that close cooperation and coordination exist between the employment service and schools at the secondary education level. The California State Employment Service enjoys the goodwill and cooperative attitude of California school administrators, guidance staff, teaching personnel, and parent-teacher associations. However, legislation is needed to provide a legal basis for the coordination between schools and the employment service in the fields of employment counseling, job placement services, and labor market information. Such legislation would be designed to strengthen and upgrade guidance services and curriculum planning. For example, an effective labor market research program should make a major impact on school curriculum planning and development.

(*c*) *Relation to skill surveys.*—Vocational education courses developed should be based upon skill surveys conducted in the community by the employment service which will identify occupational demand in the labor market. Skill sur-

veys are discussed extensively under the heading "Labor Market Information Services."

(*d*) *Remedial courses.*—There is a need for remedial courses in basic communicative skills of reading, writing, and arithmetic. This need is supported by a recent statewide symposium on "Expertness in Preparing Youth for Employment" conducted in San Francisco. Participants in this symposium included representative employers from northern and southern California, as well as employment services specialists, the director of vocational education, and the chief of the division of apprenticeship standards.

(*e*) *Improved counseling and guidance.*—It is also essential that young people be provided an improved counseling and guidance program that will have as one of its primary objectives the encouragement of an early selection of an occupational area even though tentative. It is not unreasonable to expect that sufficient information about the potential of all students be available no later than the sophomore year.

(*f*) *Out-of-school youths and adults.*—There must be an increase in training courses for out-of-school youth and adults who want further training especially in technical occupations to meet the demands of a labor market increasingly becoming more competitive and requiring more education and training. In this respect a recent report from Secretary of Labor Willard Wirtz on the "National Education Improvement Act of 1963" dated April 30, 1963, indicated that more than 300,000 people looking for jobs has less than a fifth-grade education and about 1 to 1½ million of those unemployed had less than an eighth-grade education.

G. LABOR MARKET INFORMATION SERVICE

1. Need for labor market information

The public employment service is and should be the best source of labor market information in the community. Such information consists of data that describes conditions and trends in the labor market. It includes labor force and population statistics, employment and unemployment figures. It also includes information about prevailing wages and hours, hiring practices, job prospects, changing occupational patterns, and many other facts affecting labor supply and demand for individual firms, industries and occupations.

All organizations and agencies in a community need and use current information about labor market conditions. Employers need to know about available manpower when deciding on plant locations, setting operations schedules and staffing their plants. Workers want to know about job prospects, wages, hours, and working conditions, training and experience requirements, methods of entry and promotional opportunities. Schools and agencies concerned with vocational training and guidance need a continuous flow of information about occupations and employment trends.

Some examples of specific uses of labor market information by local offices of the public employment service are as aids in vocational counseling, interpretation of employment conditions and trends to community groups, providing prevailing wage rates to employers and jobseekers. Examples of some publications which are the media for labor market information in California are occupational guides, industry briefs, community labor market surveys, and the bimonthly report, Employment and Unemployment in California.

As farmwork moves both seasonally and geographically, the farmworkers need timely statewide information on the location of current and anticipated crop activities, dates of activity, expected labor needs, wage rates, and living facilities. Farmers also rely on department information to anticipate the flow of in-migration for crop activities dependent on outside labor.

2. Considerations for future policies

(*a*) *Area surveys of skills of the work force.*—The Labor Market information program of the California State Employment Service is already an important service to the people of California. However, there are some serious unmet needs. A particularly serious one is for studies of the skills of the work force. Manpower is subject to the same kind of development as any other basic resource of an area. Responsibility for this development must be shared by all segments of the community. To assist in this development up-to-date surveys are badly needed to—

(1) Provide the facts about present and future manpower resources and needs.

(2) Augment available information about local manpower necessary for use in area employment and industrial development.

(3) Help promote vocational training activities which will be responsive to local occupational requirements.

(4) Prompt local employers to evaluate their manpower needs.

(5) Provide guidance for necessary inplant and school training.

Area manpower surveys provide a measurement of local manpower supply and demand. Only two such surveys have been conducted in California, one in San Diego and the other in Ventura. Similar studies are seriously needed in other areas in order to make effective use of presently available manpower and to provide for future manpower needs.

(*b*) *Research.*—Research should be the point of departure for policymaking. In order to provide the kind of research which would be most helpful to policymakers, the California agency submitted a supplemental budget request for fiscal year 1964 for funds to conduct, among others, the following studies:

(1) Placement effectiveness study

This would measure the extent to which employment service placements satisfy the job applicant and the employer and the extent to which placements which are expected to be permanent actually prove to be so.

(2) Hiring channels studies

These would be made to analyze previous studies of how workers get jobs in California in order to learn what is of current value in them and to ascertain the limitation of the studies. The subject studies were four in number and were conducted in the bay area and in Los Angeles by the University of California Institute of Industrial Relations. A review of the basic source material from these studies indicates that a great deal was learned which may be of current value in employment service operations.

(3) Development of occupational outlook information

The Manpower Development and Training Act, the Youth Opportunities Act and indicated trends in the labor market make it imperative for the Employment Service to properly identify future manpower needs. Basic source data would be 1960 census data. Current data on distribution of workers by industry can be used for obtaining ratio estimates for the various occupations. From those figures labor demand and supply projections can be developed.

(4) Analysis of influence of part-time workers

Any comprehension of future job opportunities must rest on an analysis of the role of part-time workers in the economy. Recent studies indicated that 20 percent of wholesale workers, 16 percent in service occupations, and 40 percent household workers are part-time. Any projection of future job opportunities could be severely modified by this group.

(5) Accelerated schedule of industry briefs

Industry briefs are complete descriptions of an industry, giving such information as the size of the industry, its economic outlook, occupations within the industry, future needs for workers, etc. These industry studies are used in job retraining related to the Manpower Training and Development Act, in vocational counseling, in employer relations and to supplement occupational guides in supplying information on occupational trends.

(6) Special applicant groups

Studies about minority groups in the work force, school dropouts in the labor market, the impact of terminal students on the labor market, trainee specifications and opportunities, skill acquisition, and job performance of ex-psychiatric patients are other projects which are planned for fiscal year 1964.

Besides the research studies indicated above, other projects should be undertaken to develop factual information for the use of the public employment service in assisting the community to obtain maximum utilization of manpower. One such study relates to the number of job changes that occur in the labor market. Comparative stability in the work force is basic to maximum production and information about why, when, and where job changes occur is basic to planning for increased stability. Comprehensive knowledge of employers' job openings by occupation would be of invaluable assistance in the process of finding the right job for the right man or woman. Legislation requiring employers to provide this information to the public employment service has been suggested in the past and should, perhaps, be given serious consideration.

Mention has been made of the serious need for up-to-date skill surveys so that vocational curriculums will correspond to local occupational requirements. The need for close cooperation between schools and the public employment service cannot be exaggerated. The youth and adult students who are getting ready to enter or reenter the labor market must be properly prepared.

Extensive research is being conducted but it must be expanded if the public employment service is to accomplish its mission to supply the most effective assistance to industry, business and government in proper and most effective use of our labor force.

H. ELIMINATION OF DISCRIMINATION

1. The problem

(*a*) In 1962 more than one-fourth of the white males working—but only 8 percent of the nonwhites—were in professional or managerial occupations except for agriculture.

(*b*) Only 9 percent of nonwhite workers were skilled craftsmen or foremen in 1962, as against nearly 20 percent of the whites.

(*c*) In 1959, 80 percent of Negroes worked in semiskilled, unskilled, service, and farm occupations as opposed to 40.5 percent of whites.

(*d*) In 1961, approximately 6 percent of the white civilian work force was unemployed; in the same year, over 12 percent of the nonwhite work force was unemployed.

(*e*) Though the nonwhite population constitutes about 11 percent of the national civilian labor force, in July 1962, 28.6 percent of the total hard-core unemployed was nonwhite.

(*f*) Once out of a job, the nonwhite stays out of work longer than the white worker.

(*g*) Dr. James B. Conant has reported unemployment rates of up to 70 percent among out-of-school youth, mostly Negro, in large slum areas of various cities.

These national patterns point up emphatically the problem of job discrimination against nonwhites. This discrimination is a deterrent to maximum utilization of manpower resources. Accordingly, any policies designed to achieve full employment must include plans for the elimination of discrimination. Otherwise, our Nation will have full employment for whites, while unemployment remains a problem among nonwhites.

As described under the sections on women and older workers (II: Structural Unemployment in California), these two groups of workers also feel the effects of discrimination, albeit to a much less degree than that practiced against nonwhites.

2. Consideration for future policies

Distrimination is national in scope and is found in all States—East and West, North and South. Piecemeal attacks on the problem by the individual States either will not solve the problem, or, at best, will stretch the solution out over decades. But the problem is with us today and the solution must be found today.

Accordingly, serious consideration should be given to national legislation designed to eliminate job discrimination because of race, color, creed, point of national origin, age, or sex.

I. INCOME MAINTENANCE

1. Introduction

At this point, it is appropriate to consider the needs for income maintenance in meeting tomorrow's manpower and unemployment problems. Unemployment insurance, as we now know it, means tiding the worker over short periods of unemployment until he gets his next job. Present allowances under existing retraining programs are substantially restricted. More adequate means of income maintenance must be found to provide for a space-age economy that demands a constant change in the skills of our work force. The accepted concept of limiting allowances to unemployed individuals seeking work and receiving retraining is no longer sufficient to meet the needs of the unemployed. Restrictions have tended to retard rather than to advance the economic well-being of the worker and the needs of industry. The objectives of the program must be broadened to provide income for all workers displaced through automation and absolescence and a means of support while they are undergoing occupational rehabilitation. It must be geared to maximum development and utilization of our human resources.

2. Historical development and present programs

The traditional program of unemployment insurance has held up under the test of a quarter of a century. Unemployment benefit payments are fast moving dollars which go immediately to buy goods and services and slow up the chain

reaction of unemployment by keeping up a demand for consumer goods. It has become one of our economic system's most important built in stabilizers.

(*a*) *The original unemployment insurance program.*—Originally, each State was responsible only for its own unemployment insurance program with a further agreement to provide services to interstate claimants. Benefits were intended for those who had worked for an employer covered by unemployment insurance and were temporarily unemployed through no fault of their own.

However, new stresses and needs confronted the original program. Certain adjustments and changes were made to accommodate these new needs.

(*b*) *Programs for ex-servicemen and Federal employees.*—At the end of World War II and the Korean war, the large number of veterans released from the service presented a problem of surplus manpower. Private industry was unable to immediately absorb dischargees, some of whom had never held full-time jobs. The philosophy of unemployment insurance was modified and benefit payment programs were approved on a national scale to accommodate the needs of those who had made sacrifices for their country. Unemployment insurance as a temporary aid to ex-servicemen exists today in the UCA program. In 1955, the Federal Government moved to give Federal employees unemployment insurance coverage as well.

(*c*) *Extended benefit programs.*—During the recession of 1958 and 1961, large numbers of workers were without jobs for longer than normal periods of time because of business cutbacks. Many people exhausted their normal benefits with little or no chance of finding work. The Temporary Unemployment Compensation Act of 1958 and the Temporary Extended Unemployment Compensation Act of 1961 were passed by Congress to provide benefits to a maximum of 39 weeks.

California was one of the States that recognized the continuing threat of recessions. The legislature established a flexible provision in the unemployment insurance law that automatically extends the duration of benefits when certain unemployment rates occur. This provision acts to prevent the personal and economic damage of extended unemployment.

(*d*) *Retraining programs.*—California recognized the necessity for a program to meet the needs of structural unemployment and passed legislation in 1959 and 1961 which makes provision for paying benefits during a period of retraining. The law provides that unemployment benefits be paid to a person whose occupation has become, or is becoming, obsolete and who is undergoing an approved training program for an occupation in demand.

This is a major change in the philosophy of unemployment insurance. A basic principle has always been that benefits could be paid only if a person were actively in the labor market. This meant that he must be ready, willing, and able to accept, and actively looking for, immediate employment. A person was disqualified if he was attending school. This new program suspends the requirement that a person be available for work during periods of approved training.

A claimant is examined, not only according to his right to insurance, but also in terms of the likelihood of his finding employment in his usual occupation. If a worker's occupation is no longer in demand, and he has a training potential, a requirement that, to receive benefits, he hold himself available for jobs that do not exist is a waste of manpower and money. Benefits paid under such conditions act only as a temporary relief and do nothing to solve the problem. Benefits paid for training in a demand occupation is money productively spent. This solves the individual's problem of finding work, provides the economy with a new source of trained manpower, and reduces later drains on the unemployment insurance fund.

With the Area Redevelopment Act of 1961, the Manpower Development and Training Act of 1962, and the Trade Expansion Act of 1962, Congress enacted legislation which also approaches the need for retraining. These programs depart significantly from the traditional concepts of unemployment insurance coverage. Under the original unemployment insurance law, only workers in covered employment could receive benefits. Under these acts a person need not have recently worked in covered employment to be eligible for retraining allowances. Limited benefits are also extended to youth who have never worked, adults who have no unemployment insurance coverage, and the underemployed who can be trained to compete successfully in the labor market.

3. Planning for the future

Because the original benefit program was based partly on unproven theories and assumptions and was designed to meet the needs of the past, it has not been readily adaptable in meeting all unemployment problems efficiently and positively.

Amendments to the program have been awkwardly tacked on and legislative action has tended to be short range and patchwork. As a result, changes in the law have only snipped at the edges of our unemployment problems.

In considering plans for the future, there is often a reluctance to enact legislation which appears to liberalize payment of benefits because of a fear that claimants may receive money to which they are not entitled. An emphasis on the restrictive goals of unemployment insurance often causes us to see claimants in terms of why they should not be paid instead of why they should be paid. As in all insurance programs, public or private, there is some attempt at fraud. But the realistic standard of evalution is whether or not fraud dominates the system. In California, we find no evidence that this is true. Administration must continue to minimize fraud, but its concern with fraud should not be allowed to hamper positive programing.

In order to formulate plans for the successful use of income maintenance in helping to solve our manpower and unemployment problems, there are certain aspects of the program that deserve special consideration. Though these program areas will be examined separately to facilitate consideration, legislative action in planning for the future should not be bound by particular categories or by the traditional concepts of unemployment insurance.

It is time to consider the degree to which unemployment insurance can become an integral part of an overall system for income maintenance and economic rehabilitation. An unemployed individual should be able to contact his public employment officer for one or more of a number of integrated services, tailored to fit his individual employment needs and prospects. Such an integrated system would cost less in the long run than the present, limited programs and would be much less wasteful of valuable human resources.

4. Considerations for future policy

Development of manpower policy today and for the future focuses attention on the role of unemployment insurance. How does its role merge with that of the public welfare role? Should some other program be developed which provides income maintenance benefits for workers with unemployment problems of longer duration than those traditionally covered by unemployment insurance?

Specifically, intensive research and study must be conducted to determine the proper role of unemployment insurance on such matters as:

(*a*) *Coverage.*—Should all workers be covered, including workers in agriculture, nonprofit organizations, Government, and those who work in private homes?

(*b*) *Duration.*—Should unemployment insurance be available for an extended period to workers who are members of the long-term unemployed?

(*c*) *Benefit allowances.*—To what extent should unemployment insurance allowances cover the wage loss of the unemployed worker? Should special consideration be given to dependents, and can unemployment insurance help in solving problems of mobility of workers by payment of relocation allowances?

(*d*) *Retraining benefits.*—Is it a proper role of unemployment insurance to pay benefits to workers while they are in training?

(*e*) *Financing.*—To what extent does the system of financing unemployment insurance need to be overhauled to meet the needs of the future role of unemployment insurance in meeting the goals of an income maintenance policy?

TABLE 12.—*Total population estimates for State and major labor market areas of California for 1960 and 1962 and projections to 1980*

Labor market area	July 1, 1960	July 1, 1962 [1]	July 1, 1970	July 1, 1980
State	15,863,000	17,094,000	21,734,000	28,137,000
Los Angeles-Long Beach-Orange	6,791,400	7,277,700	9,104,600	11,385,900
San Francisco-Oakland	2,802,300	2,944,300	3,571,800	4,467,100
San Diego	1,049,000	1,167,700	1,407,700	1,800,100
San Bernardino-Riverside	820,700	902,400	1,228,900	1,691,400
San Jose (Santa Clara)	658,700	760,100	1,154,300	1,708,000
Sacramento	510,300	567,400	773,200	1,073,000
Fresno	368,500	389,200	480,900	613,500
Stockton (San Joaquin)	251,700	262,100	310,400	379,400

[1] July 1, 1962, figures provisional.

Source: California Department of Finance, February 1963 reports.

TABLE 13.—*Population [1] and percent increase in population by decades, California and the United States, 1860–1960*

Census of—	Population		Percent change from prior census	
	California	United States	California	United States
1860	379,994	31,433,321		
1870	560,247	38,558,371	47.4	22.6
1880	864,694	50,155,783	54.3	30.1
1890	1,213,398	62,947,714	40.3	25.5
1900	1,485,053	75,994,575	22.4	20.7
1910	2,377,549	91,972,266	60.1	21.0
1920	3,426,861	105,710,620	44.1	14.9
1930	5,677,251	122,775,046	65.7	16.1
1940	6,907,387	131,669,275	21.7	7.2
1950	10,586,223	[2] 151,325,798	53.3	14.9
1960	15,717,204	[2] 179,323,715	48.5	18.5

[1] Includes Armed Forces stationed in the State or Nation.
[2] Alaska and Hawaii added.

Source: 1962 California Statistical Abstract.

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TABLE 14.—*Annual average labor force data for State and major labor market areas of California, 1950, 1958, and 1962*

[In thousands]

Item	California	Los Angeles-Long Beach-Orange County	San Francisco-Oakland	San Diego	San Jose	San Bernardino-Riverside	Sacramento	Fresno	Stockton
1962—Employment	6,252.0	2,859.2	1,177.8	313.3	[1] 268.7	266.5	200.3	137.7	93.6
Unemployment	389.0	163.6	64.2	27.0	[1] 16.3	16.7	11.6	12.4	8.8
Labor force	6,641.0	3,024.1	1,242.0	340.3	[1] 285.0	283.2	212.3	150.2	102.4
Percent unemployed	5.9	5.4	5.2	7.9	[1] 5.7	5.9	5.5	8.2	8.5
1958—Employment	5,520.0	2,491.3	1,081.2	281.6	[2] 194.9	237.0	168.2	124.5	91.1
Unemployment	377.0	174.1	66.6	14.1	[2] 14.5	16.8	9.1	10.0	8.3
Labor force	5,897.0	2,667.0	1,147.9	295.7	[2] 209.4	253.8	177.3	134.4	99.4
Percent unemployed	6.4	6.5	5.8	4.8	[2] 6.9	6.6	5.1	7.4	8.3
1950—Employment	4,151.0	1,760.1	940.6	172.0	[2] 113.3	148.1	114.4	106.7	82.3
Unemployment	347.0	138.0	67.0	13.0	[2] 14.4	13.4	7.5	10.1	7.5
Labor force	4,499.0	1,900.3	1,007.6	184.9	[2] 127.7	161.5	121.9	116.8	89.8
Percent unemployed	7.7	7.3	6.6	7.0	[2] 11.3	8.3	6.2	8.6	8.3

[1] Series revised April 1963, based on new benchmark data.

[2] In process of revision. Revised figures will differ only slightly.

TABLE 15.—*Estimated civilian employment in California by industry, yearly averages, 1950, 1958, and 1962*

[In thousands]

Industry	1950	1958	1962
Total	4,151	5,520	6,252
Agriculture, forestry, and fisheries	374	363	345
Mineral extraction	35	35	31
Construction	289	349	369
Manufacturing	797	1,256	1,428
Transportation, communication, and utilities	320	369	372
Trade	973	1,162	1,307
Finance, insurance, and real estate	174	252	306
Services	656	936	1,129
Government	533	799	964

Source: California Departments of Industrial Relations and Employment.

TABLE 16.—*California wage and salary employment in manufacturing and in defense-related manufacturing industries of ordnance, electrical equipment, and aircraft 1950, 1957, and 1962*

[Employment figures in thousands]

Industry	1950	1957	1962
Manufacturing	759.7	1,283.8	1,386.8
Ordnance and accessories	.7	38.7	102.5
Electrical machinery, equipment, and supplies	29.5	116.7	211.9
Aircraft and parts	85.7	272.5	173.3
Defense-related industry total	115.9	427.9	487.7
Defense-industry wage and salary employment as percent of total wage and salary employment in manufacturing	*Percent* 15.3	*Percent* 33.3	*Percent* 35.2

Source: California Department of Industrial Relations.

TABLE 17.—*California employment by occupation, 1950 and 1960*

Occupation	Number employed		Percent increase 1950 to 1960
	April 1950	April 1960	
Total, 14 and older	3,902,012	5,761,433	+47.7
Professional, technical, and kindred workers	430,392	787,918	+83.1
Farmers and farm managers	110,752	83,140	−24.9
Managers, officials, and proprietors (excluding farm)	441,843	550,823	+24.7
Clerical and kindred workers	552,932	937,277	+69.5
Sales workers	331,291	448,853	+35.5
Craftsmen, foremen, and kindred workers	594,935	803,570	+35.1
Operatives and kindred workers	599,706	855,853	+42.7
Private household workers	83,182	121,704	+46.3
Service workers (excluding private households)	344,426	477,324	+38.6
Farm laborers and foremen	153,070	139,057	−9.2
Laborers, excluding farm and mine	219,721	246,526	+12.2
Occupation not reported	39,762	309,388	

Source: U.S. Census of Population—Detailed Characteristics PC(1), 6D, California table 120.

TABLE 18.—*Occupational classification of experienced persons in the labor force, Los Angeles-Long Beach standard metropolitan statistical area, 1960*

Occupational classification	Experienced labor force—1960					Employed persons—1960		
	Total	Employed	Unemployed	Total male	Total female	Percent distribution	Percent change from 1950	Percent State total
Total, all classifications	2,768,363	2,615,496	152,867	1,825,049	943,314	100.0	+54.7	45.4
Professional, technical, and kindred	382,069	369,582	12,487	263,646	118,423	14.1	+78.4	46.9
Managers, officials, and proprietors (excluding farm)	256,219	250,503	5,716	213,167	43,052	9.6	+23.2	45.5
Clerical and kindred	468,689	448,263	20,426	137,547	331,142	17.1	+76.7	47.8
Sales workers	221,185	211,669	9,516	147,707	73,478	8.1	+34.4	47.2
Craftsmen, foremen, and kindred	388,532	366,287	22,245	375,053	13,479	14.0	+37.9	45.6
Operatives and kindred	482,411	443,757	38,654	337,210	145,201	17.0	+51.1	51.8
Private household workers	51,990	49,529	2,461	2,745	49,245	1.9	+24.5	40.7
Service, excluding private household	218,438	203,368	15,070	116,436	102,002	7.8	+40.1	42.6
Farm managers, foremen, and laborers	28,814	27,422	1,392	25,884	2,930	1.0	−10.1	12.3
Laborers, excluding farm and mine	105,566	94,425	11,141	101,338	4,228	3.6	+20.3	38.3
Occupations not reported	164,450	150,691	13,759	104,316	60,134	5.8		

Source: U.S. Census of Population, 1960.

CHART 10

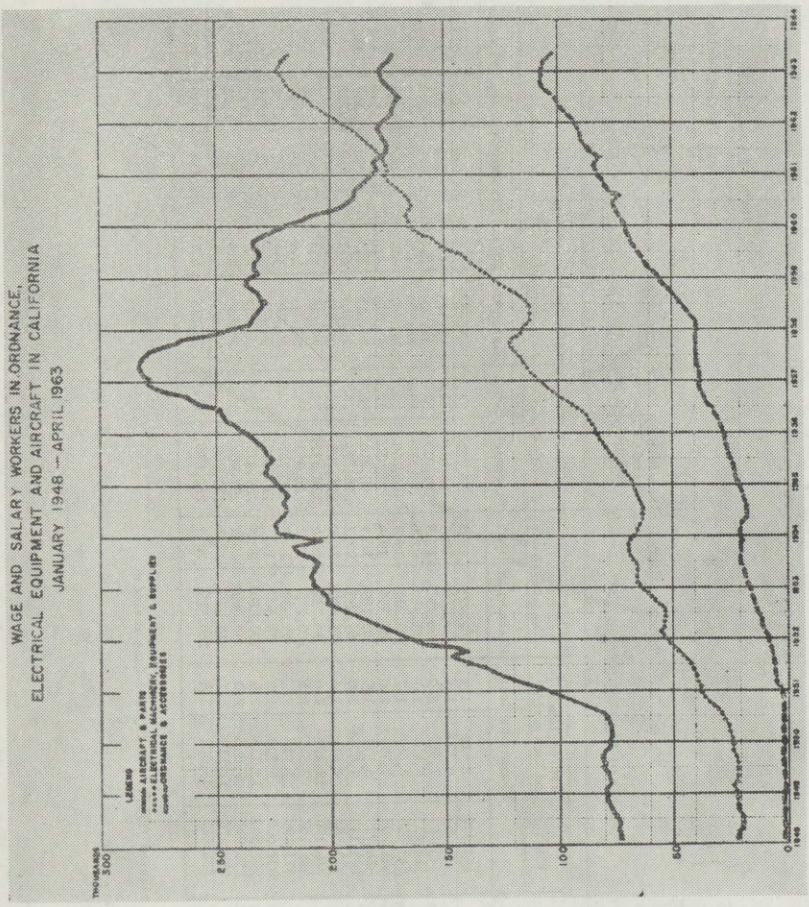

WAGE AND SALARY WORKERS IN ORDNANCE,
ELECTRICAL EQUIPMENT AND AIRCRAFT IN CALIFORNIA
JANUARY 1948 — APRIL 1963
LEGEND
AIRCRAFT & PARTS
ELECTRICAL MACHINERY, EQUIPMENT & SUPPLIES
ORDNANCE & ACCESSORIES
THOUSANDS
300
250
200
150
100
50
0
1948
1949
1950
1951
1952
1953
1954
1955
1956
1957
1958
1959
1960
1961
1962
1963
1964

TABLE 19.—*Nonagricultural placements by major occupational group, fiscal 1947–63 (ending June 30)*

Fiscal year	Total placements	Professional and managerial		Clerical and sales		Service		Skilled		Semiskilled		Unskilled	
		Placements	Percent total	Placements	Percent total	Placements	Percent total	Placements	Percent total	Placements	Percent total	Placements	Percent total
1947	459,372	8,912	1.9	82,923	18.1	86,721	18.9	39,922	8.7	55,094	12.0	185,800	40.4
1948	435,257	6,720	1.5	76,204	17.5	94,416	21.7	41,513	9.5	52,703	12.1	163,701	37.6
1949	373,697	7,515	2.0	66,993	17.9	84,973	22.7	32,640	8.7	42,465	11.4	139,111	37.2
1950	318,213	5,449	1.7	71,947	22.6	75,954	23.9	24,170	7.6	44,676	14.0	96,017	30.2
1951	513,828	8,887	1.7	102,117	19.9	106,260	20.7	46,687	9.1	69,207	13.5	180,670	35.2
1952	441,207	8,799	2.0	85,356	19.3	97,024	22.0	29.073	6.6	51,368	11.6	169,587	38.4
1953	424,785	6,571	1.5	88,785	20.9	90,216	21.2	26.617	6.3	47,858	11.3	164,738	38.8
1954	293,133	5,805	2.0	65,043	22.2	76,197	26.0	19,743	6.7	35,610	12.1	90,735	31.0
1955	377,188	9,814	2.6	75,594	20.0	96,289	25.5	23,837	6.3	49,979	13.3	121,675	32.3
1956	474,708	12,126	2.6	96,931	20.4	118,832	25.0	25,118	5.3	58,847	12.4	162,854	34.3
1957	465,161	7,515	1.6	100,274	21.6	124,353	26.7	22,835	4.9	58,005	12.5	152,179	32.7
1958	373,195	7,918	2.1	74,338	19.9	115,707	31.0	20,875	5.6	45,612	12.2	108,745	29.1
1959	432,669	8,332	1.9	84,805	19.6	117,645	27.2	24,693	5.7	55,821	12.9	141,373	32.7
1960	502,563	13,118	2.6	100,408	20.0	145,375	28.9	24,682	4.9	60,242	12.0	158,738	31.6
1961	493,917	9,846	2.0	96,043	19.4	157,957	32.0	26,669	5.4	54,682	11.1	148,720	30.1
1962	682,175	11,415	1.7	123,439	18.1	213,262	31.3	34,639	5.1	74,080	10.8	225,340	33.0
1963 [1]	834,526	15,022	1.8	168,575	20.2	262,876	31.5	34,215	4.1	82,618	9.9	271,220	32.5

[1] Estimated figures for May and June included.

TABLE 20.—*Nonagricultural placements by selected industrial group, fiscal 1947–63 (ending June 30)*

Fiscal year	Total placements	Contract construction		Manufacturing		Transportation, communication, and utilities		Wholesale and retail trade		Service, excluding private household		Private household		Government establishments		Other	
		Placements	Percent total	Placements	Percent total	Placements	Percent total	Placements	Percent total	Placements	Percent total	Placements	Percent total	Placements	Percent	Placements	Percent total
1947	459,372	34,822	7.6	160,891	35.0	30,286	6.6	93,219	20.3	56,998	12.4	38,686	8.4	31,397	6.8	13,073	2.8
1948	435,257	35,124	8.1	132,225	30.4	36,819	8.5	94,706	21.8	49,743	11.4	45,475	10.3	28,901	6.6	12,264	2.9
1949	373,697	23,474	6.3	106,731	28.6	31,104	8.3	85,947	23.0	45,931	12.3	46,813	12.5	23,819	6.4	9,878	2.6
1950	318,213	16,114	5.1	83,498	26.2	18,970	6.0	81,432	25.6	43,505	13.7	46,134	14.5	20,165	6.3	8,395	2.6
1951	513,828	25,303	4.9	159,488	31.0	48,149	9.4	112,256	21.8	60,927	11.9	53,262	10.4	39,039	7.6	15,404	3.0
1952	441,207	21,469	4.9	134,558	30.5	37,618	8.5	99,488	22.5	54,258	12.3	53,273	12.1	29,433	6.7	11,110	2.5
1953	424,785	18,382	4.3	132,461	31.2	44,587	10.5	95,664	22.5	47,173	11.1	51,653	12.2	25,134	5.9	9,731	2.3
1954	293,133	11,814	4.0	80,797	27.6	30,287	10.3	67,087	22.9	34,248	11.7	46,938	16.0	14,937	5.1	7,025	2.4
1955	377,188	14,367	3.8	108,663	28.8	32,695	8.7	88,576	23.5	48,295	12.8	59,089	15.7	16,387	4.3	9,116	2.4
1956	474,708	21,841	4.6	131,032	27.6	43,926	9.3	109,041	23.0	62,416	13.1	70,615	14.9	22,423	4.7	13,414	2.8
1957	465,161	16,144	3.5	117,192	25.2	47,462	10.2	111,615	24.0	62,596	13.5	78,543	16.9	18,865	4.1	12,744	2.7
1958	373,195	13,142	3.5	76,818	20.6	26,599	7.1	89,176	23.9	61,290	16.4	78,978	21.5	16,961	4.5	10,231	2.7
1959	432,669	14,757	3.4	100,376	23.2	29,805	6.9	100,726	23.3	75,143	17.4	83,551	19.3	17,089	3.9	11,222	2.6
1960	502,563	13,986	2.8	104,569	20.8	29,581	5.9	121,961	24.2	99,663	19.8	92,141	18.5	29,960	5.9	10,702	2.1
1961	493,917	12,044	2.4	92,497	18.7	23,228	4.7	119,224	24.1	108,391	22.0	104,196	21.1	23,449	4.8	10,888	2.2
1962	682,175	16,422	2.4	127,985	18.8	24,209	3.5	155,464	22.8	170,786	25.0	141,731	20.8	32,341	4.7	13,237	2.0
1963 [1]	834,526	20,853	2.5	132,650	15.9	20,019	2.4	197,773	23.7	217,811	26.1	194,434	23.3	35,040	4.2	15,946	1.9

[1] Estimated figures for May and June included.

TABLE 21.—*Total employment service direct staffing—Local office—Compared with growth of labor force*

Fiscal year	Total employment service direct man-years, local office	Average labor force	Labor force per employment service direct man-years, local office	Employment service direct man-year per 10,000, labor force
1951	802.1	4,564,000	5,690	1.76
1952	619.0	4,780,000	7,722	1.29
1953	549.7	5,004,000	9,103	1.10
1954	406.5	5,080,000	12,497	0.80
1955	634.7	5,184,000	8,168	1.22
1956	743.7	5,424,000	7,293	1.37
1957	762.2	5,697,000	7,474	1.34
1958	801.6	5,851,000	7,299	1.37
1959	851.5	5,979,000	7,022	1.42
1960	919.0	6,213,000	6,761	1.48
1961	998.0	6,383,000	6,396	1.56
1962	1,270.0	6,553,000	5,160	1.94
1963 [1]	1,440.0	6,750,000	4,687	2.13

[1] Estimated figures for May and June included.

RACIAL CHARACTERISTICS, MANPOWER DEVELOPMENT AND TRAINING ACT TRAINEES, SAN FRANCISCO

A complete review has been made of the racial characteristic of trainees enrolled in Manpower Development and Training Act classes in San Francisco since the beginning of the formal Federal program. I have obtained identification of race by personal interview with the interviewers engaged in the selection and placement of trainees in the San Francisco industrial-service employment service office, by the selection and referral officer in the professional-commercial office from her memory, and, in a few cases, by contact with the instructor in the hospital occupations classes in order to complete the tabulation. Three typist trainees have not been identified by color and are tabulated as white. If there is any erro, it is an understatement of nonwhites enrolled. No record has been entered on any work applications, nor has any other improper entry been made.

"Other" in this tabulation includes Oriental, American Indian, Filipino, and an Iranian. I have included a grouping of "Mexican," using the common understanding of the interviewer as to persons who would generally be identified in the community by this designation. Where the term "nonwhite" is used, it includes Negro and "Other"; if Mexicans are included, the table heading is "Nonwhite and Mexican."

Table 22 shows the racial characteristics by occupation in which training is given, of all trainees enrolled to date in San Francisco.

TABLE 22.—*Racial characteristics of Manpower Development and Training Act enrollees, San Francisco*

Class	Total	White	Negro	Mexican	Other	Percent nonwhite	Percent nonwhite or Mexican
Typists (3 classes)	73	40	27	4	2	40	45
Stenographers (2 classes)	39	31	6	1	1	18	21
Camera (photographic) sales	16	10	5	1		31	38
Registered nurse refresher [1]	26	26				0	0
Total white collar	154	107	38	6	3	27	31
Hospital orderlies (4 classes)	74	9	61	3	1	84	88
Nurses' aids (2 classes)	39	6	30	1	2	82	85
Licensed vocational nurses (2 classes)	88	10	74	2	2	86	89
Total blue collar	201	25	165	6	5	85	88
Total enrollees	335	132	203	12	8	59	63

[1] No nonwhite registered nurses available to retrain.

As this tabulation clearly shows, nonwhites are being included in substantial numbers in all classes other than the refresher course for registered nurses, and far in excess of the proportion of nonwhites in the community.

One typist class completed training several weeks ago, and all trainees have been placed with the single exception of one trainee who has not been available for employment up to the present. A second class has just completed training as typists, but insufficient time has passed to make any study meaningful. Since all trainees for whom placement would have been possible have been placed, there clearly are no racial differences in services or success to report. Therefore, subsequent studies were limited to the courses preparing for the hospital occupations.

I have prepared a tabulation showing the racial characteristics of those trainees who completed the hospital courses (orderlies and nurses' aids), of those who dropped out of training, and of those who were dropped by the school. This information is shown in table 23.

TABLE 23.—*Progress in training, Manpower Development and Training Act trainees in hospital occupations, San Francisco*

[Number of trainees in each category]

	Total trainees	Whites			Negroes			Mexicans			Other			Total		
		Completed [1] training	Dropped out	Dropped by school	Completed training	Dropped out	Dropped by school	Completed training	Dropped out	Dropped by school	Completed training	Dropped out	Dropped by school	Completed training	Dropped out	Dropped by school
Hospital orderlies	74	5	2	2	46	3	12	3	0	0	1	0	0	55	5	14
Nurses' aids	39	4	1	1	29	1	0	1	0	0	2	0	0	36	2	1
Licensed vocational nurses	88	8	1	1	47	9	18	2	0	0	1	0	1	58	10	20
Total	201	17	4	4	122	13	30	6	0	0	4	0	1	149	17	35
Percent of total racial group		68			74			100			80			74		

[1] In the licensed vocational nurses class, this should read "still in training."

As the table shows, a slightly lower proportion of the white trainees completed the course (or remained in the course, in the case of licensed vocational nurses trainees) than was true of the Negro group, or of the group as a whole.

In this tabulation, we see, also, that 4 of the 25 white trainees dropped out voluntarily (16 percent); 13 of the 165 Negroes dropped out (8 percent) and none of the Mexican or other trainees dropped out.

To summarize the reasons for these dropouts, which might reflect poor motivation, poor selection, or any one of a number of other factors, table 24 was compiled.

TABLE 24.—*Causes of dropouts, hospital courses, San Francisco, Manpower Development and Training Act*

[Dropped at initiative of trainees]

Reason	White	Negro	Mexican	Other	Total
Total	4	13	0	0	17
To take full-time job		1			1
Could not survive financially (not eligible for allowances)		1			1
Family emergencies or illness	3	3			6
Own illness, pregnancy, or accident	1	5			6
No information		3			3

Only 3 of the 17, all Negro, "took off" without explanation and without what appears to be a reason such as would be considered and acted upon in the same way by a reasonable person. The one individual who ran into financial problems was an SB 20 claimant who found he could not support his family on the amount received for his award; this is the only possible addition to the list of questionable actions as it is possible but not sure that he had enough facts on which to make this decision earlier. Two of the trainees (one with a health problem, the other a family problem) made arrangements to transfer to a later class, so that although counted, they are not truly dropouts.

Dropouts, then, appear not to reflect any substantial poor selection or motivation; there is some difference in the dropouts within the various racial groups, including differences in the incidence of illnesses and accidents, or of family problems.

The other group, the trainees dropped out by the schools, is presented in table 25, since the numbers are substantial, and total 16 percent of the whites enrolled; 18 percent of the Negroes enrolled; 17 percent of the total group.

Here we run into the fact that the training facility has washed out a very heavy proportion of the licensed vocational nurse trainees in the first class (20 of the 50 enrolled), and it appears that additional selection criteria possibly should have been applied initially, in addition to the requirement of passing our SATB and proof of 10th grade education, (required for the State license). Adjustments have been made in selection factors beginning with the second class. However, there is no reason to think there is any influence of race on the reason for rejections in that first class, so the tabulation in table 4 includes all rejections by the school in all three hospital occupations.

TABLE 25.—*Rejection of Manpower Development and Training Act trainees, by schools, hospital occupations, San Francisco*

Reason	White	Negro	Mexican	Other	Total
Total	4	30	0	1	35
Unsatisfactory progress (some also poor attitude)	1	10			
Failed progress exam	1	16		1	
Personally unsuited	2	2			
Alcohol, narcotics		2			
Total enrollees in this racial group	25	165	6	5	201

It is difficult to draw a line between "unsatisfactory progress" and "failed exam"; in any case, it is clear that almost all rejections by the school in all racial groups were based on lack of progress toward learning the vocation, with only four based on such evaluations as "unsuited, sullen, uncomprehending" or "poor personality, judgment, unsuited, poor skills".

So much for the trainees who did not complete the courses. What has become of the graduates?

I have shown in table 23 that there are the following trainees who have completed the hospital orderly and nurses' aid courses:

	White	Negro	Mexican	Other	Total
Orderlies	5	46	3	1	55
Nurses' aids	4	29	1	2	36
Total					91

TABLE 26.—*Employment status of Manpower Development and Training Act trainees who completed hospital courses, San Francisco, as of May 14, 1963*

	White		Negro		Mexican		Other		Total	
	Placed [1]	Not placed	Placed [1]	Not placed	Placed [1]	Not placed	Placed [1]	Not placed	Placed [1]	Not placed
Orderlies	5	0	[2] 36	10	2	1	1		44	11
Percent placed [1]									80	
Nurses' aids	3	1	[4] 11	[3] 18	0	1	1	1	15	21
Percent placed [1]										
Total	8	1	47	28	2	2	2	1	59	32
Percent placed [1]	89		63						65	

[1] "Placed" as used here includes all who entered into training-related employment, whether or not referred by employment service.

[2] 1 is working as a cashier-tolltaker on the Bay Bridge at a higher rate of pay; a 2d is working as a kitchen helper; a 3d is working part-time (using skills learned in the class) as a homemaker, and seeking full-time work.

[3] 1 has moved—no address. 1 is enrolled in a licensed vocational nurse class, and is not available.

[4] 1 has been working as a "homemaker" (home health aid) in work using skills learned, but not offering steady employment; on May 16, 1963 she starts work as a nurses' aid, and is counted here as employed.

Table 26 makes it entirely clear that the nonwhite graduates of Manpower Development and Training Act training classes are having more than the usual difficulty in finding training-related employment, through whatever source. If one excludes the three trainees not available for placement (one working at a higher wage, one moved, no address, and one in further training), only 65 percent of the nonwhite and Mexican trainees in the Manpower Development and Training Act classes have found employment in training-related occupations.

The question for the California State Employment Service, then, is "what efforts have we made to place the 32 persons of all racial groups not yet employed in training-related occupations?" In asking this question I am including those working in other skills. The two working as "homemakers" in part-time or intermittent work, and those unemployed. (It is inherent in the placement process that some verification is pending on our referrals; this is particularly true with placements through the State-Federal Civil Service Commission at Laguna Honda Home and the county hospital.)

A tabulation was prepared showing the referral action for this group of applicants:

TABLE 27

	Orderlies	Nurses' aids
No referrals	2	9
1 referral each	4	11
2 referrals	3	
3 referrals	2	1
Total	[1] 11	[1] 21
Total referrals	16	14

[1] Trainees.

Basic to the lack of strong referral action in these two occupations is the fact that the employment service has not received enough openings on which to place all trainees. Review of our action shows these points:

(1) A review of closed orders on which nurses' aides or orderlies were referred who were not Manpower Development and Training Act trainees shows that those orders carried other specifications, such as specific work experience.

(2) Hospitals and nursing homes tell us that there simply are not numerous openings at this time, despite our original investigations which indicated a strong continuing demand. There are two specific causes here:

(*a*) Hospitals admit to having erred in some of their estimates of demand. As they have put it, "we gave you some bad figures, and you accepted them."

(*b*) There are some 50 plus licensed vocational nurse trainees under the Manpower Development and Training Act program now and 40 to 50 more to start in June (in addition to the continuing licensed vocational nurse trainees and nurses' aid trainees under the regular adult education program whose presence has become a regular part of the hospital staffing). Each of those licensed vocational nurse trainees spends 60 percent of his instruction time working in the hospitals. Some hospital administrators have indicated that their presence has reduced the need for aids and orderlies correspondingly.

When these conditions developed, further Manpower Development and Training Act classes were deferred.

(3) The local office has taken aggressive action to try to place the remaining applicants. In addition to repeated telephone checks with hospitals and nursing homes, the following actions have been taken:

(*a*) The manager met with a group of nursing home supervisors and some hospital supervisors, and a strong push was made for more openings.

(*b*) The manager has also met with the hospital personnel managers' association, and again has worked to develop more openings.

(*c*) Questionnaires have been distributed to hospital and rest home supervisors, asking for a resurvey of need. These are coming in now, and, unfortunately, do not show a present need.

(*d*) Two promotional letters have been sent—one to hospitals, and one to rest homes.

(*e*) Neighboring offices have been advised of the availability of trainees, and have been asked to help in placing them.

(*f*) An intensive program of visits to hospitals and rest homes (particularly those which have not been using trainees up to the present) is being conducted.

(4) With the labor market condition changed, at least for the time being, to one of balance or slight oversupply, these groups of trainees will become progressively at a disadvantage. Not only will their newly acquired skills become rusty, but the nurses' aids will be competing for available jobs with trainees completing the regular adult education courses; employers will be in the position (which they tend to approve) of being able to skim off and hire the most able trainees in each group.

Table 5 showed clearly that there are more minority group members in this unemployed group, proportionately, than whites. For this reason, I have explored further, to see whether some particular factor or factors causes this to be the group of applicants not employed.

For the 32 persons not placed in these occupations (35 percent of the total) I have summarized the instructors' evaluations of the trainees, which are recorded on the work applications. Where the evaluation is entirely favorable, it is tabulated as "good references"; where there is no evaluation, or it states "average," or one or more unfavorable comments "needs supervision" is in with the good, the tabulation is headed "less good references." The referral record by the employment service then looks like this:

TABLE 28

	Orderlies		Nurses' aids	
	Good references	Less good references	Good references	Less good references
No referrals		2	4	5
1 referral	2	2	6	5
2 referrals	2	1		
3 referrals	2		1	
Total:				
Persons	6	5	11	10
References	12	4	9	5

This tabulation makes one point: The prospects of referral to employment are somewhat better for those who are getting strong recommendations from the instructors. Altogether, nearly half of this group which has not found work is handicapped by an instructor's evaluation that is short of fully satisfactory in some way. In addition, referrals are influenced strongly by the individuals' expressed preferences (shifts, or rest homes as hospitals) or availability limitations (such as child care arrangements).

Reviewing the referral records shows two persons who were referred as orderlies, selected, and committed to hire by the employers, and then declined the jobs. One is the individual who found other work at a higher wage; the other applicant rejected a firm job offer in Oakland, at a new hospital, and as far as we know is still unemployed. Both are Negroes.

Because there might be some difference in the referral activity between the few whites in this group and the nonwhites, I recorded these facts: 11 orderlies not placed—no whites in the group—10 Negroes in the group; 8 received a total of 14 referrals, and 1 Mexican received 2 referrals. There were 21 nurses' aids not placed—1 white in the group, no referrals; 18 Negroes in the group, received all 14 referrals; 1 Mexican received no referrals; 1 other received no referrals.

These tabulations indicate no discrimination against nonwhites within this group in referrals to employment by CSES. A cross-check against the quality of their references also indicates that some nonwhites are being referred even with weak references, while in the nurses' aid group the white woman and the Mexican trainee both show excellent references and no referrals.

There appears to be positive evidence of nondiscrimination in CSES action. What, then, has caused these applicants to be the ones not employed? How do they differ from the total group?

A look at the age picture shows the following:

TABLE 29.—*Age range in orderlies*

	Age range	Median
All orderlies enrolled	19 to 57	25 years.
Negro orderlies enrolled	19 to 44	24 years.
All orderlies placed	19 to 57	26 years.
Negro orderlies placed	19 to 44	24 years.
Unemployed orderlies (10 Negro, 1 Mexican)	20 to 38	26 years.

Age in itself does not appear to be a factor in the orderly group.

TABLE 30.—*Age range in nurses' aids*

Nurses' aids enrolled	18 to 53	26 years.
Negro nurses' aids enrolled	20 to 51	27 years.
Nurses' aids placed	18 to 50	27 years.
Negro nurses' aids placed	22 to 50	27 years.
Nurses' aids unemployed	20 to 53	26 years.
Negro nurses' aids unemployed	20 to 51	25½ years.

Here, too, age differences are apparently not a critical factor; while there are unemployed nurses' aids over 35 (5 of them), 4 also have been placed in the 37 to 50 age range, and these figures are about in proportion to the total in the sample.

I completed tabulations of the educational levels of trainees in both classes and find nothing which would differentiate the placed from the not-placed, nor which would agument a differentiation on some other basis. While orderlies were trained with education ranging from the 9th to 14th grades, and nurses' aids from 5th to 14th grades, the medians of all groups (enrollees, unemployed, and placed) were in the 11th and 12th grades.

In search of any characteristic which might differentiate the unplaced group, I tabulated the duration of unemployment prior to training, as follows:

TABLE 31

	Orderlies		Nurses' aids	
	Placed	Not placed	Placed	Not placed
0 to 4 weeks	12	2	5	2
5 to 14 weeks	14	4	4	6
15 to 26 weeks	7	2	1	3
27 to 52 weeks	10	3	2	2
52 weeks or more	1		3	8
Total	44	11	15	21

With the male orderlies, there is little in the unemployment pattern to distinguish the two groups. There is, in the nurses' aid group, some concentration of persons with long unemployment in the group that is having difficulty finding employment.

Below I have compared the persons with 26 or more weeks of unemployment by race:

TABLE 32.—*Orderlies—Unemployed 26 or more weeks*

	Placed	Not placed
White	2	
Negro	9	2
Mexican		1

NOTE.—In this group, 44 of 55 trainees have been placed, overall.

TABLE 33.—*Nurses' aids—Unemployed 26 or more weeks*

	Placed	Not placed
White		
Negro	5	10

NOTE.—In this group, 15 of 36 trainees have been placed, overall.

It is unquestionably significant that all of the female trainees with long periods of unemployment prior to training were Negro; whether this is a function of CSES selection or of some other factor I cannot say.

There were three public assistance recipients in the nurses' aid classes, and none in the orderly classes. All three are Negro. One has been placed, one has

moved without leaving an address, and the third, who had been unemployed for more than a year before training (and who has a speech deficiency) is still unemployed.

SUMMARY

This report has shown that trainees selected for Manpower Development and Training Act training in San Francisco had these characteristics:

(1) Considerably higher proportions on nonwhites are included in training than is true of the population; this is much more the case with trainees for service occupations than those in white collar occupations, but more than one-fourth of all white collar trainees selected were nonwhite.

(2) Trainees include a substantial proportion of the "hard core" unemployed on the basis of duration of unemployment prior to training, as well as racial characteristics.

(3) The educational level of persons selected for training is higher than is generally thought to be true in the "hard core" situation.

(4) Trainees in the service occupations are young. They are also vigorous, having been screened by physical examination to determine they are qualified for these arduous jobs; only 6 of 201 trainees are technically "handicapped."

While early classes were placed with 100-percent success (the first typist class, and the first two hospital orderly classes) changes in the labor market directly related to the in-hospital training of LVN's have brought the overall placement accomplishment for orderlies and nurses' aids down to 65 percent of the total.

Of the persons not yet employed following training, almost half show one or more disadvantageous factors in the instructor's evaluation of the trainee, his skills, and his capabilities. If there were a strong labor market demand in these occupations, these trainees probably would be accepted even with the deficiencies noted, but in the present situation (which we hope will ease as time goes on) they are apparently not selected when referred to employment.

There appears to be fully equal treatment in referral given to nonwhites as compared to whites, on the basis of study of CSES referrals.

However, a higher proportion of nonwhites and Mexicans (35 percent) remains unemployed than is true of the whites. This does not have any apparent relationship to the educational level achieved by the individual trainees, nor to their age. There do, however, appear to be these factors:

(1) There is a higher proportion of unemployed nurses' aid trainees among those individuals who had a long period of unemployment prior to training, and

(2) There is a higher concentration of nonwhites among these individuals with long periods of unemployment than of whites.

Which (if either) is the causing factor in relation to failure to find employment is not known.

One final factor is known but not demonstrated here: Manpower Development and Training Act trainees in the hospital occupations are trained in a combination of formal classwork and actual hospital experience. As a result, the training hospital gets to look over the class, and frequently selects and hires what it considers the cream of the crop.

Whether the hospitals and rest homes are discriminating against nonwhites in hiring we are not in a position to say; we have shown that nonwhites have not been as successful in achieving employment in the occupation for which trained. Delayed verification of six referrals still pending at city institutions combined with continuing local office efforts should reduce or eliminate this disparity.

PREPARED STATEMENT OF CURTIS P. HARDING, UTAH ADMINISTRATOR, DEPARTMENT OF EMPLOYMENT SECURITY

THE ROLE OF THE PUBLIC EMPLOYMENT SERVICE

I welcome the opportunity to appear before you and discuss the role of the public employment service. I believe the employment service is at a crossroads in its 30-year history of operation. Moreover, I believe the decisions we make and the direction we take now will not only determine the future character of the public employment service system, but will, I am firmly convinced, have a far-reaching impact on the total national economy.

Certainly such a premise as this envisions an employment service role much broader than the routine filling of job openings which employers happen to list with employment service offices.

At the outset I should like to note that the employment service is only part of a larger, total employment security program which has been created to contribute to the economic strength, stability, and growth of the Nation; to foster the assumptions of a free, voluntary choice labor market, and to be a basic instrument in the development and utilization of our manpower to the end that we approach as near full employment as is humanly possible. The employment service in this perspective is an essential component indeed, but still just a portion of this total concept.

The employment service role then, as a partner with the unemployment insurance system in achieving these larger objectives of the total employment security program, I believe, is that of rendering services.

First off, this means service to each of the many communities across the Nation in helping them to understand their local economies and the natures of their respective labor markets. It involves service to employers in helping them to understand and solve their employment problems, including assistance in obtaining the workers needed to man their jobs. And certainly it implies service to the job seeker, including all segments of the labor supply—the green, raw youth seeking occupational guidance and counseling; the new labor market entrant coming onto the labor market for the first time; the mature worker who is between jobs for one reason or another; the unemployment insurance claimant; and the worker in search of a completely new occupational field who also needs help and guidance.

I should like to expand on these broad areas of service and, in some detail, outline my philosophy concerning our employment service responsibilities in each.

1. SERVICE TO THE TOTAL COMMUNITY

I believe it is our responsibility to gather, analyze, and disseminate facts about the labor market—the nature of jobs, the comings and goings of jobs; to conduct occupational research; and then to make this wide array of labor market information available to community leaders for their guidance in directing the affairs of the community toward a better balanced economy and a more abundant community life. In order to move toward this end, it is our responsibility to see that labor market information finds its way into such agencies as the schools where youth are being prepared for the jobs of tomorrow. We must cooperate with broad segments of the community in first making known the jobs that will be available in the future, and then helping to motivate our young people in the proper occupational direction. It falls upon us to arm local educators with facts aimed at helping the potential school dropout prepare for a suitable labor market entrance. We must be prepared to direct the early school leaver who discovers through experience a need for further full-time or part-time schooling. And certainly we have a responsibility in providing vocational training agencies the information they need for proper course development and curriculum emphasis.

The employment security system cannot create jobs but it certainly can influence those sources which enable them to be created by serving as an intermediary between industry, the sources of labor, and educational facilities through the program's unique position as a fountainhead of information concerning employment and unemployment. In Utah we proved this to be so in 1957 when the Utah agency served as an intermediary to bring about a complete reshaping and reemphasis of the State's educational and training programs in light of the needs of new technological industries which were seeking to locate in our State, and who were greatly concerned about their ability to adequately staff their plants.

The Nation's communities, employers, and jobseekers cannot expect, nor do we expect, the employment security system to solve the problems of unemployment alone. For perspective one need only consider the 26 million young people slated to enter the labor market during the current decade. These new jobseekers by themselves create the greatest task of vocational guidance, training, and placement the country has every known. But add to this the magnitude of individuals being caught up by the impact of technological change and the mounting mass of marginal jobseekers—the mentally retarded, the unskilled, and the uneducated.

Obviously the problem calls for a total community effort with all segments making a contribution. But the employment security system holds a key role as an aggressive coordinator, actualizer, and contributor in solving this No. 1 national problem.

2. SERVICE TO EMPLOYERS

Finding the right worker at the right place and at the right time to do the jobs the Nation's employers must have done is a Herculean task. By all odds it ranks as one of industry's most troublesome, costly and time-consuming problems. Certainly in this service area is a prime, well-defined employment service role. The resources of the public employment service are the most unique among the Nation's worker recruitment facilities. In any given labor market area, the employment service office files represent the largest single source of job applicants to be found. If the local market is not able to supply an employer requirement, in rapid order the employer's market can be expanded from communitywide, to statewide, then nationwide, and worldwide, if needs be.

I do not expect, nor do I believe that employers should hire all of their workers through the employment service. And, further, I believe the final choice of workers is entirely the responsibility of the employer.

Of great importance in the employment service role of service to employers is the capability for rendering technical services as an aid in recognizing and resolving employment and personnel problems. These services are provided pursuant to the established policy of aiding in the stabilization of the community work force. Also in the area of broad, professional aid to the employer segment is the employment service capability for job analysis.

3. SERVICE TO WORKERS

Probably in this service area lies our greatest responsibility and perhaps were our overall effectiveness may be determined. For it can be said that we have served the individual worker in such a matter as making the proper occupational choice through the proven employment service devices of labor market information, aptitude testing, employment counseling and vocational guidance, and proper placement to the end that he is achieving the highest level of attainment consistent with his abilities and training, then it can be said we are serving all of society, and further, that we are serving the prime national objective of making 'maximum use of our manpower resources." The community, after all, is nothing more than the aggregate of its individual citizens.

I believe the Employment Service responsibility here is clearly indicated in the shaping, tailoring, and orienting of its capabilities and resources to the needs of the individual jobseeker. Just what are these individual jobseeker needs?

First off, the individual needs reliable information about the labor market, both national and local, for the skills he has to sell. He needs to know what openings there are for one with his skills, knowledges, experience, interest, and abilities. He needs to know the relative advantages of remaining in his area of residence or seeking employment in another community.

Second, he needs to know enough about labor market trends to know whether he is choosing a job in a declining industry or in an establishment with an unstable employment record.

And third, he needs assistance in relating himself to the job openings available.

The Employment Service responsibility involves the assessment of these individual basic experiences, skills, and personal characteristics and includes an intelligent appraisal of aptitudes in related work potentialities to the end that the individual gains satisfying employment.

These are the Employment Service tools through which these responsibilities are carried out:

Testing

This involves measuring the individual's acquired skills as well as measuring the individual's potential abilities to perform effectively in various occupational fields. With the ever-growing complexities of today and tomorrow's labor market grows the need for increasing accuracy in predicting the types of work which an individual can perform well and the types of work to which the individual jobseeker is particularly adapted.

Labor market information

If the worker is to make an intelligent occupational choice, it is essential that he be provided with the best labor market information available. A mandate to the Employment Service is unmistakably clear from all segments of the community to perform in an ever-improving manner the responsibility of gathering, analyzing, and disseminating information about jobs and about the nature and

trends of unemployment. The demand is coming unitedly from industry, from educators, from labor organizations, and from the individual jobseeker to provide more and better information. The experts seem uniformly in agreement, and with apparent confirmation from foreign experience, that one of the programs that Government can devise to reduce unemployment and to influence increases in employment is the best possible labor market information program.

Vocational guidance (employment counseling)

This involves the use of our testing, the labor market information, and an appraisal of the individual in aiding him in making an assessment not only of his work experience, skills, knowledges, aptitudes, and interests, but includes assistance to him in making an intelligent appraisal of the skills which he has to offer. Vocational guidance is an effort of providing each worker with basic facts about the labor market and about himself each time he is about to make a decision affecting his vocational future. It is not a challenge to his choice, rather, it is assistance to the worker in exercising his freedom of choice.

For far too long and at far too great a cost to the individual worker—the community and society in general—people have entered fields of employment entirely on a haphazard basis. This has resulted in considerable personal dissatisfaction and unhappiness in the work situation because the individual worker doesn't like his job. The cost to society mounts when the individual, unsuited to his employment, fails to produce up to his capacity and does not do the work as well as it can be done. The role of Employment Service vocational guidance is to influence, at an ever-increasing rate, the number of satisfying occupational choices.

Placement

A key role of the public Employment Service is to help jobseekers in solving their employment problems and to help them in making employment decisions. The prime objective is to expedite and facilitate, on a voluntary basis, the bringing together of workers and jobs to the mutual satisfaction of both workers and employers. The placement function is a two-pronged function, serving both the worker or jobseeker and the employer. Actually, it is the two sides of the same coin. Each day lost in filling a job opening in the community is an irretrievable loss to the worker, to the employer, and to the community. In many instances it represents an unnecessary drain on the unemployment compensation reserves. Registering workers, whether they are new entrants in the labor market, unemployed workers, or workers seeking better jobs, is not enough. The real test is to find the worker a job. To function effectively, our placement program should serve a cross section of all occupations; likewise, service should be provided to job openings received from every industrial segment. For, unemployment or underemployment is not the exclusive property of one skill group, one industry, or one area.

One other area of the Employment Service role I should like to comment on concerns the proper discharge of our responsibility to society under the unemployment insurance laws. These various laws among the 50 States require that workers filing for unemployment insurance benefits must register for job placement assistance with their nearest State employment service offices. The Employment Service role here, then, is service to unemployment insurance claimants in job placement. To properly discharge this important responsibility, assigned to us by law, requires that we have a well-developed placement service as a partner of the claims function, dealing with a wide cross section of occupations and being a wide representation of the industrial segments and employing units of the local area. It is our philosophy that an effective, vital Employment Service, which is intimately involved in the hiring transactions of its local labor market, is the best assurance that the unemployment insurance claimant is a bona fide labor market participant and that the claims load is being held to a minimum. We thereby serve society in protecting and conserving the State unemployment insurance fund and pass on lower costs to employers whose contributions sustain the enterprise.

As an agency we are dedicated to meeting the challenge of such charges-leveled as malingering by claimants in their search for work, and that unemployment compensation claimants are chiselers and willing to take a vacation at the expense of the Government. We are also dedicated to removing such terms from the national vacabulary as "rockingchair pay." I know of no better way to determine a worker's sincerity as a job-seeker than to offer him a job.

In summary, may I say the responsibilities of the various States for operating a public employment service are clearly defined by law. The intent of the Congress leaves no doubt that that body expected the public employment service to use all its ingenuity in getting unfilled jobs and idle workers together as quickly as possible and in insuring the maximum utilization of the skills of all the workers, regardless of their employment status.

As a tax-supported instrument of Government we cannot deny or refuse our service to one group of citizens and give it to another.

Our service goes even further than helping a worker find a job, or a better job. The American ideal of letting each person achieve and advance to the maximum of his abilities, interests, and opportunities is just as much a part of America today as it ever has been. We in the Employment Service believe that we have a responsibility of aiding each individual citizen who requests it, regardless of whether his is employed or unemployed, wealthy or poor, experienced or inexperienced.

I believe in the fundamental premise that the employment security program is a human program. We are dealing with the hopes, fears, and aspirations of our people. They are the inexperienced youth entering the labor market, the stable middle years, and the elderly. We see them in sickness and in health, in poverty and prosperity, and in each case, there is a personal challenge to counsel, advise, and provide solutions to problems which to them are the most important consideration in that person's life at that time. There is only one labor supply, and the persons constituting it move freely among its segments. They may be green, raw youth seeking occupational guidance or their first employment opportunity; job applicants, employed or unemployed; claimants for unemployment insurance; workers who need vocational guidance; applicants for retraining under the Manpower Development and Training Act, etc. It is in the interest of the individual, the employer, and society as a whole that they receive the necessary services which enable them to compete more favorably in the labor market.

I believe that unemployment is an evil. It is an evil because the American citizen is deprived of his right of selling his services in a free labor market. I believe that nothing should be placed in the way of his exercising this right.

The Employment Service and National Manpower Programs

(Prepared statement of Joseph J. Gibbons, Executive Director, Connecticut Employment Security Division)

From the beginning, public employment services have been expected to help employers find qualified workers for their vacancies and to assist workers with varying abilities to find the best possible jobs. The conception was that of an employment agency or labor exchange, differing from private agencies only in its support from tax resources in lieu of fees and in the availability of its services to all citizens on an equal basis.

Being public agencies, however, with obvious responsibilities to the community as a whole and the Nation as a whole, the public employment services naturally fall heir to programs of community and national concern which are only indirectly related to, and in some cases in conflict with, their primary function. In war, they have the responsibility for the mobilization of civilian manpower. After the passage of the Social Security Act, an obligation to help administer unemployment insurance benefits was assumed. Growing governmental concern with discriminatory practices in employment, and State statutes and national regulations attempting to combat this, added further duties. The services always had a special obligation to service veterans, and took on, over the years, additional services to certain disadvantaged groups. And now, in the sixties, new problems—the displacement of workers by automation, the need for the retraining of workers, the specialized problems of the metropolitan areas and particularly of the slum neighborhoods in them, the concern for the proper vocational guidance and training of our youth, and the demand for the reallocation of existing skills, the creation of new skills and the upgrading of the unskilled—are giving rise to new State and Federal legislation which impose added responsibilities upon public employment services.

This is as it should be, of course. There exists no other agency so uniquely qualified to administer or assist in the implementation of such programs, and its special position in the labor market virtually dictates the use of the public

employment services to foster special manpower programs of community and national concern. Nevertheless, the primary role of the public employment services—that of helping employers find qualified workers and helping workers find suitable jobs; that is, its function as a labor exchange—will not only remain the primary role but will need to be greatly strengthened and expanded if the new programs are to have any hope of success.

While this might appear to "go without saying," experience indicates that the primary role of the employment service which is undramatic and receives little public attention, tends to suffer from overpreoccupation with subsidiary programs. We are all familiar with the damage suffered by the placement functions of the employment service during its long subordination to the administration of unemployment insurance benefits; excessive preoccupation with this program, in terms of personnel resources devoted to it, not only precluded satisfactory performance and expansion of the primary role but actually encouraged its decline as employers and workers came to view the public employment offices as unemployment insurance offices only. In turn, the loss of effectiveness in the placement field tended to destroy any usefulness it may have had in the administration of unemployment insurance. Even now, the effort to repair this damage remains incomplete. Less familiar, perhaps, is the fact that all subsidiary programs have had, in varying degrees and less dramatically, cumulatively similar results.

We should anticipate this development. The very urgency of the national concern which called forth the legislation inaugurating new programs, the national desire of political figures to dramatize their efforts to solve the problems, and widespread public interest generate within the employment services themselves emphasis and pressures which lend to each new development the characteristics of a crash program. Yet, if each new program diverts the personnel time and the resources of the employment service from the primary role, the procedure will be self-defeating, because the success of the new programs depends heavily, not only on the maintenance of the primary role, but on its expansion, intensification, and increased effectiveness.

Our society and labor market are characterized by voluntarism, and the effectiveness of public employment offices is dependent solely on the quality of service they offer. However public spirited and interested an employer or corporation may be as regards the overall manpower needs of the Nation, individual hiring is dictated by the need to make a profit in a competitive market. Similarly, however he may applaud new programs designed to better the lot of workers generally, each individual jobseeker is actuated by his immediate need for wage income and occupational status. The quality and promptness with which the employment services meet the individual needs will, in the absence of wartime controls, govern the extent to which it participates in the hiring process; that is, job filling by employment services will vary directly with its quality and the degree of satisfaction generated by the process. In turn, the ability of the services to render specialized services to disadvantaged groups, to obtain comprehensive and valid labor market information, and to implement manpower programs of national concern will vary directly with the percentage of the total new hires passing through employment service hands.

The growing complexity of our economy and our society, the accelerated pace of automation, the movement from rural to agricultural to metropolitan areas, and the demands of national defense efforts, have brought and will continue to bring new demands upon the employment service office which, however indirectly related to its primary role, can only be achieved through its participation. For example, there is increasing recognition of the need for governmental and social action to break up the vicious cycles of unemployment in the ghetto-like neighborhoods of our metropolitan centers, where lack of opportunity has bred lack of motivation which in turn diminishes opportunity further, and where inadequate primary and secondary preparation for the job market has led to school dropouts, which in turn contributed both to lack of job opportunity and resistance to proper training for jobs. If, as appears likely, the employment services, alone or in combination with other agencies and groups, are called upon to establish themselves in such neighborhoods with a plan of corrective action, the additional costs will be considerable. It must be recognized, however, that such additional expenditures will be wasted, and such programs doomed to failure, if the programs themselves are not only financed sufficiently to preclude

diversion of resources from the primary role, but actually accompanied by additional support for the primary role.

Recent experience with programs developed under the Manpower Development and Training Act have demonstrated how costly, in terms of the diversion of personnel time, such programs can be. Even discounting the inordinate demands upon the time of executive and middle-management personnel, which are inevitable when getting a new and unfamiliar program "off the ground," and the further waste caused by excessively bureaucratic and centralized procedures for project approvals, it is nevertheless apparent that Manpower Development and Training Act, Area Redevelopment Act, and the special services rendered to youth, older workers, the handicapped, minority groups, and other disadvantaged groups has been, to a greater extent than heretofore realized, at the expense of the primary role. For example, the monthly record of placements of the Connecticut State Employment Service, the most reliable indicator of its share in the hiring process, indicates a static condition at best, and actual declines in some instances, despite an increase in available positions from 276 in the fiscal year 1960–61 to 313 in the fiscal year 1961–62 to 362 in the fiscal year 1962–63, and the existence of economic conditions which, historically, might well augur an increase in placement activity even in the absence of additional personnel resources. Under the circumstances, no other cause than the voracious demands, in terms of the consumption of personnel time by subsidiary programs, can be given for this situation. When we realize that the only bona fide results of the subsidiary programs themselves are included in these figures (appendix A), the seriousness of the problem becomes apparent.

Essentially, the problem is not merely the acquisition of sufficient resources to perform adequately the new tasks assigned to the employment services, together with the necessary increased support for its primary role, but a problem of the allocation of such resources as are given the employment services for any fiscal year. The need for a precise and enforced allocation of available resources is clear; Federal responsibility stemming from budgetary powers and the administrative standards of Federal legislation are equally clear. This is a task which cannot be discharged locally; community pressures for greater service to special groups, and the very urgency and extent of the needs, as well as the requirements of unity in national efforts to cope with problems essentially national in scope, preclude the variable, hit-or-miss, attempts of 50 jurisdictions going in 50 different directions. Most important, Federal leadership and direction are necessary to prevent self-defeating overpreoccupation with new tasks at the expense of the primary role upon which they depend for success.

The problem also calls for reallocation of existing resources in which, again, courageous Federal leadership and direction are needed. For example, how valid is the current need for employment services offices in smaller communities and rural areas, and how much in the way of resources could not be made available for pressing needs if the hard decision to close a large number of existing offices were taken?

As employment service offices attempt to convert themselves to true community manpower centers, as they attempt to contribute their unique abilities to the problems presented by special groups, as they attempt to provide in greater quantity and greater depth for community needs for counseling, testing, guidance, training and similar services, as they attempt to meet increased national needs for imaginative labor market research and the more comprehensive labor market information needed for national planning, as new responsibilities are added under Federal legislation such as Area Redevelopment Act, Manpower Development and Training Act, the Trade Expension Public Works, Youth Opportunity, and similar enactments, neglect of the services' primary role is an ever increasing danger. There needs to be a continued principal emphasis on the employment services' placement program. The function finding jobs for jobseekers and workers for job vacancies must cover the entire spectrum of the labor market; the service must be available to all employers and jobseekers alike and equally; the employment offices must service all occupations including the most highly skilled professional and technical; and all jobseekers, the employed job changer as well as the unemployed, must be entitled to equal, prompt, efficient service. Only if it becomes a major influence in the community and national job-market will the employment service be enabled to serve well those groups who need its services most, and provide its proper contribution to the solution of manpower problems.

APPENDIX A

	Fiscal 1960–61	Fiscal 1961–62	Fiscal 1962–63
July	7,243	7,260	8,078
August	8,295	8,663	9,093
September	8,785	9,054	9,528
October	8,329	9,988	9,972
November	7,734	9,356	8,892
December	7,217	8,051	6,896
January	7,112	8,617	8,128
February	6,714	7,059	6,537
March	7,405	8,648	7,816
April	7,190	9,202	8,643
May	9,055	10,194	N.A.
June	9,526	9,027	N.A.
Total	94,605	105,119	
Personnel	276	313	362

PREPARED STATEMENT OF SAMUEL C. BERNSTEIN, EMPLOYMENT SECURITY ADMINISTRATOR, STATE OF ILLINOIS

Mr. Chairman and members of the Subcommittee on Employment and Manpower of the Senate Committee on Labor and Public Welfare, it is a pleasure to appear before you today to testify to the needs of our economy with regard to the preparation, development, and utilization of manpower. It is indeed to be hoped that, partly as a result of the testimony presented to this committee, you will be able to develop legislation designed to meet the urgent demands of our times and to help our Nation forge ahead in its battle against unemployment.

The plight of the 4½ million unemployed workers in our country vividly stresses the need to increase and improve our efforts to reduce unemployment. As President Kennedy stated in his first message to the Congress: "Large-scale unemployment during a period of recession is bad enough, but large-scale unemployment during a period of prosperity would be intolerable."

Unemployment is more than a problem of economics. It is one with deep moral and personal undertones, for a job not only provides a man with income for himself and his family, it also provides standing in the community; it provides self-respect; it is as necessary to the average American as his daily bread, the clothing he wears, the shelter over his head. Unemployment thus strikes at the basic existence of every person so affected. In addition to its ravages in human values, however, unemployment above the irreducible minimum represents an economic loss to the community, and a sociological problem with grave implications for the future.

Illinois is fortunate in that its average rate of unemployment is below that of the national average. Compared to the Nation as a whole we have not done badly. As of March 1963, the rate of unemployment in Illinois was 5.3 percent while that of the Nation was 6.3 percent. Furthermore, Illinois compares very well with the other large industrial States. We are far below Michigan and California, which in March reported rates of unemployment of 6.6 and 6.7 percent respectively. We are on par with Indiana, which also had an unemployment rate of 5.3 percent.

Two things have deeply concerned us in Illinois, however. The first was that while our rate of unemployment was, indeed, below that of the country as a whole, there were, nevertheless, as of March 15, 1963, approximately 234,000 unemployed workers seeking jobs in Illinois.

The second was that Illinois lagged behind the United States in the rate of labor force growth. National figures demonstrate an uninterrupted rise in the labor force from 1947 through 1962. In Illinois, the work force rose from 4 million in 1947 to about 4,430,000 in 1962, an increase of 10.5 percent, compared with a national labor force growth of 14.9 percent, or 42 percent greater than that of Illinois.

Furthermore, as was also true in other large industrial states, economic growth in Illinois has not kept pace with population and labor force growth. Thus, while non-farm employment in Illinois increased by 12 percent between 1947 and 1962, employment in the United States as a whole increased by more than 25 percent during this period, or twice the rate of the State of Illinois.

To repeat, Illinois has been experiencing this unsatisfactory economic growth since 1947 and this is an experience that has been and is being duplicated in

many other industrial states. I am happy to report, however, that in recent years important steps have been taken in Illinois to remedy this situation.

When Gov. Otto Kerner first took office in Illinois in 1961, he determined to do what he could to minimize unemployment in our State. He recognized the fact that, in addition to the quarter million unemployed in Illinois at that time, the State faced a highly serious potential of steadily increasing unemployment as more newcomers and youngsters entered our labor market each year over and above those being absorbed by our industrial growth. Every day for the next 10 years, economists had revealed, Illinois had to create 200 new jobs or 750,000 over the decade.

"Why," Governor Kerner asked, "had our economy lagged?" Why were there so many unemployed? What could be done to get them back to work, to reduce our ever mounting ranks of unemployed to a minimum?

To find the answers to these problems, Governor Kerner, early in his administration, appointed a committee on unemployment, consisting of 40 outstanding representatives of labor, industry, government, and education, and headed by Frank H. Cassell, director of personnel administration, Inland Steel Co. Governor Kerner charged this committee with the task of examining unemployment in the State, to determine its characteristics and causes and recommend steps that should be taken.

In approaching the unemployment problem in Illinois, the committee felt that it was necessary to know not only how many unemployed there were, but also what their distinguishing characteristics were. Only with such information was it felt that a proper assessment of corrective measures might be made. No such information existed at the State level.

Accordingly, the committee requested the Illinois Department of Labor to obtain such information and, in August 1961, an extensive survey of the State's job seekers was undertaken through the Illinois State Employment Service and the Illinois Division of Unemployment Compensation. The survey coverel almost 150,000 out of an estimated 250,000 unemployed. The purpose of the survey was to secure information not elsewhere available on the characteristics of all the unemployed—age, color, sex, educational level, skill, previous industrial attachment, current residence, and willingness to relocate.

Among the items of information revealed by the survey were that:

Half of all the job seekers were under 38.1 years of age. Among white job seekers, half were under 40 years of age. Half of the Negro job seekers were under 34.4 years of age.

Sixty-eight percent of the job seekers had not completed high school. Of all the job seekers, 17 percent had not even completed the eighth grade. Another 29 percent were high school dropouts.

One-fourth (26.4 percent) of the job seekers were unskilled; another one-fourth (25.3 percent) were semiskilled; another 15 percent were either service (13.3 percent) or farmworkers (3.6 percent). Thus, two-thirds of the job seekers could be classed as having job skills which reflect little or no training.

Twenty-nine percent of all job seekers had been unemployed for 8 months or longer; 44 percent had been unemployed 4 months or more; 54 percent had been unemployed for under 2 months.

Seventy-one percent of all job seekers answered "yes" to the question: "Would you take training in a school to learn a new job skill?"

Thirty-four percent of the job seekers indicated they would be willing to move to another city for a job.

These are the unemployed of Illinois. These are the people who need help. They are people who, for the most part, have found themselves caught in the whiplash of automation and technological change; who lack the necessary skills to find new jobs; whose former employers have merged, or moved out of town, or succumbed to competition or drastically altered production methods; who, at the doddering age of 40, find themselves too old for industry.

Illinois has taken a number of steps, to bring more industry and jobs to our State and thereby reduce the number of our unemployed. But this is far too great a task for any State to attempt alone.

For one thing, the economy of Illinois, past, present, and future, is intimately interlocked with that of the United States as a whole. Perhaps the most important reason Illinois economic growth has not kept pace with our population and labor force is that Illinois is no longer receiving an adequate and equitable share of Federal defense contracts.

Partly because our industry became overly consumer orientated, Illinois, and the entire Midwest for that matter, have fallen far behind in the matter of Federal defense contracts during the past decade. Illinois has lost $10 billion a year in such contracts for the past 10 years. Back in 1952, the Midwest received a quarter of all Federal contracts. Now the area receives a mere 10 percent. At the end of World War II, the figure was almost 35 percent.

Yet this loss has taken place despite the fact that Illinois has an industrial plant adequate to meet almost any defense needs; that it has research and development facilities at Argonne National Laboratory, Armour Research Foundation, the University of Illinois, Northwestern University and the University of Chicago, that are among the finest in the world; that Illinois ranks fourth in the country in the number of institutions of higher learning, third in the number of doctorate degrees conferred, and fourth in the number of National Science Foundation fellowships awarded; that it has the most diversified industry and labor force to be found anywhere in the country.

We are hopeful that Federal defense agencies and prime contractors around the country will see the commonsense and expediency of shifting some of their requirements to areas like Illinois where contracts are much needed and can be fulfilled efficiently and economically.

The Federal Government has already taken two major steps to alleviate unemployment around the country. As already indicated, two-thirds of the unemployed in Illinois are job seekers with little or no skills and with little hope, under ordinary circumstances, of ever being able to afford training in new skills which might give them a second chance in life. This is the chance which 71 percent of the workers questioned in the Illinois job seeker survey in 1961 indicated they would like to have. This is why this subcommittee and Congress as a whole are to be so commended for passage of the Area Redevelopment and Manpower Development and Training Acts. The Area Redevelopment Act has done a fine job in southern Illinois where unemployment has reached as high as 20 percent in some sections. Thanks to ARA loans, some much needed new industry and jobs have been brought to this part of our State. Potential projects and employment are even more promising. We expect long-lasting benefits will result from new industries and new jobs which will come into southern Illinois during the coming months and years because of the provisions of this farsighted act.

As of May 15, 1963, a total of 20 ARA training programs had been approved for Illinois, involving 1,134 trainees. Some 304 of these have already completed their training, many of them quite recently, and 201 have been placed in jobs in the new occupations for which they received training.

The Manpower Development and Training Act has been equally beneficial to the economy of our State. The results of this act during the relatively short time of its operation have been particularly gratifying and augur well for the future. As of this date, I believe that Illinois has the first or second most extensive MDT program in the entire country.

Since August 1962, when funds were first made available to Illinois for manpower development and training programs, and up to May 15, Illinois has had 52 training projects approved; 43 of these were in progress and they involved 1,913 trainees; 5 projects approved but not yet started, involved another 1,716 trainees. Four projects for 358 trainees had been completed (again, some of them fairly recently) and, of these, 169 had been placed in jobs in the new occupations for which they had been trained. As of May 15, too, there were 45 additional projects awaiting approval and they involved a total of 3,004 trainees.

Thus, under both the area redevelopment administration and manpower development and training programs, a total of 117 training projects, involving 8,182 trainees were already approved or were awaiting approval as of May 15. Most of the training programs are in industrial skilled and semiskilled occupations and in occupations serving the medical fields (such as licensed practical nurse and psychiatric aid). Not only will this training provide employment outlets for the now unemployed, but they will be filling critical needs in the medical fields which affect the entire population. Training is also being conducted to meet the serious shortages in typing and stenographic fields, and in the growing service occupations.

It is interesting to note that a report of the President's Committee on Youth Employment dated April 24, 1963, strongly advocated that every effort be made to induce unions and management to relax their rigidity so that preapprenticeship training programs might be developed in the crafts occupations. The Com-

mittee hoped that in this way such programs, lasting perhaps 1 to 6 months, could be set up with trainees given credit toward journeyman status for the full period of the training courses.

Illinois has such a program. It is a 1-year preapprenticeship program for machinists and toolmakers and diemakers and indications are that full credit of 1 year toward journeyman status will be given graduates upon completion of the training period. The first classes under this program began on April 22, prior to the report of the Committee in behalf of this type of training. I believe this is the first program of this kind in the country. It was developed, approved, and set up after more than 6 months of conferences, negotiations, and planning with a great many different groups and Government agencies, including the machinists and toolmakers and diemakers unions, various employer groups, and the Chicago Board of Education. A total of 132 young men under the age of 22 will have an opportunity to become toolmakers and diemakers as a result of this program. We hope this precedent will serve as a basis to this committee to stimulate the establishment of other preapprenticeship training programs in equally needed occupations.

But while we are proud of our record to date, we recognize that the area redevelopment administration and manpower development and training programs have not yet even begun to meet the needs of the unemployed in Illinois so far as total numbers are concerned. Other areas, such as the problem of training and placing the older worker, the problem of the long-term unemployed who cannot qualify for training because he lacks the basic education and aptitudes for training in occupations where needs are greatest—these are problems with which we must cope in the coming months.

The training provisions of the Manpower Development and Training Act has particularly provided a good beginning at aiding unemployed and underemployed workers to qualify for the changing job opportunities occurring in our economy. While Illinois has established an excellent record in the number of programs put into operation since September 1962, many improvements are needed in the law to make possible the training of many unemployed workers who cannot be reached through present provisions.

Primarily, our attention has been confined to the training of those persons who are trainable in terms of previous education and work experience. However, the real hard core of unemployment is found among the large group of uneducated, unskilled, and untrainable workers, who, under present requirements of the act, do not qualify for training being offered for the higher level semiskilled and skilled jobs. As was indicated earlier, 68 percent of the unemployed in Illinois have not completed high school and 17 percent have not even completed the eighth grade. To date, the training for occupations in demand have been those which require prolonged education and training, for which a large number of the unemployed cannot qualify. To assist these unskilled and uneducated workers, some emphasis must be given to the improvement of their basic education and literacy level to render them capable of being trained.

Provisions of the Manpower Development and Training Act are interpreted to provide basic education and/or literacy training in conjunction with a job-oriented training program in a specific occupation. Because Manpower Development and Training Act funds are limited, training of this kind is held to a minimum because of the additional expense and time involved in providing programs of this type. This means that many of the long-term unemployed are not given the opportunity for consideration for referral to training under Manpower Development and Training Act.

It is our recommendation that in order to reach this group of hard-core unemployed to bring them up to a trainable level, that consideration be given to the provision of funds for basic education or literacy training. When workers are brought to the literate level, they can then be considered for job training under the regular provisions of the act. The Cook County Department of Public Aid, in cooperation with the Chicago Board of Education, embarked upon such a program when a survey of relief recipients in Chicago revealed that 50 percent of them were functionally illiterate. Funds for this project were extremely limited, however, and indications are that this program may be dropped for lack of funds. Additional financing for this form of basic education will go a long way toward raising the qualifications of these persons to the point where they will have greater opportunity for employment and retraining.

The present formula for meeting the cost of administration incurred by the employment security agencies and the Department of Health, Education, and Welfare under the Manpower Development and Training Act requires revision. Un-

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der present financing provisions, State employment security agencies are finding it difficult to operate and administer this program without taking staff time away from basic operations. It is no simple matter to survey a host of industries to determine occupations in which worker shortages exist; to interview, counsel, and test applicants for training; to refer applicants who demonstrate ability and interest through counseling and testing to training classes; and to place graduates of training programs. As of May 15, in order to refer a total of 2,369 applicants enrolled in Manpower Development and Training Act classes up to that time, the Illinois State Employment Service was required to interview some 26,581 different jobseekers and counsel and test 19,269 of them in order to come up with the necessary number of qualified trainees.

The financing formula now in existence sets forth an hourly time factor for each trainee enrolled into training classes. This prevents the assignment of additional staff until after the specific training program has been developed with the attendant screening, selection, and referral activities that are conducted prior to the trainee entering training. Funds for Manpower Development and Training Act activities in local offices of the employment service are not provided for training programs that have been developed but are canceled before the actual training begins or not undertaken for other reasons. This has created a reluctance on the part of local public employment offices to initiate potential programs because of the uncertainty involved in the financing of activities involved in developing such training.

It has also been apparent that the State boards of vocational education have not had sufficient staff to process the recommended training programs promptly. Long delays have ensued which might have been avoided with more adequate staffing.

Additional problems in the realm of financing revolve around the provision of the funds for their third year of the Manpower Development and Training Act by which a 50-percent matching by the State is required. Because of the financial plight of many of the States, it is unlikely that State legislatures will provide the require matching funds. It is our recommendation that the matching provisions of the Manpower Development and Training Act be repealed to allow 100 percent Federal financing in order to insure that the program will be continued throughout the country.

It has been suggested that Congress can afford to wait until its next session before considering the matching provision. I respectfully submit that such a delay will do incalculable harm. Any training program inaugurated after July 1, 1963, will have to terminate before June 30, 1964, in any State where matching funds have not been provided. Thus, as the new fiscal year ensues, fewer and fewer of the more worthwhile training programs, calling for longer periods of training, can be undertaken.

A separate section of this report covers fully the extent of unemployment among youth and problems in developing, preparing, and utilizing youth so that they may become active participants in the economy. The use of vocational education and guidance in alleviating these problems has also been covered elsewhere. This section of the report is concerned primarily with those problems of youth that have an impact on the Manpower Development and Training Act and our recommendations for changes in the act to meet the problem as it exists today more adequately.

In Chicago alone, the high school dropout rate is about 40 percent, with an estimated 40,000 dropouts a year. Many of these dropouts are youth with excellent training potential; 20 percent have above-average intelligence. However, without vocational training, many of these young people are doomed to end up on the relief rolls or worse. The estimated cost of relief during a recipient's lifetime is $50,000, yet the cost of training a young worker under the Manpower Development and Training Act will be more than repaid almost immediately because such a worker is assured of an opportunity to participate in the work force, to be self-supporting and help pay for the cost of government, rather than face years of unemployment. The cost of training youth on some of the programs currenly in operation in Illinois emphasizes this point.

To train an automobile mechanic, a 48-week program, costs $1,960 per individual, including $1,050 for actual training and $910 for allowances. It costs about $1,860 to train a licensed practical nurse, including $960 for training and $910 for allowances. Training a screw machine operator (because of the shorter training time), costs only $1,320. Compare these costs to maintaining a youngster on relief for a similar period of time.

The school dropout is not the only youth who needs to be trained. We are also faced with the training problems of high school graduates (including a large number of those in the upper third of their classes), who cannot or will not go on to college. For those who can go to college, some provisions have been made to provide necessary financial assistance under various acts like the National Defense Act. But more than 50 percent of the high school graduates do not go on to college. Despite a high school diploma, many lack the basic prerequisite training and skills needed for even an entry job in industry today. Jobs would be available for such young people, in all probability, if they had the proper training. Some means should be found, through increased Federal support of public schools, if necessary, to better prepare youngsters for the task of earning a living when they leave school. Expansion of the Manpower Development and Training Act to permit greater effort in this area would also contribute greatly to the solution of what James Conant called "Social Dynamite."

One of the limitations of the Manpower Development and Training Act is that allowances cannot be paid beyond 52 weeks of training. Yet a very large number of occupations in which serious shortages exist and in which shortages are expected to continue for years to come are those which require several years of training. A recent Department of Labor publication, "Selected Occupations for Training or Retraining Programs" (Manpower Development and Training Act series No. 7), lists selected occupations which have outstanding potential employment opportunities. For the most part these occupations will offer a sizable number of opportunities for employment throughout the 1960's. Included are such trade and industrial occupations as air-conditioning mechanics, bakers, bricklayers, machinery repairmen. Most of these normally require several years of training on the job. Included also are various technical and related occupations, dental hygienist, draftsman, medical technician, and technicians who work with engineers and physical scientists. For these jobs, the requirements usually call for 2 years of technical school training. The report further states that "training for most skilled occupations requires more time than will generally be available for training programs" under the Manpower Development and Training Act. To qualify for employment in these shortage occupations, training beyond a 52-week period is indicated. The act should be amended with this important need in mind.

From August 1962, through April 1963, a total of 617 youths between the ages of 16 through 21 were referred to Manpower Development and Training Act programs in Illinois. These account for approximately one-third of the total number of persons in training in this State. While the ratio is impressive, the total number indicates the limitations in even beginning to meet the needs of unemployed youth. This is not due to a lack of interest, or an inability to provide suitable training programs, but primarily to the limitations written into the law in financing the programs.

Under the Manpower Development and Training Act only 5 percent of the total funds expended in a fiscal year for training allowances may be spent upon training allowances for youth. In February, a limitation was placed on paying youth allowances to any but those enrolled in training prior to February, or those enrolled subsequently in special youth programs. These limitations very seriously impede further efforts to train youth under the act.

The greatest number of unemployed youth come from economically deprived families. Many are on relief rolls and cannot afford even the carfare necessary to go to and from the training facility. Without an allowance, training cannot be undertaken by these young people, who need it the most desperately. In February 1963, there were only 45 persons who received youth training allowances in Illinois, at a cost of $4,067; in March, the total was slightly higher, 57, and the total cost was $7,928.

To resolve the problems indicated in the training of youth under the Manpower Development and Training Act, we recommend that—

(1) The 5-percent limitation on the funds available for allowances to youth be lifted to provide greater opportunities to youth to secure gainful employment through training.

(2) The present 52-week limit on the duration of training allowances be lifted, so that courses extending over a year may be set up to provide for the needed training in skilled, technical and scientific jobs that are now and continue to be in short supply.

(3) The age range from which allowances may be paid to youth be dropped to 18.

ROADBLOCKS IN INSTITUTING TRAINING PROGRAMS

The quality and kind of vocational education facilities available in a State have a direct effect upon the time within which training programs may be established under the Manpower Development and Training Act, the adequacy and scope of the training, and the extent to which training needs are met. Experience, to date in Illinois in setting up training programs underscores the need for an expansion of vocational education facilities.

An examination of the time intervening between the indication of a training need and the actual starting date of a training program points up these problems. It is not unusual for Illinois programs to be delayed for 4 and 5 months because training facilities are unavailable or are inadequate; available facilities often have only obsolete equipment, inadequate for today's requirements.

The adverse effects of the 5-percent limitation upon youth training allowances have already been mentioned. The inadequacy of the weekly youth training allowance as income maintenance for workers under 22 years of age needs no elaboration. Requiring even more serious consideration is the adequacy of the weekly allowance for a family head who must support his family as well as himself, while undergoing training. Nor should the subsistance needs of the adult trainee who is not a family head be ignored, especially in view of the continuously increasing participation of women, whether single or not, in the labor force.

Under the Area Redevelopment Act, all workers selected for and undergoing training are eligible for training allowances. Under the Manpower Development and Training Act, on the other hand, large numbers of trainees do not qualify for any training allowances, and those who do qualify are eligible for varying weekly amounts, depending upon standards specified in the act. The weekly training allowance depends upon whether the trainee is the head of a family or household; duration of his prior work experience; upon his age; and upon whether he has accumulated benefit rights under an unemployment compensation law. These standards determine whether the trainee receives $38 a week (the current training allowance in Illinois), or half that amount (the weekly youth training allowance), or a maximum of $59 (the equivalent of the maximum weekly benefit payable to a person with four dependent children under the Illinois Unemployment Compensation Act), or a sum somwhere between $38 and $59 (depending on the benefit rights he has accumulated under the Illinois act), or no training allowance at all.

While limitations upon the amounts of weekly training allowances may not excessively hamper the success of short-term training programs, they do present a basic problem in connection with any program extending beyond a few weeks. Time and again, an applicant must reject an offer to undertake training which he badly needs, because he cannot maintain himself even at a minimum subsistence level for the duration of the training course.

Although our experience in this respect is still limited, there is evidence that a significant proportion of the trainees who drop out of training programs do so because of financial need. Some leave because a stopgap job becomes available, but this, of course, merely postpones their need to acquire new skills for future employment.

Under the Manpower Development and Training Act, there is no restriction on work while in training. However, deductions are made from the weekly training allowance at the rate of 2.5 percent of the allowance for each hour of work. At this rate, earnings become a substitute for the allowance, rather than an incentive to work.

We recommend that the training allowance provisions of the MDTA be revised as follows:

(1) That all trainees eligible and selected for training be eligible for allowances (as under ARA).

(2) That increased allowances be payable to family heads with dependents on a basis other than the extent to which they have accumulated unemployment compensation benefit rights.

(3) That the maximum duration of training allowances be equivalent to the duration of training courses.

PAYMENT OF RELOCATION COSTS

During the hearings prior to the final drafting of the Manpower Development and Training Act, testimony was presented in favor of providing relocation costs for workers who, because of training, would be able to find employment in other

areas. Although this provision was not included in the act as finally approved, we recommend that the proposal be reconsidered. Similar provisions have been made in the Trade Expansion Act.

Workers, particularly in depressed areas, may be well suited for training in occupations for which employment opportunities exist or will exist only in areas other than their home communities. In the Illinois Job Seeker Survey referred to earlier, of almost 150,000 unemployed workers interviewed, 31 percent indicated they would be willing to move to other areas for employment. Relocation is very often the only solution to an individual's problem of unemployment. I strongly urge that Congress reconsider its stand, and authorize relocation allowances to encourage greater worker mobility.

NEEDED EXPANSION IN APPRENTICESHIP TRAINING PROGRAMS

The initiation of a preapprenticeship training program for machinists and tool and diemakers in Illinois under the MDTA has already been discussed.

Craftsmen have been traditionally trained in their skills through apprenticeship. There is national concern over the decline in the number of apprentices because the training period for skilled manpower is long (3 to 5 years), and each skilled craftsman generates employment for other workers, such as helpers, laborers and raw materials converters. The declining number of apprentices promises to be an even more serious problem in the future.

In Illinois, this trend is clear. The 1960 census of population revealed 286,242 employed male journeymen in apprenticeable occupations and 6,466 employed apprentices. Both journeymen and apprentices declined in number from 1950 to 1960. The decrease in journeymen was relatively small, since only 2.0 percent fewer were employed in 1960 than in 1950. By contrast, the number of employed apprentices declined from 10,575 in 1950 to 6,466 in 1960, a decrease of 38.9 percent.

The number of currently employed journeymen expected to leave the labor force in the 1960–70 decade will seriously deplete the ranks of skilled craftsmen in Illinois. All workers who were 55 years or older in 1960 will probably be separated from the labor force by 1970 because of retirements. Among employed journeymen, their number was 55,050 workers, or 19.2 percent of all employed craftsmen in 1960. Application of Illinois life tables to all employed journeymen who were between 14 and 54 years of age in 1960, revealed that an additional 14,776 workers would die by 1970. Thus, separations from the Illinois labor force of journeymen craftsmen, due to death and retirement in the 1960–70 decade, will number 69,826. Assuming the demand for these skills will remain stable, there is a replacement need for aproximately 70,000 skilled journeymen craftsmen in Illinois by 1970.

An analysis of certain specific journeymen occupations reveals that some will suffer more losses from aging than others. In 1960, for example, 19.2 percent of all journeymen craftsmen were 55 years of age or older. Painters, paperhangers, and glaziers were the oldest of the trades groups, with 27.2 percent of their number over 55 years of age in 1960. Furthermore, the 1960 median age for painters was 46.2 years; the median age for all journeymen was 41.9 years. While the number of employed painters decreased by 13.9 percent from 1950 to 1960, due perhaps to some slackening in demand for their skills, the high anticipated losses in the coming decade will deplete their ranks faster than the expected apprenticeship completions will replace those departing from the ranks of skilled workers.

Stationary engineering is another skilled apprenticeable trade in which workers are older than the average for all journeymen. Here, one-fourth (25.5 percent) of the journeymen are 55 years of age or older; the 1960 median age is 45.4 years. It should be noted that the number of employed stationary engineers increased 20.2 percent from 1950 to 1960. Thus, in an occupation in which the demand for workers can be expected to increase further, there will be substantial losses of workers, bringing hardship to employers requiring the services of stationary engineers.

The source of replacements for the skilled trades is apprentices. As has been stated, the number of employed apprentices decreased from 10,575 in 1950 to 6,466 in 1960. Naturally, the apprentices of 1950 should have graduated to the ranks of journeymen by 1960, as many did. However, there is evidence that many apprentices drop out of work-school training programs for various reasons. Some leave the program because of its length (customarily 3 to 5 years), while others drop out to secure work in one aspect or another of the trade, or to operate

a machine on which they have acquired proficiency and can secure employment at skilled production worker wage rates.

A study by the U.S. Bureau of Apprenticeship and Training indicates that about half of all apprentices drop out of their training programs prior to completion. Of this group, three-quarters drop out voluntarily, largely for financial reasons.

In Illinois, the Governor's Committee on Unemployment found that the dropout rate was 25 per cent, largely due to lack of interest on the part of the apprentice. The inequities in the wage structure for apprentices as against those for machine tool operators are again pointed out as a reason for loss of interest in training.

Another reason for the poor success of apprenticeship programs is the poor initial selection of trainees. Currently, too often, the basis for selection is family or trade connection rather than ability or interest of the potential trainee.

The needed measures to reverse the trend toward declining numbers of apprentices are fairly obvious. Interest of youth in employment potentials in skilled trades must be stimulated. Selection of trainees should depend upon demonstrated aptitude, skill, and interest in the field. Employer interest must be revitalized to sponsor the training, and, where necessary, trade union restrictions upon entrance must be lifted. Lastly, some financial subsidy might be made to trainees to curtail the need to drop out of programs because of financial hardship.

The alternatives are also obvious. Some 70,000 completed apprenticeships are needed in Illinois by 1970 to replace the craftsmen expected to leave the labor force by that date. Assuming an average 4-year apprenticeship training program, and an overall dropout rate of 25 percent in Illinois, some 87,500 young persons must enter apprenticeship programs before 1967 to achieve the replacement goal of 70,000 new journeymen by 1970. This assumes an overall stable demand for apprenticeable trade skills within the State. This requires close to 15,000 new apprentices to enter training each year from 1961 through 1966. The census indicates approximately only 6,500 employed apprentices in 1960, and these are at various stages of training. If one-fourth of the 1960 apprentices were in their first year of training, then there were only 1,500 new entrants that year. Therefore, to merely achieve the replacement goal for skilled journeymen craftsmen by 1970, apprenticeship should be expanded 10 times. If the remedial measures suggested above are instituted, dropouts should decline, but it is still obvious that positive measures must be taken on all fronts, or the goal of an adequate future supply of skilled manpower in the apprenticeable trades in Illinois will not be met.

OTHER EMPLOYMENT PROBLEMS OF YOUTH

We have touched on the need to expand training goals under the Manpower Development and Training Act with regard to youth, but there are many other problems confronting this group which also affect their employability and must also be met.

Despite the many efforts that have been made to induce youngsters to complete at least a high school education, young people continue to leave school at an early age, before they have acquired the basic rudiments of an education. This is one of the major factors contributing to the unemployment of youth. Growth occupations and industries require educated and skilled labor. A high school diploma is a requisite to employment in most white collar jobs, apprenticeships and trainee industrial jobs.

The reasons why youngsters drop out of high school are numerous and complex. They include interacting factors connected with school, home, personality, family values and aspirations. A large proportion of the Chicago school dropouts are Negroes. Dropouts are most often found among the underprivileged or culturally and economicaly deprived. They are not equipped in many cases to cope with the conventional school and the demands made on them by such a school. In a recent study made by the Chicago Board of Education, it was found that 23 percent of the first graders were not ready to learn reading—their vocabularies and their experiences were too limited. Unless remedial steps are taken at this point, reading failure for a large proportion is bound to follow. Lack of reading ability has a negative effect on their progress and a primary reason for the youngster to wind up as a dropout.

In selecting youth for training under the Manpower Development and Training Act, we have found, as the Illinois Public Aid Commission has also found, that thousands of young people in the State are incapable of taking advantage of the training programs because of functional illiteracy and lack of other basic skills.

Youngsters in the slums of large metropolitan cities are not the only ones adversely affected by the lack of basic education, of vocational training and of a

general understanding of the nature of work; rural youth, too, are facing a crisis. The decline in the need for workers on the farm has caused serious dislocation for these youth. They no longer can work on family farms or in related rural occupations, and frequently must consider relocation to cities where industrial jobs exist. Their education and their whole way of life does not, even when they have completed high school, prepare them adequately for urban living and for the competition for available jobs. Many of the rural youth (in Chicago, 24 percent of the lower grade school population come from Mississippi), have attended segregated schools where the educational standards are low.

These youth, both the urban and rural groups, need prevocational training, including the basic three R's and orientation to the world of work, before they are even ready to be considered for vocational training and employment.

Primary and secondary schools, as a whole, have improved their holding power for the majority of youth. Perhaps child labor laws, economic conditions and other factors have been effective in keeping young people in school longer than their parents were kept.

But holding youngsters in school for a certain number of years is obviously not enough. Schools must, in some way, meet the needs of the youngster educationally and vocationally. Many schools in Illinois, particularly in the Chicago area, are experimenting with new approaches to the teaching of the three R's and the development of necessary skills. A small inroad has been made The dropout rate in Chicago high schools was lowered slightly last year and shows a tendency to continue in this direction. Special programs have been developed to provide training facilities for those who have dropped out of school. Some changes in curriculums and methods have occurred. However, this does not go far enough.

The Cook County Department of Public Assistance has initiated several large literacy programs for adults and youths, using electronic teaching devices and television. A special pilot program involving 38 youths who were found to be functionally illiterate but who had IQ's of 90 and above, are now being given literacy training in a nonschool setting. This is combined with part-time work experience. Many of these youngsters have attended high school, yet are functionally illiterate.

Of equal concern is the youngster who can read and who has acquired a fairly sound basic education, but who either does not complete high school, or, when he does complete high school, finds that he is not equipped for a job. Many of these young people have been forced to attend general high schools, which are largely preparatory for college, or have had opportunity for only a smattering of vocational training, because no other high schools were available to them. The nonacademic student, the one who plans to work on graduation from a high school, has to sit through many courses in which he has no interest—he suffers through such classes or drops out.

In Illinois in 1962, the public schools spent $10,531,000 on vocational education for courses in agriculture, homemaking, trade and industry and distributive education; $4,141,000 of this amount was provided under the Smith-Hughes and George Barden Acts. An almost alltime high of 26,071 youngsters were enrolled in agricultural courses in 1962. This, despite the fact that agriculture is a declining industry in Illinois. Of the 566 school districts in the State, 463 of them offer only agriculture and/or homemaking courses. The bulk of the expenditures for technical, trade and industry, and distributive education courses which amounted to $1,660,000, or 35.6 percent of the total spent for vocational training by the State, was spent in the city of Chicago. Urban and rural areas provided only token opportunities in these fields which are in some degree preparatory to entering the labor force.

It is the consensus of training officials in Illinois that the equipment used in most trade and industrial courses is outmoded and inadequate. Not only is the equipment outmoded, but the subjects taught and their content are not in keeping with the needs of the present or future labor market. There is, in most cases, no relationship between the skills the trade schools teach and the actual demands of the jobs. There are, of course, some excellent vocational and technical high schools in Illinois—most of them in Chicago. These schools offer such courses as sheet metal work, graphic arts, electronics, aircraft mechanics, brick masonry, commercial art, cosmetology, painting and decorating, welding and tailoring. In these schools, the equipment and machinery is up to date, and the time spent in the shops sufficient to afford the students an opportunity to learn a trade.

Vocational schools of the type described above are excellent. The only difficulty is that there are not enough of them to serve a large metropolitan area, nor

is this type of school available to youngsters who do not live in or near large urban centers. There is also limited opportunity for girls, over and beyond the traditional homemaking, shorthand and typing.

Vocational training does not have the status of academic training. All too often youngsters who do not do well in academic courses are shunted into these classes. Relationships between the so-called academic subjects and vocational courses are not clear to many of the youngsters. They, therefore, tend to ignore the basic education which is necessary. The courses frequently are unrealistic, do not simulate work situations, with the result that other aspects of the world of work—i.e., promptness, sense of responsibility, importance of accuracy, and interpersonal relations—are neglected in making vocational choices; coping with problems and working them out are in most cases almost nonexistent. The dropout rate from so-called vocational schools, for all these reasons, is very high. With but few exceptions, such schools are not meeting the needs of youngsters or adequately preparing them for employment.

Nor are the provisions of the Smith-Hughes and the George Barden Acts adequate. The emphasis and heavy expenditure to date under these Acts has been directed toward training in agricultural and homemaking subjects. There is a great need for the amendment or supplementation of these acts to provide direction and financing toward vocational training more in keeping with the industrial and other vocational needs of today. Vocational schools, combined with sound basic education, geared to inculcating good sound skills and attitudes, should be established at central and accessible points throughout the State for rural youth. Large metropolitan areas need more technical and vocational schools than there are at present. Teaching personnel should be not only qualified educators, but should have a thorough knowledge of their fields. Another aspect of vocational schools which should be developed is that of the image of such schools, so that youngsters who attend them do not feel that they are there because they do not fit into the general high school.

Since there is a growing need in industry for technicians, it is important, too, that training beyond high school be made available to youth able to benefit from this kind of training. The need for more public junior colleges providing subprofessional training has been recognized by many school administrators.

There have been some excellent examples of cooperation between the schools and employers in developing pilot work-study programs for both the high school student and the dropout. These experimental programs have. I believe, well proved the value of work-study projects for selected students. Many youngsters in these programs have been strongly motivated to continue their educations because they have been able to earn wages and have been able to see the relationship between their studies and the world of work. Several have returned to high school; others have gone on to trade school; quite a number have stayed on with the companies at which they were being trained, on a full-time basis, and indications from the companies involved are that these students in most cases are proving to be above-average employees.

RECOMMENDATIONS FOR THE TRAINING AND EMPLOYMENT OF YOUTH

Out-of-school youth

(1) Employers should reexamine their present hiring policies to determine if they can hire some of the presently unemployed youth who do not meet rigid and often unrealistic specifications.

(*a*) Education and skill requirements for entry jobs should be more realistic. Assessment of potential should not be based solely on the possession of a high school diploma, as it is in too many cases. By use of aptitude and achievement tests for entry jobs, the true potential of jobseekers could be more accurately gaged.

(*b*) Orientation and on-the-job training programs should be developed for new youthful employees to prepare them to perform effectively in the entry jobs.

(*c*) Retraining programs for workers should be developed to facilitate the transfer and promotion of employed workers out of entry jobs, thus leaving entry jobs for the newcomers to the labor market.

(*d*) Young workers who show potential should be encouraged to supplement their education at night schools and other such facilities.

(2) Unions should revise rules, contracts, and practices which restrict entry of youth into beginning jobs.

(*a*) They should work toward the establishment of preapprenticeship training.

(*b*) They should broaden the base for recruitment of entry workers and select on the basis of ability and qualifications alone. Present practices of limiting recruitment have resulted in the exclusion of minority groups.

(*c*) They should determine occupations in which there will be growth, which lend themselves to the apprenticeship method of training and in which there are concentrations of older workers who may be withdrawing from the labor force.

(3) Apprenticeship training should be expanded for new and growing occupations.

(*a*) In view of the heavy dropout problem among apprentices, plans should be developed to work with youth for a better understanding of long-range gains, and for the provision of allowances to assist young people over the rough spots.

(*b*) Make use of the new training developments and techniques, and, where feasible, cut down the 4- and 5-year periods of apprenticeship.

(4) The Federal Youth Opportunities Act should be enacted promptly.

(*a*) The experience and training to be derived from training and living on conservation projects would be of great value to the underprivileged youngsters who could well use this period for "growing up," developing work habits, learning about interpersonal relationships and acquiring work skills.

(5) In recognition of the fact that many of the youngsters now out of work, are too limited either mentally or physically to compete successfully in the open labor market, sheltered workshops should be established.

(6) Schools should extend their services and programs to dropouts.

(*a*) After-school and night-school programs of vocational significance should be made available and attractive to youngsters. Guidance and assistance in choosing vocational courses should be given.

(*b*) Crash programs in literacy and basic skills should be instituted.

(7) The Employment Service should make available all of its resources to assist the ready youngster in finding suitable employment.

In-school youth

Young people, presently in the high schools and colleges, are in many instances not being adequately prepared for the world of work. It is therefore recommended that:

(1) Vocational and technical training in the secondary schools should be strengthened:

(*a*) Programs and curriculums should be constantly studied and adjusted to meet the rapid changes in the industrial world. Equipment and machinery should be modernized and emphasis placed in industrial, clerical, and service fields which are expanding rather than shrinking.

(*b*) Agricultural and home arts training should be deemphasized so rural as well as city children are afforded an opportunity to prepare for jobs in urban centers.

(*c*) Present vocational educational laws and practices should be amended or revised to encourage and reimburse schools to install modern and current courses.

(*d*) Care should be exercised that capable youngsters receive a sound and thoroughly basic education and that their vocational training should not overshadow the basic education.

(*e*) Choice of vocations should permit some opportunity to explore and possibility of change so that the 15–16 year old is not forced to rigidly conform to a first choice.

(*f*) Freshmen and sophomores should be assisted by counselors in making their vocational choices. Occupational information, visits to plants, and other techniques should be fully utilized to help make youngsters aware of the opportunities in the world of work. Aspirations and horizons of work must be heightened and broadened for minority youth who frequently are not aware of what is open to them.

(2) In order to provide the type of vocational and technical schools needed to prepare young people for today's technology, school districts should be consolidated:

(*a*) Technical and vocational schools should be located at central points accessible to all of the youth in the surrounding area, including rural and small towns.

(*b*) In larger urban areas, where technical and vocational schools already exist, more such schools should be established in the various neighborhoods.

(3) Teaching and counseling methods should be improved and the needs of the individual children recognized:

(*a*) Potential dropouts (as early as the fourth grade) should be identified early and adjustments in curriculums made where this is the problem.

(*b*) Individual and group counseling and vocational guidance should be provided to the workbound as well as the collegebound. Counseling should be started early in the youth's school career and school counselors should have current information about the labor market, occupational trends, the actual demand of jobs, as well as teaching and counseling technique.

(*c*) Vocational courses, short term or comparatively simple in nature, should be introduced in schools to meet the needs of those who cannot benefit from the academic or technical training at the secondary school level. Adjustments in time and course content should be made for slow learners.

(4) Work study courses should be expanded and should include youngsters who are not meeting the requirements of their class. This would serve as a stimulant and would aid in teaching work habits, holding interest, and relating school subject to work.

(5) In view of the growth of technical jobs, more junior colleges should be established. Here, again, the emphasis should be on basic education and vocational courses closely related to jobs. Junior colleges should be accessible to rural youth. Scholarships and loans should be provided for those who would otherwise not be able to attend school beyond high school.

(6) Young people should be helped to bridge the gap between school and work by the Employment Service. There should be closer relationships between schools and the Employment Service for the orderly referral of graduates and dropouts who are workbound. The Employment Service should strengthen and improve its labor market research, interviewing, counseling and job development techniques, and there should be a greater exchange of information between the Employment Service and schools about labor market information, occupational trends, and other pertinent data.

All youth-serving agencies, including the Bureau of Apprenticeship Training, schools, courts, and juvenile agencies should develop close cooperative ties for service to youth.

The job of helping young people into the world of work, even when the economy can absorb them, is a complicated task. It requires the cooperation and integration of all the resources of the community, State, and Nation.

THE PROBLEM OF THE 40-PLUS WORKER

There is one other group of workers whose employment problems should receive the attention of members of this subcommittee, and of Congress, the so-called older worker.

At least one-third of all persons registered with the Illinois State Employment Service are middle aged or older. The qualifications of these applicants for employment will vary in the same manner as those of other applicants. Individual differences hold for middle-aged and other applicants as they do for younger ones. These are individuals, and each must be considered in terms of his own experience, training, skills, potentials, personal traits, physical capacities, interests, and other factors that help determine the type of work for which he is qualified and the specific service he may need.

Thus, the Employment Service concept of older worker is not based on chronological age alone, but is based on a number of factors which make it difficult for the applicant to obtain or hold suitable employment. These factors include employment practices in the area, local labor market conditions, the type of occupation and the skill level of the applicant, his physical condition, sex and personal traits, as well as his chronological age. Statistically, we use 45-and-over as the age distinction for reporting older worker activities.

A glance at the help wanted columns of any newspaper will show that the mature jobseeker is having problems. A study of Illinois State Employment Service job orders reveals that generally more than half of all job openings have maximum-age restrictions. About a fifth of the orders specify workers of 35 years of age or younger, and another two-fifths set strict age limits of 45 or under. Placements of older applicants reflect these restrictions, since they represent only 20 percent of all placement although 35 percent of all applicants are older workers. Age barriers on new hires lead to a higher rate of unemployment for jobseekers of 45 and over than for those in the 25–44 age group, and to longer than average duration of unemployment. After the age of 55, the problem of finding a job becomes very difficult; it is extremely difficult at 60 and over.

We must be concerned with the problems faced by the older worker, for his sake, for the sake of the economy as a whole, and in our own self-interest. The plight of the person too old for current job openings and too young to retire is one we cannot afford to ignore.

Provision should be made for expanded services to older workers in the Employment Service, since far more of these applicants need specialized services than have ben provided heretofore. Sufficient additional local office staff should be trained to provide such services.

More vocational counseling for older workers should be provided for than are available at present, since the older applicant's problem, compared with that of the younger applicant, is more often multiple in nature.

Intensive job development efforts, particularly for older workers whose qualifications would not find them normally referred to existing job openings, should be employed more widely, as they are the most effective means of finding employment.

Relaxation or removal of unrealistic age limits specified on job orders should be attempted more often. Greater emphasis should be placed on offering and providing assistance to employers in making more realistic appraisals of physical requirements of jobs, so that older workers are not barred because of requirements unrelated to job performance. Promotional activities should be undertaken to emphasize to employers and the public the qualifications and favorable attributes of older workers and the importance of utilizing this pool of labor, through many media, including films, brochures, speeches before employer, labor, and civic groups, human-interest releases to newspapers, and spot announcements on radio and television.

Government agencies should work in close cooperation with local community groups in promoting the employment of older workers. This cooperative action should also be concerned with the development of community facilities to better prepare older workers for existing or new employment opportunities.

Information should be developed at National, State, and community levels for use in meeting and overcoming employer attitudes adverse to older workers. Present studies on productivity, absenteeism, turnover, and safety should be continued and extended in order to obtain facts in those areas.

I believe we may properly be impressed with the increased services rendered to older workers during the past several years by a host of Government and private agencies. At the same time, it is clearly evident that we have a long and difficult road ahead. So much remains to be done that we can hardly be satisfied with the efforts we have made thus far. I am certain, however, that all who have participated in this field of work have found it most rewarding. The opportunity to restore the dignity and self-respect of the individual and at the same time to contribute to our national economic well-being is a worthwhile challenge. I have faith that this challenge will not go unanswered.

TABLE 34.—*U.S. employment changes in nonfarm industries and in agriculture, 1947–57 and 1957–62*

Industry sector [1]	Employment (in thousands)			Annual employment change			
	1947	1957	1963	1947–57		1957–62	
				Amount	Rate	Amount	Rate
				Thousands	*Percent*	*Thousands*	*Percent*
Total nonfarm employment	43,881	52,904	55,325	902	1.9	484	0.9
Manufacturing	15,545	17,174	16,750	163	1.0	−85	−.5
Durable goods	8,385	9,856	9,443	147	1.6	−83	−.8
Ordnance and accessories	27	140	215	11	17.9	15	9.0
Lumber and wood products	845	655	607	−19	−2.4	−10	−1.5
Furniture and fixtures	336	374	381	4	1.1	1	.4
Stone, clay and glass products	537	595	572	6	1.0	−5	−.8
Primary metal industries	1,279	1,355	1,166	8	.6	−38	−3.0
Fabricated metal products	989	1,167	1,118	18	1.7	−10	−.9
Machinery	1,375	1,586	1,459	21	1.4	−25	−1.7
Electrical equipment	1,035	1,344	1,528	31	2.7	37	2.6
Transportation equipment	1,275	1,909	1,645	63	4.1	−53	−2.9
Instruments and related products	267	342	358	8	2.5	3	.9
Miscellaneous manufacturing	421	387	393	−3	−.8	1	.3
Nondurable goods	7,159	7,319	7,308	16	.2	−2	(2)
Food and kindred products	1,799	1,805	1,772	1	(2)	−7	−.4
Tobacco manufactures	118	97	89	−2	−1.9	−2	−1.5
Textile mill products	1,799	981	881	−32	−2.8	−20	−2.1
Apparel and related products	1,154	1,210	1,235	6	.5	5	.4
Paper and allied products	465	571	602	11	2.1	6	1.1
Printing and publishing	721	870	933	15	1.9	13	1.4
Chemicals and allied products	649	810	850	16	2.2	8	1.0
Petroleum and related products	221	232	196	1	.5	−7	−3.3
Rubber and plastic products	323	372	389	5	1.4	3	.9
Leather and leather products	417	373	361	−4	−1.0	−2	−.6
Mining	955	828	647	−13	−1.4	−36	−4.8
Contract construction	1,962	2,923	2,696	94	4.0	−45	−1.6
Transportation and public utilities	4,169	4,241	3,925	8	.2	−63	−1.5
Trade	8,959	10,886	11,571	193	2.0	137	1.2
Finance, insurance and real estate	1,791	2,477	2,793	72	3.5	63	2.4
Service and miscellaneous	5,050	6,749	7,757	170	2.9	202	2.8
Government	5,474	7,626	9,185	215	3.4	312	3.8
Federal	1,892	2,217	2,341	33	1.6	25	1.1
State and local	3,382	5,409	6,844	183	4.2	287	4.8
Total Agricultural Employment	8,251	6,222	5,190	−203	−2.8	−206	−3.6

[1] Nonfarm employment based on establishment payroll data, agricultural employment on household data.
[2] Less than 0.05 percent.

Source: U.S. Department of Labor, Manpower Report, No. 5, Jan. 30, 1963.

TABLE 35.—*Timelag in instituting programs, selected occupations*

Occupation	Date submitted to vocational education	Action
Cook (Springfield, Ill.)	Jan. 3, 1963	Still pending.
Pantryman (Chicago, Ill.)	Feb. 11, 1963	Do.
Cook (Chicago, Ill.)	Feb. 26, 1963	Do.
Auto mechanic (Danville, Ill.)	Nov. 29, 1962	Approved Mar. 1, 1963.
Auto body repairman (Danville)	do	Approved Mar. 15, 1963.
Auto mechanic (Chicago)	Jan. 25, 1963	Approved Apr. 15, 1963.
Turret lathe operator (Mattoon)	Nov. 30, 1962	Do.

TABLE 36.—*Selected age data for Illinois employed male journeymen, 1950 and 1960*

Occupational groups	Total employed males, 1960	Percent 55 years of age and over 1960	Median age		Total employed males, 1950	Change in employment 1950–60	
			1960	1950		Number	Percent
		Percent					
Total employed males	2,617,272	19.8	41.1	40.6	2,517,995	+99,277	+3.9
Number of apprentices	6,466	0.9	22.8	23.5	10,575	−4,109	−38.9
Journeyman occupations	286,242	19.2	41.9	42.1	292,054	−5,812	−2.0
Bakers	6,007	22.9	44.5	42.0	7,902	−1,895	−24.0
Blacksmiths forgemen and hammermen	2,504	28.2	46.1	48.0	4,160	−1,656	−39.8
Boilermakers	1,616	20.6	43.6	43.4	2,718	−1,102	−40.5
Cabinetmakers and patternmakers	6,628	24.8	43.7	46.0	7,674	−1,046	−13.6
Carpenters	39,259	21.5	42.2	45.5	42,205	−2,946	−7.0
Compositors and typesetters	13,234	19.3	41.6	40.9	15,367	−2,133	−13.9
Craneman, derrickmen and hoistmen	8,253	17.4	41.7	(1)	7,711	+542	+7.0
Electricians	20,933	17.4	41.3	40.6	20,966	−33	−0.2
Machinist and job setters	43,200	17.9	42.4	40.8	46,501	−3,301	−7.1
Masons, tile setters and stone cutters	11,870	17.0	38.0	43.9	10,361	+1,509	+14.6
Millwrights	4,543	18.4	44.9	42.7	4,222	+321	+7.6
Painters, (construction) paperhangers and glaziers	20,798	27.2	46.4	46.2	24,165	−3,367	−13.9
Plasterers and cement finishers	5,175	14.3	38.1	43.5	5,158	+17	+0.3
Plumbers and pipefitters	18,046	18.6	42.1	42.9	15,932	+2,114	+13.3
Printing craftsmen, except compositors and typesetters	14,097	17.2	40.6	39.8	12,019	+2,078	+17.3
Structural metal workers	3,296	14.9	40.4	40.7	3,029	+267	+8.9
Tinsmiths, coppersmiths and sheet metal workers	8,691	13.8	39.5	38.9	8,948	−257	−2.9
Toolmakers, and diemakers and settlers	16,865	16.7	41.8	39.6	15,612	+1,253	+8.0
Linemen and servicemen telegraph, telephone and power	15,419	8.8	34.1	31.8	13,083	+2,336	+17.9
Molders, metal	4,158	17.6	41.7	41.3	6,305	−2,147	−34.1
Stationery engineers	21,650	25.5	45.4	45.8	18,016	+3,634	+20.2

[1] Information not available for 1950.

TABLE 37.—*Summary of training in Illinois as of May 15, 1963*

	Area Redevelopment Administration, downstate	Manpower development and training		
		Total	Chicago area	Downstate
Number approved for training	1,134	4,024	3,336	688
Number enrolled in training	487	2,369	1,961	408
Number completed training	304	358	280	78
Number placed	201	169	116	53
Number trainees in approved programs not yet started	648	1,726	1,433	283
Number trainees in programs pending approval	20	----------	----------	----------
Number trainees in programs at State board of vocational education	----------	3,004	1,974	1,030
Total	1,154	7,028	5,310	1,718

NOTE.—Occupations in which training is now in process (Area Redevelopment Administration): Clerk-typist, clerk-stenographer, nurse aid, welder, production workers, sewing machine operator, assembler, and cook.

Occupations in which training is now in process (Manpower Development and Training Act): Welder, mechanical draftsman, engine lathe operator, clerk-typist, clerk-stenographer, licensed practical nurse, psychiatric aid; automatic screw machine operator, wirer-solderer, sewing machine operator, automobile mechanic, auto body repairman, painter—automobile, salesperson—auto parts; electronic technician.

Total selection interviews with applicants interested in Manpower Development and Training Act ---------- 26,581

Total counseling interviews with applicants interested in Manpower Development and Training Act ---------- 2,240

Total tests administered to Manpower Development and Training Act applicants (selection) ---------- 19,269

	Projects	Trainees
Completed	4	358
In progress	43	1,913
Approved but not yet started	5	1,716
Pending approval	45	3,004
Total	97	[1] 6,991

[1] This total does not include dropouts.

Health, Education, and Welfare cost to date	$2,187,422
D.L. Training allowance paid out to date	329,259
Total	2,516,681

CHART 11

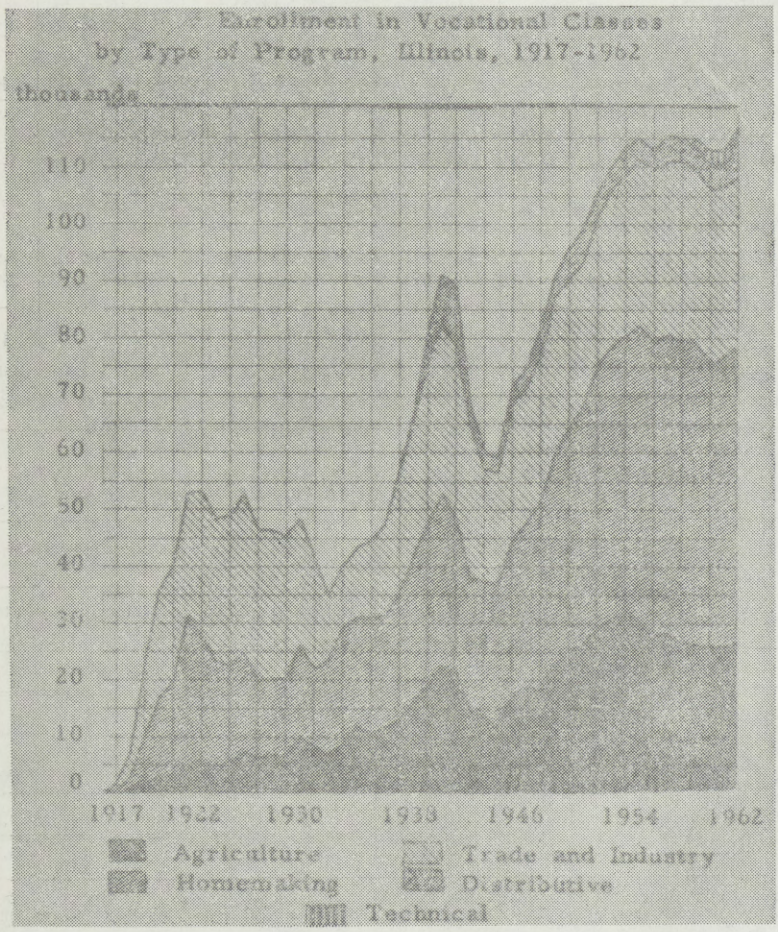


TABLE 38.—*Percent of Illinois job seekers who are willing to move to find a job, August 1961*

Area	Percent of area's job seekers willing to move	Area	Percent of area's job seekers willing to move
Total	34	Metropolitan areas—Continued	
Nonmetropolitan area counties	48	Rockford	36
Metropolitan area counties	30	Decatur	42
Metropolitan areas:		Springfield	42
Chicago	27	Quad Cities (Illinois part only)	32
St. Louis (Illinois part only)	45	Champaign	41
Peoria	42		

CHART 12

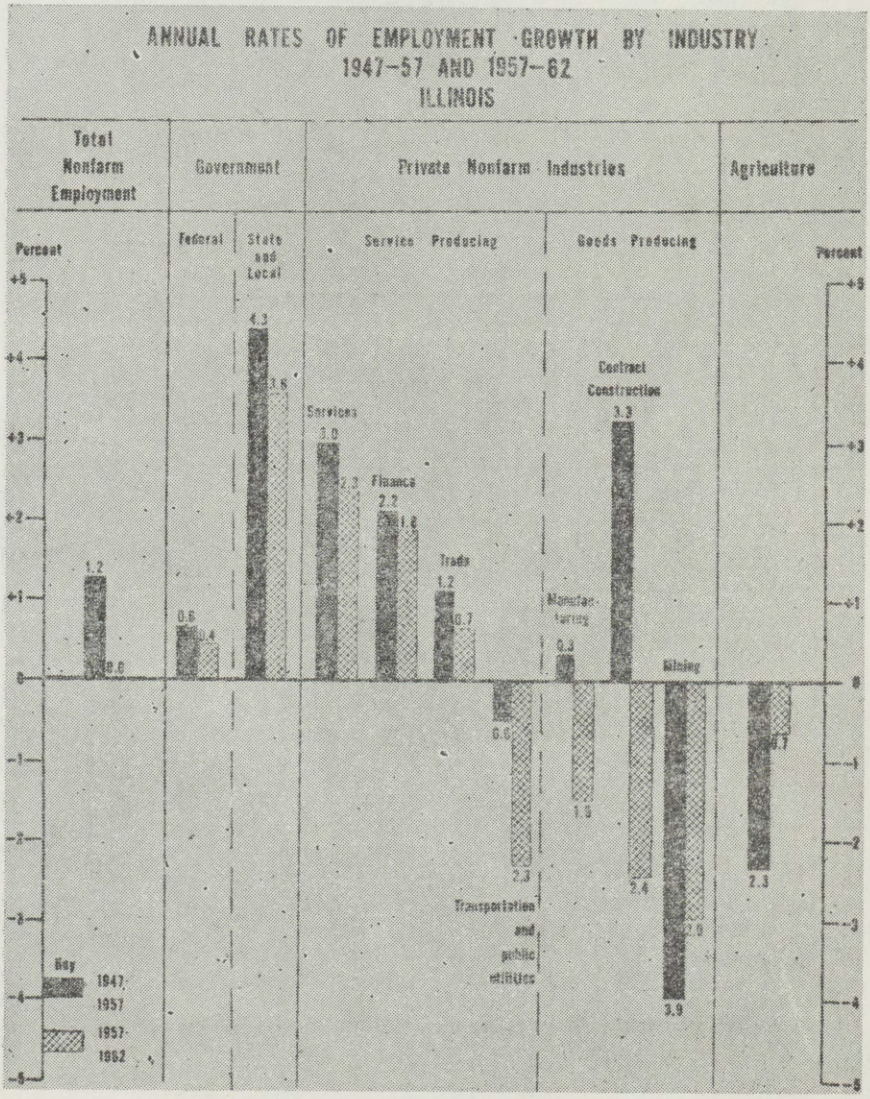


TABLE 39.—*Youth referred to MDT courses, Illinois (source—ES–214B)*

Period	Total	Period	Total
September 1962	99	February 1963	82
October 1962	12	March 1963	79
November 1962	20	April 1963	257
December 1962	20		
January 1963	48	Total	617

CHART 13

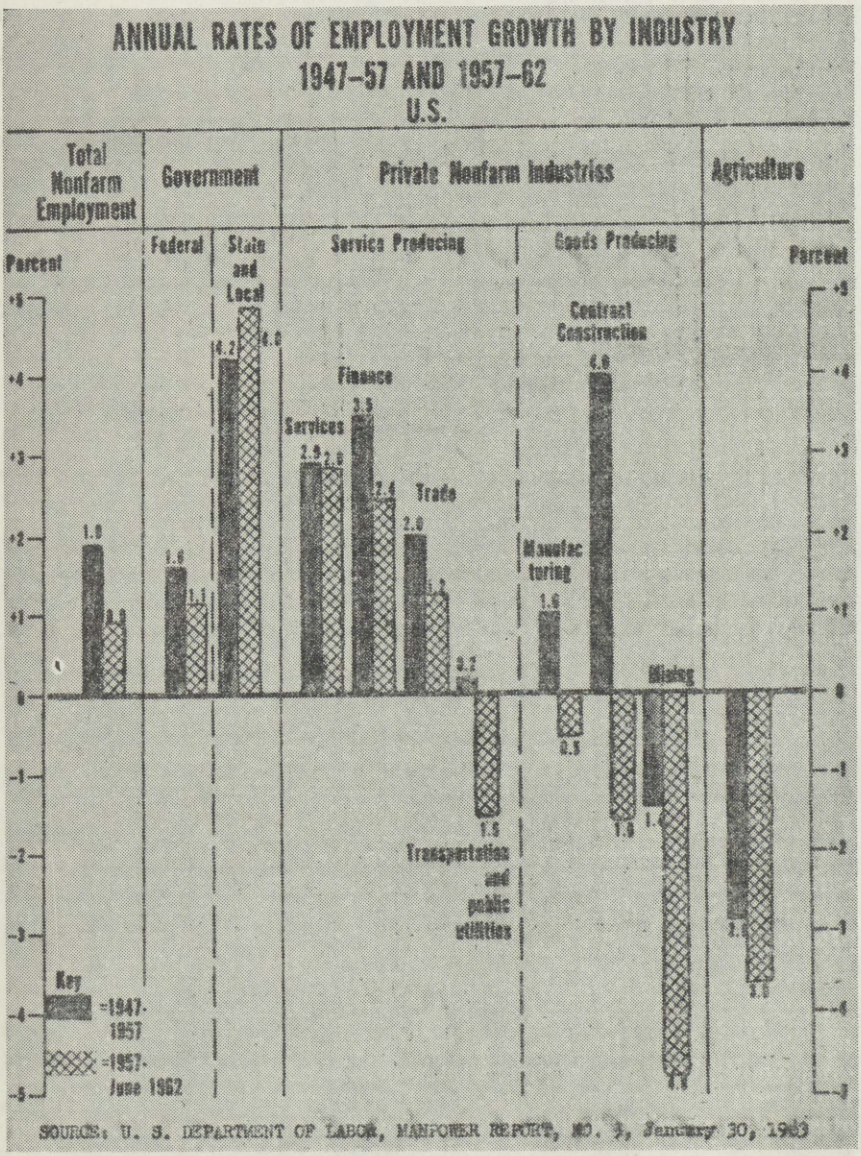


TABLE 40.—*Illiteracy rates in selected areas, 1960*

Area	Percent of population with—	
	No schooling	Only 4 years of schooling
United States	2.3	6.1
Illinois	1.7	4.6
Chicago area	1.9	5.1
New York	3.5	4.3
Ohio	1.3	4.1
Pennsylvania	2.2	4.7

CHART 14

Average Number of School Years Completed, Illinois, by Color 1940-1960

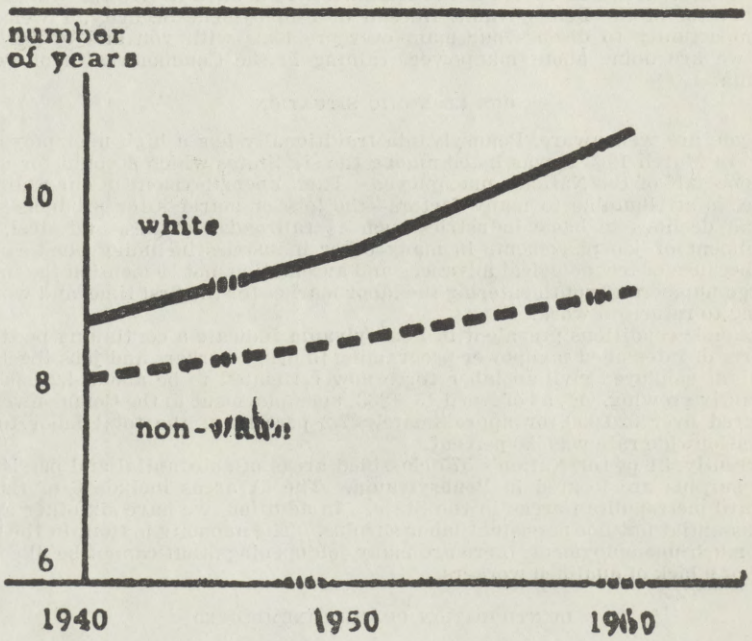


TABLE 41.—*Nonfarm employment change in the United States and six northern industrial States, 1947–57 and 1957–62*

Area	Employment (in thousands) [1]			Annual employment change			
				1947–57		1957–62	
	1947	1957	1962	Amount (thousands)	Rate (percent)	Amount (thousands)	Rate (percent)
United States	43,881	52,904	55,325	902	1.9	484	0.9
Illinois	3,164.8	3,556.3	3,561.3	39.2	1.2	1.0	(2)
Massachusetts	1,731.1	1,873.0	1,952.1	14.2	.8	15.8	.8
New Jersey	1,622.6	1,968.3	2,080.9	34.6	2.0	22.5	1.1
New York	5,518.2	6,177.8	6,270.7	66.0	1.1	18.6	.3
Ohio	2,708.3	3,230.4	3,093.9	52.2	1.8	−27.3	−.9
Pennsylvania	3,674.4	3,845.9	3,689.7	17.2	.5	−31.2	−.8

[1] Nonfarm employment based on establishment payroll data.
[2] Less than 0.05 percent.

STATEMENT OF JACK B. BROWN, EXECUTIVE DIRECTOR, PENNSYLVANIA BUREAU OF EMPLOYMENT SECURITY

Mr. Chairman and members of the committee, I am Jack B. Brown. As executive director of the Pennsylvania Bureau of Employment Security, I welcome this opportunity to discuss our manpower problems with you and to tell you what we are doing about manpower training in the Commonwealth of Pennsylvania.

OUR ECONOMIC SITUATION

As you are well aware, Pennsylvania traditionally has a high unemployment rate. In March 1963 it was listed among the six States which account for more than one-half of the Nation's unemployed. High unemployment in our State, of course, is attributable to many factors—the loss of markets for products such as coal, declines in basic industries such as railroads, textiles, and steel, the curtailment of job placements in many other industries including plastics and steel because of technological advances and automation, not to mention the influx of large numbers of youth entering the labor market for the first time, and women seeking to return to work.

Economic conditions prevalent in Pennsylvania indicate a continuing need for all sorts of intensified manpower programing to bring workers and jobs together. The total employed civilian labor force now estimated to be about 4,200,000 is constantly growing, yet, as of April 15, 1963, unemployment in the Commonwealth measured over 329,000, or approximately 7.2 percent of the total labor force. The nationwide rate was 5.6 percent.

Currently, 31 of the Nation's 575 classified areas of substantial and persistent labor surplus are located in Pennsylvania. The 31 areas include 6 of the 12 standard metropolitan areas in the State. In addition, we have six other areas of substantial but not persistent labor surplus. The anomaly is that, in the face of so much unemployment, there are many job openings that cannot be filled because of a lack of qualified workers.

IDENTIFICATION OF THE UNEMPLOYED

Who are these unemployed in Pennsylvania? They are workers of both sexes who run the gamut of all age levels from youthful unskilled workers unable to get a start, through the prime-of-life group, to older workers who experience especially severe problems in obtaining employment. They include heads of houeholds, whose families look to them for sustenance and support, recent school graduates about to enter the labor market for the first time, school dropouts who have discovered for themselves that basic education in the three R's is essential for most jobs, women forced to seek work to supplement family incomes, the physically handicapped, and civilians returning from military life. They embrace the skilled, the semiskilled, and the unskilled. They are the coal miners out of work because of mine shutdowns, farmworkers mechanized out of a job, workers left behind by factory layoffs or whose primary skills are now obsolete because of the introduction of new processes and new products. In short, they

are the victims of a rapidly changing and complex economic structure. They cannot be put off with a casual "If a person wants to work, he can find a job." They need help, for the most part help that calls for realistic vocational education training programs.

PASSAGE OF MANPOWER DEVELOPMENT AND TRAINING ACT WELCOMED IN PENNSYLVANIA

Against the grim reality of over 300,000 unemployed, almost 50 percent of whom were located in the metropolitan areas of Philadelphia and Pittsburgh, with the remainder spread throughout most other areas of the State, Pennsylvania welcomed the passage of Federal manpower development and training legislation. We have long recognized the need and value of such occupational training and retraining. We have a law, section 2508.3 of the school code, which allows full reimbursement to local school districts for the training of the unemployed for whom definite employment opportunities are available. For more than a decade now we have been conducting training programs under this law. Statistically speaking, more than 16,000 persons have been trained for the most part in practical nursing, food service supervision, power sewing, shoemaking, stenography, and typing. While training under this law continues highly successful, and subsequent job placement excellent, it is a small-scale undertaking in comparison to the total unemployment in the State—an undertaking hampered by a lack of funds and the inability to provide training allowances which in untold cases preclude jobless workers from taking advantage of the courses offered.

In addition, since 1961, under the Area Redevelopment Act many short-term job training courses have been in progress in areas of Pennsylvania where substantial and persistent unemployment is rampant, and 49 of Pennsylvania's 67 counties fall in this category.

Though all these training programs are making dents in our hardcore unemployment, the enactment of the Manpower Development and Training Act on March 15, 1962, was a welcome boon. Though certainly not a solution to our whole employment problem, it offered a most important tool in upgrading and helping workers to adjust to occupational demands. The practical training and retraining programs it assures will be of infinite value in helping to secure for countless long-term unemployed persons the means necessary and suitable for the proper development of life, that is, gainful employment.

STATE INTERDEPARTMENTAL TECHNICAL REVIEW COMMITTEE SET UP FOR MDT

Immediately upon its enactment, Pennsylvania set out to disseminate accurate information concerning the act, to create public awareness and understanding of its provisions, and to promote community acceptance of the programs it offered. While the law mandated definite responsibilities to the department of labor and the department of public instruction, many complex problems were foreseen which entailed the cooperation and assistance of other governmental agencies: Problems concerning commitments to new employers, referral of relief clients for training, assuring that proposed training programs were not in conflict with on-going training programs, seeing to it that training programs did not violate apprenticeship standards, and making ground rules for setting up programs. To facilitate the handling of these problems, a State interdepartmental technical review committee was organized to assist in the work of establishing and coordinating training programs throughout the State. This technical review committee is comprised of representatives of the Governor's office of administration, the department of public instruction, the department of commerce, the department of public welfare, the department of labor and industry, the bureau of employment security, and the Federal Bureau of Apprenticeship and Training.

SPECIAL MANPOWER ADVISORY COUNCILS ORGANIZED AT LOCAL LEVELS

Employment security personnel canvassed business and industry in every area of the State to discover occupational needs projected over a 12-month basis. The unemployed labor force was screened and cataloged as potential trainee supply whenever possible for specific occupations by every local employment office in the State. We moved forward quickly to bring all segments of the community to bear in setting up worthy training programs to relieve economic insecurity. Manpower advisory councils, comprised of representatives of and spokesmen for labor and industry, were organized at local levels. Members of these councils took a very prominent part in the planning and development of programs to meet the occupational needs of their particular communities.

ONE HUNDRED AND SIXTY TRAINING PROPOSALS RECEIVED

An accelerated, coordinated activity directed toward the training of the unemployed and underemployed in the State, who could not reasonably be expected to obtain proper full-time employment without training, was soon underway.

By June 1, 1962, 3 months after the enactment of the Manpower Development and Training Act, 37 training proposals involving the needs of 2,566 workers were ready for consideration.

Today, 1 year later, more than 160 training projects of various duration, involving the needs of 8,726 workers in approximately 45 occupations, are in some stage of progress or process.

The Manpower Development and Training Act Joint Federal-State Agency Review Committee has approved 106 of these projects—more than 75 are in actual operation throughout the Commonwealth. Others are just ready to get started and about 25 courses have been recently completed or are presently nearing completion.

NATURE OF TRAINING PROGRAMS APPROVED

Approved courses include training for jobs at entry levels in professional and managerial occupations, such as: mechanical drafting, chemist assistant, electronic mechanic, operating room technician, practical nurse, manager for retail trade and statistical control clerk; training for clerk-stenographer and salesperson; training for service occupations such as cook, pantryman, waiter, and waitress; training for semiskilled occupations such as shop assembler, machine operator, template maker, sheet metal worker; and training for skills such as welder, turret lathe operator, sheet metal worker, millman, woodworker, knitting machine operator, tailor, electric appliance serviceman, office machine serviceman, house repairman, TV serviceman, heat and air-conditioner mechanic, and automobile mechanic.

TRAINING PROJECTS UNDER CONSIDERATION

In addition to the 106 projects that have been approved, 40 training proposals are in various stages of processing, either awaiting the preparation and approval of operating budgets or course curriculums, the procurement of adequate training facilities and equipment, the acquisition of qualified training staff, or the availability of a full complement of trainees.

PERSONAL CHARACTERISTICS OF TRAINEES

Among the 2,498 trainees presented enrolled in occupational training courses offered under Manpower Development and Training Act in Pennsylvania, 2,280 are males, 2,057 are heads of households or families, 1,970 are from the unemployed, 1,199 are in the 22-to-34 age levels, 678 are in the 35-to-44 age levels, 309 are 45 or over, 264 are youth from 19 to 21, and 48 are under 19 years of age; 363 had been unemployed from 27 to 52 weeks and 593 had been without jobs for over 1 years; 753 had been in the labor force 4 to 10 years, 1,276 over 10 years, 203 for 3 years, and 266 under 3 years; 1,121 are veterans.

PROBLEMS ENCOUNTERED IN SETTING UP TRAINING COURSES

Among the major administrative problems encountered in setting up training programs in various areas of the Commonwealth were: (1) Difficulties in devising programs which held promise of jobs; (2) delays in getting programs started because of varying school district practices and schedules during which shifs in available trainee supply occurred; and (3) unanticipated and temporary callup of former workers from seniority lists of heavy industry employers.

CONCLUSIONS AND RECOMMENDATIONS

(1) It is too early to evaluate its total effectiveness but we are confident on the basis of its present measure of success that manpower training is a worthy approach to the partial solution of our unemployment problem. While conclusive evidence is not yet available, there is every reason to expect that occupational manpower training programs will make a rich offering toward the elimination of mass unemployment in our State and in the Nation. However, we believe it is not too soon to reconsider certain provisions of the Manpower Development and Training Act in order to allow for broader programing to meet the Nation's em-

ployment needs now and in the future, particularly in the event of national emergencies. Such reconsideration will help to assure our leadership in the world.

(2) The provisions of substantial and persistent unemployment in 49 of the 67 counties in Pennsylvania indicates a continuing need for intensified efforts to assure all members of the labor force an opportunity for gainful employment.

(3) Pennsylvania has been operating training programs for the unemployed in fields where there was definite opportunity for employment for the past decade. Section 2508.3 of our school code allows local school districts full reimbursement of moneys expended for training the unemployed for jobs. This training has been highly successful though on a small scale in comparison to our total unemployed work force. The fact that the State code does not provide training allowances to those taking courses precludes many persons, particularly heads of households or families from taking advantage of the training offered. However, with financial reserves already strained by costs of past, present, and projected State-operated training programs, the enactment of the matching-fund requirement on an equal basis with other States not engaged in such training imposes an inequitable burden. If there must be a matching-fund provision, perhaps it would be more reasonable to allow funds expended in the conduct of State-operated manpower training programs to be credited as State contributions to matching-fund account.

(4) Certainly, it is expedient that some control be exercised in regard to the nature of training courses offered in order to guard against flooding the market with unnecessary workers in specific occupations. However, we believe the present reasonable expectation of employment provision is too rigid a precaution. At best, job opportunities in a dynamic labor market are in some cases not more than an educated guess. Too often, in searching out occupational needs, employment service personnel were frustrated by the unpredictability of economic conditions because of sudden shifts in labor market demands, unexpected cancellation of contracts which altered employer's personnel needs, and the reluctance of many employers in competitive businesses to make known their long-range expansion plans. As long as manpower training is geared specifically to a prior determination of labor demands in specific localities, its scale and scope will be relatively restricted. Even in the absence of immediate job opportunities, the availability of a trained pool of workers helps attract new industry to an area. Moreover, the reasonable expectation of employment requirement restricts the training and retraining of workers in new skills to periods of economic prosperity.

(5) One of the major difficulties concerning manpower training courses in Pennsylvania, particulalry in initial courses offered in some areas, was the rate of dropouts experienced. More than 30 percent of those who abandoned training did so for economic reasons. Frequently, they interrupted their training to accept unskilled or temporary jobs because they could not support their dependents for as long as a year on an average allowance of $34 a week. Occasionally they left because of a sudden unexpected callback to their previous employment, but more often because their allowances were insufficient to permit them to continue training.

More study should be given to the adequacy of training allowances for heads of households with families who cannot reasonably be expected to undertake lengthy training courses on the relatively low weekly training allowances now available. This could be accomplished either by increasing the present allowance or by providing for an additional allowance for dependents.

(6) In addition to motivation and learning capacity, successful completion of training programs depends upon the ability of trainees to maintain themselves financially. Intelibility for training allowance is a serious deterrent for many otherwise qualified trainees, including youth 19 through 21. Consideration should be given to the liberalization of the provision which restricts the payment of training allowance to heads of household. Some scale of training allowance should be provided for trainees beyond age 22 who cannot meet all of the requirements as "head of household" with 3 years' work experience. This would be of particular benefit to those ex-servicemen who are beyond 21 years of age but have not acquired substantial work experience or dependents.

(7) While the Manpower Development and Training Act limits the payment of allowances to a 1-year period, there is a wide variation in the duration of courses offered both as to the number of weeks and the total hours of training, depending on the occupation. For example, a machine operator general course is 22 weeks, an auto body repairman course is usually 52 weeks. Generally speaking, the 52-week provision is more than adequate. Sometimes, however, the limitation presents a hardship in certain training programs which normally require

2 years, such as electronic technician or clinical laboratory assistant. Even with concentrated training under the most desirable conditions, a 2-year course cannot usually be successfully accomplished in 52 weeks, therefore, the feasibility of extending training programs for certain technical and professional occupations beyond the 52-week limitation should be examined.

(8) Currently research proposals are in the preparation stage in Pennsylvania for the purpose of finding out what has to be done by way of guidance and training to help culturally deprived and handicapped youth. Special development programs are being explored for youth with special problems within the framework of the Manpower Development and Training Act. However, it is strongly urged that consideration be given to providing courses of general vocational indoctrination for youth in general. Indoctrination in the form of basic courses which would not necessarily qualify youth for specific occupations but which would provide a sound foundation for occupational training in various fields. For example, courses in basic electriicty, basic chemistry, blueprint reading, and safety practices. The reasonable expectation of employment requirement usually cannot be met for this type of training under the present law.

(9) Extended counseling and programing for older workers with special problems should be considered. The trainee process requires a major adjustment for individual trainees, particularly those who have been away from school for years. In addition, the illiteracy obstacle and difficulty with span of attention are considerations. Even in the absence of reasonable expectation of employment, literacy training in reading, writing, and arithmetic should be provided for underprivileged adults or workers with language difficulties.

(10) Training courses involved in research programs, demonstration projects, and special youth development programs should be financed solely with title I funds, or if training is financed from title II funds the expectation of employment requirement and other requirements usually required for courses conducted with title II funds should be waived to permit maximum flexibility in these experimental operations.

SUMMARY OF STATEMENT OF JACK B. BROWN, EXECUTIVE DIRECTOR, PENNSYLVANIA BUREAU OF EMPLOYMENT SECURITY

1. Pennsylvania supports the continuance, revision, and expansion of manpower development training programs.

2. Longtime unemployment occasioned by various economical developments and shifts in labor market and labor market demands continues to be a matter of grave concern in Pennsylvania. Forty-nine of sixty-seven counties are currently plagued with substantial and persistent labor surplus.

3. The wisdom of the State matching-fund requirement should be reconsidered. The financial reserves of a few States, including Pennsylvania, are already strained by costs entailed in past, present, and projected training programs for the unemployed under existing State law. For example, for the past decade Pennsylvania has had a law, section 2508.3 of the school code, which allows full reimbursement to local school districts of funds expended for training of unemployed workers. The enforcement of the matching-fund requirement on an equal basis with other States not engaged in such training imposes an inequitable burden. At least funds expended for State-operated manpower training programs should be credited to the matching-fund account.

4. Experience dictates a reasonable expectation of employment is too rigid a requirement. Job opportunities in a dynamic labor market are many times subject to violent fluctuations. Frequently contracts are canceled, shifts in labor market demands occur, or employers in a competitive field are reluctant to publicize their expansion plans. Moreover, even though existing jobs are not available at the start of a program, practically speaking, the availability of a trained pool of workers helps to attract new industry to an area.

5. Trainees are sometimes compelled to interrupt their training to accept temporary jobs because of hardships encountered in supporting their dependents for as long as a year on a average allowance of $34 per week. More consideration should be given to increasing the adequacy of present training allowances for heads of households, particularly those with large families.

6. Consideration should be given to the liberalization of the training allowance provisions which restricts the payment of training allowance to heads of households only. Some scale of training allowance should be provided for trainees, particularly ex-servicemen, who are beyond age 21, but have not obtained the required 3 years of work experience or qualify as heads of households.

7. For the most part the duration of training programs is adequate but, the 52-week limitation sometimes presents a hardship in certain technical training programs. What is normally a 2-year training course usually cannot be adequately accomplished in 52 weeks. Therefore, the feasibility of extending training programs beyond 52 weeks in certain technical or professional courses should be considered.

8. Extended youth counseling programs are recommended. While development programs are already being explored for youth with special problems, it is strongly urged that consideration be given to courses for general vocational indoctrination of youth groups. Indoctrination in the form of basic courses which would not necessarily qualify youth for specific occupations but, which would provide a sound foundation for occupational training in various fields. For example, courses in basic electricity, basic chemistry, blueprint reading, and safety practices. Under present requirements of reasonable expectation of employment these courses cannot meet the criteria.

9. Extended counseling and programing for older workers with special problems should be considered. Even in the absence of reasonable expectation of employment, literacy training in reading, writing, and arithmetic should be provided for underprivileged adults or workers with language difficulties.

10. Training courses involved in research programs, demonstration projects, and special youth development programs should be financed solely with title I funds, or if title II funds are used their expenditure shoudl not be bound by the restrictions required for the usual training courses. This would permit maximum flexibility in these experimental projects.

Senator CLARK. In a couple of moments I will ask each of you to summarize, if you will, the basic points in those statements. We will probably proceed to some extent at least by colloquy back and forth and the effort is joint exploration of facts and we hope truth.

I think it would be helpful, if you are agreeable, if each of you would start from Mr. Little down across the line, and give us a quick 2- or 3-minute capsule statement of the status of unemployment in each of your States and in the broadest possible terms the economic situation, perhaps giving the current rate of unemployment in the geographical areas within the States where it appears to be concentrated, and the categories of population where unemployment seems to be concentrated.

I would also like a little statement, if you are willing to give it, as to the extent to which unemployment is affected by the educational level of the unemployed.

Mr. Little, it is my view that your State has the best educational system of any in the country and we would be much interested to know how that relates to unemployment and the other factors which I have just mentioned.

Would you be willing to start off on that basis?

If you gentlemen are not agreeable to this, just say so, it is still a free country.

Mr. Little, will you please proceed?

Other members of the subcommittee will be in and out from time to time; you have to get used to the rather chaotic senatorial situation about which I have commented on in the recent past.

STATEMENT OF PAUL LITTLE, CHIEF, DIVISION OF PUBLIC EMPLOYMENT OFFICES AND BENEFIT PAYMENTS, DEPARTMENT OF EMPLOYMENT, STATE OF CALIFORNIA, SACRAMENTO, CALIF.

Mr. LITTLE. Mr. Chairman, first of all, I understand that the number of copies of our prepared statement that we sent to you was not sufficient for your needs and if you will make known to me the number of copies you wish I can supplement the copies which I sent to you.

Senator CLARK. Thank you, sir. I will ask the staff to make that known to you.

Mr. LITTLE. Now, going specifically to your question, Mr. Chairman, if you have copies of the prepared statement before you I suggest that you look at table 3 in the appendix, and I have charted there—tabulated there—the unemployment rate on a comparative basis for our State as a whole and for the major metropolitan areas.

Do you have that before you, sir?

Senator CLARK. Yes, I do, and if you will give me just a minute to look at it perhaps we can curtail the extent of your verbal testimony.

Mr. LITTLE. All right.

You will note that we have indicated the unemployment rate for the Long Beach-Los Angeles-Orange County, San Francisco, Oakland, San Diego, San Jose, San Bernardino, Riverside, Sacramento, Fresno, and Stockton areas.

Senator CLARK. I am not as familiar as I would like to be with the geography of your State. Where are Fresno and Stockton?

Mr. LITTLE. Fresno is in the lower San Joaquin Valley. It is just above the mountainous divide, the range between the Los Angeles area and the lower end of the San Joaquin Valley.

Senator CLARK. Would that be south of Sacramento?

Mr. LITTLE. Yes, about 185 miles south of Sacramento.

Senator CLARK. In the same valley, more or less?

Mr. LITTLE. In the southern end of the interior valleys, Senator.

Now, this tabulation will——

Senator CLARK. Excuse me just a minute. That was Stockton?

Mr. LITTLE. Fresno.

Senator CLARK. Where is Stockton?

Mr. LITTLE. Stockton is about 45 miles south of Sacramento in the same interior valley area.

Senator CLARK. I am afraid we will have to take a recess for about 2 minutes. I have a long distance call I have to take.

(Discussion off the record.)

Senator CLARK. Back on the record.

I apologize for the interruption, Mr. Little. Will you go right ahead now?

I think I have the figures from your table 3 reasonably well in mind.

Do you have any more recent figures to the end of 1962?

Mr. LITTLE. Yes. The State totals in table C——

Senator CLARK. In the appendix?

Mr. LITTLE. In the appendix you will note we have projected our work force in table C through 1963, from 6,750,000.

Senator CLARK. Yes.

Mr. LITTLE. Now, if I may, Mr. Chairman, I would like to give you a brief thumbnail sketch of what table 3 means.

Senator CLARK. Before you do that, can you correlate table C with table 3 and give me the percentage of the labor force or force unemployed, not necessarily by districts but for the whole State, as of your most recent figure?

Mr. LITTLE. About 6.1 percent unemployment as of now.

Senator CLARK. Thank you, sir.

Now, then, go ahead.

Mr. LITTLE. Now, what table 3 says, Mr. Chairman, is that we have high rates of unemployment in three of our major areas—Fresno and Stockton, which are these interior valley cities. Their unemployment rates are influenced by the heavy weight of seasonality related to agriculture and food processing. Then the high unemployment rate in San Diego is influenced by the influx of retired military personnel and by the very great sensitivity of that economy to defense spending.

Senator CLARK. Wait a minute, retired military personnel would not be included in the unemployed, would they?

Mr. LITTLE. They are when they enter the labor market, and many of them are active participants in the labor market. There are very large military installations in that area.

Senator CLARK. So many of the retired military are nonetheless looking for jobs which they cannot find.

Mr. LITTLE. Very actively.

Now, what table 3 is saying to us is that certainly our economy is growing in California, but in the growth we are experiencing persistent rates of unemployment in certain areas. In section 2 of the prepared statement we have attempted to give you brief profiles of the impact of that unemployment in California.

Now, one of the major sections of the profile descriptions is the section on youth, and going to your point, Mr. Chairman, on the impact of our educational system in California, I would refer you to the prepared statement which show the holding power of our schools with respect to the youth, and particularly the table which traces the holding power of our schools from 1953 through 1962. You will note a general improvement in the holding power from a percent of holding of 7 percent in 1953 of eighth grade students in the high schools to an 82 percent holding power in 1962.

Senator CLARK. To convert that in other terms, the dropout rate between the 8th and 12th grades has decreased from 29.5 percent to 18 percent?

Mr. LITTLE. No, this table doesn't directly describe but it is an indication that the dropout rate has decreased because more youngsters have stayed in school through the 12th grade.

California's dropout rate is substantially lower in percent than is that of the Nation as a whole, however, as I point out in the first section of the report, over two-thirds of our population increase, which in rate is well over double that of the Nation as a whole and projected rate of increase through 1980 will continue well over double that of the Nation as a whole—two-thirds of that increase is from immigration.

Now, many of the inmigrants are of school age and we experience a heavy dropout from that group.

Senator CLARK. Excuse me. Did I understand you to say that the inmigrants, the children of the inmigrants have a higher dropout rate than the children of the residents?

Mr. LITTLE. That is correct.

Senator CLARK. Do you have any explanation for that, Mr. Little?

Mr. LITTLE. It is the reorientation of the youngster from the educational system he comes from into our educational system.

Senator CLARK. Is there any racial pattern to the immigration?

Mr. LITTLE. Yes, there is; we would say the inmigration is heavily related with a racial pattern.

Senator CLARK. Would that be largely Spanish and Mexican inmigration?

Mr. LITTLE. And very heavily Negro.

Senator CLARK. Do you have any figures as to the percentage of the total work force which is (a) Mexican, Puerto Rican, Spanish origin and (b) Negro origin?

Mr. LITTLE. Yes, Mr. Chairman, we have given you those percentages and in total 17 percent of our total population in California can be considered racial or ethnic minorities and of that total 80 percent are Negro and people from Spanish descent.

Senator CLARK. Do you have—I think you do, do you not—a breakdown as between the Negroes and the Spanish descent?

You say those with Spanish surname are 9.7 percent, Negros 5.6 percent.

Mr. LITTLE. That is right.

Senator CLARK. That's right. And then the other nonwhites, 2.4 percent, total 17 percent of the total population.

Mr. LITTLE. That is right.

Senator CLARK. I get it. Thank you.

Mr. LITTLE. Now, to return to your interest in the educational system. We do feel we have a fine high school and junior college system and a fine vocational education system in California. However, one of the proposals that we are making is that if the purpose of vocational education is to prepare people for specific job opportunities—if that is truly the purpose—then we feel that there must be an expansion and improvement of that system to gear itself to job needs, current job needs in our shifting occupational patterns and technologies, and we need to make that improvement in California. We are all aware of this need, both our educational leaders and ourselves. Furthermore, we feel that the process of job orientation could well start in the elementary grades.

Senator CLARK. Mr. Little, is that a pretty good place to stop your preliminary?

Mr. LITTLE. Yes, fine.

Senator CLARK. Now, Mr. Harding, can we hear from you. My recollection is that Utah has the highest percentage of young people going to college of any State in the Union and therefore you and Mr. Little, if I am right, would be examples, I should think, of a superior State educational system.

Tell me if I am wrong.

STATEMENT OF CURTIS P. HARDING, ADMINISTRATOR, UTAH DEPARTMENT OF EMPLOYMENT SECURITY, SALT LAKE CITY, UTAH

Mr. HARDING. Let us say we are complimented. We do have a very good record of school attendance in the State of Utah, I think probably the highest in the Nation.

What specifically did you want me to comment on, Senator?

Senator CLARK. I would like to have first your most current figures on the percentage of the unemployed, of the labor force which is unemployed in Utah broken down into major or geographical units; secondly, some comment on the problem of school dropouts with particular reference to the educational level of those who are unemployed and looking for work in Utah.

Mr. HARDING. It is my understanding that you are going to adjourn in a few minutes. I did not bring that information with me.

Suppose I defer that and then I will obtain that information and give it to you a little later on in the day.

(The information referred to follows:)

TABLE 42.—*Insured unemployment rate in Utah by industry, week ending June 1, 1963*

	Percent		*Percent*
Mining	4.3	Finance	1.7
Construction	6.0	Service	2.8
Manufacturing	2.9	Federal employment	1.2
Utilities	1.2	Overall rate	2.67
Wholesale trade	1.8	Seasonally adjusted	3.3
Retail trade	2.8		

Senator CLARK. Would you like to make a general comment on the nature of unemployment in Utah?

Mr. HARDING. Generally speaking, we are probably one of the more fortunate States.

The unemployment experience we have had in the last 2 or 3 years has not been severe; it has been, oh, in the neighborhood of 2½ to 4½ percent, an average during the year of a 4 percent unemployment rate.

We have the situation of having very, very low unemployment in some sections of the State. For example, the Salt Lake area insured unemployment rate is 1.97 percent and unfortunately in other sections, primarily the area of coal producing, Carbon County areas, we have high unemployment, the insured unemployment rate being 8.5 percent.

Senator CLARK. What part of the State is that, geographically?

Mr. HARDING. That is in the central-eastern part of the State.

Senator CLARK. Is the coal industry in a depressed condition?

Mr. HARDING. We are producing as much coal as we have produced in the past, as far as total production is concerned, but it is being produced primarily in captive mines and the unemployment that has been

created in the last couple of years has been running all the way from 11 percent up to 20 percent in this industry in this area.

Senator CLARK. Is it being increasingly automated?

Mr. HARDING. Yes, it is being increasingly automated and we expect a considerable number of additional individuals to lose employment by the end of this year as a result of primarily mechanization of the coal mines.

Senator CLARK. There is a relatively small percentage of Utah population in the minority group?

Mr. HARDING. Very small. In fact, we don't have a racial problem in the State of Utah.

Senator CLARK. Would you say that your unemployment is more urban or rural, or not, or is that not a fact?

Mr. HARDING. We have always had unemployment problems in our outlying agricultural areas that have been in existence for many, many years and they continue to be problems.

We also have another surplus labor market area in and around Utah County where Geneva Steel operates.

That unemployment problem there continues to exist because of the low production of steel throughout the United States, and, of course, are part of it.

We have a continuing unemployment problem in that area because the people, of course, are not able to get back into the regular jobs in steel production.

Senator CLARK. Thank you, sir. Unless you have something to add I think that gives me the preliminary statement.

Now, Mr. McHenry, we have a sad case in Pennsylvania and I am going to let you alone and let you say whatever you want about it because I think I know a little about it.

STATEMENT OF N. JOHN P. McHENRY, DIRECTOR OF REPORTS, METHODS AND PLANNING, PENNSYLVANIA BUREAU OF EMPLOYMENT SECURITY, HARRISBURG, PA.

Mr. MCHENRY. Well, Mr. Chairman, there is a statement included in our prepared statement which indicates that Pennsylvania has traditionally had a high unemployment rate; however, I am very happy to say that as of May 15, our unemployment in Pennsylvania dropped below 300,000, the best May since 1957.

However, we still have 297,000 unemployed in Pennsylvania, which is a rate of 6.5 percent.

Senator CLARK. Which varies, of course, enormously geographically.

Mr. MCHENRY. It varies enormously geographically, although unemployment in Pennsylvania is widespread. Some 49 out of our 67 counties are classified as areas of substantial unemployment.

Senator CLARK. What was the highest labor market rate of recent figures? I suppose it was down around Uniontown, was it not?

Mr. MCHENRY. Within the last year or two the unemployment rate in the Uniontown-Connellsville, has come very close to 25 percent.

Senator CLARK. That is the highest in the State, is it not?

Mr. MCHENRY. That is right, sir.

As of the middle of April, the unemployment rate at that point had dropped to 14.9.

Senator CLARK. It is still the highest in the State?

Mr. McHENRY. Still the highest in the State and I might point out almost three times the national rate.

Senator CLARK. Now, my recollection is that Lancaster County ranges below the national average, do you have the recent figures for that labor market?

Mr. McHENRY. Lancaster, the rate as of April 1963 was 2.9; Harrisburg, 4.1——

Senator CLARK. That is fine. Thank you.

Now, unemployment is heavily concentrated in minority groups, is it not?

Mr. McHENRY. That is right, Mr. Chairman; and not only in minority groups but in the two metropolitan areas of Philadelphia and Pittsburgh, actually these two metropolitan areas make up almost half of our insured unemployed.

Senator CLARK. I think they make up somewhere in the vicinity of 75 percent of the minority groups, do they not?

Mr. McHENRY. That is right, and further than that, educationwise our insured unemployed are almost 40 percent below the high school level, so this presents Pennsylvania with a very serious educational problem which certainly has influence on the unemployment problem.

Senator CLARK. Generally speaking, we have a pretty high school dropout rate with reference to the national average, do we not, or are these figures available? I think those figures are available.

Mr. McHENRY. I do not have those figures available but I would believe that is the case.

Senator CLARK. My recollection is that we are below the national average in the percentage of high school graduates that go on for further training, is that not also correct?

Mr. McHENRY. I believe that is true.

Senator CLARK. Anything else you would like to add, Mr. McHenry?

Mr. McHENRY. Well, we feel that one of the most significant acts that has been passed in recent years is the Manpower Development and Training Act and our testimony is largely devoted to that act.

Senator CLARK. We look forward to hearing that later.

Mr. McHENRY. We feel that the unemployment problem has been described so many times for the State of Pennsylvania that further description would be repetitious.

Senator CLARK. I think that is right; I just want to be sure for the benefit of my colleagues that we had adequate documentation.

I think with your statement in the record and what you have just said, we do have that without laboring the problem further. Thank you, sir.

Mr. Gibbons.

STATEMENT OF JOSEPH GIBBONS, STATE EMPLOYMENT SERVICE, HARTFORD, CONN.

Mr. GIBBONS. Mr. Chairman, I address my statement to administrative problems in the effort of the Employment Service to deal with the manpower problems of the Nation but addressing myself to your present interest I can say that similar to Pennsylvania, Connecticut, while its current unemployment is much improved over the past few years, insured unemployment is running about 25,000, total unem-

ployment would be about 40,000; this would be only a little more than 4 percent of the work force.

Senator CLARK. Do you have pockets of greater unemployment?

Mr. GIBBONS. Yes, we do, sir.

As in Pennsylvania, the four major cities in the State—New Haven, Waterbury, Bridgeport and Hartford—account for at least half of the unemployment of the entire State.

Of course, Connecticut is a small State, and the other labor market areas in the State are quite small.

However, again, unemployment in those areas is heavily concentrated among minority groups, most of them Negro, but some Puerto Ricans.

Senator CLARK. What percentage of your total labor force would you say was Negro or Puerto Rican?

Mr. GIBBONS. I cannot give you that figure now, sir, although it probably could be obtained.

Senator CLARK. It would be interesting to have it if you could get it without too much trouble.

You have a general understanding, I am sure, of the nationwide picture. Would you say that the portion of the labor force in Connecticut which consists of minority groups was above or below the national average? If you do not know you can find out later.

Mr. GIBBONS. In numbers, sir?

Senator CLARK. Percentage.

Mr. GIBBONS. No, sir. I cannot give you that figure.

Senator CLARK. My own curbstone, which is probably worth very little, is that you probably have fewer Negroes and fewer Puerto Ricans than the national average, but I would not be sure of that.

Mr. GIBBONS. No, I think not, not than the national—well, yes, sir; I think you are right.

Senator CLARK. And probably less than most, if not all of the States south of you along the Atlantic seaboard.

Mr. GIBBONS. Yes, I think that is correct, also, sir.

Senator CLARK. Do you have a serious dropout problem.

Mr. GIBBONS. Yes, and it is among these minority groups largely.

Senator CLARK. Do you happen to know how your percentage of high school graduates stands up with the rest of the country?

Mr. GIBBONS. Yes, it is much higher than the national average.

Senator CLARK. Does that about cover the preliminary statement?

Mr. GIBBONS. I would like to add this for your interest, Senator.

Connecticut has had a State vocational education program of high quality. In every area of the State there are splendid vocational educational facilities, and in applying the new Manpower Development and Training Act we have had considerable success.

However, we have found that the educational level of a large number of the unemployed with whom we are dealing is so low that they are screened out even for training purposes under the Manpower Development and Training Act.

Senator CLARK. You have had a good deal of relatively recent immigration; have you not?

Mr. GIBBONS. Yes; we have had, from the South and from Puerto Rico.

In Connecticut we feel that the training problem is somewhat more extensive than can even be handled under the present act and that it should go further with basic fundamental education.

Senator CLARK. We hope to get to that later.

Thank you, sir.

Mr. Bernstein.

STATEMENT OF SAMUEL BERNSTEIN, STATE EMPLOYMENT SERVICES, CHICAGO, ILL.

Mr. BERNSTEIN. I am employment security administrator from Illinois.

With respect to Illinois unemployment, we are relatively fortunate, if we compare ourselves to the national average. In the month of April we ran about 4 percent at a time when the seasonally adjusted figure for the United States was 5.7 percent.

Looking at those figures you would feel that Illinois was relatively well situated, but there are many factors that must be considered. One of the most important of these factors which has not been given sufficient attention, it seems to me, is the disturbing fact that our labor force itself has not grown as fast as that of the Nation as a whole.

Senator CLARK. That is true of Pennsylvania also; is it not?

Mr. MCHENRY. Yes.

Senator CLARK. How about Connecticut?

Mr. GIBBONS. The work force has grown, sir, but at a much slower rate than in earlier years.

Senator CLARK. And in California it has grown substantially?

Mr. LITTLE. Grown substantially.

Senator CLARK. How about Utah?

Mr. HARDING. Growing substantially.

Senator CLARK. Do you have a good deal of immigration in Utah?

Mr. HARDING. In the last 2 years we have had a sizable increase in the total work force; we have a changing trend thus far this year wherein our work force has grown. Well, in figures, May this year with May last year, our work force is 3,000 ahead of our job opportunities, so we are experiencing a problem of our work force expanding more rapidly than our job opportunities, which is a trend that has set in this year.

Senator CLARK. I have just gotten word that I am needed at the Banking and Currency Committee. I hope I do not have to stay too long. Could you gentlemen sit tight until I can get word back? I apologize for this; it is some indication of the way we organize ourselves.

The subcommittee will stand in recess subject to call by the Chair.

(Whereupon, at 10:40 a.m., the subcommittee recessed, and reconvened at 11 a.m.)

Senator CLARK. Gentlemen, I have been reprieved, at least for a period, I do not know how long. I think we can make some further progress.

Mr. Bernstein, had you completed?

Mr. BERNSTEIN. I would be happy to complete.

In addition to the concern we have that our labor force has not kept pace with the national average, we do have as you have had in Penn-

sylvania, an area in the Southern part of Illinois, consisting of some 25 counties which has been plagued with the problems of severe unemployment. The reasons are similar to those encountered in Pennsylvania: abandonment of coal mines which have become exhausted or uneconomical to operate.

In addition, of course, we have had a tremendous amount of automation in our productive mines and this has also displaced a great many workers. The result is that we have counties in southern Illinois where the unemployment rate runs as high as 20 or 25 percent.

However, we also have areas in the city of Chicago that run as high as 50 percent unemployed, if you were to take a block by block survey in the south side of Chicago. The labor force in these areas consists of almost 100 percent minority groups—I am talking about the Negro—and unemployment here will be found to be as high as 50 percent.

Senator CLARK. How is it for Cook County as a whole, sir?

Mr. BERNSTEIN. The Chicago metropolitan statistical area consists of six northeastern Illinois counties. One of these is Cook County, which contains about 90 percent of the employment in this area. The unempolyment rate for the Chicago metropolitan area in April was 3.9 percent compared with 4 percent for the State as a whole.

We are talking about pockets of unemployment and the reasons for such unemployment.

We know that in the city of Chicago we've had a problem of heavy migration from the South, and this, in turn, has brought us other problems. For example, the Chicago Board of Education reports that of all the grade school children in its remedial classes, 24 percent are youngsters from families that have migrated from Mississippi.

Senator CLARK. From one State?

Mr. BERNSTEIN. From one State, Mississippi. Another 11 percent have come from other Southern States. In other words, more than one-third of all the children in remedial classes in Chicago public schools have come to this city from Southern States during the last few years. This is a startling fact. These are children of school age who have come to Illinois with practically no education worthy of the name. As a result, we have had, among the minority groups especially, a very serious problem of lack of education.

We certainly have the problem of discrimination. We have all the disadvantages that you can imagine which inure to a culturally and economically deprived group. As a result, we have on the South Side of Chicago a rate of unemployment that staggers the imagination and really epitomizes what Dr. Conant meant when he said we have "social dynamite" on our hands. We are definitely sitting on such "social dynamite" in the city of Chicago and I imagine a close observation of Philadelphia, Detroit, New York, and other large cities will reveal a very similar, dangerous situation.

Senator CLARK. How about your educational system?

Mr. BERNSTEIN. Our educational system, particularly as it deals with vocational training, leaves much to be desired.

I believe the situation in Illinois is typical of most States in this respect. We are still operating on the basis of the old Smith-Hughes and Barden Acts concepts which have never been brought up to date. The theory here seems to be that if you train girls in home economics, and if you train boys primarily in agriculture, you have gone a long way toward solving your vocational educational problem. This, of

course, is completely untrue, because we know that of those students who are now being given agricultural vocational training in schools in Illinois, fewer than 1 in 10 will be able to find a farm job after he gets out. If there ever was an area which has had tremendous shrinkage in its need of workers because of automation, that area is agriculture. Nevertheless, right now—when employment opportunities in this field are dwindling each day—we have the greatest number of students enrolled in agricultural vocation education courses in the history of our State.

Now, it seems to me there must be some radical reorientation in the approach to these things. Mr. Gibbons pointed out the problem of lack of education among those that we want to train. We agree wholeheartedly on the need to do something about this problem, for we find that too large a number of the so-called hard core unemployed and of the youth, are not at a point where they are functionally literate, where they can actually be trained. The result is that we have this mass problem, this urgent need which I assume we will discuss later, to provide literacy training for these people so that they may eventually be qualified for training.

Senator CLARK. One more question, Mr. Bernstein: How about the percentage of your high school graduates that go on to college?

Mr. BERNSTEIN. On the whole, about the same as the national average, is our guess. In the city of Chicago, I am told that about 55 percent of our high school graduates go on to some post high school training—either college or trade or business school. About 50 of this 55 percent are headed for college.

One of our major problems, I believe, is that too much of our present system of education is aimed at the person who is going to college, despite the fact that only about half of our graduates actually do so.

Why should we have a system which assumes that the great majority of our high school graduates will go to college when this is not the case?

We have to detect early enough those who are not going to go on to college and do something about them.

Senator CLARK. Thank you very much.

Now, let us try to go back and start again with California and come down the line and I am going to ask each of you gentlemen to make an earnest effort to confine your remarks in summarizing what you have to tell us to 15 minutes each.

Do not be too cynical about nobody reading your prepared statements, they will be read and studied and what you have in them will be brought to the attention of all of the members of the subcommittee; if I do say so, we have a pretty good staff, they are going to cull all of the wisdom they can out of what you have to say.

I would like to make a couple of preliminary comments.

I think one of the areas in which the subcommittee would like guidance from you gentlemen is your relationship with the Federal Government's Employment Service, any change or improvements which you think are desirable in that relationship, either administratively or financially. Then I would like to get your thinking about some rather radical testimony which has been adduced before the subcommittee in the hearings so far to the effect that we are confronted with an entirely new problem in unemployment during the last few years due to that combination of the computer with the normal impact

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of automation which some of the witnesses have given the rather wierd name of "cybernation" to.

These witnesses come up with a conclusion that the unemployment situation is almost certainly going to get substantially worse in the decade of the sixties and that we are just not going to be able to find jobs for everybody who wants them within our present rewards system in which an individual has to work to get pay.

This is startling to some of us on the committee, it is pretty radical and maybe does not make any sense at all. I certainly do not intend to endorse the testimony we have heard, but I think it would be interesting to know as you move ahead whether your own view as to the employment prospects in your particular States is optimistic or pessimistic, and what specific remedies, if any, you think the Congress could provide to improve the situation.

Mr. Little, will you lead off?

Mr. LITTLE. Yes; I would like to summarize a number of specific points where we feel that labor market policy must accompany economic growth if we are to solve some of these difficult problems of unemployment in California and in the Nation.

First, we want to urge consideration of making further progress in solving the problems of mobility of labor. We feel that we must seek more efficient means to break down geographical barriers.

Nationwide we put out a biweekly job inventory and this will show always close to 20,000 jobs which are going begging. This is a tragic waste to have jobs going begging for lack of qualified workers.

Senator CLARK. Let me interrupt you, Mr. Little, and call Mr. McHenry's attention to some testimony we had from Pennsylvania witnesses when we were considering the Manpower Development and Training Act.

There was a great reluctance in certain areas in my State to approve anything which would increase the mobility of labor because of a philosophy that we should bring the job to the worker instead of the worker to the job.

Do you run into any of that in California?

Mr. LITTLE. We run into some of that, but our view would be that where there is an established demand for workers and particularly in the field of professional, scientific, and technical workers, that the lack of qualified workers to fill those jobs can be a very tragic thing both to the economy and also from the standpoint of the worker himself.

Mr. CLARK. That type of worker would, in the ordinary course, would he not, be able to move himself and his family to a new job without governmental assistance?

Mr. LITTLE. Well, we find in many, many instances to the contrary, particularly when the move indicated is maybe 1,500 or 2,000 miles distant.

Senator CLARK. Those on the whole, though, would be relatively highly paid jobs, would they not?

Mr. LITTLE. Relatively, but then the costs of relocating workers of that kind are also very high.

Senator CLARK. Would you advocate some type of loan or grant or subsidy to enable labor to become more mobile?

Mr. LITTLE. Yes; we are specifically advocating that; we call it

relocating allowances; it has many other names. But we advocate that, and we advocate also a very great improvement in our system of communicating very quickly the labor supply and demand information so that these demands can be met much more quickly.

Senator CLARK. Is this what we sometimes call an early warning system?

Mr. LITTLE. No; but I will cover a recommendation on this in a few moments.

Senator CLARK. That is the reverse of it?

Mr. LITTLE. Perhaps it could be described that way.

Now, the second labor market policy which we would suggest for your consideration is the expansion of our job counseling and information services. As our markets become far more complex and our patterns of jobs shift, the need for job guidance, particularly in the younger group and the older segment of our work force, is increasing. There is great confusion on the part of our workers with respect to their vocational choices in this growing technology and we feel that the guidance services of the employment service must be greatly expanded to meet the needs of our work force otherwise. Without these services many of our services are just floundering in a morass of confusion with respect to the shifting job patterns in our new technology.

Senator CLARK. How do you coordinate that in California with the guidance and counseling inside your school system?

Mr. LITTLE. We have coordinated arrangements with over 70 percent of California's 800 secondary schools, where, with the arrangements with the school administrators and their counseling staff there is a joint counseling program with the schools beamed at early school leavers, and beamed at high school grduates.

Senator CLARK. Administratively, do you then have two categories of counselors, one within the employment service and the other within the educational system?

Mr. LITTLE. Our experience in California is this: The ability of our educational system to provide counselors is about one per 745 students. Therefore, school counselors generally only have time to take care of disciplinary and emotional problems of the youngsters.

Our role then, our division of labor with the schools in California is that we devote ourselves to the job counseling, the vocational choice part of guidance, and the school counselors devote their efforts to these special cases that involve home problems, emotional difficulties, and so on.

Senator CLARK. So you go right into the schools?

Mr. LITTLE. We go right into the schools, sir.

Senator CLARK. What is your average caseload?

Mr. LITTLE. I will give that to you so I do not take too much time in my statement, but I will give you that figure—it is in my prepared statement here.

Senator CLARK. Are you satisfied with it? Is it low enough?

Mr. LITTLE. The thing that we are not satisfied with is that our enrollments in California are going to increase in the decade of the sixties by 120 percent, and our resources in the public employment service to provide these guidance services are very meager indeed to meet this growing need.

Now, a third policy which we would urge consideration is the establishment of early warning systems.

We have pilot automation demonstration projects going on in California right now. We have one with the food processing industry, and the problem that we have with plant mergers, relocations, and displaced workers due to automation is that we have many services that we can offer to alleviate the distress and misery of those displacements but the thing is we do not hear about them in time, it is too late, our leadtime is too short. We urge very serious consideration to the establishment of early warning systems similar to the Kaiser plan similar to the UAW-American Motors plan, similar to the ILWU-Pacific Maritime Association plan, where months in advance and perhaps years in advance of those anticipated displacements, information is gathered and plans are made to alleviate problems of worker displacement.

In some cases, if we hear about this thing far enough in advance, we can place a large number of these displaced workers in other jobs in the economy.

Senator CLARK. Are you familiar with the Swedish system?

Mr. LITTLE. Yes; somewhat.

Senator CLARK. Do you think that would be adaptable to our country?

Mr. LITTLE. Well, as I recollect, that system is very heavily controlled by the Central Government and in our present system I do not know that it can be adapted across the board.

I believe that we can achieve an early warning system by a more cooperative arrangement between labor, management, and government at the local level than is true in the Swedish system.

Senator CLARK. I do not want to comment extensively on the Swedish system yet but you know, they have more free enterprise there. We are going to have some testimony on that later.

Mr. LITTLE. Fine.

Now, a fourth policy which we would want to urge consideration is the operation of the public employment service.

As you know, 30 years ago the mission in this country of the public employment service was one simply to operate a simple labor exchange.

Over the years, by State legislation and Federal legislation, this mission, this role has grown to the point that we are now heavily engaged in all services and all responsibilities dealing with the development and utilization of manpower.

Now, our problem is this: There have been some improvements in administrative resources in public employment service in the last few years, but we in California, for example, are returning in administrative resources available to our job placement service to World War II levels. The problem is that if we are to assume these new and additional roles and responsibilities in retraining and in job information service and job placement and skill surveys and all the rest, we must somehow relate our administrative resources to the growth of the labor force. I have in my prepared statement given you a table on that, Mr. Chairman, to illustrate that we hardly are keeping up with the growth of the needs for these services with respect to our administrative resources and we urge consideration to reexamine the role of the public employment service and then make provision for that

service to meet the legislative mandates that are being heaped upon it both by State and Federal legislation in recent years, sir.

Now, another point that has to do with retraining. I am just going to make seven very brief comments on retraining, Senator.

We urge immediate consideration for the removal of the 5-percent restriction on youth allowances under Manpower Development and Training Act. We need to expend by reason of growth of our youth work force from 15 to 20 percent of our allowances to meet their need and get at the basic problems of hard core unemployment in their segment of our labor force.

Senator CLARK. You know why we put that in? It was because the program was not as comprehensive as some of us would like to see. The labor unions were afraid the kids would get all of the money.

I agree with you.

Mr. LITTLE. Secondly, we feel, and I underscore Sam Bernstein's point, that Manpower Development and Training Act must provide for preemployment basic literacy training.

We find that we are obliged to screen out on occasion 1 out of 10 of our potential trainees, our applicants for Manpower Development and Training Act, both young and old. We are obliged to screen them out because of their lack of basic literacy training but not by reason of the fact that they lack potential qualifications to succeed, and we would urge——

Senator CLARK. Would you be optimistic that that would be a successful program?

Mr. LITTLE. Very successful, as a matter of fact, we are proceeding on that basis in our California educational system, regardless of what Manpower Development and Training Act does, but Manpower Development and Training Act, covering that base, could be of very great assistance to us.

Senator CLARK. That again would be directed largely, would it not, to minority groups?

Mr. LITTLE. Very largely.

Third, we urge the addition of relocation allowances to the Manpower Development and Training Act. We have transportation allowances now, we need relocation allowances, and that relates to my comment on mobility of labor.

Fourth, we——

Senator CLARK. Let me ask you one thing: I will ask Mr. McHenry to think about this—

We found in Pennsylvania that one of the greatest deterrents to mobility has been the inability of the worker to sell his home, usually mortgaged, and he does not dare leave with the home unsold.

Is this a problem with you at all?

Mr. LITTLE. I would say that our problem would not be as acute as you have described in Pennsylvania in that regard.

Fourth, we urge the reexamination of the head of household rule in the Manpower Development and Training Act. We feel that there are many important single self-supporting individuals that need this assistance and have a very important contribution to make to our economy, Senator.

Senator CLARK. Largely male, or some female?

Mr. LITTLE. Male and female. On that question, I respectfully direct your attention later to testimony in my prepared statement with

respect to the employment of women in California, a very important factor in our work force.

Fifth, we suggest examination toward providing financial incentives through the Manpower Development and Training Act to employers who are contemplating establishing apprenticeship programs in their establishments.

Senator CLARK. Does that tie in at all with the problem which seems to be much under discussion right now of the credit systems within labor unions, particularly the building trades?

Mr. LITTLE. It does, indeed.

Senator CLARK. So in that area you would look as much to the labor union as you would to the employer, would you not?

Mr. LITTLE. We certainly would.

Now, sixth, and this perhaps is one of our most immediate problems, sir, we request that the Manpower Development and Training Act be made a permanent statute.

It is too bad for this country that the Manpower Development and Training Act did not start 10 years ago, if it did, we would have much less of an unemployment problem to talk about today than we are talking about.

Senator CLARK. See, we had those 8 wasted years.

Mr. LITTLE. And secondly, if the Manpower Development and Training Act has to rock along on a very uncertain financial support, it is not going to make the solid progress it is capable of making, and we urge your consideration to establish the Manpower Development and Training Act under 100 percent Federal financing.

Senator CLARK. Wait a minute on that.

Why cannot a rich State like California make the grants which the Manpower Development and Training Act is presently calling for?

Mr. LITTLE. Well, in the first place, Mr. Chairman, I have already commented that two-thirds of our population and labor force increase is influenced by in-migration.

Much of the Manpower Development and Training Act work that we are doing is interstate in character and relates to the problems of other States. We feel that the Manpower Development and Training Act will get off on a much sounder footing if for its initial stages it is 100 percent federally financed and its problems can be regarded as interstate in character rather than a series of little provincial problems throughout the country. Perhaps in a decade of experience we can then look to the possibility of matched funding.

Senator CLARK. I am sorry, I have again got the fireworks on me. I hope this will not take too long. I am needed for a live quorum.

(Whereupon, the subcommittee recessed at 11:28 to reconvene at 11:38 the same day.)

Senator CLARK. Gentlemen, I think I am out of the woods this morning and if it is agreeable to you I would like to sit until 1 o'clock.

Do you want to proceed, Mr. Little?

Mr. LITTLE. Yes, I have three other points here.

The other suggestion we would like to make, Mr. Chairman, is that there be a reexamination of our vocational education system and we ask for an expansion of this system to be geared and influenced by current job information.

Senator CLARK. Do you get the impression that the system is some areas is obsolete in that we do not have the adequate training equipment for the jobs which are available, Mr. Little?

Mr. LITTLE. This is exactly what I am referring to, sir. Although we have a rather progressive system in California we have some gaps in our system that need correction along those lines.

Senator CLARK. What is your own thinking about the emphasis on home economics?

Mr. LITTLE. Well, my thinking on home economics is that this training should be related to the demand in the labor market for persons trained in that field.

Senator CLARK. In other words, you think if a girl is just going to be a housewife she can learn to open a can without being taught?

Mr. LITTLE. That is my feeling, yes.

Now, in this connection we are suggesting that a very much greater relationship be established between the public employment service and its job research, occupational research, job analysis, and labor market research information and that of the school system.

If there is a true merging of that then you are going to begin to get the kind of vocational education courses and training that are going to meet the demands of the job market.

Senator CLARK. What importance do you give to on-the-job training?

Mr. LITTLE. I hold that on-the-job training is a very critically needed training system and that it should be given every kind of encouragement that it possibly can be given.

Senator CLARK. Do you think the present provisions of the Manpower Development and Training Act with respect to on-the-job training are adequate, Mr. Little?

Mr. LITTLE. Frankly, sir, I am utterly confused with those provisions because, as they manifest themselves in the administrative and operational field, it is difficult to make the distinction between some of these so-called OJT courses and institutional courses and I could talk on that for an hour. I still am very much in favor of MDTA having a OJT provision in the act but I think this needs to be very greatly clarified so that it will merge more consistently with the needs.

Senator CLARK. It is pretty hard to work out an administrative setup which will take account of all the wide variety of on-the-job training and the particular idiosyncracies of the job to make it workable. I agree with you it is a weak part of the act, I am not sure I know how to fix it up.

Mr. LITTLE. We, in the Employment Service, would certainly like to work with you in that connection. There are some specific suggestions we have.

Now, all through my prepared statement, Mr. Chairman, I have referred to labor market information, job research, and all of that sort of thing, and I would urge the subcommittee to look forward to a great expansion of our labor market information services.

In this country and certainly in California we have got to know the facts about where we have been labor marketwise, where we are now and where we are going, because, sir, all these programs we are

talking about should be based on factual information that is systematically and continually gathered and analyzed.

Senator CLARK. Now, we have tried to provide for that in title I of Manpower Development and Training Act.

Mr. LITTLE. That is true.

Senator CLARK. It occurs to me, and I would like you to comment on this, that this is largely an administrative and not a legislative problem.

Mr. LITTLE. I would agree with that, sir. I agree with title I, the objections of title I, but I certainly am pointing out that these objectives should be very, very greatly implemented now. Now is the time that we need that kind of implementation.

Finally, I am going to make a brief comment on workmen's compensation, welfare programs, unemployment insurance programs, all of those things which go to the income maintenance.

I suggest that now we need a reexamination of the role of unemployment insurance. Unemployment insurance initially was beamed to take care of the short-term unemployed.

I suggest that now we need a reexamination because unemployment insurance gradually, through State legislation, is changing its role. In our own State, for example, we are paying retraining benefits under our Unemployment Insurance Act as they are in many other States, and we are also covering agricultural workers for disability insurance in our State. I suggest that now is the time we need to reappraise the basic role of unemployment insurance in solving the manpower problems we have today.

In this connection I suggest we take a look at coverage, I suggest we take a look at duration, I suggest we take a look at benefit allowances, the payment of retraining benefits, and I suggest we take a look at the means by which unemployment insurance can more adequately finance and fund the expanded role of unemployment insurance.

Senator CLARK. What would be the philosophy with which you take that look? I am curious to know whether these cybernation fellows have made an impact on you, their thought being that you have to make a payment whether you have a job or not.

Of course, we do to the extent of relief payment, but what would be the philosophy under which you take a look at all of this income maintenance stuff?

Mr. LITTLE. The philosophy would simply be this: that in our changing technology there are pockets and very important pockets of our work force that need extended assistance, income maintenance, assistance where they are making the transition from job displacement into being in a competitive position in the labor market.

Already we are passing extended duration laws that call for unemployment insurance to provide benefits to workers who have extended periods of unemployment.

Well, all I am suggesting, Mr. Chairman, is that either we say that unemployment insurance is to return to its traditional role of just taking care of the short term problem or, and we remove the patchwork that is occurring State after State in the various types of uses being made of unemployment insurance, or we study whether or not in today's market there is a new and expanded role for unemployment insurance to play to meet these hard-core unemployed problems.

Senator CLARK. Would your thought be that you have an indefinite duration of unemployment compensation?

Mr. LITTLE. This is certainly something that we ought to reappraise, because on a patchwork basis we are adding those kinds of provisions to our laws all over the country.

Senator CLARK. Thank you, sir.

Does that complete your statement?

Mr. LITTLE. That completes it, Mr. Chairman.

Senator CLARK. Mr. McHenry?

Mr. MCHENRY. Mr. Chairman, I think I might say that I am in full agreement with the statements made by Mr. Little. I would like to confine my remarks to the Manpower Development Act.

Pennsylvania supports the continuance, revision, and expansion of the manpower development and training program for longtime unemployment occasioned by various economic developments and shifts in our State labor markets. It continues to be a matter of grave concern in Pennsylvania.

As previously mentioned 49 of our 67 counties are currently plagued with persistent and consistent labor surplus.

I should like to comment briefly on the requirement of the Manpower Development Act of the State matching fund provision.

We feel that this provision should be reconsidered for the financial reserves of Pennsylvania, and I am sure of many other States, are already strained by the costs that we have borne in past, present and future projected training programs.

In Pennsylvania, for the past decade, we have operated a State program for the training of unemployed under section 2508.3 of our school law.

This State law allows full reimbursement to local school districts for funds expended in the training of unemployed workers and we feel that the present requirement of matching funds, if laid as an additional burden on States like Pennsylvania possibly other States who conduct these programs, would be inequitable, and we would suggest for the consideration of the committee the provision of credits for expenditures already made by States or being currently made by the States in operating other manpower training of the unemployed programs.

We also feel that the requirement, the reasonable expectation of employment which is embodied in the present act is too rigid, Senator.

Now, this might be both a legislative and an administrative problem. But we feel that job opportunities in the labor market which is so dynamic or subject to violent fluctuations—frequently, contracts are cancelled and shifts in labor market demand occur—very often employers are reluctant to provide the information, to publicize their expansion programs because of fear that advanced publicity might be of benefit to their competitors.

Very often, though existing jobs are not available, when these training programs start, very often they come into being or will come into being and are not satisfied because we were not aware of their existence.

Senator CLARK. What arguments would you make, Mr. McHenry, to the obpections to your recommendations which I know would be made by several of my colleagues to the right of me on both the subcommittee and the full committee, also on the floor, who will say that

the Federal Government is taking over everything and this is a violation of not only States rights but of States duties and obligations, to have the Federal Government waive the matching funds—well, let me stop on that.

Mr. McHENRY. Sir, I am not suggesting that it be waived and the Federal Government finance this program 100 percent, although—that I am sure we would be very happy to the Legislature of the State of Pennsylvania.

Senator CLARK. You are not in complete accord with Mr. Little, then, Mr. McHenry?

Mr. McHENRY. Well, we would not object to 100 percent Federal funds, but I am suggesting, in the interest of equity, that those States which are expending considerable amounts of money in State programs for the training of unemployed—that these expenditures be considered as a match to Federal expenditures.

In other words, in Pennsylvania this year, we will expend approximately a half a million dollars in State programs. We would like to have that expenditure credited to our account; this matching fund.

Senator CLARK. The other argument which we will have to rebut is that when you train people for jobs which are not reasonably currently available you are engaging in a vast boondoggle in which people are encouraged to be paid for doing nothing. It is the old argument which goes back to the WPA days of leaf raking. There seems to be an almost built-in psychosis in this country that you must not ever let the Government get into paying somebody to do something which is not clearly and immediately useful. I do not know how weak that argument is myself.

Mr. McHENRY. Of course, in that situation, under the administrative setups that exist now, the requirements that are established, we have to have in effect almost a current job opening before we can receive approval to initiate training which may take 6, 8, 9, or 12 months.

Senator CLARK. Well the Congress looks, and therefore the Department of Labor must look, at statistics indicating how many of these retrained individuals have been placed in jobs and the success or failure of the act may well depend on whether we can show a very heavy percentage of individuals placed. In other words, there is a kind of built-in objection to a social welfare program. I deplore it but it is there and we must face it.

Mr. McHENRY. On the other hand, Mr. Chairman, I have been talking recently to the regional industrial development people in the Pittsburgh area and they maintain that the lack of trained electronic technicians—of a supply of electronic technicians—is hampering their effort to attract aerospace industries to the Pittsburgh area.

Senator CLARK. There is no doubt about it.

Mr. McHENRY. And yet, since we cannot understand this reasonable expectation of employment requirement to come up with specific demands by Pittsburgh industries, we cannot initiate training programs.

Senator CLARK. Well the answer to that would appear to be, maybe it is not a good answer, that that is the job of the junior college and the senior college.

Mr. McHENRY. That is right, sir.

Senator CLARK. And not for your agency?

Mr. McHENRY. It depends on whether or not you consider the Manpower Development Training Act to be merely concerned with the training of skilled and semiskilled workers. We think it is much broader in its implication and that we should be concerned with technical and professional classifications as well.

Senator CLARK. Do you happen to know why the employment agencies in the Pittsburgh area are fighting the USES in its effort to recruit electronics technicians?

Mr. McHENRY. No, I do not know offhand.

Senator CLARK. They are coming down here a little later and maybe we can find out. I thought maybe you might happen to know.

See, historically this act developed from strong sentiment for retraining adult unemployed workers. The typical case was the unemployed coal miner, but we were able to get in something to get youth a foot in the door. But always there was the search for potential ways of retraining an unemployed coal miner to a skill which would make him employable.

You may remember a program down in southwest Pennsylvania; they were going to train some people to go into the cleaning and dyeing industry. This then was the problem of whether we were retraining welders for jobs they could never get. Personally I agree with you but I just do not know how we are going to get away with it.

Mr. McHENRY. I know, as we talk to industrial development groups throughout the State, they all indicate to us that this requirement of reasonable expectation of employment as administered by the Federal Government, the requirements that they set up, that we have in essence statements by employers that they will hire so many trainees.

Senator CLARK. Usually a local employer, too?

Mr. McHENRY. That is right.

Senator CLARK. For example, if there were electronics opportunities on the west coast you would have some trouble, would you not, in meeting the administrative requirements in Pennsylvania for training electronics technicians so they could move to California?

Mr. McHENRY. Yes, this is one of the problems. For example, we wish to establish training courses for typists and stenographers, based on the known fact that there is a national shortage, and we were not able to initiate those unless we could come up with local demand figures which indicated reasonable expectation of employment in the locality.

Senator CLARK. Do you think that is wrong?

Mr. McHENRY. I think it could be broadened; I think that possibly, administratively the requirements are too rigid.

Senator CLARK. Do you think you might require the trainee to certify that they were prepared to leave home and take a job in an area where there was a shortage?

Mr. McHNRY. I think that where there is not local demand and the training courses being developed were either statewide or interstate that such a requirement should be certainly requested of the trainee.

In Pennsylvania we are attempting to develop statewide training programs under the Manpower Development and Training Act where the demand in any one locality is not of sufficient size, number, to justify the establishment of a training program.

Senator CLARK. We are rather unique in that we are rather a national microcosm in Pennsylvania where we have a lot of everything and not too much of a good deal.

This would not work out, for example, in the prairie States. The problem is how to work it out nationally.

Mr. McHENRY. We feel also that trainees are sometimes compelled to interrupt their training to accept temporary jobs because of hardships encountered in supporting their families for as long as 1 year on an allowance which in Pennsylvania is $34 a week.

We would suggest that consideration be given to increasing the adequacy of training allowances for heads of households, particularly those with large numbers of dependents.

In effect, what I am saying is that some consideration might be given to dependency allowances.

Senator CLARK. Of course, you run into the problem of costs there and the problems are certainly urgent these days, of course.

Mr. McHENRY. But on the other hand there is this problem, particularly in training courses of relatively long duration, where you are asking possibly a steelworker who had been making $120 or $140 to agree to enter a training course for up to 1 year and to maintain his family and himself on $34 a week.

Senator CLARK. I understand.

Mr. McHENRY. That is a problem.

Senator CLARK. Yes.

Mr. McHENRY. It also contributes, of course, to our dropout problem when employment opportunities open up.

We would also ask your consideration in liberalizing training allowances of those revisions which restrict payment allowances to heads of households only.

We know that particularly in the Pittsburgh area we have encountered the problem of ex-servicemen who are beyond the age of 21 that have not either obtained the required 3 years of work experience or do not qualify as heads of households.

Senator CLARK. This would be the same thing you spoke of, Mr. Little?

Mr. LITTLE. Exactly, yes.

Mr. McHENRY. We also would ask your consideration for the possibility of extension of the 52-week limitation for certain technical training programs.

Generally, the technician training programs in our colleges are of 2 years duration and for these specific occupations we would ask your consideration of the feasibility or advisability for particular types of technical, semiprofessional occupations of extension beyond 52 weeks.

Senator CLARK. There again you have the same built-in objection to the boondoggle for no clear purpose?

Mr. McHENRY. On the other hand, the requirement for certification of a medical technician requires 2 years of post graduate training, so that we cannot give an unemployed high school graduate more than half of the technical training that he would get to be certificated as a medical technician. This is spreading throughout the technician field.

Senator CLARK. The argument would be you have just got a lost generation. You have to pick up this skill while you are in school.

Mr. McHENRY. Of course, this is the problem in Pennsylvania where we have large numbers of high school graduates who are not able to finance themselves for 1 year of college training.

Senator CLARK. Yes, but one reason being because we have such an inferior junior college program.

Mr. MCHENRY. We would recommend extended youth counseling programs. While we are already engaged in training programs for youth with special problems, it is strongly urged that consideration be given for general vocational indoctrination of these groups; indoctrination in the form of basic courses which would not necessarily qualify a youth for a specific occupation but which would provide a sound foundation for occupational training in various fields.

For example, basic courses in electricity, chemistry, blueprint reading and safety practices. Under the present meaning of "reasonable expectation" we cannot give this training unless we give it in combination with training for a specific vocation.

Senator CLARK. Speaking from memory, I think we have that subject in mind in the adult education bill. Your thought would be that this would be an Employment Service responsibility?

Mr. MCHENRY. I think it could come under the umbrella of the Manpower Development and Training Act.

I might mention that the United Steelworkers in the McKeesport area proposed a type of training program which really had three basic parts; the first part was to raise the level of the steelworker to high school graduation, and secondly to give him this general vocational indoctrination, if you will, and then depending on their success in this to give them specific occupational vocational training, but you see, under reasonable expectation of employment we could not do this, because we could not meet the criteria.

This is a problem particularly in those metropolitan areas where you have people who may have some high school but lack even the basis for giving specific vocational training.

We would also recommend extended counseling programs for older workers and those with special problems. Even in the absence of the reasonable expectation of employment we think that the Manpower Development and Training Act could well provide literacy training and reading, writing, and arithmetic.

I might point out in Pennsylvania we are embarking on this type of program under the State training program for the unemployed.

We also would recommend—this again I do not know whether it is legislative or administrative—but in training courses involved in research and demonstration projects in a special youth program.

Senator CLARK. Excuse me a minute. Mr. Friedman, of our staff, has just handed me the provisions of the adult basic education title to the omnibus education bill which is presently being considered by the Subcommittee on Education of this committee.

I am also a member of that subcommittee. It might be worthwhile to read into the record section 621 which is the declaration of purpose:

> It is the purpose of this part to initiate programs of instruction for adults who are unable to read and write English and adults who have not completed the eighth grade of school, or achieved an equivalent level of education so as to help eliminate such inability and raise the level of education of such adults with a view to making them less likely to become dependent upon others and improving their ability to benefit from occupational training, and otherwise increasing their opportunities for more productive and profitable employment and making them better able to meet their adult responsibilities.

And then the part goes ahead with a grants-to-State provision and the usual provision for State plan and the usual provision for allotments.

That is pretty much what you are talking about, is it not?

Mr. McHENRY. That is true, except for—except there are no training allowances provided while this person is taking such training and, of course, they have to live.

Senator CLARK. There again, we get into the cost problem. Off the record.

(Discussion off the record.)

Senator CLARK. On the record.

Mr. McHenry, would you proceed?

Mr. McHENRY. We would also suggest that training courses involving research programs, demonstration projects, and special youth development programs be financed solely from title II funds.

Or if title II funds are used, that they should not be bound by the formal restrictions required for the usual training course. This would permit maximum flexibility in these experimental projects.

These are my summary conclusions and recommendations.

Senator CLARK. Thank you, Mr. McHenry.

Senator Javits has a matter he would like to raise with all of you.

Senator JAVITS. Gentlemen, forgive me for not being here, but we are fighting the civil rights struggle and my party detained me all morning, but I would like to thank you on the part of the minority for lending us your wisdom and your experience in coming here and helping in this critically important hearing in which Senator Clark is chairing so very ably, and which is so important to the country.

I had one specialized subject we—which I mentioned to the chairman, which we would like your views on if you could feel free to give it to us.

The whole question of the Federal support for the State employment and job security services coming into question, especially from the point of view of the very large appropriations which are involved.

That has been raised with me by my State and if we could perhaps have some observation from you as to how that works and the situation you find in that field and whether it is working adequately and appropriately and what the overhanging threats to it are, or anything you would care to observe on that.

Senator CLARK. Let's go from right to left on that. We will start with Mr. Bernstein.

Mr. BERNSTEIN. I would like to preface my reply to your inquiry, Senator, by indicating that the employment security program, as you know, is financed by grants from the Federal Government with no State matching funds whatsoever. That a system of collection of funds from which these expenses would be met has been provided through Federal legislation through a Federal tax upon employers, subject to the unemployment insurance provisions of the Internal Revenue Code, and that from this fund grants are made to the States for the costs of administration of their employment security programs as well as the costs of administration of the Federal agency.

Now, with respect to whether it has been working well, I would say that certainly it has worked as well as any federally financed program in which States are the recipients of a major portion of the finance.

Our relationships on the whole have been good with the Federal agencies. I would say, however, that the role of the employment security agencies in the field of manpower, its development and utilization, has constantly increased on the basis of mandates from the Congress of the United States and that implicit in the increase in that role is an increase in the costs of administration of the program.

Now, we have had several studies, Senator, made for various congressional committees which have evaluated the costs of the employment security programs in the United States, primarily as administered by the States. These cost studies indicate that our costs have not even kept pace with the normal increase in costs of operation of business, such things as rent and the normal increase in the costs of labor, so that all in all we feel that we can stand before anyone in support of the actual economic operation of the program.

Now, I believe that you are primarily concerned with the immediate attack which has been launched for the first time from agencies outside the Government, which stem from, shall I say, very selfish reasons.

The primary attack seems to have been incited by the private employment agencies. I can say as a matter of record that there is sufficient evidence to prove that this thing was centrally inspired, that it has been well directed and well financed.

The private employment agencies are in some cases regulated by the States; in some, poorly regulated, and in some not regulated at all.

Under the circumstances, I think that you have to evaluate their attack in light of their own personal axes which they have to grind. We have to keep in mind the Nation's basic manpower needs, the part we play in it, and, if you agree that our role should be as decided by Congress, then the answer to the private employment agencies' attack ought to be easily forthcoming.

I learned as late as this morning of many employers who have written in, in opposition to the position taken by the private employment agencies.

I know you need not look far in your own State for support of the employment security activity. Public or quasi-public agencies in your State, such as the YMCA, the Boys' Clubs, all of those agencies which are very immediately concerned with the kind of programs administered by the Employment Security Agency, will contend our program doesn't extend far enough.

Senator JAVITS. Do you feel that we can certainly sustain the position, the support by the Federal Government and that the amount of that support is, if anything, inadequate?

Mr. BERNSTEIN. That is correct.

Senator CLARK. Mr. Gibbons?

Mr. GIBBONS. Senator Javits, my own statement to the committee touches, perhaps, in a narrow way on this very subject.

I would like to say this, in answer to your broader question, and that is as early as 1938 the Congress of the United States, and each of the State legislatures by affirmative action, subscribed to the theory that this was a national economy, that we needed a national system of employment services taking advantage of the decentralization in-

volving State operations, but with a national policy and national procedures.

The act specifically provides for the interstate aspects of the operation of this service and for the services to special groups that such a service could provide.

It is true, as Mr. Bernstein points out, that the costs have increased; they have increased for two reasons: normal inflation, but also the growing awareness in this country of the special position of this service in the labor market and the good that it can do in the areas, the manpower areas of national concern.

This Agency can do much to correct conditions that affect our youth, our older workers, minority groups, and so on. They cannot do it, however, if they are not allowed to operate in the labor market as a bonafide labor exchange.

The arguments that have been presented to both the House and the Senate by private agencies that we should confine ourselves to the unemployed, that we should confine ourselves to lower occupational classifications, simply means that we will be inhibited in doing the very things that under the Manpower Development and Training Act, under the Youth Opportunity Act, under the many acts of the Congress itself, the agency is expected to do.

Now, all of these things do increase costs but they do not increase them in proportion to the good that is obtained.

I have become a little irritated by excessive fears of the Federal Government. The Federal Government is my Government and I am not afraid of it, and if you ask my opinion, it has been more responsive to the needs of the people than many of the State governments.

Senator JAVITS. Thank you very much.

Senator CLARK. Do you want to hear from the other witnesses?

Senator JAVITS. If they have anything else.

Senator CLARK. Mr. McHenry.

Mr. MCHENRY. Senator Javits, I would certainly agree with the statements already made. I think that basically the employment services are dealing with a national problem, unemployment is a national problem.

Certainly we need national guidance. However, I think one point which is most important that has been overlooked is that actually the U.S. Employment Service makes no placements as such and is merely a coordinating agency, that really the Federal Government is financing 48 or 50 independent State employment services who have the necessary latitude to adapt their organization and their operations to the particular State problems.

It may well be that some of the objections that have been raised are because employers, generally, are paying the administrative costs of the employment security program; and I know there is a feeling on the part of some that this program should be financed out of general funds, that we are dealing with a national problem, and that rather than a selected group of employers subject to the Federal act paying the whole figure, that it might be more equitable if the financing of these activities were from general funds.

Senator CLARK. You speak from a Pennsylvania point of view where our employers have been very heavily taxed and pressed to meet the unemployment compensation tax because of our heavy unemployment rate in Pennsylvania, is that not true?

Mr. McHENRY. That is true.

Senator CLARK. Mr. Harding?

Mr. HARDING. Addressing myself specifically to this question of financing, I agree that this Federal-State program has proved itself, it has worked quite satisfactorily, and I think it should be continued.

There has been quite an increase in the dollar cost, I don't know what percentage increase there has been; I think it would be well to compare a cost as a percentage of total payroll some years ago as compared to total payrolls at the present time which would reveal that the actual percentage increase hasn't been too great.

There has been a continuing need to expand and improve the services which we render to the communities which we serve.

In our State of Utah we are aware of the fact that there is going to be an ever-increasing complication with respect to employers finding workers and more so with respect to workers finding employment. If we are going to serve our communities in order to meet this No. 1 manpower problem we are going to have to have sufficient funds to expand and improve our operations so that we can give the individual assistance and guidance as it is needed. One thing we have determined is that this is an individual problem and if we are going to do the job as it should be done we are going to have to expand and improve our counseling and guidance services.

Senator CLARK. Mr. Little?

Mr. LITTLE. Just three brief points, Senator.

First: In our opinion the Federal-State system works well. There is enough latitude in the general policies of the U.S. Employment Service to permit us to design our programs, our manpower programs, to meet local needs.

We have found reasonable flexibility to adapt our programs and still operate effectively on programs which have an interstate character.

Secondly: The financing over the years has been capricious and inadequate. Only last year did we return to levels of financing which were comparable with our resources in World War II.

Now, what we think the system needs in that respect is more stabilized financing because you cannot turn these long-range manpower programs—going to the problems of youth, older workers, and other disadvantaged groups that need these kinds of services—you cannot turn them on and off like a water faucet and there must be some stability of financing.

Now, thirdly, both our State legislature and the Congress over in the past 20 to 25 years have added mandate after mandate that have added to the dimension and the role of the public employment service in California and in the Nation. And in each and every case an examination of this additional role shows that these are things that the public policy wants us to do because these are things heavily weighted in the public interest. In any consideration as to our role, both current and future, I think this must be noted. We may be charged with competitive operations, but those operations in the last analysis are operations under the umbrella of a public policy which asks us to do important work in manpower matters which are rooted in the public interest.

Those are the three points I wanted to make.

Senator JAVITS. Thank you very much, Mr. Little, and gentlemen; I appreciate your answers which will be helpful in connection with the argument on the appropriation.

I was going to ask you one thing with the Chair's permission, Mr. Little.

I browsed through your statement and I notice you have picked up one of my favorite causes and I wonder whether you have done any work on it.

That appears in your statement and relates to the transfer of pension rights, which I hope our subcommittee will consider very carefully.

Do you happen to know if anybody has done a study on that subject?

Mr. LITTLE. Yes; I do, Senator.

Senator JAVITS. You do?

Mr. LITTLE. In California we have an employment relations agency and that agency has two functions, one is the employment security function and the other is the industrial relations function.

Now, our department of industrial relations, which concerns itself with workmen's compensation, labor law enforcement, housing safety, and so on, has engaged in specific research, Senator, with respect to the whole problem of transferability of pensions. The results of that research have not yet been published, sir, but we are hopeful the results of that will be available very soon.

Our effort behind this is to find some means to encourage, to improve this whole area of transferability of pensions.

Senator JAVITS. Would you be good enough to furnish that to our subcommittee at the earliest time possible, Mr. Little?

Mr. LITTLE. I certainly will, Senator.

Senator JAVITS. I might say, Mr. Chairman, it is one of the real sticky points in this country and I hope we will be able to find some resource of a technical character to give us some light on it.

Senator CLARK. I wonder if underlying your answers to Senator Javits' question, and indeed, much of your testimony this morning, is not a feeling that the fiscal resources of our several States are presently stretched about as far as your local legislatures and local taxpayers are prepared to stretch them and that, accordingly, if there is to be any improvement in the employment service in your States, at the time—at the extent that it will require larger sums of money that money can probably only come from the Federal Government.

I would just like, I think, because of the time limitation to ask for a yes or no answer to that.

How about it, Mr. Little?

Mr. LITTLE. Well, actually all of our money for the operation of the public employment service in California comes from the Federal Government now.

Senator CLARK. I know, but there have been some comments here about eliminating the matching provisions of the Manpower Development and Training Act. This is what you have said about the question whether the States should take over part of this responsibility. With that additional statement how would you reply? Do you think California, in other words, could be induced to put a measurable amount of money into the employment service if the Federal Government would back away from it?

Mr. LITTLE. I doubt it.

Senator CLARK. Mr. Harding. You are perhaps more rugged individualists.

Mr. HARDING. I don't know what our State legislature would do. It seems to me that the present method of financing should be continued.

Senator CLARK. Have you had in Utah, since World War II, a substantial expansion of State and local debt and an increase in State and local debts?

Mr. HARDING. We have a very serious financial problem; we are having considerable difficulty in raising sufficient revenue to meet our State needs.

It is one of the most serious problems and it is becoming increasingly difficult as each legislature meets; you are right.

Senator CLARK. Mr. McHenry, you don't have to tell me and I don't have to tell you.

Mr. MCHENRY. Certainly the finances of Pennsylvania have been stretched very thin. Just within the past few days the State legislature passed and the Governor signed a 5-percent sales tax which is the highest in the country.

Pennsylvania employers are paying an average of 3.3 percent unemployment compensation taxes, which is one of the highest, if not the highest, rates in the country——

Senator CLARK. We tax corporations fairly heavy, too; don't we?

Mr. MCHENRY. Taxes on corporations are rather heavy. We have bolstered our unemployment compensation fund, we owe the Federal Government because of TUC and advances to our fund of some $192 million, and we are presently debating the taxes on liquor to meet State obligations.

Under these conditions it seems hard for anyone to say that the State of Pennsylvania has money to advance to expand the State employment service.

Senator CLARK. Mr. Gibbons?

Mr. GIBBONS. I think I can subscribe to that, generally. Connecticut, as most other States, have found it necessary to provide additional services for their citizens and to expand other services in the field of education, particularly, but also in the field of highways and policing and so forth.

Consequently, the tax resources of an individual State are already being strained to the utmost and they are finding it difficut to maintain their traditional services.

Now, historically the operation of these programs have been considered a Federal responsibility and rightly so.

The economy is a national economy and many of the problems that arise in any particular State are due to the operations of a national economy over which they have no control.

As I mentioned earlier, the interstate aspects of the program were recognized in the Wagner-Peyser Act and in the Social Security Act, and the Federal responsibility financially for these programs was so recognized.

In fact, were it not for Federal action it is doubtful that such programs would have been provided, necessary as they may be. I can subscribe to Mr. Little's statements in this matter and just as in California, so in Connecticut.

Many of the needs for the Manpower Development Training Act program, for one example, arises from the immigration into those States.

This may not be quite as true in Pennsylvania, rather the other——

Senator CLARK. It is also true with us. We have all the problems of everybody else and perhaps more so.

Mr. GIBBONS. Perhaps in Pennsylvania it has been also forces outside of the State changing the economy of the State, but it is a national problem and it needs a national solution.

Just as Mr. Little said in connection with the question of 100-percent Manpower Development Training Act financing, this is not a situation that was caused by the State. The State's education system in either of these two States was excellent, and were it not for interstate immigration the problems would not have arisen in those States .

Senator CLARK. Mr. Bernstein?

Mr. BERNSTEIN. I think the best proof of the answer to your question is implied in the fact that while you do have a very strong inducement right now for State participation financially, we find it has turned out to have absolutely no impact whatsoever. I am talking about the provision of the Manpower Development and Training Act which calls for matching funds for the fiscal year ending June 30, 1965.

Many States have legislatures which meet only biennially and have adjourned without taking any action. This means that they cannot take any action before the provisions of the Manpower Development and Training Act become inoperative unless special sessions are called.

The language of the act is clear enough in pointing out the urgency of State action. Nevertheless, in those States in which the legislatures have already adjourned, you can go on the assumption that the Manpower Development and Training Act, despite its bipartisan support and the tremendous need for its programs, is not going to continue.

Senator CLARK. Mr. Harding, will you proceed now with your regular statement? You were out of the room previously, sir.

We are going to try to get through by 1 o'clock, so I would like you to make it as brief as you can.

Mr. HARDING. I will not repeat quite a few of the things that have been said, then.

There is quite a bit of concurrence I have noted, among us, that are here on the panel.

Let me comment with respect to the mission of our employment security program and make some recommendations as to how we might see it improved.

We exist primarily, as I see it, to aid each community as that community needs assistance in attaining to the greatest extent possible, full employment.

That encompasses the full operation of our employment security programs. We have, through the past few years, been giving more and more responsibility to understand and to appreciate the problems of workers and employers in the community, we have also been given more responsibility and given programs to administer to help understand and improve the situation community by community to the end that we do attain as near as possible full employment.

Now our problems are very different——

Senator CLARK. Mr. Harding, how would you define "full employment"?

Mr. HARDING. I do not know that I could, it is a term which we use, I might better say "as full employment as is possible." It might be a better term.

Senator CLARK. Well, there is some thinking that the interim goal of the administration has been to reduce national unemployment to 4 percent of the labor force, that is not full employment.

Perhaps with the adequate allowance for fractional unemployment, meaning people changing jobs, if you had an objective of reducing unemployment to 3 percent of the labor force you would be pretty close to full employment as a practical matter, I am wondering if you would tend to agree with that.

Mr. HARDING. I am not too sure there is going to be too much concurrence as to what is meant by this term "full employment," I do think we have the responsibility in assisting in every instance to see that there are as many people employed as can be employed under the circumstances which exist, and what may be full employment is going to differ community by community.

In our own State we have some areas where we have unemployment and it has been accepted and will continue to be accepted because of the seasonality problems and the economic conditions which exist in the area.

The main point I would like to make is that each labor market area is very different, it has to be understood and treated differently.

Commenting on the mobility of labor, for instance, Paul Little has indicated that that is not as large a problem, evidently in California, as it is in Utah. We have found that within some of our areas of surplus labor it is almost impossible to get those individuals to move to an area where they can find employment.

Senator CLARK. That is the same situation in Pennsylvania.

Mr. HARDING. I have talked with quite a few of the community leaders and they very strongly take the position that we should concentrate on bringing the job to the worker rather than try to move the individual from their place of residence to someplace else.

Senator CLARK. I think this is pretty deeply embedded in wide areas of America, but I gather you are not all in accord on that.

Go ahead.

Mr. HARDING. Another item that we are looking into in our State is the problems underlying the increasing percentage of long term unemployment.

It is increasing in our areas where there are, you might say, adequate employment opportunities, as well as in our areas where there are inadequate employment opportunities.

We find that the reasons for long-term unemployment are varied, it does not always tie into a lack of education and training; our manpower development and training program is assisting in meeting this problem of long-term unemployment, but as it is now written and as it is now being operated, in my opinion, it is not going to solve the unemployment problem; it is going to help, but it is going to be a long way from solving it.

The needs, as we see it in our State, are, as far as we are concerned, a considerable expansion in adult counseling and guidance services.

We have got to know a lot more about individuals who register for employment with us. We have to have a complete understanding as to what their individual problems are and these individual problems have got to be met in accordance with the problem that exists.

We have just completed one survey and we have listed 24 reasons for unemployment and the need for training is No. 21 on the list.

This is in the area where job opportunities exist.

Surprising as it might seem to you the No. 1 reason in the survey just made is a lack of demand for his specific classification.

This individual has been training, he has the skill, but that skill is temporarily not in demand in his area; you might say that is need for retraining, but it has not been thus classified.

Some of these reasons for longer term unemployment which need individual treatment I might read to you as the reasons for long-term unemployment:

Lack of education, I don't term that lack of retraining, lack of education we have talked about this morning. There is a definite need for something to be done to improve the employability of our people through education.

Another reason was physical handicap; lack of work experience, commuting problems; belonging to minority groups; unsatisfactory appearance; and this is one that came up very often, no telephone.

With respect to our unskilled workers our inability to contact is much more of a problem for them gaining employment than is their lack of training or retraining, and we find those who have no telephones continue to be our serious long-term unemployment problem.

No transportation, so on and so forth.

Again, might I reiterate that what would be helpful in our State would be for us to have an expansion of our job counselling and guidance services so that we could better understand the problems of our clients and bring into being that program which would improve their employability.

Senator CLARK. What is the size of the labor force in Utah, roughly?

Mr. HARDING. At the present time it is 364,000 people, Senator.

Senator CLARK. Thank you, sir.

Mr. Gibbons?

Mr. GIBBONS. Mr. Chairman, my statement confines itself to one of Mr. Little's points.

I would like to take the opportunity of endorsing his other points, by the statement recognizing the growing change in the role of the employment service from a purely labor exchange to a community manpower organization.

Senator CLARK. It is becoming pretty much of a welfare organization, is it not?

Mr. GIBBONS. I do not think so, sir.

I do not think that the services rendered are in the same category with welfare. In a certain sense it is social welfare, an attempt to improve society, but not in the sense of being relief necessarily.

I think that it is necessary for the employment services to take on this role. I think it was wise for many of these programs to be turned over to the employment service because there is no other agency that is so uniquely equipped due to its position in the labor market to work with them and accomplish them.

However, I would like to draw attention to the fact that we live in a voluntary society, voluntarism dominates the labor mart and the role of the employment service is effective to the degree the service rendered is effective.

Therefore in taking on these additional programs I would like to indicate that we must not lose sight of the fact that the traditional and historical role of the employment service as a labor exchange is the keystone of the arch that we are building.

That our effectiveness with the new programs, whether they are to aid youth or older workers or members of minority groups or whatever it is, our effectiveness with those programs necessarily depends upon the effectiveness of the employment service as a labor exchange in the general labor market.

If we have the confidence of the community in this regard and we are giving good service in this regard, then we will be able to do things for these groups that we would not be able to do regardless of how well these new programs are financed.

That brings me to the next point and that is, there is a tendency to underfinance the employment service, not only in the underfinancing of the new programs but in a lack of recognition of the impact the new programs have upon the primary or traditional role.

It is simply a question of availability of personnel time and the availability particularly of personnel time in the middle management and executive areas.

Consequently, if this is not recognized and if the traditional role of the employment service—the financing of that role—is not commensurately increased whenever a new program is added to the employment service, there will be an inevitable eating into the available resources applied to the traditional role and the statement indicates that we should avoid this and should concentrate whenever we take on these additional programs that the primary role of the employment service continued to be maintained and even increased.

Senator CLARK. Thank you, sir.

Mr. Bernstein.

Mr. BERNSTEIN. First let me say how much I have enjoyed the opportunity of appearing before this subcommittee. I do not get down here very often. I usually spend more of my time in Springfield before legislative committees.

Senator CLARK. Come back, we would like to have you.

Mr. BERNSTEIN. I would like to begin by saying that we in Illinois are acutely aware of the pressing problem of unemployment, and, to help find some of the answers, we did a rather unique thing several years ago. A special Governor's Committee on Unemployment, consisting of 40 outstanding representatives from industry, labor, education, and Government was appointed. This committee studied the problem of unemployment for 18 months and, in January of this year, issued a report of several hundred pages, which attempted in great detail to indicate what the problem was, what created it, and what was needed to deal with it.

Among other things, this study pointed up the fact that there was a great correlation between the lack of education among the unemployed and the rate of unemployment.

Senator CLARK. Could you get us a copy of that study, please?

Mr. BERNSTEIN. I brought one here for that purpose and if you need more I will be glad to leave it with you.

In addition, a jobseeker's survey was conducted by the Illinois State Employment Service and the Illinois Division of Unemployment Compensation in connection with the committee's activities. A total of 146,000 individuals in the State, all of them unemployed and looking for work, were interrogated to determine their characteristics, motivations, and such things as their willingness to relocate. It is interesting that in the areas where unemployment was greatest and where, as you pointed out, it seems to be assumed that they do not want to leave to take jobs in other cities or areas, a substantial number—31 percent of the total number of jobseekers—indicated that they would relocate. An even higher percentage indicated they would relocate from areas like southern Illinois, where job opportunities were limited, than was the case in areas like Chicago where jobs were more plentiful.

In other words, there was a smaller percentage of unemployed in Chicago who indicated willingness to move, compared with the percentage of unemployed downstate willing to do so.

Senator CLARK. But you do find a reluctance to move among large groups of the unemployed?

Mr. BERNSTEIN. Yes, there is such a reluctance. But there is still a large enough number willing to move elsewhere for work—if they could afford it. This, I believe, warrants the support of the recommendations which have been made by several of the other members on this panel, that funds ought to be provided to make it possible for these people to relocate.

In addition to this, I believe we must recognize that while you can do many fine things under the Area Redevelopment Act and the Manpower Development and Training Act, if we do not have some basic economic growth at a rate much faster than the present rate, we are not going to solve our problem of unemployment.

Assuming that 2 percent unemployment is, shall we say, the optimum to which one might aspire because that practically represents frictional unemployment, it seems to me that we cannot ignore our responsibility to do everything possible to increase our economic growth rate. And this, of course, automatically endorses the programs that the President is recommending with respect to such things as tax adjustments, and so on.

But I think in addition to this is the fact that many States where unemployment is now increasing and has been increasing, are States where the Federal Government has actually turned the faucet off with respect to Federal contracts.

The North Central States, for example, which at one time had a tremendous share of Federal contracts, now have only a small portion of the contracts they held at the end of World War II. At that time, the Midwest received 35 percent of all Federal contracts; now this area receives only 10 percent of such contracts. You can understand what an impact this has had on Illinois which, for many years, was a leader in this field.

Senator CLARK. We are going to go into that later in this study, but the problem is far easier to state than to resolve and cure.

I am sure we have some screams of pain from Mr. Little if we were to take those Federal contracts out of California and move them to Illinois.

Mr. BERNSTEIN. I do not think this is as absurd as it might sound from first blush. I don't say that the Federal Government should let a contract in an area where it cannot get a dollar's worth of services in return for the dollar it is spending. I am suggesting that we profit from the experience of a country like Sweden, to which you referred and which has practically no unemployment. Sweden operates at a 2 percent unemployment rate. That country has permitted private industry to set aside reserves that are tax free—which is, in essence, using Federal moneys—and said that these companies could, when labor market conditions indicated a need for acceleration, spend that money for modernization and expansion of their plants, because the expenditure was needed at that time.

I don't see that there is too much difference between encouraging the use of tax-free funds, as in Sweden, and using Federal contracts to decrease unemployment.

Senator CLARK. How do you feel about a new accelerated public works program?

Mr. BERNSTEIN. That has done a tremendous amount of good. I would say that its benefits have equaled those derived from the Manpower Development and Training Act and the Area Redevelopment Act in southern Illinois, where these accelerated programs were needed so badly.

Now one other aspect of this thing——

Senator CLARK. Before you leave that, when you are talking about Federal contracts were you thinking primarily of defense contracts?

Mr. BERNSTEIN. Space and defense contracts, I include space contracts.

Senator CLARK. Well, space and defense?

Mr. BERNSTEIN. Yes.

Senator CLARK. Well, we found in Pennsylvania that one of the big problems is to have adequate brain power associated with your universities, we are making an earnest effort in Pittsburgh and also at the University of Pennsylvania now to try to bring some brains into these areas.

Of course, that is where California got ahead of us.

Mr. BERNSTEIN. California did not get ahead of you or us. California got the brains that we developed through our schools.

This is exactly what happened. We are training this brainpower, they are coming out of our universities, but they are heading to the east or west coast.

Senator CLARK. I would not use such an impolite word as pirating. I would say California got ahead of us either by hook or crook, either because they paid them more money, or they liked the climate, or they were just nice fellows out there.

Mr. BERNSTEIN. If we had sufficient job opportunities for these people we would not be losing our engineers—our engineers, scientists, research people would be staying. I am not saying we were not partially to blame for this.

Much of our industry had become so consumer oriented that it lost sight of the fact that Federal contracts were becoming such a significant part of the overall gross national product.

Senator CLARK. Let me interrupt you for a minute to ask Mr. Little if he will comment on what defense contracts have done for San Diego and Long Beach?

Mr. LITTLE. Well, I commented earlier about San Diego being so very sensitive to defense contracts and that one reason for the high unemployment ratio shown on table 3 was the reduction in defense contracts in the various airframe and aircraft industries in that area.

Senator CLARK. So, it is not an unmixed blessing?

Mr. LITTLE. It certainly is not, it is sometimes a very capricious blessing.

Senator CLARK. I happen to be one of those greatly concerned with the burden of unemployment, so I am not too interested in having a defense industry built up in Pennsylvania and have it fall down.

I would rather do something like Massachusetts did when it lost the textile industry, which is, suddenly have everybody at MIT and Harvard come up with the electronics industry which is just as useful in peacetime as it is in war.

Mr. BERNSTEIN. I agree.

In addition to this, we feel that the area of research in manpower problems is one which needs to be greatly expanded. For one thing, we must have more information on current job needs; present tools and techniques are not adequate or sensitive enough to be really effective in this field.

Even more important is the need for funds to develop accurate techniques for looking into the future, to determine what the job mix of the future will be.

This is a key to so much. It is a key not only to what we do but to what the schools will do, what school curriculums will be for the next 20 years, the basic changes in our whole approach in the field not only of vocational education but in college development.

Senator CLARK. What you are saying is, we need more manpower planning, right?

Mr. BERNSTEIN. That is correct.

Senator CLARK. Now, you gentlemen all agree, we have the national economy and therefore manpower planning must, of necessity, at least start at the Federal level.

What is your view as to the contribution that the State employment agencies can make to the art of national manpower planning?

Mr. BERNSTEIN. Our Governor has actually written to the Department of Labor offering all of his services, if adequately financed by Federal help, to the Federal Government. He has offered the help and cooperation of all Illinois agencies in this area of manpower research because he recognizes that without basic planning we are just nibbling at the problem of unemployment. It is our hope that the start which you gave us with the Manpower Development and Training Act and title I will be expanded. We strongly believe that so much good can come from this kind of research that you will be able to return a dollar over the next 25 years for every penny you spend in such a project.

Senator CLARK. Thank you very much, sir.

Thank all of you gentlemen for your very helpful testimony which is going to be of great assistance to the subcommittee.

I would like to ask you one final question before we adjourn. You can reply to this seriatim, if you wish: Do any of you think that the subcommittee ought to be thinking about amendments to the Wagner-Peyser Act or are you pretty well satisfied with its present provision?

Let us go down the line.

Mr. Little?

Mr. LITTLE. I think within the broad general objectives of the Wagner-Peyser Act, we have general goals for the new dimensions of the public employment service.

Now, Mr. Chairman, you did ask me for two facts which I would like to read into the record.

You asked me first with respect to our school counselors in California. The school counselors, credential counselors in California constitute a ratio to students of 1 to 745.

Senator CLARK. That is too high, is it not?

Mr. LITTLE. Absolutely. The desirable goal is around 1 to 250. Secondly, you asked me as to our counseling workload for the students; our counseling workload of graduates last year was over 40,117.

Now, our determination of need out of California's projected 170,000 graduates this year would be double that.

Senator CLARK. So this emphasizes your earlier testimony that you need an extended service?

Mr. LITTLE. That is correct.

Senator CLARK. How about Wagner-Peyser, Mr. Harding?

Mr. HARDING. I think the act is sufficient as it now stands, it needs implementation through additional financing. You stated a moment ago this manpower planning is a national problem; in my opinion the solution is going to have to be local. You are going to have to meet this problem in each and every separate labor market area. You are going to have to find the solution locally in order to meet your national problem which can be done within the confines of the present legislation, I believe.

Senator CLARK. Mr. McHenry?

Mr. MCHENRY. I feel the Wagner-Peyser Act was written some 30 years ago and although its basic principles and premises are still valid, I think it might well be subject to review to see whether or not the developments over the past three decades have not called for an elaboration to bring into focus and clarify some of the issues that are under discussion right now; for example, whether or not the public Employment Service is to serve the public or only the unemployed public.

There seems to be strong feelings both ways. There are probably other developments which have occurred subsequent to World War II.

I think it would be well if we take another good long look and possibly implement and supplement the Wagner-Peyser Act.

Senator CLARK. We have asked the Labor Department to do what you suggested with respect to Wagner-Peyser.

If any of you gentlemen have concrete suggestions I would be grateful to have you forward them at a later date to the subcommittee. Mr. Gibbons?

Mr. GIBBONS. I feel that the Wagner-Peyser Act's provisions are general enough and broad enough in scope so that no difficulty has arisen even with the addition of many new tasks and programs upon the Employment Service.

Whether a review is in order in view of anticipated additional needs or whether because of certain changes in climate or opinion in the country, it is felt that the role of the Employment Service should

be either trimmed or expanded, I do not feel I have any comment. I subscribe to the philosophy in the original Wagner-Peyser Act and would like to see that philosophy maintained as it is.

I have no concrete suggestions to offer in view of my own satisfaction.

Senator CLARK. Thank you, sir.

Mr. Bernstein?

Mr. BERNSTEIN. Certainly the opportunity to review the Wagner-Peyser Act in the light of what has happened in the past 30 years to determine whether changes should be enacted makes sense. I assume that the Labor Department's evaluation would be helpful in this regard, and I know I would be pleased to send to you any suggestions we feel would be helpful.

The question as to whether we should perform services for the already employed is significant right now, because only last night I saw an evaluation of a survey made over the Nation by the Department of Labor on this matter. The survey showed that of all of the placements made in 1962 by the Employment Service throughout the United States, only 3 percent of that number consisted of people who were employed at the time they were placed. In other words, 97 percent of all the people who were placed by the Employment Service last year, had been unemployed at the time they were placed.

I think it is important to put this statement into the record, because some very different statements have been made by persons who have axes to grind on that score.

Mr. GIBBONS. I would like to interpose here, however, that as small as this percentage figure is, it is important that the opportunity not be denied the Employment Service to do this.

Actually, it very frequently happens that our ability to place an employed person makes the opportunity to place an unemployed person.

Senator CLARK. In other words, you think upgrading is an important factor?

Mr. GIBBONS. Even more important than that is the fact that the labor mart is permeated by voluntaryism; we exist only on the quality of service we give, and an employer or any other source of jobs is going to use the service where he gets a total service, and this is important to us.

Senator CLARK. Thank you very much, gentlemen. I appreciate your kind attention.

The subcommittee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 1:05 p.m., the subcommittee recessed, to reconvene June 6, 1963, at 10 a.m.)

NATION'S MANPOWER REVOLUTION

THURSDAY, JUNE 6, 1963

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND MANPOWER OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 4232, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senators Clark, Prouty, and Javits.

Committee staff members present: Stewart E. McClure, chief clerk; Edward D. Friedman, counsel; and Dr. Garth L. Mangum, research director of the Subcommittee on Employment and Manpower; and Raymond D. Hurley, minority associate counsel.

Senator CLARK. The subcommittee will be in session.

Our first witness this morning is Seymour L. Wolfbein, Deputy Manpower Administrator and Director, Office of Manpower, Automation, and Training, of the U.S. Department of Labor.

Mr. Wolfbein, as always, we are very happy to have you with us.

We will have placed in the record, at this point, your complete prepared statement.

(The prepared statement of Mr. Wolfbein follows:)

PREPARED STATEMENT OF SEYMOUR L. WOLFBEIN, DEPUTY MANPOWER ADMINISTRATOR AND DIRECTOR, OFFICE OF MANPOWER, AUTOMATION, AND TRAINING, DEPARTMENT OF LABOR

I would like to concentrate today on an evaluation of the new training and retraining programs being conducted in this country under the provisions of the Manpower Development and Training Act of 1962 and the Area Redevelopment Act of 1961.

The members of this subcommittee played a critical role in the formulation of these programs, and they will recall that this legislation specifically calls for a continuous review of and evaluation of their progress.

Now that these programs are off the ground—more than 65,000 men and women have been committed to a wide variety of training programs under both acts—I think it most proper and fitting that this kind of review take place before this subcommittee.

I

Before presenting the materials on the training and retraining programs, let me just say a very brief word concerning title I of the Manpower Development and Training Act of 1962 (MDTA) and the tremendous support it has given to research in the field of manpower.

Under the provisions of title I, the President of the United States last March issued this country's first manpower report, focusing on current and expected manpower requirements and resources. At the same time, we have been able to set out the beginnings of a comprehensive and integrated research program involving all Government agencies with relevant programs, as well as many individuals outside of Government who are interested and expert in this field. I am very hopeful that this will provide a foundation for anticipating and meet-

ing our country's manpower problems, as well as helping us improve the functioning of the labor market and the qualifications of the work force itself.

Special emphasis is being placed in our research on the causes of unemployment. In an economy as diversified as that of the United States, these causes can be extremely complex. Yet, it is essential to illuminate these causes as a basis for determining manpower policies that are most appropriate to deal with the problems. Attempts are being made to qualify the extent of unavoidable unemployment associated with factors such as voluntary mobility and turnover, seasonal unemployment, and changes in the structure of demand for labor. These studies will also be aimed at indicating approaches to reducing the extent of this unemployment.

Extensive studies have been undertaken to develop a clear picture of the current nature and extent of automation and other technological changes and their impact on employment and unemployment. We are also developing studies which will illuminate the character and amount of impending technological changes and their impact on jobs. Special emphasis is also being given to studying the measures which have been and need to be taken by workers, employers, local communities, and Government to ease the impact of technological change on workers. Early warning systems of impending automation changes are being set up to provide maximum leadtime for such measures to be taken.

In conjunction with studies of automation and technological change, research is being undertaken on how, and how effectively, adjustments are made by workers to changes in the labor market. These studies will cover mechanisms of the labor market and attempt to determine where the process of adjustment breaks down, leaving workers unemployed even while job vacancies exist. We are particularly interested in the factors that impede or stimulate occupational, industrial, and geographic mobility. Programs are being developed for providing workers with more knowledge of the jobs which are unfilled, where they are located, and what skills and preparation they require.

Research is being directed at how to utilize effectively our available manpower, both scarce and surplus. Particular attention is being directed to disadvantaged groups such as youth, Negroes, and older workers.

The coordination of all of this research and its implementation, in training programs particularly, is receiving special attention. We have been concerned with the lack of responsiveness of our system of career preparation to the radically changing needs of our economy. We are particularly aware of the need for making available information on the Nation's current and future manpower needs and resources for use in educational, training, counseling, and placement activities.

II

To date, the following 20 points warrant mention in an evaluation of the start we have made on training and retraining programs.

1. President Kennedy signed the Manpower Development and Training Act (MDTA) on March 15, 1962; appropriations became available on August 14, 1962; contracts with the States (as required by the law) began to be signed soon afterward, and the basic program began to move right after Labor Day 1962. In the almost 10 months since then, as additional States came into the program, training projects covering almost 45,000 trainees have been approved in every State except Louisiana, and in the other jurisdictions eligible under the act (Puerto Rico, District of Columbia, Virgin Islands). Currently, we are averaging about 2,000 persons a week approved for training, which is putting us up to about the expected schedule for this fiscal year.

2. Involved are almost 1,300 different training programs to which these persons have been committed. This item warrants a point by itself in view of the fact that each one requires an assessment of what jobs were available in the community for which training could be given (the law requires there be a reasonable prognosis for getting a job after training), the guidance, counseling, testing, and selection of eligible persons who can take the training required by the jobs in the offing, the development of the required curricula, training sites, acquisition of needed equipment and teaching personnel, etc.

3. I am impressed, as the program unfolds, with the number of job vacancies we are finding and which can be used to document the need for training. For example, under the Area Redevelopment Act, where we are limited, by definition,

to areas of substantial and persistent unemployment, we have found enough job vacancies to put into training all the people we can with the funds available to us. With an unemployment rate between 5½ and 6 percent since Manpower Development and Training Act got underway, documenting jobs to support training programs has not been a limiting factor in the program.

4. More than 250 different occupational fields are represented so far in approved training programs. The act carries no limitation on the kinds of jobs for which training can be conducted, with the exception of those which would require less than 2 weeks of training time. The result has been a very wide spectrum of job fields, as can be seen, in part, from the summary in table 1 which covers the first 43,000 trainees under the program.

5. Some of the highlights of table 1 warrant separate comment. Thus, about 1 out of every 12 trainees is being aimed at a professional or managerial job. Most of them are bunched around medical service occupations (licensed, practical nurses, lab assistants, operating room technicians) and draftsmen, but the range is actually quite wide and includes programers, statistical quality control assistants, engineering aids, etc.

More than one in five of all trainees are being prepared for clerical and sales jobs. In very large part, these are women learning secretarial, stenographic, and typing skills. Included are bilingual, legal, and medical secretaries. The overall group also includes bookkeepers, accounting clerks, key-punch operators, duplicating machine operators, etc.

The largest single group of trainees (one-third of the total so far) is aiming at skilled industrial jobs—and these, of course, are mostly men, unlike the clerical group in which women predominate. Many of these are being trained for entry-level jobs in the crafts as well as in preapprenticeship courses; but a significant number, especially in the repair occupations, are being brought up to date, building on skills they already have acquired in previous training and in their work experience. I am particularly impressed by the large numbers being trained for repair occupations where, as anyone who has tried to get a car, radio, TV, washing machine, or some other piece of equipment repaired knows, shortages of qualified personnel do exist.

6. It should be noted, continuing our reference to table 1, that a very significant number of trainees are in courses leading to semiskilled jobs, predominantly in the metalworking sector of the economy, mostly as general machine operators. I make this a separate point to make overt, in turn, the fact that there are job fields where observers often point out that changes are coming up which can upend the occupation and quite possibly cause loss of a job after a short period after the traineee gets placed. It should be pointed out, however, that the same can be said for just about every occupational field; that we cannot afford to forgo the opportunity to train and place unemployed workers, even if some persons may have to be retrained more than once; it may very well be an inevitable concomitant of our dynamic economy.

7. There is, of course, another relevant point to be made in this connection—one which we can make by reference to the remainder of table 1 and the occupational fields listed such as cooks, waiters, and some of the farm occupations. When all is said and done, any training effort has to be grounded in the people involved—their skills, aptitudes, interests, previous work experience, educational attainment, etc. The interplay of this dimension and the one pertaining to available jobs, represents, I suspect, the major context in which our programs have to be carried out. Thus we have approved programs for, say, formal waiters, because a demonstrated job need was shown, the skill content and a corresponding curriculum were demonstrated and we found unemployed men whose aptitudes, interests, and backgrounds made for a favorable prognosis for successful training and placement and therefore a shift from the unemployed rolls to gainful activity. Similarly we are continuing to approve training programs in the farm sector where, e.g., we have successfully trained underemployed, very low income migrant workers for jobs as year-round farm machinery operators.

8. All of which brings us to the point of some reference to the characteristics of the trainees themselves. With the caveat, again, that data for those actually enrolled in courses are based on relatively small numbers, here are some of the highlights:

The first 19,000 actual enrollees under the Manpower Development and Training Act were distributed by age as follows:

TABLE 43
[In percent]

Age	Manpower Development and Training Act trainees	Unemployed in 1962
Total	100.0	100.0
Under 19 years	4.2	15.6
19 to 21 years	19.1	12.5
22 to 34 years	44.7	25.9
35 to 44 years	21.3	17.2
45 and over	10.8	28.8

Under provisions of the act, youths under 19 may take training, but may not receive allowances during their training period; youths 19 through 21 (unless otherwise eligible by virtue of the fact that they are family heads, have had the required amount of labor force experience, etc.) may receive limited training allowances up to a maximum of $20 a week. As the brief summary table shows, about one-fourth of the first 19,000 trainees actually enrolled were youths under 22; this is just about the same proportion of youth as found among all the unemployed workers.

About two-thirds were in the age range 22 to 44, a much larger proportion than this category is of the total unemployed; among all unemployed, about 40 percent are in the age group 22 to 44 years. Correspondingly, those 45 years of age and over made up about 10 percent of enrolled trainees under the Manpower Development and Training Act, but account for about 30 percent of all unemployed. So far, at least, we are falling short on providing a proportionate share of training for the older workers and a much greater effort will be needed in terms of job development, design of courses and acceptance by employers of the older workers.

9. Among our first enrolled 19,000 trainees, we find the following facts on educational attainment:

TABLE 44
[In percent]

Schooling	Manpower Development and Training Act trainees	All unemployed in 1962
Total	100.0	100.0
Less than 8 years of school	2.7	20.1
8 years	7.3	16.0
9 to 11 years	29.0	26.8
12 years	51.5	27.7
Over 12 years	9.4	9.4

Thus, about 6 out of every 10 enrolled trainees have had a high school education or better; 4 out of 10 never got a high school diploma—and out of those 1 in 10 never got beyond grade school. The high proportion of those with a high school education or better is, perhaps, not surprising in view of the occupational distributions we have discussed previously and, of course, their generally better chance of coming through the guidance, counseling and testing processes the Manpower Development and Training Act operations involve before selection and referral for training.

Related to the previous point on age is the fact that there is a very close association between age and educational attainment—the younger being the better educated. Thus, about 68 percent of the trainees under 22 had completed high school, compared with a corresponding rate of 60 percent for those 22 to 44, and only 53 percent for those 45 years of age and over.

10. One of the forces to be reckoned with in the training and retraining effort, revolves about the fact that given the requirements of the act and the realities of the labor force, a disproportionately small proportion of persons with a low

level of educational attainment would be enrolled. This can be particularly true in a situation where only a relatively small percent of the total number of unemployed can be trained to begin with under current and immediately foreseeable funding. It would, in fact, be relatively easy to skim the cream of the unemployed and enroll those with the best prognosis for successful placement. To date, the enrollment figures reinforce this dimension. It has led us to deliberately stimulate, design and support special programs—many of them frankly experimental—which aim specifically at some of these disadvantaged groups.

Thus, we have just completed a training course for 25 tractor operators in Hammonton, N.J.—a course which included training in the operation, maintenance, and repair of tractors and tractor implements, together with job-oriented arithmetic and English language instruction which was given in cooperation with Harvard University. The trainees, most of whom were Spanish-speaking migratory workers follow another group, all members of which were successfully placed at substantially higher wages and annual earnings than they had formerly earned.

We have entered into agreements with private agencies in such areas as New Haven, New York City, Portsmouth, Va., Cincinnati, Ohio, for the guidance, counseling, testing and training of particularly disadvantaged groups, with very low levels of educational attainment, many on relief rolls. These, and many others now being worked out, are supported, in part, by our research funds and will be demonstration projects on the feasibility of moving into meaningful training and retraining programs for these sectors of our population.

I have now seen enough of these operations to venture the opinion that while functional illiteracy and similar ailments of part of the unemployed population are very real, very difficult barriers, they are hardly insurmountable, and extremely worthwhile, in fact, absolutely necessary to overcome in a free and democratic society. We are out to show that it can be done.

For example, a demonstration training project, coordinated by Community Progress, Inc., is being undertaken in six neighborhoods of high youth unemployment in New Haven, Conn. The unemployed young are receiving training for middle-skill technical employment in several of the city's largest industrial firms which, as a general policy, do not hire school dropouts. These firms have agreed to participate in this project to demonstrate the possibilities of preparing unemployed youth with less than high school education for full-time middle-skill employment. Initially, 50 youths are being trained as industrial draftsmen, industrial X-ray technicians, and industrial laboratory technicians. The industrial X-ray technician portion of the project will be completed ahead of schedule this week, according to the instructor's estimate, because of the high motivation of the group; 11 of the 13 students have already been assured employment at salaries of approximately $98 a week.

11. The experience, to date, with the first group of enrolled trainees is quite good in terms of the unemployment experience of those selected:

TABLE 45

[In percent]

	Manpower Development and Training Act trainees	All unemployed in 1962
Total	100.0	100.0
Unemployed less than 5 weeks	24.2	43.8
5 to 14 weeks	28.0	28.3
15 to 26 weeks	16.2	13.3
27 to 52 weeks	11.9	8.5
More than 52 weeks	19.8	6.1

It is encouraging that one out of every five of this first group of trainees had been out of work for more than a year, but did get selected for retraining. In fact, just about 50 percent of this first group of enrollees met the official definition of long-term unemployment (15 weeks or more)—close to double the corresponding proportion among the total unemployed.

12. The impact of unemployment is consistently greater on nonwhite than on white workers. In 1962, for example, nonwhites made up 11 percent of the labor force, but 22 percent of the unemployed.

I am very glad to report that one out of every five (20.3 percent) of all of our enrollees so far are nonwhite—very close to their proportion among the total unemployed; that an even greater proportion of the nonwhite trainees are long-term unemployed than among the whites; that we are training nonwhites for the kinds of jobs which give greater promise of stability than those generally held by nonwhites.

Note the following tabulation for nonwhites:

TABLE 46
[In percent]

	Nonwhite Manpower Development and Training Act trainees	All nonwhite employed in 1962
Occupational group	100.0	100.0
Professional, managerial	7.9	7.9
Clerical, sales	19.0	8.8
Skilled	26.9	6.0
Semiskilled	29.6	19.9
Service	14.2	32.8
Other [1]	2.3	24.6

[1] Chiefly agricultural occupations.

It will be seen that the proportion of nonwhites being trained for clerical and sales jobs, for example, is more than double their proportion generally in employment; the proportion being aimed at skilled jobs is quadruple the corresponding proportion among the employed.

We are not doing as well among nonwhites of low educational attainment, as is true for the whites. As I have already indicated, we are putting forth a major effort through our experimental demonstration projects to see what we can do in this respect.

13. The placement rate among those who have completed training is about 70 percent. Our warning about small numbers is particularly apt here, since data are available for only about 4,000 completions; since, in turn, these programs began not much more than half a year ago or so and the average duration of training programs is close to 6 months (the maximum allowable with support by training allowances is 52 weeks). Whether the placement rate will continue to be this high (and we hope to make it higher) remains to be seen. For those who want some standard against which to measure this rate of placement, it may be noted that ongoing vocational courses which deal predominantly with the young have a placement rate of about 80 percent; Sweden, with a sharply lower overall unemployment rate, mobility allowances, a much longer period of retraining experience, has a placement rate of 75 percent in its programs.

14. Like all other education and training programs, those operated under Manpower Development and Training Act also have dropouts, i.e., persons who leave after referral to and entrance upon a training course. Here, too, the data show a very low dropout rate in comparison with any other known programs in the regular high school, post high school or adult training systems. If this low rate holds on, it may very well be testimony to the substantial motivation on the part of these predominantly adult, family head, jobless workers.

The little bit of data we do have at this time, indicates that dropouts occur for a wide and familiar variety of reasons ranging from exits because of a job offer, illness, persistent absence from training course, marriage, death, etc.

15. Of particular concern to us is the frequency of dropouts—and the problems generated even when there is no dropout—by the inadequacy of training allowances in many cases. Under the law, an eligible person may receive an amount equivalent to the average unemployment insurance payment prevailing in his State (if his own record in covered employment warrants a higher payment he does, of course, receive that). The average for the United States is $35 a week; the range is from $22 to $43 for the 50 States, and the allowance may be paid up to a maximum of 52 weeks.

The problem comes to the fore particularly when a person has to sign up for a substantial period of time, e.g., a year—or even half a year, during which time he can receive only his training allowance. Any earnings from any work

done outside training time are deducted from his allowance. In six States this means less than $100 a month; in practically all States this means less than $150 a month. Since a substantial majority of trainees are family heads (under Manpower Development and Training Act these are defined in terms of the standards in the Internal Revenue Code) a commitment to a long period of training with this kind of income can be an important constraint. We already have a significant number of cases where trainees have dropped out because they could not support their families on the allowances, where trainees were trying to hold on to some kind of a job while training, found the conflict in hours impossible and dropped out in favor of the job they held, where a family member has delayed entry into college to take a job while the family head was taking training, etc.

16. As our operations have progressed we have come face to face with some of the realities of the training situation in this country—particularly in the shortage of qualified vocational educational facilities and teachers. Under Manpower Development and Training Act, we may support the training effort through funds for needed additional equipment, rent, light, payments to trainers. In several States, however, we already have come upon the experience of having to delay and sometimes even cancel out approved programs because of the lack of ongoing facilities with space and personnel to carry out the required training.

17. Our early experience reveals that the costs of institutional training are averaging about $1,250 a worker. A good part of this cost represents equipment costs, which are expended at the beginning of a course of training, but will be used over a long period of time; we expect this average to come down to about the $1,000 mark as equipment costs are amortized over a series of courses for different trainees.

This, of course, is gross cost; a substantial proportion of those being trained would be receiving unemployment compensation for at least some of the interval involved, so that the net cost is significantly lower.

18. In addition to mobilizing the Nation's vocational education resources the act directs us to tap other existing and potential training resources in order to broaden the range of approaches to occupational training. Thus, section 204 of the act places particular emphasis upon the importance of developing on-the-job training programs.

On-the-job training is recognized as one of the important methods to be used in meeting the objectives of the act, precisely because it is particularly well suited for many types of training situations. Historically, it meets the needs of employers whose experience and preference are for direct training on actual plant operations in the work environment, and tailored to satisfy their own operations and skill objectives. It is the training pattern most likely to attract enterprises with established training programs in which there have been extensive experience and investment in training, who can be encouraged under the stimulus of the act to expand training to meet labor market needs. Further, it is the only training method possible for those situations where no other up-to-date training facilities are available. This is particularly true with respect to many of the newly emerging technological processes involving equipment and know-how which is available only at the production site. On-the-job training is a useful supplement in those situations which arise from time to time where adequate vocational education facilities are not available. Also, it is most adaptable to upgrading, retraining, and skill conversion, which are of extreme importance in our rapidly advancing technology. The training opportunity afforded to employees under on-the-job training programs to update and enhance their skills as insurance against skill obsolescence is in keeping with the basic objectives of the act.

Institutional training programs could commence as soon as funds were available, inasmuch as vocational educational facilities and operating procedures were already established. The on-the-job training program, on the other hand, required the development of a basic groundwork. The implementation of the on-the-job training provisions of the act has now entered the operational stage following the development of standards and procedures to safeguard and assure adequate training content to qualify trainees for continued employment. It was also necessary to set terms and conditions of training consistent with good industry practice and in conformity with prevailing acceptable wage and working standards.

The on-the-job training program is off to an encouraging start. As of May 22 contracts had been negotiated with 20 training facilities. These contracts encompassed 74 occupational training projects, providing training for 1,129 trainees.

An additional 83 occupational training projects, proposing training for 1,847 trainees, were under review as of the same date.

On-the-job training costs thus far have averaged $420 per trainee, of which only $50 has been for training allowances. This is attributable to the fact that with very few exceptions training allowances are not involved since the projects involve hourly wage payments to trainees for either all or a substantial part of the training schedule.

The total of scheduled wage payments by training facility employers to on-the-job trainees its at this time $861,803—a considerable item in reducing the drain on unemployment compensation and public financial resources.

The 74 approved training projects cover a broad variety of occupations. They are for the most part in manufacturing industry, but the services and construction trades are also included. Within manufacturing industry the greatest concentrations are in the woodworking industry and in the metal working trades; other occupations include automated slaughterhouse operations, machine shop, shoe and bedding manufacturing operations, and auto-body repair work. Training periods range from 4 to 52 weeks, with two-thirds of them from 24 to 52 weeks' duration. Training projects involve both entry-level training and skill upgrading training.

Thus far the preponderance of formal expressions of interest in on-the-job training—as well as the projects approved—have been received from business enterprises, as is to be expected. Another considerable interest has also been expressed by unions who are particularly interested in opportunities under the act for upgrading and skill conversion training to meet the needs of new technology and processes. Some interest has also been expressed by other groups, including governmental bodies and trade associations.

These represent the initial response to the broad challenge of the mandate of section 204 of the act to stimulate new and imaginative patterns of on-the-job training programs under the sponsorship of diverse elements and groups in the economy.

19. I would also like to point out that prior to the passage of the Manpower Development and Training Act of 1962, the Area Redevelopment Act of 1961 also called for training and retraining of workers, for which the Labor Department, in cooperation with HEW, also has responsibility. The Area Redevelopment Act's training programs offer short intensive training courses (limited to 16 weeks), geared directly to the requirements of job openings in areas of substantial and persistent unemployment.

I am glad to report that more than 400 training projects have been approved since this program became effective late in October 1961. Programs are in operation in 44 States, American Samoa, and Puerto Rico. Well over 20,000 persons are involved in almost 600 separate occupational courses. Let me make it clear that these are in addition to those described so far under the Manpower Act.

I would also like to emphasize the fact that we have found enough job vacancies in these areas to commit to training all the unemployed persons we possibly could with the funds available to us.

20. I will be glad to put into the record the details of our training programs under area redevelopment. For our purposes here, let me just say that the jobs we are training for cover the entire occupational range, but with heavy concentrations on semiskilled work, for which short intensive courses are particularly appropriate; that such characteristics of trainees as age and educational attainment under the Area Redevelopment Administration are much like those trainees under the Manpower Development and Training Act; that we are really getting at the long-term unemployed in these programs: Witness the fact that more than 30 percent had been out of work for a year or more; and that our estimated placement rate has shown steady improvement and now stands at about 75 percent of those who completed their training.

TABLE 47.—*Trainees in approved projects by broad occupational groups, June 1963*

Occupational group and selected fields	Trainees	
	Number	Percent
Total	43,491	100.0
Professional and managerial	3,752	8.6
Medical service technicians, assistants, and nurses	2,103	4.8
Draftsmen	820	1.9
Other	829	1.9
Clerical and sales	10,002	23.0
Secretary	578	1.3
Stenographer	3,891	8.9
Typist	3,722	8.6
Salesperson	912	2.1
Other	899	2.1
Skilled	13,380	30.8
Metalworkers	4,192	9.7
Auto mechanics and repairmen	4,088	9.4
Other mechanics and repairmen	2,320	5.3
Construction workers	1,068	2.5
Woodworkers	582	1.3
Other	1,130	2.6
Semiskilled	11,054	25.4
Metalworking operators	5,976	13.7
Textile and textile products operators	1,919	4.4
Electrical equipment assemblers	912	2.1
Leather and leather products workers	631	1.5
Other	1,616	3.7
Service	4,440	10.2
Medical service aides	2,009	4.6
Waiter, waitress	1,112	2.5
Cook	634	1.5
Other	685	1.6
Other	863	2.0

Senator CLARK. You may summarize your statement as you see fit. Perhaps you will not mind if we interrupt with questions from time to time.

CHART 15

NUMBER OF PROJECTS AND TRAINEES APPROVED UNDER THE MANPOWER DEVELOPMENT AND TRAINING ACT, BY MONTH

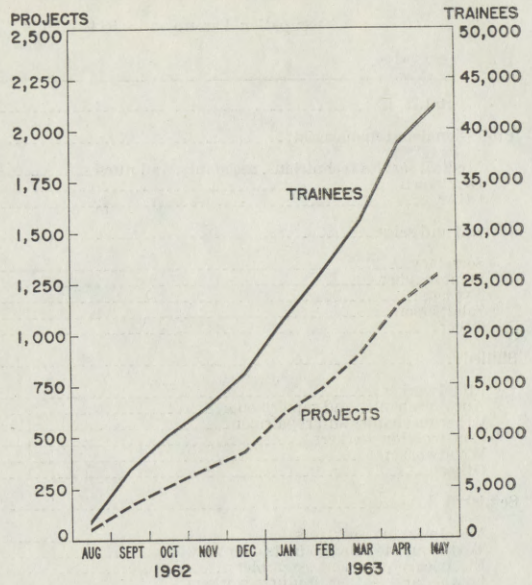


CHART 16

OCCUPATIONS OF TRAINEES IN APPROVED MDTA PROJECTS COMPARED WITH ALL EMPLOYED WORKERS

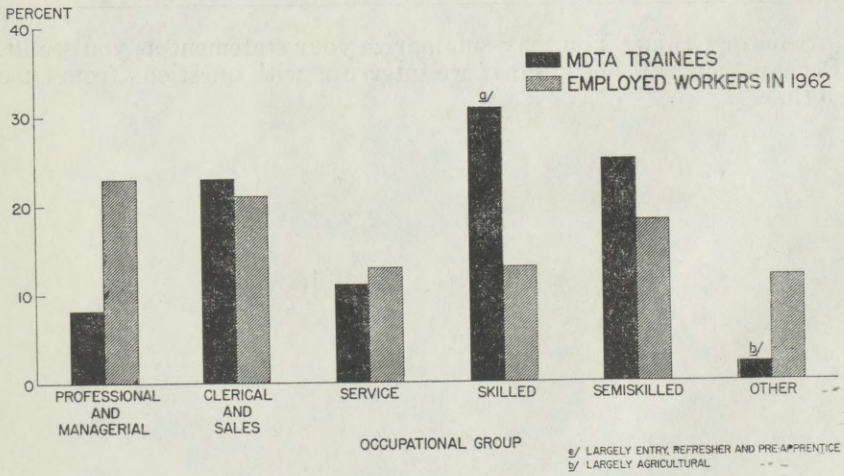


CHART 17

ABOUT TWO-THIRDS OF ALL TRAINEES ARE MEN--THE SAME PROPORTION AS AMONG THE UNEMPLOYED

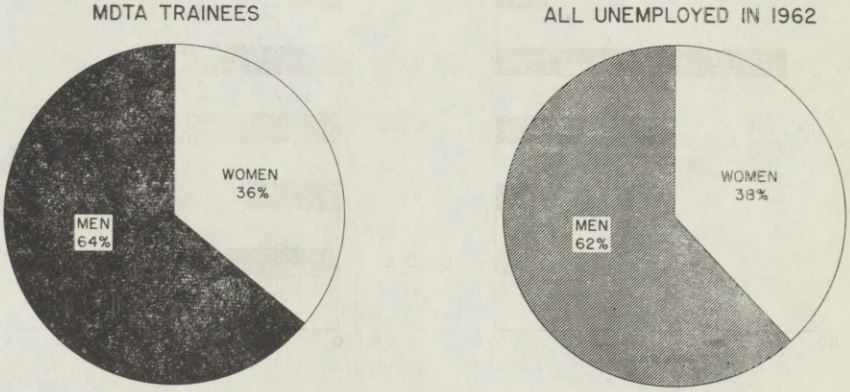


CHART 18

AGE DISTRIBUTION OF MDTA TRAINEES AND ALL UNEMPLOYED

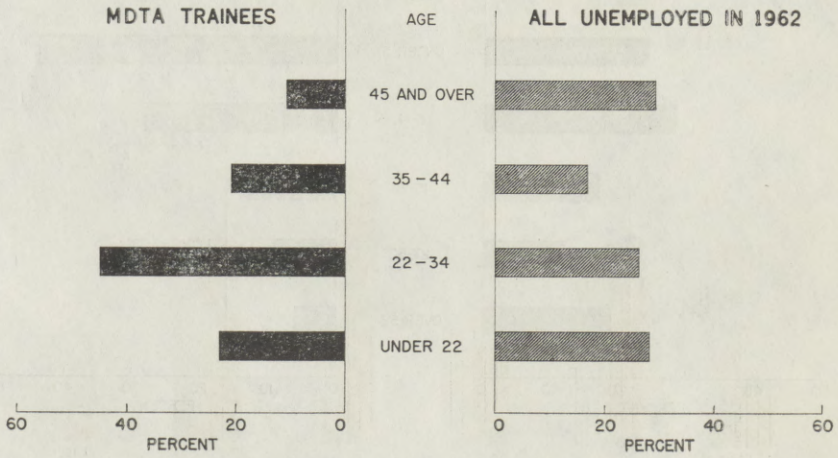


CHART 19

MDTA TRAINEES HAVE MORE SCHOOLING THAN ALL UNEMPLOYED

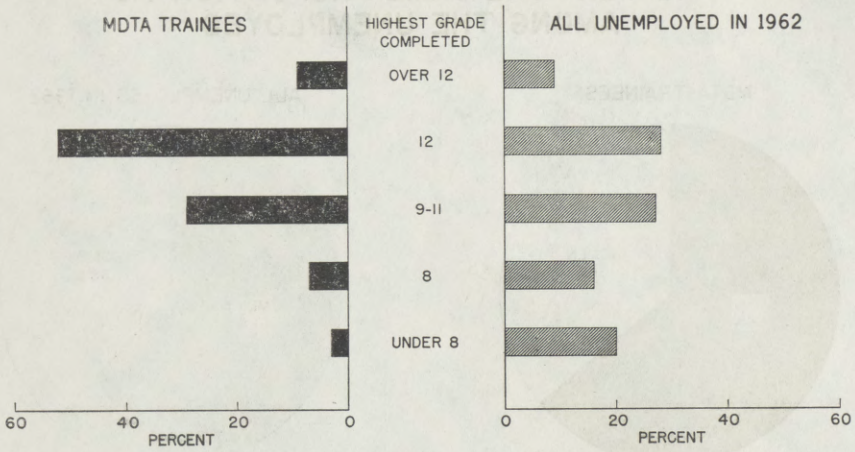


CHART 20

HALF OF MDTA TRAINEES ARE LONG-TERM UNEMPLOYED

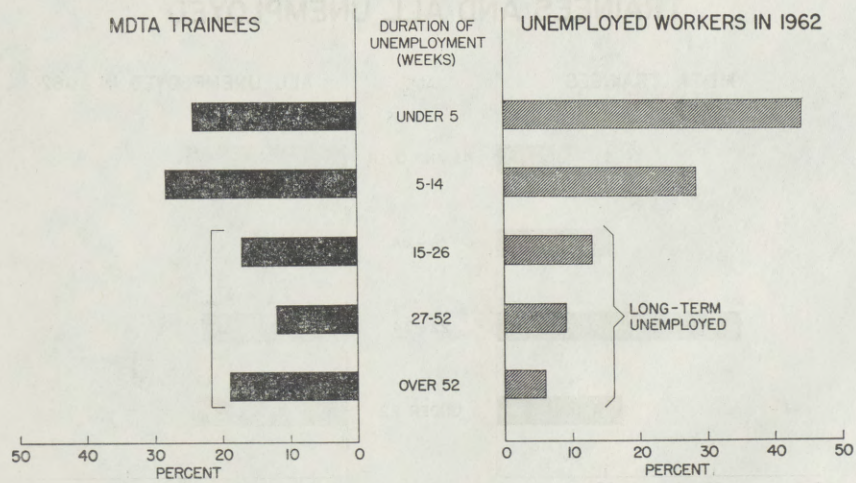


CHART 21

ONE FIFTH OF MDTA TRAINEES ARE NONWHITE-- ABOUT THE SAME PROPORTION AS AMONG THE UNEMPLOYED

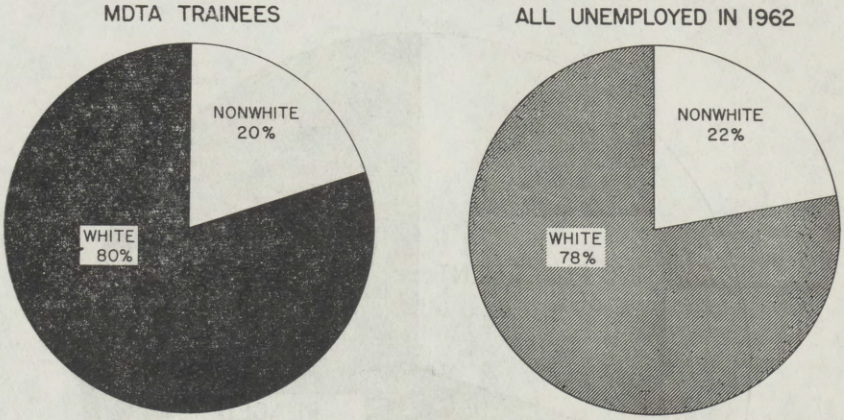
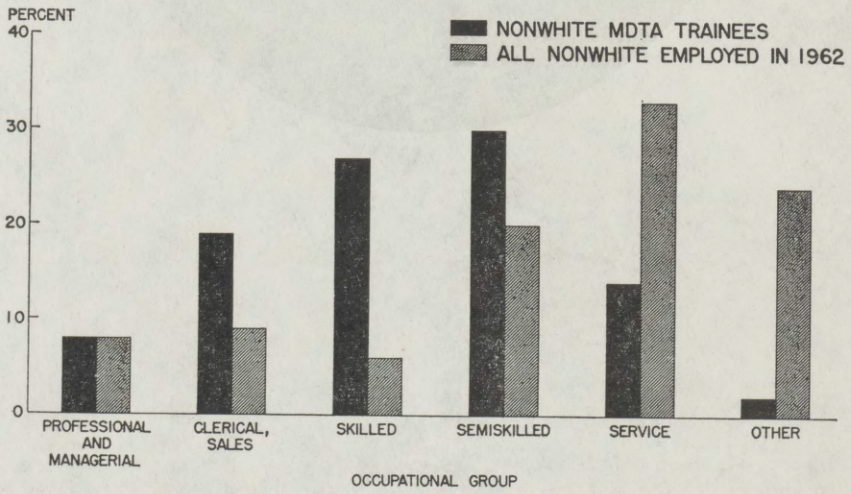


CHART 22

OCCUPATIONS OF NONWHITE MDTA TRAINEES COMPARED WITH ALL NONWHITE EMPLOYED



98-961—63—pt. 2——17

CHART 23

SEVEN OUT OF TEN MDTA GRADUATES OBTAINED JOBS

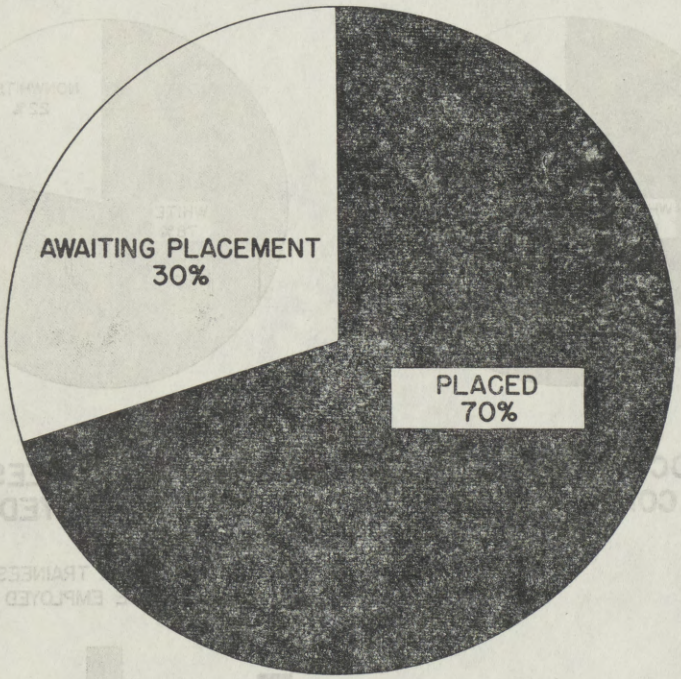
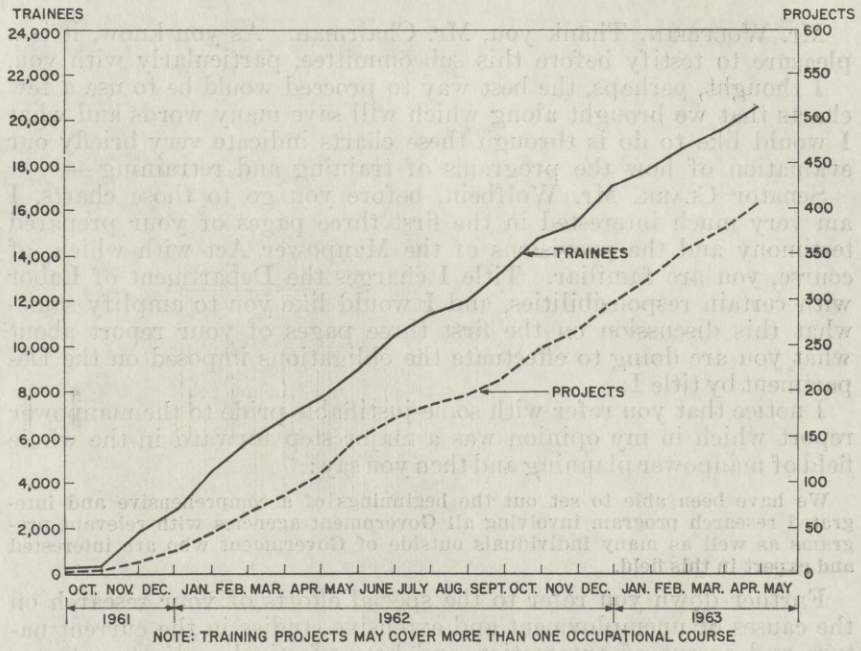


CHART 24

NUMBER OF PROJECTS AND TRAINEES APPROVED UNDER THE AREA REDEVELOPMENT ACT BY MONTH



NOTE: TRAINING PROJECTS MAY COVER MORE THAN ONE OCCUPATIONAL COURSE

STATEMENT OF SEYMOUR L. WOLFBEIN, DIRECTOR, OFFICE OF MANPOWER, AUTOMATION, AND TRAINING, DEPARTMENT OF LABOR

Mr. WOLFBEIN. Thank you, Mr. Chairman. As you know, it is a pleasure to testify before this subcommittee, particularly with you.

I thought, perhaps, the best way to proceed would be to use a few charts that we brought along which will save many words and what I would like to do is through these charts indicate very briefly our evaluation of how the programs of training and retraining——

Senator CLARK. Mr. Wolfbein, before you go to those charts, I am very much interested in the first three pages of your prepared testimony and the provisions of the Manpower Act with which, of course, you are familiar. Title I charges the Department of Labor with certain responsibilities, and I would like you to amplify somewhat this discussion on the first three pages of your report about what you are doing to effectuate the obligations imposed on the Department by title I.

I notice that you refer with some justifiable pride to the manpower report which in my opinion was a major step forward in the whole field of manpower planning and then you say:

> We have been able to set out the beginnings of a comprehensive and integrated research program involving all Government agencies with relevant programs as well as many individuals outside of Government who are interested and expert in this field.

Further down you refer to the special efforts of your research on the causes of unemployment and extensive studies in the current nature and extent of automation and how effectively adjustments are being made by workers to changes in the labor market; how to utilize effectively our available manpower both scarce and surplus is the subject of research with particular attention to disadvantaged groups such as youth, Negroes, and older workers and you emphasize coordination of all of this research.

We have been concerned over the lack of responsiveness of our system of career preparation and the radically changing needs of our economy.

Now, all that is very much a grist for this subcommittee's mill and I wonder if you could be a little more specific for the record with respect to all of those matters.

Mr. WOLFBEIN. Yes, sir; as we indicated at the beginning of the written testimony, Senator Clark, we have spent a considerable amount of effort on title I of the Manpower Development and Training Act of 1962, and in many, many ways we think this is really first rank in terms of the duties and the responsibilities that the Congress gave us under this act. As you already mentioned, one of the first results out was for the first time in history the President of the United States did issue a report on manpower in the United States, and this gave us the first opportunity to bring together not only the various interested agencies in Government in the field of manpower, all the way from the Department of Defense, Council of Economic Advisers, Departments of Agriculture, HEW, and others, as well as Labor, but also many individuals——

Senator CLARK. Let me interrupt you and ask you what others and how you got them together and what you put before them.

Mr. WOLFBEIN. Well, first of all, the act, as you know, calls for a National Manpower Advisory Committee. One of the first actions by this committee was to set up a panel on research itself because of the importance of title I, you see, and on this committee are not only some of the members of the National Manpower Advisory Committee itself, but also experts from outside. For example——

Senator CLARK. You referred to that advisory committee in the manpower report; did you not?

Mr. WOLFBEIN. Yes, sir.

Senator CLARK. My recollection is there was rather a full section as to who they were and what they were up to.

Mr. WOLFBEIN. Yes.

The people we have joining us in the research effort in connection with the committee and I will submit a list of the names of these individuals so you con see who they are in detail, are pretty representative of folks outside the Government with a specific and direct interest in manpower in the United States defined as broadly as possible.

That was one very good mechanism for bringing together in a setting for discussion not only of what was going to be done in connection with the manpower report but also advise me on what kind of research we ought to carry out under title I.

Senator CLARK. And have they met on a number of occasions?

Mr. WOLFBEIN. Yes. As a matter of fact, just a few weeks ago, around the middle of May, was the most recent meeting of not only the Manpower Committee itself, but this panel on research.

Senator CLARK. Now what other agencies of Government besides Defense, the Council of Economic Advisers and your various groups within the Labor Department and Health, Education, and Welfare, are involved in this?

For example, do you have any representation from the Scientific Manpower people, NIH, NSF and so forth?

Mr. WOLFBEIN. Yes, sir; one of the Cabinet level agencies that is represented in our work is the Department of Agriculture.

In addition, Senator Clark, given this trust that we have now in the manpower research field, because of title I of the act, a specific committee called the Committee on Specialized Personnel has been transferred to the Department of Labor, into our organization and this committee which used to be over at the Office of Emergency Planning deals specifically with manpower requirements and resources in the specialized personnel field—engineers, scientists, and so on.

So, this has been brought in and coordinated in the effort, too.

Now, on that particular committee we have representatives from most of the professional societies and in attendance are agencies ranging all the way from Selective Service to that part of HEW, for example, the institutes which deal with these kinds of personnel.

I think it is fair to say that in this past year, given the vantage point that you have given us in title I, we have been able to bring together the major folks inside and outside Government who have a specific interest in manpower.

Senator CLARK. I am concerned about the manpower implications of the Selective Service Act.

I have stated just a little while ago, I thought it was a great shame that the Selective Service Act was rushed through the Congress with no adequate hearings dealing with the implications of selective serv-

ice or manpower selection and training, and the whole problem of employment and unemployment. We had been promised that would be done 2 years ago but it was not done. I wonder whether it should not be a matter of some priority with you to be in touch with the Selective Service people during the period between now and when we are going to have another look at the Draft Act.

We should insist that the manpower implications in the Selective Service Act are thought through and that we have some real understanding of what we are doing in our whole manpower problem with the Selective Service Act.

I do not mean to imply I am against the act, I voted for it, I would vote for it again, but I solicit your opinion as to whether this is not an area where there is an awful lot of work to be done.

Mr. WOLFBEIN. There is, and at the session after this first organizational meeting, we will put that item on the agenda and take it up very specifically.

Senator CLARK. Thank you.

You speak in your prepared statement of a good deal of research which is underway; of course, I do not want to take an awful lot of time, but could you give us some indication of the nature and scope of your research activities and what you hope the end product is going to be?

Mr. WOLFBEIN. Yes, sir.

Very briefly, the substantial amount of our research effort, Senator Clark, is devoted to work in the manpower field carried on through contract by us, by various outside agencies, and let me give you a very brief review too, so you will get a feel of the kinds of things we are trying to find out.

We have contracted with one private agency to begin to give us some information on what is happening in the field of automation and its effect on manpower.

Here, of course, is another very broad band of effort that we have to engage in.

Senator CLARK. Does the word, rather a horrid word, "cybernation" ring any bell with you? We had some quite interesting and provocative testimony along those lines and I am wondering if you are doing any research to determine the effect of computers on automation and its implications on manpower and employment opportunities.

Mr. WOLFBEIN. We certainly have. We have a manpower report which I will be delighted to submit to you, it is already in print, which discusses the impact of automatic data processing right in the Government, so we take a look at our own shop.

You will be interested, Senator, we just got a report on what is called electronic digital computers, and between 1956 and 1962, those half dozen years, the number of pieces of that kind of equipment went up from 450 units in 1956 to 11,500 units in 1962.

The value of this equipment rose from $250 million to $4.5 billion, just those half dozen years. And just as important as the figure, Senator, is the slope of that line. There is a real big thrust in that very field.

Senator CLARK. I wish you would have your people take a look at the testimony which we have already adduced before this subcommittee, particularly that of Mr. Theobald and Mr. Michael, I don't endorse what they said but they certainly deserve an answer.

Mr. WOLFBEIN. Yes, I read their testimony, Senator Clark.

Senator CLARK. Also, I found very interesting and provocative Mr. Walter Reuther's testimony along these lines.

Mr. WOLFBEIN. Yes, I read his testimony when we began about a year ago we found that literally this is true Senator Clark, there is really no hard information on some of those very facts from which you need, if you are going to make assessment of what the manpower implications are.

So, that is one major avenue down which we are going.

In addition, just to give you a flavor of the different kinds of things we are doing, you remind me because of your reference to Walter Reuther, Mr. Reuther has put a substantial amount of emphasis, for example, as many others have, on the growth in the service white collar sector occupations as we all know, as against the blue collar sector and wonders how much movement can you really have.

I want to tell you we have contracted with the University of Wisconsin, with some excellent people there, to begin to study how is this done among those blue collar workers who have moved to white collar occupations?

How were they able to make this transfer?

This is another area in the manpower field which we think is very important and about which we have done studies, Senator.

Senator CLARK. We expect to try to make this testimony a little better rounded by bringing a number of industrial leaders and businessmen in, chamber of commerce and individual businessmen, to give their views on the problem you and I have been discussing and, of course, you would be concerned with their testimony also in order to get a rounded picture.

Would I be right in surmising that what you and I have been talking about, one of the major end products of it, will be set forth in the manpower report next year?

Mr. WOLFBEIN. We certainly hope it will be in there, absolutely. No matter how we slice this pie, Senator Clark, if we want to deal meaningfully and realisticaly with the manpower question we have to take into account automation and technological changes.

Senator CLARK. I am not under any illusion you are going to come up with the answer to this problem in the next 12 months.

I think it is highly encouraging that you are actively working under title I and expect to be able to show something for your efforts within the foreseeable future.

Mr. WOLFBEIN. Thank you. We have every expectation along that line.

There are many other areas of manpower research. I will mention them briefly and if you or other members would like to comment——

We are also using title 1 in the Manpower Act to try to pursue some research in the field of training itself, and we have given a number of contracts and are doing our own research on what can we do to get the training effort down to where it is most difficult, as I will indicate in my presentation later on the progress of the program. This, I think, is enormously important, and title I, again, I must say, gives us a fabulously good vantage point to move into a research effort in that arena.

Senator CLARK. Do you have enough money to do what you need to do for the balance of this fiscal year and next fiscal year?

I mean, have you asked for enough money and do you have some prospect of getting it?

Mr. WOLFBEIN. Yes, sir, we asked for an increase in accordance with the authorization of the original Manpower and Training Act which I know in next fiscal year will bring us up to a real good posture.

This, of course, is going through the various procedures now. We have an excellent project, for example, at Virginia State College, dealing with this very, very important problem of how do you bring the low-level educational attainments, Negro, for example, into training and retraining programs.

We have some programs in New England and New York, and in Cincinnati, dealing with the disadvantaged young people and how do you give them special guidance, counseling, and training so we can move them into this effort.

So, to summarize all the way from automation itself and the impact it is expected to have, to specific groups in the population, how do you bring them up to snuff in accordance with the act, to specific studies of specific occupational fields, to the changing geography of our jobs, to what is happening to the occupational structure. Title I, let me repeat, has given us a terrific vantage point in which to move.

Senator CLARK. One other comment before you move to the rest of your presentation.

It would seem to me and to a substantial number of my colleagues that we are missing the boat in terms of pragmatically and immediately dealing with the present serious unemployment problem in not getting from the administration an endorsement and a push behind the substantial continuation of the accelerated public works program. In the view of these Senators, and I am not alone in this. This is the single most immediately effective way of putting people back to work on projects which are needed and whose construction has been too long deferred.

I realize your position as a member of the administration in that regard, but if you feel free to make any comment I will be glad to receive it, if you do not I will understand.

Mr. WOLFBEIN. No, Senator, I would like to comment on that. My distinguished colleague, Mr. Batt, I think is testifying this morning and he will be able to speak more specifically to the point.

If I remember correctly the Congress has authorized—is it about $900 million or $850 million?

Senator CLARK. $900 million was authorized, $850 million has been appropriated; however, we have run out of, for a practical matter, we have run out of both appropriations and authorization, an enormous backlog of useful projects which will not be able to start because the program will expire.

Mr. WOLFBEIN. I am familiar with those facts and I will certainly agree. Senator Clark, personally, professionally, as well as for the record, that the accelerated public works program is a most effective means for really aiming at specifically some of the problems of unemployment.

I will now go on to some of the aspects of the training and retraining program very briefly because I know that a number of witnesses previously have spoken to some of the points.

We do have the most up-to-date information today and I thought again by using just a few charts it will save words, Senator.

May I go to the easel and point to the charts, it will be easier.

Senator CLARK. Yes.

Mr. WOLFBEIN. Senator, behind all the good work there is always a young lady, you know. This is Ruth Carroll who designed these charts and will turn them for us.

At the back of the written testimony are copies of the charts, if you would like to look at them a little more closely. (Charts appear on pp. 564–569.)

There are just a few, and starting with the first one, the one that is perhaps most familiar to you, shows the course of events in the development of training programs under the Manpower Development and Training Act.

As you can see, we are really off the ground now, we have close to 45,000 trainees committed to various programs; as you see by the slope of the lines they are moving up now.

I call your particular attention to the other line labeled "Projects," perhaps we don't say enough about this. We now have almost 1,300 separate training projects for these trainees and I would like to call your attention, Senator Clark and the members of the committee, that each one of those means we had to go out, find out where the jobs are, do a job of bringing in the unemployed and guiding, counseling, testing, and selecting them; setting up a curriculum for each one of those projects, getting together with the teachers and the equipment and the States and getting the training program going and there is a lot of logistics in everyone of those projects, you see.

Senator CLARK. As an administrative matter, how much of that work was done within the Department of Labor, and how much over in HEW, just in general terms?

Mr. WOLFBEIN. The most important thing to say about that is that most of this work takes place right smack at the community level.

This is where the local employment security agent goes out and finds out where the jobs are in accordance with the law, then brings in the unemployed and guides, counsels, tests them, and chooses for referral, then the local education authorities, knowing what occupation to train for are in charge of the curriculum, finding the facilities, the teachers and equipment and so on.

Senator CLARK. Then HEW doesn't get in on it at all, does it?

Mr. WOLFBEIN. The local educational and State educational people, of course, go through the Department of Health, Education, and Welfare, funds are allocated to the Department of Health, Education, and Welfare, and they in turn distribute the funds to the various States in accordance with formula in the act.

Senator CLARK. We have had a certain amount of criticism from local agencies, and indeed from State employment services, that the Federal part in this program tends to build up a good deal of unnecessary paperwork and the Federal part of it is not too well coordinated and they find themselves dealing with a large number of different Federal agencies to a disadvantage.

I know from experience how easy it is to make these criticisms and how difficult it is to put your finger on what, if anything, is wrong, but there could be an administrative situation here which is far from ideal.

I wonder if you have any comment on that type of criticism?

Mr. WOLFBEIN. Yes, Senator.

At the beginning of this program I would like to say for the record that now that we look back at it, we did have a real cornucopia of forms. I say this really not in an insiduous sense because at the beginning expending and looking forward to expending a substantial amount of tax dollars we wanted to make very, very sure that all of the requirements of the law would be met.

However, I want to report to you that we have cut down very, very substantially now that the program is off the ground on the number of forms, and now just about all of the effort is concentrated at the local, community level.

Senator CLARK. Is the identification of the various training projects carried out by the State public employment services agencies?

Do they find the projects for you at the State level, sir?

Mr. WOLFBEIN. No, this is done at the local level.

Senator CLARK. At the local level?

Mr. WOLFBEIN. At the local level where the jobs are and where people are going to be trained.

Senator CLARK. How does this tie in with the testimony we had yesterday respecting the desirability of increasing the mobility of labor?

To give an example, if there are jobs available for electronics technicians in California, perhaps we should be training for that in Pennsylvania?

How do you handle this situation?

Mr. WOLFBEIN. Well, the way we read the law, the Manpower Development and Training Act, we read it that we may support training and retraining programs where we find jobs in a given area, or lacking that, in any part of the State.

Senator CLARK. Not outside the State?

Mr. WOLFBEIN. Not outside the State.

Senator CLARK. Do you think that is wise?

Mr. WOLFBEIN. Let me respond this way: I guess, as you know from previous testimony, I personally and professionally again would be in favor of additional support to help the mobility of these people, but as we look at this let me report to you this very important point, that as we have administered the training programs not only under manpower development and training, but also under the Area Redevelopment Act, we have found job vacancies, Senator Clark, to enable us to commit training and retraining all of the people we possibly could with the funds available to us.

This is a very important point because it means that there are job vacancies and the basic idea of the act, to make a more perfect match between the jobs there are and the people available, at least so far, this is very meaningful.

Now, it would be very good if we could have even greater mobility, but I would suggest very strongly this be grounded on all the availability of jobs as well.

It is not surprising, as you know, Senator, that the highest rates of migration and mobility are found among people who have the highest educational attainment, highest in the occupational standings, becaues there are jobs around.

I would like to see a little more experience before we come to a specific recommendation on that point. But it is important that we are finding the job vacancies to put people there.

To turn to the next chart very briefly; we think this is a very, very important one because it gives us a feel for what jobs we are training the people.

As you look at the chart we have a half a dozen major occupational groups and you will see that the biggest group of all, about one out of every three people, we have committed to training—that is shown by the red bar on this chart—are in the skilled categories.

The next biggest group is the semiskilled, about one out of four. Notice the concentration in the clerical and sales category.

You will notice that when you look at the proportion of trainees among the different occupations—that is the red bar—we are training a much higher proportion of the skilled and semiskilled, and even in clerical and sales, than the working population, generally.

Senator CLARK. I am a little confused from that chart. Let us look at the clerical-sales segment of it.

I would get the impression that you are training more clerical and sales trainees than there are presently employed workers or rather than there were employed workers in 1962 in that field.

That cannot be right.

Mr. WOLFBEIN. No; what the red bar is, Senator, adds up to 100 percent. It answers the question—given all the training projects you have approved make that 100 percent—what proportion are clerical, what proportion are skilled, and so on, of the 45,000 that have been committed to training, what is the occupational distribution.

And the blue bar——

Senator CLARK. And the blue bar shows the percentage, adding up to 100 percent of the total employed workers in those six different categories?

Mr. WOLFBEIN. Exactly.

Senator CLARK. I see. I was a little confused.

Mr. WOLFBEIN. That is right, of course; it is a ratio, Senator.

Senator CLARK. I get it. Go ahead.

Mr. WOLFBEIN. What it means is that the major thrust of the program is, of course, not in that last set of bars which are mostly farm occupations where opportunities are declining, for—nor so much of the service occupations which are the low paying—waiter, waitresses, cook—kind of occupational field, but in the skilled, semiskilled, and clerical-sales positions.

Senator CLARK. I wonder if you could be just a little more specific in terms of differentiating between on the one hand, clerical and sales, and service, and, on the other hand, skilled and semiskilled.

Mr. WOLFBEIN. Yes, sir. Let me briefly go down the list.

In the testimony are some specific occupational groups which describe these.

In the professional and managerial field the concentration there is on many of the medical service technician and occupations—operating room, technician, lab technician, and so on.

Senator CLARK. I think, from what you say, that table 1 on page 19 answers my question.

Mr. WOLFBEIN. All right.

To go to the next one, on which we can be very, very brief, I will be glad to report these are one—at least on the basis of sex we seem to be doing well proportionately. Relatively the same proportion of

men and women are among our trainees as there were among the unemployed.

Naturally the men concentrate in the skilled, semiskilled occupations and the women mostly in the secretarial and clerical.

The next chart is an important one, it answers the question: Who are we training in terms of their age? And I think the evidence is pretty clear now that we are doing relatively well on the younger side of the distribution but not so well at all among the older workers.

Senator CLARK. I am interested in that "under 22" category there, which I assume has a fairly high percentage of school dropouts in it.

Mr. WOLFBEIN. Yes, sir.

Senator CLARK. Do you find the restrictions in Manpower Development and Training Act as we passed it are inhibiting you at all in conducting programs for that younger group?

As I recall it—I am not sure I am right—training allowances were available for the older category but not for the younger, and there were some restrictions on how far you could go in training these younger people who have never had a job; were there not?

Mr. WOLFBEIN. Yes, sir; for those people who are under 19, they may be supported in training, but may not receive training allowances; for those who are 19 through 21 and who do not meet the eligibility requirements of being head of a household, they may receive support of training up to a maximum of $20 a week.

I am going to make this last point, that these training allowances we may give to the youngsters may not exceed 5 percent of the total amount of training allowances, Senator.

Senator CLARK. Do you find these restrictions in the act administratively difficult?

What is your own philosophy as to whether what we did was right or whether we should change it?

Mr. WOLFBEIN. To begin with, we are at the genesis of this program and the numbers are still relatively small, I would say that it looks like the 5-percent limitation would be inhibiting.

After all, a very, very formidable proportion of our unemployed are among the young; 28 percent of all the unemployed in 1962, you see, were 21 years of age or younger.

Senator CLARK. Do you know or could you give us an educated guess as to what the percentage of those trainees in your under-22 category are in fact 19 or under?

Mr. WOLFBEIN. Yes; under 19 is the smallest group, 4 percent; 19 to 21, 19 percent. So the real big thrust of the under-22 group, and that was a very perceptive question, are not among the early teenagers but rather in a group 19 through 21.

Senator CLARK. So, in effect, that does not make much of an impact on the school dropout problem?

Mr. WOLFBEIN. Many of the people in the 19 through 21 group are in that category, you see.

Senator CLARK. But they would have dropped out of school well before they were 19, would they not?

Mr. WOLFBEIN. That is right, they have a background of having been dropouts and therefore having difficulty. But your point is well taken when you come to the very young who, of course, may not receive training allowances, it is a relatively small proportion.

Senator CLARK. Do you feel that because a pretty high percentage of those younger people are living at home and do not need allowances the restrictions which the Congress placed on the training in that category so far as allowances are concerned is justified?

Mr. WOLFBEIN. Again, my professional opinion would be that among the very young we do limit the amount of allowances because a lot of them do live in households and are not, of course, by definition, heads of households.

They have not had the experience in the labor force or they would be eligible for the allowances. Also, I would not like to have this bill to give them a financial incentive for dropping out.

We are pondering this. It may be that when more returns are in we may have a recommendation specifically for you on that.

Senator PROUTY. Mr. Wolfbein, have you a breakdown, numerically, of the people in this 22- to 34-age group? You may have it somewhere in your statement.

Mr. WOLFBEIN. You mean the actual numbers involved?

Senator PROUTY. Yes.

Mr. WOLFBEIN. The age group 22 to 34, Senator Prouty, 45 percent of all of these people are in that age group.

Senator PROUTY. I mean how many of them are 22, how many are 23?

Mr. WOLFBEIN. I'm sorry, I guess we could get them by single year of age. It could be done. Would you be interested in seeing the distribution?

Senator PROUTY. I would be interested in having that, Mr. Chairman.

Senator CLARK. Fine.

Mr. WOLFBEIN. As you can tell from the chart, where we have not been able to get a proportionate distribution among our trainees is among the older people, 45 years of age. This we are watching very carefully to see what are the inhibiting factors.

One item that shows up again as we begin to get the returns on who these people are, is that among the 45-and-over group we find a very, very substantial proportion of people with low educational attainments.

Senator CLARK. Do you find also any resistance to employed people in that age group, even though they may be trained?

Mr. WOLFBEIN. In one word, yes.

These people are not immune to what is occurring in the rest of the labor market in terms of attitudes, and so forth.

I am hoping, however, that as this program really gets going and we can endow these people with specific skills we will be able to go to an employer and say, "We now have someone who can qualify for this."

Senator PROUTY. I would also like to make the same request for the group under 22.

Let us go down the list, if we can.

Mr. WOLFBEIN. We will provide this committee with a single year age distribution across the board.

Senator PROUTY. That is right.

Mr. WOLFBEIN. Now, to go to the next one again, very briefly.

This, of course, again is a critical one because it speaks to the point how well are we doing and how well are we not doing in terms

of the educational background that our trainees have had, and here the story, I think, is pretty unequivocal, on the left-hand side of the chart you will see the distribution of education of the people who are trainees and on the right side you see the distribution of all unemployed.

It is important to make the point that two out of every three people unemployed in the United States do not have a high school diploma, one out of every three, as a matter of fact, haven't gotten out of high school at all.

When we look at the distribution among the trainees we find that we are not doing as well among the people who had minimal amounts of educational attainment.

You see, the very small proportion that we have among trainees who have less than 8 years of school and a relatively small proportion among those who just have 8 years of school, but we have a pretty heavy proportion of those who have high school and a high school diploma.

Senator PROUTY. Am I correct, as I look at the chart, approximately 60 percent of all trainees had a high school education or better?

Mr. WOLFBEIN. Exactly.

Senator CLARK. Mr. Wolfbein, I am a little surprised that you are training anybody who has had more than 12 grades of school.

What are the categories where you are conducting training courses for people who had at least a little bit of college?

Mr. WOLFBEIN. For a little bit of college?

Senator CLARK. No. I am looking at the top bar there; the over 12. And I would not have thought that you would be training anybody in that category.

I wonder if you could tell us how you are training and why.

Mr. WOLFBEIN. These are people who already have enough of an education and training background for us to train, if you re-remember the occupational chart, for the professional occupations. And when you are getting into technician jobs, you see, you really have to start from a vantage point of some educational training and background already, and the group of over 12 is concentrated in that respect in the professional occupations.

Senator CLARK. We are going to have criticisms of that program, it is inevitable, and criticism has come to the committee that perhaps you are overselective in some of your courses and this might lead to your making a better record in terms of getting employment for those who are trained than would otherwise be the case, whereas, the real need is down lower in the educational level.

Would you have any comment on that?

Mr. WOLFBEIN. Yes, I would appreciate making a comment on that.

To put the whole ball of wax before us, there is also a certain amount of criticism at the other extreme. People take a look at the occupation distribution of our trainees and they find items—I want to call it specifically to your attention, if you had not noticed, there are occupations like cook, waiter, and chambermaid and gas station attendant, you see, and they have been coming to us: Why are you retraining people for occupations which have so very little skill?

When you look at the whole matter across-the-board, we find that there are people, especially those with less than 8 years of schooling, or 8 years of schooling, where they are unemployed, of course, and they

are long-term unemployed, where the educational attainment is very low, where the ability is very low, but where we can in short period aim them at a job and get them a job. For example, at the beginning of this program we had a recommendation for supporting program for gas station attendant. I want to tell you in all honesty that I was very, very leery of that and I wanted to know why should we spend money to train them for gas station attendant, so I went out to this installation and took a look myself and this was fascinating to watch, because at this gas station 40 percent of the business was in terms of credit cards; and, let us face it, when you have 40 percent of your business in credit cards a so-called gas station attendant has to read, he has to know where a decimal point is, he has to work that gadget where you stamp your card; and the manager of the place told us that they don't want somebody who can stand and insert the nozzle into the proper place and pump gas.

They want you to be able to open the hood and know what it looks like, maybe to say a few words with the fact that "you need a new fanbelt," if it is free.

So in a short period of time you can take some of those people and specifically slot them into these jobs, and they get jobs.

Senator CLARK. You have to teach them to write?

Mr. WOLFBEIN. Many times.

Senator PROUTY. Mr. Wolfbein, what is the average length of a training course for a gas station attendant?

Mr. WOLFBEIN. I will have to check this; my memory says 4 to 6 weeks. It is a relatively short period.

Senator PROUTY. There is no way to teach them to read or write in 6 weeks; if they cannot read or write they are not going to learn that in 4 to 6 weeks.

Mr. WOLFBEIN. Let me say, Senator, what you say is perfectly right; we have, however, and I want to put this in front of you, too, so if you wish to comment and suggest and criticize, you may.

We have also in certain programs found that there are jobs, the employer says he would hire people, but they have to be able to read and write as well.

We have approved programs for occupational training, but at the same time require the people who are taking that occupational training to also go 3 nights a week to school and learn how to read.

But that is a more extended program.

Senator PROUTY. Let us concentrate on this for a minute or two.

Let us see, for example, how many have you trained as gas station attendants; how many are you training now? What is the average level of the school education of the people who are being trained for that specific job?

Mr. WOLFBEIN. Well, we will get those in to you right away. I do not have the details on the machine runs, but generally—and we will give it to you concretely—they tend to be the people with the lower educational levels and in short training period.

Senator PROUTY. First, in connection with gas stations; let us find out how many, if any, have had some high school training.

Mr. WOLFBEIN. We will give you the complete distribution.

Senator PROUTY. I am talking now in terms of gas station attendants.

Now, how long does it take to train a chambermaid, Mr. Wolfbein?

Mr. WOLFBEIN. Do we have information on the length of the training of the chambermaid?

Mr. MIRENGOFF. I have it here.

Mr. WOLFBEIN. It is also, of course, relatively short. We will make sure we give you this information.

Senator PROUTY. What does the training consist of? What are they taught, specifically?

Mr. WOLFBEIN. In terms of this particular occupation what they are taught, I am trying to remember, I think this was in connection with motels, they are taught how to go into a room and fix up after a person has left so that it is in good condition for the new occupant, and the specific curriculum we can make available to you.

There is a regular sequence of courses: (*a*) How do you do this? (*b*) How do you do it as quickly as possible?

This is very important because the load on these people is enormous, I found out, in terms of the number of rooms they are required to do this in a day.

They have to keep count of certain equipment that is involved like towels, and bars of soap, and pillow sheets, and that kind of business. Here's one in a place where you might expect in Florida—Pensacola—which is an area which has many of these kinds of occupations; the number of trainees in Pensacola in this area is 20; the duration of the course is 2 weeks, the minimum permitted under the act.

Senator PROUTY. Why cannot the motel owners or hotel owners furnish that training? I recall years ago when two of my daughters were on summer vacations and worked in motels or camps.

They learned something in their homes from their mother, but they had a definite system to follow in the motel. The people who owned them taught my daughter how they wanted to make the beds. It seems to me we can devote the money to far more important projects than training anyone to be a chambermaid or even a gas station attendant because that is something they can acquire on the job and that is the responsibility of the people who hire them.

Senator CLARK. I would like to make a comment even though it might be in disagreement with what Senator Prouty just said.

It seems to me we are all too apt in upper class and middle class families to assume that the unemployed come from the same kind of households that we do. I do not think what happens to my daughter or my son in terms of the kind of training they get is relevant in determining how you are going to handle school dropouts and the children of families who had no educational opportunities and in many cases not the normal amenities of life.

I would think it would be very important to try to train people for domestic service, for cook, for waiter, for all of those occupations where those people do not have the social and family background to acquire the kind of training which would be a normal thing to get in an upper or middle class, or even a lower middle class family.

I don't want to get into an argument with my good friend from Vermont on this, but perhaps you would make some comment with respect to the clash of opinion between us.

Senator PROUTY. I think there are many high school dropouts who have a high intelligence who would be very well adapted to get a job as a gas station attendant or chambermaid. If we do anything, let us pay the employer something to train them if we have to rather than

tie up our own manpower and our funds for something which is relatively unimportant.

I am speaking of household jobs now. There are many people who would like to have people come in and clean once a week.

They are unavailable in many areas. They don't particularly like that type of work. It seems to me that people who have to be trained for that type of work are not qualified for any job, actually.

Mr. WOLFBEIN. Senator, as I indicated in the beginning, and this is why I wanted to put it on the table, that we have been criticized for training and retraining in these courses and just another word on this. I feel, again, that as we are at the beginning of this program, that if we are really to make any impact, Senator, on some of these groups who have been out of work for long, long periods of time, who have these low educational attainments, we are going to have to deliberately spend some of our resources in endowing them with this little bit of skill, so they can get into that job.

One other word on this, I would like you to understand, that these kinds of programs are not carried out unless they have not only the support, but the enthusiastic support, of the industries involved.

For example, the Atlantic Refining Co. and Sun Oil Co. have come to us with enthusiastic backing, and this is very important, because they are really agreeing, Senator Prouty, for us to undertake taking some of these people who are having a rough time, you see, and agreeing to put them on after we have put them through a short training period.

Now, we are not going to be able to hit very many of them this way. It is almost a custom-tailored operation where the industry says, "All right, we will take on a limited number of people if you will train them."

And this is why there is a relatively small number, but I have personally felt that under this act we ought to make some kind of showing in cooperation with the industry people, that this kind of thing can be done.

You could take folks in this kind of status and, with a little bit of training and a little cooperation of the Sun Oil Co. and the Shell station, do this kind of operation.

Senator PROUTY. If the program is actually working, I have no objection to it, but I still have to be convinced that it is not, in a sense, a private program.

I would also like to have figures on the number of people who have and are being trained as chambermaids, as gas station attendants; the age level, all the facts.

Mr. WOLFBEIN. We will supply that.

Senator JAVITS. Would you also include at one and the same time the extent which there has been placement of those people in jobs, and if you have the information whether they are lasting in those jobs, because I notice in your statement you say that people often get a job but then lose it. I think that is an important consideration in terms of the end point we are all trying to see.

Senator CLARK. I am going to suggest, in assembling that information, you have your people confer with Senator Prouty, or Senator Javits' staff so you can agree on the categories.

I suspect you have agreed, Senator Prouty, that you are interested not only in chambermaids but everybody who is looking for a job in the domestic service, whether in a private home or hotel or motel.

Senator PROUTY. I will be happy to submit a list of questions.

Senator CLARK. I think that would be fine.

Mr. WOLFBEIN. Just one more word on this. This bill, as this committee knows very well, does direct us specifically in title 3 to do this kind of job, Senator.

To evaluate, who is getting the training, what their placement record is, how they do once on the job, and this we certainly intend to do.

Senator PROUTY. I think that is very important, we have to evaluate the program.

Senator JAVITS. I have to leave for another committee. May I, Mr. Chairman, submit in writing to Mr. Wolfbein, some questions on the training under the Trade Expansion Act, how it coordinates with these other programs and have an answer for the record?

Senator CLARK. Is that within the area of your responsibility?

Mr. WOLFBEIN. Yes.

Senator PROUTY. I am sorry to say I have to leave, also. I do not know when Mr. Wolfbein's statement arrived in my office; I did not return until late yesterday afternoon and I had another committee meeting to attend, but I just refer to rule 7 of the committee rules which I would like to read and have appear in the record at this point:

> The committee (subcommittee) shall, so far as practicable, require all witnesses heard before it, to file written statements heard before it, to file written statements of their proposed testimony at least 72 hours before a hearing and to limit their oral presentation to brief summaries of their arguments. The presiding officer at any hearing is authorized to limit the time of each witness appearing before the committee (subcommittee).
>
> The committee (subcommittee) shall, as far as practicable, utilize testimony previously taken on bills and measures similar to those before it for consideration.

It seems to me, Mr. Chairman, and I have raised this point before, that the members of the subcommittee have not had sufficient time in which to go over these statements.

Now, certainly anyone in Washington that is representing a Federal agency has time ot prepare these statements and have them submitted to the committee well in advance of the schedule hearing.

Senator CLARK. I agree with you thoroughly, Senator Prouty, and I have been having a little difficulty with our own staff on that subject. I have had the same problem you have had of not getting these statements until late in the afternoon before the testimony.

Then the question is: Are you going to postpone the hearing and reassemble all your witnesses and everything? This presents a judgment question in each case.

But I have instructed the staff, as of this morning, to tell every witness that unless their statements are in 3 days before they are called upon to testify they will not be heard.

Senator PROUTY. In justification to the staff members, Mr. Chairman, I understand they have been making diligent efforts to get the testimony in advance, so I am not criticizing the staff members but I do think that the witnesses should have their statements prepared and available to the members of the committee at least 3 days in advance.

Senator CLARK. I agree with you on everything you said, including the fact that it is not the staff's fault; they have been making earnest efforts to get these things in. The difficulty is, of course, that the witnesses do not believe we meant it and about the only way we are going to be able to work this out is to say, "I'm sorry, we cannot hear you today, go back to California and come back next week."

This is an administrative problem, so I agree with you about the Government witnesses.

Senator PROUTY. Mr. Chairman, I would like to have an opportunity to go over Mr. Wolfbein's statement and submit any questions which might occur to me after I have had an opportunity to read it and have his answers appear in the record.

Senator CLARK. I would appreciate it if you would submit those questions through our staff so we could coordinate and see to what extent they duplicate any information that is already in the record. Let me make it clear, Mr. Wolfbein, I am not criticizing you. This is just a problem.

Mr. WOLFBEIN. I understand. We just have a few more left. The next is a critically important one, because it answers the question how well are we doing in terms of the unemployment experience of our trainees and here we think the record is excellent.

As you know, a very substantial proportion of the trainees already enrolled are the long-term unemployed. As a matter of fact, the proportion of the——

ANSWERS TO QUESTIONS ASKED OF SEYMOUR L. WOLFBEIN BEFORE THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND MANPOWER

Question. What is the average length of a training course for gas station attendants?

Answer. About 8 weeks.

Question. How many gas station attendants have you trained?

Answer. As of June 12, 1963, training had been approved for 331 gas station attendants in MDTA institutional projects.

Question. What is the average level of education of persons being trained in this occupation?

Answer. About the 10th grade.

Question. How many have had some high school education?

Answer. Almost all have had some.

Question. How long is the average training course for chambermaids?

Answer. Two weeks.

Question. How many persons are being trained under MDTA as chambermaids, and as gas station attendants?

Answer. As of June 12, 1963, a total of 169 and 331, respectively, had been approved for training.

Question. What is the education level for chambermaid trainees?

Answer. Education levels varied markedly from area to area—ranging from the 8th to the 12th grade.

Question. Can we identify, without going to a tremendous amount of work, what other minority groups are represented among the group of trainees?

Answer. No. All we know is that about 85 percent of all "nonwhites" are Negroes.

Question. How many projects and trainees do you estimate will be approved through the end of calendar year 1963?

Answer. A very rough guess, based on our current rate of approvals, would be about 3,500 projects and about 125,000 trainees.

Question. How many projects can be expected to be approved by the end of calendar year 1963?

Answer. About 3,500.

Senator Prouty stated that he would be interested in seeing a distribution of enrollees by single year of age.

(This information is as follows:)

TABLE 48.—*Persons enrolled in MDTA training by single years of age, June 1963*

Age	Trainees		Age	Trainees	
	Number	Percent		Number	Percent
Total	19,593	100.0	40	418	2.1
			41	425	2.2
16	38	.2	42	358	1.8
17	82	.4	43	333	1.7
18	674	3.4	44	338	1.7
19	1,305	6.7	45	290	1.5
20	1,322	6.7	46	263	1.3
21	1,080	5.5	47	233	1.2
22	1,030	5.3	48	217	1.1
23	924	4.7	49	186	.9
24	873	4.5	50	178	.9
25	738	3.8	51	141	.7
26	709	3.6	52	129	.7
27	674	3.4	53	92	.5
28	617	3.1	54	95	.5
29	580	3.0	55	77	.4
30	495	2.5	56	60	.3
31	519	2.6	57	44	.2
32	505	2.6	58	39	.2
33	548	2.8	59	33	.2
34	496	2.5	60	25	.1
35	508	2.6	61	15	.1
36	454	2.3	62	13	.1
37	462	2.4	63	4	(1)
38	460	2.3	Age not reported	65	.3
39	429	2.2			

[1] Less than 0.05 percent.

Senator CLARK. Mr. Wolfbein, let me interrupt you. Senator Javits would like to have his question amended so the information he asked would include not only the Trade Expansion Act but also the Area Redevelopment Act.

Mr. WOLFBEIN. Absolutely.

Senator CLARK. Would you mind going back because my attention was diverted. I am sorry. Start again with the chart.

Mr. WOLFBEIN. This particular chart, Senator Clark, speaks to a very important point. Among the trainees that we are taking so far, what has been their unemployment experience before they came to these projects and here, I think, it is fair to say our experience has been excellent, we have really been hitting at the long-term unemployed.

You know that a very substantial proportion, 1 out of every 5 of the trainees, so far, have been unemployed for 52 weeks or more—that is a year or more—generally as this program is developed the number of long-term unemployed among the trainees has been about double the proportion generally among the unemployed population.

Senator CLARK. And yet, if I read this chart correctly, more than 50 percent of your trainees have been unemployed for 14 weeks or less?

Mr. WOLFBEIN. Not long-term unemployed; that is right, yes. Of course, you see, on the right-hand side of the chart is the distribution in terms of duration of unemployment among unemployed people, generally, and on the left-hand side are the trainees, so you compare one with the other.

Senator CLARK. I understand that; nevertheless, you would agree, I am sure, that your major impact, to the extent it is possible with regard to the other problems, should be on the hard-core unemployed and that is where your major emphasis should go.

I assume it is a good deal easier to get a job for a man or woman whose unemployment is 14 weeks or less. I would assume they had been trying and failed, whereas others might even be part of frictional unemployment.

Mr. WOLFBEIN. That is true. The only addition I would make, that some of the people who are in the 5 to 14 category, for example, Senator, next month or the month thereafter move into the long-term unemployed, and it would be a good idea to get them into training and retraining before they reach that stage.

Senator CLARK. I am not being critical.

Mr. WOLFBEIN. I understand.

The next one I want to call your special attention to, Mr. Chairman, we have just gotten the new returns, as you know, for the first time, by color, and we are very glad to report that as we stand now, the proportion of nonwhites among the trainees is very close to the proportion generally among the unemployed.

Senator CLARK. Tell us, for the record, will you, what groups other than Negroes are included in nonwhites; I suppose the Puerto Ricans? No?

Mr. WOLFBEIN. No; 90 percent of the nonwhite group are Negro; the other 10 percent included the Indians, some of the Orientals on the west coast; but it is overwhelmingly Negro.

Senator CLARK. Do you have any figures which would identify what are often referred to as "other minority groups," and I say that with the greatest respect and regard to our Puerto Rican citizens and those of Mexican and Spanish extraction. They are in some ways, are they not, a similar problem on the west coast and Southwest as the Negroes are in the North, East, and South?

Mr. WOLFBEIN. There are Puerto Ricans in the Northwest, New Jersey, and New York.

Senator CLARK. Would they change, significantly, that chart?

Mr. WOLFBEIN. They are a very important part of the people we are retraining; we do not keep separate figures on them, you see.

We have to go back to the specific training program and get some of this information. I cannot say to you, generally, Senator, in an area like New Jersey, for example, where there is a heavy number of Puerto Ricans, especially those who came in to be migrant farm labor or——

Senator CLARK. Yesterday we had employment service officials from the States of Connecticut and California, among others, and they seem to have, at their fingers, information on those Puerto Rican and Spanish extraction. I suspect they have information readily available in an area where this is a problem.

Mr. WOLFBEIN. Would you like to have this quantitatively, Senator?

Senator CLARK. Without going into a tremendous amount of work. I think it is interesting, but not vitally important. If you can get it, fine.

Mr. WOLFBEIN. Fine, I think we can get it.

The next chart speaks to the point and is one that just became available as we approached the testimony today.

This begins to answer the question, What kind of training are we providing for the nonwhites of the population? you see, and here, from these first returns, the story is pretty good.

You notice that the red bar presents the nonwhites; Manpower Development and Training Act trainees, what proportion by occupation; and the shaded blue represents the occupational distribution of the nonwhite generally.

You will see that among professional-managerial, it is about even Stephen, the proportion is about what it is generally in the nonwhite workers.

Look at the clerical and sales, there is a much heavier proportion in that group, a much heavier proportion in the semiskilled.

This is important, Senator, we are not putting as much emphasis on the training of nonwhites for the low-paying service occupations and the otherwise mainly farm occupations, so the training and retraining in the nonwhite sector has been in the white-collar occupations and in the skilled and semiskilled occupations.

Senator CLARK. What would be your comment on the service situation where I should think one of the greatest opportunities for training would exist and where there is obviously an extraordinary high percentage of nonwhite employed concentrated?

Mr. WOLFBEIN. I did not get the last word.

Senator CLARK. Look at the service bars on the graph. It appears on the surface that you are not doing as well there as you are doing in the other categories. My question was, first, Why are you not, and, second, Is this not a very fertile field of training?

Mr. WOLFBEIN. Well, this ties in with the comments we have received previously on some of these occupations.

The service occupations are the ones we just finished talking about—the cooks, waiters, gas station attendants, the chambermaids, you see; and frankly, whatever—wherever we see the opportunity we would rather train people in the minority group situation for what we know are the higher paying jobs——

Senator CLARK. Now, that, Senator Prouty has gone——

Mr. WOLFBEIN. I hoped he would see it.

Senator CLARK. I would strongly urge you to step up your efforts in that service field because it seems to me this is where you could get the best results the quickest and there is a great need for these people. There is no need kidding ourselves, somebody is going to have to do the strong back, weak-mind jobs. They are not all going to disappear, and with a minimal amount of training you could get people who could make good cooks, good waiters, good service station operators, and in the domestic service.

This is an area where what is important is to get people to work.

Mr. WOLFBEIN. This is why I wanted to put this on the table. We always get these comments when we talk about the occupational distribution, and I think it is good to get this kind of reaction and we think it through.

I do not think, really, in this program, which is so important, we are really going to make the dent in these unemployed groups if we don't hit those kinds of occupation.

Senator CLARK. I think we have to appreciate that Members of Congress and Senators are not really representative of the people who are looking for jobs; of coure, we look for every 2 years in the House and every 6 years in the Senate, but this is hardly the same problem. of this proposition.

Mr. WOLFBEIN. We are coming to the close of this.

The next chart talks to our placement record so far and from the experience so far this is the story about 7 out of 10 have been placed and the other 30 are still awaiting placement.

I will have to emphasize to you, however, that most of the training programs you see are still going on; we have relatively very few graduates yet.

The average training course is close to 26 weeks—a half year, you see—so most of the people undertaking training are still in training; so I have to emphasize the fact that even though these figures look very good, with 7 out of 10 already placed, we are at the very beginning of this proposition.

I would like to say one other word about this. If we can maintain a placement rate that is as high as this that we are really doing very well, because this compares very, very favorably with the placement experience of other training programs.

Senator CLARK. Do you have a procedure by which you determine whether a trainee once placed continues to hold the job? How do you know he will not be fired in the first week?

Mr. WOLFBEIN. We read the act that you folks passed, too, instructing us to do exactly that. And we will certainly follow up, as a technical word, these people we place, to find out how they do on the job, how long they last on the job, do they get promoted, what happens to their wage scale, and so on.

So we will be able to report to you on that.

Senator CLARK. Are you sure that 70 percent is firm or will stand up, or have half of those been fired since you prepared your statistics?

Mr. WOLFBEIN. It has been so recent I would say all, if not all of them, are still on the job.

Senator CLARK. I would imagine you would get compalints back if there was widescale dissatisfaction?

Mr. WOLFBEIN. I think that we would be the first to hear. I want to say this to you again, to put everything on the table: It would be very surprising if we did not have a very good placement record.

We try to design a curriculum so people can be trained for that job.

Senator CLARK. We had criticism yesterday from some of the State employment people that you were too rigorous in that regard and perhaps the act was too rigorous; that we ought to be—in terms of looking ahead in manpower planning—training people for jobs without the assurance that there was a job at the end.

It seems to me this is a policy matter on which I have no particular views. I wonder if you have a comment.

Mr. WOLFBEIN. This is something we are reflecting on, too; we are going to watch the returns. You know, no other education, training, retraining system that I know of requires what we are requiring here, and I am impressed by the fact, you have heard me say this a number of times, Senator Clark, 2 out of every 5 people who graduate in the United States with a real snappy engineering degree, doesn't enter engineering.

Of course, they will do other things.

Senator CLARK. What happens to us lawyers who become politicians?

Mr. WOLEBEIN. Not to say anything about lawyers.

So, incidentally, one of the things we are watching is having given these people their training and retraining, retraining, we are seeing,

then, what happens to them later on in terms of keeping jobs for which they have been trained.

Maybe they get placed in related jobs.

But this, of course, is a very important item, and we are going to keep very careful track of it.

Now, the next chart.

Senator CLARK. I do not want to hurry you and I have been the one who has detained you but I do want to get to Mr. Batt.

Mr. WOLFBEIN. Yes, this is the last one, and, in fact, it introduces Mr. Batt in my last chart, completely unrehearsed, incidentally.

The last chart is in the testimony itself and we have not got the—we have not got it fancied up this way.

But I do want to call to your attention to a point you know very well.

We are also responsible for training and retraining trainees under the Area Redevelopment Act. I want to report to you, Senator, that this is really one piece of work that has panned out very well.

There has been a steady growth in the training and retraining activities under the Area Redevelopment Act. We have put into training all the persons we possibly could with the funds available to us more than 20,000 all together since this program began. These are short, intensive courses aimed at the redevelopment areas. The placement is even a little better than our experience under the Manpower Development and Training Act and we feel it is a very, very important thing under the Area Redevelopment Act.

Senator CLARK. I think, before you go—perhaps you will want to make it fairly brief—your prognosis for the program during the balance of this calendar year, or, if administratively it is easier for you to do it on a fiscal year or different basis, let us have that.

I think we would all like to know where you go from here, as far as you now see.

Mr. WOLFBEIN. I will say as follows—in just one moment—there is no question that what is coming up in the U.S.A., between automation that we discussed at the beginning of this testimony and the big crops of new young workers coming up, that we are going to have a big training and retraining job in the years to come.

If you look at the fiscal year—next fiscal year—it is going to be there.

Secondly—now that we have gotten off the ground—now that the States and localities have worked out the procedures, there is no question in my mind—I want to state this unequivocally, Senator Clark—that every resource that we have made available to us for training will be put to use. I don't think there is any question about this, as the need has been demonstrated, of course, a long time ago. What you folks have done now is asked us, "Can it be done?" I know the answer is coming out unequivocally, "Yes, it can be done"—for all sorts of people of different educational backgrounds, different unemployment experiences, white, nonwhite, male, female, geographically.

Senator CLARK. That is a good answer to part of my question, but what I really had in mind is to what extent do you anticipate stepping up this program in the foreseeable future in terms of the number of projects and in terms of the number of trainees?

Mr. WOLFBEIN. Again, just 30 seconds on that. Our experience in getting off the ground is shown very clearly on the chart, at the very,

very beginning of the program, stated to—States had to come in and sign contracts and get their staffing, get their programs. Notice what has happened to the slope of that line as we have gotten into the program.

If I remember correctly, we are now approving programs at the rate of about 2,000 a week. Now, that is really accelerating, so that even if we just project that line we are going to be able to use about double the amount of funds we have available this fiscal year.

Senator CLARK. Could you give us a rough approximation of the number of trainees you would anticipate, and the number of projects you anticipate, if that chart were to be extended to include the balance of this calendar year?

Mr. WOLFBEIN. In other words, until December of 1963?

Senator CLARK. Yes.

Mr. WOLFBEIN. This would have to be an educated guess, Senator.

Senator CLARK. If it would be easier, run it down to June 30 of next year, whichever would be easier for you.

Mr. WOLFBEIN. I would say we would add to the figure we have now about, roughly, 80,000. Would that be a pretty good estimate for the rest of this calendar year?

Mr. MIRENGOFF. It would be close to it, I think.

Mr. WOLFBEIN. For the first part, between July and December of this year, which is the first part of next fiscal year, we would anticipate about 70,000 additional; and, for the month of June, it is hard to tell; but the way it is accelerating, we may get somewhere between 8 or 10 more—that would be right on the ball, you see, in terms of our expectation.

Senator CLARK. How about projects? The green information.

Mr. WOLFBEIN. The green line, that is a little more difficult to do, because it depends on what occupations we turn up. Right now we have about 1,300; you see, it has been running about 20 people per project. Only I would have to do the division, and come out with it. I will give you a figure on that.

Senator CLARK. Just furnish that to us later, if you will. Now, are you anticipating asking the Congress for additional legislation and/or appropriations next year, in the 2d session of the 88th Congress?

Mr. WOLFBEIN. We are now before the Congress for our appropriations for fiscal year beginning July 1963 and ending 1964; well, before the Congress, I guess, in the early part of calendar 1964, for the fiscal year following.

Senator CLARK. In terms of appropriations, and in terms of amendments and changes in the act, or both?

Mr. WOLFBEIN. In terms of appropriations, of course, definitely; because the act authorizes a certain amount, and we would come in for it, Senator.

In terms of amendments, we are right now taking a look at these returns, Senator Clark, to see what they show—you know, tell us in terms of recommendations we might want to make.

Senator CLARK. I would suggest to you that there are certain practical political reasons for coming in next year with any extension of this program you think is desirable, and let us try to stay on the ball and not find ourselves frenzied, rushing into something in the closing days of next year's session.

Mr. WOLFBEIN. That sounds like sagacity, but I will sure take it into account, Senator.

Senator CLARK. Thank you very much, Mr. Wolfbein; it has been a pleasure to have you here. It always is.

Mr. WOLFBEIN. Thank you.

Senator CLARK. Our next witness is Mr. William Batt, the Area Redevelopment Administrator. Mr. Batt, we are very happy to have you with us this morning.

I am not going to say anything mean to you, Mr. Batt, but I understand your prepared statement did not come in until this morning; if Senator Prouty were here I think he would have a comment.

Mr. Batt's statement will be printed in full in the record at this point.

(The prepared statement of Mr. Batt follows:)

PREPARED STATEMENT OF WILLIAM L. BATT, JR., ADMINISTRATOR, AREA REDEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE

Mr. Chairman, on the opening day of these hearings, Secretary Hodges explained the overall concern of the Department of Commerce with our Nation's economic growth. He discussed the various programs of our Department to more fully utilize manpower in expanding our national economy. As Administrator of the Department's Area Redevelopment Administration, I would like to focus attention on certain aspects of the problem.

Others have thoroughly detailed the relevant statistics relating to unemployment in the United States. Our concern is how this problem is being, and can be, met. The training programs authorized by the Area Redevelopment Act and the Manpower Development and Training Act are two important tools in seeking a solution. During the 18 months that the Department of Labor has operated the ARA training program, and the 12 months of experience under MDTA, training projects for approximately 64,000 unemployed have been approved.

A beginning has been made. But, when viewed against the 5.8 million jobless workers, it is apparent that we are not doing enough. The President has proposed expansion of the training programs. Under the MDTA and the ARA programs, we have to provide retraining for more than 150,000 people in fiscal year 1964. In addition, the proposed new youth employment program, if enacted, could assist more than 50,000 youths in its first year.

There is no easy answer to this immense problem, and I would certainly not want to suggest that more and better training or retraining is the only method by which we can cope with the staggering manpower problems we now face.

Yet, training for jobless workers is one highly important way by which we can help the situation, and we certainly need to keep our efforts resolutely focused on doing an ever-better job in this field.

It seems to me that there are two major fields to which we ought to give major attention at this time in order to improve what we are now doing.

First, we need to know more about the labor market. We need to do a more imaginative and creative job of finding out what we can train people for.

In order to do this job well, we will need to go beyond formal surveys and questionnaires, excellent though these two tools are in uncovering job opportunities. We will need trained and highly motivated people who can sit down with groups of businessmen and community leaders and help them come to a realization of the kind of jobs which could be filled if people were trained for them.

Training is not just training for highly specific, established jobs, although this type of training should not be overlooked. Training ought to be developed for jobs which would be created if trained people were available.

To uncover this type of job, it is essential to bring the trainers, the labor market experts, the businessmen and the representatives of labor together to trade ideas, to work jointly at uncovering opportunities.

I have had experience at this myself, and I have seen the reports of our staff not once, but in many places. We find areas where no training is going on. The official reports indicate no significant job vacancies. The conclusion appears evident. No training is needed.

However, when the situation is examined in dept at the kind of meeting I have just referred to—vocational educators, community leaders, businessmen, trade union leaders, manpower experts from the local employment security offices—new ideas come to the fore. One businessman says, "Well, if I had some qualified persons, I could hire at least 20 more people." The vocational educator says, "We could train people for such an occupation easily." The employment security specialist says, "We have plenty of people who could be trained for such an occupation." After the first, the rest comes a little easier, as more and more persons chime in with ideas, and before long there is a community training program in existence.

It may be training in occupations for which training had never before been offered by the vocational educators, or for which no job orders appeared in the local employment office, or in which no businessman ever thought he could find qualified people—but it is training for jobs and it is creating new jobs.

This is exactly what happened in Laredo, Tex., and I have seen the people training there for jobs which nobody knew existed a short while ago. It has happened in Paterson, N.J., and Chester, Pa., and a dozen other places. It should be happening in thousands of places, and it will happen if we work at it with imagination, creativity, persistence, and good will.

Knowing more about the labor market is one highly important part of doing more with our retraining programs. Training more of the hard core unemployed is another area in which we need to do better.

Without its being anyone's fault, we seem to be in the situation today where we train the best and discard the rest. I don't want to disparage the highly significant special programs now getting underway on a pilot basis within the Department of Labor, but with small exceptions, most of our training programs reach only the best qualified.

When one stops to think of it, this is wholly natural. Employers want what they consider to be the best possible workers. Employment placement officers want to send only the best people to employers. Vocational educators want the best pupils. The results is a vigorous screening program. High educational and physical requirements are automatically cranked into the qualifications for the job vacancies without serious thought being given to whether such qualifications are really related to the job in question.

We seem to be in the business of requiring a high school diploma for every semiskilled machine operator and successful passage of a physical fitness test for every maintenance repairman.

It is right for vocational training to be job-oriented, and we want to satisfy employers who use our training programs. But we also must require employers who benefit from these programs to review their job requirements to make certain that they do not arbitrarily rule out those who do not have formal academic education, those who are too old or too young, those who are not perfect physical specimens—and of course, those whose color or ancestry may be different from the majority.

And it is also right for vocational training to be worker-oriented, that is to begin with the jobseeker, instead of the job. We need to counsel and work with jobseekers, and determine what kind of training they can take successfully and what kind of jobs we can train them for successfully. We need also to develop more basic education courses as a part of vocational education. In short, we need to find out how to help particular types of jobseekers, and then we need to establish training programs to help them.

I believe we have only begun to learn all that we need to learn about job training and retraining as a technique for dealing with our current and future manpower problems. We need to learn more and we need to do more.

But we must not approach this problem timidly.

One of the factors which seems to me to be grossly overemphasized is the great importance given to extraordinarly high placement rates for those who are trained. For some reason or other, we are worried if we do not place 90 or 100 percent of our classes.

This worry translates itself into fears, and those who administer the program in the communities become timid about starting training without ironclad guarantees that the graduates will be hired.

Certainly I don't suggest that we train people indiscriminately for jobs that don't, or won't exist, but what is wrong with a 50-percent placement rate? It may be true that 50 percent of the graduates do not have jobs, but it is also true that 50 percent of them do, and that is much more than would have been working without the training program.

Why should a student overcomplain when he is unable to locate a job soon after his graduation from our training courses? At least he has had the opportunity to acquire a new skill and presumably a useful one in today's labor market. His employability has been enhanced. We would like to place him immediately, but even if we do not, the chances are much better that he will eventually find a job, and he is certainly better off than he was when he started. In Sweden, when a retrained worker fails to find a job in the skill he has learned, he is immediately retrained in another skill.

I raise these points not to defend irresponsibile training or inadequate efforts to help graduates find jobs but to help place our training programs in perspective so that we do not become excessively timid.

We need new training programs, bold training programs, imaginative training programs. We need people with dedication, imagination, and courage to help us develop more and better training for our jobless. We need to get the cooperation of everyone in the community in creating new ideas for training. We need to work more closely with the least-qualified job applicants.

And, we need to encourage everyone in creating new jobs for our workers. We, in ARA, are attempting to bring new job opportunities to those areas of our Nation which already feel the impact of the manpower explosion. We are helping to put people back to work in private industry in those areas.

These are the facts:

(1) As of April 22, 1963, ARA has approved 254 projects involving either direct loans to new or expanding businesses, or loans and grants to public bodies for community facilities directly identified with new or expanding industry. These 254 projects involve $95.8 million in Federal funds—of which $77.4 million is in the form of loans which will be repaid to the Treasury, with interest.

(2) The 254 projects already approved will mean the creation of 39,000 direct jobs in new or expanding industries. And, based on the estimate of the Chamber of Commerce of the United States that each 100 new jobs in private industry translate into 65 additional jobs in supporting industries, trades, and services, then these 39,000 direct jobs will be augmented by another 25,000 indirect jobs.

(3) In relation to the total problem of the redevelopment areas, the creation of 64,000 jobs does not loom particularly large. But to the 64,000 families involved, their own long personal economic depression is over, and to the hundreds of communities in which they live there is a glimmer of hope for a brighter economy.

(4) A recent report from ARA field coordinators shows that 188 projects which these men assisted in initiating have been financed with over $51 million in non-ARA funds. An estimated 17,900 new jobs will be created by these projects.

Additionally, the accelerated public works program has disclosed the existence of a vast number of public projects which should be undertaken if our communities are to satisfy the needs of our expanding population. These projects—so desperately needed in so many areas—can provide jobs for many of our jobless citizens.

We must overcome apathy—apathy which trains only the best; finances only the sure; and deprives American communities of minimal public facilities.

If we can do these things, I am confident that we will do much to help the Nation cope with its growing manpower problems.

DEPARTMENT OF COMMERCE,
AREA REDEVELOPMENT ADMINISTRATION,
Washington, D.C., June 10, 1963.

Hon. JOSEPH S. CLARK,
Chairman, Subcommittee on Employment and Manpower, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: When I appeared before your subcommittee on June 6, 1963, you requested a step-by-step narrative of a training project under the provisions of the Area Redevelopment Act. This is in response to that request.

When a plant, whether old in the area or new (provided it is not a relocation) has job vacancies requiring specific skills, the steps are as follows:

(1) The firm confers with the manager of the local office of the State employment service of the area in which the plant is located, describing the specific jobs for which he needs workers, skills that will be required, and the number of workers for each skill.

(2) The manager of the employment security office will check his files to determine whether his records contain currently registered unemployed who possess the skills required and are therefore entitled to first call on the jobs. If he finds none, or if his unemployed rolls show workers who possess the required skills but need refresher courses, he will contact the vocational education officer of the area and discuss the training need.

(3) Both agencies (Vocational Education and Employment Security) reach agreement on the type of training best suited for the skills in demand, and preliminary proposal is developed for consideration by the local technical committee on manpower and training on which vocational education, employment security, representatives of the overall economic development program and other community organizations serve. The local employment security office supplies the committee with a statement containing labor market demand and supply data of the area, and vocational education presents a course outline and a budget covering training costs.

(4) The committee considers the proposal and when approved, it is signed by the representatives of the agencies involved and the technical committee, following which it is sent through employment security channels to the State employment security and vocational education offices for review and approval by them.

(5) If approved by the State agencies, the proposal is submitted through employment security channels to the Department of Labor. The Department coordinates a review by a Federal review team including representatives of the Departments of Labor, Health, Education, and Welfare, ARA and, depending on the nature of the proposal, representatives of the Bureau of Indian Affairs and the Department of Agriculture.

(6) Final approval or disapproval is made by the Secretary of Labor based on the recommendations of the intra-agency review committee. Training costs allowances are made by the Department of Health, Education, and Welfare. Approval funds for weekly subsistence benefits are authorized by the Department.

(7) As the project is being processed, the local employment security can start preliminary selection and screening of applicants for training. No official selection of trainees wil be made until the official is notified that the project has been approved. Similarly, vocational education will start selecting a training site determining whether public facilities, factory, or private institution is best.

(8) Training can also be started as a result of a need survey conducted by the local employment security office either on its own initiative or in response to requests from an overall economic development program committee or industry representatives. If the survey indicates job vacancies for which ARA training is feasible, the same procedures as outlined above are initiated.

Review procedures in Washington have been expedited to the point where an average of only 3 weeks are necessary from receipt of the training proposal in Washington to clearance and allocation of funds.

Sincerely,

WILLIAM L. BATT, JR., *Administrator.*

DEPARTMENT OF COMMERCE,
AREA REDEVELOPMENT ADMINISTRATION,
Washington, D.C., June 19, 1963.

Hon. JOSEPH S. CLARK,
Chairman, Subcommittee on Employment and Manpower, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: During my testimony before your subcommittee on June 6, 1963, you requested a summary of the Bata Shoe Co., Inc., project in Salem, Ind. This is in reply to that request.

The Area Redevelopment Administration approved the overall economic development program of the Salem area on September 15, 1962. The program was developed by a local committee composed of 52 members representing the various organizations of major community interests. This section of the State was basically a rural farm area. Its farms, for the most part, have become marginal and submarginal. New, off-farm industrial employment appeared to be a logical solution to their economic problems.

Early in 1962 the Bata Shoe Co. decided that it had a great need to service its midwestern market with a plant in that section of the country to manufacture canvas shoes. It contacted State officials of various midwestern States and received brochures and data from them. Responsible leaders of Washington County (Salem) contacted Bata, explained their overall economic development program and convinced them that they had an ample labor supply, suitable plant sites, and under ARA assistance could develop a successful venture for the community and the company. After a complete survey with regard to the suitability of this area for its needs, the Bata Shoe Co. chose Salem, Ind., for its new plant.

Under the auspices of the Washington County Economic Development Committee, the Salem Redevelopment Corp. was formed and applied for an ARA industrial loan in October 1962. This local development company proposed to acquire land and erect the necessary factory building. These facilities have been constructed by the Salem Redevelopment Corp. and leased to Bata. That company provided its own machinery and equipment.

Financing of the project was developed in the following manner:

	Amount	Percent	Years	Security
Bank loans	$170,000	24	20	1st mortgage.
Area Redevelopment Administration loans	441,923	61	20	2d lien.
Salem Redevelopment Corp	107,987	15		Equity.
Total	719,910	100		

(In addition, the Area Redevelopment Administration is presently considering a proposal to assist the city of Salem in financing improvements to its water and sewerage system to serve this new plant.)

At the request of the overall economic development program committee of Salem, a training program was instituted for Bata Shoe Co. for the following jobs: Machine stitchers, vulcanizers, hand trimmers, power sewing machine adjusters, machine adjusters, and inspectors. Approximately 150 trainees have been employed by Bata since June 1, and an additional 192 are expected to be employed by the latter part of June. On June 21, these 342 trainees will graduate formally, and it shall be my pleasure to make the principal address and to present them with their diplomas. The cost of this training program is $35,204, plus $29.248 for subsistence pay.

Within a year, Bata expects to employ 600 people. The impact of the creation of 600 jobs will be felt not only in Washington County, but in the surrounding counties, one of which (Crawford) has a current unemployment rate of 49.4 percent.

The basic or guaranteed minimum salary of women employees at Bata Shoe is $51.20 per week and for men the amount is $59. However, these people work on a piecework or incentive plan, and, as a consequence, women are expected to average about $65 per week and men about $85 per week. We understand that people in the leather goods manufacturing industry in Indiana average $63.84 per week.

It is interesting to note that the canvas shoe demand has been increasing by approximately 10 percent per year. The Bata Shoe Co. is an alert and progressive firm, and it is reasonable to assume that they should continue to seek a share of this expanding market.

Sincerely,

WILLIAM L. BATT, Jr., *Administrator.*

Senator CLARK. I will have to leave you at 12:10, so you go ahead in your own way.

Now, Mr. Batt, will you please proceed?

STATEMENT OF WILLIAM L. BATT, JR., ADMINISTRATOR, AREA REDEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE

Mr. BATT. Thank you very much, Senator Clark. I would just like to summarize this statement which has been made available to the subcommittee.

First of all, of course, our relationship with the training sections of the act is primarily a consultant relationship. We are to be consulted on it. We have no official relationship with the Manpower Development and Training Act; we have enormous interest in both, because they are so intimately connected. I think when the training sections were passed by the Congress in the Area Redevelopment Act, I think it was a historic breakthrough, showed real imagination on the part of the President and the Congress, and yourself; I think that the experience we had in the Area Redevelopment Administration training was so encouraging that it helped develop support for the Manpower Development and Training Act, Senator Clark.

During the 18 months the Department of Labor and HEW have operated both the Area Redevelopment Administration training programs and the 12 months of experience under the Manpower Development and Training Act, taken together, some training for 64,000 unemployed have been approved, and many of these folks have, particularly under the Area Redevelopment Administration programs, completed their training and have been placed.

I was up in upper Michigan 2 weeks ago to present diplomas to 100 graduates of training schools up there. Of the 307 people who had been retrained in the northern peninsula of Michigan since the Area Redevelopment Administration training had gotten started, 90 percent had been placed.

As a matter of fact, the bulldozer operators only had arrived at graduation because the other half were on the night shift at the Cleveland Clifts operation. This whole project in upper Michigan, which I think is perhaps as good as any I have seen in the United States, is written up in the current issue of the Reader's Digest, which has never been accused of being a New Frontier publication, and I think it is very interesting.

If nobody has suggested putting that in the record, Senator, I would suggest Mr. Lester Velie's article be included in this record.

Senator CLARK. That will be done. I will ask the staff to furnish the article for the record.

(The article referred to follows:)

[From the Reader's Digest, June 1963]

A SECOND CHANCE FOR GEORGE

Our greatest national resource is not machinery but men. This report holds out hope that many "technologically unemployed" can be retrained, can be turned into a national asset—if our communities will get cracking

(By Lester Velie)

One evening not long ago, George Whitburn, 47, returned home to find his wife on the porch waving her hands wildly. "You've been accepted," she cried. "You're going back to school." Then she burst into tears.

The "school" is a converted garage in Marquette, Mich., crowded with turret lathes and drill presses. In it, George, an unemployed iron miner, could learn a new trade that would assure him a job.

I looked in on student George in his "dormitory"—the upper floor of a widow's home, where he and two other students, an unemployed Great Lakes sailor and an unskilled laborer, rented rooms at $1 a day. It was 11 p.m. George, a muscular man with strong, workman's hands, was hunched over a card table, back tensed, as if to overpower by brute will and strength alone the alien blueprints before him.

On a chest of drawers were two alarm clocks. "They get me up at five," said George. He pointed to a machine-shop manual within reach of the bed. "I lie here awhile and review the problems of the night before."

The learning grind, started before dawn, would continue at classroom machines, then back in the room until midnight. Weekends, it would be moved to George's home, 150 miles away, where his wife awaits him Friday nights.

As a miner, George earned $150 a week, sent a son through the University of Michigan and a daughter through business school. He owned a six-room home. He felt secure. But when giant bulldozers began to mine iron ore from the surface, miner George Whitburn was no longer needed. Nor was he needed as he tried for 6 terrifying months to sell his unskilled labor to employers. There were jobs open, but they were open, it seemed, for men with training, men with skills.

Then came a second chance for George. In the spring of 1962, Congress passed the Manpower Development and Training Act, to finance retraining for the technologically unemployed.

Tested at his local Michigan Employment Service office, George showed an aptitude for machine-tool work. But could he recapture the mathematics he had learned in high school 30 years before? Could he master blueprints he had never before seen, or teach his miner's hands to cope with precise machinery? The Government would stake him to a weekly unemployment allowance, plus an away-from-home subsistence payment while he made the try. If George succeeded, there would be a job—equivalent to first-year machinist—waiting for him. He had 24 weeks to change himself from unwanted laborer to a wanted skilled tradesman.

"Twenty-four weeks to change my life," says George.

George Whitburn is part of a historic experiment in human renewal. This experiment could teach us how to live with automation. Behind the Manpower Training Act lies this reasoning:

The man without a skill becomes, increasingly, a man without a job. Even if he has a skill or a profession, it may not last him a lifetime as it once did. Automation and continuing change may make his training obsolete, not once, but several times. Retraining can give him a second and perhaps a third chance.

Training the unemployed has already been tried on a limited scale in depressed areas. Some States also have flourishing adult-training programs. But the Manpower Training Act is new in two ways: It is national in scope, and it pays unemployment allowances to trainees up to a year. Wanting to find out how far retraining could go toward solving unemployment, Congress authorized a 3-year program, voted $70 million for the first year.

Last February, when the program had been underway for 6 months, I took a cross-country trip to see how it was going. I visited classes in San Francisco and Los Angeles which were transforming women from relief recipients into self-supporting nurse's aids. In eastern Oklahoma, I saw farm boys learning to repair the machines that had forced them off the farm. Elsewhere there were classes for medical-records technicians, surveyors, department store managers, hospital orderlies, chambermaids, waiters.

Wherever I turned there was a poignant human story. I shall not soon forget the sweet-faced girl of 19 in Charleston, W. Va., who was hoisting herself in 21 brief weeks from an unskilled, odd-jobs kitchen worker to an operating-room technician in a hospital. With only high school behind her, she took so easily to hospital discipline, aseptic techniques, scrubbing-up procedures and care of surgical instruments that within 5 weeks she was assisting a surgeon with an operation.

Nor will I forget the welder trainee in Milwaukee who sat down nightly with his four kids—to do homework together. Nor the father in Oklahoma City who put his six children in foster homes for several months so that he could concentrate on his drafting course.

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"They astound me. They astound me," a training instructor at Marquette exclaimed.

"Nothing I have ever done has been so rewarding as this," an Illinois training official said.

Measured by its accomplishments for individuals, the Federal program is impressive. Seven of every ten unemployed trainees get jobs. But when the reporter looks beyond, to the magnitude of the unemployment problem, and to the nature of the training tasks to be solved, grave questions arise.

For one thing, the program is doing too little and too slowly. By March 1, only 3,700 persons had been trained, and another 11,300 were in class. Meanwhile, unemployment stood at 4,500,000. Moreover, the training program doesn't at present touch those who are hardest to find jobs for: The youthful dropout who hasn't finished high school, and the poorly educated adult.

Let's look first at the delays. Congress harnessed two mutually suspicious departments to the task of administering the program. The Labor Department doles out the money to the States, and monitors the selection of trainees; the Department of Health, Education, and Welfare supervises the training supplied by local educators. As a result, the Federals choke the local effort with oversupervision.

At Miami, Fla., County Vocational Director P. W. Seagren pointed to a foot-high pile of papers on his desk, only part of the paperwork needed to apply for two training classes. Seagren ticked off the seven sets of Federal forms that had to be filled out. Washington wanted the smallest detail of the local administrators' intentions; estimated materials cost to the last sheet of paper, small tools down to the last screwdriver, the janitors' hourly wage, and so on. Answers to questions about one class alone could fill 20 pages, and these had to be prepared in multiple copies, 15 to 20 per questionnaire.

Even in paper-hardened Washington, officials groaned. "We meet and we meet," said a Health, Education, and Welfare man. "We write and we write. And we devise forms."

Some areas still had no classes going as late as March 1. Dade County, Fla. (Miami and Miami Beach), whose experienced educators launched a wartime training program at 3 days' notice and trained 10,000 Cuban refugees in stride, was one of them. Louisiana was another. New York City had only two classes going. In desperation, Connecticut officials piled a hillock of forms on U.S. Labor Secretary Willard Wirtz's desk and warned that "the manpower training program is in serious danger."

Danger lies, too, in the lack of job information. Since there is no point in retraining the unemployed unless jobs are waiting for them, it is important to know the job opportunities in a community. The program charges the local employment service official with supplying this information. But he is largely in the dark about communitywide needs, for only about 10 percent of employers seek workers through the State employment service offices.

Pressed by Washington to make a quick showing, local employment service men don't take the time to make effective job surveys, but rely on their inadequate files. They also pick as trainees the youngest, brightest, and easiest to place. In California, for example, I found that of the first 60 training classes approved, 24 were for stenographers or clerk-typists. Most of the trainees were young people, 20 years or under. Many were high school graduates brushing up on what they had learned in school, hardly the unemployed breadwinners whom Congress had in mind.

Biggest and most urgent manpower salvage problem is that posed by some 1 million unemployed adults with less than seven grades of school, plus another million dropouts under 21. Between them they comprise almost half of the unemployed.

Since the poorly educated adult is the first to be displaced by machinery, he is at the heart of the hard core unemployed. He lives in pockets of poverty, and forms something new in our country: A seemingly permanent class of dependent poor. In Chicago, he helps swell yearly relief costs to one-fifth of a billion dollars.

Yet, except for one experimental class, the manpower training program is doing nothing about the poorly educated idle. The aptitude tests with which local employment service offices select trainees screen out those who need pretraining in the three R's.

The manpower program does little more for the young dropout. Employment service offices are reluctant to select him for training, because it would be difficult to place him. Employers insist, increasingly, on a high school diploma.

How can the manpower training program be turned into an efficient instrument for attacking these problems? The program's goal is to train 400,000 unemployed or underemployed in 3 years. Since this is less than 10 percent of the total unemployed, the Federal program makes sense only as a demonstration. It is supposed to show the States and communities what retraining can do and to prod them to get into the retraining act.

The head of the President's advisory committee on retraining, Prof. Eli Ginzberg, of Columbia, explains: "Congress meant the act as seed money to get the communities going. That is why it voted to pay for the first 2 years, but asked the States to share the cost in the third. Unless the Federal program gives a significant shot in the arm to community effort, it will fail."

To give that shot in the arm, Washington must cut Federal supervision to a minimum—perhaps only to periodic audits of expenditures.

Communities, on their part, must create advisory committees of educators, employers, and union leaders to come to grips with the problem of the poorly educated idle in their own areas. Here, local leadership has already shown what can be done. Chicago, for example, has created literacy centers for adults. West Virginia helps school dropouts master the requirements needed to pass a high-school equivalent examination.

George Whitburn is fortunate, for he lives in Michigan's Upper Peninsula, where local leaders have taken command of retraining. Northern Michigan University, at Marquette, a new breed of multiple-purpose school, seeks, through its research and community development department, to help employers and workers cope with change. So, when the manpower training funds became available, the university's dean of public services, Claude Bosworth, created a training center by renting the garage where George studies, plus Marquette's abandoned railroad station. He then assigned a faculty member to team up with the regional Employment Service man to find out what jobs in the area needed filling and to organize committees of businessmen and labor leaders to help fashion the training.

Guided by local leadership, manpower training in Upper Michigan is not only filling jobs; it is creating them. By training cooks and managers for restaurants and motels, the program is stimulating the Upper Peninsula's young tourist industry. By training lumber graders the program helps small lumber companies to survive. Retraining classes supplying welders and machine-tool operators are helping small industries to make their own parts.

President Kennedy has described the Manpower Development and Training Act as "one of the most important measures ever passed by Congress." Certainly the potential is there.

We are taking the first groping steps in a national attempt to transform our unemployed from a burden to a resource. We will succeed if the training act prods our communities to face up to their needs and to train for them.

Mr. BATT. 46,000 workers under a program that has been underway 12 months in one case and the other 18 months, seems to me a tremendous and most promising beginning.

Viewed against the 5.8 million jobless workers, of course, we are not doing enough.

Under the Manpower Development and Training Act and the Area Redevelopment Act programs we have to provide retraining for more than 150,000 people in fiscal 1964. In addition, the proposed new youth employment program should be able to help 50,000 young people in its first year.

I would like to make at least a couple of suggestions: In my enormous enthusiasm for the potentials of retraining which both you and I, I think, learned first in Pennsylvania, Senator, I tend to think of it as one of the most powerful and effective solutions we have on the unemployment problem, but I do think this is a trap we cannot let ourselves into, because, of course, it is only one solution.

You cannot retrain for nothing. You have to have an expanding economy overall and you have to have an expanding economy in the regions of the United States, particularly the hard-hit regions to have jobs at the end of the line for the people you are retraining.

A couple of points I would like to make: First, we need to know more about the labor market. We need to know more of imaginative and creative job training opportunities, so we can train people for them. This has to go beyond questionnaires, it has to go beyond a study of the active files of the Employment Service, although that is, of course, a good place to begin. Because there are jobs which would be created if trained people were available.

We find businesses who say, "Yes, we could expand, we will expand our business." But they need, in some cases, additional plant or machinery and that's their bottleneck and we can help them under those sections of our act. In other cases we know, because they tell us, that the bottleneck is skilled workers and they can expand if the skilled workers were available.

We have seen this all over the United States but we feel in essence that the thing needs much more effective promotion at the local office and the State office level than in many, many cases it is getting.

For instance, in Laredo, Tex., we now have training approved for 600 workers for jobs which nobody knew existed. We are retraining migrant workers, farmworkers who did nothing but stoop labor at under $1 an hour—between 50 cents and $1 an hour. We found by intensive canvassing of the needs of farmers there in the Rio Grande Valley and west Texas and there was a great shortage of trained irrigator operators. We are now retraining stoop laborers, all Spanish-speaking. In fact, when I talked with several members of the class out in the field outside Laredo a while back we had to talk through an interpreter because none of them spoke English. Demand for them is heavy now, and they want us to train many hundreds more.

We found the same thing in Paterson, N.J., where an intensive effort on our part to help the State departments of labor, health, and education, uncover jobs, which the business community had available, but had never filed with the State employment service. The jobs in this case were in the salesman occupations.

We found the same thing, Senator, when you helped get underway the retraining program in Chester, Pa., for laid-off workers of the Ford plant.

Senator CLARK. I was going to ask you how that has worked out since you and I went up there and cooperated in getting that program going.

Do you have any specific results as to how many of those Ford people got jobs there, or elsewhere, and what the effect of the retraining program turned out to be in the long run?

Mr. BATT. I know that the first program that we got through there was for 200 workers—it was written up in Business Week—I know that 80 percent of them were placed in that labor market area, so they did not have to migrate from the Chester area to find the job; that the training program was continued and that the folks up there indicated that it was a great success.

I had some correspondence with Mr. John Pugh, the president of Sun Shipbuilding, whom, as you know, took on the chairmanship of this community effort, and he, in a letter to Mr. Henry Ford, a copy of which he sent me, indicated that it was very successful. They are very happy with it.

Now, this, of course, gives us a kind of pattern. In a number of other communities I referred to this Chester situation and had them go and talk to the Chester people, where you have a plant closedown.

Senator CLARK. We have another problem with the steel castings company which is shutting up and going to close its plant.

Chester is having a problem all over again. Have you been into that situation at all?

Mr. BATT. No, I have not; but I will be happy to do so, if you would like us to, Senator—this is in Chester also?

Senator CLARK. Yes; it looks like about 9,000 people are going to be out of work at the end of the year, because they have no contracts. I have been over at the Pentagon with them to try to see what could be done. It is another steelworker situation. I would appreciate your taking a look at it, although, frankly, I am not very sanguine as to what could be done.

Mr. BATT. What can be done in a relatively well-diversified labor mart like Chester, Philadelphia, and Camden, is to make an intensive effort to help these men get out of that occupation and get into other skills for——

Senator CLARK. The same old problem: They are not willing to look around until they shut the plant. They are not going to shut the plant until toward the end of the year. Maybe a little prevention would save some painful cures later.

I wish you would take that up with my office.

Mr. BATT. I will be happy to.

I would like to make, if I may, Senator—to file this statement with you and then make a couple of points that I feel very, very strongly about.

Senator CLARK. I think I asked to have the statement printed in the record; if not, I meant to.

Mr. BATT. The feeling I get going around the country and seeing these programs is the enormous enthusiasm about the possibilities of retraining programs and just off the top of my head I have seen migrants being retrained in Hampton, N.J. and I have seen migrants being retrained at Laredo, Tex.. and also we are retraining unemployed in Laredo for several other skills—machine shop skills, skills in automotive repair, automotive—we are training them also in bilingual stenography, which is pretty extraordinary when you think of the difficulty of getting a unilingual stenographer.

Senator CLARK. That bilingual training would be in Spanish and English?

Mr. BATT. Yes, because their biggest single source of jobs in Laredo is in trade with Mexico. This is the best and fastest growing industry in Laredo.

We are training hill people in Knoxville, Tenn., who come out of the hills around La Follette, Taswell, and training in the Knoxville facility after 3 o'clock in the afternoon, from 3 to 11 p.m., in automotive repair, and arc welding, and television repair. I sat in on those courses and could not understand a word of what the professor said, they are so technical.

I have seen training in Marquette, Mich., described so well in the Reader's Digest article; in Paintesville, Ky., where we are retraining automotive repair in that wonderful vocational retraining center.

I have seen training in Huntington and Charleston, W. Va., where we are retraining former coal miners. I have spoken to a number of them and chemical workers, to make personnel carriers for the Army. They make them for the FMC Corp. out of an aluminum plate. This is highly skilled work, quite well paid, I might add.

Senator CLARK. Are you having primary reference to training projects under the Area Redevelopment Act where you have succeeded in bringing industry into our training workers for that industry or are you speaking of the retraining program under Manpower Training and Development Act?

Mr. BATT. Under the Area Redevelopment Act, Senator, we are retraining both for specific companies where we have brought in the plant as in the case of Williamson, W. Va., where we have helped finance through a million dollar loan a woodworker plant, and we are then retraining 75 coal miners to work on these highly complex woodworking machines, where we talk about that situation.

We are also talking about the situation in Knoxville where we are not training for any one employer but we are retraining for perhaps 100 employers, or in Marquette where we are doing the same thing.

Senator CLARK. But in each instance it is for a local industry?

Mr. BATT. For a local industry or local service trade. In Lowell, Mass., we retraining in cooperation with the——

Senator CLARK. But you are talking about your own retraining program, you are not talking about Mr. Wolfbein's.

Mr. BATT. The two, you financed in the field, are intimately interrelated. Mr. Wolfbein is administering ours, too; sometimes the people in the field who are running the programs find that for a particular course, the Area Redevelopment Act training is more appropriate and has some advantages; for another kind of a course the 16 weeks is too short, so for these they use the Manpower Training and Development Act.

Senator CLARK. Let me see if I understand you. Administratively, Mr. Wolfbein and the Department of Labor, under the Manpower Development and Training Act, are doing the training for the Area Development Administration; did I understand you to say that?

Mr. BATT. Under our act, as you recall, Senator, the responsibility and the appropriations run directly to the Department of Labor, then it does the planning for it and suballocates the funds for retraining purposes to the HEW.

Senator CLARK. But the funds go to you; do they not?

Mr. BATT. No.

Senator CLARK. They do not?

Mr. BATT. We do not ask for them. The authority in the act and the responsibility and the funds all go to the Department of Labor and to HEW.

Senator CLARK. My recollection is that within the Area Redevelopment Act, however, there was an authorization which was followed by appropriation for retraining in ARA.

Mr. BATT. There is a authorization for retraining in the Area Redevelopment Act, but the authority and responsibility all runs to the Secretary of Labor.

Senator CLARK. So in effect you, as the ARA Administrator, are not doing any retraining?

Mr. BATT. We are doing no retraining, we have a couple of people who keep tabs on it. There is an interrelation between the agencies and we do get in on reviews.

Both the Department of Agriculture and ARA have some responsibilities but they are very tangential.

Senator CLARK. And you actually are not administering that act?

Mr. BATT. We are not administering that act, no, Senator.

Senator CLARK. What does the Bureau of Employment Security do in connection with retraining in ARA?

Mr. BATT. Essentially, the retraining, I would have to check this with the Labor Department, but essentially the people who put together the retraining programs, who do the survey to find out what skills they need, are in the short supply, and those who help put the program together are the local employment service manager with the help of the local vocational educator.

Here are the two keys on both the Area Redevelopment Act and Manpower Development and Training Act.

Senator CLARK. It might be helpful if you would take a typical example of the plan which ARA helped finance where there was a need to train or retrain workers for that plant, and carry us through the administrative procedures through which that retraining is done, by whom?

Mr. BATT. Let me give a hypothetical case because they are all so different. When the plant applies—the training may originate with a potential employer or it, like in the food machinery corporation in Charleston, who need skilled workers to perform particular tasks. It may originate with a trade association, the oil burner trade association in Lowell, Mass., who, for their number of small employers want skilled repairmen for their oil burner business, or it may originate with the office itself making a survey of a number of needs for particular skills as, for example, the Huntington, W. Va., office under the instigation of a local labor-management citizen's committee, who surveyed the shortages and came up with particular shortage of occupations when they thought they could place people, and they made an application to the State which in turn passed upon it. We worked and forwarded it to the Department of Labor in Washington; and they prayed over it and approved it, and then it is returned to the State who, in turn, makes the funds available. The funds are made available to the State who in turn make it available to the local educational system to set the program up.

This procedure has been somewhat streamlined, as I understand it, by the Labor Department recently, relatively recently, so that they have traveling teams.

When I was up in Marquette a traveling team was there and had approved three courses right on the spot.

This is a much more efficient way of handling it and they told us that they get approval, generally, within 30 days.

Senator CLARK. I wonder if it would be feasible to—for you to prepare an organization chart and then a flow chart which would make it easier for the committee, certainly for me, to understand the administrative steps which are taken from the time you, as ARA Administrator, determine to give financial assistance to a plant which is going to locate in an area of chronic and persistent unemployment,

at the time when employees taken on by that plant are adequately trained for their job, whether through on-the-job training or through a training course initiated by you.

What I want to see is who gets their "finger in the pie," and who does what, to get some understanding of the administrative process by which this is done.

Mr. BATT. I will be happy to, sir.

Senator CLARK. Is that a big job?

Mr. BATT. No. I think I could doodle it almost in 5 minutes myself, right now.

Senator CLARK. Are there many different variables, or is there any standard procedure?

Mr. BATT. No, I think the training—take a plant we have financed, where the situation originates, there are times when we are retraining the workers at the same time that the plant is being built. So by the time you got your sructure up and your machinery in place your workers have the skill and you can go to work. That is a model situation, nothing is perfect, but that is a model situation.

(The material referred to will be found on p. 593.)

Senator CLARK. All I want to get out of you is this organization and flow chart with respect to retraining in enterprises where you, as Area Redevelopment Administrator have the responsibility for getting the retraining done, because you have undertaken with the help of the local people to bring the plant in and provide them with the skilled worker.

Mr. BATT. I would like to say that as of—when I was up before you with another hat on, Senator, at the Banking and Currency Committee, you suggested we update for you and bring up a very brief summary of the projects we have approved, Senator.

As of April 22, 1963, ARA has approved 254 projects involving direct loans to new or expanding businesses. These projects involve $96 million in Federal funds of which $77.5 million is in the form of loans which will be repaid to the Treasury with interest.

The 254 projects already approved will mean 22,000 more direct jobs in new and expanding industries. If you accept the U.S. Chamber of Commerce estimate that every 100 new jobs created means 65 new jobs in the supporting trades and industries, this will mean another 25,000 indirect jobs.

Of course, the 64,000 jobs looks enormous to us, having started less than 2 years ago, but applied against the total amount of unemployment in these areas which runs in the area of 700,000—which runs over a million. However, we figure that we have to arrive at some 700,000 jobs from various sources to help solve it and we have got a long way to go. But to these 64,000 families, of course, it is tremendous, Senator.

A recent report indicates too, that we have 188 projects back in the country being developed. These projects that our people have developed which have gone and gotten private financing or some other funds from ARA have another $51 million and 18,000 more jobs.

Now, you mentioned the Public Works Act, that has helped provide some very short-term but badly needed jobs in these areas, too; and I would share your enthusiasm for them, and I would share the hope that it might not be allowed by Congress to die.

The 3,700 projects that have been approved so far, of the $380 million of the $400 million already appropriated in the first appropria-

tion has been pretty well disbursed, certainly all committed, and we envision, as you know, an additional $450 million that has been allocated by the President on the basis of our recommendations.

We assume, as nearly as we can estimate, taking together the first and second appropriations, the total first authorization, is going to provide jobs on the average of 6 months' duration for about half a million people.

Senator CLARK. Are you going to be able to defend yourself against the kind of attack which converts your total appropriations into a per job figure and says this is far too much money to spend to create the number of jobs which you contend you have created? Remember when you were talking about the act, in the days before we passed it, there was the feeling that each job in heavy industry, as I recall it, averaged out around $15,000, in the lighter industry it was substantially less, and how is your experience working out in that regard and are you content with what you are able to show?

Mr. BATT. Yes, we are more than content. As a matter of fact, our per job cost is running, as far as Federal investment is concerned, about $3,000. This, of course, is an endless argument, because if you want sheer numbers you get nothing but needle trades, with a very small investment per job, but that is not the most solid kind of industry, either.

When you get into steel, aluminum, and chemicals and such industries, you can run your investment up; in other words, they vary for different industries.

I would like to conclude my remarks, Senator, with two points. You know you feel very strongly when you go out there, you have mixed emotions. One, you feel the kind of thrill that, I think, is reflected dramatically in this Reader's Digest article of a man of 45: A man I talked to spent 22 years underground with Cleveland Cliffs. He had been laid off with no future at all in underground mining because of the technological revolution that has occurred in the iron industry. Through retraining this fellow had an absolutely new lease on life with the same company, Cleveland Clifts, maintaining his seniority, at a somewhat lower pay, but a good paying job, over $2 an hour, doing bulldozing operation. You see, iron mining has now gone from underground extraction, as you know, into an operation which is blasted off the surface and shoveled up and put in a powdered form and concentrated. You see, you get a tremendous thrill out of it.

At the same time, when you spend a morning as I did in Philadelphia 2 weeks ago where good use may be made and a fair use has been made of the act—I think they might get a C—you see a tremendous untapped possibility because the local community leadership has not taken hold of the program there as effectively as they have done in the Upper Peninsula of Michigan.

The act, the way it was written, is entirely delegated to the State employment security agencies and the State vocational education agency and they, in turn, delegate it to the local employment service and the local vocational educators.

These are, in many cases, people, wonderful people, devoted people, but we are depending on them to carry the forward thrust of the war on poverty and I think we are leaning on an exceedingly slender reed because this is not the way they visualize their function or their life's work.

I think that our experience in Philadelphia, perhaps, is typical, where, according to their figures they showed me in the employment office perhaps a thousand retrainee courses. They are not eligible under the Area Redevelopment Act, they are under the Manpower Development and Training Act, which means they got started half a year later, Senator.

They have had, perhaps, a thousand retrainees approved, some 300, I think, have completed training; their placement record is good, but this is peanuts compared to what they could be doing with some really effective leadership.

I asked them what the trouble was. Well, here was a list of 1,000 trainess, courses for 1,000 trainees, they had sent it into Harrisburg and it had gotten stuck, they don't know what happened. Why haven't you gotten them out of Harrisburg? This, perhaps, is not what you look to the local office of the employment service to do.

They have some troubles in terms of sandwiching the problem, programing it around existing vocational educational facilities.

Up in upper Michigan they have solved that by having a separate institution, a separate unit, and the chamber of commerce who are enormously interested in this problem. In Philadelphia the school board has been contacted and it has indicated that they may have facilities made available this fall.

Now, we ought to be training under the present act. The appropriations are there and the authority is there. There ought to be retraining of thousands of people in Philadelphia, and with real management. In fact, there are at least 1,500 that could be retrained tomorrow in courses where the local office knows the people could be placed immediately.

Senator CLARK. Now, are you having reference, when you speak of Philadelphia, to what is being described to me as a model manpower training program, partly financed by ARA?

Or, is this something different?

Mr. BATT. Not in Philadelphia. In Philadelphia there are no ARA funds at all, because Philadelphia is not eligible to get them.

Senator CLARK. When you get through with your testimony I am going to ask a member of our staff to talk to you about that because there is a misunderstanding somewhere.

Mr. BATT. And this is not a model program. It seems to me that we are not doing generally in the country, I just take Philadelphia because I was in Philadelphia the last week or two, but it seems to me we are not beginning—In Texas, for example, the State agency until recently, was totally out of sympathy with the program, so nothing happened.

What happened was that we had to spring loose. In New Jersey nothing happened because the State vocational education agency, as far as I could see, and this may be unfair, was totally opposed to the program, until the Governor moved in and shook the thing loose, and it is still not going in New Jersey as is should be.

Nothing happened, to speak of, in Massachusetts, until the new Governor took office and we outlined the facts to him and he put a man in his office to break this thing loose. Then he got the educators and the employment service together and they have fully utilized the opportunity. Came back in 60 days, and did a remarkable job and got all of the funds, allocated to Massachusetts, committed.

Senator CLARK. Let me understand, Mr. Batt, you have been critical of the Philadelphia program and I have no basis for thinking that your criticism is not justified, but who are you being critical of? Are you critical of the major, the Governor or are you critical of the local employment service, or are you critical of the local businessmen, local labor unions, or all of them rolled together?

Mr. BATT. The monkey is not specifically on anybody's back, Senator, except the local office of the employment service and the local office of vocational education. I do not think that these people are primarily promotionally oriented, and if they do not pick up the ball and run with it as they have in northern Michigan, it dies.

Senator CLARK. What you are saying is that somebody in higher authority, this looks to me as if the—as if it leads to Harrisburg, should be pushing these people?

Mr. BATT. It works best, and my observation would defer to the judgment of the folks who were closer to the entire operation in the Department of Labor and in the Department of Health, Education, and Welfare, it works best in those States where the Governor has taken a personal interest in it and has pushed the program and where the State head of the employment service, and the State head of vocational education has taken a personal interest and has pushed the program. But I think that the way that, perhaps, we on the Federal level have got to take more leadership, rather than to delegate this all to the States and communities concerned.

That is, I think, my principal contribution, my principal observation as somebody who has been close to the program but I can speak freely because I am not responsible for running it.

Senator CLARK. I have just a couple of questions before we let you go, Mr. Batt.

You referred a little while ago to a figure of $3,000 per each job. How did you arrive at that figure?

Mr. BATT. By taking our total loans and dividing it by the number of people that the employers have said in their applications they will employ. I might say that we feel that is a fairly sound estimate, it is not just blue-sky guessing, because their projections are the basis for their loan submissions and their earnings records and their payrolls. Thus we have a good doublecheck on that figure. We think it is fairly conservative.

Incidentally, you may be interested in a series of articles published by the Federal Reserve Bank of Boston relating to the costs and benefits of retraining.

(The articles referred to follow:)

New England



Published monthly by the FEDERAL RESERVE BANK of BOSTON

Part I, The New England Experience

Retraining the Unemployed

Retraining the unemployed is to be vastly increased by the Federal Manpower Development and Training Act of 1962. However, the practice of retraining the unemployed is relatively new and very little actual experience has been obtained.

Two New England states have had pioneering programs in retraining the unemployed, one of which anticipated by several years the first pilot federal program under the Area Redevelopment Act of 1961. New England has also participated fully in the ARA program. It is therefore possible to gain some valuable information by looking at the first experiences of retraining in New England.

Seventy-seven percent of the 638 New England trainees of the Area Redevelopment Act have been placed in jobs related to their training with another 5 percent being placed in other jobs after training. Some of the placements have been outside the redevelopment area. This program has had from the start a handicap in that a redevelopment area by definition does not have a normal demand for labor. It should be noted that 100 percent placement is not necessary for retraining to be considered a success.

Supplementary statistical material describing the joint research project by the Massachusetts Division of Employment Security and the Federal Reserve Bank of Boston may be obtained from the Bank's research department.

The significance of the Connecticut and Massachusetts state programs initiated before ARA is that they are not confined to but include "depressed areas," and therefore provide a better test of the effectiveness of retraining than the ARA program.*

Connecticut Retraining

Early in 1961, the State of Connecticut instituted the Community Action Program training course for the unemployed. The combined efforts of the vocational, apprentice training, and research staff of the State set up a program which was first instituted in Bridgeport on May 15, 1961. Seventeen machine tool operator trainees started a course in the local high school. Since then 660 unemployed workers have been trained in skills including welding, machine tool operation, and power sewing machine operation. In each case the job openings were identified and assurances were obtained from employers who said that they could absorb any trainee graduated from the course. Comprehensive testing and interviewing was done for the selection of the trainees. A curriculum was developed and classes scheduled to be taught at the local technical high schools with no charge for tuition. The unemployed were able to continue receiving unemployment compensation during training. Almost all the trainees participating in the Community Action Program have been placed in jobs which will give them on-the-job experience in their new skills.

The Connecticut program was similar to the Area Redevelopment program in that extensive screening of applicants was done, and only specific programs were offered to the unemployed.

Massachusetts Retraining

The Massachusetts program is an older, and far different type of retraining program. A series of amendments to the unemployment compensation benefit law were made starting in 1956 so that an unemployed person taking a vocational training course could be considered as "available for work" and therefore eligible to receive unemployment compensation benefits while training. In fact, an 18-week extension of the benefits was provided if this extension were necessary to complete the approved course providing potential benefits of 48 weeks.

Each course was selected by the trainee and approved by the appropriate state agency, Division of Vocational Education or Division of Employment Security, if it would "serve as a means of realizing employment." The student paid tuition, if any.

Although no major advertising of this program has been done, approximately 1,300 individuals have taken advantage of the program since the first active year (1958) with approximately 300 having had a year's work experience since their retraining. This latter group does represent one of the largest groups of unemployed who, 1) have had retraining, 2) have reentered the labor market, and 3) have a year's work experience since retraining.

A joint research project was undertaken by the Federal Reserve Bank of Boston and the Massachusetts Division of Employment Security in order to evaluate the success of the retrainees under this program. A questionnaire was sent to the 900 who had participated in approved programs by the end of 1961, for most of 1962 applicants were still in school. More than three-fourths of all those surveyed responded. In addition, a survey of other claimants who were similar in age, sex, previous occupation, geographic region, and date of compensation was made to establish a control group, i.e., a group of people with similar backgrounds, who *had not* had retraining. The purpose of this control group was to establish whether the change in income and steadiness of employment was due to retraining or to some other factors such as a better business climate which would affect all such individuals.

Improved Annual Income

Initial placement is just one test of the effectiveness of retraining. A more difficult and perhaps more important question is: Does retraining improve income and job stability?

The survey of the retrainees of the Massachusetts program has yielded some impressive results as to the effectiveness of retraining. Those people in this program who: 1) were laid off, 2) took some form of vocational training, and 3) have been out working for more than one year, on the average increased their yearly income by almost $1,000, or 35 percent.* The increase in yearly income for people who were similar to the retrainees but who did not have the advantage of retraining was $250, or 10 percent in the

*The Area Redevelopment program in New England was described in the April 1962 issue of the *New England Business Review*. Since that date four additional courses have been approved for 355 unemployed individuals in New England "redevelopment areas."

*It was possible to quit a job to go to vocational school, serve the required 10-week disqualification period for quitting, and then apply for benefits. About 20 percent of the applicants were of this type. The results of the voluntary quit group were separated from the involuntary separation group for the above statistics. In general, the voluntary quit group did significantly better than the control group, but not quite as well as the involuntary separation group.

same time period. Retraining did pay off for the typical trainee in the Massachusetts program, although more of the improvement in their annual income came from increased steadiness of employment, rather than an increase in weekly wage. The increase in weeks worked per year was 7 weeks, providing almost steady employment (48.7 weeks per year) while the $8.50 increase in weekly wage was not much greater than the control groups.

The courses taken by the retrainees were determined by individual choice, limited only by the available institutions with courses that would be approved by the respective state agencies. As it developed, the courses taken were mainly in preparation for entrance in the service or clerical field. In fact, half of the whole group was studying to be barbers and beauticians. Six percent of the group were studying to become I.B.M. office machine operators. A substantial number of women took a course to qualify as a registered practical nurse. Other women were taking courses in stenography and typing. Technicians, mainly electrical, accounted for 9 percent.

One of the advantages of this type of training program was that there were more than 72 types of training courses offered by both public and private institutions taken by these trainees ranging from training to be hospital attendants to a six-week course in teacher training.

Because there were so many different courses with relatively few in each course — except for the barbers and beauticians — it was possible to compare meaningfully the results of the various types of training for only a few categories. The group taking I.B.M. machine courses did fare better than the barbers and beauticians (at least during their apprenticeships). The practical nurses increased their weekly wage by $8, to $57, and the I.B.M. operators by $10, to $75. The barbers and beauticians actually suffered a loss in weekly wage of $10, to $65. But the latter group still managed to increase its annual income by a one-fourth increase in employment time.

If the experience of the barbers is excluded from the experience of the other retrainees, the results of the remaining trainees are even more impressive. There is a 16 percent increase in weekly wage and an increase in average annual income of 50 percent.

Perhaps the greatest testimony of the effectiveness of the program itself is from the many comments which were written on the questionnaire by the retrainees.

There is a statement of this success from a 23-year-old male from Somerville who had taken a course in the operation and wiring of I.B.M. machines. His testimony follows:

> The training I was able to receive made it possible for me to obtain a good position with great opportunity for advancement. I certainly feel that many good workers can be retrained and helped to find steady employment.

This particular individual had worked for 36 weeks in the previous year at $50 a week. He is now working with I.B.M. equipment at $90 a week and working steadily. Another man who was successful in electronics had this reply to the question: Would you have taken the course without unemployment compensation benefits?

> I would have continued to try and complete my desired education, but I must not minimize that help that I received through the unemployment office. It gave me a feeling that, because I was trying to improve myself, they were willing to help me financially.

Receiving unemployment compensation while they were learning did provide strong motivation for self-improvement for other individuals as well. From a woman taking a secretarial course came this quotation:

> [it is] very satisfying to know that you can receive an income while learning. More of an incentive to improve your position.

Many of these individuals, particularly those who had quit their jobs, were highly motivated and would have taken training without the aid. However, almost 60 percent of those who were "laid off" would not have taken the course had it not been for the program. With the aid of the program, 90 percent of the entire group finished their course work successfully.

Many of these workers were motivated by the drive to obtain steady employment as evidenced

TRAINEE CHARACTERISTICS

Age Group	Mass. Trainees	Mass. Unemployed	United States Unemployed	Years of School Completed	Mass. Trainees	Mass. Unemployed
Under 25 ..	51.8%	14.9%	33.2%	8 & under	12.4%	31.2%
25 - 34	25.6	17.6	19.6	9 & 10	18.7	21.1
35 - 44	12.5	21.6	17.1	11 & 12	58.0	39.7
45 - 54	8.1	21.3	15.7	1 or 2 (college)	7.1	4.9
55 - 64	1.5	13.7	10.6	More than 2 (college)	3.8	3.1
65 & Over ..	.5	11.7	3.8	Average education	10.9	10.0
Average Age	28.4	43	35			

Source: U.S. Dept. of Labor and Mass. Division of Employment Security.

by this quotation from a 41-year-old housewife now making $40 a week as a beautician:

> Two years ago I came over here from England. It was quite easy to find a job, but not a steady one. After a few weeks there was always the inevitable layoff. That is why I took the course. (Beautician). Since finishing school I have had steady employment. If it had not been for help I received from the Division of Employment Security, I doubt if I ever could have finished the course.

The attempt of the individuals to get a defense against the irregular employment opportunities in many of the industrial shops is illustrated graphically by this quotation from a 51-year-old female from Worcester:

> I love taking up hairdressing. There is a good future in it. When I complete my course, I won't have to worry about layoff from the shop.

Many of the voluntary quits were people who were "underemployed," i.e., those who did not work full time either because of seasonal patterns or because they could only obtain work two or three days a week. A 30-year-old truck driver in Springfield decided to go to barbering school and quit his union truck driving job partially because he could only obtain work two or three days a week.

Not all the courses that were taken were satisfactory, nor was employment obtained by all, although 93 percent of those who had made a concerted effort to find a job in their new skill were able to find one.*

A person who was dissatisfied with a business course taken in air passenger sales and ground services gave this comment:

> Out of 26 people who finished school only 2 are working . . . I am now unemployed and would appreciate anything you could do for me.

Though the success of retraining was not as graphic for the old people, there were many cases of individual triumphs through training in the older worker. One was a 65-year-old lady who at the age of 62 had been retired from her $40 a week typing job. After a period of several months when she was unemployed for personal reasons she decided to take a 10-week course in typing. This lady was very happy with her new job and her $58 a week pay which she considered to be a "big improvement."

Some of the individuals who took advantage of this program were referred to the employment office by the Massachusetts Rehabilitation Commission. One man who had suffered and was recovering from a nervous breakdown took a course in electronic mechanical drafting. This man obtained a job as a senior draftsman and has been working steadily ever since.

This program was instrumental in enabling a 38-year-old male from Worcester to finally realize an 11-year-old ambition to "become a teacher." This individual was a machinist and during a period of layoff took the vocational teaching training course at one of the Massachusetts state colleges during which he was allowed unemployment benefits. After a year of training he was employed as a machinist again and took the second year of teacher training two nights a week. He is now qualified and has been hired to teach at a vocational school.

Even college graduates have benefited from this program when they were laid off:

> Although I had a B.A. degree in economics, I had to start in all over again to gain the necessary credits to enter the teaching field. Being able to attend the intensive teacher training program offered at one of the state teaching colleges was certainly a great boon to me. This is my first year teaching and I like it very much.

Many individuals who did not receive a job directly as a result of training did not feel any regret as to their taking such training:

> I did not receive a job utilizing the knowledge that I have received in school. However, the fact that I have furthered my education helped me to acquire my present job.

Some individuals took a course which would give them a higher skill in the same industry. One individual said in describing his experience:

> I have been working in shoe factories for 10 to 12 years, always having my pay vary from $3,000 to $4,500 a year with seasonal layoffs. I decided to learn a good trade at shoe making that would keep me busy all year round. That I did at the . . . shoe making school under wonderful guidance and I now have a future to look forward to.

The man is now making $100 weekly plus overtime and working steadily.

If future retraining experience lives up to the potential shown in the New England experience, it might solve the employment problem for many individuals who have found or will find that there is little demand for their particular talents, unless further developed.

However, initial success in the first New England retraining programs does not necessarily mean that retraining will provide an answer for finding employment for a substantial number of the unemployed. As illustrated in the table, the person who elected to take advantage of the program is significantly younger and better educated than the unemployed taken as a whole. Thus it cannot be assumed that all unemployed would derive comparable benefits from retraining.

A more thorough discussion of the general application of retraining to the unemployed will be deferred to Part II of this series.

*Quite a few barbers and beauticians (15 percent) did not remain in their apprenticeship because of low salary prospects for at least 18 months.

REVIEW OF THE SECOND QUARTER:

Another Puzzle in Business Trends

Late in the second quarter of 1962 the evaluation of business conditions and trends appeared as a new puzzle. It differed from the puzzle which had perplexed business analysis over much of the first quarter.

In that earlier period the underlying trend in the economy seemed to be still upward. Yet, many of the more important statistical measures of business activity had paused or slackened in their rate of advance around the beginning of the year. The puzzle was whether this disturbing development might be signaling a reversal of the cyclical uptrend which had been in progress since about February 1961.

The spring months quieted these qualms seemingly by furnishing a resurgence of strength in many facets of business activity. During the second quarter, new records were attained in industrial production, construction, employment, incomes and sales, for example. Faltering confidence was in large part restored, and in the environment of brightened prospects there was disposition to dismiss as irrelevant the lack of persistent advance on the part of some indicators which characteristically lead the turns in business cycles. Then in late May, with dramatic impact, came a sharp drop in one of those leading indicators — common stock prices. Thus arose the new puzzle: could the economy with all its unusual strengths withstand the shock of this severe decline in stock market values and sustain its advance unshaken? The puzzle was still perplexing at midyear.

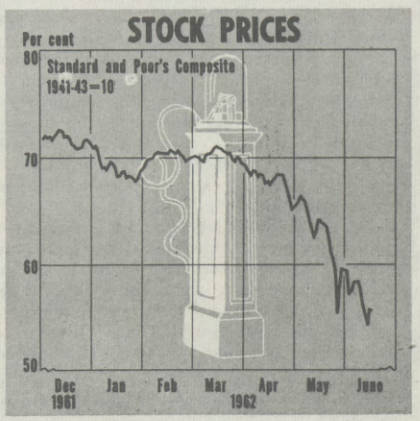
Stock market activity by no means dominates the over-all economic picture. Its trend of values, while recognized as one of many leading indicators, possesses no infallible historical record in forecasting business weather. Yet, stock market activity is well publicized, and impinges directly on the wealth and income of a considerable share of the consumer and business population. Indirectly, through its psychological effects, it can strongly influence their spending and saving habits.

From its peak in late 1961, the decline in the Dow-Jones industrial stock index amounted to 17 percent by May 25, and reached 27 percent on June 26. Hindsight judgment concedes that market values had been unrealistically high. Nevertheless, the severity of the decline was a shock in terms of recent years' experience, and speculation arose as to its ultimate effect upon business in general. The puzzle is not finally solved, but statistics available through midyear indicate that business had thus far weathered the test surprisingly well. A review of the many phases of New England business discloses more strengths than weaknesses, and alertness to potential troubles rather than panic before them.

The New England *employment* picture in the second quarter was distinctly better than a year earlier. The more recent trend, however, was not so clear, and any recent improvement was more apparent in terms of unemployment than of employment.

Nonfarm employment expanded during the quarter to reach an official total of 3,818,100. But the gains were perhaps a little short of seasonal expectations, and the 12-months' growth rate narrowed from 2.0 percent as of March to 1.3 percent as of June. In April and May, seasonal gains in nonmanufacturing offset slight declines in manufacturing. The best annual growth rates were attained in the relatively small ordnance and instrument manufacturing industries. In contrast, June work staffs in the textile, paper, printing, leather, lumber products and transportation equipment manufacturing industries, were smaller than a year ago.

Estimated total unemployment continued to decline from March to May, but rose seasonally in June to 5.4 percent of the labor force after adjustment for seasonal factors. In June, 6 of the 15 major labor market areas in the Boston Federal Reserve District had unemployment rates between 3 and 6 percent, eight had rates between 6 and 9 percent, while only Fall River exceeded



the 9 percent rate. During the quarter favorable developments in the New Bedford, Brockton and Lowell areas dropped their rates below 9 percent.

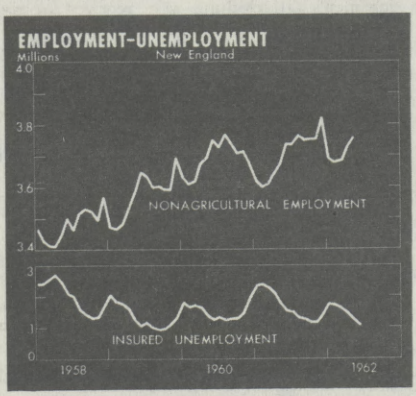
Average workweeks of factory employees, seasonally adjusted, lengthened from 40.4 hours in March to 40.9 in April, but then contracted to 40.6 in May. In all six states, average workweeks in May were appreciably longer than a year earlier. Combinations of factory employment and workweek statistics yielded man-hour indexes which were essentially comparable between March and June on a seasonally adjusted basis.

Electric Power output by New England producers for all types of usage declined seasonally during most of the quarter, but averaged 7 percent above that of the 1961 second quarter.

New England ***manufacturing production***, measured by this bank's index, is a mathematical derivation from trends in the amounts of man-hours and electrical energy which are utilized in the manufacturing processes. On a seasonally adjusted basis, that index set new records by a strong rise of 1.9 percent in April and a modest rise of 0.3 percent in May. The May index of 127.1, expressed in terms of a 1950-1952 base, denoted an 8 percent rise from a year ago. Monthly surveys by the New England Purchasing Agents Association indicated that production continued to increase during the second quarter, but at a decelerating pace.

Increases in the flow of ***orders*** and in ***inventories*** during the quarter were noted by the same Purchasing Agents' reports. Yet, in each case there was a perceptible narrowing between March and June in the excess of firms reporting increases over those reporting decreases.

Construction continued to provide a busy segment of the New England economy during the second quarter, as attested not only in actual new construction in progress, but also in demolition of existing buildings for urban renewal and public works projects and in the awards of contracts for future work. Construction employment in June was slightly greater than a year ago. The value of new contract awards reported by the F. W. Dodge Corporation slipped 2 percent behind the 1961 pace for April and June, but scored a 14 percent gain for May, averaging a 5 percent gain for the quarter.



Consumer spending at New England department stores set a record for Easter sales in April, lagged slightly behind 1961 performance in May, but then resurged comfortably above the rather strong 1961 performance in June. Sales were relatively strongest in departments selling radio and television sets, records, women's quality dresses, blouses, skirts and sportswear, furniture, floor coverings, aprons and housedresses. Inventories continued to be in good volume, moderately above a year ago. Orders for new merchandise were well above year-earlier levels, particularly at Metropolitan Boston stores. Revolving credit sales continued to gain relative to other types of sales. Credit collections were deemed in generally satisfactory condition.

It continued to be a good year for automobile dealers. Registrations of new cars in the six states exceeded comparable 1961 figures by 23 percent in April and by 25 percent in May. Preliminary reports for June noted surprisingly little effect on sales from the stock market crisis.

For New England vacation business, springtime is a quiet interlude between major seasons and affords an inadequate measure of trends in the industry. Reported guest occupancies in June, however, were 5 percent better than those of a year ago. Advance reservations for the summer period suggest, relative to 1961, more business for July and August but less for September. For boys' and girls' camps the flow of reservations generally sustained cumulative totals above last year's.

Total ***personal income*** of New Englanders for the month of May was estimated by Business Week to be 6.8 percent above May, 1961.

The ***banking and credit*** situation during the year's second quarter continued to provide a basis of balance between the desired goals of domestic economic expansion and a less adverse balance in international payments.

Federal Reserve System open market operations permitted net free reserves of the Nation's member banks to ease down to around $400 million. For weekly reporting member banks in the First Federal Reserve District, the adjusted total of loans outstanding in the last week of the quarter showed a 12 months' net increase of 7.6 percent, while security holdings showed a net in-

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crease of 3.7 percent.

Over the same 12 months' period, the 3.6 percent rise in demand deposits at those banks continued to be greatly outpaced by the 22 percent rise in savings and other time deposits. At a sample group of New England mutual savings banks, where interest rates on deposits had risen more gradually, deposit balances as of June 30 showed a 12 months' growth of 9.2 percent.

Interest rates were relatively stable during the quarter with some firming towards the end of the period. Yields on 3-month Treasury bill auctions were generally somewhat below 2.75 percent until late June when they reached 2.79 percent. A comparable firming took place in yields on longer-term Treasury issues and tax-exempt securities. The Federal Reserve Bank discount rate and the prime business loan rate remained at 3 and 4½ percent respectively.

New England ***farmers*** found few signs for optimism this spring, aside from higher values for their real estate holdings. Egg prices drifted downward from Easter to reach the lowest levels in three years by early June, with only a modest recovery following. The regional hatch of egg-type chicks was running above a year ago. With broiler hatchings and placements somewhat less than in 1961, prices appear to be declining more moderately. Milk production continued to exceed last year's rate, but prices paid to producers dropped lower in May and June than a year ago. Rainfall shortages have reduced forage for pastures and hay crops. Last year's potato crop was considered one of the least profitable ever marketed.

Durable Goods Manufacturing

Employment in New England's ***primary and fabricated metals*** industries for June was somewhat less than for March, but was 3 percent higher than a year ago. Brass mills in Connecticut had considerably better business in early 1962 until the seasonal slowdown of orders appeared in June. Advance stockpiling of steel supplies in anticipation of a possible strike in the summer resulted in a compensating slowdown in operations as excess stocks were worked off again. Ferrous foundry operations continued at about the first quarter rate. Iron and steel scrap markets were depressed and exports slow.

New England's ***electrical machinery*** employment declined slightly in April and May, but rose in June. Although the industry total remained above that of a year ago, there was appreciable loss in the electronic component segment. Average weekly hours likewise tended to decrease from this first quarter but remained above year-ago levels. However, the outlook remained hopeful with scattered signs of strength in new orders. Prices of electronic goods held generally steady.

Employment at ***nonelectrical machinery*** plants in New England was rising in the second quarter, and for June was 2.8 percent better than a year ago. Average weekly hours were well up from a year earlier. Machine tool orders, which had been experiencing a discouraging pace of recovery and had been dependent largely upon orders from foreign sources, took a more hopeful turn in May. Iron pourings at textile machinery plants during the second quarter were 10 percent more than in the same period a year ago.

New England's ***transportation equipment*** industry was again subject to divergent trends. The high level of automobile sales led to increased employment on the region's assemblies, and substantial orders for aircraft components kept such plants busy. On the other hand, shipyard activities continued to be relatively quiet with little prospect of substantial improvement.

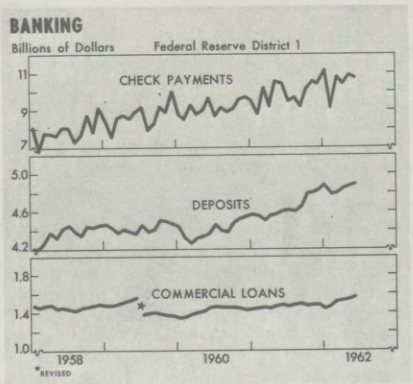
Nondurable Goods Manufacturing

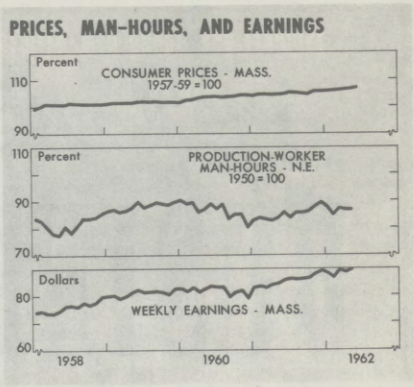
New England ***textile*** mills again presented a picture of no over-all growth, relative weakness in cottons, and relative strength in woolens and worsteds. Total employment changed little during early 1962, with a June figure 2.6 percent below that of a year ago. Early 1962 employment trends were upward at woolen and worsted mills, downward at cotton mills. Average workweeks tended to lengthen in both cases. Orders were reported to be strengthening for industrial fabrics, synthetic cloths, and at finishing and dyeing mills.

The spring seasonal slowdown at New England ***apparel*** shops was relatively mild in terms of employment, while hours of work remained higher than in 1961. Manufacturers of women's sportswear, in particular, had a good season. Orders for men's fall clothing were received in good volume and earlier than last year.

New England ***shoe*** production was maintained at an improved level during the second quarter, and for the half year is expected to average 5 percent over a year ago. Retail sales continued in strong volume even after Easter, but some industry representatives sensed a slackening pace in June sales and in orders for fall and winter lines. Rising imports constituted a continuing problem.

The New England ***jewelry*** industry had a fairly good quarter. Work staffs fluctuated about 1961 levels, while workweeks were longer. The declining popularity of cheap imported beads has benefited the market for locally made metal costume jewelry, and the domestic industry is vigorously striving to become more competitive in world markets for jewelry in general.





MANUFACTURING INDEXES (seasonally adjusted)	MASSACHUSETTS (1950–52 = 100)			NEW ENGLAND (1950–52 = 100)			UNITED STATES (1957 = 100)		
	June '62	May '62	June '61	June '62	May '62	June '61	June '62	May '62	June '61
All Manufacturing	122	124	116	127	127	118	118	118	111r
Primary Metals	109	110	107	119	121	100	86	91	92
Textiles	42	43	44	68	66	65	n.a.	122	112
Shoes and Leather	117	116	121	119	125	122	n.a.	n.a.	104
Paper	104	108	107	119	128	122	n.a.	124	118

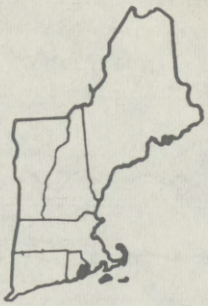
	NEW ENGLAND	Percent Change from:		UNITED STATES	Percent Change from:	
	June '62	May '62	June '61	June '62	May '62	June '61
BANKING AND CREDIT						
Commercial and Industrial Loans ($ millions) (Weekly Reporting Member Banks)	1,573	+ 2	+ 6	33,092	0	+ 5
Deposits ($ millions) (Weekly Reporting Member Banks)	4,898	+ 1	+ 7	124,873	+ 1	+ 7
Check Payments ($ millions) (Selected Cities)	10,758	— 2	+ 3	292,500	— 1	+ 8
Consumer Installment Credit Outstanding (index, seas. adj. 1957 = 100)	123.8	+ 1	+ 4	132.3	+ 1	+ 6
TRADE						
Department Store Sales (index, seas. adj. 1957–59* = 100)	112	+ 2	+ 1	111	— 4	+ 2
Department Store Stocks (index, seas. adj. 1957–59* = 100)	115	0	+ 4	118	+ 2	+ 9
EMPLOYMENT, PRICES, MAN-HOURS & EARNINGS						
Nonagricultural Employment (thousands)	3,818	+ 2	+ 1	55,654	+ 1	+ 2
Insured Unemployment (thousands) (excl. R. R. and temporary programs)	105	—14	—30	1,505	— 6	—28
Consumer Prices (index, 1957-59 = 100)	106.9 (Mass.)	0	+ 2	105.3	0	+ 1
Production-Worker Man-Hours (index, 1950 = 100)	88.4	+ 2	+ 3	100.5	+ 1	+ 5
Weekly Earnings in Manufacturing ($)	90.90 (Mass.)	+ 1	+ 6	97.03	0	+ 4
OTHER INDICATORS						
Construction Contract Awards ($ thous.) (3-mos. moving averages April, May, June)						
Total	185,040	—22	+ 6	3,922,925	— 1	+14
Residential	88,423	+ 9	+ 4	1,763,456	+ 2	+16
Public Works	25,560	—70	— 6	683,396	— 4	+ 9
Electrical Energy Production (index, seas. adj. 1957-59 = 100)	128	+ 1	+ 7	130	— 2	+ 8
Business Failures (number)	54	0	— 5	1,281	— 7	— 9
New Business Incorporations (number)	976	0	+ 4	15,234	— 7	— 7

*Index revised

r = revised

n.a. = not available

New England
BUSINESS REVIEW



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1962

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Part II, Interest in Training

Retraining the Unemployed

In Part I of this article,* apparent success was recorded for the initial retraining experience in New England. Nevertheless, there are formidable obstacles to retraining many of the unemployed. The advanced age and general lack of education of many such people are major barriers to both the interest in training and the ability to benefit by it. These and other problems (noted later) will limit the general applicability of retraining.

However, it is quite possible that the attitudes of the unemployed toward retraining might not be as serious a handicap as many have imagined.

As part of the joint research project with the Massachusetts Division of Employment Security, a questionnaire—designed to find out how the unemployed felt toward retraining—was sent to 1 percent (randomly selected) of 1961 unemployment compensation claimants. A 45 percent response was obtained.

Almost two-thirds of the 1,450 respondents felt that vocational training could aid them in improving their weekly wage and steadiness of employment, and only

*August, 1962.

one-third of those surveyed said they would not consider taking such training if they were faced with unemployment. The principal reason given for not considering such training was advanced years. The combination of advanced age and lack of education discouraged many of the unemployed considering training even though they were favorably disposed to it. A Lynn woman with a seventh grade education wrote:

> "As much as I'd like to change I feel that at 57 years I am no longer fit for any other kind of work. I've been a shoe worker for the past 28 years and it is a little too late to change."

Another major reason for not considering training was satisfaction with present employment (despite seasonal or sporadic layoff).

Willing to Train

Most of the unemployed who were willing to take training felt that they could take such training only if it were free and available near their homes. However, 1 in 4 of those interested expressed a willingness to live away from home while training (with free schooling and a subsistence allowance) while only 1 in 10 felt that he would be able to take training if he had to pay a tuition cost of $20 a week.*

A typical comment on the possibility of paying tuition of $20 a week while taking retraining was:

> "If I was unemployed it would probably be impossible to pay as much as $20 a week for schooling."

It should be noted that a typical unemployed person, even when retrained, cannot be expected to command a large weekly salary if only because he has less formal education. Massachusetts retrainees averaged $74 a week after training. Area Redevelopment trained machinist apprentices started in Massachusetts at $68 to $75 a week. Many are being trained for skills in which the entry wage is considerably lower than the average production worker salary which is $89 in Massachusetts and $97 in the United States.

Many of the unemployed did not expect extremely high salaries after retraining. In response to the question asking how large a weekly salary would be expected in order to make training worthwhile (assuming steady employment), the response was divided approximately equally between less than $80, requirements of $80 to $99 and requirements of over $100 a week. Very few (5 percent) were willing to train for jobs paying less than $60 a week. These attitudes towards salary opportunities are extremely important since many of the jobs for which retraining might be feasible are not likely to yield a particularly high weekly salary.

*A fee paid by many of the retrainees under the existing Massachusetts program even though free vocational education in certain courses is available at night from the Massachusetts Department of Vocational Education.

Table I
INTEREST IN TRAINING COURSE

Course	Percentage of Males Interested in Retraining*	Course	Percentage of Females Interested in Retraining*
Electronic Technician	40.9	Computer Equipment	53.4
Machinist's Apprentice	36.8	Practical Nursing	23.7
Office Work	12.9	Secretarial Skills	22.5
Barbering	10.3	Typists	19.9
Bookkeeping	8.9	Bookkeeping	18.1
Beautician	3.8	Beautician	17.8

*Many unemployed considered taking more than one course, therefore total equals more than 100 percent.

In Table I there is a listing of courses which the unemployed would consider taking. The most popular future vocations among the unemployed men were electronics technicians and machinist apprentices. Many of the women wanted to become computer equipment workers. These choices were listed on the questionnaire and each interested unemployed person was asked to check one or more of these job categories. The percentage represents the proportion of those interested who would consider training for this type of work.

When the 900 respondents who were interested in retraining were asked to name some other type of training which they would like to have, there was a great diversity of response. Many indicated that they would like to be trained in the industries with which they had experience. Others wanted to retrain primarily for income purposes and asked hopefully for guidance as to what particular field of training to enter. Over 100 different categories of training were mentioned but only three — welding, carpentry and cabinet making, and mechanics — were mentioned 10 or more times. Vocational interest was diversified, and many of those surveyed were realistic in judging their own limitations.

Eager for Training

There are people eager for training, so eager in fact, that they wanted to make immediate application. This eagerness is illustrated by the young (21) sheet metal worker:

> "I am very interested in receiving training in the field of designing. I took a test from your office and it shows I am very adept to this type of vocation."

Another enthusiastic individual said:

> "I would really like to do as this questionnaire says. It's just what I was waiting for."

But the eager are not exclusively among the young. For example, this seventh grade educated

male who is 61 years old from Fall River:

> "Would like to take any type of training that would give me year round work at a decent wage. Makes no difference where I have to go to get it."

The desire to obtain steady employment is an extremely strong motivating force as witnessed by this man from Springfield:

> "I have been working at the building trade for 12 years and the last few years I have had an average of 2 or 3 months unemployment every year around January to March. The reason I would be willing to accept a lower wage is if it were steady work. But if my own job were more steady, I would much prefer my own trade."

Desperation is part of the motivation of some of the long-term unemployed. For instance this 53-year-old man who lives in New Bedford:

> "I would take any vocational training . . . I need a job badly . . . I do not have any benefits to collect this year."

Background Education

Finding employment for the unemployed with or without retraining is a multiple problem. For example, it is harder to find employment for older workers or for minority groups who are subject to discrimination. This problem is compounded by the fact that typically both groups have less formal education. Consequently, the frequent job requirement of a high school education excludes many in these groups.

Although an individual cannot be made younger, he can be given more education — if he is willing. Over half of the people surveyed who were willing to take training indicated that they would also be willing to take a course to improve their skills in reading or writing. A course in arithmetic seemed to be very popular with 70 percent. Here is a recognition on the part of the unemployed themselves of the lack of basic education which is considered essential for most types of vocational education in the United States today. They are correct: in three New England areas 48, 55 and 65 percent of those who were tested at state employment offices for an Area Redevelopment training course could not pass the course qualification examination. This testing took place after the elimination of more than twice as many candidates through preliminary screening.

The unresolved question is not whether vocational education will make an unemployed person more employable, but is: "How many of the unemployed can qualify for vocational education?" If attempts are to be made to retrain many of the unemployed it will be necessary to provide some concentrated basic education in order to prepare many of these individuals for formal vocational education.

It will also be necessary to accept the idea that training is necessary in basic habits and skills which are rudimentary to a large part of the adult population. Basic cleanliness standards may have to be taught to women so that they may become adequate hotel maids, or domestic servants. Competence in arithmetic is an essential prerequisite for many waiters' or waitresses' jobs. Although these jobs usually pay low wages, the steadiness of employment would provide a substantial improvement for many of the "hard to employ."

Successful Stitchers

Questions are sometimes raised about the need for giving relatively elementary courses such as food handling or the running of a sewing machine because such skills are often acquired at home. However, a three-week course designed to teach women how to be stitchers for the needle trade in Biddeford-Sanford, Maine, had remarkable success. Before this course there were both a shortage of stitchers and a large group of unemployed women, but the two had not been brought together. The course was so successful that it was possible to train and place more trainees than the 22 officially authorized. This was possible because many trainees did not need a full three weeks training before they became acceptable producers. When unemployed workers can be trained for unfilled jobs after a brief course, such training, however elementary, seems quite worthwhile.

No Panacea

Retraining cannot be thought of as a panacea for unemployment. The sheer magnitude of the unemployed (over 230,000 in New England and about 4.4 million in the United States) precludes this. There will always be particular job openings which will be unfilled despite substantial numbers of unemployed. As illustrated by Table II skills in demand are heavily weighted toward the professional, managerial and skilled categories, while the unemployed are concentrated in unskilled and semiskilled categories.

Table II
JOB SKILL REQUIREMENTS* AND SKILLS OF U. S. UNEMPLOYED (March 1962)

	Skill Requirements	Skills of Unemployed
Total	100.0%	100.0%
Clerical and Sales	11.4	12.9
Professional and Managerial	59.0	3.2
Service	2.9	8.0
Skilled	19.8	20.7
Semiskilled	6.7	24.8
Unskilled and Unreported	.2	30.4

*Requirements are for interoffice requests. All local job listings are not included.

Source: U. S. Department of Labor, *The Labor Market and Employment Security*, April 1962.

Even when skills have been achieved these cannot always be readily transferred to skills in demand. Retraining the unemployed cannot be expected to fill the shortages of engineers, scientists, statisticians and accountants. These and other shortage occupations will have to be relieved by changes in the educational system and adjustments in relative wage rates.

Retraining some unemployed will help fill the needs of other occupations. Certainly, some machinists will be developed from the various retraining programs. The widespread demand for other skilled craftsmen such as automobile mechanics could be partially met through retraining. The shortage of clerical help can also be met in part by retraining unemployed females who previously had only factory experience.

Geographic Mobility

More employment opportunities might be found by increasing the geographic mobility of displaced workers. Geographic mobility is considerable among employed males and even more pronounced among the unemployed.* In fact, 9 percent of the respondents indicated that they moved to find new employment. However, it is unrealistic to expect all the unemployed to be capable of moving themselves, especially those with families since they will often deplete all personal resources before considering a move. Another factor inhibiting geographic mobility among the unemployed is the general lack of demand even in the more prosperous labor markets for unskilled or semiskilled work, typically the only type of job the unemployed can fill. Retraining combined with relocation might be a useful combination of remedies.

Adaptability Needed

Subsistence payments while retraining under the Manpower Development and Training Act of 1962 can be for 52 weeks. However, even with courses designed for the maximum time, it is never possible to prepare a person fully for a particular job; in a broad sense most training is "on-the-job." Retraining for the unemployed is not designed to relieve employers of their function (generated by necessity) of continued worker education, but will eliminate some handicaps of the unemployed which in the past have prevented them from obtaining steady employment.

The problem of making our labor force more adaptable to the demands of our complex and changing economy is a difficult one. To illustrate: New England employment in general increased 7 percent between 1950 and 1960, but the employment of laborers decreased 24 percent in the same time period. In contrast, the employment of professionals has increased 40 percent.

Continued efforts to improve formal education will have salutary long-term effects. Since working years, from entry into the work force until retirement, range to 50 years or more, most of the work force of the next few decades has already had its formal education. Skills of the existing work force therefore must be upgraded. The chief burden for this will be borne by employers: they will be forced to absorb the cost of training personnel simply because it will be necessary to get the job done. Retraining some unemployed for skills in current and future demand will help to fill new labor needs. Better educated graduates who enter the labor market each June will also help satisfy some of these future demands.

Many jobs that exist today and will exist tomorrow cannot be filled by retraining the unemployed directly. As more and more upgrading is achieved, some unemployed can be absorbed where vacancies are created at unskilled or semiskilled levels.

The practice of upgrading the employed through training is not new. It occurs through the use of both formal and vocational adult education courses, both in cooperation with employing firms and independent of such firms. Perhaps the expansion of adult education facilities would help more workers use leisure to increase their vocational skills. Such action would also enhance the productive potential of the country.

The Manpower Development and Training Act which was passed this year will provide for tuition-free training for the unemployed, the underemployed, and farmers with low family incomes. The training will include vocational courses, on-the-job training, or a combination of the two. To receive payment equal to unemployment compensation, the person must be head of a household and must have had three years of gainful employment. Unemployed youths not qualifying for regular benefits may receive a weekly payment of up to $20.

Under this Act $435 million have been authorized for a three-year program. About 1,000,000 retrainees will be trained with the authorized funds. If 1,000,000 unemployed can be retrained given the major obstacles of advanced years and low educational levels, the country will have taken a significant step in increasing the adaptability of its labor force.

*Nineteen percent of employed males as opposed to 29 percent of unemployed moved between March 1959 and March 1960 (U. S. Census).

Supplementary statistical material describing the joint research project by the Massachusetts Division of Employment Security and the Federal Reserve Bank of Boston may be obtained from the Bank's research department.

The New Canadian Dollar

The tourist who exchanged his U. S. dollars for Canadian money this summer found that each Canadian dollar cost him only 92 cents. If he had made the trip five years ago, he couldn't predict with much certainty just what a Canadian dollar would have cost, but it might have been as much as $1.06 in U. S. money.

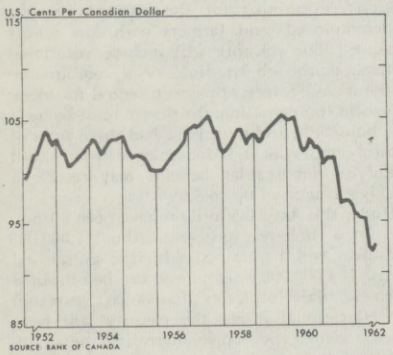
The tourist example is just one of many ways in which new Canadian financial policies are affecting transactions between Americans and Canadians. The prices of exports and imports are changing when expressed in opposite currencies, and investment decisions are made in a new environment.

Two basic developments have operated to bring about the contrast between the currency situations facing the 1957 tourist and the 1962 tourist. One is the change in relative values between the two currencies brought about by market forces. The other is the official decision of the Canadian Government to stabilize the value of its dollar. The par value was fixed at 92½ U. S. cents. Its value will be allowed to fluctuate only within 1 percent of this par.

Prior to the decision to stabilize the exchange rate, the Canadian dollar was a freely fluctuating currency. Its rate was set by the supply and demand for Canadian money. The Government had no fixed limits in which it would intervene to support the rate. This is contrary to policy of the other major currencies, whose rates are supported by the government concerned. Each country uses its monetary reserves to come into the market with a supply of foreign currencies if its own currency is weakening. The country absorbs reserves when its own currency is strong and there is pressure to buy it.

This practice, which is formalized by the rules of the International Monetary Fund, has now been adopted by the Canadian Government. This means that Canadian reserves will fluctuate as the Canadian Government intervenes in the exchange market in support of its own or other currencies.

U.S.-CANADIAN EXCHANGE RATES



Rate Movements

Although the Canadian dollar has been free to fluctuate since 1950, it has in fact moved within rather narrow bounds. It reached temporary highs of $1.06 in mid-1957 and again in October 1959. During World War II the official rate was 90 cents. During most of the period 1946-50 the official rate equated the Canadian and American dollar. After 1957 the Canadian dollar fluctuated generally between $1.02 and $1.04; it declined to 98 cents in 1961, and was about 95 cents prior to establishment of the fixed rate.

Because the Canadian and American dollars are both decimal currencies with a common name, there is a tendency to think they should exchange on a 1-to-1 ratio. There is, however, no economic reason to distinguish this particular rate from any other. The two currencies are independent, just as the French franc and the British pound are independent.

The new rate is, however, below the rate that prevailed during most of the past 11 years, and slightly below the exchange rate that prevailed before the establishment of the new par. This lower rate should have the effect of stimulating Canadian exports by making them cheaper in terms of foreign currency. It should also reduce Canadian imports, since the Canadians will have to pay more in terms of Canadian currency. For the same reasons U. S. residents may be expected to sell less, and buy more, from Canada.

The strength of the Canadian dollar during the decade of the 1950's apparently was mainly caused by the flow of American funds to Canada for investment in the petroleum and metal mining industries. With the appearance of some oversupply in these fields in recent years, this investment flow has diminished. In addition, the Canadian Government has discouraged borrowing in the United States by Canadian provinces and municipalities. Consequently there have been fewer American dollars seeking to purchase Canadian dollars which would be spent in Canada for private investment and public facilities. As a result, the exchange price of the Canadian dollar declined in 1961 and 1962 prior to the establishment of the new rate.

Banking's Fringe Benefits

Although the banking industry pays below the U. S. average in wages, bank employees receive a bigger proportion of their compensation in fringe benefits than do workers in any other industry. A 1961 nationwide survey showed that banks contribute 26.1 percent of payroll to fringe benefits, excluding holidays and sick leave. Member banks of the Federal Reserve system in New England contributed an even higher proportion, 27.5 percent. Benefits in these Boston District banks ranged from 8 to 49 percent of payroll and from $245 to $2,106 per employee.

Although the ever-growing area of fringe benefits is an important factor in measuring a company's labor costs, there is no universal standard in classifying these expenses. One definition includes all nonwage benefits to the employee. At the other extreme, paid holidays, vacation and sick leave are so universally accepted that many companies count them as payroll costs rather than fringe benefits.

In compiling fringe benefits of banks in New England, paid holidays and sick leave have not been tabulated. These have also been excluded, for purposes of comparison from the national figures presented in the table on the next page. When these figures are included, the banking industry in the United States paid an average of 33.5 percent of payroll in fringe benefits. This contrasts with 24.9 percent for all industries.

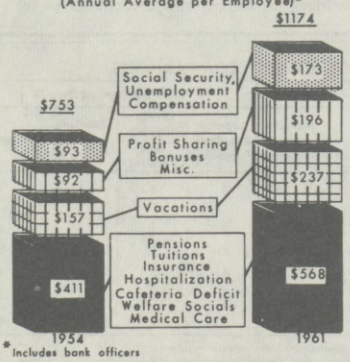
Despite the banking industry's low wages, it still exceeds the U. S. average in fringe benefits, both in percentage of payroll and in dollars per employee. The banking industry paid about 10 percent less in wages than the 20-industry average, but about 24 percent more in fringe benefits. Thus in total labor costs — wages and fringe benefits — banks are about 4 percent below the all-industry average. District I banks are 9 percent below this labor cost average.

A supplement to this article, consisting of tables and charts relating to fringe benefits of this District, is available on request from the bank's research department.

New England member banks distributed $30,860,000 in fringe benefits last year. Payments per employee have grown from $753 in 1954 to $1,174 in 1961. The ratio of fringe benefits to salary has also drifted upward, from 23 percent in 1954 to 28 percent last year.

SEVEN-YEAR GROWTH

In Fringe Benefits for District 1 Reporting Member Banks (Annual Average per Employee)*



*Includes bank officers

Benefit Components

Banking management emphasizes ***profit sharing and bonuses.*** The national average of these benefits for the banking industry was $254 per employee, twice as much as the next highest industry, chemicals and allied products. Boston District banks paid an average of $198 in bonuses and profit sharing.

District I bank employees received $3 million in profit sharing last year. This component has grown from 3 percent of total benefits in 1954 to 10 percent in 1961. Although bonuses are still increasing, they have not kept up with other major benefits. Profit sharing has increased fivefold per worker in New England since 1954, but bonuses have risen only 35 percent.

Pensions make up the largest single category of New England banks' fringe benefits, and have increased at a greater rate than wages. District I banks paid $512 per employee last year in pensions and insurance, $161 more than the all-industry average in the United States. Employees are not currently taxable for amounts contributed by employers into pension funds.

Legally required benefits, such as unemployment compensation, are only 13 percent of New England banks' fringe benefits. The chemical, petroleum, banking and insurance industries are at the bottom of those surveyed, in these payments, even though they are at the top in over-all benefits. These four industries have high steady employment, and therefore are not required to contribute as much into the unemployment compensation fund as do those industries having frequent layoffs.

As shown in the chart on this page, social security and unemployment compensation have grown rapidly. Wage increases partially explain the growth, but changes in the social security law are also responsible. The employer's tax for

old age and survivor benefits rose from 2 percent for the first $4200 of salaries in 1954 to 2½ percent for the first $4800 of salaries in 1959; in 1961, companies paid 3 percent on these latter salaries.

Bank Size and Benefits

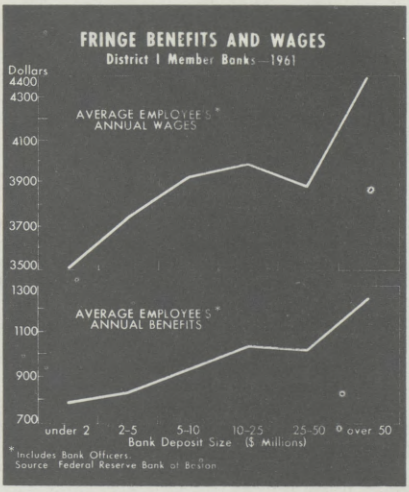
Fringe benefits are closely related to wages and both in turn are related to bank size. As shown in the chart on this page, salaries and benefits increased progressively with each deposit size category in 1961, except for the $25-50 million group. Of all the banks in this group, 20 percent were located in Maine and another 25 percent in areas of chronic unemployment. Only 12 percent of all banks surveyed came from Maine, and 10 percent of all surveyed were in depressed areas.

Members of the $25-50 million group from Maine reported fringe benefits averaging $659 per person, much lower than the $1,174 for all banks in New England. The salaries paid by these banks also lowered the average wages of the group. Removal of these banks brought the benefits of the group close to the District average.

Both small and large banks were located in areas of chronic unemployment. Generally speaking, the smaller banks in these areas contributed the same benefits and averaged the same wages as the smaller banks throughout the District. However, the larger banks do not seem to be entirely immune from employment conditions in these areas. A cluster of these larger banks in depressed areas fell in the $25-50 million deposit group. Their lower wages depressed the average for the group but did not affect benefits. The average salary for these depressed area banks was $3,526 compared to the District average of $4,262. When these banks, together with the Maine banks were removed, the average wage for this deposit size group was high enough to eliminate the dip in the chart.

Although wages paid by larger banks in persistent unemployment areas were lower than average, the fringe benefits of these banks were higher than the District average. The higher than average benefits appear to be a supplement to low wages.

Connecticut and Rhode Island average employee benefits were highest of the six states — $1,440. Rhode Island, most of which in 1961



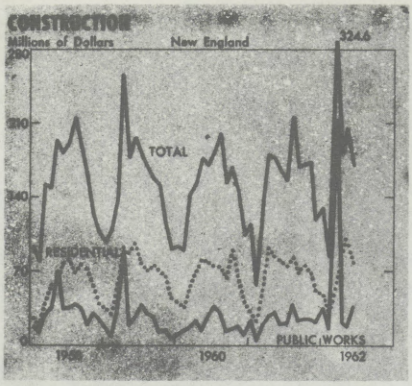
was classified as a depressed area, had a fringe benefit/salary ratio of 39 percent, resulting from lower wages and higher benefits. New Hampshire, Massachusetts and Vermont paid $1,119, $1,108 and $896 in average benefits.

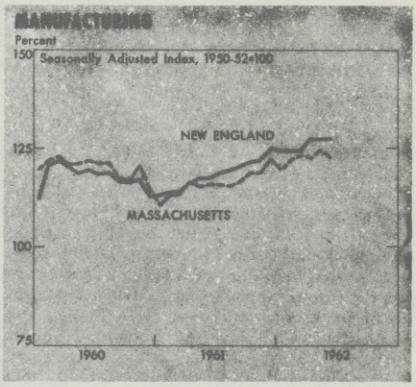
Generally wages and benefits tend to be closely related, as can be seen in the chart. This is to be expected, since benefits are usually a percentage of wages and therefore rise when wages rise. It is interesting to note that the proportion of fringe benefits was higher in higher salary groups. This proportion increased gradually from 22 to 28 percent. It is evident, then, that wages and fringe benefits do not offset each other when comparisons are made among New England banks. For the banking industry as a whole, fringe benefits have clearly become an increasingly important supplement to wages.

1961 FRINGE BENEFIT COMPARISONS

	Dollar Benefits		Rank by Type of Benefit			
	Rank	Amount per Employee	Legally Required Payments	Profit Sharing and Bonuses	Pensions and Insurance	Vacations
Petroleum Industry	1	$1,356	3	5	1	1
Banks, finance and trust companies	2	1,185	5	1	3	6
District I member banks	3	1,174	6	2	2	2
Nonmanufacturing industries	4	1,015	4	3	4	5
All industries	5	952	2	4	5	4
Manufacturing industries	6	937	1	6	6	3

Chamber of Commerce figures adjusted for comparability (some categories omitted).
Source: Chamber of Commerce *1961 Fringe Benefits* and Federal Reserve Bank of Boston.





MANUFACTURING INDEXES (seasonally adjusted)	MASSACHUSETTS (1950–52 = 100)			NEW ENGLAND (1950–52 = 100)			UNITED STATES (1957 = 100)		
	July '62	June '62	July '61	July '62	June '62	July '61	July '62	June '62	July '61
All Manufacturing	118	122	116	125	125r	119	119	118	112
Primary Metals	111	109	108	110	113r	98	86	86	95
Textiles	44	42	42	66	64r	64	n.a.	124	114
Shoes and Leather	109	117	115	119	119	119	n.a.	n.a.	101
Paper	105	104	108	123	119	122	n.a.	123	117

	NEW ENGLAND	Percent Change from:		UNITED STATES	Percent Change from:	
	July '62	June '62	July '61	July '62	June '62	July '61
BANKING AND CREDIT						
Commercial and Industrial Loans ($ millions) (Weekly Reporting Member Banks)	1,582	— 1	+ 8	33,115	0	+ 5
Deposits ($ millions) (Weekly Reporting Member Banks)	4,933	+ 1	+ 7	125,310	0	+ 7
Check Payments ($ millions) (Selected Cities)	10,698	— 1	+13	168,300	— 2	+14
Consumer Installment Credit Outstanding (index, seas. adj. 1957 = 100)	123.4	0	+ 5	133.3	+ 1	+ 7
TRADE						
Department Store [illegible] (index, seas. adj. [illegible]7-59 = 100)	115	+ 3	+ 3	115e	+ 4	+ 5
Department Store Stocks (index, seas. adj. 1957-59 = 100)	118	+ 3	+ 6	118	0	+ 7
EMPLOYMENT, PRICES, MAN-HOURS & EARNINGS						
Nonagricultural Employment (thousands)	3,813	0	+ 1	55,509	0	+ 2
Insured Unemployment (thousands) (excl. R. R. and temporary programs)	122	+16	—17	1,574	+ 5	—20
Consumer Prices (index, 1957-59 = 100)	107.0 (Mass.)	0	+ 2	105.5	0	+ 1
Production-Worker Man-Hours (index, 1950 = 100)	86.0	— 3	+ 3	98.7	— 2	+ 4
Weekly Earnings in Manufacturing ($)	89.20 (Mass.)	— 2	+ 4	96.56	— 1	+ 4
OTHER INDICATORS						
Construction Contract Awards ($ thous.) (3-mos. moving averages, May, June, July)						
Total	197,489	+ 7	+18	3,884,981	— 1	+10
Residential	82,532	— 7	+ 5	1,699,168	— 4	+11
Public Works	27,070	+ 6	+ 9	689,044	+ 1	+ 6
Electrical Energy Production (index, seas. adj. 1957-59 = 100)	127	— 1	+ 4	131	+ 1	+ 7
Business Failures (number)	34	—37	—38	1,165	— 9	— 9
New Business Incorporations (number)	935	— 4	+ 7	14,957	— 2	+ 3

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n.a. = not available
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Part III, Retraining – A Good Investment

Retraining the Unemployed

Man versus the machine – that old conflict continues to plague our society. It was an important issue in the recent New York newspaper strike. For years it has been a problem to the railroads as well as to countless other industries. The possibility of being displaced strikes fear in the heart of the worker — and not without cause. Yet if displaced workers can find other productive employment, then both society and labor will gain through the production of additional goods and services.

One recent legislative measure passed by Congress to meet the perplexing problem of re-employing displaced labor is the Manpower Development and Training Act of 1962. The Act provides for retraining unemployed workers and for paying them subsistence allowances in lieu of unemployment compensation during the retraining period. In the third year of the program (1964-65) each state will be forced to decide whether to continue this program by matching federal funds. The Administration and Congress also must decide whether to extend the program beyond the originally authorized three years

Some insights can be gained from the Massachusetts experience in retraining during 1960-61. The results of a special survey in this State indicate that retraining expenditures not only serve a justifiable goal but can be also a self-liquidating investment.

Savings Through Retraining

The Massachusetts state training program, which is independent of federal funds, provides for continuing unemployment compensation to workers during retraining.

As part of a joint research project by the Federal Reserve Bank of Boston and the Massachusetts Division of Employment Security, a search was made for unemployment claims filed before, after, and during training by 204 unemployed individuals who took advantage of this program in 1960. The survey showed that until retraining these workers as a group had become increasingly dependent on unemployment compensation. In 1959, they collected $24,000 in benefits, 3½ times more than they received in 1956. By 1962, however — after retraining — these workers received only $8,000 in unemployment compensation.

To be sure that this improvement was not just the result of changing business conditions, the increasing maturity of these workers, or other factors unrelated to retraining, a control group was selected, i.e., a group with similar characteristics but without retraining. This group of identical size was comparable in age, sex, geographic region, previous skill level, and year of unemployment compensation claim.

Although the control group had similar compensation costs in 1959, its cost by 1962 had increased 28 percent. On this basis the retrainees' unemployment costs would probably have amounted to about $31,000 in 1962 in the absence of retraining. Actually unemployment payments to this group in 1962 were only $8,000. Thus, for that one year, a saving in unemployment compensation of $23,000 can be attributed to the retraining program.

The outlay on retraining was $121,000 (net above unemployment compensation which otherwise would have been paid during the retraining period). This experience indicates that the savings in unemployment compensation after retraining were large enough to pay off the entire investment in about five years. In business jargon this might be called a "payout period."

This estimate $\left(\frac{\$121{,}000}{23{,}000} = 5.3 \text{ years}\right)$ does not take account of additional taxes paid by retrained persons after they get new jobs. In the Massachusetts training program, increased tax receipts are estimated to be about as large as the savings in unemployment compensation.

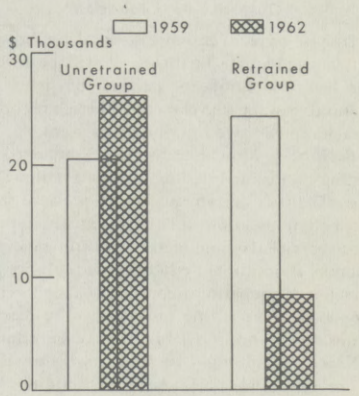
A necessary qualification is the possible displacement of other workers by retrainees. If workers are displaced and collect unemployment compensation, no net savings result. As a safeguard, however, federal programs require proof of unfilled labor demands in a specific skill before approving such retraining courses.

If this experience is at all representative of the returns on retraining expenditures, it would follow that unemployment compensation funds could pay for the cost of retraining. This is especially true if no other sources of funds were available and if the alternative were no retraining.

Programs in New England

Retraining programs are being developed in communities throughout New England. The courses which predominate in the region are machine tool operators for men and office skills and garment worker skills for women. The region, however, has lost part of its initial retraining lead gained in the first months of the Area Redevelopment Act, which provided training only for "depressed areas." New England has 11.6 percent of the retrainees in the two federal programs — considerably less than the propor-

Cost of Unemployment Compensation in Massachusetts



Source: Massachusetts Division of Employment Security.

tion of the A.R.A. program it had last April (19 percent). In fact, only Connecticut, Rhode Island, and Maine have a proportion of total retrainees greater than their proportion of the U. S. unemployed. As can be seen below, the over-all U. S. performance leaves a great deal to be desired.

Slow Start

As shown by the Massachusetts experience retraining is an effective and self-liquidating way of restoring some unemployed to productive activity. How much initial progress has been made with the federal programs and what are the chances for future expansion? When measured against the volume of unemployment, initial progress in retraining hardly seems impressive. In the United States in 1961, 5.8 million were unemployed 15 weeks or more, with almost 3 million of these out of work more than six months. In 1962, the annual average unemployment was about 4 million.

A year after the enactment of the Manpower Act and seven months after appropriations were approved, only 723 proposals for training 29,300 unemployed had been made throughout the Nation. Of this number plans covering about 24,000 workers have been given final approval. Of course, new programs always start slowly. But with the present rate of proposals covering 3,000 to 4,000 retrainees a month from the 50 states, the current national target of 400,000 retrainees in three years hardly seems feasible. Even this target is less than half the original estimate made at the passage of the Act.

Obstacles to Expansion

Despite signs of promise, general public support, and adequate financing, it will be a long time before a significant part of the program's potential can be developed. There are many obstacles to effective retraining programs.

Facilities: Most retraining is conducted in existing public facilities for vocational education. These facilities are already under pressure from increased population and must expand rapidly just to service daytime high school students. For example, if vocational education is to do its primary job of preparing tomorrow's labor force — as opposed to repairing today's —, a 50 percent expansion in vocational high school enrollment in New England might be necessary before 1970.

For retraining purposes, these buildings can be used only at night at least during the school year. If the retraining load is to be expanded, it may prove necessary to find other facilities independent of existing vocational schools. Here full-time instruction would allow more comprehensive training in a shorter time. Combined effort among smaller labor markets in a region might be necessary to fill classes.

Faculty: Increases in vocational education enrollment will put an additional strain on the already overburdened faculty in this field. Competent craftsmen have many attractive alternatives for employment. Not many have had or are willing to obtain teacher training in vocational education, especially for the privilege of earning considerably less than they could earn at their trades. Many vocational schools have found it necessary to hire daytime teachers for a "second shift" or go directly to industry for instructors for these special retraining programs. Understandably, industry cannot always give up its men for teaching purposes.

The Unemployed: Traditional vocational education will meet the needs of only a portion of the unemployed. In Boston recently, an attempt was made by the Massachusetts Division of Employment Security to establish a class for clerk-typists. Letters were sent to 3,500 people who had been seeking jobs in the clerical and sales field within the last year. All these people were under 50 years of age, high school graduates, and at a job skill level below clerk-typist. A substantial number, but not all, were currently unemployed. Only 233 responded to the letter. Of this number, 114 actually appeared for testing, and 77 qualified. But only 35 actually signed up for the course. In other instances, responses to retraining were just as limited. In New Bedford, Massachusetts, 2,000 unemployed had to be screened before 118 interested and suitable candidates for a machine tool operation course could be found. In Detroit, Michigan, files of 8,000 women were scanned to find 28 candidates for a course in selling quality ready-to-wear clothing.

It is not surprising that some unemployed are unwilling to take advantage of retraining. Many are merely subject to seasonal layoff, and earn enough while working to be satisfied with their occupations. Others expect to return to their old

Retraining the Unemployed, Parts I and II, were published in the August and September 1962 issues of this bank's *Review.* These and a statistical supplement based on a joint research project by the Massachusetts Division of Employment Security and the Federal Reserve Bank of Boston may be obtained from the bank's research department.

jobs after "business picks up." In some industries undergoing automation, these workers may never be called back, but many are unwilling to recognize this fact even after it is distressingly obvious. Many older workers feel unable to take retraining, or fear "going back to school." The U. S. Census defines an unemployed person as anyone seeking any type of work, including part-time work. Almost by definition therefore, some "unemployed" are not seeking work seriously enough to undertake retraining.

There still remains the substantial challenge of retraining those interested and needing such training. This is especially true of the long-term unemployed. Most screening and testing procedures would tend to have a built-in bias against the long-term unemployed. If so, can the problem of the hard-core unemployed be resolved without resorting to a complete rehabilitation program in terms of fundamental education and psychological counseling? Current testing methods classify applicants as eligible or ineligible. The results show that far too many unemployed interested in retraining are not qualified for traditional vocational education. Until retraining programs are well enough developed to offer a comprehensive set of job training alternatives consistent with an individual's *potential and interest*, a significant dent in the hard-core unemployment problem cannot be made.

There is a conflict between the individual retraining needs of the unemployed and the administrative desire for a few large, well attended courses. Until the administrative problems are solved so that very small groups and even individuals can readily take "on-the-job" training or training in public and private vocational institutions, the necessary depth and breadth in retraining cannot be provided. The attitude survey reported in the September 1962 issue of the *New England Business Review* indicates that a broad spectrum of retraining courses will be necessary to tap the latent interest in retraining among the unemployed.

Preliminary programs including the fundamentals of verbal and arithmetic skills, and special courses designed for semiskilled service occupations (waitress skills, etc.) may have to be instituted for many long-term unemployed. Developing such a program will take time, concern, and imagination at every level of government.

The significant advantage of the Massachusetts program over the federal programs is that it offers each individual several retraining alternatives. If the federal programs could adapt the techniques devised for vocational education under the "G. I. Bill of Rights," this needed individual career counseling might be achieved.

Inertia: Relatively few areas in the United States are really wrestling with this difficult problem. The proposals approved for the two federal programs have been concentrated in a few states: 42 percent of the retrainees are in six states which have only 23 percent of the population. Proposals covering only 3,000 retrainees were submitted to officials of the Manpower Development Program in a recent month by all 50 states.

Training will probably be most fully developed in healthier areas of low unemployment. This will be true for two reasons. First, there are likely to be more job openings to be filled with a retrained person. Second, those regions tend to have better developed vocational education facilities upon which to build a retraining program. In addition, such areas tend to have larger state administrative units and better research facilities to help develop programs. This trend is evident in New England: Connecticut has more than half of all approved New England retrainees under the Manpower Development and Training Act and Area Redevelopment Act. Nationally, nearly half of all authorized federal retrainees to date are in areas with less than 6 percent unemployment even though the depressed area retraining program was initiated almost a year before the Manpower Development Program. Retraining efforts in depressed areas will be handicapped unless relocation for those unable to find local jobs is encouraged. In these places, many retraining courses cannot be justified unless job openings outside the area are considered.

Needed — A Broader Approach

Retraining cannot be expanded enough to provide employment for everyone. This program cannot be the government's only weapon in its war on unemployment. The proposed federal income tax cut is an example of a more comprehensive approach. Efforts to increase aggregate demand should provide opportunities for many unemployed without retraining. In a faster growing economy, management would have to be less selective in its hiring practices.

Nevertheless, retraining can provide an inexpensive method for helping a significant number of the unemployed help themselves. It is a partial answer to a perplexing problem which has no easy solution.

New Boston and New Concrete

The abundance of lightweight aggregate raw materials throughout New England provides a firm basis for the growth of an industry. The use of lightweight aggregates as a construction material is increasing and is of particular importance in New England where most building materials cost more than in the rest of the country. In New England 1963 marks the first year of lightweight aggregate production from native materials.

"New Boston" is being built with new concrete. M.I.T.'s 20-story Earth Science Center and 17-story Married Students Housing Project are being built with a new building material — lightweight concrete. So are the Prudential Life Insurance Center and the West End Redevelopment Project at Charles River Park. And lightweight concrete will go into major Boston buildings now in the planning stage — the Hotel America and the British owned 33-story office building at 50 Pearl Street.

What is this product? It is concrete made not with the traditional sand and gravel, but with a lightweight aggregate. Lightweight aggregates in turn are made from naturally or artificially expanded rocks. These materials are used to make all three varieties of lightweight products — poured-in-place concrete, blocks, and plaster.

How light is lightweight? The difference in weight between lightweight and ordinary structural concrete may be as much as 50 pounds per cubic foot — about 100 pounds for lightweight compared with 150 pounds for ordinary concrete. By using one of these new materials, vermiculite, the weight of the concrete used for partitions and other spots where great strength isn't important can be cut to 40 pounds per cubic foot.

Weight differences in concrete block are also striking. A standard size ordinary block weighs about 42 pounds compared with 27 pounds for a lightweight one.

Advantages

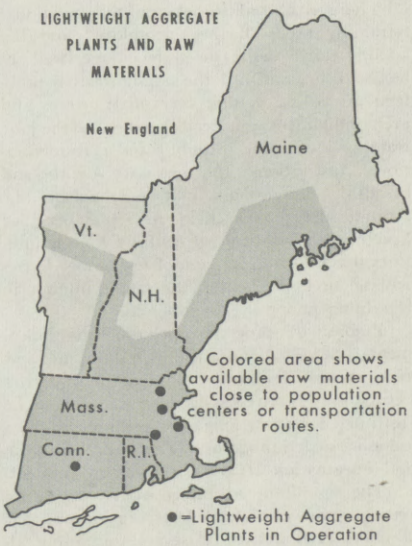
Lightweight concrete saves weight and money. Its use in the San Francisco-Oakland Bay Bridge saved three million dollars according to a consulting engineer. No signs of failure are evident. Through its use, too, the Commonwealth Building in Louisville, Kentucky, reached 18 stories. If ordinary concrete had been used, the base could support only 15 stories. One spectacular use of lightweight concrete is in the twin 60-story apartment towers, called Marina City, now rising in Chicago. These are the tallest buildings ever constructed of concrete without a structural steel skeleton.

Twenty years ago, columns strong enough to support Marina City's 588-foot height would have left little usable space on the lower floors, according to one authority. High strength concrete keeps the columns from becoming monsters in size.

Also if Marina City had been constructed with structural steel, 10 to 15 percent would have been added to its $17 million cost.

Not only does the material's light weight save money in structural steel, it also reduces handling and transportation costs. Furthermore it allows building sites with poorer foundations to be used. And building sites that can support heavy multistory buildings are growing scarcer in our big city centers.

Among other virtues, these materials are highly fire-resistant. One of Boston's largest of-



fice buildings is fireproofed throughout with vermiculite plaster.

Other desirable properties — depending on the aggregate used — include: good acoustics, high thermal insulation, substantial strength, good resistance to freezing and thawing, good bonding with reinforcing steel, and high plasticity.

Its high plasticity allows architects to design new shapes creating additional strength. Thus, Marina City's cylindrical shape requires far less support than conventional square frame designs.

The concrete dome of the University of Illinois new assembly hall is another example of strength through shape. Its 400-foot span has neither columns nor beams and has a thickness of less than four inches at some points.

High thermal insulation is particularly important for meeting our space age problems. And lightweight concrete is being used more and more in rocket and missile testing pads and launching sites.

Three Classes of Aggregates

The industry has three broad classes.

First, natural aggregates. Natural aggregates come from lightweight rock such as pumice or other volcanic rock. These materials are generally mined by open pit methods and are usually crushed, dried, and sized before marketing.

Although they cost more than manufactured varieties, pumice blocks are more attractive and are therefore often recommended by architects. New England has no native source for pumice and supplies are imported from Greece and Italy. The first commercial shipment to help build the "New Boston" has just arrived. As a building material, pumice has been well-known for centuries. The Greeks among others used quantities of it in building their temples.

Second, manufactured aggregates. Manufactured aggregates are made of various minerals expanded by heat. They include the "ultra-light" aggregates — perlite and vermiculite. These are used where strength is not of primary importance — mainly for building plaster and insulation.

Vermiculite is shipped to New England in its raw form from the only two major deposits in the country — Libby, Montana, and Enoree, South Carolina. Both deposits are owned by one company. Other vermiculite producers import their materials from South Africa. The other "ultra-light," perlite, comes to New England from Colorado.

Of greatest interest to New England are lightweight aggregates made from clay and shale. During the past summer a study made for the Boston Federal Reserve Bank found ample sources of these minerals throughout the six-state area. The colored area of the map on the previous page shows source location close to population centers. This year for the first time two firms will begin producing aggregates from native clay and shale. As the industry grows, more use will undoubtedly be made of native sources.

Third, byproduct materials. Cinders, one of the oldest lightweight aggregates, are byproducts of industries that burn lump coal for fuel. They are used chiefly to make cinder blocks; these amount to almost half of all the lightweight blocks produced.

Cinders are the cheapest of the lightweight aggregates but supplies are disappearing all over the country as more industry converts to finely ground coal, oil, and gas. New England has only two major cinder producers left — Fort Devens in Ayer, Massachusetts and a sugar refinery in Boston. As a result most of the local cinder supply comes from Pennsylvania by way of New Jersey where it is processed.

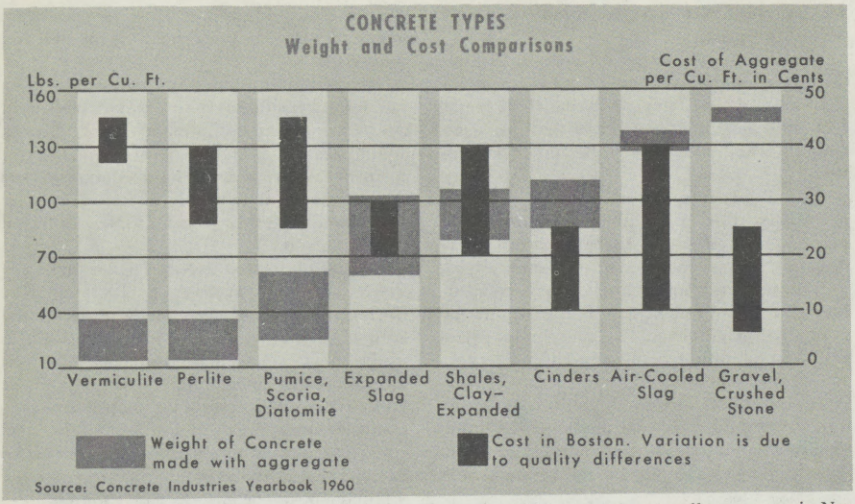
The average cost of a cinder block is about 27.5 cents; an expanded clay or shale block costs about 30.5 cents. The small difference in price suggests that clay or shale can readily replace the dwindling cinder supply.

Fly ash, a residue that collects in chimney stacks, is another waste byproduct used as a raw material to produce lightweight aggregates. This product can compete with clay and shale aggregates in weight, strength, and cost. Several firms in New England produce fly ash; at least two of them are studying its possible use. A large New York firm is now building a Long Island plant that will use fly ash to produce a lightweight aggregate. This plant is close enough to find some market for its product in southern New England.

This article is based on the research report, "The Lightweight Aggregate Industry in New England," written by Henry N. McCarl, Graduate Assistant of the Department of Geology, Pennsylvania State University, with the aid of a grant from the Federal Reserve Bank of Boston.

Copies of the complete report may be obtained from the bank's research department.

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Growth of the Industry

The Romans made the first lightweight concrete. They used pumice from Pompeii as an aggregate. In our era, the first processes and patents for the expansion of lightweight raw material date from the period just before World War I. During the war, lightweight aggregates were used for building concrete ships. Afterwards, the first major use was for highway bridges. Pre-cast roof slabs provided another use. The real growth of the industry, however, came after World War II. Since then, more and more use has been found for lightweight aggregates, especially in high rise buildings.

Nationally, the industry has grown from one plant in 1920 to 252 in 1961. Total tonnage produced in the United States increased from 8.6 million in 1956 to 10.3 million in 1960. About 75 percent of this total is now used to manufacture blocks but increased use of lightweight structural concrete will probably lower the proportion marketed for blocks to 30 percent.

Prospects in New England

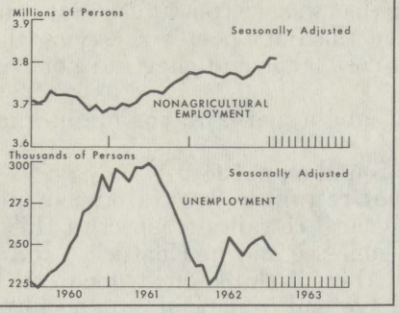
Lightweight aggregate concrete costs more than the ordinary gravel variety, as the chart above shows. In large buildings, however, where weight savings achieve important economies in foundations and in structural steel, the added expense of the lightweight concrete is more than compensated.

Building materials generally cost more in New England than in the rest of the country. The 1963 Boston price of 30.5 cents for lightweight aggregate block is 4.5 cents above the national average and as much as 50 percent higher than such eastern cities as Baltimore and Philadelphia. In fact, across the country the Boston price is exceeded only by those in New York, St. Louis, and Seattle. But with production from native sources, this situation may change. Two of the five plants now operating in New England will use native materials in 1963.

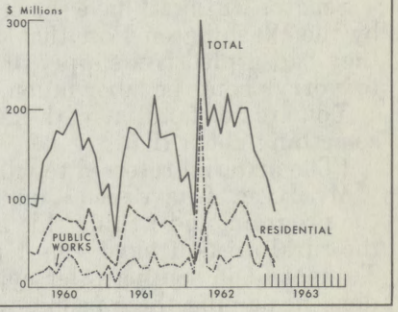
Since lightweight aggregates are low cost materials, shipping them any great distance doesn't pay. In fact, the difference in transportation charges usually determines which of two comparable aggregates to use. The reduction in freight costs resulting from the proximity of both supplies and markets should stimulate local production and the development of native sources.

With increasing demand for lightweight concrete, growth prospects for the industry in New England are good — especially for the clay and shale parts. The colored area of the map shows that the raw materials are available throughout the region. More construction of multistory buildings in Boston, Hartford, Providence, and other population centers will increase the demand. The lack of cinders will be an added stimulant. Also new developments in glazing, treating, and coloring lightweight blocks will provide additional markets.

New England nonfarm employment held above 3.8 million in February after a rise since September. Unemployment changed little.



New England construction contract awards in their February seasonal dip were 2% greater than at the similar 1962 low point.



MANUFACTURING INDEXES (seasonally adjusted)	MASSACHUSETTS (1950–52 = 100) Feb. '63	Jan. '63	Feb. '62	NEW ENGLAND (1950–52 = 100) Feb. '63	Jan. '63	Feb. '62	UNITED STATES (1957-59 = 100) Feb. '63	Jan. '63	Feb. '62
All Manufacturing	n.a.	117r	122	n.a.	124	125r	120	119	116
Primary Metals	n.a.	102r	112r	n.a.	107	115r	103	99	118
Textiles	n.a.	39r	44r	n.a.	59r	66r	n.a.	113	115
Shoes and Leather	n.a.	101r	121r	n.a.	115r	124r	n.a.	n.a.	103
Paper	n.a.	108r	111r	n.a.	124	125	n.a.	n.a.	119

	NEW ENGLAND Feb. '63	Percent Change from: Jan. '63	Feb. '62	UNITED STATES Feb. '63	Percent Change from: Jan. '63	Feb. '62
BANKING AND CREDIT						
Commercial and Industrial Loans ($ millions) (Weekly Reporting Member Banks)	1,539	+ 3	+ 5	34,469	— 1	+ 7
Deposits ($ millions) (Weekly Reporting Member Banks)	4,989	— 1	+ 4	129,722	— 1	+ 8
Check Payments ($ millions) (Selected Cities)	10,330	—13	+14	158,144	—16	+ 9
Consumer Installment Credit Outstanding (index, seas. adj. 1957 = 100)	128.9	+ 1	+ 8	143.9	+ 1	+12
TRADE						
Department Store Sales (index, seas. adj. 1957-59 = 100)	111	— 4	+10	114	0	+ 4
Department Store Stocks (index, seas. adj. 1957-59 = 100)	119	0	+ 4	n.a.	n.a.	n.a.
EMPLOYMENT, PRICES, MAN-HOURS & EARNINGS						
Nonagricultural Employment (thousands)	3,709	— 1	+ 1	54,786	0	+ 2
Insured Unemployment (thousands) (excl. R. R. and temporary programs)	192	— 5	+10	2,605	— 1	+ 6
Consumer Prices (index, 1957-59 = 100)	107.8 (Mass.)	0	+ 2	106.1	0	+ 1
Production-Worker Man-Hours* (index, 1957-59 = 100)	96.5	— 1	+ 1	97.3	0	0
Weekly Earnings in Manufacturing ($)	90.12 (Mass.)	0	+ 4	97.20	0	+ 2
OTHER INDICATORS						
Construction Contract Awards ($ thous.) (3-mos. moving averages Dec., Jan., Feb.)						
Total	114,534	—17	+ 4	2,965,038	— 3	+10
Residential	42,172	—19	+ 2	1,210,046	— 4	+ 4
Public Works	29,728	— 6	+23	596,768	— 5	+11
Electrical Energy Production (index, seas. adj. 1957-59 = 100)	133	+ 2	+ 6	140	+ 1	+ 9
Business Failures (number)	52	+ 2	+27	1,304	+ 4	— 4
New Business Incorporations (number)	742	—27	0	14,012	—19	—.3

*Index changed from 1950 to 1957-59 = 100

n.a. = not available

r = revised

Senator CLARK. Are you familiar with the Bata Shoe Co. situation in southern Indiana, where, I understand, you had a rather expensive training program?

Mr. BATT. Just slightly, I will know better about it in a couple of weeks because I am going out to look at it.

Senator CLARK. I have something that was written up last Saturday by the Washington Post that quoted the Bata people as saying that they had a plentiful supply of low-cost labor and they did not have to worry about the labor union.

You are not familiar with it? I thought, perhaps, you might know something about that.

(The material referred to will be found on p. 594.)

Mr. BATT. I have seen a number of retrainees in rural areas under the program, and I think this is the rural retraining aspect of this in the rural areas, I have seen it in Tennessee and in Kentucky, and in Texas, and in southern Jersey, and there I think great good can be done in helping these people who have had to depend on agriculture alone for a living, helping them diversify and helping them acquire a skill that will permit them to supplement their earnings with a factory job.

Senator CLARK. In those areas, you would not expect the labor union to get into the picture, would you?

Mr. BATT. It is entirely up to the ingenuity of the labor union; I would hope they could organize these people and raise those standards of pay.

Senator CLARK. Now, finally, we have had some discussion from a number of different witnesses about the philosophy of whether the job should be brought to the man and the locality or the man should be retrained in the locality and encouraged to move to a job opportunity elsewhere.

It seems to me rather obvious you have to do both and not just one, but I wondered whether your experience as an administrator would enable you to make a useful comment as to whether you find great resistance to mobility. I know you will recall comments from northern Pennsylvania when we were considering ARA and particularly the Retraining Act, do you have any comments as to what should be the policy of the Federal Government with respect to encouraging people to be trained and to move elsewhere, or whether primary emphasis should be placed on bringing the job to the man?

Mr. BATT. I have an approach to that which may be helpful. I think we ought to do, of course, all we can to bring the job to the man. At the same time, when a mine closes down as it did when I was secretary of labor and industry, and lays off 1,200 people in the northeastern county of Schuylkill, in Pennsylvania, you cannot create 1,200 jobs overnight.

It is not—it is totally out of the question, therefore, what we tried to do was to put in a team of placement and counseling and retraining experts and in that case we found, incidentally, that most of the young people got out before they drew their first unemployment compensation check, Senator.

We think that the people should be helped immediatly, before they rot on relief of various kinds and lose their self-respect, self-confidence, with everything in the book—counselling, placement. I would like to see everything you have to help the individual worker and retraining if that will help him get a job, I don't give a hoot where,

hopefully in the hometown, if not, in a community which is the pattern around the United States, so he can keep his home there, or moving out if that has to be. The Williamsport people will tell you that acquiring a new skill is the greatest thing.

I think this is the additional factor, he is not lost to that community, he still gets the hometown newspaper, he will return at the drop of a hat, or more specifically if a new plant comes into that community 6 months, a year, 2 years later, with a skill, there are job openings he can fill and he will go back to the community and take a job there, Senator.

We find in case after case, that because his roots are there, he loves that community, and wants to come back. The most up and coming communities, I know, keep tabs on their expatriates and on their skills and use them as an asset just like an industrial park to promote the town, they should be used as an asset.

Senator CLARK. Thank you very much, Mr. Batt. I think that is a very intelligent answer. Thank you for your very helpful testimony.

The subcommittee will stand in recess until 2 o'clock this afternoon, when we will hear from Dr. Walter M. Arnold, Assistant Commissioner and Director of Division of Vocational and Technical Education, Office of Education of the Department of Health, Education, and Welfare.

(Whereupon, at 12:10 p.m., the subcommittee recessed until 2:25 p.m. the same day.)

AFTERNOON SESSION

(Pursuant to recess, the subcommittee reconvened at 2:25 p.m., Senator Clark presiding.)

Senator CLARK. The subcommittee will resume its session.

I would like to apologize to the witness and the members of the staff. I was unavoidably detained; I had to go to the floor in connection with a piece of legislation I am interested in.

Dr. Arnold, we are very happy to have you with us.

Your full statement will be printed in the record at this point, and I will ask you to follow the custom of the other witnesses and give us a summary of it in your own words.

(The prepared statement of Dr. Arnold follows:)

PREPARED STATEMENT OF DR. WALTER M. ARNOLD

Less than a year has elapsed since operations commenced under the Manpower Development and Training Act, and already certain facts are becoming evident that are important to consider.

The Area Redevelopment Act and the Manpower Development and Training Act set a course of action to guide this Nation through its transition into the new age of space and technology. The need for such a course, buttressed by law, has been building up throughout the years since World War II. With each new technological advance, each new step in the direction of expanded world trade, each new shift in market demands, has come increasing need for more and better trained people to man our business and industry. At the same time, a decline has occurred in employment opportunities for people without skills or people whose skills are becoming outmoded. The Manpower Development and Training Act sets the stage for more equitable distribution of opportunity for people to find work by providing them with the skills currently in demand in the labor market.

The obligation which this Government assumed through the Manpower Development and Training Act is more fraught with implications than many of us anticipated. The conditions that have affected many of the working people of

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the United States are still with us, and, as long as they exist, there will be need for this Government to sustain such countermeasures as massive training and retraining opportunities.

PROGRESS IN MANPOWER TRAINING THROUGH VOCATIONAL EDUCATION

The manpower training programs (both the Manpower Development and Training Act and the Area Redevelopment Act) have been able to mesh into gears that were already grinding. It was unnecessary to create new machinery; the machinery of public vocational education was already in operation in every State and territory. The structure of Federal, State, and local cooperation was already well cemented by nearly half a century of operating experience. Facilities, teachers, equipment, administrators, and supervisors were already at hand.

Facilities available to vocational education include not only high school shops, vocational high schools, and area schools, but also public junior colleges, municipal colleges, and State universities having special facilities for nonbaccalaureate technical education.

The experience of vocational educators at Federal, State, and local levels, in developing other training programs to meet special adult needs, has been invaluable in speeding up the Manpower Development Training Act and the Area Redevelopment Act operations. Many teachers, supervisors, and administrators have drawn on their experiences in war production training, when 7½ million men and women were trained for work in producing armaments. In addition, there are currently 33 States operating training programs for unemployed and underemployed adults under special provisions of section 7 of the George-Barden Act. These programs are similar in purpose and nature to manpower training projects under the Manpower Development Training Act and the Area Redevelopment Act. About 250,000 people have been trained under section 7, George-Barden, in the past 5 years—57,000 in 1962 alone.

As a result of easy transition into stepped-up forms of vocational education, it has been possible, even with limited funds ($20 million was originally budgeted for training from the Manpower Development and Training Act appropriation for fiscal year 1963), to develop more than 1,200 training projects to accommodate 42,000 unemployed people since operations began last September. The original training allotment has since been extended, and Federal commitments for training costs alone now exceed $24 million.

At the same time, Area Redevelopment Administration training efforts are moving ahead with increasing impetus in redevelopment areas, with 253 programs for 11,000 trainees approved since July 1, 1962.

The manpower training staff in the Division of Vocational and Technical Education, has drawn on the specialized services of all branches of the division to enhance training efforts. The combination of State and local operational know-how, and Federal leadership and coordination through the Division of Vocational and Technical Education, has brought about a number of new developments that may be summarized as follows:

Curriculum guides

Through the combined efforts of advisory groups of specialists in the various fields of vocational education, drawn from Federal, State, and local levels, the groundwork for the preparation of new and unique curriculum guides has been laid. Most of the guides have been, or will be, prepared through contractual arrangements with professional groups, universities, or publishing houses that draw on technical talents from various sources.

Curriculum guides completed and now in use:

1. Stenographic-secretarial occupations.
2. Clerical and recordkeeping occupations.
3. Instrument maintenance curriculum.

Curriculum guides under contract and partially completed:

1. Highway engineering aid.
2. Distribution and marketing occupations.

Curriculum guides under contract to start June 15:

1. Peripheral business data processing occupations:
   (*a*) Converter operator.
   (*b*) Console operator.
   (*c*) Tape librarian.

(*d*) Reader-sorter operator.
(*e*) Check encoder.
(*f*) Key punch operator.
(*g*) Tabulator machine operator.
(*h*) Tabulator record control.
(*i*) Supervisor of machine records.
(*j*) Reports supervisor.

2. Agricultural occupations:
   (*a*) Arborist.
   (*b*) Farm chemical aid.
   (*c*) Horticultural technician.
   (*d*) Soil and water technician.
3. Radiography.
4. Psychiatrist practical nurse.
5. Home and community service occupations:
   (*a*) Child day-care worker.
   (*b*) Management aid in low-rent public housing projects.
   (*c*) Visiting homemaker.
   (*d*) Hotel and motel housekeeping aid.
   (*e*) Supervised food service worker.
   (*f*) Personal wardrobe maintenance specialist.
   (*g*) Companion to elderly person.
   (*h*) Family dinner service specialist.
   (*i*) Homemaker's assistant.

Training in new occupational areas.—Programs have been approved for a great number of training programs in occupational areas in which vocational education has had only recent and limited experience; and also in areas completely new to vocational education. They include the following:

Microminiaturization assembly.
Computer programing.
Geriatrics nurse aid.
Ambulance assistant.
Psychiatric nurse aid.
Ward clerk.
Arborist.
Sugarcane farm administrator.
Electronic component assembler and inspector.
Surgical technician.
Systems testing laboratory technician.
Statistical quality control technician.
Bilingual secretary.
Frame man (telephone and telegraph).
Dental laboratory assistant.

In addition to these new, or relatively new, fields, occupational training programs are being developed for a number of new classifications of jobs, such as the following:

Data processing jobs, such as console operator, converter operator, tabulating machine operator, tape librarian, reports supervisor, and supervisor of machine records.

Home and community service occupations, such as management aid in low-rent public housing projects; child day-care center worker; and hotel and motel housekeeping aid.

Agricultural jobs, such as soil and water technician; horticultural technician; farm chemical aid.

Health occupations, such as medical records technician; X-ray technician aid; mental health worker; and physical therapy aid.

In the area of marketing and distribution, work is being done to develop more training programs in the emerging occupations that combine a number of skills—for example, those required in the hotel and motel industry.

All of these new or relatively new occupational fields require meticulous attention to curriculum designed to meet the special needs for such workers. Leadership and direction has come from the manpower training staff, Division of Vocational and Technical Education.

Teacher preparation.—The preparation of people for employment is largely dependent upon the degree of excellence in the teacher-learner situation.

In order to assure efficient instruction, great effort is being addressed to securing the services of persons employed as teachers who are both technically competent and professionally well prepared to carry out their instructional work.

The manpower training staff, Division of Vocational and Technical Education, has completed a survey of the need for teacher education. As a result of recommendations obtained from this survey, plans are presently being developed to provide itinerant short-term, intensive, teacher-training services, as well as to develop a teacher's manual and a manual on programed instruction.

In addition to assisting instructors in developing their teaching skills, studies are being conducted with a view to developing course materials in new job classifications which require different combinations of skills than those generally recognized; and in devising new methods of instruction appropriate to the level of intellectual competence and aspirations of the people enrolling in manpower programs.

Systematic evaluation.—Evaluation of the manpower training efforts is being accomplished on a continuing basis by the field representatives, manpower training staff, Division of Vocational and Technical Education.

The field representatives were selected for their long and varied experience in vocational education, and particularly for their backgrounds in developing, operating, and evaluating programs.

In addition to carrying out their function of representing the Office of Education in project review sessions, the field representatives and State officials also visit classes, inspect facilities and equipment, and observe the performance of teachers and reactions of trainees.

This continual review and appraisal of manpower training efforts has accomplished two important goals: It has helped the Office of Education to attain an increasingly systematic awareness of developments at the local level and a knowledge of specific programs; and it has brought about an increasing uniformity of high standards in manpower training programing. In instances in which field representatives have found facilities, equipment, curriculum teacher performance or trainee response to be below the accepted standards for vocational education, recommendations for improvement are immediately transmitted to the State manpower training directors and surveillance is maintained until such improvements are made.

IMPACT OF MANPOWER TRAINING ON VOCATIONAL EDUCATION

Manpower training administrators have leaned heavily on vocational education services, and the programs in turn have had an impact on vocational education. By keynoting a sense of urgency, the manpower training efforts have helped vocational educators to look at their goals from the broad perspective of the total labor market situation—and to see in vocational education the infinite possibilities it holds for helping people in new kinds of ways to adjust to our changing socioeconomic structure.

The core of the process of turning millions of unemployed people into useful, productive, self-sufficient workers is in education—vocationally oriented education. This fact is sometimes obscured by the drama that attaches to our confrontation with automation and the concurrent changes in industrial society. When all the facts have passed in review, however, this one remains:

The difference between a person's becoming a mere statistic on the "want work" books of the employment service, and his being a useful and productively employed citizen, is his opportunity to become equipped with a set of salable skills. And salable skills are made up not only of the manipulative skill demanded of an occupation, but of the related knowledge that permits an individual to make judgments on the job. This kind of training comes through vocational education. This is the kind of training that vocational educators are putting into manpower programs.

Limitations inherent in manpower training programs

Neither the Manpower Development and Training Act nor the Area Redevelopment Act contemplated undertaking the total task of retraining America's unemployed. The statutory limitations on appropriations attest to this fact. Rather, each was designed to demonstrate what could be accomplished by close cooperation among all agencies at all levels—Federal, State, and local—concerned in any way with some aspect of the problems resulting from unemployment and underemployment.

Funds.—It should be noted that, of the total moneys appropriated for the current fiscal year for Manpower Development and Training ($70 million), $20 million was earmarked for distribution to State vocational education agencies for implementing the institutional training feature of the act. Less than 6 months after entering into agreements with the States under which they would conduct the vocational training that was determined as necessary, 39 States had already developed institutional training programs, the cost of which exceeded their original allotments. Subsequently additional funds have been transferred to be used for training purposes.

Human resources.—Evident everywhere is an all-important fact which bears directly on how we must measure the scope of manpower training: the unemployed of this Nation are unemployed for many different reasons. Some are technologically displaced, and, if they have a background of education and experience, these can be retrained with relative ease. But many of the unemployed have lost their jobs because their education is so limited that they cannot even qualify for training.

We are at present reaching, for the most part, the ones who have the best training potential, but very few of the others. This is not to say that, as the labor market surveys probe more deeply into regional conditions, other jobs requiring less complex skills and knowledge, will not materialize; indeed, already they have, particularly in the tourist industries where service workers are essential.

One of the greatest services that manpower training has rendered to date has been to bring into focus the very grave problem of the "unemployable." There will be no quick remedies. We cannot drop a quarter into the vending machine and expect trained workers to slide out the chute.

We are going to have to break our manpower training efforts into compartments: One to train the readily trainable; and one to raise the educational level of the untrainable to a point where he can learn a marketable skill. In other words, to reach the total manpower training goal, there should be two distinct kinds of effort.

One kind of manpower training effort should coordinate welfare services, counseling services, and special education services in an attempt to raise the trainability level of great numbers of people. This is a task that will require coordinated Federal, State, and local efforts by many different kinds of agencies.

The other kind of Manpower Development and Training Act effort should be a continuation and expansion of the work we have already done—developing sound training programs for the trainable through vocational education. Some of the limitations upon attainment of this objective are the following:

Training facilities.—Facilities available to vocational education include not only vocational schools and shops but area technical schools, junior colleges, and public colleges. Even with this variety of services, public vocational education facilities are beginning to reach the saturation point. Manpower training programs, superimposed on other vocational programs, keep many schools open from 18 to 20 hours per day.

More and more private facilities are being rented by school districts to relieve the burden on their crowded school buildings. At present they are using hotels, restaurants, stores, machine shops, garages, hospitals, mental health facilities, etc. In Georgia, for example, all auto mechanics training is being accomplished in rented facilities, since the school shops are used day and night for regular vocational training programs for in-school youth and adults in extension courses.

A special gearing up for the use of summer school facilities was started last February and many States will accelerate manpower training during June, July, and August. The facilities will be available for shorter unit training only. Other States, such as New Jersey, hope to get the training accelerated this summer and then dovetail it in with the regular training during the year.

Private schools.—At present there are 60 manpower training programs approved for private educational institutions in which 2,484 trainees are to be referred. The training costs for these programs, so far, total $1,474,707.

In some cases it is practical and economical to use private facilities; but in more cases than not there are no private facilities available, and in some areas the private facilities as well as public will soon be exhausted. Frequently, too, private facilities are unsuited to the training needs. Therefore it is not feasible to rely on increasing use of private institutions even though this expedient has met with some successes, particularly in heavily populated regions. (Illinois has over 40 percent of its Manpower Development and Training Act programs approved for private services.)

If we consider the manpower training effort as a stopgap measure, these modes of operation are probably quite suitable. But if we consider the needs of people for retraining opportunities as needs that will be with this Nation for a long time—and perhaps always—then it becomes important to think of establishing adequate facilities to meet the future requirements of the American people.

Facilities and equipment that can be used immediately for Manpower Development and Training Act and Area Redevelopment Act training will also be used by inschool youth and by adults in future programs in vocational education. The

importance of vocational education has been made clear, thanks to manpower training. It would be pennywise to exhaust the existing facilities without any attempt to replenish or expand them, because vocational education would be ultimately damaged, rather than strengthened.

The progress the States make in training more persons for employment will be in ratio to the facilities they have to accomplish the training. There is a desperate need for funds for this purpose.

Equipment.—Although the Manpower Development and Training Act provides 100-percent Federal aid for training purposes, the fact is that State and local schools are contributing extensively to the manpower training effort. All public school facilities are provided without reimbursement to house the training programs. In Utah, for example, an additional auto shop was actually constructed in a new vocational school in order to provide adequate facilities to accommodate anticipated influxes of manpower trainees, and to avoid their having to take their training during night hours.

Equipment is being furnished by schools without cost to the Federal Government. This kind of contribution is high, indeed, as is demonstrated in the number of courses for machine operators, technicians, typists, and mechanics that are being offered around the country. While equipment can be purchased, the schools have not asked for funds to purchase equipment except when it is altogether unavailable.

The cost per trainee has risen abruptly in recent weeks, and the increased cost can be attributed to such facts as more specialized occupational training and the need to rent and equip private facilities.

Teachers.—A contribution that the States have made which does not appear on any records is the contribution of funds to train vocational teachers who have now been diverted to special manpower training programs. As the Manpower Development and Training Act program expands and the reservoir of trained teachers is drained, funds need to be applied to additional teacher training services.

There is no way of measuring, either, the size of State contributions to manpower training in terms of the administrative and supervisory man-hours that are expended. Funds are needed locally in advance of the actual initiation of training to cover the costs of the preliminary work of developing a project, locating facilities, establishing training schedules, locating and training teachers, purchasing equipment, and all the other requisites for a sound manpower training program.

Limitations on training for the underemployed and potentially unemployed.—An area of primary concern to vocational educators is the need for upgrading training for employed people. The present 100-percent Federal subvention is limited to the unemployed and underemployed. If upgrading training is to be accomplished, to prevent future unemployed, the 100-percent Federal aid feature of the Manpower Development and Training Act and Area Redevelopment Act should be extended to all persons in need of training, regardless of present employment status.

Administration.—Manpower Training Act requires cooperative effort not only among all levels of government but among the responsible agencies at each level, to a degree perhaps unprecedented. There are still some weak spots in the administrative structure, although many of these are already being corrected.

One of the problems in organization has been the bringing together of various State agencies in cooperative activity. In most areas, the vocational education and employment security services have worked together effectively for many years; but, in places where the experience is new, there is room for development of deeper understanding concerning the role of each and their interdependence in attaining the manpower training objective. Federal leadership has already helped to improve these relationships.

At the Federal level there have also been some growing pains as two Departments attempt to join their unlike functions into a union that relates education goals to economics realities. The complexity of this common goal has been accentuated by the desire to accomplish a very great task in a very short time. It has become apparent, however, that while all the many requirements of the Manpower Development and Training Act must eventually be fulfilled, some will take more time than others. To amplify:

It is possible to establish training programs effectively and speedily to coincide with obvious manpower shortages, drawing trainees from the ranks of those who are generally competent but lacking in special skills. This we have done.

Now, however, we are beginning to face the deeper problem of seeking out, from still incompleted labor market data, some of the hidden job opportunities; and, at the same time, finding trainable candidates who are suited for such occupations. It is not desirable, even though it may be possible, to slot people into job training if they are unsuited for it—the objective of helping people to become self-sufficient, productive citizens would be negated, the goals of the teacher would be thwarted, and time and money would be wasted.

Limitations on kinds of training.—There has been a de facto limitation in the kinds of training programs that are requested of vocational education. We believe that many job opportunities exist in areas in which there have been little or no requests for training. Of special importance are the marketing, sales, and service occupational areas. Many of the jobs in these areas do not require complex skills, and training for entry positions would not cover a long period of time. The service occupations, especially, hold a promise for unemployed persons with limited training potential. Manpower training should serve more people among this group, by developing more programs in marketing, sales, and service fields—all of which are indicated as having job growth potential according to the President's Manpower Report to Congress submitted in March 1963.

The kinks in manpower training can be ironed out. It is important that we not dampen State and local enthusiasm, or slow down their efforts by undue restrictions (including too meager allotments of funds). The record of achievement to date is good. By this time next year it could become excellent. Training programs for the unemployed and for the potentially unemployed are a fundamental necessity in our national effort to develop a sound growing economy.

PROGRESS REPORT—MANPOWER DEVELOPMENT AND TRAINING PROGRAM, JUNE 1, 1963

I. National activity summary

States participating	[1] 52
Number of projects approved	1,216
Number of trainees to be referred	42,013
Total training funds committed	$24,268,039
Average length of training course (weeks)	27
Average cost of training per trainee	578

[1] Includes District of Columbia, Puerto Rico, and the Virgin Islands.

Rate of growth, weekly average (between February 15 and June 1, 1963): 44 projects approved, 1,520 trainees per week being referred, approximately $1 million in training funds committed.

II. States activity summary

TEN LEADING STATES BY NUMBER OF TRAINEES

1. California	4,237	6. Ohio	1,950
2. Illinois	4,142	7. Alabama	1,515
3. Connecticut	3,284	8. Michigan	1,442
4. Pennsylvania	3,195	9. Missouri	1,355
5. New York	2,489	10. New Jersey	1,266

TEN LEADING STATES BY NUMBER OF APPROVED PROJECTS

1. Pennsylvania	105	6. Michigan	56
2. California	92	7. Illinois	55
3. Ohio	72	8. Massachusetts	50
4. Connecticut	63	9. Missouri	47
5. Puerto Rico	62	10. Kentucky	44

TEN LEADING STATES BY AMOUNT OF TRAINING FUNDS COMMITTED

1. Illinois	$2,415,369	6. Massachusetts	$959,480
2. California	2,177,522	7. Ohio	895,195
3. Pennsylvania	1,932,549	8. Kentucky	832,933
4. Michigan	1,327,511	9. Missouri	826,535
5. New York	1,292,143	10. New Jersey	655,628

TABLE 49.—*Status of Manpower Development Training Act projects as of June 1, 1963*

	Number of projects	Number of trainees	Estimated cost
Total	1,216	42,013	$24,268,039
1. Alabama	27	1,515	562,218
2. Alaska	2	90	149,834
3. Arizona	5	255	171,788
4. Arkansas	19	439	421,134
5. California	92	4,237	2,177,522
6. Colorado	7	140	96,755
7. Connecticut	63	3,284	542,734
8. Delaware	2	32	9,735
9. District of Columbia	8	360	162,886
10. Florida	21	781	387,757
11. Georgia	10	248	372,660
12. Hawaii	9	376	105,818
13. Idaho	3	80	53,401
14. Illinois	55	4,142	2,415,369
15. Indiana	19	767	607,467
16. Iowa	15	441	363,865
17. Kansas	12	301	402,514
18. Kentucky	44	1,209	832,933
19. Louisiana			
20. Maine	21	707	130,597
21. Maryland	6	380	254,684
22. Massachusetts	50	1,148	959,480
23. Michigan	56	1,442	1,327,511
24. Minnesota	26	611	529,125
25. Mississippi	5	88	91,000
26. Missouri	47	1,355	826,535
27. Montana	15	219	109,514
28. Nebraska	8	167	140,641
29. Nevada	13	353	200,418
30. New Hampshire	6	280	53,748
31. New Jersey	31	1,266	655,628
32. New Mexico	8	368	122,523
33. New York	40	2,489	1,292,143
34. North Carolina	25	717	486,304
35. North Dakota	11	165	168,570
36. Ohio	72	1,950	895,195
37. Oklahoma	30	706	471,428
38. Oregon	10	385	241,666
39. Pennsylvania	105	3,195	1,932,549
40. Rhode Island	9	185	211,305
41. South Carolina	15	401	172,211
42. South Dakota	1	30	40,006
43. Tennessee	24	556	543,793
44. Texas	25	519	473,184
45. Utah	6	236	48,646
46. Vermont	5	89	102,867
47. Virginia	16	582	430,099
48. Washington	8	234	244,819
49. West Virginia	20	428	271,871
50. Wisconsin	20	766	511,662
51. Wyoming	3	70	55,528
52. Guam			
53. Puerto Rico	62	1,148	423,945
54. Virgin Islands	4	90	12,454

TABLE 50.—*Manpower Development and Training Act occupational training—Leading occupations by number of trainees (500 trainees or more), June 1, 1963*

Occupation	*Trainees (to nearest 10)*
1. Machine operator, general	3,790
2. Auto mechanic, entry or specialist	3,170
3. Welder, all	2,720
4. Clerk-typist	2,620
5. Stenographer	2,340
6. Sewing machine operator	2,120
7. Electronics assembler, wirer solderer	1,980
8. Nurse aid	1,920
9. Licensed practical nurse	1,650
10. Clerk-stenographer	1,470
11. Waiter-waitress	1,110
12. Auto body repairman	1,050
13. Typist	950
14. Salesman	920
15. Electronics, mechanic or technician	890
16. Boot and shoe (cutter, stitcher, sewer)	770
17. Draftsman	720
18. Cook	630
19. Secretary	550
20. Carpenter	510

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TABLE 51.—*Occupational training programs under the Manpower Development and Training Act—An alphabetical list of occupations, showing the number of programs approved and the number of persons to be trained as of May 15, 1963*

Occupation	Number of programs	Number of trainees
Administrator, sugarcane farm	1	10
All-around farm machinery operator	5	132
Alterationist	1	15
Alterer, garment	1	17
Arborist, sprayer, pruner, trimmer	3	54
Assembler and inspector, electronic component	1	40
Assembler, machine shop	1	25
Assembly, microminiaturization	1	40
Assistant, forester	1	40
Assistant, statistical quality control	1	15
Attendant, auto service station	8	169
Attendant, male	1	9
Attendant, station house, police cadet	1	30
Auto body and fender repairman	4	70
Auto body and painter repairman	6	89
Auto body repairman, entry	21	423
Auto body repairman, metal, entry	12	300
Automatic screw machine operator	7	420
Automatic screw machine setup man	3	55
Automatic transmission repairman	4	92
Automobile mechanic, automatic transmission and differential	3	80
Automobile mechanic, automatic transmission, entry	2	30
Automobile mechanic, entry	105	2,296
Automobile mechanic, ignition and carburetor	2	45
Automobile mechanic, motor analyst	3	47
Automobile mechanic, service station, entry	9	168
Automobile mechanic, truck	2	40
Automobile mechanic, tuneup	2	37
Automobile mechanic, wheel alinement and repair	2	35
Bookkeeper II, clerical	2	35
Bookkeeping machine operator	2	56
Bricklayer, entry	2	35
Bulldozer operator, entry	1	36
Cabinetmaker, entry	2	47
Cabinetmaker II, entry	2	35
Calculating machine operator	1	60
Carpentry, bench	1	20
Carpenter, construction	5	132
Carpenter, entry	4	68
Carpenter, finish	3	98
Carpenter, millman and related	3	151
Carpenter, rough	1	40
Cashier, front office (hotel and restaurant)	1	48
Cement finisher	5	143
Chambermaid	2	60
Chambermaid (hotel)	1	32
Chassis assembler	1	120
Chemist assistant, entry	4	87
Chemical operator II	1	20
Civil engineering aid	1	18
Clerk, accounting	2	44
Clerk, accounting (hotel)	1	11
Clerk, general office	10	268
Clerk, hotel room	1	28
Clerk medical	1	46
Clerk stenographer	27	1,089
Clerk stenographer, refresher	4	125
Clerk typist	41	2,158
Clerk typist, refresher	3	190
Clerk, ward	2	34
Coin vending machine serviceman	1	16
Closer, heel seam (boot and shoe)	1	36
Computer programer, entry	2	40
Cook, baker (hotel and restaurant)	1	20
Cook, combination, entry	1	25
Cook, dinner, entry	2	33
Cook, entry	7	252
Cook, fry	2	63
Cook, hotel and restaurant	8	138
Cooking, commercial, entry	1	20
Cook, short order	3	75
Cutter, hand (boot and shoe)	2	40
Cutter, pulpwood	1	25
Dental assistant	2	32
Dental laboratory assistant, entry	1	20
Diesel mechanic, construction equipment	6	87
Draftsman, commercial	1	20
Draftsman, construction, entry	1	10
Draftsman, detailer	2	35
Draftsman, electrical, entry	1	20

TABLE 51.—*Occupational training programs under the Manpower Development and Training Act—An alphabetical list of occupations, showing the number of programs approved and the number of persons to be trained as of May 15, 1963*—Continued

Occupation	Number of programs	Number of trainees
Draftsman, entry	2	32
Draftsman, entry (ship and boat building)	1	20
Draftsman, industrial, entry	1	15
Draftsman, junior	1	40
Draftsman, mechanical and electrical	2	97
Draftsman, mechanical, entry	13	299
Draftsman, trainee	1	80
Edgemaker (boot and shoe)	1	20
Electrical appliance repairman	2	34
Electrical appliance serviceman, entry	7	130
Electrical technician, entry	4	88
Electrician, entry	2	42
Electrician, (ship and boat building)	1	45
Electronics assembler	5	569
Electronics data processor, entry	3	155
Electronics, entry	2	66
Electronics mechanic, entry	13	388
Electronics technician, entry [1]	12	319
Electronics unit assembler	1	150
Embroidery machine operator and cutter	2	90
Engineering aid	4	70
Engine lathe operator	2	35
Engine lathe operator II	1	50
Engine turret lathe operator	1	18
Farm equipment mechanic, entry	1	12
Farm hand, dairy	4	100
Farm hand, fruit	1	20
Farm hand, general	4	121
Fitting man (aircraft industry)	1	80
Floor assembler (machine shop)	1	20
Forestry aid	8	185
Forestry engineering aid	1	20
Frame man (telephone and telegraph)	1	30
Furniture repairman	1	18
Grader, lumber	2	35
Grinder, entry	1	30
Heavy equipment operator II, entry	1	40
Helper, aircraft mechanic, entry	1	12
Household appliance repairman	4	68
Industrial X-ray technician	1	15
Inspector, machine shop, entry	1	100
Instrument assembler	1	35
Instrument repairman	1	15
Janitor (custodial service)	1	40
Job setter, entry	1	45
Journeyman electrician, upgrading	1	50
Key punch operator	4	61
Knitter, transfer	1	15
Knitting machine operator	2	105
Laster (boot and shoe)	1	20
Loftsman (ship and boat building), entry	1	20
Looper, hosiery, entry	1	15
Machine operator, general	83	3,300
Machine operator, general (plastics)	1	40
Machine operator, general (ship and boat building)	1	21
Machine repairman, entry (any industry)	1	15
Machine tool operator, general	12	392
Machinist II	1	20
Machinist, entry	9	278
Machinist, outside, entry	1	80
Maid	1	64
Maintenance, machinist, entry (any industry)	1	15
Maintenance man, building	4	114
Maintenance management, treatment plant	1	60
Maintenance mechanic, entry	1	20
Manager, department retail trade	1	15
Manager, retail food for legally blind	1	44
Mechanic, aircraft engine	1	30
Mechanic, automatic heat and refrigeration, entry	1	24
Mechanic, construction equipment	1	15
Mechanic, internal combustion engine, entry	1	15
Mechanic, refrigeration and air conditioning	1	14
Mechanic, refrigeration, entry	7	113
Medical lab assistant	1	18
Metal machine operator	1	18
Milling machine operator	4	84
Milling machine setup man	2	31
Millman (woodworking)	5	109
Motor adjuster, entry	2	33
Motor boat mechanic	2	32

[1] Workers with sufficient technical training to fill entry jobs.

TABLE 51.—*Occupational training programs under the Manpower Development and Training Act—An alphabetical list of occupations, showing the number of programs approved and the number of persons to be trained as of May 15, 1963*—Continued

Occupation	Number of programs	Number of trainees
Nurse aid	22	1,434
Nurse aid, ambulance assistant	1	15
Nurse aid, care home	1	20
Nurse aid, geriatrics	3	124
Nurse aid, psychiatric	4	176
Nurse, licensed practical	52	1,607
Nurse, refresher	1	100
Nursery man, II	1	15
Nursery school aid	1	20
Occupational therapy, assistant	1	20
Office machine serviceman, entry	4	62
Offset pressman	2	35
Oil burner and motor serviceman	1	60
Orderly (medical service)	2	135
Painter, automobile, entry	2	45
Painter, paperhanger, entry	1	17
Pantry man, (hotel and restaurant)	1	40
Pipe coverer, entry	1	36
Pipefitter (ship building) entry	3	230
Planer, operator	1	25
Plumber, construction	1	18
Presser, machine	1	45
Presser, shirt	1	30
Programer, entry	3	78
Radio mechanic	1	60
Radio, TV repairman	1	20
Sales clerk, retail training	1	40
Salesman, automotive service	1	40
Salesman, service station	1	21
Salesperson	4	477
Salesperson, automobile parts, entry	3	75
Salesperson, general	4	235
Salesperson, photographic supplies and equipment	1	32
Secretarial practice	1	30
Secretary	8	395
Secretary, bilingual	5	73
Secretary, legal	1	25
Secretary, medical	1	25
Sewer, hand (boot and shoe)	6	287
Sewing machine operator	25	1,829
Sewing machine repairman	9	119
Sheet metal fabricating machine operator	3	77
Sheet metal worker, aircraft I	1	80
Sheet metal worker, aircraft II	1	12
Sheet metal worker, entry	11	318
Shipfitter, entry	1	100
Shoe manufacturing	1	180
Shoe repairman, entry	3	60
Skiver, machine (boot and shoe)	1	10
Solderer	1	75
Solderer, electronics	3	455
Spray finisher	1	24
Stenographer	48	1,861
Stenographer-bookkeeper	1	60
Stenographer, refresher	5	240
Stenographer, secretary	1	25
Stenographer, upgrading	1	36
Stitcher, binding (boot and shoe)	1	18
Stitcher, machine (boot and shoe)	4	262
Stitcher, top (boot and shoe)	3	81
Surface grinder operator	1	7
Surveyor	1	24
Tailor II, retail trade	1	15
Technician, air conditioning and refrigeration, entry	1	20
Technician, medical records	1	16
Technician, operating room	3	66
Technician, surgical	1	12
Technician, systems testing lab	1	120
Television service repairman	3	56
Teller, banking	1	32
Templatemaker, structural steel	1	25
Time study (professional and kindred)	1	10
Tool and die maker, entry	2	146
Tracer, entry	1	40
Tractor mechanic	1	25
Tractor operator	2	55
Tractor operator I (Agriculture)	1	40
Tractor operator II	1	20

TABLE 51.—*Occupational training programs under the Manpower Development and Training Act—An alphabetical list of occupations, showing the number of programs approved and the number of persons to be trained as of May 15, 1963*—Continued

Occupation	Number of programs	Number of trainees
Trainee, machine shop	1	56
Transit man, entry	1	24
Tree pruner	1	16
Turret lathe and screw machine operator	1	40
Turret lathe operator	5	216
Typist	10	855
Typist, reproduction	1	98
Upholsterer, entry	4	90
Upholsterer II	3	70
Vending machine repairman	1	24
Vine and tree pruning	1	100
Waiter, formal	5	141
Waiter, waitress	4	667
Waitress	2	31
Waitress, waiter, formal	2	270
Weaver, textile, entry	2	54
Welder, aircraft, entry	1	16
Welder, arc	11	334
Welder, arc and heliarc	2	130
Welder, combination and heliarc	1	60
Welder, combination, entry	41	1,352
Welder, fitter, entry	1	15
Welder, heliarc	2	130
Welder, inert gas	10	302
Welder, tungsten, inert gas	1	20
Welding, construction equipment	1	20
Welding, construction trade and occupations	3	105
Wirer-solderer	4	700
Woodworking machine operator, general	5	118
Woodworking machine operator and mill hand	1	20
Woodworking occupations, general, entry	1	30
Worker, office reproductions	1	15
Worker, ornamental iron	1	12
Worker, production (any industry)	1	75
Worker, veneer mill	1	103
Worker, maintenance and service	1	49
Total	1,110	39,408

TABLE 52.—*Manpower development and training programs approved for nonpublic agencies, May 17, 1963*

State and project No.	Occupation	Facility	Clock hours	Number of trainees	Training cost	Starting date
Arkansas:						
4	Draftsman (detailer)	Fort Smith Junior College, Fort Smith	1,500	10 male	$11,400	Jan. 7, 1963
5	Stenographer	do	720	34 female, 1 male	11,900	Do.
			(2 sections)			Oct. 15, 1963
6	Machinist (entry)	do	1,500	40 male	35,400	Dec. 3, 1962
7	Auto mechanic (entry)	do	1,440	15 male	35,500	Feb. 25, 1963
8	Auto body repairman (entry)	do	1,500	20 male	19,800	Jan. 1, 1963
12b	Stenographer	Capital City Business College, Little Rock	540	50 female	22,416	Apr. 1, 1963
California:						
19	do	Humphrey's Business College, Stockton	910	18 female, 2 male	10,501	Feb. 11, 1963
33	do	Murphy Business College, North Hollywood	600	30 female	10,530	Dec. 17, 1962
34	Key punch operator	Sawyer School of Business, Los Angeles	120	14 female	4,412	Dec. 3, 1962
35	Clerk-typist	Sawyer School of Business	360	23 female, 1 male	10,901	Dec. 10, 1962
36	Stenographer	do	720	27 female	14,511	Do.
54	Clerk-typist	Empire College of Commerce, Santa Rosa	420	50 female	11,750	Feb. 11, 1963
			(2 sections)			
55	do	Palo Alto Secretarial School, Palo Alto	560	30 female	15,750	Do.
74	Stenographer	Heald Business College, Sacramento	910	40 female	20,669	Apr. 1, 1963
85	Typist	Sawyer School of Business, Los Angeles	480	25 total	13,061	Apr. 15, 1963
91	Electrical technician	Solar Electrical School, Monrovia	1,530	24 total	38,400	Apr. 29, 1963
94	Stenographer (refresher)	Heald Business School	525	25 total	8,043	May 13, 1963
Connecticut:						
41	Cook (entry)	Culinary Institute of America, New Haven	480	15 male	12,370	Jan. 14, 1963
42	Waiter, formal	do	240	30 male	12,805	Do.
			(2 sections)			
57	Cook (entry)	do	480	do	18,795	May 20, 1963
			(2 sections)			
58	Waiter, formal	do	240	do	12,085	Apr. 15, 1963
			(2 sections)			
Illinois:						
11	Automatic screw machine operator (entry)	Allied Institute of Technology, Chicago	720	60 male	51,840	Feb. 4, 1963
			(2 sections)			
13	Welder, arc, heliarc	Greer Shop Training, Inc., Chicago	480	100 male	63,360	Do.
			(4 sections)			Mar. 4, 1963
						Mar. 18, 1963
						Apr. 1, 1963
14	Wirer, solderer	Coyne Electrical School, Chicago	240	30 female	5,400	Feb. 4, 1963
14	do	Midway Technical School, Chicago	240	do	5,400	Do.
14	do	Chicago Institute of Technology	240	do	5,400	Do.
18	do	Coyne Electrical	240	90 female	16,200	Feb. 25, 1963
			(3 sections)			
19	Automatic screw machine operator (entry).	Allied Institute of Technology	720	34 male	25,920	Mar. 18, 1963
26	Auto mechanic, (entry)	Greer Shop Training Inc., Chicago	1,440	30 male	31,536	Mar. 11, 1963

27	Auto body repairman (entry)	do	1,440	30 male	30,240	Do.
28	Auto painter (entry)	do	600	30 male	13,680	Do.
29	Salesperson, auto parts (entry)	do	1,440	30 male	31,536	Do.
31	Wirer, solderer	American Institute of Engineering and Technology, Chicago.	240	180 female	32,400	Apr. 1, 1963
34	Systems testing laboratory technician	do	1,440 (3 sections)	120 male	162,432	Apr. 15, 1963 May 27, 1963 June 24, 1963
35	Psychiatric aid I	State Research Hospital, Galesburg	480	50 male	19,594	Apr. 1, 1963
38	Automatic screw machine operator	Allied Institute of Technology	720	30 total	25,920	Apr. 29, 1963
39	Automatic screw machine operator	do	720	159 total	137,376	Do.
40	Wirer, solderer	American Institute of Engineering & Technology.	240	340 total	61,200	Apr. 20, 1963
41	Auto mechanic	Greer Shop Training, Inc., Chicago	1,440	30 total	31,536	Apr. 22, 1963
42	Auto body repairman	do	1,440	30 total	30,240	Do.
43	Salesperson, auto parts	do	1,400	30 total	31,536	Do.
49	Auto mechanic (regular)	do	1,400	30 total	31,536	Do.
Iowa:						
5	Upholsterer II	Flex-Steel Industries, Dubuque	600	30 total	21,050	Jan. 14, 1963
6	Clerk-stenographer	Nettleton Business Training College, Sioux City	1,200	15 female	11,207	Feb. 4, 1963
Massachusetts:						
19	Laster, boot and shoe	Lynn Industrial Shoemaking School	600	20 total	17,649	Mar. 18, 1963
20	Edgemaker, boot and shoe	do	600	20 total	13,371	Do.
21	Shoe cutter, boot and shoe	do	600	20 total	21,467	Do.
22	Shoe stitcher, boot and shoe	do	600	25 total	12,247	Do.
Minnesota:						
24	Machine operator, general	Dunwoody Industrial Institute, Minneapolis	780	30 total	21,150	Apr. 15, 1963
28	Sheet metal fabricating machine operator	do	780	15 total	10,575	Do.
Montana: 1	Stenographer	Billings Business College	1,080	15 female	5,588	Nov. 26, 1962
New Hampshire:						
3	Clerk stenographer	Concord Commercial College	500	20 total	6,266	Apr. 1, 1963
5	Clerk typist	do	500	20 total	6,279	Apr. 7, 1963
New Mexico: 14	Welder (supplemental skill)	Plumber & Pipefitters JAC School, Roswell	142	30 male	10,650	Jan. 14, 1963
Pennsylvania:						
8	Operating room, technician	St. Johns Hall, Pittsburgh	1,200	40 total	24,132	Nov. 5, 1962
54	Manager, department retail trade	Cambria-Rowe Business College, Johnstown	1,040	15 male	5,200	Nov. 15, 1962
58	Clerk-stenographer (refresher)	do	600	15 female	3,311	Oct. 15, 1962
101	do	do	600	30 total	6,214	Feb. 18, 1963
Rhode Island: 6	Computer programer (entry)	Providence College	1,716	25 total	54,452	Feb. 11, 1963
Wyoming: 2	Auto body repairman (entry)	Jones Body & Paint Shop, Cheyenne	2,000	22 male	28,618	Feb. 4, 1963
Total, 60				2,484 total		

Source: Program Operations, Manpower Development and Training Staff, Division of Vocational and Technical Education.

TABLE 53.—MANPOWER DEVELOPMENT AND TRAINING PROGRAMS IN COLLEGES

Junior colleges

Project No., college, and location	Occupation	Number of trainees	Hours of instruction	Proposed starting date
ALASKA				
No. 2, Anchorage Community College, Anchorage.	Electrical (journeyman upgrading).	50	200	Apr. 6, 1963
ARIZONA				
No. 4, Eastern Arizona Junior College, Thatcher.	Sewing machine operator	96	120	Feb. 11, 1963
ARKANSAS				
No. 4, Fort Smith Junior College, Fort Smith.	Draftsman (detailer) (entry)	10	1,500	Jan. 1, 1963
No. 5, Fort Smith Junior College	Stenographer	35	720	Nov. 5, 1962
No. 6, Fort Smith Junior College	Machinist (entry)	40	1,500	Do.
No. 7, Fort Smith Junior College	Automotive mechanic (entry).	20	1,500	Jan. 1, 1963
No. 8, Fort Smith Junior College	Auto body repairman, metal (entry).	20	1.500	Do.
CALIFORNIA				
No. 1, Glendale College, Glendale	Electrical assembler-cable-maker.	150	180	Aug. 27, 1962
No. 2, Fresno City College, Fresno	Welder, combination	24	1,248	Sept. 24, 1962
No. 5, Sacramento City College, Sacramento (adult).	Draftsman, mechanical	30	1,040	Oct. 22, 1962
No. 7, Ventura College, Ventura	Electronics (entry)	33	1,600	Mar. 18, 1963
No. 8, California College of Marin, Kentfield.	Clerk-general office	50	750	Sept. 3, 1962
No. 12, Oakland City College, Oakland	Clerk-typist	45	910	Oct. 8, 1962
No. 13, Hartnell College, Salinas	Salesperson	355	60	Do.
No. 14, Los Angeles Trade-Tech College	Coin machine serviceman	24	1,470	Feb. 4, 1962
No. 15, Pasadena City College, Pasadena.	Sewing machine operator	60	210	Jan. 28, 1963
No. 17, College of Marin, Kentfield	Nurses' aid	90	150	Oct. 29, 1962
No. 19, Humphreys College, Stockton	Stenographer	20	910	Feb. 11, 1963
No. 24, San Diego City College, San Diego.	Reproduction typist	98	720	Jan. 7, 1963
No. 25, Pasedana City College, Pasadena.	Stenographer	40	900	Do.
No. 27, San Diego City College, San Diego.	Nurse, licensed vocational	20	1,680	Jan. 28, 1963
No. 28, Citrus College, Azusa	Electronics assembler	84	160	Jan. 7, 1963
No. 30, Los Angeles Trade-Technical College.	Cook, fry cook	24	600	Feb. 4, 1963
No. 31, Los Angeles Valley College Van Nuys.	Clerk-typist	70	750	Jan. 7, 1963
No. 32, Cerritos Junior College, Norwalk.	Secretary (clerical)	30	910	Feb. 4, 1963
No. 41, El Camino College, El Camino	Electronics (entry)	24	1,080	Dec. 10, 1962
No. 42, El Camino College, El Camino	Electronics assembler	175	240	Do.
No. 43, Santa Monica City College, Santa Monica.	Electronics (entry)	50	1,500	Do.
No. 44, Los Angeles Metro. College of Business.	Clerk-typist	70	750	Jan. 3, 1963
No. 45, College of San Mateo, San Mateo.	Secretary (clerical)	25	750	Jan. 7, 1963
No. 50, Citrus College, Azusa	Electronics (entry)	20	1,440	Mar. 4, 1963
No. 51, Pasadena City College, Pasadena.	Clerk-typist	30	750	Feb. 4, 1963
No. 53, Long Beach City College, Long Beach.	Machine shop (entry)	56	270	Jan. 28, 1963
No. 56, Santa Monica City College, Santa Monica.	Clerk-typist	30	780	Feb. 18, 1963
No. 57, Santa Monica City College, Santa Monica.	Stenographer	30	780	Do.
No. 61, Santa Monica City College, Santa Monica.	Machine operator	20	750	Feb. 11, 1963
No. 62, College of San Mateo, San Mateo.	Licensed vocational nurse	15	240	Feb. 18, 1963
No. 64, Contra Costa College, San Pablo.	Chemist assistant	24	1,260	Apr. 20, 1963
No. 67, Oakland City College, Oakland	Construction equipment mechanic (welding only).	20	240	Mar. 11, 1963
No. 68, San Bernardino College, San Bernardino.	Stenographer	30	810	Do.
No. 69, Santa Barbara Junior College, Santa Barbara.	Clerk-stenographer	25	810	Apr. 11, 1963
No. 70, Cerritos College, Norwalk	Electronics (entry)	30	1,320	Mar. 25, 1963

TABLE 53.—MANPOWER DEVELOPMENT AND TRAINING PROGRAMS IN COLLEGES—Con.

Junior Colleges—Continued

Project No., college, and location	Occupation	Number of trainees	Hours of instruction	Proposed starting date
CARPLINA—Continued				
No. 71, College of the Desert, Palm Palm Desert.	Tractor operator	20	180	Apr. 11, 1963
No. 72, Oakland City College, Oakland	Licensed vocational nurse	30	1,560	Mar. 25, 1963
No. 75, Citrus College, Azusa	Mechanical and electrical draftsman.	25	1,440	Apr. 1, 1963
No. 77, Oakland City College, Oakland	Clerk-typist	35	700	Mar. 25, 1963
No. 78, American River Junior College, Sacramento.	Stenographer	35	780	Apr. 15, 1963
No. 84, El Camino College, El Camino	Electronics technician	24	1,160	Do.
No. 88, College of San Mateo, San Mateo.	Nurse aid	40	30	May 6, 1963
No. 93, Modesto Junior College, Modesto.	do	24	150	May 13, 1963
COLORADO				
No. 6, Pueblo College, Pueblo	Practical nurse	20	1,870	June 3, 1963
IDAHO				
No. 3, North Idaho Junior College, Coeur d'Alene.	Engineering aid	25	960	Apr. 1, 1963
ILLINOIS				
No. 20, Loop Junior College, Chicago	Clerk-stenographer	250	1,200	Feb. 25, 1963
No. 32, Loop Junior College, Chicago	do	250	1,200	Mar. 25, 1963
No. 44, Loop Junior College, Chicago	Clerk-typist	300	600	May 6, 1963
IOWA				
No. 12, Mason City Junior College	Salesperson (general)	40	180	Mar. 18, 1963
KANSAS				
No. 6, Hutchinson Junior College, Hutchinson.	Machine operator (general)	45	612	Mar. 19, 1963
No. 8, Chanute Junior College, Chanute	License practical nurse	32	2,080	June 24, 1963
MICHIGAN				
No. 7, Lansing Community College, Lansing.	Machine operator (general)	25	800	Sept. 17, 1962
No. 8, Lansing Community College, Lansing.	Welder, combination (entry).	40	1,200	Oct. 29, 1962
No. 47, Lansing Community College, Lansing.	Machine operator (general)	25	776	Apr. 8, 1963
No. 57, Lansing Community College, Lansing.	Screw machine operator (automatic).	25	820	May 7, 1963
No. 58, Henry Ford Community College, Wayne.	Nurse, practical (licensed	40	1,700	Sept. 9, 1963
MINNESOTA				
No. 12, Willmar Community College, Willmar.	Sewing machine operator	95	80	Feb. 11, 1963
No. 13, Willmar Community College, Willmar.	Automobile mechanic (entry).	14	1,560	Do.
MISSISSIPPI				
No. 2, Hinds Junior College, Raymond	Office machine serviceman	55	1,080	Nov. 26, 1962
No. 4, Mississippi Gulf Coast Junior College, Parkinston.	Auto mechanic	18	1,080	Jan. 21, 1963
No. 5, East Central Junior College, Decatur.	do	18	1,080	Mar. 4, 1963
MISSOURI				
No. 42, Joplin Junior College, Joplin	Clerk-stenographer	20	780	June 3, 1963
NORTH DAKOTA				
No. 2, Bismarck Junior College, Bismarck.	do	40	1,408	Oct. 22, 1962
No. 5, Lake Region Community College, Devils Lake.	Engineering aid	10	1,680	Mar. 4, 1963
No. 11, Bismarck Junior College, Bismarck.	Stenographer	10	1,320	June 10, 1963
No. 12, Lake Region Community College, Devils Lake.	Engineering aid	20	1,680	July 8, 1963

TABLE 53.—MANPOWER DEVELOPMENT AND TRAINING PROGRAMS IN COLLEGES—Con.

Junior Colleges—Continued

Project No., college, and location	Occupation	Number of trainees	Hours of instruction	Proposed starting date
OKLAHOMA				
No. 12 N.E. Oklahoma A. & M. College, Miami.	Machinist (entry)	20	1,560	Oct. 15, 1962
No. 13, N.E. Oklahoma A. & M. College, Miami.	Secretary (medical)	25	1,300	Do.
No. 17, NE. Oklahoma A. & M. College, Miami.	Secretary (legal)	25	1,300	Oct. 15, 1963
No. 20, NE. Oklahoma A. & M. College.	Welder, combination (entry)	20	780	Oct. 22, 1962
No. 31, NE. Oklahoma A. & M. College.	Key punch operator	20	240	June 3, 1963
No. 33, NE. Oklahoma A. & M. College.	Computer programer	15	1,560	Do.
OREGON				
No. 1, Portland Community College, Portland.	Waiter, formal	40	180	Nov. 5, 1962
No. 2, Treasure Valley Community College, Ontario.	Tractor operator	40	900	Feb. 4, 1963
No. 4, Central Oregon College, Bend	Forester aid	25	1,560	Feb. 11, 1963
No. 6, Blue Mountain Community College, Pendleton.	do	25	1,560	Do.
No. 8, Portland Community College, Portland.	Formal waitress and waiter training.	90	150	Apr. 1, 1963
No. 9, Portland Community College	Chambermaid	40	40	Apr. 29, 1963
TEXAS				
No. 1, Del Mar Technical Institute, Corpus Christi.	Household appliance repairman.	15	1,440	Oct. 15, 1962
No. 10, Del Mar Technical Institute	Auto body	19	1,920	Jan. 29, 1963
No. 11, Del Mar Technical Institute	Diesel mechanic	17	1,920	Mar. 4, 1963
No. 12, Howard County Junior College, Big Spring.	Automobile mechanic	20	1,560	Mar. 18, 1963
No. 20, San Jacinto Junior College, San Jacinto.	Stenographer	25	520	June 3, 1963
VIRGINIA				
No. 1, Virginia State College, Norfolk	Maintenance man, building	20	2,080	Nov. 15, 1962
No. 2, Virginia State College	Sheet metal worker	20	2,080	Do.
No. 3, Virginia State College	Bricklayer	20	2,080	Do.
No. 4, Virginia State College, Norfolk	Electronics (entry)	20	2,080	Do.
No. 5, Virginia State College	Automobile mechanic	20	2,080	Do.
WASHINGTON				
No. 4, Lower Columbia College, Longview.	Forester aid	20	1,320	Mar. 4, 1963
No. 5, Skagit Valley College, Mount Vernon.	Nurse, licensed, practical	5	2,025	Apr. 1, 1963
No. 6, Everett Junior College, Everett	Forester aid	20	1,320	Do.
WYOMING				
No. 1, Casper College, Casper	Clerk-stenographer	22	600	Jan. 21, 1963

4-year colleges and universities

ALASKA				
No. 1, University of Alaska College	Electronics (mechanical)	40	1,872	June 3, 1963
CALIFORNIA				
No. 22 Fresno State College, Fresno	Vine and tree pruning	100	120	Dec. 3, 1962
MASSACHUSETTS				
No. 2 Tufts University School of Dental Medicine, Boston.	Dental assistant	12	1,904	Dec. 26, 1962

4-year colleges and universities—Continued

Project No., college, and location	Occupation	Number of trainees	Hours of instruction	Proposed starting date
MICHIGAN				
No. 25, Northern Michigan College, Marquette.	Nurse, practical	25	2,000	Feb. 2, 1963
No. 26, Michigan College of Mining and Technology, Houghton.	Surveyor	24	1,920	Jan. 7, 1963
No. 27, Northern Michigan College, Marquette.	Welder, arc	16	240	Nov. 19, 1962
No. 34, Northern Michigan College	Machine tool operator	24	960	Jan. 28, 1963
No. 35, Northern Michigan College	Welder, combination	20	640	Do.
No. 39, Northern Michigan College	Bulldozer operator (entry)	36	320	Mar. 11, 1963
No. 48, Northern Michigan College	Aircraft mechanic (helper)	12	640	June 3, 1963
No. 49, Northern Michigan College	Aircraft welder (entry)	16	800	Do.
MISSOURI				
No. 37, Lincoln University, Jefferson City.	Clerk-stenographer	20	780	May 6, 1963
MISSISSIPPI				
No. 6, Jackson State College, Jackson	Machine operator, woodworking (general) (entry).	18	480	Feb. 11, 1963
NORTH DAKOTA				
No. 9, Minot State Teachers College, Minot	Stenographer	20	1,320	June 10, 1963
No. 10, Minot State Teachers College	Clerk-typist	10	900	Do.
OKLAHOMA				
No. 6, Oklahoma State University Technical Institute	Junior draftsman	40	1,300	Oct. 1, 1962
No. 9, Oklahoma State Univ. Technical Institute	Wheel alinement	20	690	Do.
No. 22, Oklahoma State University Technical Institute	Electronics technician (entry).	20	1,300	Oct. 15, 1962
No. 23, Oklahoma State University Technical Institute	Air conditioning and refrigeration technician (entry)	20	1,560	Do.
No. 25, Oklahoma State University Technical Institute	Electronic assembler	120	240	Dec. 18, 1963
OREGON				
No. 5, Clatsop College, Astoria	Forester aid	25	1,560	Feb. 11, 1963
No. 7, S.W. Oregon College, North Bend	do	25	1,560	Feb. 18, 1963
RHODE ISLAND				
No. 6, Providence College, Providence	Computer programer (entry).	25	1,716	Feb. 11, 1963
TEXAS				
No. 14, Texas Southern University Houston.	Stenographer	30	720	Apr. 4, 1963
No. 15, Texas Southern University	Shoe repairman	15	1,434	Do.
No. 21, Texas Southern University	Automobile mechanic (entry).	20	1,488	May 27, 1963
No. 22, Lee College, Baytown	Automobile mechanic	20	1,500	June 24, 1963
UTAH				
No. 3, Weber College, Ogden	Carpenter, millman, and related.	45	150	Feb. 4, 1963
WASHINGTON				
No. 7, Wenatchee Valley College, Wenatchee.	Forester aid	20	1,380	Apr. 1, 1963
No. 8, Clark College, Vancouver	Clerk-stenographer	20	1,440	Apr. 22, 1963

Source: Program Operations, Manpower Development and Training Staff, Division of Vocational and Technical Education.

TABLE 54.—*Characteristics of trainees enrolled in 739 Manpower Development and Training Act training projects, cumulative, May 1963*

Characteristics of trainees	Total	Male	Female	Percent
Total enrolled	15,567	10,014	5,553	100.0
Family status, total	15,567	10,014	5,553	100.0
Head of family or household	9,650	7,609	2,041	62.3
Other	5,839	2,362	3,477	37.7
Not reported	78	43	35	----
Age, years, total	15,567	10,014	5,553	100.0
Less than 19	661	372	289	4.3
19 to 21	2,983	1,836	1,147	19.2
22 to 34	6,895	4,972	1,923	44.4
35 to 44	3,312	1,901	1,411	21.3
45 and over	1,673	912	761	10.8
Not reported	43	21	22	----
Education, grades, total	15,567	10,014	5,553	100.0
Less than 8	459	379	80	3.0
8	1,149	892	257	7.4
9 to 11	4,520	3,139	1,381	29.1
12	7,993	4,814	3,179	51.4
More than 12	1,418	775	643	9.1
Not reported	28	15	13	----
Years in labor force, total	15,567	10,014	5,553	100.0
Less than 3	3,507	1,505	2,002	22.7
3 to 9	6,904	4,522	2,382	44.7
10 or more	5,018	3,927	1,091	32.5
Not reported	138	60	78	----
Duration of unemployment, total	15,567	10,014	5,553	100.0
Less than 5	3,562	2,476	1,086	23.5
5 to 14	4,121	3,033	1,088	26.1
15 to 26	2,386	1,683	703	15.7
27 to 52	1,751	1,033	718	11.3
More than 52	2,917	1,151	1,766	18.9
Not reported	126	74	52	----
Family farmworker	142	131	11	.9
Underemployed	562	433	129	3.6

STATEMENT OF DR. WALTER M. ARNOLD, ASSISTANT COMMISSIONER AND DIRECTOR OF DIVISION OF VOCATIONAL AND TECHNICAL EDUCATION, OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Dr. ARNOLD. Thank you, Senator, I appreciate the opportunity to make this presentation particularly on the part of the Department of Health, Education, and Welfare on operation of the Manpower Development and Training Act.

In this testimony we have tried to emphasize the part of the educational people at local, State, and Federal levels in the professional education skills that the Department brings to this program rather than a statistical approach.

I think you are familiar with the Federal-State-local structure in vocational education that has been historic for 46 years.

Senator CLARK. I like to think I am, but I think it would be wise if you stated it for the record, if you would, please, Doctor.

Dr. ARNOLD. The Federal-State-local structure in vocational education which has been referred to by some writers as one of America's greatest resources, was initiated by reason of the Smith-Hughes Act passed by the Congress in 1917.

This act required that each State appoint a board of no less than three members to accept the provisions of the Smith-Hughes and subsequent vocational educational acts so that over these 46 years each State has had an educational administrative board. It is in most cases the same as the State board of education; in your State the State council administers the provisions of all of the Federal acts dealing with vocational education.

This State board deals with local public educational agencies and other public education institutions in promoting and supervising training programs that are designed to prepare people for employment and to upgrade them in their present employment.

The Federal office, the U.S. Office of Education, has been functioning for quite a number of years with the States, in assisting in the administration, promotion, and development of a great variety of vocational education programs.

It is this Federal-State-local structure that has been utilized to such good advantage in the war production and training program during World War II, in the practical nurse education program which the Congress provided for in 1956, in the technical education program under title VIII of the National Defense Education Act of 1958, and then in the Area Redevelopment Act of 1961, and the Manpower Development and Training Act of 1962.

Senator CLARK. Suppose you tell us where George-Barden fits into all of this.

Dr. ARNOLD. The George-Barden Act is really supplementary to the Smith-Hughes Act. It has three titles to it. The first title, which was enacted in 1946, provided $29 million-plus in aid to the States to stimulate training in agriculture, trade, and industrial occupations, in the field of distribution, in home economics; and then in 1956 title II provided for practical nurse education, and in 1958, title III which provides the technical education program and is the same as title VIII of the National Defense Education Act.

Senator CLARK. How does that differ from the original Smith-Hughes Act with respect to technical education, Dr. Arnold?

Dr. ARNOLD. Well, it really adds funds substantially to those of the Smith-Hughes Act. The Smith-Hughes Act is a permanent appropriation of $7 million and the grand total of titles I, II, and III under George-Barden is $50 million.

It added services such as education in the distributive field, the practical nurse field, and the technical education field.

Those activities could have been carried on under Smith-Hughes and title I of George-Barden but were, in fact, not carried on a great deal.

Senator CLARK. Would you mind telling us, Doctor Arnold, how the Office of Education coordinates the activities at both the State and the local levels and what your office's responsibilities are?

Dr. ARNOLD. I might start at the Federal level. After the Manpower Development and Training Act was passed, as you know the funds under the act were appropriated to the Department of Labor. Our department negotiated with the Department of Labor to transfer a given amount, $20 million, to the Department of Health, Education, and Welfare, to be in turn transmitted to the States for the operational costs of training programs.

That $20 million was allotted to the States according to the average percentage factors prescribed under the act.

Senator CLARK. You are referring to the Manpower Development and Training Act?

Dr. ARNOLD. Yes, sir. Incidentally, under the Area Redevelopment Act, the training funds are also appropriated to the Department of Labor and transferred to the Department of Health, Education, and Welfare for allocation to specific projects in the States. The training projects actually come up from the local level to the State level and on to the Federal level. They are jointly reviewed by representatives of the Departments of Labor and Health, Education, and Welfare and approved at the Federal level.

Senator CLARK. Does that mean to say that under the Area Redevelopment Act and perhaps under the Manpower Development and Training Act, also, before a project can get underway it must have been approved at the local, State, and Federal levels?

Dr. ARNOLD. Yes; it would be accurate to say that it has to be reviewed and approved at each of those levels and finally at the Federal level.

Senator CLARK. And this is for each specific project; is that right?

Dr. ARNOLD. Yes, sir.

Senator CLARK. Thank you.

Dr. ARNOLD. This accounts, of course, for some of the timespan involved in some of the approvals in the area redevelopment training programs.

Parallel with the transfer of the funds from the Department of Labor to Health, Education, and Welfare, regulations were drawn by Health, Education, and Welfare, agreements framed and sent to the States and executed. Agreements between the State boards and the Secretary of the Department of Health, Education, and Welfare. Procedures and forms were developed for recording the data on the planned training project and for reporting purposes such as the cost elements of a training project.

Now I will go to the State level.

The States, after the agreements were executed between their boards and the Department of Health, Education, and Welfare, worked with their local people in initiating and planning training projects that were based on job openings identified by the local employment service.

In most cases——

Senator CLARK. Let me interrupt you there, Doctor.

Dr. ARNOLD. Yes, sir.

Senator CLARK. You say the local employment service; of course, you are right with respect to location of the individual, but am I not right that these are all branches of the State service?

Dr. ARNOLD. Yes, sir.

Senator CLARK. So that their demand goes to the State capitol?

Dr. ARNOLD. That is correct.

Senator CLARK. How does all this tie in with the vocational and technical schools which are part of the local school system and therefore responsible for, in the first instance, to their own school boards?

What I am getting at is what contact does the Federal Government have with the principals and the administrators of that part of the local school system?

Dr. ARNOLD. Very little contact upon initiation of a training project. The contact with the Federal office in the case of Health, Education, and Welfare has been largely with the State officials. We have placed representatives in nine regional offices of Health, Education, and Welfare and a branch office in Seattle which makes a 10th location. All of these positions are not filled at present, but there is provision for 18 of these professional field representatives. These field representatives work with the State staffs and, of course, the State staffs in turn work with the local communities.

A representative local advisory committee which includes the local employment service representative, as well as the local vocational educational authorities, jointly plan a training project.

The project has a structure now; it has a definite form designed to meet the skill and knowledge requirements of the jobs that were identified as open by the employment service.

When this project——

Senator CLARK. Let me interrupt you a minute to be sure I understand.

Dr. ARNOLD. Yes, sir.

Senator CLARK. The initiation for each such project ordinarily comes from the local branch of the State employment service?

Dr. ARNOLD. Yes, sir, but the local vocational education people do the leg work on the planning of the actual training project with regard to its content, the facility that will be used, the schedule, and the employment of the instructor. The local people with the vocational education man leading really does most of the actual mechanical work in setting up the training plan.

Senator CLARK. Are they the people who take the initiative? I guess you left this morning before Administrator Batt gave his quite critical testimony about the situation in Philadelphia where he said there was an enormous opportunity for retraining, but because of lack of initiative not anything like as much is being done as could be.

Now, he criticized the local employment agency people and what I would like to get is your professional opinion as to whose job it is to start something down there. Is it the high school people in the vocational and technical schools?

Is it the employment service people?

Should any of that responsibility come from Washington? Whose fault is it if there are substantial retraining opportunities in a community which are not being promoted?

Dr. ARNOLD. It really is a joint responsibility at the local level, with the State department of education and the State bureau of employment security leading the way, promoting and stimulating.

Senator CLARK. The thing that is bothering me, Doctor, is that I would think the primary responsibility and urge of technical and vocational education people in the school system would be promoting technical and vocational education of high school children, young people. We are dealing here both in Area Redevelopment Act and in Manpower Development and Training Act, with adult retraining and I am wondering if it is fair to expect the educational people in the local school system to take the lead and the initiative in creating projects and programs which will inure to the benefit of adult unemployed.

What is your answer to that?

Dr. ARNOLD. In actual experience it seems to us that the initial stimulus for a training project needs to come from an identification of job openings, hence, if the employment service in the case of Philadelphia would identify that there are job openings in certain numbers, this information is to be transmitted to the educational people on a particular form and in a certain way.

This, ordinarily, would be the signal for the local educational people to call for whatever aid they might need from the State office and their own resources to try to plan to meet that need.

In the case of Philadelphia, I am sure you are familiar with the three major vocational technical high schools, the Mastbaum, Bok, and Dobbins. They carry a tremendous load now, a very heavy load of day school programs and a heavy load of evening school classes.

Senator CLARK. And I think they are not immune from the difficulty of obtaining the kind of training equipment which is needed for modern job openings as opposed to the old-fashioned kind of job opening before science came along and changed a lot of training skills.

Dr. ARNOLD. I will say, since the advent of the technical education program under the National Defense Education Act, Philadelphia has been—the Dobbins school especially—has been doing a very fine job in the technical fields, particularly in instrumentation and electronics. Philadelphia has one of the finest instrumentation training laboratories in the country.

They have been moving in that direction, but you are right that the matter of acquiring the proper equipment to meet job demands is a major factor. It is a major factor in getting a training project underway.

Senator CLARK. As I recall it, check me if I am wrong, there are provisions in National Defense Education Act for Federal assistance in obtaining the necessary equipment; is that right or not?

Dr. ARNOLD. That is correct.

Senator CLARK. But that would be confined to National Defense Education Act projects, would it not?

Dr. ARNOLD. Yes, the highly skilled technicians as the law calls for.

Senator CLARK. So, when you come over to Manpower Development and Training Act and Area Redevelopment Act if the local school district is hard pressed for funds and if this requires raising of local taxes, might there not be a considerable difficulty in obtaining funds at the local level to properly staff the training programs for adult unemployed?

Dr. ARNOLD. Yes, sir; that is correct.

I think really, the situation in Philadelphia is not unlike that in other large cities. There was difficulty in getting started in New York also, and in Chicago and Detroit. One of the problems is what you are describing. The load on the cities has been so great, the normal load, that to come up with individual projects and be seeking the approval of a rather closely drawn amount of money for a specific project is a very difficult thing in a large city.

It is, I think, much simpler in a smaller community where they do not have this going daily load. Also there is the matter of getting personnel in there to do the early legwork in a big city, in getting the project together, and, of course, in finding the space and employ-

ing the instructors and then awaiting the approval of the money to take the action.

Senator CLARK. I think I see your point, and it coincides with my experience. There are large areas in Pennsylvania where unhappy young people are leaving; I was talking to a constituent from Uniontown, Pa., today, and she said to me, "It is still true that every graduate of that high school is going to have to leave town and find a job, there just are not any jobs there."

Now, that conceivably could leave a substantial gap.

I do not happen to know whether there is a technical school in Uniontown—perhaps you do—there is one in Pittsburgh that conceivably could leave a gap in workload so that these people might be eager to pick up the slack by going all out for an adult training program, but this is certainly untrue in numerous other areas in Pennsylvania, and I assume elsewhere, too.

I am wondering where it is not true, and I agree with you it is not true in Philadelphia, whether the first priority in the minds of the vocational and technical teacher or administrator is not going to be with the younger student, and what energy he has left over will go into these adult training programs.

Would you agree with that?

Dr. ARNOLD. What you have just said, Senator Clark, describes the situation very well.

Local boards of education have had a primary responsibility, quite naturally, to their compulsory school age children. In many instances they have been hard put to provide adequately for them and I suppose in many cases have had to make some ugly choices.

Unfortunately, one of the choices has not been vocational education oftentimes. As you imply, some communities that have not been able to move into vocational education, as they would like to do, look upon Manpower Development and Training Act as an opportunity to get started and will make an extra effort to initiate projects.

If I may, I would like to comment on the dramatic growth of what we call the area vocational—technical schools in the country. I happen to know the Pennsylvania Legislature is dealing with this problem right now and has been over the years.

Senator CLARK. Would this include our school up at Williamsport?

Dr. ARNOLD. Williamsport would qualify as a good area vocational technical school. One of the typical better new ones in the country is the Bucks County Technical which serves eight school districts, and five high schools. I think middle Bucks County and upper Bucks County have now taken action to organize under the existing area school laws in Pennsylvania. This is a dramatic growth across the country now and particularly in the South.

For example, North Carolina is completing the construction of 20 area schools. The plan was initiated in 1957. By next fall they will have in operation 20 strategically located, what they call industrial education centers.

South Carolina is building area schools now. They have two in operation and will have seven more open in the fall of 1963.

Georgia is building 31 of these. Other States use different types of schools to do this.

California uses a junior college system as does Florida, and with county and city vocational technical schools.

Senator CLARK. With respect to these new schools which are being built, I think this is a fairly encouraging thing, and also with respect to the number, I hear the criticism and I would like your comment as to whether you think it is justified or not, there is an undue concentration on home economics on the female side and on each male students the art and skills in agriculture where they are very unlikely to ever get a job.

Dr. ARNOLD. Well we have been working for weeks with the House Subcommittee on Education and Labor on this question. I will state what has brought the problem or this situation that you describe into focus.

The record of 1962 in the expenditure of the Federal funds under the Smith-Hughes and George-Barden Act, shows that about 42 percent of the total enrollments, four million-plus, were in home economics, both day and evening classes; and that the overmatching ratio of State and local funds to the Federal dollar in home economics was 8 to 1 as compared with about $4.50 to $1 for the total program.

Senator CLARK. Let me see if I understand that.

That is $8 of State funds for every $1 of Federal funds for home economics?

Dr. ARNOLD. State and/or local; yes.

The general position of some people has been that the vocational home economics program is adequately supported by State and local funds and that the controlling purpose of vocational education in the Smith-Hughes and George-Barden Acts, was "to fit for useful employment," should be shifted to gainful employment, meaning remunerative rather than for the homemakers type of vocation.

Senator CLARK. How about agriculture?

Dr. ARNOLD. In the case of agriculture, about 26 percent of the total Federal funds in 1962 went into vocational agriculture for the day school program, the young farmer classes, that is the 18- to 30-year age group, and the adult farmer classes.

This has been brought about by reason of the categories having been named in the Smith-Hughes, George-Barden Acts and the amounts of money appropriated in those categories. Our position on this has been that it is not so much a matter of having invested too much in agriculture, but not enough in the other growing areas, in the industrial field, the field of distribution, and so on.

Senator CLARK. But to throw one of your own phrases back to you, this might result in ugly choices, Doctor?

Dr. ARNOLD. Yes, sir.

I think in the light of the activity and the actions of the subcommittee and the full committee, even today, that these portions that I described here will be brought into much closer balance to the labor market situation in the immediate years ahead.

Senator CLARK. Go ahead, sir; I think I interrupted you. Go back to your presentation.

Dr. ARNOLD. One of the professional contributions that local vocational education brings to a retraining program is in the curriculum development field.

Shortly after the passage of the act our department requested some budget funds to move into the curriculum development field, and as a result of early work we produced several curriculum guides.

We started with the office education group first because this represented about 25 percent of the area redevelopment training programs and it appeared that it would, and I believe it has, reached about an equal percentage in the Manpower Development and Training Act.

I would like to hold a couple of these up, Senator Clark, if I may. There is an interesting pattern in this kind of curriculum development as contrasted with regular, so-called regular, vocational educational curriculums.

Senator CLARK. I will ask Mr. Friedman to come down and get them.

Dr. ARNOLD. Fine.

These happen to be done by contract and were done very quickly. The idea of this is to get this kind of high standard material out to the States and into the local communities so that the training projects are geared to high standards of training at the start.

In each of these curriculum guides you are holding there are three patterns. The first contains content that would prepare a person for first entrance into those fields; a second pattern is an overlapping with the first and is a kind of refresher training for those who have been in the labor market, have been separated for some time and now need refresher training; and the third pattern which overlaps with the second is an advanced type of training which would provide upgrading instruction for those who are already employed or somewhat skilled in the field.

Senator CLARK. These are designed for adult retraining?

Dr. ARNOLD. Yes, sir. These are particularly designed for less well prepared people than the normal high school graduate might ordinarily be prepared.

This one we developed with the cooperation of the Instrument Society of America in Pittsburgh, an instrument maintenance and repair curriculum which provides a very thorough training program for instrument repairmen.

This is one of the newer occupations, moving into the electronics and mechanical field.

Senator CLARK. I had a look at that course last fall.

Dr. ARNOLD. That is a beautiful laboratory.

Senator CLARK. I was very much impressed with it.

Dr. ARNOLD. That is an excellent example of how your industrial firms, I think Leeds-Northrup and others, moved in with full-time engineering help to install the equipment and lay out the program. We have other guides in the making, one for highway engineering aids which should assist in the implementation of the Federal-State highway-program, one about to be completed in the sales field, what we call the distribution and marketing field, and here there are a considerable number of job openings not always exposed in the normal skill survey.

Vocational education people are aware of this kind of demand. We are even this week moving into closing a contract for developing curriculum guides in the data processing occupations, what we call the peripheral occupations that are supporting the highly skilled

programers and systems analysts in the automatic data processing field.

Senator CLARK. How are these manuals prepared for you?

Dr. ARNOLD. We draw a contract between the Office of Education and a skilled contractor. In the case of the instrument maintenance curriculum guide we worked with the Instrument Society of America.

They are also preparing a high level technical curriculum guide for us under a different contract. In the case of the clerical occupations we contracted with the McGraw-Hill because they bring great skill to that area.

We are also working with McGraw Hill in the health occupation field to develop a series of guides in a variety of health occupations. In the case of the distribution and marketing guide we went to the University of Texas, Extension Division, because they were quite skilled in this field. Our staff then works closely with the contractor to be sure that the content is designed for the kind of trainee who is going to be subjected to the training. The guides indicate the lengths of time that are involved, and assist in suggesting the most effective methods of instruction also.

Also, we have been exploring for months the jobs in what we call the home service and community service field.

These are largely occupations that involve home economic skills. They are service occupations in a wide range of work in the nursing homes, the homes for the aged and the chronically ill, and even the household worker type of person; the person who might come in and prepare meals and care for children of working parents. There are a variety of job openings in these areas that we are exploring.

Senator CLARK. Does this tie in at all with the title II of the Youth Employment Opportunities Act if it should be passed?

Dr. ARNOLD. Well, it might in some ways. As I understand title II of the Youth Employment Opportunities Act it also thinks in terms of public service occupations. I thought that it——

Senator CLARK. Well, yes, but it would be both the profit and nonprofit and public.

Dr. ARNOLD. Yes, there would not be a duplication, but there would be occupational opportunities provided for in both bills. That is correct.

Senator CLARK. And for which training might become necessary?

Dr. ARNOLD. Yes, sir.

Senator CLARK. Don't let me discourage you from saying everything you want.

Your statement is quite useful and your exhibits are also. I want to give you an opportunity to say everything you want to say.

Dr. ARNOLD. I wanted to make some special emphasis on the curriculum work because this is something that we bring to this program as professional educational people that I think is important to the success of the program.

As professional educational people we are trying to move as rapidly as we can into the evaluation of programs from the standpoint of their effectiveness, how well constructed they are, and how effectively are the skills being attained.

In this connection, we also provide what we call inservice teacher training assistance to instructors.

Senator CLARK. I wanted to ask you about that, Dr. Arnold.

What is your comment or experience, if you will, with respect to effectiveness and desirability of on-the-job training in this whole retraining field and what part, if any, does HEW and the Office of Education take in connection with arranging to provide the material and courses for on-the-job training?

Dr. ARNOLD. I think very highly of on-the-job training as a method of training. Apprenticeship is really the epitome of high level on-the-job training.

Traditionally, and in this program, vocational education people have supplied what we call the related instruction for apprentices. Manpower Development and Training Act provides for financing the cost of that related instruction in an on-the-job training program.

The on-the-job training programs are obviously very difficult to initiate because of many inherent difficulties in that kind of thing.

It is a most effective way of conducting training and it does provide for another area of close cooperation between the Bureau of Apprenticeship and Training which handles that for the Department of Labor and our vocational education people at all levels.

Senator CLARK. Does that pretty much complete your presentation, Doctor?

Dr. ARNOLD. I might just make one or two special points, Senator Clark, that may interest you. This will have to do with some of the materials attached to the statement we presented.

One has to do——

Senator CLARK. What I would like you to touch on before you get through is the position of the Division of Vocational and Technical Education with respect to the adequacy of current programs and the extent to which there is need for further legislation, if any, and the extent to which you believe the work you are now conducting and have in prospect is adequately financed.

Dr. ARNOLD. I think we are approaching a very difficult stage which we alluded to a little while ago in connection with Philadelphia.

As programs are added to the going programs we seem to be approaching a kind of saturation point on the use of facilities—that is in time and load. In many places throughout the country the training facilities are on schedules that are running 16 to 18 and more hours a day for 5 days a week, and sometimes on Saturday, so that this matter of developing area schools becomes more and more important daily. It is essential that we add basic facilities so that more training can be brought into the picture under whatever kind of program. Obviously this kind of expansion of vocational education facilities requires funds. It has been our feeling that because of the national concern and the whole problem of unemployment, the matter of mobility of labor, and so forth, that the Federal Government has an increasing interest and concern with the expansion of vocational educational facilities.

Senator CLARK. How about the problem of properly staffing those facilities with proper personnel?

In other words, are you in short supply of competent teachers?

Dr. ARNOLD. This has been a problem of vocational education since the early years of the program. It is difficult to explain in words, but it is a fact that in every case the needed instructors have been found. In the World War II production training program

when 7½ million people were trained, we managed to get the cooperation of industry and business to lend and use their people as instructors. In the case of the technical education program, where we are competing with industry for high-level technicians, we are able to get the instructors to fill the need. Now in the manpower program we utilize every source there is for recruiting—out of the military, out of industry, business, retired workers, just about every possible source, and we do manage to keep pace with it, but it is one of the most difficult problems there is in developing new training programs.

I was going to make a remark, Senator Clark, about the growth of the use of private school facilities. We have been using them increasingly. There was a statement regarding this attached here.

Senator CLARK. I saw it there as I looked through your statement. You speak of private schools as including parochial schools, I take it?

Dr. ARNOLD. Yes. The use of higher education institutions is increasing also. Many of these institutions have a broad philosophy of training in the States and they are utilizing their facilities to good advantage.

I think that would conclude my statement.

Senator CLARK. Thank you, Dr. Arnold, I apologize again for keeping you waiting this afternoon and not getting you on this morning.

Dr. ARNOLD. Thank you, Senator, for the opportunity to testify.

Senator CLARK. The subcommittee will stand in recess until tomorrow morning at 10 a.m.

(Whereupon, at 3:05 p.m., the subcommittee recessed, to reconvene at 10 a.m., June 7, 1963.)

NATION'S MANPOWER REVOLUTION

FRIDAY, JUNE 7, 1963

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND MANPOWER OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 4232, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senators Clark (presiding) and Randolph.

Committee staff members present: Stewart E. McClure, chief clerk; Edward D. Friedman, counsel, and Dr. Garth L. Mangum, research director of the Subcommittee on Employment and Manpower; and Raymond D. Hurley, minority associate counsel.

Senator CLARK. The subcommittee will be in order, please. We have scheduled three witnesses for this morning, one of whom is Prof. John J. Corson of Princeton University, who was also a director of McKinsey & Co., Inc., an international firm of management consultants. He is a professor of public and international affairs at Princeton University.

Unfortunately, because of the illness of his wife he could not be with us this morning but I will ask that his statement entitled "Needed: A More Positive and More Aggressive Role for the U.S. Employment Service" should be printed in the record at this point.

(The statement referred to follows:)

PREPARED STATEMENT OF PROF. JOHN J. CORSON, PRINCETON UNIVERSITY

NEEDED: A MORE POSITIVE AND MORE AGGRESSIVE ROLE FOR THE U.S. EMPLOYMENT SERVICE

My name is John J. Corson. I am employed as a director of McKinsey & Co., Inc., an international firm of management consultants, and as professor of public and international affairs at Princeton University. Such understanding as I possess that may be helpful to this subcommittee in assessing the operations of this country's nationwide system of public employment offices is derived from two experiences.

First, my service in the Federal executive branch (1934–44), and especially my service as Director of the U.S. Employment Service (1941–43), gave me a firsthand understanding of the agency and the work it does.

Second, the retention of my firm by the New York State Department of Labor to conduct a study (which I directed, 1962–63) of the operations of the public employment service in that State updated my earlier experience and gave me an understanding of current operations and problems.

Evolution of the Employment Service

This country's public Employment Service had its origins in the national effort of the 1930's to reduce unemployment. The early National Reemployment Service, federally administered, preceded the federally financed, State administered U.S. Employment Service that has existed since the late thirties. It

(the NRS) was created to aid in the reduction of unemployment. It operated in a period of large-scale unemployment, and it was this environment that gave birth to the U.S. Employment Service.

The USES was, in a substantial sense, born a Siamese twin. It came into being with the unemployment compensation system with the enactment of the Social Security Act. It was created to serve as a prime adjunct of the unemployment compensation systems established in each State to assist by finding jobs for unemployed workers and by applying the "work test" to workers who sought benefit payments—i.e., by determining that these workers were, in fact, "willing and able to work."

The USES, hence, became known in many communities as the "unemployment offices" rather than as the "employment offices." It had been known as an exchange where domestic servants, day laborers, and others with limited or no skills were available. Its association with unemployment compensation brought a larger number of job applicants to its doors but did not improve its image and employers.

The relationship that should obtain between the administration of unemployment compensation benefit payments and the placement operations of the employment service is the first question I pose for this subcommittee's consideration.

The opinion of operating officials as to the extent to which these separable activities should be integrally associated in the local employment offices has markedly changed over the past two decades. Originally it was generally and strongly held that these activities should be closely and integrally related in day-to-day operations. Today that view is less generally held, and in several States the placement operations are carried on in separate offices apart from the benefit payment operations. The views I express subsequently in this statement will indicate why I believe the latter of the two operational alternatives that I have described is the preferable one.

Factors determining the role

The role of the Employment Service in the 1960's must be viewed in terms of the characteristics of the economy it exists to serve. The most significant characteristics of this economy that now, and for the 1960's, will prevail, which dictate the role that the USES should play, are the following:

1. Ours is a democratic society. In such a society the freedom of the individual to work when and where he chooses is fundamental. The public employment service is, for many workers, the means by which he gains such freedom as he may enjoy.

2. Ours is an industrial civilization. In such a civilization the very large majority of our citizens work for wages in industrial and commercial establishments. The matching of workers looking for jobs and employers seeking workers is the central business of the public employment service.

3. Ours is a mobile population. The analysis of the workforce of any substantial employer shows that the workers employed came from many geographical locations widely dispersed throughout the Nation. Their mobility is induced in considerable part by the search for better job opportunities. In that quest an effective public employment service, truly nationwide in its operations, can contribute substantially to the productivity and stability of the economy.

4. Our economy is marked by the benefits and ravages of automation and technological advance. These phenomena increase productivity but simultaneously stimulate mobility and obsolete the skills of many workers.

5. Our economy is continually marked by the decline of some industries and some areas, and the emergence of others as centers of employment. The workers that are displaced and the workers that are needed by emerging employers pose opportunities for an effective employment service.

6. Our population produces a persistently increasing number of young men and women seeking their first jobs. They lack, in many instances, skill, and in most instances, experience. Many need assistance in finding their starting place in the labor force.

The context of the placement process

These characteristics, plus growth, make of this country's economy a living, ever-moving complex into which new and usually young workers enter, from which older workers exit, and within which many workers move from one employer to another. While for many individuals a relatively permanent relationship with a single employer for a working lifetime is the goal if not

the customary relationship, a very substantial number change jobs seasonally or even daily.

The productivity and profitability of employers and the welfare of individuals are contingent upon the speed and efficiency with which those job entries, exits, and moves are made and upon the rapidity with which pockets of unemployment are eliminated. Upon the expedition with which this vast number of entries, exits, and moves are made and the extent to which workers are enabled to find jobs utilizing their capabilities to the fullest, depends, in large measure, the extent to which this country maintains a high level of employment, and the productivity of the economy.

The continuing growth and stability of the American economy is essential to advancing living standards at home and basic to our leadership of the free world. We must take the fullest advantage of advancing technology, scientific gains, and automation. This will require a dynamic labor market, one constantly changing, shifting, and evolving. Those changes, those shifts, and that evolution will be effected while maintaining maximum employment only if there is an effective nationwide system of local public employment offices attuned to local situations, but operating responsively to national interests and national leadership. In the light of these facts I would pose this second question for the subcommittee's consideration:

Is it any longer adequate for the public employment service to limit its activities to finding jobs for those workers that apply to the local public employment offices and to finding workers for those employers that place job orders with these local offices?

The thrust of my question is this: Workers find jobs through a number of channels—by applying directly to employers, through newspaper advertising, through the efforts of unions, through private, fee-charging employment agencies, and through still other channels including the public employment offices. The public employment offices have, in general, served those employers and those workers who were not effectively served by the other channels. In major part, not exclusively, they serve the least qualified workers, find the least attractive jobs.

In my opinion the economy requires a public employment service that plays a less passive role. There is need for a public employment service that aggressively strives to serve all types of workers, employed as well as unemployed, and all types of employers for all their hiring needs. It must become, in the eyes of workers and employers both, the major community employment center.

Only by such approach will a public employment service gain such acceptance in the labor market as will enable it to provide a variety of job opportunities for the workers who use it and a variety of qualified workers from among whom employers may choose. A passive approach of sitting and waiting for such workers and such employers as may choose to come to the public employment service will never make it an effective employment agency.

Let me illustrate the aggressive approach I suggest. It means the use of advertising in newspapers and on radio to seek out workers who are fully qualified to fill openings for which employers need workers. Such a proposal will attract the vigorous opposition of the private, fee-charging employment agencies, and of many employers who will object if their employees are attracted away, even if to jobs having greater potential than they can offer. Yet such aggressive effort is essential if this country would use its nationwide public employment service to maximize employment.

The third question I pose for the subcommittee's consideration is this: What responsibility should the public employment service carry for training and retraining workers?

The answer to this question, in my opinion, lies in the simple fact that the public employment offices are, in the communities they serve, the only agency that has ready access to a comprehensive understanding as to what training is needed, and is capable of carrying the worker, who is being trained, through to the ultimate end objective—a job in which the worker can use the new skill he has acquired.

If the Employment Service is to discharge its central responsibility; i.e., the maximization of employment, it has an essential role in the whole effort to train and retrain workers to fit effectively into the labor force. This responsibility is threefold:

First, to analyze the flow of data through each local employment office (i.e., the orders from employers seeking workers, and the applications from workers looking for jobs, and the intelligence derived from a positive effort to seek out

the needs of all employers in the community) as a basis for determining in what skills and in what industries the supply of workers needs to be supplemented to meet foreseeable needs, and then conveying that information to the schools and all other training agencies in the community.

Second, to aid those younger workers who seek to enter the labor force for the first time to obtain the training needed to get a foothold in employment. The aid to be provided includes finding apprenticeship opportunities, helping employers to set up "vestibule" training programs to train beginning workers, counseling with the schools as to types of training especially needed, and helping with other employer- or union-sponsored activities that will facilitate the entry of young people into jobs.

The central idea is that it is the public employment service that must take the initiative in seeing to it that ample training facilities exist in the community.

Third, to provide similar initiative to insure that there are adequate training facilities available to retrain those workers whose skills have been rendered obsolete by automation, technological change, or the moving of plants away from a community.

If the enactment of the manpower development and training program results in the creation of additional administrative and operating machinery, it will be a wasteful overlap in a field in which the Employment Service alone has the facilities that enable it to perform the interrelated tasks that need be done. It is my view that the same situation will obtain if the Congress acts favorably on the pending youth employment opportunities legislation.

The fourth question I pose for the subcommittee's consideration is this: What responsibility should the public employment service bear for the relocation of workers from areas where there are surpluses of workers to areas where there are job opportunities?

The Employment Service has long maintained what is known as an interstate clearance system. This system is designed to facilitate the drawing of workers from other communities and other States when they cannot be filled from among workers available within the community in which vacancies exist.

This system, however, operates in a passive manner, serving only those employers that press for such assistance. It does not represent an aggressive and substantial effort to maximize employment by devising ways and means of moving individuals from areas of high unemployment to areas where expanding employment opportunities exist.

I suggest that the public employment service should—

(1) Identify those areas in which there is a short supply of manpower and identify what kinds of skills are required and what employers need such workers.

(2) Develop arrangements with employers, chambers of commerce, and unions to provide financial assistance (subsidies or loans) as well as other aids (union membership or help in locating housing) to workers in surplus labor market areas who are willing to do the work and who are willing to to move.

(3) Advertise for applicants for specific openings in areas of labor surplus and arrange to have the applicants tested and interviewed to establish their proficiency.

(4) Coordinate the moves thereafter to the extent necessary, initiating training programs in areas of short supply to prepare workers to accept jobs elsewhere, and actively circularize the availability of trained workers who are willing to move if no demands for them have been identified.

Each one of these four tasks requires information and facilities which are an integral part of the public employment service's stock-in-trade. The only resource the Employment Service does not now manifest, which is required, is the aggressive will to do whatever is required to maximize employment.

The fifth question I pose for this subcommittee's consideration is this: Should not the public employment service be expected to provide for employers, unions, workers, and schools a steadily more revealing body of information as to the workings of the labor market and as to men and women in the labor market?

If employment is to be maximized in the American economy there is a continuing and growing need on the part of employers, workers, unions, schools, and others for information as to the demand for and supply of workers in each principal occupational group.

The public employment service has long assumed the responsibility for providing information as to the functioning of the labor market. The need now, as

I see it, is for a redetermination as to what information the labor market employers, unions, schools, and others need and can be induced to use.

The sixth, and final, question I pose for the subcommittee's consideration is this: Should not each local public employment office be expected to provide a fact-based leadership in its community in resolving the manpower problems of the community?

If one expects nothing more than the public employment service should assist those employers and those workers that come to it, then the local public employment offices cannot be looked to to give leadership in resolving the manpower problems of each community. Yet each public employment office is the one agency within the community that has a means of knowing what the demand for the supply of labor is and can frame meaningful plans to maximize employment. It cannot create workers for vacant jobs, or jobs for idle workers. Its role must be that of stimulating community action by others that can create jobs and others that can train workers or move workers in. This much is needed to maximize employment. In few communities has USES measured up to this positive conception of what it takes to maximize employment.

Summary

The answers I venture to the questions suggested for your consideration are founded on two simple conceptions as to the role of the public employment service. The first is that the central objective of the Employment Service is and increasingly should be that of doing whatever is within its power to maximize employment. The second is that the accomplishment of this central objective requires a more aggressive, positive approach to each activity the public employment offices engage in.

The public employment service had its advent before the enactment of the Full Employment Act of 1946. Its formative days were those in which this country experienced large unemployment; its central objective then was the welfare-oriented task of aiding unemployed workers to find employment. The stereotype that obtains in the minds of most users of the public employment offices was established then, and has been underlined since then by its association with the payment of benefits to unemployed workers.

In the 1960's the need is different than in the 1930's. Over the past three decades the public employment service has displayed ingenuity and imagination in carrying out its tasks on any occasions. But 30 years experience with the constraints imposed upon it by its association with "unemployment" and the unfavorable image of it held by many employers and many workers have tended to limit its role to the passive task of "handling what business comes to it." Acceptance of responsibility for the maximization of employment makes essential the breaking of those constraints. I believe that the suggestions I have made, if adopted, will equip the Employment Service to play a greater (and much-needed) role in the American economy.

Senator CLARK. Our other two witnesses are Dr. Sar A. Levitan, research professor at George Washington University, who is currently engaged in a study of Area Redevelopment Administration under a Ford Foundation grant. He is also a consultant to the Upjohn Institute on Unemployment. Dr. Levitan, we are very happy, indeed, to have you here and to have the benefit of your wisdom on this most complicated area. Our final witness is Dr. Gerald G. Somers of the University of Wisconsin.

Both of you gentlemen have substantial other qualifications than those I have recited to establish your competence to speak to us this morning. We are happy to have you here also Dr. Somers. I have had a chance to look at your 10-point summary of your somewhat longer prepared statement. I note that you are both at the witness table and I think if it will be satisfactory to you we might more or less engage in a three-sided colloquy.

Some of the other members of the subcommittee will be in a little later and handle this thing very informally.

Dr. Levitan, I suggest that you open up. I ask that the text of the prepared statement be placed in the record at this point and that we can perhaps use that as the base for our discussion.

(The statement referred to follows:)

PREPARED STATEMENT OF SAR A. LEVITAN, RESEARCH PROFESSOR OF LABOR ECONOMICS, GEORGE WASHINGTON UNIVERSITY *

TRAINING UNDER THE AREA REDEVELOPMENT ACT

We have witnessed, during the past few years, a radical transformation of attitude toward adult vocational training and the role that such training must play in a dynamic labor market policy.

Today the need for providing adult vocational training and retraining facilities to help workers adjust to technological changes and upgrade their skills is commonly accepted. It is no longer a subject of partisan controversy.

However, this was not true just a few years ago, when Senator Paul H. Douglas introduced in 1955 his bill to aid depressed areas. Senator Douglas saw the interrelationship between the training of workers and other programs designed to aid the economic growth of lagging communities, and considered the need for training unemployed persons in depressed areas as an integral part of the program to aid chronic labor surplus areas. He repeatedly asserted during the 6-year legislative hassle over the bill to aid depressed areas that financial subsidies alone would not be adequate to attract new or expanding firms to the depressed areas unless provision were also made to train or to retrain the unemployed in these areas in order to provide them with the skills needed by the new industry.

However, Federal support for vocational training was not new and dates back to the Smith-Hughes Act which was passed in 1917.[1] By the time the Area Redevelopment Act was passed in 1961, the Federal Government was contributing close to $50 million a year for vocational education. About a fourth of the federally supported vocational education is devoted to out-of-school youths and adults. But some of these funds are expended for training which has limited applicability to helping unemployed workers acquire new skills.

I. LEGISLATIVE HISTORY

Training provisions (section 16)

At first Senator Douglas wished to give limited vocational training to unemployed persons in depressed areas to fill local job vacancies. A number of witnesses suggested that this limitation would restrict the value of the training program and would deprive unemployed persons in depressed areas the opportunity to fill job vacancies in more prosperous and growing communities.

Secretary of Agriculture Orville Freeman suggested that the training provisions should be further expanded to include also the underemployed areas, an idea which Senator Douglas thought was constructive and which he readily adopted. As a result, the act requires (section 16) that the training and retraining needs of depressed areas shall be determined by the needs of the unemployed and underemployed in the area and not be limited to the job skills needed in the depressed areas alone.

Congressman Joseph M. Montoya of New Mexico emphasized the training needs of the underemployed in rural areas by pointing to the continuing decline of work opportunities in agriculture and proposed that the training and retraining program "shall give consideration to the special needs of individuals who are agricultural workers or are engaged in other seasonal occupations * * *." Congressman Montoya's amendment was also incorporated into the act (section 16(f)).

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*This statement is based on research conducted under a Ford Foundation grant devoted to an evaluation of the Area Redevelopment Administration.

[1] The Smith-Hughes Act has been amended and expanded, notably by the George-Deen Act, 1936, George-Barden Act, 1946, and the National Defense Education Act, 1958.

While many witnesses representing different interests testified in favor of the training provisions,[2] Mayor David L. Francis of Huntington, W. Va., presented possibly the most persuasive arguments in favor of vocational training.[3] His honor favored the depressed area bill, but insisted that Federal subsidies to attract new industry to the depressed areas in West Virginia and eastern Kentucky would at best be a slow process and would do little to alleviate the economic distress of the 100,000 unemployed in West Virginia and eastern Kentucky. He therefore proposed a crash program to train annually some 10,000 to 15,000 unemployed workers in West Virginia and eastern Kentucky. He thought that such training would enable these unemployed workers to accept jobs either within the local community or in other parts of the country. "These unemployed must be made vocationally mobile so that they can properly seek employment in areas where job opportunities are available."[4]

Little opposition was voiced in principle to the training and retraining program, though some expressed skepticism about the potential of the proposed program. Senator Wallace F. Bennett of Utah thought that prospective employers are concerned with the attitude of an employee to be hired. According to Senator Bennett, when an employer hires a new employee, he is looking for "a man who is willing to do a day's work for his pay, who is reasonably happy in his home surroundings, and all these things."[5] He thought that retraining would not change employee attitudes. However, on the floor of the Senate, Senator Bennett stated that retraining provisions of the depressed area bill contained "the only really worthwhile ideas in the bill."[6] However, he did not seem to think that the problems of the unemployed were sufficiently pressing to rush into legislation because he proposed further study. Moreover, he averred that he opposed immediate action on procedural grounds, since matters pertaining to training are within the jurisdiction of the Senate Committee on Labor and Public Welfare and the Senate Committee on Banking and Currency had no business to recommend legislation pertaining to training.[7]

The House Republicans also did not oppose in principle the vocational training program, but they would have liked to have accomplished it without any additional Federal expenditures. The minority pointed out that the Federal Government was already appropriating $30 million (actually the amount was closer to $50 million) annually for this purpose and therefore saw no reason for authorizing further expenditures for vocational training.[8] Even the witness for the U.S. Chamber of Commerce saw no opposition to the expenditure of Federal funds for vocational training "if State funds are inadequate to accomplish the need." But he stressed that this represented a personal opinion and not that of the chamber of commerce.[9]

Congress also had to resolve some jurisdictional problems in designing a vocational training program for depressed areas. The jurisdiction of several established Federal and State agencies was involved, each of which desired to get the maximum authority under the act. The vocational educators argued that the administration of the training provisions should be delegated to the State vocational education authorities. The U.S. Department of Agriculture insisted that it should be consulted on any program which involves rural areas, and the Department of the Interior wanted to supervise training activities on Indian reservations. The act finally delegated the authority to determine training needs and potential job vacancies to the Secretary of Labor. The need for a given train-

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[2] For example, Prof. William Miernyk, U.S. Congress, Senate, Committee on Labor and Public Welfare, hearings on Area Redevelopment Act, 84th Cong., 2d sess., 1956, p. 1155; Governor Lawrence of Pennsylvania, U.S. Congress, Senate, Committee on Banking and Currency, hearings on Area Redevelopment Act, 87th Cong., 1st sess., 1961, pp. 182–183; and William L. Cooper, supervisor of trade and industrial education, State of Pennsylvania, U.S. Congress, House, Committee on Banking and Currency, hearings on Area Redevelopment Act, 87th Cong., 1st sess., 1961, pp. 169–177.

[3] Congressional Record, Mar. 15, 1961, p. 3780. All page references are to daily edition.

[4] Loc. cit.

[5] Senate 1961 hearings on Area Redevelopment, p. 196.

[6] Congressional Record, Mar. 15, 1961, p. 3782.

[7] Five months later, when the Senate Committee on Labor and Public Welfare reported out the Manpower Development and Training Act, Senator Bennett still voted against this bill. Congressional Record, Aug. 23, 1961, p. 15709.

[8] U.S. Congress, House, Committee on Banking and Currency, Area Redevelopment Act, H. Rept. No. 186, 87th Cong., 1st sess., 1961, p. 25.

[9] Robert P. Lee, Senate 1961 hearings, p. 310.

ing program having been established, the Secretary of HEW then determines the job content of the training program and contracts with the appropriate State authorities for the administration of the training program. But the agricultural lobby did not fail, and therefore the Secretary of Labor is required to consult with the Secretary of Agriculture regarding the determination of training needs in rural areas. The Secretary of Interior's lobby was apparently not as effective, since he is not mentioned in the provision regarding training. In practice, however, the Bureau of Indian Affairs has been consulted on all training projects involving Indian reservations. However, with regard to establishing apprenticeship and journeyman on-the-job programs, the Secretary of Labor retains full jurisdiction. Since, as will be shown later, the effective training period under the provisions of the act is limited to 16 weeks, the provision (16(d)) for the establishment of apprenticeship programs is not clear. Apparently, this provision was included to utilize the expertise of the Bureau of Apprenticeship in practical training matters. Similarly, Agriculture was asked to participate in the training programs because of its involvement in rural training through its extensive extension programs.

The amount of money to be authorized for the training provisions was also a subject of some controversy. Douglas proposed an annual authorization of $4½ million, and stuck to this figure throughout the 6 years during which the bill was pending in Congress. Experts on vocational education thought that an effective program could be developed slowly, but that a $10 million annual authorization would be a more appropriate figure with $5 million as a minimum.[10] Congressman William B. Widnall, of New Jersey, in the last discussion of the bill in 1961, proposed a $10 million annual authorization.[11]

Strangely enough, criticism of the inadequacy of the $4½ million annual authorization for the training program came from Senator A. Willis Robertson, of Virginia, who was a consistent opponent of the bill. The thrust of Senator Robertson's argument was that the training provisions would necessarily be ineffective, since the program would, at best, take care of a small proportion of all unemployed who need retraining, and that $4½ million appropriated annually would be spread too thinly. His solution, therefore, was to do nothing rather than to pour $4½ million a year down the drain. Senator Douglas' reply to this argument was his favorite quotation from the Chinese philosopher Mencius, "A journey of a thousand miles begins with one step." [12]

Subsistence payments (Sec. 17)

The greatest controversy in connection with the depressed area training program related to the provision of paying subsistence benefits to unemployed workers undergoing training or retraining. Douglas took a page from the GI bill of rights which similarly provided for the payment of training benefits to veterans. He reasoned that it would be unrealistic to expect an unemployed worker to undergo an effective training program without providing him with any means of subsistence, and, if the Federal Government were to undertake responsibility for the retraining of unemployed workers in depressed areas, then it could not deny them the means of subsistence.

When Douglas first introduced his depressed area bill, all States but Michigan and the District of Columbia denied otherwise eligible workers unemployment benefits if they were undergoing training.[13] The law in all these States provided that an unemployed worker must be available for work, if he is to be eligible to receive unemployment compensation. The fact that he was undergoing training would presume that the unemployed worker was not available for work and, therefore, was disqualified to receive unemployment insurance. Under the circumstances, the training provisions would have been self-defeating, since a worker would have had to wait until he exhausted his unemployment insurance before he undertook a training course. Douglas therefore provided that unemployed workers who undertook a vocational training course would be eligible to receive subsistence payments equal to the average unemployment benefits in the State. The uniform rate was provided for purposes of administrative simplicity, and also to qualify workers who had not previously received unemployment insurance to be eligible for training as well as subsistence payments. Originally, Douglas limited the subsistence payment to 13 weeks. The duration,

[10] M. D. Mobley, executive director, American Vocational Association, Senate 1961 hearings, pp. 399–400.
[11] Congressional Record, Mar. 29, 1961, p. 4933 (sec. 15, H.R. 5943).
[12] Senate 1961 hearings, p. 606.
[13] By 1962, 18 additional States passed such laws.

though apparently arbitrary, was based on the addition of 50 percent to the prevailing period of unemployment insurance benefits, which in most States was limited to 26 weeks. In 1959, after the Federal Government added temporary unemployment compensation benefits of 13 weeks, Douglas upped the duration of benefits under the training program to 16 weeks. The subsistence payments were to be paid from Federal funds. Within a year after the Area Redevelopment Act became law, the Congress approved a much more ambitious training program providing for a year's training, and not only in depressed areas, through the Manpower Development and Training Act.

The 1956 and 1958 bills did not contain any limit upon the total amounts to be expended for subsistence benefits. The reason for this was very simple. In the absence of any experience, there was no sound way to estimate the proper relation between costs of administration and instruction and the cost of subsistence benefits. This opened the bill to the charge that "unlimited amounts" would be expended for the payment of subsistence; and therefore in 1958, as part of the deal to get the House bill free of the Rules Committee, the proponents of the legislation promised to eliminate the provision for subsistence payments. Howard Smith, chairman of the House Rules Committee, felt that one extension of unemployment insurance through temporary unemployment benefits in 1 year was more than enough.

To prevent further attacks on the subsistence provision, members of the Douglas staff consulted with experts, who advised that an appropriate ratio of $4½ million of administrative and instructional expenses would be $10 million for subsistence. As will be shown later, experience has shown that the advice of the experts was not correct. As finally enacted, the legislation provides that workers undergoing training under the Area Redevelopment Act program are eligible to receive subsistence benefits equal to the unemployment insurance rate in their respective States for a maximum period of 16 weeks, though the actual period of training may last for a longer period of time. But, for most practical purposes, this limits Area Redevelopment Act vocational training courses to 16 weeks' duration, though about one of every eight projects approved during the first year of the Area Redevelopment Act provided for training in excess of 16 weeks.

II. THE ADMINISTRATION OF TRAINING

The Area Redevelopment Act charges the Secretary of Labor with the responsibility of determining the training needs of unemployed persons in depressed areas. However, normally, the initiative in providing training to local unemployed workers, under the Area Redevelopment Act program, is taken by the local employment service office, which determines skill shortages in occupations suitable for the Area Redevelopment Act training courses with a maximum of 16 weeks' duration. Frequently, local advisory committees, drawn from management, labor, employment service, and vocational education, play an active role in selecting courses and determining content. Theoretically, once the local employment office determines the availability of supply shortages in a given occupation where training is suitable, it notifies the State employment service about the need for the training course. The State employment service then notifies the State vocational authorities to prepare a course curriculum and the details about the course, including facilities and the availability of instructors. In practice, in most cases, the local employment office and the vocational education authorities work out these details and then present their respective State offices needed detailed information about the prospective course offering.

Once the respective State agencies approve the course, they forward the training project proposal to Washington for final approval and allocation of funds. In Washington, several agencies get involved in the act of reviewing the course proposal before final and formal authority is granted by the Office of Manpower, Automation and Training, the agency delegated by the Secretary of Labor to administer Area Redevelopment Act training. But, the review of a training course in Washington is made by the Area Redevelopment Division in the Bureau of Employment Security. The technical aspects of training are reviewed by the Vocational Education Division in the Office of Education in the Department of Health, Education, and Welfare. However, if the proposed training course is offered in a rural area (5(b) area), Agriculture insists upon reviewing the proposed course, and the Bureau of Indian Affairs in the Department of the Interior similarly reviews training courses for unemployed or underemployed Indians residing on a reservation. The Bureau of Apprenticeship Training may also offer technical advice on a proposed course.

While this review process seems cumbersome, it involves decisionmaking by a committee representing several agencies rather than by a single administrator. Spokesmen for this procedure have claimed that this approach makes possible the utilization of diverse types of expertise developed by the several agencies. Critics assert that it is a product of an attempt to protect the jurisdictional claims of the agencies and results in unnecessary diffusion of responsibility.

The Area Redevelopment Administration itself took only a minor role in the administration of the training program, since the act specifically allocates this responsibility to the Secretary of Labor. During the first year of its operation, the ARA assigned only one part-time person, a special assistant to the Administrator, to maintain liaison with the Department of Labor and the Department of Health, Education, and Welfare in connection with the development of training programs. When this official left the ARA, one full-time professional staff person was assigned to ARA training activity. This largely was the extent of ARA participation in the training program provided under the act.

The diffusion of responsibility at the Federal level for approval of training courses and the accompanying frequent delay in processing course proposals and the Federal "meddling" in vocational training has been a source of irritation to some local vocational education authorities.[14] No doubt some of these complaints represent narrow institutional views of vocational educators, who oppose the intrusion of employment services in matters pertaining to training.

Federal-State-local relations

The burden of the complaints by the local and State vocational education authorities is centered about the delay in processing training proposals and the excessive paperwork required for the filing of applications. Local vocational authorities have to prepare 15 to 27 copies of training proposals—10 go to Washington; the other copies to State employment services and vocational education offices. Local vocational education directors have complained that their applications have to go to six different offices before final approval of a course proposal is returned to them.

Another complaint of the local vocational authorities is that the advance costs for preparing a course outline have to be defrayed from the funds of the local vocational education office. And when the course is not approved, the local office does not get any reimbursement for the outlay. Some local vocational education authorities have therefore insisted that the Federal Government should supply their offices with "get ready money" to plan and to prepare Area Redevelopment Act vocational training courses. The vocational educators at the local level also complain that they are required to include, in the cost proposal, exact prices of minor equipment to be purchased. They think that, in the interests of efficiency and flexibility, it would be desirable to have these requirements relaxed, so that a general estimate of these costs would be allowed. The U.S. Department of Labor spokesmen have asserted that they do not require detailed cost estimates of minor equipment, and that the complaint is not based on facts.

Delay in approval of proposed courses is also a source of common complaint. It takes on the average about 3 to 4 weeks to secure course approval from Washington, after it has been processed at the State level, exclusive of mailing time. No data are available about the elapsed time of processing a proposed course at the State level. But a number of local vocational educational directors have stated that it takes about 2 months for the approval of a program from the time it is originally submitted. The delay, according to the Labor Department, was frequently due to the fact that many proposals were sketchy and required additional information as to availability of jobs in occupations for which training was proposed, course content or other essential information, particularly whether the training was intended to aid an establishment which had recently relocated from another area, before training courses could be approved. The Department of Labor asserted that after the organizational channels were set up, "clean" projects cleared Washington within 2 weeks. But after the Labor Department approves a training proposal, the local vocational authorities have to wait another month, frequently longer, until they receive the check covering the cost of instruction from HEW.

But possibly the most important source of friction and irritation on the part of local vocational education authorities is due to the resentment of meddling

[14] The source of the following letters from State and local vocational education authorities were supplied to the author on a confidential basis and the source therefore cannot be divulged. The following discussion is based upon some 40 letters written by State and local vocational educators.

by the feds in matters which are presumably local in nature and which the local vocational education authorities consider their exclusive jurisdiction. The theme that there is "no reason for the Labor Department to receive copies of course outline and course content" is repeated frequently by local vocational education directors in commenting upon the ARA training program. Another local vocational training director states that, "I resent deeply sending down people from Washington to help us plan a vocational education course * * *. It appears to be a design to make us look as though we don't know all the answers * * *." The U.S. Bureau of Employment Security claimed that it became involved in this case at the request of the local and State vocational educators who said that they had no previous experience in organizing the proposed course.

A vocational education superintendent of a large State felt that the new training programs—Area Redevelopment Act and Manpower Development and Training Act—impose new burdens upon the meager resources of local vocational education authorities and force them to "spread themselves out even thinner." And a colleague from another State suggested that in many cases trainees could be absorbed by the then existing vocational training facilities: "There are many classes where we could add two or three, maybe more, individuals and give them opportunity to develop suitable skills in on-going programs. It seems unwise to establish competing programs * * *." The basis for this complaint is not clear, since there is nothing in the Area Redevelopment Act legislation that would have prevented the local educational director from doing exactly what he proposed. Nevertheless some vocational education directors have organized separate courses, even in cases where it would appear feasible to enroll trainees under the Area Redevelopment Act program in courses offered under established older programs. The reason for this is not clear; possibly vocational authorities are opposed to mixing students under their traditional programs wtih the Area Redevelopment Act trainees who receive subsistence payments while undergoing a retraining course.

The complaint, no doubt, alluded to the vocational training program that operates under the George-Barden Act of 1946. According to the Vocational Education Division in the U.S. Office of Education, some 57,000 unemployed and underemployed men and women, including out-of-school youths, have been trained under this program during 1962 alone. Regrettably, there is little information available on the quality of the training and the characteristics of the trainees. Prof. Gerald Somers in his sample studies of the Area Redevelopment Act trainees found very few persons who have had any previous useful vocational training.[15]

The 1946 legislation, which expanded the Smith-Hughes Act (1917) and the George-Deen Act (1936) provides annually for $8 million of Federal funds to be matched by States for training out-of-school youth and adults in trade and industry, agriculture, home economics, and distributive occupations. In 1962, 32 States and Puerto Rico offered vocational training courses to unemployed where there was a reasonable expectation of employment upon completion of training. Twenty States now make provision in their law to permit trainees to receive unemployment benefits while they are undergoing occupational training.

The Department of Labor spokesmen and other feds gladly concede the contributions to vocational education made under the George-Barden Act, though they question in some cases the effectiveness of many of the courses developed under this legislation and the extent to which local vocational educators are job oriented in planning training courses. Moreover, they insist that many of the depressed areas do not have effective vocational training programs and in the majority of the States the trainees lose entitlement to unemployment insurance benefits if they enroll for training courses and, of course, many of the unemployed, particularly in depressed areas, have long exhausted their unemployment insurance benefits before they apply for a vocational training course. The proponents of the Area Redevelopment Act training program—the same applies to the Manpower Development Training Act—insist that it is unrealistic to expect that an unemployed person could undergo an effective training program without any means of subsistence. Generally advocates of the new federally sponsored training programs acknowledge the contributions made under the George-Barden

[15] Prof. Gerald Somers, of Wisconsin University, is now conducting a thorough study of ARA training under a Ford Foundation grant. This study will, no doubt, present more thorough data on the program than are now available as well as an evaluation of the whole ARA training program.

Act, but suggest that the present-day needs require additional and more ambitious programs to retrain the unemployed and underemployed.

Federal authorities have insisted that the Area Redevelopment Act training program is necessarily a cooperative program. The Director of the U.S. Employment Service stated, when the Area Redevelopment Act training program was inaugurated:

"This is above all a cooperative program. It is cooperative in every sense of the word. It includes State and Federal officials. It involves interagency relationships at each level of administration and within various departments of government. Indeed, the real test of effectiveness of this program is going to be the extent to which we have good cooperation." [16]

These were no more exhortations. The Federal authorities in charge of the Area Redevelopment Act training programs have asserted that the spirit of cooperation be carried out in each program at all levels of government and that no training program would be "forced down the throats" of local people, no matter how strong the provocation. Early in the Area Redevelopment Act training program, in late 1961, the Labor Department approved a program to train some 1,200 farmworkers displaced by agricultural mechanization to operate farm machinery which would have equipped the displaced agricultural workers and underemployed farm laborers with new skills needed on modern mechanized farms. The training program was planned to take place in the Yazoo Delta, Miss. But a majority of the potential trainees were Negroes and the training program was to take place under racially integrated conditions. This was enough to raise a political controversy and objections from many of the planters as well as the State farm bureau federation. The training program was killed, despite the urgent need for workers who could operate tractors and other mechanized farm equipment. It was reported that half of the male population in the Yazoo delta was either jobless or underemployed.

This was possibly the most ambitious single program planned under the Area Redevelopment Act training provisions during its first 2 years of operations. There is no need to comment upon the position of the Labor Department authorities in this controversy and one might sympathize with the righteous indignation of a newspaper commentator who suggested before the program was killed that the deep-seated local controversy could be easily resolved "in a one minute conversation between J.F.K. and Abe Ribicoff, assuming their willingness to tell off the Farm Bureau Federation's Mississippi branch and its local fellow travelers * * *." [17]

But the feds refused to "tell off" the local authorities, no matter how misguided their prejudices may have been, and if they tried, there was little they could do about it, since the State returned the Federal funds and refused to offer the training program. Apparently they felt that a cooperative program could not be carried out effectively if the Federal authorities would enforce their will whenever the local authorities disagreed with Federal views. The Mississippi hitch was only the first major one in the Area Redevelopment Act training program. The Area Redevelopment Act training program encountered other obstacles, some of a philosophical or political nature. Massachusetts and New York had long-established effective vocational training programs and the administrations in both States were unsympathetic to the acceptance of Federal assistance. But four training courses did materialize in Massachusetts under local initiative. For example, in New Bedford, a classic depressed area, a training committee set up to prepare the local overall economic development program, which every depressed community must complete before it is eligible to receive Area Redevelopment Act assistance, found that there existed in the labor market a shortage of metal machine operators, despite the high level of unemployment that prevailed in the area. A hundred unemployed workers were initially selected for the training course. Seventeen dropped out before completion, but 50 obtain jobs immediately upon the completion of the training course as machine tool operators or in related jobs. In New York, which had 11 designated depressed areas, it took more than a year before the State authorities agreed to start the first Area Redevelopment Act retraining course. For almost 2 years, Louisiana refused to cooperate with the program, and the first application from the State was received in April 1963. The ARA also encountered, at first, difficulties in New Mexico, where the State authorities refused to cooper-

[16] Louis Levine, "Manpower Aspects of the Area Redevelopment Act," address delivered at Providence, R.I., Nov. 20, 1961 (mimeographed).

[17] James A. Wechsler, "1,200 Lives," New York Post, Jan. 24, 1962.

ate in the federally sponsored program. But the State administration finally agreed to approve proposals for retraining which were worked out at the local level under the State employment service guidance.

Need for a national program

The Labor Department officials in charge of training refused, however, to accept the attitudes of some local vocational educators who defined cooperation as meaning that the Federal officials would coo while they operate. The U.S. Department of Labor officials considered it only proper that the training proposals include a complete estimate of costs relating to facilities, equipment and instruction. They held that under the Area Redevelopment Act the Secretaries of Labor and HEW are responsible for the expenditures of Federal funds and that this requires their authorized representatives to exercise control over training expenditures. But in actual practice the Federal officials are in a poor position to review knowledgeably cost estimates provided by local vocational education authorities which were approved at the State level. Nevertheless, modifications of local cost estimates frequently occurred because local vocational educators, who normally have to work with obsolete equipment, understandably tried to take advantage of Federal funds by equipping their shops with materials that were not essential for the Area Redevelopment Act course or by padding overhead costs. One community applied for approval of a course to train some 200 unemployed workers which would prepare them to gain employment in a new factory in the town. The application was approved at the State level without modification, but when it reached Washington the Labor Department officials thought that the training costs were too high and that the duration of training was too long. It took several conferences to cut down the initially proposed cost by close to 50 percent. Needless to say, the local training officials were miffed. Not only did they resent the Federal cut of the requested funds, but also the fact that the State employment service made a selection of pupils who would attend "their" schools and would then take credit for finding employment for "graduates," who are frequently placed by the vocational educators. Traditionally, one of the functions of a local vocational education director has been to place those who successfully completed training courses.

But the impediments to ARA training caused by friction among vocational educators and employment service officials at the local or State level and by the requirement of the Federal officials that final review for approval of courses be retained in Washington can be overemphasized. While these frictions have certainly been an important obstacle to effective development of ARA training courses in some areas, in most cases the hope of the Federal officials that the ARA training program would be a truly cooperative program at all levels of government has been realized.

It would certainly be a mistake to leave ARA training completely to the local and State vocational education systems. Our labor market is becoming increasingly ever more national in scope. In some occupations it is already national. As far as depressed areas are concerned, the only real hope for some of the unemployed and underemployed in these areas is to secure jobs outside of their areas. Retraining these people may help them to find jobs in other areas, but this would require cooperation of State employment services and a more effective national employment service. But even for those who will remain in their local areas, more effective cooperation between training and placement authorities than has existed in the past will be necessary.

During its first 2 years the Area Redevelopment Administration has operated in a generally loose labor market. And in the absence of any tight labor markets and limited shortages in occupations for which the unemployed and underemployed persons in the depressed areas could be trained with a view of working elsewhere, there has been little training for relocation. Nevertheless, a number of training courses were approved under the ARA program with a view to relocating the trainees in other areas. Nearly a hundred trainees in metal working occupations, machine tool operators and welders, were trained in northeastern Minnesota, to satisfy needs in the Minneapolis-St. Paul area. Clerk-stenographers were trained in eastern Kentucky and West Virginia for jobs in Washington, D.C. Some were trained in southern Indiana, to be employed in Indianapolis. Farm machine operators were trained in Laredo, Tex., to be employed in other parts of the State. Machine tool operators were trained in Bluefield, W. Va., with the expectation that most of the trainees would take jobs in the Norfolk, Va., shipyards. Indians from reservations in New Mexico and Arizona were trained in Los Angeles, Calif., for employment as electronic wirers and solderers in various parts of California.

All these programs for migration involved only a few hundred persons, but they indicate a potential that may exist when the high level of unemployment which has prevailed throughout the United States drops perceptively and labor shortage areas develop. While Congress has not approved any funds for relocation of unemployed workers in depressed areas, it has provided that the training program would be geared to the needs of the unemployed rather than exclusively to the needs of the area. Depressed areas will remain even after a nationally tolerable level of unemployment has been achieved and the only realistic hope for many of the unemployed in the depressed areas is to secure gainful employment through relocation. The acquisition of useful skills through retraining will make such relocation possible when general economic conditions improve. This will require close cooperation between vocational training and placement authorities. It will also require knowledge of existing job vacancies in more prosperous areas, outside of the depressed areas. Local and State vocational authorities cannot expect to develop expertise in these matters. Moreover, the very modest ARA training programs for relocation indicate the possibilities of finding work for the unemployed workers by acquiring a useful skill, even in a loose labor market as has prevailed in the United States during the period while they were trained.

III. A STATISTICAL SUMMARY

Altogether, a total of some 572 separate courses were approved to train 19,712 unemployed and underemployed workers on 387 different projects in 170 occupations, and 13,390 persons had either enrolled or completed ARA training courses during the first 2 years of the program; the other 6,000 selectees were awaiting the opening of programs. West Virginia, Pennsylvania, and Michigan accounted for almost a third of the total enrollment and six other States, Arkansas, Connecticut, Kentucky, Minnesota, Oklahoma, and Rhode Island, contributed about the same proportion of trainees. The balance of trainees was selected from 33 other States, Puerto Rico, and American Samoa. The training courses were offered in more than 150 different redevelopment areas.

One out of every six selectees was to be trained as a machine tool operator. Other popular occupations for which training was provided included typing and stenography, sewing machine operation, welding, and nurses aides. About two out of every three trainees were male. The sex distribution of the trainees was thus closely related to their respective ratios in the labor force.

About 1 of every 6 selectees who entered training dropped out before completing the course and 6,211 of the 9,364 graduates (66 percent) obtained jobs shortly after they completed the course of training, mostly in occupations for which they were trained. Of course, many of those who remained unemployed completed training just before the accounting period was closed and may have found jobs later. But some of the trainees who have found jobs may have become unemployed during the same period.

The average instructional cost per trainee, exclusive of Federal administration, amounted to about $250 and subsistence payments made to trainees averaged $312, or close to $30 per week, since the average duration of training was 10.5 weeks. A distribution of the approved courses by hours of training was:

Hours of training:	*Percent distribution*
40 to 90	3.1
100 to 180	22.9
200 to 280	14.3
300 to 390	21.0
400 to 480	21.3
500 to 560	14.9
Over 660	2.5

Most training projects provided for 30 to 40 training hours a week, but in some cases training was limited to 20 hours a week. The controlling factor was availability of training facilities. In some cases ARA training had to be provided at night, because facilities were fully utlized. "We have been asked to run a machine shop class from 10 p.m. to 4 a.m., 5 nights a week, because the shop is already in use from 9 a.m. to 10 p.m. every day and all day Saturday." [18]

[18] Burr D. Coe, director, Middlesex Vocational and High School, New Brunswick, N.J., before House Subcommittee on Education, Mar. 28, 1963, p. 2 (mimeographed).

Three out of every four trainees were 20 to 44 years old. Sixteen percent were teenagers and the balance (10.5 percent) were 45 years of age or older. The bulk of the trainees had completed 9 to 12 years of formal education; 15 percent had less than 9 years of formal education and half that number had over 12 years of education. About half of the trainees may be considered "hard core" unemployed or underemployed; 40 percent had been unemployed for half a year or longer—one out of every four was unemployed for more than a year—prior to his enrollment for retraining and another tenth of the trainees were underemployed farm workers.

A statistical summary of the characteristics of the trainees is presented in the following table:

TABLE 55.—*Characteristics of trainees enrolled or completing ARA courses, November 1961–January 1963* [1]

Characteristics	*Percent of trainees*
Age (in years):	
Under 20	16.1
20 to 34	53.0
35 to 44	20.4
45 and over	10.5
Education (in years):	
Under 9	14.0
9 to 12	78.4
Over 12	7.6
Unemployment (in weeks):	
Less than 5	16.6
5 to 14	19.2
15 to 26	13.0
27 to 52	14.1
Over 52	26.0
Underemployed and family farm workers	11.1

[1] Preliminary data on the characteristics of trainees during February–April 1963 indicate little, or no change, in the overall characteristics of trainees. The first Area Redevelopment Act training course was offered in November 1961. The Area Redevelopment Act was signed into law on May 1, 1961. However, Congress delayed the appropriation of funds for the program until Sept. 30, 1961.

Source: U.S. Department of Labor, Bureau of Employment Security, Apr. 15, 1963.

VI. A TENTATIVE EVALUATION

The above data about the characteristics of ARA trainees have led some to question the effectiveness of the program. Advocates of the program have been disturbed by the fact that only a tenth of the ARA trainees were 45 years or older and that 14 percent had less than 9 years of formal education. It has been suggested that the employment services have failed to select hard-core unemployed for training and that this was done with a view of showing a good record for the program. It has also been pointed out that the hard-core unemployed have not been responsive to the training program in cases where employment services have tried to get them to enroll for training. For example, in Huntington, W. Va., the first area to receive an ARA-approved training program, more than a thousand long-term unemployed were invited to participate in the retraining program. Only 640 appeared for the aptitude tests and, of these, only 240 qualified for training.

The fact that 4 out of 10 of the long-term unemployed didn't even respond to the invitation for training might indicate that many of the poorly educated and unskilled unemployed are not properly motivated nor psychologically prepared to participate in formal training. Moreover, the high proportion of rejections—three out of five—left some to conclude that the training program was designed for the better motivated and educated unemployed and that the ARA training program was not geared to help the least educated and those who might need assistance to gain reemployment most urgently.[19]

A more careful analysis of the early ARA training program and the climate in which it operated might lead one to question these pessimistic conclusions. The meager available data disclose that more than half of the total ARA trainees during its first 2 years of operation were from among the hard-core

[19] Wall Street Journal, Feb. 16, 1962, p. 1.

unemployed, if more than half a year unemployment preceding the training and underemployment with less than $1,200 annual income are included in this category. An additional 14 percent were unemployed for 15 weeks or more. This means that almost two-thirds of the total trainees were long-term unemployed or underemployed. The fact that two-thirds of the trainees received jobs after the completion of the training period, considering that most of the training was for job vacancies within the depressed areas, is not too bad a record. On the other hand, only 1 of every 10 ARA trainees was 45 years or older, while the ratio of long-term unemployed in this age group was in 1962 at least twice as high. This would indicate that the cream of the unemployed were selected for ARA training.

The fact that most employment services and local vocational education systems had very little prior experience in this type of program was a serious obstacle to the early ARA training. At the same time, considerable friction existed—some still remains—among, and within, the various levels of authority which were involved in planning and approving ARA training courses. Despite the initial difficulties, considerable pressure was brought to bear to get the program working without any delay. During the first half year of the ARA training program, Congress was considering a much more ambitious training program, which was enacted as the Manpower Development and Training Act. Proponents and opponents of the new program therefore carefully scrutinized the operations of the ARA training to find arguments for their respective positions. The early training programs were therefore developed and executed in a fishbowl atmosphere which was certainly not conducive to the effective planning of a new program and to ironing out the diverse administrative problems encountered in the early stages of the program.

Most employment services were not prepared for the program; Providence, R.I., was one exception. The employment service in Providence made advance preparation for the early training program, even before the legislation was enacted. The State department of employment security conducted studies of occupations in short supply in the area and applied for ARA grants almost immediately after the legislation was approved. As a result, 365 unemployed workers in the city enrolled in training courses within a few months after the program started.

But despite the serious obstacles encountered by the ARA training program and the inherent limitations of the program—the training of unemployed workers in chronic labor surplus areas for local hire and general high level of unemployment which has prevailed throughout the country—a number of imaginative courses have been developed which point to the potential of the program. In Hammonton, N.J., the State employment service organized a training for 25 farmworkers to operate, maintain, and repair farm equipment. The age of the trainees ranged from 18 to 48 and the average educational level attained by the trainees was the middle of the ninth grade, but two had completed only 2 years of school. The trainees were farm laborers, some were migratory laborers based in New Jersey. Twenty out of the twenty-five, who initially enrolled, completed the course successfully and secured jobs in the area. The success of the New Jersey training program led to the development of similar courses in Arkansas, Oklahoma, and Texas. The New Jersey employment service applied for a second similar course in another community. As planned, the second course was to include some training in literacy.

A more ambitious course was developed for 35 Indians from 8 reservations in New Mexico and Arizona. This involved the cooperation of the California vocational education authorities, the U.S. Department of Labor, and the Bureau of Indian Affairs. The latter moved the trainees to Los Angeles, Calif., and also secured housing for them in the new location. The California vocational education authorities contracted with the RCA Institute, a privately owned organization, to train the selectees to work as electronic solderers and wirers with the view of placing them in various labor markets in California. In this case the course was designed for 24 weeks; ARA training funds supplied the subsistence for the first 16 weeks, the maximum allowed under ARA, and the Bureau of Indian Affairs picked up the subsistence tab for the balance of the training period.

But despite the few "success" stories, it should be recognized that the ARA training program is extremely limited and that it contains some inherent problems. As contemplated by Congress, it was expected that the training program would be associated with the other types of assistance made possible under the act and that training would be provided for new or expanding plants locating in depressed areas. During the first 2 years of ARA, there has been

little opportunity to train workers for the newly expanded facilities, not only because of the limited hiring by ARA-financed enterprises—by May 1, 1963, about 50 such enterprises were in operation with about 7,000 employees—but also because training programs were found inappropriate. The ARA automatically notifies the U.S. Bureau of Employment Security (BES) about every approved commercial and industrial loan. The BES, through its affiliated State employment services, then checks with the applicant of the loan about his training needs. Almost invariably it has been found that the unemployed in needed skills are available or that the employer had to do little training. In some cases the employer had brought in skilled workers from outside. The bulk of the training has therefore been limited to the providing of manpower for expanding enterprises and for replacements.

Another difficulty in integrating training with new commercial and industrial facilities financed by the ARA lies in the legislation itself. The act failed to include a provision which would have authorized on-the-job training in connection with the development of new job opportunities. As a result, regulations require that products made under ARA training programs cannot be used in commerce. This is a carryover from earlier vocational training experience and the George-Barden Act prohibits utilizing "the services of vocational trainees for private profit." [20] The Wage and Hours Division in the U.S. Department of Labor has interpreted the law to require that minimum wages be paid to employees being trained for work that would be used in commerce. Consequently, every approval of an ARA training course, where appropriate, contains the provision that "instructional materials must be consumed in the process of instruction, or if not consumed, donated to tax-supported institutions. Trainees may not work in commerce or in the production of goods for commerce."

In only one case where training was integrated with an ARA loan were special provisions made to overcome the prohibition against performing work in commerce. In Carbondale, Ill., one of the largest training projects approved under the ARA program, the difficulty was resolved by dividing the working day into work performed on the job paid for by the employer and time devoted to training where subsistence was paid under the approved program.

To strengthen the ARA package of tools to attract new industry to depressed areas, consideration should be given to expanding on-the-job training by combining subsistence benefits with wage supplements. These supplements would offer employers a sufficient inducement to train workers and at the same time would avoid the undermining of prevailing wage rates or statutory minimum wages. But such an arrangement may be easily abused, and it may be difficult to work out appropriate administrative safeguards to prevent employers from taking undue advantage of on-the-job training.

In some cases the States have cooperated in contributing toward the cost of instructional material for the program and the products of the trainees are then used for distribution in State-supported institutions. For example, a proposal to train sewing machine operators stipulated that the State would acquire for use at State institutions dresses valued at approximately $63,000.

Aside from legal impediments, the ARA training experience has shown that it is difficult to synchronize the training with the actual opening of new operations. A considerable amount of time may elapse between the time the ARA approves a loan for a new commercial or industrial venture and the time when the new company is ready to hire new employees. In some cases the training program was completed before the compay was ready to hire employees and the trainees had to look for jobs elsewhere.

The greatest difficulty in working out on-the-job training programs involved sewing machine operations. Vestibule training is usually the most desirable and economical method of training in this occupation. This is particularly true where a single employing establishment is involved.

But company longevity in this industry is known to be extremely short and geographic mobility very common. The Area Redevelopment Act prohibits financial aid to assist in the relocation of plants and this ban has been administratively interpreted to apply to all the benefits provided under the act. But even in cases where the new needle trade plant did not involve relocation, the Labor Department authorities were leery of approving training of sewing machine operators lest the employment provided by the new facility prove to be only temporary. Office of Manpower, Automation, and Training therefore prepared informal guidelines which would be helpful in reviewing training

[20] Public Law 586, 79th Cong., sec. 8.

projects for sewing machine operators. The guidelines illustrate the type of problems the Labor Department has encountered in approving training courses, and included:

(1) *Duration of course.*—Training courses for sewing machine operators are normally limited to 120 hours. The course was normally devoted to the training in the basic operation of power sewing machines and the training of specialized skills was left to the prospective employers. However, exceptions were made. For example, the Office of Manpower, Automation, and Training approved 150 hours of training involving an application to train former coal miners in Pennsylvania. Since the potential trainees were middle-aged and older unemployed workers, it was assumed that they would need extra training in order to qualify for the new occupation.

(2) *Course materials.*—Expendable instructional materials were limited to 20 cents per trainee-hour.

(3) *Consultation.*—The appropriate unions in the needle trades were to be consulted prior to the approval of a training course. In many cases it is difficult to identify a relocation or "runaway" shop in this industry because of formal changes in corporate ownership. In some cases the Office of Manpower, Automation, and Training found conflict between the national and local union views; the national officers, mindful of existing unemployment among union members in established needle trade centers, opposed the opening of new facilities, while the local union officers welcomed new potential membership in their own areas.

The ARA experience has also shown that the formula under which the Congress allocated funds for training proved to be unrealistic. It will be recalled that the legislation authorized, under advice of experts, $4.50 to administer and to operate the training program for every $10 paid for subsistence. Experience during the first fiscal year of ARA operations proved that the actual relation of expenditures was about 4 to 5. This was due mainly to the fact that in many instances adequate facilities and equipment were not available to the local vocational training authorities and this required the expenditure of extra funds for obtaining new or used equipment as well as for renting or renovating new facilities. As a result, the ARA expended, during fiscal 1962, almost all the funds appropriated for vocational training but less than half of the funds allocated for the payment of subsistence benefits. The actual cost of training, including subsistence payments, depends upon the type of courses offered and the availability of facilities and equipment. It would, therefore, have been more efficient if Congress had authorized an appropriation of a lump sum for training and had allowed flexibility in administration as to the proportion that would be divided between subsistence and the other costs connected with the training program. During fiscal 1963 Congress "resolved" the problem by appropriating only $6 million for subsistence payments, instead of the authorized $10 million, and $4.5 million for the administration of vocational training courses.

The passage of the Manpower Development and Training Act in the spring of 1962—funds were not appropriated until late summer—created another problem in connection with Area Redevelopment Act training. The Manpower Development and Training Act allows 52 weeks of training, while the Area Redevelopment Act subsistence payments are limited to 16 weeks, thereby restricting the effective training period to the same duration. One possibility would be to drop the Area Redevelopment Act training program and to limit training under the more ambitious Manpower Development and Training Act program. But this would be contrary to the Area Redevelopment Act philosophy which attempts to put together a package of tools to aid depressed areas. It would also subject the training in depressed areas to some of the restrictions imposed under the Manpower Development and Training Act, which limits subsistence payments to youths between the ages of 19 to 21, inclusive, and restricts the rest of the program to persons who have had 3 years of experience in the labor market and who are heads of families. The Manpower Development and Training Act also provides that, beginning in July 1964, States and localities will have to match Federal contributions. Many depressed areas will not be able to match these contributions. Another solution would be to extend training under the Area Redevelopment Act to 52 weeks and to provide for defraying transportation costs of trainees who attend courses outside of their communities as under the Manpower Development and Training Act, and to retain the program as it was originally passed. Congress will no doubt have to face up to this problem when it considers the revision of Area Redevelopment Act legislation in 1965, when the act is due to expire.

The immediate scope of the Area Redevelopment Act training program is obviously extremely limited. At an estimated annual cost of about $565 per trainee, exclusive of Federal administrative expenditures, at best, only some 12,000 to 15,000 unemployed workers in depressed areas per year can receive direct benefits from the program, at current appropriation levels. Even under ideal circumstances, only part of this small group of trainees would be from among the hard-core unemployed. Considering the magnitude of unemployment and underemployment in depressed areas, the Area Redevelopment Act training program will reach annually only about 1 of every 60 unemployed in these areas.

The Area Redevelopment Act training program has, however, much broader implications than the quantitative limitations would indicate. A major contribution of the Area Redevelopment Act provisions lies in the fact that the program has emphasized the relationship among existing hitherto independent programs: Employment services, including counseling and guidance, vocational education and manpower projections. The Manpower Development and Training Act, which followed closely on the heels of the Area Redevelopment Act, further stressed the interdependence of these agencies and institutions and the need for close cooperation, if each is to succeed in carrying out its assigned mission.

Bringing out the obvious relationships among employment services, vocational training and placement should also focus greater public attention on the inadequate scale and dubious quality of much of our public vocational education system. While our educational system is not exactly wallowing in luxury, vocational education is treated as a stepchild of the educational system and too frequently only the shabbiest facilities are allocated to vocational education. In many communities equipment used in vocational education is of pre-World War II vintage, consisting of leftovers from NYA.

The new Area Redevelopment Act and Manpower Development and Training Act programs have therefore stretched to the extreme the meager available public vocational training facilities, and it is a tribute to our much maligned vocational educators that they could adjust their programs on short notice to satisfy the increased burdens placed upon their institutions.

The Area Redevelopment Act has also tried training to economic growth and has emphasized the harsh realities that our educational and vocational facilities have not kept pace with the development of adequate skills to meet the needs of our changing technology. As a result, significant sectors of the labor force are left out of the mainstream of the changing American economic life. The increase in the number of youths entering the labor market during the immediate years ahead presents a challenge to our educational system, particularly vocational training, to devise new techniques and approaches to prepare the youth for a productive life and to equip them for the changing needs of the labor market of the future.

The limited ARA training experience suggests the need for strengthening vocational education. It indicates that many presumably "unemployables" are salvagable, given the proper training opportunities. But it is also quite apparent that in many, possibly most, U.S. communities adequate training facilities are not available for those unemployed who can benefit by retraining programs. The Area Redevelopment Act and Manpower Development and Training Act training programs point out the weaknesses in present facilities. To be sure, only part of the currently unemployed will be reached by even an expanded and improved training program. But the dollars invested in training bear sound returns.

The ARA training experience has also indicated that some of the hard-core unemployed will not be absorbed by private enterprise, in the immediate years ahead given even a higher growth rate than we have experienced in the past decade. A sample study of 2,000 unemployed by the Michigan Employment Security Commission has suggested that, even if the total unemployment rate is reduced to 4 percent, there will still remain 1 percent, or more than 700,000 who are hard-core unemployables. Sixty-five percent of the unemployed workers included in the Michigan sample study were unskilled or semiskilled, 50 percent were Negroes, and 35 percent lived on relief.[21]

This suggests the need for additional public programs to absorb the hard-core unemployed as a matter of sound economics, aside from welfare considerations. The alternative to finding useful employment opportunities for the hard-core unemployed is to expand welfare expenditures. One step in this direction is the youth employment bill which is currently being considered

[21] "Who Are the Unemployables?" Business Week, Feb. 9, 1963, pp. 68–70.

by the Congress. By providing employment opportunities to out-of-school and out-of-work youth, it will make possible for some youths to acquire desirable work habits which they would not have an opportunity to acquire under existing conditions.

Another desirable program would be the gradual increase of Federal grants for vocational education. In the final analysis, the effectiveness of training under the Area Redevelopment Act, Manpower Development and Training Act, and Trade Expansion Act will depend upon the resources allocated to traditional vocational education programs. A reappraisal of these facilities along the lines recently proposed by a group of experts appointed by the Secretary of Health, Education, and Welfare [22] and by several bills that have been introduced in the 88th Congress is long overdue.[23] The tide of the new youthful entries into the labor market is already upon us.

Availability of needed training facilities will help many youths as well as adults to acquire skills which are in current demand. While economists have questioned the validity of Say's law that supply creates its own demand, there is little doubt that our current unemployment problems could be reduced if our educational and vocational training institutions would succeed in closing the gap between the skills acquired by their products and the dynamic changes in demand for occupational skills which our economy has experienced in recent years.[24]

Nevertheless, some economists have questioned the efficacy of retraining in combating unemployment. They argue that the creeping unemployment which the American economy has experienced during the past decade is a function of inadequate expansion in demand and that expanded growth would generate sufficinet jobs and eliminate excessive unemployment. This view was possibly best expressed in a Joint Economic Committee study:

"* * * Many of the jobs in expanding activities like trade, services, and government do not require extensive training but can be filled by individuals possessing only moderate amounts of formal education and skill * * *. If employers do prefer teenagers or women, displaced industrial workers will find themselves at the back of the hiring queue * * *. *In an expansion period of any duration*, the unemployment rate should eventually approach the earlier full employment neighborhood of 4 percent." [25] (Emphasis supplied.)

No doubt, this analysis would be correct if for some unforeseeable reason "an expansion period of any duration" should materialize. In a prolonged tight labor market employers will hire marginal workers. But this will, at best, be achieved at the cost of considerable inflationary pressures. The transition to full employment can be achieved much less painfully and speedily if adequate training is offered to those who have never acquired skills needed in expanding occupations. The Joint Economic Committee study ignores the fact that economic growth is retarded because many unemployed are ill equipped to fill existent job vacancies and fail to queue up to look for jobs because they do not expect to find employment. Labor force data in depressed areas indicate that a significant proportion of the unemployed are not seeking work because they are aware that job openings are not available for the skills which they possess.

Employment service studies further suggest that the desired expansion in demand is arrested because employers do not choose to assume the costs of training potential employees and thus fail to expand their activities. Area Redevelopment Act, Manpower Development and Training Act, and other vocational retraining may provide unemployed workers with the skills needed in order to line up effectively on the "hiring queue."

Senator CLARK. If that is satisfactory to you I would be glad to have you proceed.

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[22] Report of the panel of consultants on vocational education. "Education for a Changing World of Work." Washington, U.S. Government Printing Office, 1963.

[23] H.R. 3000 and S. 580 (administration bills), H.R. 4955 (Carl D. Perkins), and S. 1222 (J. Caleb Boggs), 88th Cong., 1st sess.

[24] For an excellent brief statement on the need to allocate additional resources to vocational education and related Federal policies to stimulate skill development and worker mobility, see U.S. Congress, Joint Economic Committee, 1963 Joint Economic Report, S. Rept. 78, 88th Cong., 1st sess., minority views, pp. 89–92.

[25] U.S. Congress, Joint Economic Committee, "Higher Unemployment Rates, 1957–60" (James W. Knowles and Edward D. Kalacheck), 87th Cong., 1st sess., Washington, U.S. Government Printing Office, 1961, p. 13.

STATEMENTS OF DR. SAR A. LEVITAN, GEORGE WASHINGTON UNIVERSITY, AND DR. GERALD G. SOMERS, UNIVERSITY OF WISCONSIN

Dr. LEVITAN. Thank you. After listening to the somewhat scary testimony that was presented before this subcommittee 2 weeks ago I went back to check the views of other authorities besides those witnesses that you had here 2 weeks ago, about the problems that this subcommittee is investigating.

I found three pertinent conclusions which experts have reached about the impact of technological change, which I would like to quote.

A famous economist stated his conclusion about the impact of technological change:

> * * * The discovery and use of machinery may be attended with a diminution of gross produce; and whenever that is the case, it will be injurious to the laboring [people] * * *, as some of their number will be thrown out of employment, and population will become redundant, compared with the funds which are to employ it.

A study by the National Bureau of Economic Research concluded:

> In brief, the evidence at hand would seem to indicate a tendency for technological changes to result in a substantial period of unemployment for the men displaced and frequently to necessitate their taking employment at a lowered wage * * *.

More specifically, the Commissioner of Revenue summarized the impact of technological change on the employment in several industries:

> The U.S. census returns * * * report a very large increase in the amount of coal and copper produced during the 10 previous years in this country, with a very large comparative diminution in the number of hands employed in these two great mining industries * * *. And, in the way of further illustration, it may be stated that a carload of coal, in the principal mining districts of the United States, can now * * * be mined, hoisted, screened, cleaned, and loaded in one-half the time that it required 10 years previously.
>
> * * * * * * *
>
> In the manufacture of agricultural implements, specific evidence is submitted, showing that 600 men now do the work that, 15 to 20 years ago, would have required 2,145 men—a displacement of 1,545.
>
> * * * * * * *
>
> Nothing has had a greater influence in making possible the rapidity with which certain branches of retail business are now conducted, as compared with 10 years ago—more especially the sale of groceries * * *.

Senator CLARK. When was that study published?

Dr. LEVITAN. The famous economist I referred to was David Ricardo who wrote a century and a half ago; the National Bureau of Economic Research study was published three decades ago; and the Revenue Commissioner is not Mortimer Caplin, but David A. Wells, who wrote about the American experience during the seventies and eighties of the last century.

Senator CLARK. When was this summary?

Dr. LEVITAN. That was David A. Wells in 1889.

Senator CLARK. So this is no new problem?

Dr. LEVITAN. That is the point I wanted to make. As Ecclesiastes said: "There is no remembrance of former things." It is not a new problem, and the fact that it is not a new problem does not mean that it is not a very pressing problem, and in no way detracts from the

seriousness of the present situation. Only twice during the current century have we experienced the persistent high level of unemployment that has prevailed in the United States during the past 6 years; this occurred prior to World War I, and, of course, during the great depression of the thirties.

Recent technological changes have affected the employment opportunities of those who are relatively poorly educated. We have full employment and considerable job shortages for those who have had any college education. But about 1 of every 10 persons in the labor force who has not completed an elementary school education is unemployed compared with less than 1 out of 20 for high school graduates and less than 1 out of 50 for college graduates.

During the past decade between 1953 and 1962 the economy has generated an additional 6 million jobs. But in occupations in which the median educational attainment was less than 9 years of formal schooling, the number of jobs actually declined by nearly a million during this decade. The bulk of the employment rise was in occupations in which the median educational attainment exceeded high school education. The highest relative increase was in professional and technical jobs in which a majority of employees completed a college education. The difference in unemployment rates in 1953 and 1962 does not account for these occupational changes. The trend toward greater growth in occupations requiring more education can be seen even more dramatically in a comparison of occupational employment by level of education in 1949 as against 1962, 2 years in which the rate of unemployment was virtually the same.

Senator CLARK. I do not want to anticipate you but that should be balanced by the increase in the labor force during the same period.

Dr. LEVITAN. Yes. But if you look at those occupational groups where the median educational attainment was less than 9 years of education, the number of jobs has actually declined by almost a full million.

Senator CLARK. Say that again.

Dr. LEVITAN. The number of jobs in occupations in which the median education is 9 years or less, the number of jobs has actually declined by 1 million.

Senator CLARK. Declined?

Dr. LEVITAN. That is right. There has been real growth in occupations which require 16 or more years of education, in other words, a college education, where the total change in job has almost increased by 50 percent during one decade.

Senator CLARK. One would conclude from that, that the unemployment problem in the United States today is largely concentrated in those seeking work and cannot find it, who not only have not graduated from high school but have completed no more than 1 year of high school; is that right?

Dr. LEVITAN. That is correct, sir. Unemployment is also a serious

problem for those who have more than 9 years education but have not completed a high school. Despite the fact that the economy has generated during the past decade, an additional 6 million jobs, there are actually now less jobs than there were a decade ago for those who have less than a high school education.

Senator CLARK. Will you now refer, if it is convenient, to the extent of the increase in the labor force during the period you have been discussing?

Dr. LEVITAN. There was an increase during the same time—I don't have the figures in front of me—but roughly of about 8 million people in the civilian labor force and 6 million more jobs, which means in round figures, an increase of 2 million unemployed.

Senator CLARK. Again I do not want to anticipate you, but would you prognosticate that, at least for the next few years, the increase in the labor force is apt to exceed the number of new jobs which will be available, assuming a continuation of current rates of growth of the economy?

Dr. LEVITAN. If you assume the current rate of growth in GNP, either from 1947 to the present or if you take particularly the last 6 or 7 years, then definitely the number of entries into the labor force is going to be in excess of the number of jobs that are going to be generated.

Senator CLARK. Would you agree with this observation: In view of the economic background that you have outlined, there is more likely than not that the current rate of unemployment will increase and may increase substantially for the balance of this decade.

Dr. LEVITAN. On the basis of, first, growth, and on the basis of projections of the labor force that will enter the labor market during the next 7 years—and the latter one is a known factor, practically—then there obviously is an anticipated increase of 2 million unemployed by 1970.

This assumes a projection of the present rate of growth between 1947 and 1962. If the rate of growth accelerates, and if GNP increases annually by 4 percent instead of less than 3 percent—the amount it has increased during the past few years—then obviously the number of unemployed will decrease. But on the basis of the 1947 to 1962 growth, and projecting it in a straight line to 1970, you ought to anticipate about 6 million unemployed by 1970.

Senator CLARK. Translated into the anticipated labor force at that point, what would be the rate of unemployment?

Dr. LEVITAN. It would be about 8 percent.

Senator CLARK. I wonder if you would agree with an observation I made several times before these hearings. We are really kidding ourselves when we talk about the gross rate of growth of the gross national product. We ought to convert it into a per capita rate of growth.

When you do that, our achievements since World War II are even less impressive than in terms of the gross rate of growth.

Dr. LEVITAN. That, of course, depends upon the specific items one wants to measure. If you want to measure the welfare of individuals, then obviously the per capita change is a much more pertinent figure than total GNP. If you want to measure total capacity of the Nation in terms of, say, national defense, then, I suppose, GNP total would be the more meaningful figure. But, even in the latter case, one still has to take into consideration the point that you are making; because, if our GNP keeps on increasing but, if it has to be shared by proportionately more people so that the per capita share of the GNP remains unchanged, then it becomes more difficult to allocate additional resources for defense or any other programs we may need without reducing the standard of living.

Senator CLARK. We are, I think, pretty well attuned, in our country, to throwing up our hands in some despair at the enormous increase in population in underdeveloped countries, which we like to think are absorbing all the foreign aid we can give them and making it very difficult for them to create any sort of breakthrough which will increase their per capita share of the national wealth.

Actually, the same thing is happening in our country to a lesser extent. We have to run awfully fast to stay still in terms of gross national product in view of our own population increase.

Dr. LEVITAN. There has been some increase in per capita real personal income—about 2 percent annually since 1947—but only about half of that amount during the past 6 years. In many underdeveloped countries there has been a decline in real per capita income during the past 10 or 15 years.

I would like, also, to point out another set of data. I mentioned earlier the rise in labor force, and the number of jobs that have been generated between 1953 and 1962—1953 was our last full employment year. I have also compared job changes between 1949 and 1962.

The rates of unemployment for the 2 years have been within three-tenths of 1 percent. In one year it was 5.6 percent, and in the other one 5.9 percent. The economy has generated an additional 8.4 million jobs between 1949 and 1962, but, for occupations in which the median education was less than 9 years, there has been an actual decline of 2.2 million jobs.

Senator CLARK. You are referring to chart No. 26, are you not?

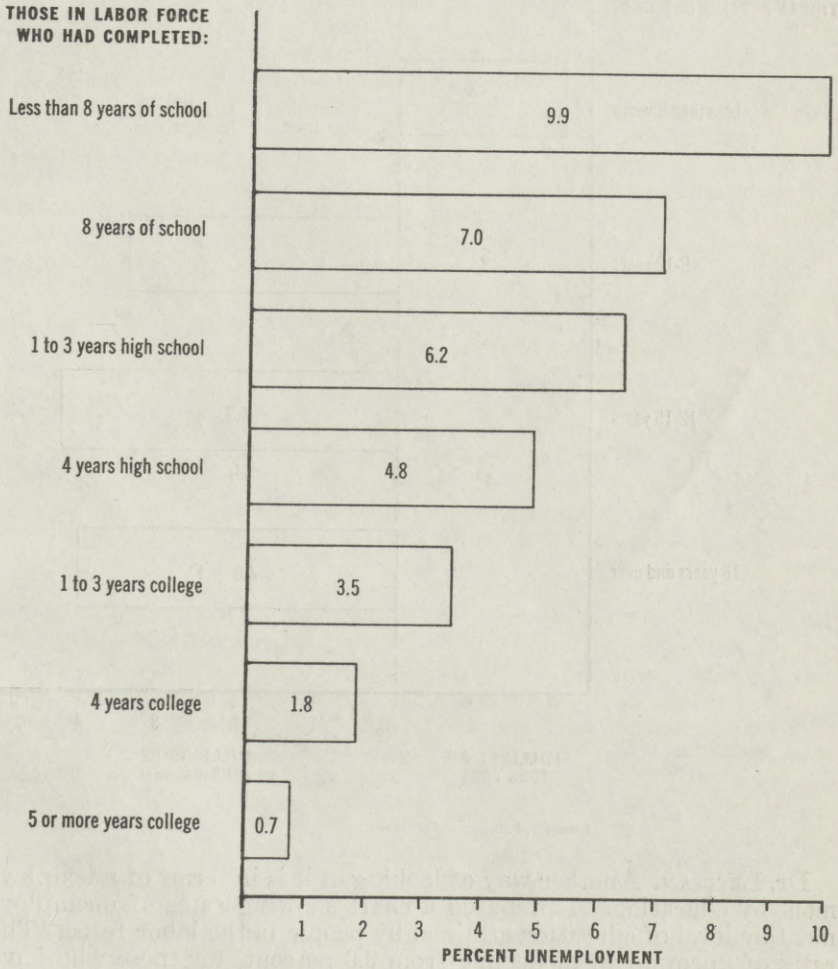
Dr. LEVITAN. That is right, sir. The growth in employment has been in the same groups which I mentioned before.

Senator CLARK. I would like to ask that the two charts referred to by the witness be printed in the record at this point.

(Charts Nos. 25 and 26 referred to follows:)

CHART 25

Percent of Unemployment of Civilian Labor Force, by Educational Attainment[a], 1959

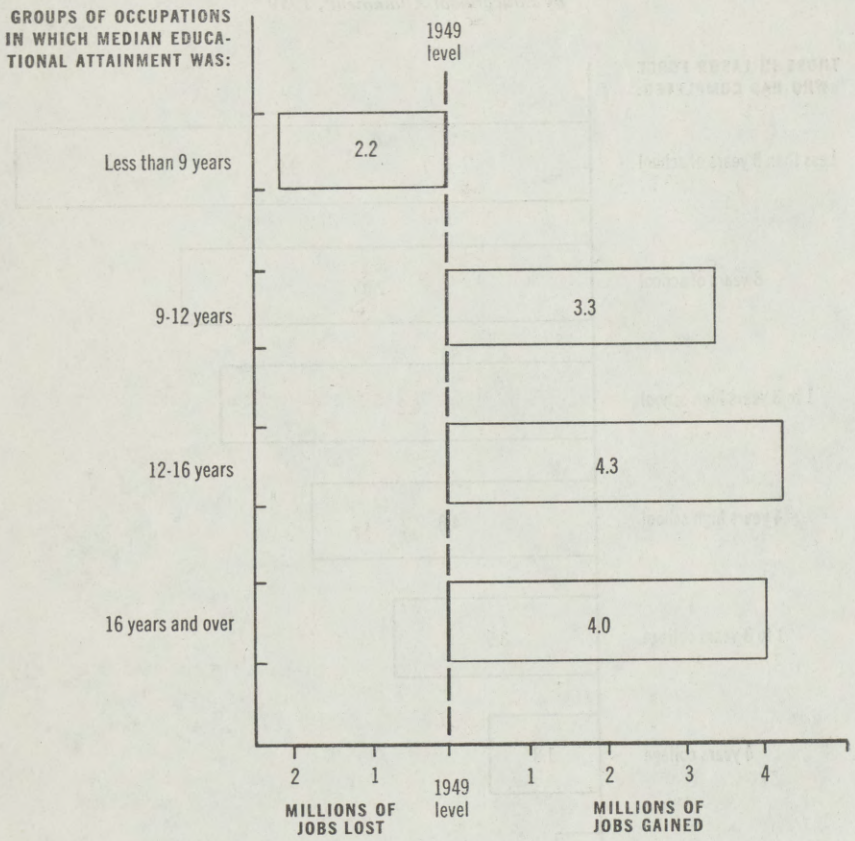


Source: Harold Katz, **Educational Attainment of Workers,** Special Labor Force Report No. 1, U. S. Department of Labor, 1960, p. A-6.

[a]Preliminary unpublished data indicate that similar relationship of unemployment to educational attainment also held true in 1962.

CHART 26

Changes in Employment by Median Educational Attainment, 1949-1962



Source: U. S. Department of Labor

Dr. LEVITAN. Another way of looking at it is in terms of unemployment by education. I prepared a chart showing rates of unemployment by level of education attained by people in the labor force. The rates of unemployment decline from 9.9 percent, for those who have had less than 8 years of education, to 0.7 percent for those who had 5 years or more of college training.

May I also ask to include, at this point, the table to which I referred earlier? It would be helpful to follow the data which I presented.

Senator CLARK. Yes; that will be inserted in the record.

(The table referred to follows:)

TABLE 56.—*Changes in occupational employment, by median educational atainment, 1953–62*

[Numbers in thousands]

Median educational attainment	Number employed			Percent change, 1953–62
	1953	1962	Change, 1953–62	
Total	61,778	67,846	6,068	9.8
Less than 9 years	11,730	10,766	−964	−8.2
9 to 12 years	26,434	27,180	746	2.8
12 to 16 years	18,166	21,861	3,695	20.3
16 years and over	5,448	8,040	2,592	47.6

Source: U.S. Department of Labor, Manpower Report of the President (Washington, Government Printing Office, March 1963), p. 12 and appendix table 7a.

Dr. LEVITAN. The policy implications of these facts are clear. Job openings for the untrained and poorly educated are declining rapidly. In addition, rapid technological change will require large numbers of workers already established in the labor force to refurbish or upgrade their skills in order to meet changed job demands. The point has already been made by previous witnesses who have testified before this subcommittee that most of those who are now in the labor force will have to change their occupations durings their lifework. No doubt, a large proportion of these workers, as well as new ones entering the labor force, will acquire their skills through on-the-job training; but, if the Nation's skill needs are to be met by efficient workers, many will have to rely upon public vocational educational facilities. Mr. Nils Kellgren, a Member of the Swedish Parliament, and an expert on manpower problems, who recently acted as a consultant on manpower problems to the Secretary of Labor, suggested the need of retraining annually, under public auspices, 1 percent of the labor force. This would require retraining some 700,000 workers annually.

Senator CLARK. Do you think that is a feasible goal for us to shoot for, or is that just out of sight in terms of current physical and political problems?

Dr. LEVITAN. Within a few years, I think that is a feasible goal. It depends on the allocation of resources and what priorities we are going to assign to this goal.

However, we will do well if we succeed in retraining a seventh of this number under existing Area Redevelopment Act, Manpower Development and Training Act, and the trade expansion programs. Of course, there is a considerable amount of training under traditional vocational educational programs. Statistics published by the Division of Vocational and Technical Education in the Office of Education indicate that some 2 million persons are receiving training each year under the federally supported vocational education extension programs. But about a third of these are enrolled for home economics

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courses and many others attend courses which relate to their hobbies. A lot of this training is not intended to prepare the enrollees for the world of work. Considering the meager resources allocated by all three levels of government to adult vocational education per trainee—the total annual expenditures amount to about $30 per trainee—it can hardly be expected that the extension programs would provide an effective training or retraining program for the bulk of enrollees.

I hesitate to propose new programs and expenditures. There is a limit on the resources we can allocate to vocational training. But I think that greater priorities can be assigned to training so as to approach closer the 700,000 goal.

What you would have to do is, No. 1, allocate more resources for training, and for the traditional vocational educational programs. As I understand, the House Subcommittee on Education yesterday recommended a gradual increase of Federal expenditures for vocational education; from the present level, which is about $50 million a year, in round figures, to more than five times that amount by 1968.

This is very important because you cannot effectively expand the newer training programs under the Area Redevelopment Act, Manpower Development and Training Act, and the Trade Expansion Act, when it becomes operational, unless we develop a sound vocational education system which would have the facilities and the personnel to provide for the new training.

Senator CLARK. Let me ask you a couple of questions there, if I may. Do you think we have such a system today?

Dr. LEVITAN. We do have in a few cities and a few places. On a national basis, the vocational education system leaves much to be desired. I mentioned in my prepared statement that vocational education, suffers from being treated as a stepchild by the educational system.

In most cases, only the shabbiest facilities are provided for vocational education. However, some notable exceptions exist, which indicate the potential of an effective vocational education system. Two such examples can be found in Milwaukee, and in your own State, Mr. Chairman, in Williamsport.

Senator CLARK. I notice in your summary statement you say in discussing the difficulties encountered by the new training programs it has become fashionable to find a scapegoat; namely, the traditional vocational educational program. Then you go on to point out that we have to have the traditional vocational training program. I rather got the impression that you thought it was a pretty good foundation to build on but needed upgrading. Is that right?

Dr. LEVITAN. I would make some qualifications to that. But certainly if you want to have an effective adult vocational training program, you have to upgrade the vocational educational programs. In most cities, we do not have adequate facilities for training adults. Testimony on vocational education before the House Subcommittee on Education revealed the fact that training under the Area Redevelopment Act and Manpower Development and Training Act has to be scheduled at night between 10 p.m. and 4 in the morning because the facilities are utilized all day.

Unless you first build up the vocational educational facilities in terms of instruction, building, and equipment—equipment is extremely important—it can hardly be expected that the existing vocational

education programs can absorb an additional 100,000 or more trainees under the Area Redevelopment Act and Manpower Development and Training Act.

I am not in sympathy with the currently fashionable attack on vocational education. It is easy to find fault with any type of program. I think that the same type of criticisms which are applied to vocational education can be made about colleges and universities whose graduates do achieve full employment. Some have even found fault with the operation of the U.S. Senate.

Senator CLARK. How right you are. Let me comment to Senator Randolph, my friend from West Virginia, that the tenor of a good deal of testimony in recent days seems to point directly to the vocational and technical schools of the country as a base on which we must build in dealing with the retraining essential to qualify so many thousands of the hundreds of thousands, if not millions, of the unemployed for useful employment. That this need comes outside of the direct scope of the jurisdiction of this committee and over into the area in the omnibus educational bill presently being considered by the Subcommittee on Education on which we both serve, dealing first with souping up and improving in many different ways our whole system of vocational and technical training.

And second, provisions of that act dealing with adult education in view of the very dramatic testimony we have heard from Dr. Levitan this morning.

I think it was just about as you were coming into the room. I am somewhat overstating it, but not much. That the core of the unemployment problem in the United States of America is in those individuals who had less than 9 years of education in our public and private school system.

I emphasize that because I know you are just as concerned as I am about the interrelationships of the work of this subcommittee and the Education Subcommittee.

We will have hearings all week on the omnibus bill.

Senator RANDOLPH. Mr. Chairman, I will not comment further except to say that you stated the case correctly. This is a dramatic illustration of the interrelationship of the problems before these two subcommittees.

Senator CLARK. Before you go on, Dr. Levitan, I want to ask you about a problem that is puzzling me. How in the world are you going to be able to retrain 700,000 individuals a year with any assurance at all that when they are retrained there will be job opportunities available for them?

You recall in the present act there is a requirement that there be a reasonable prospect of employment in the skill in which the retraining is given. A number of our witnesses have indicated that they think that condition should be removed, and that we ought to be retraining on perhaps a more theoretic basis, individuals where prognosticators can hope that over the course of the next 1, 2, or 3 years there will be job opportunities in skills for which the retraining is given.

I know this will run into great pragmatic political difficulty on the old-fashioned ground that this is just boondoggling and enabling people to go to school when they ought to be out breaking rocks.

I am concerned as to whether it is feasible psychologically, perhaps, to retain this large number of people, 700,000, you suggest, in skills

for which there is no immediate prospect of employment, and whether we ought to as a practical matter pretty well confine to conducting retraining courses in skills where there is that immediate prospect of employment in a crucial course.

Dr. LEVITAN. Of course, training by itself is not the complete answer. Appropriate fiscal and monetary policies are needed to expand effective demand. But I do believe that training by itself can generate jobs, and I don't mean a high level of general education, but simple literacy. In any job today you would need that.

So the two are not mutually exclusive categories.

Senator CLARK. We can avoid, I suggest, by the use of different semantics some of the practical difficulty in this regard if we called it adult education instead of retraining. Everybody will be for it. Actually, it is adult education that you have just spoken of, is it not?

Dr. LEVITAN. Yes, of course, to the extent that we have millions of people who do need more education. An appreciable percentage would be susceptible of training for the three R's and I think that would be extremely useful. I don't know that the elimination of the provision that the training has to be for available jobs should be dropped. But it should be broadly interpreted and administered.

I think there are a great number of jobs that could be filled even in the present day soft labor market if we had the people trained for them. I am not talking again about Ph. D.'s in physics. I am talking, for example, about the various service occupations where employment is still growing rapidly. These ocupations do not require particularly a very high level of education. But in order to take advantage of the full expansion potential of many occupations we must develop an effective vocational education system under public auspices.

A lot is done under private auspices and on-the-job training. But in too many communities vocational education facilities are inadequate or totally nonexistent. This is particularly true of depressed areas or redevelopment areas.

At the same time, the data, meager as they are, of Area Redevelopment Act training—and Dr. Somers knows much more about it than I do—do indicate that in many cases there are jobs once the people are trained. And this is true even in depressed areas.

Whether this can be achieved at the rate of 700,000 in the next few years is doubtful. But it is certainly a goal to shoot for.

Senator CLARK. Thank you, sir.

Now will you go ahead with the summary?

Dr. LEVITAN. I would just like to make a few observations about Area Redevelopment Act training provisions.

Senator CLARK. Actually, although you were there referring to Area Redevelopment Act many of these points are broader than that, are they not?

Dr. LEVITAN. That is correct, sir. In the few remaining minutes I should like to discuss briefly the inherent limitations of the Area Redevelopment Act training program and to propose some means to strengthen it. Some of these points, as you suggested, Mr. Chairman, apply equally to the Manpower Development and Training Act. One, the present level of appropriations is rather low in terms of my own priorities. As I stated before, it is very easy to recommend spending additional funds. But in terms of my own priorities and in terms of the bills that are now before Congress—the Senate is going

to have before it a bill to authorize additional $455 million expenditures for Area Redevelopment Act.

Under the present act $14½ million is authorized a year for Area Redevelopment Act training. I am not commenting on the bill that is coming up soon before the Congress. But if it is determined that the $455 million is the maximum that should be authorized for Area Redevelopment Act during the next 2 years, then I would take out some funds from the other programs, that is, the public facilities and commercial loan funds or grants for public facilities and allocate more to training.

The second point about Area Redevelopment Act training is that it would be desirable, I think, to make provisions for relocating some of the trainees from depressed areas. The law presently provides that training courses are to take into consideration the needs of the unemployed in these areas. However, no provision is made for relocating the unemployed once they acquire new skills. The provisions of the Trade Expansion Act related to the payment of the cost of transportation of the unemployed and his family when they relocate in new areas and the payment of an additional lump-sum payment—two and a half times the average weekly manufacturing wage in the United States—toward other costs of relocation should be applied as a minimum to Area Redevelopment Act trainees who can find jobs outside their area of residence. Consideration might also be given to defraying the cost of transportation of an unemployed worker who completed an Area Redevelopment Act training course and who is seeking a job in another area.

During the prolonged congressional debate on Area Redevelopment Act, no active consideration was given to relocation. In your bill, Mr. Chairman, 2 years ago, you made provisions for relocation under the Manpower Development and Training Act, but it was taken out by the Senate.

Senator CLARK. I think we took it out because we had such a public reaction, which I deplore, from the areas of chronic and persistent unemployment who have this feeling of pride of locality and just got up and hollered about the possibility of training a man in Wilkes-Barre and sending him to Los Angeles and San Diego. This was considered unpatriotic.

I deplore that, but it is a real practical fact of political life that we have to take cognizance of.

Dr. LEVITAN. I think we made progress in this area. During the first round, under the Area Redevelopment Act, there was official neglect of the problem. It was considered too sensitive a problem to be discussed in polite society.

During the second round, provisions for relocation were proposed but failed.

On the third try, in connection with the Trade Expansion Act, it was passed.

I think we ought to take a page out of the Trade Expansion Act and make the same provisions for relocation and payment of a lump sum to cover other expenses in connection with relocation. I think we might go a little further and under the employment service auspices pay an unemployed worker who completed a training, travel expenses incurred in search of a job. It is being done in Sweden.

I know this may be carrying it too far.

Senator CLARK. I am not disagreeing with you. I am just suggesting that the practical possibilities of getting away with that are not very strong.

Dr. LEVITAN. I don't know. This is exactly what was said, Senator, in 1956, when Senator Douglas decided not to include a provision for relocation—not even to try.

Then 6 years later there was a change of heart in the Congress. I don't know, before 1970, another 6 years, the majority of the Congress might agree with you.

Senator CLARK. Again I hope you are right. But I think there is assertability in attitude applicable to Area Redevelopment Act which is not applicable to trade expansion which may make this difficult. I can only say we will try.

Dr. LEVITAN. My third proposal deals with the extension of subsistence benefits. When ARA was first established, we had very little experience with this type of program. Senator Douglas at that time, with the assistance of Senator Randolph and yourself, thought that 16 weeks of training was the maximum that the Congress would approve.

Since the Manpower Development and Training Act provides for 52 weeks of subsistence payment, I think that the duration of benefits under Area Redevelopment Act and Manpower Development and Training Act should be equalized, and that subsistence benefits under Area Redevelopment Act should be extended to 52 weeks.

My fourth point is that training facilities are not available in many depressed areas. It is not likely that these depressed areas will be able to build the necessary training facilities. My studies indicate that the per capita income of local governments in depressed areas is about half that of the rest of the United States.

This leads me to conclude that it might be desirable to provide Federal funds for the construction of vocational educational facilities in the designated areas.

My fifth point is that since training facilities are not available in many of the depressed areas unemployed workers who want to take advantage of the Area Redevelopment Act have to travel outside of their immediate localities to benefit from ARA training. But the act does not provide for transportation allowances, as does the Manpower Development and Training Act. I believe that such allowances should also be made for ARA trainees.

I believe, however, that training provisions for ARA areas should be kept separate from MDTA or the traditional vocational education programs. The latter program has traditionally operated upon a matching basis and the MDTA is due to be changed to the same basis beginning with July 1, 1964. It is doubtful whether most of the depressed areas will be able to make the needed contributions to maintain an effective training and retraining program. It is therefore necessary to maintain a separate federally financed program for training and retraining in depressed areas.

Senator CLARK. Thank you, Dr. Levitan.

Senator Randolph?

Senator RANDOLPH. Dr. Levitan, if I may call your attention again to your statement where you make reference to the experience in West Virginia, specifically at Huntington, with the first of the ARA programs to be approved for training.

Dr. LEVITAN. That is right.

Senator RANDOLPH. You have stated that only 240 of 640 were qualified for the training program. In the face of the low educational level that has been demonstrated to be a fact of many of our unemployed may we infer that the standards of acceptance for retraining under ARA are unrealistic? Are they attainable?

Dr. LEVITAN. I think that Dr. Somers who has studied the Huntington experience is better qualified than I to comment on your question, Senator. But, in general, it appears that employment services do seek out the best qualified unemployed in order to make sure that (*a*) a trainee can complete a course, and (*b*) that he will have a good chance to be placed. Employment services are concerned about the placement record and their concern is understandable. They are being watched. They have to report to Congress. They want to make a good record.

I think, as the novelty of this program wears off, and there is less limelight on it, the officials in the employment services may relax their standards of selection. By trying to establish a good record, the employment services are hampered from selecting "risk" cases.

Senator RANDOLPH. Thank you, Doctor. I have had an opportunity to read the statement of Dr. Somers and I do anticipate the privilege of questioning him in line with what you have indicated.

Dr. LEVITAN. I think he will be able to do much more justice to your question than I did.

Senator RANDOLPH. Let us turn to your testimony where you refer to the difficulty of integrating training programs for production in commerce and industry.

What is your opinion regarding the relative merits and need for on-the-job training as compared with retraining under our vocational school facilities aid programs?

Dr. LEVITAN. Under ARA, as I believe I said in the statement, there has been only one attempt to use on-the-job training. Though special training courses to fill the needs of one employer were organized on several occasions. I think a great deal more can be done with on-the-job training, and this would require—I don't know whether that can be done entirely on an administrative basis or whether additional legislation would be required. But traditional vocational education has shied away from on-the-job training. They had some unfortunate experiences and this goes back a number of years, prior to the 1946 George-Barden Act, in which you were very active in passing, Senator, where employers took undue advantages of on-the-job training and paid employees hourly rates below the statutory minimum.

Senator RANDOLPH. Only 25 years ago we were fighting here in Congress to establish 25 cents an hour as the minimum wage.

Dr. LEVITAN. As a result the Congress included a provision in the George-Barden Act which prevented training for private profit. I think the experience we had under the GI bill of rights shows the great possibilities of on-the-job training, combined with subsidies. I don't know exactly how it can be worked out but the fact that at present the vocational education people shy away from it hampers the effectiveness of the training program.

Senator RANDOLPH. Thank you, Doctor.

That is all, Mr. Chairman.

Senator CLARK. Now, Dr. Somers, we will be happy to hear from you. I suggest that you follow this 10-point summary. Of course, your full statement will appear in the record at this point.

(The statement referred to follows:)

PREPARED STATEMENT OF GERALD G. SOMERS, PROFESSOR OF ECONOMICS, UNIVERSITY OF WISCONSIN

RETRAINING THE UNEMPLOYED: A PRELIMINARY SURVEY

1. Criticisms of the Government retraining programs have stemmed primarily from dissatisfaction with their limited impact on current problems of unemployment. But the accomplishments of this new venture in labor market policy must be appraised in the light of the overall objectives of Government-subsidized retraining: (1) The immediate reduction of unemployment, (2) long-run economic growth, and (3) the general well-being of the trainees and society.

2. Even if it can be shown that the retraining legislation has been too recent and too small-scale to have a significant effect on employment levels in the current state of the economy, the programs can be justified on the grounds of their potential contribution to longrun growth and the general welfare.

3. Although Government statistics provide general information on the characteristics of trainees and their employment experience, little detailed data are available on the employment effects and other aspects of the retraining programs. The information presented in this statement is based on preliminary findings of a research project, financed by the Ford Foundation, designed to evaluate retraining in West Virginia and a few other localities in the United States.

4. A number of minor deficiencies in the administration and qualitative aspects of the retraining programs are noted, but these are now being corrected with increased experience. Of more serious consequence is the bypassing of many of the hard-core unemployed in the selection of trainees. The West Virginia surveys indicate that those whose applications for retraining were rejected were older than the trainees. These "rejects" had a substantially lower employment ratio than the trainees in the period immediately following the training completion. Presumably the placement ratio of trainees, now 65 to 70 percent for all Area Redevelopment Act and Manpower Development and Training Act courses, would be lowered further if current "rejects" were included. But longrun considerations support their inclusion.

5. Dropouts from the retraining courses enjoy a higher employment ratio than trainee graduates in the first few months after completion of the course; but trainees achieve a higher placement ratio than dropouts with the passage of time.

6. Since the employment ratio of trainees increases progressively in the first 9 months after completion of the course, there is a danger in generalizations based on early placement data for trainees.

7. A relatively high proportion of the female trainees, especially in such service occupations as nurse aids and waitresses, have only a marginal attachment to the labor market and are found to have withdrawn from the labor force shortly after completion of their retraining.

8. In McDowell County, W. Va., there has been a substantial outmigration of trainees. Over 40 percent indicated that retraining helped induce mobility; but their employment ratio is no higher than the nonmobile, and leads to the conclusion that relocation allowances might serve their most useful role in prompting a more rational relocation.

9. Government-subsidized, on-the-job training gives greater assurance of job placement than more generalized training, but the evidence of present programs geared to a specific employer indicates the danger that the hard-core unemployed are even more likely to be bypassed in such programs.

10. Employers who have hired trainees in West Virginia are generally favorably disposed toward the program, but they urge longer courses, better screening of trainee applicants, and increased efforts toward training-related job placement. A significant number of employers would prefer Government subsidized on-the-job training to the present Area Redevelopment Act and Manpower Development and Training Act arrangements in the vocational schools.

Retraining has assumed a somewhat anomalous position in the arsenal of policies designed to combat structural unemployment. The basic concept is as old as education itself, and yet it is now on everyone's lips; it has been proposed

as the panacea for all of our labor market ills, and yet it has had only a minor impact to date; it has been incorporated as a central feature of three important Federal enactments in the past 2 years, and yet there has been little effort to evaluate its effectiveness.

Other statements made before this committee have ably presented the historical development of retraining programs and national data on trainees and their job placement under the Area Redevelopment Act and the Manpower Development and Training Act. The present statement is based on a more microscopic view of retraining in action in a few selected areas. Since the research is still in progress only preliminary findings are available, and these are concerned primarily with the Area Redevelopment Act and State progress rather than the recently instituted Manpower Development and Training Act courses.

Field surveys in West Virginia

The major research concentration has been in three areas of West Virginia. West Virginia was selected for intensive study because of the prevalence of areas of chronic labor surplus within the State, the establishment of one of the few formal programs for retraining the unemployed under State legislation in 1960, and the early and widespread inception of retraining courses under the Area Redevelopment Act in a number of the State's depressed areas. The selected areas are Harrison-Monongalia Counties, mixed coal mining, industrial, and agricultural areas in the northern part of the State; Huntington-Charleston, the State's major cities, located in the western-central sections; and McDowell County, a predominantly coal mining area in the southern part of the State.

In each of these areas, a sample of 500 respondents was selected for interview. The sample consists of (1) those who have completed a training course under the Area Redevelopment Act or the West Virginia State legislation (approximately 40 percent of the sample); (2) those who were selected for training on the basis of tests and other criteria, but who either did not begin their training or dropped out of the course prior to completion (approximately 20 percent of the sample); (3) those who applied for training but who were not referred to training by the employment service because of their test results or other reasons (approximately 10 percent of the sample); and (4) a sample of workers, selected from the active and inactive files of the employment service office in each area, who were unemployed during the period in which the training courses were being inaugurated but who did not apply for training (approximately 30 percent of the sample).

The selection of these four subsamples for interview permits a comparative analysis between the subsequent employment experience and mobility of those who successfully completed the retraining program, and control groups of works who were at specific and progressive stages of distance from completion of a retraining course.

The areas and courses selected for study also facilitate a comparison between the results of training in the same occupation in different areas, different occupations in the same area, State and Federal programs in the same area, and between general training and training geared to the needs of a specific employer.

A single, detailed questionnaire was used in these interviews, with appropriate sections for the various control groups. Each respondent was asked to sign a form which will authorize access to his social security data. Approximately 95 percent have done so, thereby permitting a followup of their employment experience in the future.

Since almost 30 percent of the training-related respondents selected for interview in each area had migrated from the area, it was necessary to prepare a questionnaire to be distributed to them by mail. A response rate of approximately 50 percent is expected in the mail survey. Interviews are also being conducted in several areas where the outmigrant trainees have concentrated, such as Norfolk-Newport News, Va., Washington, D.C., Baltimore, Akron-Cleveland, Columbus and Chicago. It has been necessary to rely on the mail questionnaire for the more scattered outmigrants, however. In order to obtain later information on the employment experience of the trainees and control groups, a followup mail questionnaire has been distributed, with a response rate, thus far, of approximately 70 percent. Nonrespondents in West Virginia are now being interviewed. Questionnaire schedules designed to appraise the quality of the training courses—directed to employers, instructors, and employment service officials—have also been constructed and are being used in the various areas of the research.

In addition to the major concentration in West Virginia, field surveys of retraining experience are also being conducted by investigators associated with this project in several areas where the general appraisal of national programs suggested that such an investigation would be fruitful. In each case these additional case studies provide a useful comparison with the West Virginia experience or offer an opportunity to study training and mobility characteristics which are not available in the West Virginia surveys. Comparability of results will be furthered by use of the same or similar questionnaire designs, and codes in all areas.

The area case studies include Pottsville and Phoenixville, Pa., Pittsburgh, Pa., Carbondale and McNair, Ill., Detroit and Lansing, Mich., Knoxville, Tenn., Evansville, Ind., Fall River, New Bedford and Lowell, Mass., Bridgeport, Ansonia, Norwich, and New London, Conn., and Antigo-Rhinelander and La Crosse, Wis.

The preliminary findings reported in this survey are based primarily on the West Virginia surveys.

Objectives of retraining

The conclusions reached by a number of critics of retraining are disheartening. They are disheartening not because retraining lacks potential for longrun good, but because the programs to date appear to have had such limited short-run impact on the hard core of unemployment. The disillusionment is greater because the initial expectations were so high. In the various congressional hearings on unemployment policies, retraining proposals met with an almost "unanimous chorus of praise." After all, training is education, and who can be opposed to education? Training is the vehicle for occupational mobility, and in a dynamic economy of structural change who can be opposed to mobility?

But the expectations and current experience must both be seen in perspective. Retraining has three major objectives: (1) Shortrun increase in employment; (2) longrun economic growth; (3) improvement in the welfare and general well-being of the trainees and society. Regardless of any shortrun deficiencies, there can be little doubt that retraining the unemployed, like the educational process as a whole, is a worthwhile enterprise from the standpoints of the longrun economic growth of the American economy and the general well-being of its citizens. Indeed, some authorities are now saying that the investment in human resources, through education and training, has accounted for a greater part of our economic growth than the investment in capital equipment. Even if immediate employment does not result, the acquisition of new skills and knowledge by the unemployed is likely to make some future contribution to their own advancement and that of the economy.

Retraining allowances will usually take the place of unemployment compensation or relief payments for unemployed workers. Even if there were small additions to the costs for society, in what better way can the unemployed spend their moments of enforced idleness than in the acquisition of new skills? Our research provides ample evidence that retraining can give a new sense of pride, confidence, and social status to unemployed workers; and these represent substantial social gains regardless of immediate labor market consequences.

Therefore, one may well favor a greatly expanded program for retraining of the unemployed even if it could be demonstrated that no immediate jobs were created thereby. But most of those who have supported recent retraining measures have been more concerned with the current problems of unemployment than with longrun growth and well-being. And herein lies the disillusionment. The shortrun concern can be seen in the Manpower Development and Training Act provisions which restrict retraining to those who have a "reasonable expectation of employ"; in the incorporation of retraining provisions in the Area Redevelopment Act's attack on depressed areas; in the inclusion of retraining to meet the dislocation which may result from the Trade Expansion Act; in the retraining provisions espoused in the youth conservation bill; and in the many State and local efforts to reduce relief rolls through retraining.

Immediate employment effects of retraining

It is clear from national statistics as well as our own surveys that Government-subsidized retraining has achieved only minor reductions in unemployment to date. This is primarily because of the limited period of experience with retraining, the small scale of the enterprise, and the state of the economy. In small part, the poor showing stems from deficiencies noted in a number of criticisms of the current programs; and our own research, although still in process, supports many of these findings. Some deficiencies are minor. They are recognized by the training authorities and can be corrected with the passage of time. Our responses from trainees, employers, unions, and Government officials indicate that some of the current Area Redevelopment Act and Manpower Development and Training Act courses are too short for the occupational objectives they seek to achieve; equipment is often inadequate in quantity and quality, and frequently it is available to unemployed trainees for only a few hours in the evening; instructors may be out of touch with the latest techniques; training allowances are often inadequate; retrained workers are not provided the tools which they are expected to bring to the job; local advisory committee have not always functioned effectively; and the complicated relations between the Office of Manpower, Automation and Training, the Bureau of Employment Security, and Health, Education, and Welfare—both in Washington and at the local level—have sometimes served to delay the inception of programs and impair their effective functioning.

However, these are growing pains; many of these problems are now being solved and they can be expected to diminish further as greater experience is gained. The relatively meager accomplishments of the retraining programs to date are basically attributable to the fact that they have just begun, but the real concern for their future success stems from more fundamental causes.

The crucial issues are (1) whether the retraining programs are currently enrolling the hard core of the unemployed, and (2) whether sufficient job vacancies now exist to justify a substantial lowering of selection standards.

The answer to the first question clearly depends on one's definition of hard-core unemployment. The national data indicate that the Area Redevelopment Act and Manpower Development and Training Act trainees include more long-term unemployed but fewer older and less-educated workers than are found among the unemployed as a whole in the areas from which they are drawn. This has led some to recommend that selection standards be lowered so as to include more hard-to-place workers. From the standpoints of longrun economic growth and general well-being this would be justified; but such a lowering of standards would probably lead to a lower placement ratio in the present status of the economy.

Even under the present selection standards the placement ratio of Area Redevelopment Act trainees is 65 percent and of Manpower Development and Training Act trainees, 70 percent, according to national data sources. The data in tables 1*a* and 1*b*, pertaining to our West Virginia surveys, provide some preliminary findings concerning the employment experience of those who completed Area Redevelopmet Act and West Virginia retraining courses relative to those who were found unacceptable for referral to training, as well as to those who did not report for training following their acceptance and those who dropped out of the training course prior to its completion. The tables also indicate the significance of the passage of time as an influence on employment experience following retraining.

Table 57 refers to the status of the West Virginia workers at the time the sample was drawn for the initial interview surveys in the summer of 1962. Most of the respondents had only a short period of employment experience following completion of the training course. Some, however, had been enrolled in a course (or had applied for a course) more than 13 months prior to the interview, thereby enabling a lengthier time-period analysis of their posttraining-course experience.

TABLE 57.—*Labor force status of trainees and control sample, by training status and time elapsed since retraining*

Retraining status (summer 1962)	Time lapse after retraining																							
	1 month—Labor force status								3 months—Labor force status								6 months—Labor force status							
	Employed		Unemployed		Nonlabor force		Total		Employed		Unemployed		Nonlabor force		Total		Employed		Unemployed		Nonlabor force		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Not referred [1]	24	37	39	60	2	3	65	100	21	42	29	58	0	0	50	100	10	45	12	55	0	0	22	100
Did not report [2]	19	39	24	49	6	12	49	100	15	43	15	43	5	14	35	100	12	57	7	33	2	10	21	100
Dropout [3]	78	53	58	39	12	8	148	100	60	54	42	38	9	8	111	100	47	64	21	29	5	7	73	100
Complete [4]	163	47	148	43	35	10	346	100	133	50	107	41	24	9	264	100	91	62	42	29	14	10	147	100
Total sample							608								460								263	

Retraining status (summer 1962)	Time lapse after retraining																							
	9 months—Labor force status								12 months—Labor force status								13 months or more—Labor force status							
	Employed		Unemployed		Nonlabor force		Total		Employed		Unemployed		Nonlabor force		Total		Employed		Unemployed		Nonlabor force		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Not referred [1]	5	50	5	50	0	0	10	100	4	57	3	43	0	0	7	100	4	57	3	43	0	0	7	100
Did not report [2]	11	79	2	14	1	7	14	100	8	73	3	27	0	0	11	100	8	73	3	27	0	0	11	100
Dropout [3]	34	62	17	31	4	7	55	100	29	59	16	33	4	8	49	100	25	60	13	31	4	10	42	100
Complete [4]	50	61	21	26	11	13	82	100	39	62	15	24	9	14	63	100	37	63	13	22	9	15	59	100
Total sample							160								130								119	

[1] Applied for, but not referred to training.
[2] Accepted for, but did not report to training.
[3] Withdrew from course prior to completion.
[4] Completed training.

Source: West Virginia Field Surveys, Summer 1962. Responses omitted from this sample tabulation lacked sufficiently precise training and work-history data to permit a time period analysis.

It is seen that those who were found unacceptable for retraining had a lower employment ratio throughout the period in comparison with those who completed the retraining course or who had dropped out of the course after initial enrollment. Whereas only 37 percent of the workers who had not been referred to training were employed 1 month following completion of the training course, 47 percent of those who completed training had found employment by this time. Workers who did not report for training after they had been accepted were only slightly more likely to be employed 1 month after the training course ended than those who were found to be unacceptable. On the other hand, workers who dropped out of the training course prior to their completion had an even higher placement ratio (53 percent) than workers who completed the training course. This is attributable to the fact that many of the dropouts withdrew in order to take a job.

As time elapses following completion of the training course, all of the sampled groups improve their employment status, but it is notable that the workers who completed the training course make a more substantial improvement with the passage of time than those who dropped out prior to completion. The data in table 57 represent the labor force status of the West Virginia workers in April 1963, approximately 9 months after the initial interview surveys. It is seen that the workers not referred to training continued to have employment rates well below those enjoyed by workers who had completed training in each of the three areas. The exceptionally high employment ratio for those who completed training in Kanawha County can be explained by the fact that the training courses were designed for employment in a single large firm in the area and a job was virtually guaranteed to all trainees. A notable finding is that a relatively large proportion of the trainees withdrew from the labor force in the months following their training. Of those who completed their training course, 9 percent were no longer in the labor force 3 months following the course and the percentage had increased to 14 among the small sample of completions available 12 months after the end of their course. Those whose applications for training had been rejected had especially high rates of non-labor-force status. As is noted in table 58, 19 percent of the workers who had completed their training course in the Huntington area were no longer in the labor force in April 1963, at least 9 months after the course completion.

TABLE 58.—*Training and labor force status, first followup, mail questionnaire, April 1963, by area—Training status, summer 1962*

McDOWELL COUNTY, W. VA. (WELCH)

Labor force status, April 1963	Complete		Dropout		In training		Did not report		Not referred		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Employed	42	66.7	48	63.2	11	45.8	14	60.9	6	31.6	121	59.0
Unemployed	13	20.6	24	31.6	11	45.8	9	39.1	9	47.3	66	32.2
Not in the labor force	8	12.7	4	5.2	2	8.8	------	-------	4	21.1	18	8.8
Total	63	100.0	76	100.0	24	100.0	23	100.0	19	100.0	205	100.0

KANAWHA COUNTY, W. VA. (CHARLESTON)

Employed	15	88.2	1	33.3	26	100.0	------	-------	13	68.5	55	84.6
Unemployed	2	11.8	2	66.7	------	-------	------	-------	4	21.0	8	12.2
Not in the labor force	0	0	------	-------	------	-------	------	-------	2	10.5	2	3.2
Total	17	100.0	3	100.0	26	100.0	------	-------	19	100.0	65	100.0

CABELL COUNTY, W. VA. (HUNTINGTON)

Employed	37	50.0	15	68.2	1	100.0	6	85.7	7	41.2	58	54.5
Unemployed	23	31.1	6	27.3	------	-------	1	14.3	9	52.9	36	32.2
Not in the labor force	14	18.9	1	4.5	------	-------	------	-------	1	5.9	14	13.3
Total	74	100.0	22	100.0	1	100.0	7	100.0	17	100.0	121	100.0

These high rates of withdrawal from the labor force may result from a paucity of employment opportunities, but they may also reflect a lack of commitment to the labor market among many of the workers selected for retraining. The tendency for trainees to withdraw from employment—and, often, from the labor force—is especially noticeable in such training occupations as nurse aides and waitresses. These are often cited as shortage occupations, but the chronic shortage may very well reflect low wages, undesirable working conditions, and high turnover. The work histories of many of the women attracted to these training courses reveal only a marginal attachment to the labor force. It must be assumed that in some cases the training allowance serves as a principal inducement for retraining in low-level service occupations.

In surveys we have conducted in Harrison and Monongalia Counties, West Virginia,[2] one-fourth of the nurse aides and waitresses, who had completed their training courses in those occupations, were no longer in the labor force at the time of the initial interview. On the other hand, very few of the male trainees (4.4 percent) had withdrawn from the labor force following completion on their course.

Attitude of nontrainees

The differential employment experience of trainees and nontrainees can be illuminated by reference to the preliminary data on attitudes of nontrainees, drawn from the West Virginia surveys and presented in tables 59, 60, and 61. Those who applied for retraining but were found unacceptable felt overwhelmingly that they could have done the work in the training occupation to which they aspired. Only 4 percent indicated that they were not qualified (table 59). Almost all of these so-called rejects took the general aptitude tests administered by the Employment Service, and three-fourths felt that the tests were fair in spite of their disqualification.

TABLE 59.—*Attitudes toward retraining of workers not referred to training*

(*a*) Now you say you were not accepted for the training for which you applied?

	Number	Percent
1. Did you feel that you could have done that type of work?		
Yes	116	95.1
No	4	3.3
Don't know	1	.8
Not ascertained	1	.8
2. Did you take the qualifying tests?		
Yes	114	93.4
No	7	5.7
Not ascertained	1	.9
3. Did you think the tests were fair?		
Yes	87	75.7
No	23	20.0
Don't know	3	2.6
Not ascertained	2	1.7

(*b*) After the tests, what did they tell you about your results?

	Number	Percent
Employment Service failed to inform respondent that he had not been accepted	20	17.4
Employment Service informed respondent that he was not accepted, but only after a considerable timelag	5	4.3
Employment Service told respondent he passed exams but was not accepted for other reasons—age, sex, disabilities, injuries, nervousness, class full, etc	8	6.9
Employment Service informed respondent he was not accepted in a more or less mechanical way, did not explain anything, sent only a letter, showed no interest in him as a person, etc	52	45.2
Employment Service explained where respondent had failed or passed. May have indicated his possible aptitudes, other courses he might take or other exams, etc.—in general, showed interest in respondent	23	20.0
Respondent never really understood why he was rejected, though perhaps the Employment Service tried to explain it to him	1	.9
Respondent feels race was a factor in his rejection	1	.9
Don't know; no comment	1	.9
Not ascertained	3.5	4.0

[2] Under the supervision of Prof. Harold Gibbard, West Virginia University.

TABLE 59.—*Attitudes toward retraining of workers not referred to training*—Continued

(c) How do you feel about not being accepted?

	Number	Percent
Respondent accepted fact of not being able to qualify	41	33.6
Respondent is disappointed, discouraged, etc., because of not being accepted	38	31.1
Respondent expressed lack of confidence in methods of testing and selection of the Employment Service—not fair, etc	10	8.2
Respondent feels Employment Service should have provided some help to him even though he did not qualify	7	5.7
Respondent does not know yet or does not fully understand why he was not accepted	11	9.0
Respondent feels there was racial discrimination in testing and selection, etc	3	2.5
Don't know; no comment	8	6.6
Not ascertained	4	3.3

TABLE 60.—*Reasons for not reporting after acceptance for training*

	Number	Percent
Got job	23	36.5
Health reasons, respondent or member of family was ill	5	7.9
Bad hours, hours conflicted with a job, etc	3	4.8
Couldn't afford the expense	5	7.9
No class openings	17	27.0
Thought I could not learn that work	0	0.0
Family responsibilities	1	1.6
Other	9	14.3

TABLE 61.—*Reasons for dropping out of training course*

	Number	Percent
Respondent got job or was recalled to work	65	32.8
Health reasons	13	6.5
Health reasons, member of respondent's family was ill	10	5.5
Couldn't afford foregone wages	21	10.6
Bad hours or hours conflicted with job	15	7.5
Respondent became generally dissatisfied	29	14.6
Respondent thought he couldn't learn the work	4	2.0
Respondent dropped for cause, excessive absenteeism	1	.5
Respondent dropped for cause, other	1	.5
Dropped out to study for job test	1	.5
Other reasons	4	2.0
Not ascertained	2	1.0

The bitterness of many of the "rejects" was directed not at the tests but at the Employment Service. Only one-fifth felt that the local office personnel took appropriate steps in informing the applicant of the reasons for his failure and in counseling him concerning his future course in the labor market. Seventeen percent first learned of their nonacceptance from the survey interviewer, even though considerable time had elapsed since their applications had been processed in most cases. The discouragement and bitterness evinced by the "rejects" lead to the conclusion that a major opportunity for fruitful counseling can be found among these unemployed workers.

A surprisingly large proportion of workers do not enroll in a training course after having been accepted on the basis of their test results and interviews; 36 percent of these did not report for training because they found employment prior to the beginning of the course (table 60). Because of limitations in training facilities or prospective employment opportunities, 27 percent could not be accommodated in the training course.

For dropouts, too, the temptation of an immediate job is a major factor in their decision to withdraw from the retraining program (table 61). Dropouts were especially numerous under the West Virginia area vocational program because trainees do not receive a weekly allowance during training under this program.

Age as a selective factor

Nonaccepted applicants for retaining are considerably older than those who are referred to the courses by the Employment Service. As is seen in table 5, in one area of West Virginia almost half of the "rejects" were over 45 years of age in contrast with only 14.6 percent of accepted applicants. The higher age of the "rejects" contributes to their failure to pass the aptitude tests and also serves as an independent factor causing their rejection by Employment Service counselors. Thus the youth of trainees in Government programs, relative to the average of the unemployed, can be explained only in part by the lack of motivation of older workers. Even those who are sufficiently well motivated to apply for admission to a retraining course are less likely than younger workers to have their applications accepted.

TABLE 62.—*Age distribution of nonreferred and workers who have been accepted for retraining, Harrison-Monongalia Counties, W. Va.*

Age	Accepted for retraining		Not accepted for retraining	
	Number	Percent	Number	Percent
17 to 19 years of age	4	1.3	1	1.9
20 to 24	93	30.8	11	21.2
25 to 34	87	28.8	3	5.7
35 to 44	64	21.2	9	17.3
45 and over	44	14.6	25	48.1
Age not available	10	3.3	3	5.8
Total	302	100.00	52	100.00
Median	31.5		39.9	

Retraining and relocation

Relocation of retrained workers will frequently be necessary if the retraining investment is to bear fruit in job placement. This is especially true of retraining in depressed areas. It is not always recognized that the acquisition of new skills through a retraining program is in itself a powerful inducement to move out of an area of limited employment opportunities. In the study of McDowell County, W. Va.—a depressed coal-mining area—it was found that almost one-third of the trainees under a State program for the unemployed had moved out of the county by the time of the interview survey. We managed to track down over 100 of the West Virginia outmigrants through mail questionnaires and personal interviews. In a preliminary tabulation, over 40 percent indicated that their decision to move had been influenced by their training. However, only half of these were employed, as compared with over 60 percent of the total outmigrant group and roughly the same percentage who find employment under all Area Redevelopment Act retraining programs.

One lesson to be learned here is that the major role of relocation allowances could be not to induce more outmigration but rather a more rational outmigration. By making the allowance contingent upon a move to known job opportunities, much fruitless geographic movement could be avoided. A second lesson is directly related to the planning of training programs in depressed areas. Less than 3 percent of the outmigrants were over 50 years of age. Training courses for unskilled older workers are most effective in low-service occupations, geared to local opportunities. Younger workers in depressed areas can benefit from training in welding or some of the expanding occupations which presuppose their migration to areas in which industrial growth is taking place.

Trainee views on retraining

West Virginia workers who experienced retraining were well pleased with the training they had received, but their satisfaction diminished somewhat with the passage of time following the completion of the course. Of 86 workers who were still engaged in training at the time of the initial interview surveys, 77 percent "liked the course very much" and 86 percent felt that they had chosen "the right course." Among 627 workers who had completed the retraining course or had withdrawn from the course at the time of the initial survey, 64 percent "liked the course very much" and 70 percent felt that they selected the appropriate course.

On the other hand, respondents' views on the difficulty of the course material appeared to benefit from a sense of detachment. Whereas 21 percent of the "in-training" sample found the course "pretty hard," only 12 percent of the "drop-outs" and "completions" expressed this view. The remainder in both groups found the course "pretty easy" or "about right."

Relatively few persons withdrew from retraining because of difficulties with the course material. From the standpoint of the trainees, it appears that the aptitude testing is accurately gaged to the course material; but there is reason to believe that a reduction in standards for selecting trainees in the typical Area Redevelopment Act courses would not greatly increase the dropout rate attributable to difficulties with the course material.

Employer experience with retrainees

The proof of retraining must be sought in posttraining employment experience and the values found in the programs by potential employers. Unfortunately our data on employer views are even more meager than those for trainees. However a sample survey of 44 West Virginia employers provides some insights into employer reactions to the Area Redevelopment Act and State programs. On the basis of their experience with the trainees they had hired, 47 percent of the employers indicated that the qualifications of the trainees were good and 32 percent stated that they were adequate. The remainder noted inadequacies in qualifications or were unable to express an opinion. Although most of the employers expressed satisfaction with the quality of instruction and placement procedures, their major reservation was on the length of the training course. Thirty-five percent stated that the course was too short, and only slightly more than half felt that it was about right in length.

The major suggestions for improvements in the retraining program made by employers were (1) an increase in the length of the training course, (2) more effective standards for screening and selecting trainees, and (3) greater efforts to place trainees in the specific jobs for which they were trained.

On-the-job and training for specific employers

The immediate employment effects resulting from Government-subsidized retraining could be enhanced by subsidized on-the-job training. The on-the-job training provisions of the Manpower Development and Training Act are just now in the process of being implemented for the first time since passage of the act over a year ago. However a number of the Area Redevelopment Act retraining programs have been so closely geared to the needs of a single employer that they provide a useful experience by which to judge some of the advantages—as well as some of the pitfalls—of on-the-job training for the unemployed.

The immediate job placement record of retraining will obviously be greater if the unemployed are assured of employment in a designated firm even before they are trained. The trainee benefits in morale and the employer is provided with employees trained to the specifications of his particular job. The subsidy to the employer embodied in Government-financed retraining can be a more direct and more attractive inducement to his expansion of employment opportunities when he gains greater control of the retraining procedures and content. Our surveys indicate that many employers, especially in such service occupations as auto repair and nurses' aids, would prefer this type of arrangement. Almost 40 percent of the employers preferred Government subsidies for on-the-job training over the use of vocational school facilities, as now generally practiced under the Area Redevelopment Act and the Manpower Development and Training Act. In view of the slow start of the Manpower Development and Training Act and the continuing shortage of vocational school facilities and instructors, it is not likely that the goal of 400,000 trainees can be achieved in 3 years without widespread use of on-the-job training.

But caution must be observed to insure that much of the training is extended to unemployed workers and not only to the upgrading of existing employees. Our analysis indicates that many employers might prefer to use the Government-subsidized retraining provisions in ways which offer little benefit for the hard-core unemployed. An analysis of several Area Redevelopment Act training programs in West Virginia and elsewhere, where courses have been designed to fill the needs of a specific employer, indicates that the job-placement ratio is considerably higher than average, but that the selected trainees are younger and better educated than other Area Redevelopment Act trainees. In some of these firms, all of the employed trainees are under 45 and have completed a high school education.

Care must also be taken to see that employees are assured some continuity of employment after their Government-subsidized on-the-job training. Workers trained for a specific job in a specific plant will be placed in a vulnerable position if they are again set adrift among the unemployed. There have been some unfortunate experiences along this line under Area Redevelopment Act programs geared to a specific employer.

Human investment in longrun economic growth

Although the preceding discussion has been couched primarily in terms of the shortrun employment function of Government-subsidized retraining, it is desirable to conclude with the longrun values of retraining with which this statement began. If retraining is to make its maximum contribution to the attainment of full employment and longrun economic growth, it will be necessary to broaden selection standards to include more older, less educated, and minority-status unemployed. But the Employment Service must not then be judged by the traditional standards of an immediate job-placement ratio.

Our surveys indicate that the trainees, themselves, take the longrun view. Most undertake retraining not simply to obtain any job, but to obtain a better job than they have known in the past, one which can be more secure and more productive.

Dr. SOMERS. Thank you, Senator Clark; I would first refer to a distinction that is not sufficiently recognized today. One should distinguish between the shortrun immediate problems of unemployment which we hope to tackle through retraining and the longrun economic growth of the economy.

Retraining like the whole educational process——

Senator CLARK. Let me interrupt you there. I suspect you did not intend the full implications of what you said. It has never been my thought and I am sure it is not Senator Randolph's point either, that we are going to solve the unemployment problem through retraining.

It can be a very useful tool, indeed. I would like to see it expanded. There are an awful lot of things we have to do, too, one of the most important ones is the renewal of the public works program which has been so successful in my State and also in West Virginia.

Senator RANDOLPH. Yes, the accelerated public works program has contributed substantially to the development of a better economic base.

Senator CLARK. Dr. Somers, I know that any implication from what you said was not intended. You would agree, would you not, that we have to attack this unemployment problem from a wide range of different measures including stimulating the growth of the economy, the present proposed tax cut, the possible accelerated public works program, retraining, a whole host, no one of which is a complete answer?

Dr. SOMERS. I would not only agree with that but I would go further: No one of these measures could work effectively without the others. Retraining as a solution to unemployment will achieve very few results unless we have a rapidly growing economy to absorb the retrained people. Relocation is rather meaningless if there are no jobs for these people in other geographic areas. The growth of the economy is of vital importance if the structural policies designed to combat the unemployment are to be fruitful.

I did not imply that we expect retraining to solve all unemployment problems. Indeed, I am disturbed by the tendency of some popular evaluations of the retraining programs to judge them wholly in terms

of how many jobs were created, how many people were employed, how much local unemployment was reduced. Retraining, like our total educational process, has its greatest significance in longrun economic growth. Education along with retraining is an investment in human beings; they will pay off fully only in the distant future. We should not expect to have great immediate dividends.

That is the first point I would like to make and it colors most of what I say in the rest of the summary statement.

We will have to consider both objectives, the immediate employment objective as well as the objective of longrun economic growth. Even if the first does not seem to be approached at the present time, the second is still such as to make the whole program worthwhile. It can be held that there has been little significant impact on the problems of unemployment under the present Area Redevelopment Act, and Manpower Development and Training Act programs, primarily because they are so new and relatively small scale. But even so, one can justify a continuation and expansion of these programs as a contribution to the longrun economic growth of the country's economy.

My own view of the programs is based on a more microscopic analysis that other witnesses have presented. Those in Washington are much better prepared to talk about the national statistics and the legislative proposals for sound labor market policies.

I have been engaged for the last year and a half in a survey of retrainees in West Virginia and a few other localities throughout the country under a Ford Foundation grant. We have conducted interviews with something like 1,500 workers. Forty percent of these have completed training, under the Area Redevelopment Act program and area vocational education programs established by the West Virginia State legislation in 1960. The State program predated the Area Redevelopment Act, and we felt it was very important to include the earliest possible experience with retraining so that we would have a longer period to follow up the trainees. It is for that reason we have not included the Manpower Development and Training Act courses. There has not been sufficient experience following these courses to reach valid conclusions on their effectiveness.

We have also tried appraising the true value of training in the labor market by comparing the trainees with so-called control groups of workers. One control group consists of workers who enrolled in the training courses, but dropped out prior to their completion. Presumably they did not benefit from as much skill development through retraining as those who completed their course.

A second control group includes workers who applied for training and were accepted on the basis of their tests but did not report for training. This is a group that passed the counseling, testing, and screening, apparently had the same qualifications as the trainees and the dropouts, but who didn't receive any training at all.

Then we have a third control group of workers who are what we call rejects. The employment service doesn't like this term. They prefer "nonreferred" or some other such designation. These are people who applied for training but were not found to be acceptable and so did not receive any training for that reason.

Finally, we have a group of unemployed people picked at random from the employment service files who did not apply for training

and apparently were not motivated toward retraining. So far we have not analyzed the data for this last group; and even in the analysis of the other groups our findings are preliminary. In a few months I would have more to say than I can now concerning the results of our study. At this point I can only raise some questions rather than provide conclusive answers.

Along with many of the critics of ARA retraining we have noted a number of deficiencies in the administration and quality of the programs. My own feeling is that these are fairly minor and most of them are growing pains. They can be expected to diminish as time goes on. In fact, many of these deficiencies are now being overcome. For example, there have been administrative delays in some of these courses. In one or two cases programs were delayed so long that they were somewhat meaningless. One course we studied in a depressed midwestern county was designed to tie in with the tourist industry. The course was to train unemployed workers in the repair of small motors for motor boats. They were to be trained during the winter in preparation for the tourist trade in June. The course was delayed. It was finally started in June; the trainees graduated in August when all the tourists had gone home. Only two or three were employed at the time of our survey.

Senator RANDOLPH. What was the reason for the delay?

Dr. SOMERS. This was early in the ARA program. I gather that most of the early delays were in Washington, simply in obtaining approval for the courses. I have never been able to track down the specific reason for the delay in Washington in this instance.

There have been indications that many of the training facilities are inadequate. Again, this is probably because of the newness of the program, still using the old-established vocational education institutions. Employers in service garages have complained in some instances that the people trained as mechanics were using old and outmoded equipment, not the latest automatic transmission equipment, and so on.

In some cases the facilities have even dictated the wrong kind of program. There was another instance, not in West Virginia, where they set up a television and radio repair course for 16 weeks under ARA primarily because they had television and radio repair training facilities. Even the instructor whom we queried about this said you can't possibly turn out people qualified for television and radio repair in 16 weeks.

The course length under the Area Redevelopment Act has been widely criticized, by the trainees, by the employers and instructors, and almost everyone involved. Sixteen weeks, apparently, is simply not long enough to qualify some of these people for the occupations for which they are being trained.

Another minor deficiency can be readily corrected. Some of the trainees complain because they are not supplied with tools of the trade. They cannot obtain employment after retraining because they cannot afford to buy the tools required by the employer. This relatively small addition to retraining costs might greatly increase the employment rate in some occupations, such as mechanics.

However, as I noted above, these deficiencies can be and are being corrected with the passage of time. Of more serious consequence from

the standpoint of the effectiveness of the retraining programs is this tendency to bypass many of the hardcore of the unemployed.

This has been noted quite a few times in statements before this committee. The long-term unemployed are apparently well represented among the trainees, perhaps even more than in proportion to the average among the unemployed as a whole. On the other hand, the older and the less educated unemployed workers are not being included in sufficient numbers. In our West Virginia surveys we have compared those accepted for training with those who were rejected, and we find a sharp contrast between the two groups from the standpoint of age. Of the people accepted for training, only 14 percent were over 45 years of age. Of the rejects, almost half were over 45 years of age.

Senator RANDOLPH. Were you able to determine from your study whether there are any factors other than age involved in these rejections? What of the possible factors of mental inadequacies, physical limitations and that sort of thing?

Dr. SOMERS. We have not yet made a very detailed analysis of other factors. The low education level is important. This would tie in with their mental abilities.

Senator RANDOLPH. You find that the educational level was significantly lower in the older applicants than it was in the other?

Dr. SOMERS. Yes. This is fairly widely demonstrated. The real difficulty is that for many of these people, these employment-impeding characteristics are coincidental. Often the older worker will have less education and less skill. When you also find that he is in a minority group, then you have a very difficult problem of job placement, with or without training. The training might serve to subsidize the employer and make him somewhat more disposed to hire these people but not much more.

Senator RANDOLPH. Was there any relationship between the percentage of minority group applicants as related to age? In other words, were there more minority groups in the older applicants?

Dr. SOMERS. I regret that we have not made this analysis yet. What this means to me is that although we all urge the employment service and the training authorities to alter their selection standards so as to accept more older and poorly educated workers, it is likely that this policy would lower the placement ratio even further at the same time. We have to be realistic about this. In the present state of the economy if we admitted more of the people who are now being rejected, the present placement ratio of 60 to 70 percent under the Area Redevelopment Act and the Manpower Development and Training Act, nationally, undoubtedly would be lowered further because employers would find these trainees less acceptable.

And so once again we come back to this question: Are we primarily concerned about the immediate placement effectiveness of the training program, or are we concerned about the longrun economic consequences of the program? Favoring the latter viewpoint, I would say, even if we do lower the placement ratio of the trainees, by all means let us train a larger proportion of older and less educated workers.

We can have some confidence that the economy will grow at a more rapid rate and approach full employment levels sometime during this decade. Then those who have been trained may more readily get a job.

Even if they don't find a job at once, our studies indicate that they are better men for the training. They have been regenerated in some cases. They have a much better outlook.

There are instances in which workers who have been unemployed for a long period of time are given training in rather low level, service occupations. In one case in California, these people were trained as hospital orderlies in an 8-week course. At the final graduation ceremonies they were all dressed up in their best suits and one delivered the valedictory address and their families came down. One could see they were changed men. For the first time in their lives they had an occupation. Even if they did not obtain immediate jobs the training meant a great deal to them.

In comparing the employment record of these various control groups at different intervals after their training, we found that the dropouts, those who withdrew from the course before it was finished, had a higher employment ratio than the trainees, 3 months after the course ended. Many dropped out in order to take a job, so perhaps it is understandable that initially more were employed. As time went on, 6 months, 9 months, 12 months after retraining we find that a slightly larger proportion of the trainees were employed than the dropouts. The rejects on the other hand, whom we followed up after the training courses was completed at the same time intervals, had a much lower employment ratio at all dates, about half that of workers who completed training.

One other important point raised by a comparison of the job placement of workers at different time intervals is that for almost all of these groups, and especially for the trainees themselves, the employment ratio goes up as time passes following the training. A larger percentage of the trainees are employed 9 months after their training than are employed immediately after or 3 months after. This raises some questions in my mind about the Government statistics on the job placement ratio of trainees. The reports on Area Redevelopment Act and Manpower Development and Training Act placements are not clear as to the time period after the training has been completed. In fact, I suspect that the time period varies for different trainees. Yet, the longer the period, at least up to a year in our West Virginia analysis, the higher the placement ratio of trainees will be. We found a very high proportion of the female trainees, especially in some of the low-skill service occupations such as nurses aid and waitresses, had only a marginal attachment to the labor force. Many have withdrawn from the labor force shortly after completing their training. Approximately 25 percent of the female trainees were no longer in the labor force just a few months after training as compared to only 4-percent labor force withdrawals for male trainees. This raises some interesting questions about the training investment in people who may not have a continuous labor market attachment.

On the question of relocation which has been raised a number of times in these hearings, we found a rather close relationship between retraining and outmigration. We did discover that 30 percent of the trainees in McDowell County, W. Va., a coal mining area with a very high rate of unemployment, had left the area before we could interview them. We tried to track them down through mail questionnaires and personal interviews in a few areas where they were concentrated:

Columbus, Ohio, Chicago, Washington, D.C., Norfolk, Va. We found in response, that over 40 percent felt that their training had induced them or helped induce them to migrate. They now had greater confidence and were willing to take their chances in a new labor market.

In McDowell County there were few employment opportunities available after their training. Unfortunately, we found that their employment rate taken as a whole was not significantly higher than those who remained in West Virginia. This leads to a conclusion that perhaps the most important role to be played by relocation allowances is to make a more rational movement rather than increase the number of outmigrants.

If movement occurs, it should be movement to an area where job opportunities exist. I don't know whether we say, you have to have a job before you move in order to be paid a relocation allowance, or simply say: here is an area of well-balanced labor markets; if you go here we will pay you an allowance.

On the question of on-the-job training, although there has been very little experience under the Area Redevelopment Act, there are quite a number of ARA courses that are geared to the needs of a specific employer. There are a few in West Virginia, one in Clarksburg, one in Charleston, one in Mingo County, W. Va.

There is little doubt that we can improve the placement ratio if we tie an ARA training course or any training course to a specific employer and he helps develop the training curriculum and makes some suggestions for course content.

Hundreds of trainees in courses geared to the needs of a specific employer were readily placed. There are problems here, however. We find these to be younger workers, even better educated than retrainees as a whole, and there is an even greater gulf between them and the average of the unemployed.

In some cases in these programs designed for a specific employer there were no workers over 45, and none who had not completed a high school education. These findings have some implications for the on-the-job training provisions of the Manpower Development and Training Act. They would be very useful in increasing immediate employment. At the same time, we have to observe caution to see that they really help the unemployed, especially the hard-core unemployed.

Finally, in our survey of employers who have hired trainees we find they are quite favorably disposed toward the programs. This is a very preliminary survey. We want to include many more employers in the analysis before we finish. They do have some suggestions for improvement.

One of these concerns the length of the courses. A large number of employers said the courses should be longer. Second, and this ties in with this notion of reducing selection standards, many of them felt that the employment service could have screened the trainees even more thoroughly prior to selection. So we say that the service ought to reduce the standards to get at the hard-core unemployed. Some of the employers complain that we are already too lax in our standards.

Finally, they suggest more vigorous placement efforts to place trainees in the occupation for which they were trained. Even though we have a 60- to 70-percent placement ratio, a fairly large number

of these people are not placed in the occupation for which they are trained.

I think I can stop here, Senator Randolph, and give you a chance to raise some questions.

Senator RANDOLPH. Thank you, Professor Somers. Based on official findings, though, the study is still being conducted. Your statement, Professor Somers, offers the first firm evidence we have received of the concrete and detailed results of our operations in the retraining programs.

It is significant and enligthening.

Mr. Chairman, this is going to be helpful to the subcommittee which you chair. Now, Professor Somers, you stated in your remarks that the retraining programs have three objectives: One, shortrun increase in employment. Two, longrun economic growth; and three, improvement in the welfare and general well-being of the trainees and society, generally.

I think there is a natural and understandable inclination on the part of those who administer these programs in building a record.

Dr. Levitan referred to this fact—and that is to emphasize the shortrun increase in employment. Is there some indication from your findings that this emphasis may be operating in conflict with the other two main objectives of our retraining program?

Dr. SOMERS. I think there is a very definite evidence of this, especially if we worry about the hard core of the unemployed. If we want to include more older workers and less educated workers in our training program, then the placement ratio is going to be even lower than it is now.

The Employment Service has a natural tendency to avoid doing this because they are judged by their placement ratio. I strongly feel that we ought to evaluate the Employment Service's effectiveness in placing trainees from an entirely different viewpoint than that used for other workers.

The training program, after all, is designed to get at the hard core of unemployed. Admittedly, they will be harder to place than the cream of the unemployed. If we judge the Employment Service by the same standards, it will interfere with the second objective of retraining—the goal of longrun economic growth.

Senator CLARK. If the Senator will yield; yes, sir, we had some very interesting charts prepared under the direction of Seymour Wolfbein who is in charge for the Department of Labor retraining program, and he demonstrated to my satisfaction that in the retraining effort so far there was a pretty satisfactory correlation between the categories of unemployed.

He had them divided into skilled, semiskilled, service, and various other obvious categories. So that you had about the same percentage of retrainees in each category as there were percentage of total unemployed in that category. It was clear, however, from those charts that the percentage of retrainees among the hard-core unemployed, those who had had more than 16 weeks of continuous unemployment, was substantially lower than retrainees in categories of a lesser period of unemployment.

There could be a number of valid reasons for that some of which you stated yourself in terms of your own pilot studies. I am wondering whether it is almost inevitable that you are going to have that result because the hard-core unemployed have built-in disabilities in terms of lack of educational opportunity, the factor of age, and probably, although we have not measured it, the factor of intelligence which make this result almost inevitable.

I wonder how you feel about that?

Dr. SOMERS. I think it is inevitable that we will choose a smaller proportion from these very hard-core unemployed than from the so-called cream of the unemployed. But we could go much further than we have gone in training the hard core if we would recognize the fact that they are going to be harder to place and give the Employment Service a pat on the back for even trying.

You are right, we can't go all the way, but I think we can go much further than we have.

Senator CLARK. It seems to me, Senator Randolph, we have a real policy problem here, as to whether, in order to show the success of the program, the employment service should be encouraged to get the right, capable unemployed people retrained and to work quick, which has something to commend it and certainly shows results, as opposed to doing the much more difficult job of taking potentially less qualified members of the unemployed force and educating and training them so that they can again become working members of the community.

I do not know the answer to that.

Dr. SOMERS. I should note that the people in the Department of Labor are certainly aware of this problem and are now conducting one or two pilot studies. There is one in Virginia and one in Pennsylvania designed to see if they can train functional illiterates for occupations. We will all be interested in seeing the results of these pilot studies.

Senator CLARK. I cannot resist a brief observation, but I have a vivid memory of going to a little town in Fayette County, Pa., maybe 5 years ago now, called Briar Hill. There were a thousand people in that community which was located on the top of an abandoned bituminous coal mine. Not one single man, woman, or child in that community had a job. Not one man in that community had more than a fifth-grade education. They had their automobiles left, although on relief.

They had been going all the way to Pittsburgh and Detroit looking for jobs and they could not find them. This is some measure of the human tragedy of the people that confront us. Those people had been energetic in looking for work. They were very energetic in building a fine recreational hall where they had movies and a pool table and so forth, with very little outside help.

I do not know what you are going to do about that.

Senator RANDOLPH. Your evidence, Professor Somers, indicates that our retraining programs are currently enrolling fewer older workers and less educated workers than found in the unemployed population as a whole. Is this due in your considered opinion to a limitation of facilities and funds, or to present established selection standards; or is it a matter, perhaps of flexibility and administrative discretion?

Dr. SOMERS. I should think it would be a combination of these factors. I suppose if you had endless amounts of funds you would then train people with very little education and older workers even though they had very little possibility of obtaining an immediate job.

It is because the funds are limited that you have to allocate the resources as effectively as you can. There is a natural tendency to allocate them toward those unemployed workers who have the best possibility of immediate employment.

Secondly, there is the point made about the showing of the Employment Service. They are evaluated by their placement record, and, therefore, they have a tendency to choose the cream of the unemployed, at least from the standpoint of age and education. Therefore, I think it ties in with the administration to some extent.

Senator RANDOLPH. Professor Somers, there is a fairly widely held view that the unemployed West Virginia coal miner is content, or if not content reconciled to sitting on his front porch, waiting for the new job to come to him.

What did your study in McDowell County indicate with respect to this stereotype?

Dr. SOMERS. We found some certainly who were content to sit on their porch and were not interested in training or employment or anything else. They didn't seem to be aware of what was going on in the world generally.

You cannot characterize West Virginia coal miners as a whole, however.

Senator RANDOLPH. I want to stop you there. What is going on in the world generally? What do you mean by that?

Dr. SOMERS. For example, we asked them questions about their awareness of who was their Senator.

Senator RANDOLPH. Now I am interested.

Dr. SOMERS. I don't have the figures here but I can send you a separate tabulation in another month or so. A large percentage didn't know who their Senator was, didn't know who their Congressman was. We also asked them what magazines or newspaper they read, and so forth.

Senator RANDOLPH. Why did you not place that in evidence here?

Dr. SOMERS. I just haven't made that analysis yet. I will send it along as soon as I can.

Senator RANDOLPH. This is important, in terms of the knowledge of a person about his Government. Of how many persons did you ask such questions in McDowell County?

Dr. SOMERS. I would say about 400.

Senator RANDOLPH. What percentage did not know the name of their Senator?

Dr. SOMERS. I am sorry I do not have this analysis as yet. This is one of the difficulties in making a statement on the basis of a preliminary survey which is still in progress.

Senator CLARK. May I interject to comment at this point, Senator? When I was mayor of Philadelphia, the Philadelphia Bulletin sent a reporter to the courtyard in city hall and asked the first hundred people who came by who was the mayor of Philadelphia. Seventy-five percent of them did not know. So I would not be too discouraged.

Senator RANDOLPH. I am not discouraged. I simply wish to draw a picture here. I happen to know of a research person employed by a major television and radio chain, who contacted one of the national committees last year to inquire how many Members of the House of Representatives would be up for reelection. This was a question asked by a person I believe earning $14,000 a year. This is why I am trying to bring this situation in focus.

I also know of a Washington correspondent who was heard to state that no enactment of Congress was a law until it had been ruled on affirmatively by the Supreme Court. This is true. This is not a fantasy. I have the two documentations.

So there is a widespread lack of knowledge of the functions and structure of Government; is that true?

Dr. SOMERS. That is true. It was not our purpose to compare West Virginians with others, but rather to compare the trainees with the rejects and the unemployed who didn't apply for training and the dropouts to see if there was a difference in their ambition and awareness which would relate to their behavior toward retraining. We talked with many West Virginia coal miners who applied for training and were rejected. This indicates that they are not all sitting on the porch and waiting for something to happen. If they are not getting anywhere, it is not because they are not trying.

Senator RANDOLPH. In your statement you refer to the employment rate of the outmigrant trainees from McDowell County in comparison to the employment rate of the total outmigrant group. In terms of this sampling is this a statistically significant difference, that is, the difference between 50 and 60 percent? To what do you attribute the difference?

Dr. SOMERS. It is probably not significant statistically at this point. We hope to have analysis of a larger sample soon. If present trends continue under the larger sample, I think we may have a statistically significant result. Again, it has to be treated as a very preliminary finding which may be disproved as we go on.

Senator RANDOLPH. Mr. Chairman, I believe we can all agree the situation is that we will fall far short of this program of 400,000 retrainees in 3 years.

Senator CLARK. Without a doubt.

Senator RANDOLPH. In order to achieve this sought-for goal, which I think you list as the first of the three major objectives of the program, how much of an expansion of on-the-job training would you estimate is necessary?

Dr. SOMERS. As far as I know they really have just now begun on-the-job training under the Manpower Development and Training Act. This is some indication of the difficulties involved in establishing an on-the-job training program under Government subsidy.

So the expansion would have to be very large from the present bases. I think a great deal more has to be done along this line if we are ever to achieve the goal of 400,000 trainees in 3 years. If you look at the total picture of retraining in this country, the vast bulk of it is done on the job by private employers. The Department of Labor has made some surveys of this and indicates a very widespread use of on-the-job training. Most of the large companies in the country, today, have

some kind of on-the-job training with hundreds of thousands of workers now enrolled in them.

It seems clear that the ideal arrangement would be some combination of Government-subsidized retraining and on-the-job retraining to give us a vast expansion of the number of trainees. This could also give greater assurance of employment to those who are trained. If they are trained by a particular employer they are likely to be hired by him.

Senator RANDOLPH. Thank you, Professor Somers.

Senator CLARK. Gentlemen, before we go, I would like to ask both of you to comment on a problem which concerns me and our staff. That is, whether the administrative organization of these three major retraining programs, Area Redevelopment Act, Manpower Development and Training Act, and Trade Expansion Act, is sound?

I am concerned as an ex-Administrator myself with the enormous complexity of the machinery we have created for this retraining effort.

In the first place, we have the Area Redevelopment Administration lodged in the Commerce Department and the Manpower Development and Training Act split between Labor and Health, Education, and Welfare.

I am ashamed to say I do not even know where the retraining under the Trade Expansion Act will be centered when the time comes to do it. All those three Federal Government departments are working with 50 different State employment services which, in turn, have local offices where they are in pretty close touch, I guess, with local school districts, vocational training people, and consequently the school boards.

Presumably they are all working with private labor unions and employers. In order to get a retraining project underway, it was testified yesterday somebody at the local level, with some disagreement as to exactly who, but probably the local representatives of the State employment service on the one hand, or the technical vocational training people in the high schools on the other, would take the initiative to start the ball rolling for a retraining project.

Each project would have to go to that local individual, and usually from that coordinated action of the two individuals, for approval to the State capital. Then it would have to go for approval down here at least to Health, Education, and Welfare, possibly to some of the other agencies. Then the approval would have to slide back through the same channels.

The arrangements for financing would have to follow that same sort of flow. I am amazed that the system works at all. Maybe I am not being fair, or maybe I am thinking that it would be so much nicer if it could be streamlined. Maybe it can't, because Government is so complicated.

I would like to have you gentlemen comment as to whether you think this administrative organization and these administrative procedures are about as good a setup as we can expect to get in view of the inherent complexity of the whole problem.

Dr. SOMERS. Dr. Levitan has made a much closer study of the administrative aspects than I have, and I would defer to him.

Dr. LEVITAN. I think you have really answered the question when you asked it. It is an extremely complex situation. When I started studying this problem, I thought it would be desirable to place the

vocational education program in the Labor Department. But this would still leave the problem of integrating the activities at the various levels of government.

The initiative for vocational education courses has to be taken in the communities by the vocational education directors who have to obtain clearances for the courses at their respective State levels and then obtain Federal funds. I don't know how you can simplify it. You can simplify it at the Federal level. But then you still would have a problem as to how you get the local people to cooperate with the program.

The vocational education people have their lines of authority. If you transfer the vocational education program to the Labor Department, it would create, initially, a great many problems because the Labor Department does not have direct lines of communication with State and local vocational education people. They work with the employment services.

You can simplify it one way by limiting the authority of Federal agencies to allocating funds. This is what the Office of Education does in connection with vocational education funds. It distributes the funds on the basis of formulas provided under the Smith-Hughes, George-Barden and the other acts.

One of the criticisms that we have against the Office of Education and its Vocational Education Division is that the Federal officials don't offer sufficient leadership in developing vocational education program.

If you require the agency to distribue funds on the basis of a formula provided by Congress you deny the Federal officials authority to exercise leadership. Vocational education people who get the money, like it that way. Nobody tells them what to do.

Senator CLARK. Yet, one hears constant complaints from my conservative friends in connection with the education bill, that vocational education is one area where there is Federal control. There is a cliche that you can't have Federal control of education. You can have Federal aid but not control.

Smith-Hughes and George-Barden are held up as horrible examples of where the Federal Government tells the local people what to do. Do you run into that?

Dr. LEVITAN. There are certain provisions in the law and administrative regulations which require a minimum number of hours of shopwork in order to get the Federal funds. I think in that area there should be a greater amount of flexibility. But as far as actual controls, I have talked to dozens of vocational education people and I have read reports, confidential reports, and I have never seen any such complaint.

Senator CLARK. Do you have anything to add, Dr. Somers?

Dr. SOMERS. Just a couple of points. First, I would support your view that the administration is working surprisingly well in view of the complications and I think it is steadily improving. There is a hope that through some informal arrangements which inevitably develop under these programs that the approval of courses will be expedited in spite of the complicated cooperative arrangements. If we compare the speed with which some of these very recent Manpower Development and Training Act courses have been approved to the

early Area Redevelopment Act courses, there is a very sharp contrast here.

Senator CLARK. I think we had an example this morning of the situation in which you mentioned where they were going to train these mechanics in small boat engines and did not get around to doing it until after all the tourists had left. This could be blown up into a damaging incident.

Dr. SOMERS. That was a very early experience. The arrangements are working much better now. I haven't heard of such cases recently.

Senator CLARK. I have heard of a couple of them in Pennsylvania, I am sorry to say.

Dr. SOMERS. Another point is that this cooperation has served a very useful purpose in gearing vocational education generally to labor market needs. The close ties between vocational education and Employment Service under these retraining programs have helped to direct Vocational Education more to current labor market needs than was previously the case. So it has real advantages as well.

Senator CLARK. There are a couple of points which disturb me which developed in some of the earlier testimony.

The Area Redevelopment Act Administrator was before us yesterday and was quite critical of the retraining situation in Philadelphia, my own hometown, where he felt, due to a lack of leadership, the potential for retraining was not being met. That they were looking at thousands of opportunities for retraining employable skills and yet projects were not coming up for approval.

I tried to pin him down as to where he thought the fault was. He was naturally pretty cagey. I got the impression that the vocational education people were so hard pressed for money and for equipment to deal with the technical and vocational education needs of the students in their high schools that they were rather reluctant to take a leadership role in creating additional workload through adult retraining projects using the same equipment and the same high schools.

Then that the employment service people in Philadelphia were not willing or anxious, either, to pick up the ball and provide the leadership which would be necessary to push a reluctant vocational education setup into creating the courses of study for the projects.

This comes back to what you perhaps only hinted at, but I think you stated it fairly specifically, Dr. Levitan. Are we getting some areas of leadership that we need to aggressively push forward the retraining that is possible under the statutes?

My question is, how can we get that leadership and how can we hope to overcome the criticisms which I have just outlined?

Dr. LEVITAN. I think the first thing that Congress can do is to provide needed facilities and equipment for vocational education.

There is no question that in most areas, and particularly in the depressed areas, either they have no vocational education facilities or the capacities are overburdened. This is true not only of depressed areas but many other areas.

I think I mentioned in my prepared statement that in many areas only the shabbiest facilities are allocated for vocational education. The Area Redevelopment Act and Manpower Development and Training Act have increased the strains upon the meager resources the vocational education authorities have at their disposal. I think it is asking a great deal of them. It is easy to criticize them, but in many cases they don't have facilities for better and more modern training.

Senator CLARK. I agree with you with your statement of the problem. But I am at a loss to find a remedy.

Dr. LEVITAN. I am afraid I will have to join in that.

Senator CLARK. This is a low-level note on which to adjourn the hearings.

Thank you very much, gentlemen, for your very helpful testimony.

The subcommittee will stand in recess until June 18, at which time we will resume hearings.

(Whereupon, at 11:50 a.m., the subcommittee adjourned, to reconvene at 10 a.m., Tuesday, June 18, 1963.)

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