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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1966

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

FIRST SESSION

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

JOHN E. FOGARTY, Rhode Island, *Chairman*

WINFIELD K. DENTON, Indiana
DANIEL J. FLOOD, Pennsylvania
D. R. (BILLY) MATTHEWS, Florida
ROBERT B. DUNCAN, Oregon
BILLIE S. FARNUM, Michigan
MELVIN R. LAIRD, Wisconsin
ROBERT H. MICHEL, Illinois
GARNER E. SHRIVER, Kansas

ROBERT M. MOYER, *Staff Assistant to Subcommittee*

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

Printed for the use of the Committee on Appropriations

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44-615 WASHINGTON : 1965

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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1966

TUESDAY, FEBRUARY 2, 1965.

INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

WITNESS

CARL J. JOHNSON, EXECUTIVE DIRECTOR

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Program by activities:			
10	Contribution to the Commission (costs—obligations) (object class 41.0)	5	5	5
	Financing:			
40	New obligational authority (appropriation)	5	5	5
	Relation of obligations to expenditures:			
71	Total obligations (affecting expenditures)	5	5	5
90	Expenditures	5	5	5

MEMBERSHIP AND MANNER OF OPERATING COMMITTEE

Mr. FOGARTY. The committee will come to order.

For just a couple of minutes I want to welcome the new members of the committee. Mr. Matthews, whom I have known for a long time, we are glad to have you. And Mr. Duncan, whom I have known for the last 2 years, and a new member—Mr. Farnum.

On the Republican side we have Mr. Laird and Mr. Michel, two oldtimers, in terms of service, and a new member, Mr. Shriver, who I understand will not be in until this afternoon as his plane has been delayed.

Then the old members of the committee on this side are Mr. Denton, who is at an Interior Subcommittee hearing this morning since he is chairman, and Mr. Flood, who is new to this subcommittee but has been on the Appropriations Committee for many years. I welcome all the members, old and new. I am sure each will make many valuable contributions to the subcommittee.

We will meet at 10 o'clock and go to 12 or 12:30 and come back at 1:30 and go to 5 or 5:30 or sometimes 6 o'clock if necessary to keep on schedule.

So they will be long days and 5 days a week.

The general order of questions will be to go from myself to Mr. Laird, back to the next ranking majority member and so on all the way down the line, so that everyone will get their turn at questioning and nobody will be shut off.

This bill is getting bigger every year and we have a reporting date of April 29 to go before the full committee, so it will be a full 3 months of work.

BIOGRAPHY OF PRINCIPAL WITNESS

CARL J. JOHNSON, EXECUTIVE DIRECTOR, INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

Born: Fryeburg, Maine, November 19, 1911.

Education: University of Maine, 1934; B.S., forestry.

Experience: USDA Soil Conservation Service, 1935–47, Virginia. West Virginia University, State extension forester, 1947–52. State of West Virginia, director of conservation, 1952–57. Interstate Commission on the Potomac River Basin, Washington, D.C.; Conservation consultant, Deputy Director, 1957–62; Executive Director, 1962–.

Affiliations: Society of American Forests. Soil Conservation Society of America (past chairman, Washington, D.C., chapter). Northwood United Presbyterian Church (elder).

GENERAL STATEMENT

Mr. FOGARTY. We have before us this morning, Mr. Johnson, Director of the Potomac River Basin. Do you have a statement for the committee, Mr. Johnson?

Mr. JOHNSON. Yes; I have a short statement.

Would you like to have me read it?

Mr. FOGARTY. Yes.

Mr. JOHNSON. This is a statement in behalf of $5,000 for fiscal year 1966. This is prepared by Carl Johnson, Executive Director.

I shall make a brief statement with respect to the work of the Interstate Commission on the Potomac River Basin, for which the Bureau of the Budget has recommended a contribution of $5,000, the same as last year.

We have a total annual income of approximately $60,000. Our full-time staff consists of an Executive Director, who is a professional conservationist, a sanitary engineer, an editor, and one secretary; a total staff of four.

Continuous factfinding and educational efforts have resulted in considerable pollution abatement progress during the past year. Hearings held by the Commission at Cumberland, Md., and at Martinsburg, W. Va., have stimulated the small communities in the North and South Branches of the Potomac and in the Eastern Panhandle of West Virginia into action. On the Maryland side, plans have been finalized and contracts arranged to pipe wastes to the Cumberland treatment plant. On the West Virginia side, five communities are constructing facilities, while four are in the planning stage. Project financing is a critical problem in these small communities.

During 1964, Martinsburg, W. Va., placed a new secondary type treatment plant in operation, and Arlington, Va., has contracted for a secondary plant. This leaves only one major community, Cumberland, Md., without secondary type facilities.

The only two large industrial plants without waste treatment are building facilities which should be in operation soon.

Three major problems of pollution remain in the Potomac Basin.

1. Rapid population growth requires constant surveillance, expansion, and modernization of waste treatment facilities.

2. Sediment, the product of soil erosion, is being deposited in the Potomac estuary at a rate of about 2.5 million tons annually. About one-third of this is originating in the Washington area. The balance comes from rural areas. Public programs for erosion control in rural areas need to be reinforced. Since there is no public program for erosion control in urban areas, the Interstate Commission has been attempting to stimulate action by local communities. We have had limited success at this point.

3. The Potomac estuary presents a pollution problem of its own. Burgeoning populations are producing volumes of sewage such that, even with a high degree of treatment, the effluents deplete the oxygen in the river during periods of low flow. Also, dissolved minerals such as nitrates and phosphates, which are concentrated in the effluents as the degree of waste treatment increases, are stimulating the growth of algae in the water during the summer months, and are creating a type of secondary pollution. A study of this whole problem is being made by a group of scientists from Johns Hopkins University.

This team investigation should be reported late in 1965. We are not certain of the outcome of these investigations, but we are convinced that bold steps must be taken.

The Commission movie, "Teamwork on the Potomac," completed in February 1964 has been a marked success. Copies have been placed in the four States, and in the District of Columbia. Copies in the Commission office were exhibited over 75 times during 1964, to more than 5,000 people.

We held our usual 3 public educational meetings and published an approximated 3,500 newsletters each month during 1964.

In an effort to reduce littering of the waters, particularly the estuary, we produced 2,500 copies of 3 antilittering posters, and secured the cooperation of several State agencies in printing and distributing them.

Mr. Chairman, I have several publications that we have produced during 1964 and I would be glad to leave them with the committee.

STATE COOPERATION

Mr. FOGARTY. Are you having any problem with the cooperation of any of the States?

Mr. JOHNSON. We are not having problems of cooperation with the States except insofar as the amendment to our compact is concerned. This has been passed by three of the States, West Virginia and Maryland and Pennsylvania, and we have not yet been able to get Virginia to come into this compact.

Mr. FOGARTY. Why?

Mr. JOHNSON. The speaker of the house of delegates in Virginia, Mr. Moore, for some reason, and I don't know what his reason is, doesn't believe that the compact has anything to offer Virginia and he apparently, from his statements to his own committee who considered the amendment, is not particularly interested in cooperating with the other States in this matter.

So apparently he is the roadblock in the situation. Being speaker of the house, he is in a very good position to block the thing. It has been passed by the Senate of Virginia, and we have reason to think that the present Governor of Virginia, Governor Harrison, is at the present time taking some steps which may result in the amendment being passed.

Mr. FOGARTY. Are you satisfied with the progress you are making?

Mr. JOHNSON. We are quite well satisfied with the progress we are making except in the estuary in the Potomac. This is a matter of a few things, which research has not yet given us the answer to.

Mr. FOGARTY. Do you think this study by Johns Hopkins will be of some help to you?

Mr. JOHNSON. We think it will be of material help.

Mr. FOGARTY. Mr. Laird?

Mr. LAIRD. I have no questions, Mr. Chairman. I would just like to commend the chairman on starting with this item of $5,000 and gradually working up to the $1,500 million poverty package.

Mr. FOGARTY. Mr. Matthews?

Mr. MATTHEWS. No thank you. No questions.

Mr. FOGARTY. Mr. Michel?

Mr. MICHEL. No questions.

Mr. FOGARTY. Mr. Duncan?

AUTHORITY OF THE COMMISSION

Mr. DUNCAN. Is this an action commission or recommending commission?

Mr. JOHNSON. This is a factfinding, educational Commission, and we also work toward uniform rules and regulations. We do quite a bit of coordination work among the various State and Federal agencies.

Mr. DUNCAN. You have no enforcement power?

Mr. JOHNSON. We have no enforcement powers. This is all vested in the States. They have quite adequate enforcement laws in these four States.

Mr. DUNCAN. And have your recommendations been accepted pretty well by the States as far as action against the particular——

Mr. JOHNSON. Yes, this has been done pretty well. And I should say, I think at this point, that this has also been true in Virginia, as far as the control.

AMENDMENT TO THE INTERSTATE COMPACT

Mr. DUNCAN. What is this amendment you are discussing?

Mr. JOHNSON. This would broaden the compact into a water resources agency which would be concerned with water and related land resources. Our functions would stay essentially the same, although it would give us some authority to classify waters.

Mr. DUNCAN. Extend your power over ground water as well as surface water?

Mr. JOHNSON. No, strictly surface water, although this is not defined in the law.

Mr. DUNCAN. You mentioned only two large industrial plants have no waste treatment facilities at this point. What about all of the little ones that can accumulate very rapidly?

Mr. JOHNSON. Of course. As you know, the Potomac is not an industrialized river. We do have a canning industry, fruit and small vegetables, which is a seasonal industry. We are hoping within the next year, now that we have the major ones pretty well out of the way, that we will move in on these seasonal canners with a strong program to move them.

One of the problems in this respect is the methods haven't been worked out too well because nobody has paid too much attention to them.

Mr. DUNCAN. Thank you, Mr. Chairman.

Mr. FOGARTY. Mr. Farnum?

Mr. FARNUM. None, sir.

Mr. FOGARTY. Thank you very much, Mr. Johnson.

Mr. JOHNSON. Thank you, sir.

NATIONAL MEDIATION BOARD

TUESDAY, FEBRUARY 2, 1965.

WITNESSES

NATIONAL MEDIATION BOARD

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

NATIONAL RAILROAD ADJUSTMENT BOARD

H. K. HAGERMAN, MEMBER
G. ORNDORFF, MEMBER
LELAND HOWARD, ADMINISTRATIVE OFFICER

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	864	987	1,009
11.3	Positions other than permanent	585	599	599
	Total personnel compensation	1,449	1,586	1,608
12.0	Personnel benefits	74	80	81
21.0	Travel and transportation of persons	218	230	235
23.0	Rent, communications, and utilities	45	44	44
24.0	Printing and reproduction	73	45	45
25.1	Other services	34	15	15
26.0	Supplies and materials	11	14	14
31.0	Equipment	7	8	8
99.0	Total obligations	1,911	2,022	2,050

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	104	105	105
Full-time equivalent of other positions	23	23	23
Average number of all employees	127	127	128
Average GS grade	8.6	8.6	8.6
Average GS salary	$8,555	$9,057	$9,130

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	PROGRAM BY ACTIVITIES			
1.	Mediation	629	728	750
2.	Voluntary arbitration and emergency disputes	452	460	460
3.	Adjustment of railroad grievances	830	834	840
10	Total program costs, funded—obligations	1,911	2,022	2,050
	FINANCING			
25	Unobligated balance lapsing	39		
	New obligational authority	1,950	2,022	2,050
	NEW OBLIGATIONAL AUTHORITY			
40	Appropriation	1,950	1,970	2,050
44	Proposed supplemental due to civilian pay increases		52	
	RELATION OF OBLIGATIONS TO EXPENDITURES			
71	Total obligations (affecting expenditures)	1,911	2,022	2,050
72	Obligated balance, start of year	179	149	160
74	Obligated balance, end of year	−149	−160	−170
77	Adjustments in expired accounts	−2		
90	Expenditures excluding pay increase supplemental	1,939	1,960	2,039
91	Expenditures from civilian pay increase supplemental		51	1

NOTE.—Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $30,000; (1964 adjustments, −$5,000); 1964, $25,000; 1965, $25,000; 1966, $25,000.

BIOGRAPHIES OF PRINCIPAL WITNESSES

HOWARD G. GAMSER

Mr. Gamser was appointed to the Board by President Kennedy in March 1963 and has served as Chairman since July 1964.

The NMB Chairman came to Washington to serve as general counsel of the House Committee on Education and Labor for the first 100 days of the Kennedy administration and stayed.

While serving in that capacity during the 87th Congress, the committee saw 18 of its bills enacted into law over a span of 18 months. Among the measures passed in the labor field were major amendments to the Fair Labor Standards Act and the Welfare and Pension Plans Disclosure Act. The manpower training and development law was also passed during Gamser's service as general counsel of the committee.

Prior to his coming to Washington, where he has since been admitted to the bar in the District of Columbia, he was a member of the firm of Bobroff, Olonoff & Scherf in New York City where he had an extensive arbitration practice.

Mr. Gamser, 45, has had previous government service with the National Labor Relations Board, Wage Stabilization Board, and New York State Board of Mediation.

He taught labor law at Columbia University from 1958 through 1961 and lectured for many years for the New York State School of Industrial and Labor Relations. He was also a Fulbright lecturer in labor law at the London School of Economics during 1953–54.

FRANCIS A. O'NEILL, JR.

Appointed to the Board by President Truman in 1947, has been reappointed for five successive terms.

He was also a member of the Railroad Airline Wage Board from 1951 until 1953 when wage stabilization in those industries ended.

Attended Fordham University where he received his law degree in 1932. He practiced law until 1939, then became review attorney for the New York State Labor Relations Board where he was successively promoted to trial attorney and trial examiner.

He was a lieutenant in the U.S. Navy during World War II, serving as gunnery officer on merchant ships in all three areas of war, and thereafter as labor relations officer for the tristate area (southern Ohio) naval district.

After his discharge from the Navy, he returned to the New York State Labor Relations Board and was appointed chief trial examiner in April 1946.

Mr. O'Neill, 56, is the senior member of the National Mediation Board.

G. ORNDORFF

Born May 3, 1905, at Toms Brook, Va. Attended grade and high school there. Married, two children living. Entered service on the Baltimore & Ohio Railroad at Baltimore, Md., in the signal department, May 1925. Continued in signal work until September 1941 when was elected general chairman of the Baltimore & Ohio System Committee, Brotherhood of Railroad Signalmen. Served as such until appointed Grand Lodge representative of the brotherhood effective June 1, 1945. Continued in this capacity until appointed editor and manager of the Signalman's Journal, the brotherhood's official publication, effective April 1, 1948. Elected vice president to serve as labor member, National Railroad Adjustment Board, effective October 1, 1948; presently serving in that capacity.

HOWARD K. HAGERMAN

Carrier member, Second Division, National Railroad Adjustment Board.

Born in Brooklyn, N.Y., October 6, 1907. Married July 25, 1936, three children. Education: Grade and high schools, Brooklyn, N.Y.

Career: To 1941 various clerical jobs; 1941–43, secretary to manager, personnel; 1943–45, assistant chief clerk to vice president, personnel, all with the New York Central Railroad at New York, N.Y.; 1945–47, supervisor, suggestion system, Pittsburgh & Lake Erie Railroad, Pittsburgh, Pa.; 1947–50, research assistant to vice president, personnel, New York Central Railroad at New York, N.Y.; 1950–52, examiner, Bureau of Information of the Eastern Railways, New York, N.Y.; 1952–60, carrier member, Fourth Division, National Railroad Adjustment Board, Chicago, Ill.; 1960 to present, carrier member, Second Division, NRAB, Chicago, Ill.

Mr. FOGARTY. We shall now take up the National Mediation Board.

Mr. GAMSER. We have a brief statement I would like to submit for the record.

Accompanying me this morning is Mr. O'Neill, my senior colleague, and Mr. Tracy, our Executive Secretary.

Mr. FOGARTY. Go right ahead.

Mr. GAMSER. Rather than read the statement, may we submit it for the record?

Mr. FOGARTY. We have some new members on the committee this year. Maybe you better read it.

Mr. GAMSER. All right, sir, we will do that.

GENERAL STATEMENT

The National Mediation Board administers the Railway Labor Act. This act is the basis for handling labor relations in the railroad and airline industries. In 1926 when first enacted, its jurisdiction was confined to the railroad industry; in 1936 title 2 was added and the employees in the airline industry were brought within the scope of the law.

The purpose of the act is to avoid any interruption to commerce or to the operation of any carrier engaged therein by providing a procedure for the prompt and orderly settlement of disputes concerning rates of pay, rules, or working conditions, or the interpretation of agreements governing rates of pay, rules or working conditions.

The administration of the act is carried out through three activities:

First, mediation, which is concerned with the making and amending of agreements in the industries served. The National Mediation Board is responsible for this activity.

Second, voluntary arbitration and emergency disputes. This activity is concerned with settlement of disputes in which the parties have voluntarily agreed to submit their dispute to a neutral party for final and binding decision; and the investigation by a Presidential emergency board of disputes which threaten substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation.

Third, adjustment of railroad grievances. This activity is concerned with the interpretation or application of wage and rule agreements. The National Railroad Adjustment Board is concerned with this part of the Railway Labor Act, and representatives of that Board are here to answer any question relating to that phase of our appropriation request.

To finance these activities for the fiscal year 1966, the Board is requesting $2,050,000 as compared to a proposed expenditure of $2,022,000 for the current fiscal year, and an actual expenditure of $1,911,000 for the past fiscal year.

The $28,000 increase requested is due to statutory pay increase requirements and the addition of one position on the staff of the National Mediation Board. By activity the increase is as follows:

For mediation a total of $750,000 is requested, an increase of $22,000. And I might interpolate here that would include stautory pay increases plus an addition of one GS-9 trainee mediator in the Washington office of the Board.

For voluntary arbitration and emergency disputes $460,000 is requested, the same as authorized for the present fiscal year.

For the adjustment of railroad grievances $840,000 is requested which represents an increase of $6,000 for required pay adjustments.

The addition of one position to the staff of the National Mediation Board is to provide a trainee mediator. The Board feels that such a position will be most helpful to the operation of the Board. It will assist us in developing well-informed and trained field mediators, and eliminate the need of from time to time diverting field mediators from their regular work for office assignments.

Mr. FOGARTY. Thank you, Mr. Gamser.

TRAINEE MEDIATOR

Your 1965 appropriation, if we include the proposed supplemental costs of the last pay act, is, as you said, $2,022,000, and request for 1966 is $2,050,000, an increase of $28,000. Now, in the budget there is no increase in personnel. This trainee mediator——

Mr. GAMSER. We were authorized an increase of one man in the budget this year, one GS–9 trainee mediator was authorized, which would increase our employees from 40 employees to 41.

Mr. TRACY. We have been told by the Bureau of the Budget, assuming we could finance this, we could have the additional position.

RECOMMENDATIONS OF THE PRESIDENTIAL COMMISSION

Mr. FOGARTY. Have the recommendations of the Presidential Commission pertaining to operating railroad employees been largely put into effect?

Mr. GAMSER. Recommendations with regard to the firemen issue have been implemented. The remaining recommendations dealing with supplemental issues, have been before the arbitration board during the past year. They have held five hearings. I think the sixth hearing is still to be held on the final interpretation of their arbitration award. That meeting is to be held in March of this year.

Mr. FOGARTY. It is still in mediation?

Mr. GAMSER. Arbitration.

BACKLOG OF CASES BEFORE ADJUSTMENT BOARD

Mr. FOGARTY. Now, on the surface at least, it looks like one of your biggest problems is the backlog of grievances before the adjustment board. About a 3-year backlog in total; is that right?

Mr. GAMSER. The representatives of the National Railroad Adjustment Board are here to discuss that particular problem.

Mr. FOGARTY. Whoever wants to answer it, go ahead.

Mr. ORNDORFF. The percentage is approximately right at the present time.

Mr. FOGARTY. We don't seem to get complaints about this from either management or the unions. This backlog doesn't seem to be bothering anybody—or does it bother you?

Mr. ORNDORFF. Yes, I think it does bother us all. You don't get complaints, but we hear the complaints from the field about the length of time it takes to get a case decided.

Mr. GAMSER. Mr. Fogarty, may I add for the record, it is also of great concern to the National Mediation Board because we believe prompt disposition of grievances is very helpful to us in creating a climate in which we can mediate, and having these backlogs in handling of grievances is a handicap in trying to develop an environment between labor and management in which mediation efforts are more successful. For that reason, during the past year, we have actively embarked on an attempt, at least, to inquire into the cause of the backlog and ways of expediting grievance handling.

With the cooperation of the Bureau of the Budget and the parties, both labor and management, we have been exploring new procedures

which may be employed in the future to reduce this backlog and the time lag between the filing of the grievance and final determination.

Mr. FOGARTY. Something is finally being done in this area?

Mr. GAMSER. We hope something will be done.

Mr. FOGARTY. It is pretty static over the years. We have had this backlog for a long time and no one seemed to be very much concerned about it.

Mr. GAMSER. On three of the divisions of the four, Mr. Orndorff can point out, there has been material progress. In two divisions we have no substantial backlog or delay. On the third division we have established a supplemental board which has cut into backlog by some 400 cases over the past year. The first division, which deals with the operating unions, is our primary concern and the one toward which we are directing our attention at this time.

LIMITATION ON FUND TRANSFERS

Mr. FOGARTY. The clerk tells me that you have had some difficulty as a result of section 906 of this year's appropriation act. Do you want to tell us something about that?

Mr. O'NEILL. You will recall, Mr. Chairman, we have been coming up for years. We finally succeeded, I think, 3 years ago, in getting in this budget machinery whereby we could transfer funds from the Mediation Board to the National Railroad Adjustment Board and then back, or they could transfer funds to us, rather than come up in each instance, where there was a few more dollars needed and get approval from the committee. I think this committee went along and the Senate did as well. We found this to be very helpful in the operation of both Boards. But in this last budget we are not permitted to do that.

Mr. FOGARTY. You think it is helpful?

Mr. O'NEILL. Mostly helpful to us because you see the emergency board fund, for instance, is something that is highly contingent. We don't know whether we are going to have a series of crises and if you don't have them, you might have some money there and instead of having the Adjustment Board come back here and say, "Our caseload is such that we need a few more referees," we could transfer some money to them.

And, as Mr. Tracy points out, if we do have a series of emergency boards or arbitration boards which require additional funds in our operation, why we can say to the Adjustment Board we will transfer, and the amounts are minimal. I don't think any is more than $25,000.

Mr. TRACY. Last year we did transfer $30,000. I think that was the maximum ever transferred since our operations.

AIRLINE INDUSTRY DISPUTES

Mr. FOGARTY. Do you have any problems in the airlines right now?

Mr. O'NEILL. Knock wood; they are fairly well bedded down at the moment. The famous flight engineer-pilot situation has been ironed out, I think, from now on. The last one was American Airlines, and they have just signed up an agreement after much hard work by our chairman here. The flight engineers and pilots have gotten together.

Mr. FOGARTY. Mr. Laird?

FUND TRANSFER AUTHORITY

Mr. LAIRD. How many occasions did you have this year when you wanted to make transfers and would have made transfers if the provisions of section 906 were not in effect?

Mr. TRACY. Well, at the end of the second quarter, we were in position where we would have authorized a transfer of funds to the Adjustment Board to continue operations, we could have continued operations at that time with the transfer. We were reluctant to do so because of the fear that by the end of the fiscal year we would be in a position where we would have exceeded the amount of funds authorized for that activity for the year.

Mr. FOGARTY. Mr. Matthews?

Mr. MATTHEWS. Thank you. No questions, Mr. Chairman.

Mr. FOGARTY. Mr. Michel?

Mr. MICHEL. I don't have any questions, Mr. Chairman.

Mr. FOGARTY. Mr. Duncan?

Mr. DUNCAN. No questions.

Mr. FOGARTY. Mr. Farnum?

Mr. FARNUM. No questions.

NATIONAL RAILWAY ADJUSTMENT BOARD

Mr. FOGARTY. What about the Adjustment Board; do you have a statement?

Mr. ORNDORFF. Mr. Chairman, we have a statement which I will be glad to read.

GENERAL STATEMENT

While many of the members of the committee may be familiar with this agency, we believe a brief statement of the establishment and operation of the Board will bear repeating. The National Railroad Adjustment Board was created by act of Congress, approved June 21, 1934, for the adjudication of disputes between an employee or group of employees and a carrier or carriers, growing out of grievances or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions.

The disputes are first handled locally on the property, and if not adjusted there, are processed through successive steps up to and including the chief operating officer of the carrier designated to handle such disputes. If not adjusted in this manner, they are then referred to the appropriate division of the Adjustment Board for settlement.

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

There are 10 members, 5 labor and 5 carrier, on each of the first, second, and third divisions, and six members, three of each labor and carrier, on the fourth division.

Since the labor and carrier members are equally divided, they frequently deadlock on cases, in which event they attempt and many times do agree upon a neutral, or referee, to sit with the division as a member and make an award. If the division fails to agree upon and select a referee, that fact is certified to the Mediation Board, which Board then selects the referee.

The establishment of a number of special boards on individual properties has somewhat reduced the backlog of cases. In the meantime, new cases continue to be received almost as fast or perhaps faster than disposition is made of old ones.

I would like to pause here a moment. The Board has no control over the number of cases that are sent in. That is between the railroads and their organizations and they send them in and we have to take them and wrestle with them. We have no control over that.

INCREASE IN CASELOAD

There has been a decided increase in the number of cases submitted by the nonoperating employees. Causes for the increases are the amendment to the Railway Labor Act permitting the union shop and resulting subsequent agreements; changes in agreements including the adoption of the 40-hour workweek; the national agreement covering vacations, pay for holidays, and time limit for submitting cases.

In order to reduce the large backlog of third division cases, following an agreement of the parties, there has been established a supplemental board of 10 members, which is making some progress in reducing the number of pending cases. Salaries of these members are likewise paid by the parties they represent.

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

During the last fiscal year, the four divisions of the Board received and docketed 1,785 cases and closed 2,035, but a backlog of 6,560 remained as of June 30, 1964. Many of these cases may involve hundreds of thousands of dollars.

REDUCTION OF BACKLOG

I would like to say at this point, while there was really an overall reduction of 250 cases for the National Railroad Adjustment Board, there were significant reductions when you consider it by divisions.

The second, third and fourth divisions stand out in this respect. The second division was able to get out 85 more cases than they received. The third division, 401 decided in excess of those received, and the fourth division, 33.

So we feel that is an improvement when we remember that these three divisions represent over 70 percent of the people in the industry bringing their cases to our Board.

The estimate for the fiscal year 1966 is $840,000, which is only $6,000 more than for the current year, due to the statutory pay and step increases. We would like to stress the fact that the salaries of the

members of the Board and third division supplemental Board are paid by the labor organizations and the carriers. It is estimated that this amounts to about $800,000 per year. In addition, both labor organizations and the carriers furnish research and technical assistance to some of their members. Thus, these two parties bear more than half the cost of operation of the Board.

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

Mr. FOGARTY. Any questions?

BACKLOG OF CASES

Mr. DUNCAN. A 6,000 case backlog is a prodigious thing and most of the expenses of these people are paid by labor and management. The only time you get involved is where you have to send a referee in, is this correct?

Mr. ORNDORFF. Members salaries are the only thing paid. The administration, help and so forth, and the referee is the thing that is involved in our appropriation.

Mr. DUNCAN. You are obviously able to keep up with the current level of cases, aren't you?

Mr. ORNDORFF. We are happy to say so at this time.

Mr. DUNCAN. And even cut down a little bit. Is there any move from either the management or labor side to increase the number of people they make available and whose salaries they pay in order to cut into this backlog?

NATIONAL DISPUTES COMMITTEE

Mr. ORNDORFF. Yes, there is. The parties have a committee known as National Disputes Committee to deal with problems rising under the August 21, 1954, agreement whereby certain issues are presented before this committee that do not come to the Board.

Mr. DUNCAN. Labor and management have to take some initiative too. Are you doing anything to encourage this?

Mr. ORNDORFF. That is the Disputes Committee where they are endeavoring to wash out a number of these disputes. There is a possibility that some of them may eventually reach the Adjustment Board, but it is hoped that they will be able to finally dispose of it and that will take it away from the Board.

When they have reached disposition and they simply notify the Board and the Board has nothing more to do with it, and that will help to reduce the backlog.

Mr. DUNCAN. That is all.

CASELOAD BY DIVISION

Mr. FARNUM. You quoted some figures in terms of pluses over the current cases that the Board had received. I noticed quite a disparity between 33 and 401 in one division. Is this because they didn't get a lot of new cases in that particular year and they were really able to dig into backlog or are they more efficient in their operation?

Mr. ORNDORFF. This 33 figure exists with the fourth division, which has the water service employees and miscellaneous. For example,

during the year 1964, they received 80 cases as compared with other divisions, the third, 715, the second, 198, and the first, 792. The fourth division really doesn't have this backlog problem. They were able to dispose of 113 which——

Mr. FARNUM. You had 401.

Mr. ORNDORFF. That is third division where we had a supplemental, you see. The regular third division disposed of 568 cases, the supplemental disposed of 540, for a total of 1,116 cases.

And we took in during that period, 715 and the result of two divisions, we were able to get rid of 401 more than we took in. The second division, I might point out too, is the shop crafts, they had an income of 198 and they got out 283 awards, which gave them an advantage of 85.

Mr. FOGARTY. Mr. Michel?

EFFECT OF SETTLING THE MAJOR RAILROAD DISPUTE

Mr. MICHEL. Yes, Mr. Chairman, I have a number of questions. A year ago, I believe, witnesses before this subcommittee told us that, if the railroad featherbedding questions were solved, the Mediation Board could expect a drop in its backlog of cases. Are you still of this opinion?

Mr. ORNDORFF. I don't believe, sir, that we got into that.

Mr. GAMSER. I think, Mr. Michel, you might address that question to us. The settling of long-existing disputes over manning of the trains, which was called featherbedding issue, and I think we did make a representation that we might have some relief from some of the pressures on Mediation Board and requests for mediation services. Of course, that issue, as the chairman suggested, that issue hasn't been finally resolved. It is on its way to being resolved, at least until January 25, 1966, when the award under which it was resolved, is allegedly no longer in force and effect. But we do find that a number of major national disputes we have had to handle the last year have been handled more promptly because a lot of attention hasn't been given to that long-existing dispute over manning on the trains.

PAYMENT OF BOARD SALARIES AND EXPENSES

Mr. MICHEL. Although carriers and unions pay the salaries of the 36 members of the Adjustment Board, is it correct that the Government pays the costs of the clerical staff, the offices, and other charges necessary to operate the Adjustment Board?

Mr. ORNDORFF. That is right, sir.

Mr. MICHEL. Now, if the carriers and unions were required to pay the full costs of the operation of the Adjustment Board, would this not reduce the number of cases presented to the Board?

Mr. ORNDORFF. Do you want me to answer?

Mr. MICHEL. If you would.

Mr. ORNDORFF. I imagine it would cause them to give serious thought to the matter.

Mr. MICHEL. In other words they would not tend to put in frivolous complaints.

Mr. ORNDORFF. They would give serious thought to the matter, sir.

Mr. MICHEL. What steps does the National Mediation Board intend to take to attempt to get revision of the Railway Labor Act which would strengthen emergency boards? Obviously, the intent of the act is that emergency board findings be meaningful in the settlement of a labor dispute. Both the airlines and emergency board findings today are nothing more than a jumping off spot from which the unions desire to bargain for more.

As this is contrary to the meaning and intent of the act, it would appear that the National Mediation Board has a responsibility to use the power to make the act effective. What comment do you have?

Mr. GAMSER. On this one, too, we should try to give you a reply. If you look at the figures for the past year, as far as number of boards appointed, you will find that there has been a marked drop in number of such boards we have certified that have been necessary because a section of the country has been deprived of essential transportation service, which is the criteria set forth in section 10 of the statute.

For example, during the past 12 months, in the airlines industry we have had no occasion to certify an emergency board. In any airline dispute we have worked them out without an emergency board and have gotten settlements, and in the railroad industry, which have only had, in effect, two boards during the past year, where our average was five or six prior to that time. There were four boards, but one board was a seven-man board that heard three disputes at one time, and then an additional board in the firemen wage case. So in fact we had two boards during the past 12 months in the railroad industry.

I am trying to point out, we are trying to impress upon the parties through our further screening and assessing of each situation, that the creation of an emergency board is not necessarily an automatic thing when an impasse is reached in a major dispute and that perhaps that the 60-day cooling off period or a period of status quo may not be available to them; and, therefore, more effort should be made at the bargaining table and through mediation with us to settle a dispute. We have been somewhat successful over the past year.

Mr. O'NEILL. Mr. Chairman, I might add this, that we would have to take issue with the statement that emergency board reports constitute a floor on which you bargain. That is just not so. The nonoperating organizations as a group have never, but never, turned down an emergency board report since 1936, or 1934. We have them down here at the Statler Hotel trying to wrap up a current dispute, and they are talking in terms of emergency board report. You might find an isolated instance where an individual organization may turn down an individual recommendation on a single railroad and ask for more. I don't think it is fair to say that the machinery has broken down because of that instance.

Mr. MICHEL. How much money is in this year's budget earmarked for emergency boards created by the President under section 10 of the Railway Labor Act?

Mr. TRACY. In this request, our emergency board account is $460,000. This is a contingency fund and out of it we pay for arbitration boards, special boards adjustment, and emergency boards, too. This last year, our total cost of emergency boards, we had six, that is in fiscal 1964,

was $100,000. This year to date, we have only spent $59,000 for emergency boards. It is a contingency fund and no specific amount is allocated for emergency boards as such.

INTERRUPTION OF INTERSTATE COMMERCE

Mr. MICHEL. Is it true that the National Mediation Board is of the current belief that an actual or threatened strike of a single railroad or airline or small group of other than the larger carriers does not constitute such a substantial threat of interruption to interstate commerce as to require the Board to notify the President under section 10?

Mr. GAMSER. In each individual case, we would, through the assistance we get from the Department of Commerce and Department of Defense, and from other Government agencies, having statistical evidence of the economic impact of a stoppage of transportation, make an independent determination as to whether the criterion in the statute is being met. To put it more simply, we are reviewing with great care and intensity each situation because in the airline industry today, with parallel route structures that are available, and alternate transportation, we have felt it less necessary to certify that there has been an actual deprivation of essential transportation service when an individual carrier has been threatened with a stoppage.

In the railroad field as well, we would take a look at alternate means of transportation if an individual carrier were threatened with a stoppage, whether truck, bargelines, pipelines, or other means of conveying that essential freight and what was the actual economic impact before making a certification. We have gotten very good cooperation from Commerce and Defense Departments in making those assessments so that we can advise the President as to our recommendations whether an emergency board should be appointed or not.

APPROPRIATION FOR EMERGENCY BOARDS

Mr. MICHEL. In light of the Board's intent to restrict the creation of the emergency board, should not the proposed budget reflect a substantial decrease in amounts proposed for this type of activity?

Mr. GAMSER. Again, sir, if the money is not used, we turn it back. We don't spend it for something else.

Mr. MICHEL. To what extent are the Board members involved in mediation and what determines their involvement?

Mr. GAMSER. I will give that to my colleague, Mr. O'Neill.

Mr. O'NEILL. For the past 2 years, I have been trying to get a day off and I haven't found even a weekend. These national disputes which trouble the country are in the headlines. We are in them day and night, and we have a staff, too. Mr. Edwards is in Texas now trying to stop a strike on Pan American, and Mr. Gamser was handling American, and the Port Terminal Railroad in Houston, and I have been handling the major railroads.

USE OF ARBITRATION

Mr. MICHEL. What positive steps are taken by the Board or its mediators to induce the parties to submit unresolved controversies to arbitration?

Mr. O'NEILL. We think that is a major duty on the part of this Board to try to get them to submit to voluntary arbitration. We have been successful in getting a lot of voluntary arbitration agreements and these dispose of the dispute.

Mr. GAMSER. Could we add here, a dispute was settled yesterday in Port Terminal Railroad in Houston through the submission of the last remaining item to arbitration. The Port Terminal Railroad went back into operation 2:30 p.m. yesterday afternoon when both parties finally agreed, at the urging of the Mediation Board, to arbitrate the issue.

ADDITIONAL MEDIATION ASSISTANCE

Mr. MICHEL. You list an increase of $28,000 for salaries and expense on the basis that it "will permit additional mediation assistance to labor and management in the railroad and airline industries." Could you specify how this would be spent?

Mr. O'NEILL. One job, a trainee. We have found it expensive to take a grade 14 mediator and bring him in from the field and try to help us out with our backlog in the office. We can do that with a lesser paid employee, and that is why we have asked the Bureau of the Budget and this committee for authorization for that one job. The other sum there, $22,000, I believe is to cover statutory pay increases.

ADVISORY COMMITTEES

Mr. MICHEL. The National Labor-Management Panel appointed by President Kennedy under section 205 of the LMRA to advise the Federal Mediation and Conciliation Service has stated in its first report that it will offer its services to resolve particular labor disputes. (See: Daily Labor Report No. 223, Nov. 16, 1964.) With the many State agencies as well as the Federal Mediation Conciliation Service already in the field, are additional groups necessary or even desirable?

Mr. GAMSER. The section 205 from which you quoted calls for the establishment of labor management relations advisory committee in all fields except railroads and airlines, where the jurisdiction is exclusively under the Railway Labor Act with our Board. Therefore, they have confined themselves to other problems and the situations outside our area of jurisdiction. We do not have a similar provision in our own statute for an advisory committee of this kind nor do the State mediation agencies or the Federal Mediation Conciliation Service get into, in the normal course of business, disputes in the airline and railroad industries. That mediation is being conducted by representatives of our Board.

USE OF AD HOC ARBITRATORS

Mr. MICHEL. How many ad hoc arbitrators or mediators did the agency employ during the past year?

Mr. GAMSER. We didn't have any ad hoc mediators employed by our agency directly during the past year. We employed a substantial number of ad hoc arbitrators to be the neutrals on these supplemental boards and, of course, as neutrals for the National Railroad Adjustment Board.

Mr. MICHEL. How much were they paid?

Mr. TRACY. For arbitration boards, we paid salaries of $28,700. For special boards of adjustment, the salaries were $233,000.

Mr. MICHEL. How many individual people would be involved? Would it be asking too much to have supplied for the record a list of those individuals to go with the amount they have been paid?

Mr. GAMSER. We would be very happy to supply it for the record.

Mr. FOGARTY. Yes, we have done this before.

Mr. GAMSER. We will be very happy to supply this information promptly.

(The requested information follows:)

Salaries paid referees, fiscal year 1964, on arbitration boards, special boards of adjustment, and on the National Railroad Adjustment Board

Name	*Salary paid*
Aaron, Benjamin	$6,400.00
Abernethy, Byron R	3,656.25
Anrod, Charles W	5,268.75
Bailer, Lloyd H	4,750.00
Begley, Thomas C	8,118.75
Boyd, Robert O	20,143.75
Christian, Wm. N	6,837.50
Cluster, H. Raymond	525.00
Coburn, William H	19,593.75
Coffey, A. Langley	6,275.00
Colby, Alfred A	1,975.00
Corbett, James W	275.00
Daly, J. Harvey	9,725.00
Daugherty, Carroll R	16,980.00
Davey, Harold W	3,175.00
Dolnick, David	17,125.00
Donaldson, J. Glenn	4,406.25
Dorsey, John H	21,987.50
Douglass, David R	29,300.00
Duggan, Jerome F	100.00
Edwards, Leverett	1,500.00
Engelstein, Nathan	14,925.00
Ferguson, Emmett	2,606.25
Gilden, Harold M	17,750.00
Gill, Lewis M	1,125.00
Gray, Walter L	3,131.25
Guthrie, Paul N	2,125.00
Hall, Levi M	5,993.75
Hamilton, Donald E	2,225.00
Hanlon, Paul	2,331.25
Harwood, Ben	3,525.00
Healy, James J	6,325.00
Ives, George S	5,550.00
Johnson, Howard A	1,950.00
Kane, Joseph S	15,425.00
Larkin, John Day	3,950.00
Lynch, Edward A	26,000.00
McDonald, Joseph M	10,575.00
McGovern, John J	4,400.00
McMahon, Donald F	$412.50
Merrill, Maurice H	250.00
Moore, Preston J	2,650.00
Murphy, Francis B	24,087.50
O'Gallagher, K. P	8,618.75
Ray, Roy R	6,693.75
Reagan, Francis M	3,375.00
Rinehart, Jim A	3,656.25
Robertson, Francis A	12,262.50
Rock, Donald A	1,668.75
Rose, Martin I	2,125.00
Seff, Bernard J	15,718.75
Seidenberg, Jacob	11,912.50
Sempliner, Arthur W	6,162.50
Seward, Ralph T	9,525.00
Shake, Curtis G	1,812.50
Shugrue, Dwyer W	1,300.00
Stack, Michael J., Jr	4,825.00
Stark, Arthur	3,831.25
Stone, Mortimer	21,581.25
Webster, Charles W	3,800.00
West, Lee R	8,700.00
Weston, Harold M	12,637.50
Whiting, Dudley E	3,450.00
Williams, Peyton M	12,775.00
Wolff, Sidney A	400.00
Wolf, Benjamin H	8,125.00
Wyckoff, Hubert	5,000.00
Yagoda, Louis	6,325.00
Total	521,711.25
Arbitration boards	28,700.00
Special boards of adjustment	233,292.50
National Railroad Adjustment Board	259,718.75
Total	521,711.25

Mr. MICHEL. Why is it necessary to continue to hire outside specialists?

Mr. GAMSER. Members of our Board and members of our staff do not arbitrate. This is a decisionmaking, semijudicial process which may be inimical to our mediation role. We do not make binding determinations except in the rare instance where we are called upon to interpret an agreement which has been made in mediation, as required

by section 5(2) of the Railway Labor Act. In those other cases, outside specialists and experts in the field of arbitration are involved.

Mr. MICHEL. We often hear the charge that arbitrators and mediators are "split the difference" men. Do you have any figures showing that, both labor and management disputes before your mediator entered the case and afterward, what the end result was?

Mr. GAMSER. I think that charge would be leveled against arbitrator rather than mediator, since mediators aren't able to split anything; they have to persuade the parties to agree. Arbitrators, sit like judges, they render final awards, but we would have no figures to indicate what the area of difference is and just where that arbitration award resolved it, whether it was in the middle or one end of the other.

Mr. O'NEILL. Another thing is that the bulk of the disputes with which these referees deal are interpretations of an existing agreements. They are not called in to say whether it shall be 5 cents or 10 cents or something of that sort in a wage problem. They are asked to look at the respective contentions of the parties as to what this rule means, operating rule, what does it mean and did the carrier or union violate it? That is the problem they have, rather than splitting the difference.

RELATIONS WITH DEPARTMENT OF LABOR

Mr. MICHEL. In the past I have sensed a reluctance by the Federal Mediation Conciliation Service witnesses to discuss the overlapping and duplication of the Labor Department's entrance into your field. Is this reluctance because of the Labor Department being headed by a Cabinet officer and that you do not wish to be critical of the activities of a high administration official?

Mr. GAMSER. We can't talk about the Federal Mediation and Conciliation Service. In the past years we have had assistance of a Cabinet officer and an assistant secretary, in resolving major disputes. We are all trying to get the same thing, a peaceful settlement of these disputes, and if we can get some help from someone else in the administration, we are happy to have it.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FOGARTY. Thank you very much. You did a good job this morning.

Mr. GAMSER. Thank you.

TUESDAY, FEBRUARY 2, 1965.

RAILROAD RETIREMENT BOARD

WITNESSES

HOWARD W. HABERMEYER, CHAIRMAN
THOMAS M. HEALY, MANAGEMENT MEMBER
FRANK J. McKENNA, CHIEF EXECUTIVE OFFICER
MICHAEL RUDISIN, DIRECTOR OF BUDGET AND FISCAL OPERATIONS

LIMITATION ON SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	7,446	7,866	7,928
11.3	Positions other than permanent	30	34	21
11.5	Other personnel compensation	58	116	87
	Total personnel compensation	7,534	8,016	8,036
12.0	Personnel benefits	558	597	601
21.0	Travel and transportation of persons	240	238	236
22.0	Transportation of things	9	9	9
23.0	Rent, communications, and utilities	690	651	644
24.0	Printing and reproduction	43	43	43
25.1	Other services	217	226	233
25.2	Services of other agencies	686	701	710
26.0	Supplies and materials	120	119	118
31.0	Equipment	672	20	20
	Total costs, funded	10,669	10,620	10,650
94.0	Change in selected resources	2	----------	----------
93.0	Administrative expenses included in schedule for fund as a whole	−10,771	−10,620	−10,650
	Total obligations	----------	----------	----------

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	1,162	1,068	1,056
Full-time equivalent of other positions	8	9	5
Average number of all employees	1,070	1,054	1,042
Average GS grade	7.1	7.2	7.3
Average GS salary	$7,012	$7,550	$7,719

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Program by activities:			
1. Maintenance of earnings accounts	467	263	327
2. Processing claims	7,734	7,742	7,677
3. Maintenance of beneficiary rolls	1,212	1,238	1,290
4. Hearings and appeals	73	74	75
5. Actuarial services	299	279	281
6. Administration	984	1,024	1,000
Total program costs, funded [1]	10,769	10,620	10,650
Change in selected resources [2]	2		
Total obligations	10,771	10,620	10,650
Financing:			
Unobligated balance lapsing	294	80	
Limitation	11,065	10,500	10,650
Proposed increase in limitation due to civilian pay increases		200	

[1] Includes capital outlay as follows: 1964, $672,000; 1965, $20,000; 1966, $20,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $11,000; 1964, $13,000; 1965, $13,000; 1966, $13,000.

Biographies of Board Members

HOWARD W. HABERMEYER, CHAIRMAN

The Senate, on July 5, 1962, confirmed the appointment of Howard W. Habermeyer to a second 5-year term, beginning August 29, 1962, as Chairman and public member of the Railroad Retirement Board. Mr. Habermeyer, who is 47 years old, was first appointed to his present position in November 1956 to fill the unexpired term of the former Chairman.

A native of Illinois, Mr. Habermeyer is a Federal career employee, having begun his Government service with the Board in 1936. He has been cited a number of times for his outstanding service and ability. In 1955, he was 1 of 10 Federal employees to receive the Arthur S. Flemming Award, a distinction given to young men for outstanding achievement in the Federal Government. He was also selected in 1955 as one of eight top-graded executives in the Federal service to receive a scholarship to a management school sponsored by the American Management Association.

THOMAS M. HEALY, MANAGEMENT MEMBER

The reappointment by President Kennedy of Thomas M. Healy of Wilmette, Ill., as management member of the Railroad Retirement Board was confirmed by the U.S. Senate on August 15. The reappointment is for a 5-year term which begins August 29. Mr. Healy has served as management member since August 1955.

A native of New Orleans, La., Mr. Healy has been connected with the railroad industry continuously since he joined the Texas & New Orleans Railroad in 1915. At the time he was first appointed to the Board, he was serving as the district manager in Atlanta, Ga., of the car service division of the Association of American Railroads.

A. E. LYON, LABOR MEMBER

A. E. Lyon is the new labor member of the Railroad Retirement Board. His appointment by President Kennedy was confirmed by the Senate Monday, March 5. Mr. Lyon, who has been the executive secretary of the Railway Labor Executives' Association since 1945, succeeds Horace W. Harper who retired on February 28.

Mr. Lyon has been associated with the railroad industry for over 40 years, starting in 1919 as a signal helper on the Southern Pacific Lines. In the period

1924–27 he served as general chairman of the Brotherhood of Railroad Signalmen of America on the Southern Pacific. He was then named assistant to the grand president of the brotherhood, and in 1934 he was elected grand president. Mr. Lyon is a native of Nebraska and a World War I veteran.

Mr. FOGARTY. We will now take up Railroad Retirement Board. We are glad to see you back again. Please go right ahead.

Mr. HABERMEYER. All right, sir.

GENERAL STATEMENT

Mr. Chairman and members of the committee, the Railroad Retirement Board administers the Railroad Retirement Act and the Railroad Unemployment Insurance Act. One act provides a system for the payment of annuities for age and disability and benefits for survivors. The other act provides a system for the payment of unemployment, maternity, and sickness benefits to qualified railroad workers, and an employment service for placing unemployment benefit claimants in jobs.

The Board is composed of three members appointed by the President by and with the advice and consent of the Senate—one upon the recommendation of representatives of employees, one upon recommendation of carriers, and one, the Chairman, without designated recommendation.

The Board's administrative organization is designed to integrate the administration of the programs conducted under the two acts without duplication of facilities or operations.

FINANCING

The unemployment and sickness insurance system is financed by contributions paid wholly by employers. Of the total contributions paid for this purpose, the portion represented by 0.25 percent of the taxable payroll is permanently appropriated to the Board to cover the administrative costs of the system, with the remainder being credited to the railroad unemployment insurance account in the unemployment trust fund for the payment of benefits.

The railroad retirement system is financed by payroll taxes paid equally by employers and employees. The railroad retirement account is credited with the taxes and the amounts are used for benefit payments and for administrative expenses. The amounts for administrative expenses, as authorized by Congress in annual appropriation acts, are derived from the railroad retirement account and are established in the appropriation account "Salaries and expenses, Railroad Retirement Board."

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. An appropriation of $16,558,000 is requested to pay the second of 10 yearly installments on the amount due the railroad retirement account for creditable military service for the period through June 30, 1963.

BUDGET REQUEST

The appropriation requirements for the administrative expenses of the railroad retirement system for fiscal year 1965 are $10,700,000.

This amount consists of the $10,500,000 regular appropriation for 1965 plus a supplemental appropriation request of $200,000 to cover pay act costs. Actually, pay act costs in 1965 amount to $350,000, but the Board is absorbing $150,000 of these costs, leaving $200,000 to be covered by a supplemental appropriation.

The appropriation request for the administrative expenses of the railroad retirement system for fiscal year 1966 is $10,650,000. Even though there is no decrease in composite workloads from 1965 to 1966 and within-grade salary advancements will cause a cost increase of $66,000 in 1966, it was possible to decrease the 1966 appropriation request by $50,000 because of a further anticipated increase in employee productivity. Increased productivity will make it possible to reduce average employment from 1,054 employees in 1965 to 1,042 employees in 1966.

This reduction in average employment represents a continuation of the reductions in employment effected each year since 1959, when average employment was 1,306, which is 264 employees more than estimated for 1966. Even larger decreases in employment have been made in the administration of the Railroad Unemployment Insurance Act, which required average employment of 1,106 in 1959 compared to 700 estimated for 1966.

SECTION 906

To administer effectively the railroad retirement system, the Board needs relief from the application of section 906 of the 1965 Appropriation Act. Section 906 provides that no funds shall be obligated for any activity in excess of the amount set forth for the activity in the schedules contained in the budget for 1965. The schedule for "Salaries and expenses, Railroad Retirement Board," lists six activities or basic work operations comprising the work of administering the railroad retirement system.

Apparently, section 906 would preclude the Board from using savings in one of these work operations to meet unanticipated cost increases in another work operation. This restriction would be especially serious with respect to the activity or work operation on relating to the maintenance of earnings accounts. After the development of the 1965 budget estimates, amendments to the Railroad Retirement Act caused an increase of $80,000 in the work of maintaining employee accounts. Although savings in other work operations have developed which more than offset this cost increase, apparently section 906 would preclude the Board from using these savings to cover these increased costs.

Relief from the application of section 906 is essential. Otherwise, work relating to the maintenance of earnings accounts would have to be curtailed so severely that vital wage data would not be available for making benefit payment determinations, which then would disrupt completely the administration of the railroad retirement system.

Although the critical problem presently forseeable in 1965 is with respect to the maintenance of earnings accounts, uncontrollable cost increases may develop in other basic operations which could require severe curtailment in the affected operations because of section 906, even though offsetting savings develop elsewhere.

We understand that legislation will be introduced to provide that with respect to 1965 appropriation for "Salaries and expenses, Rail-

road Retirement Board," savings in one activity will be available to cover unanticipated cost increases in another activity. We request that similar flexibility be authorized for the Board in the 1966 appropriation act.

In addition to Mr. Healy, the management member of the Board, we have with us Mr. McKenna, the Chief Executive Officer, and Mr. Rudisin, the Director of Budget and Fiscal Operations, who are prepared to answer questions which the members of the committee may wish to ask.

Thank you.

Mr. FOGARTY. Thank you, Mr. Habermeyer.

Where is Mr. Lyon?

Mr. HABERMEYER. Mr. Lyon was not able to make this meeting and asked us to express his regrets.

He is tied up with a lot of other activities at the moment.

REDUCTION IN PERSONNEL

Mr. FOGARTY. The appropriation for 1965 is $10,500,000, and there is a proposed pay act supplemental of $200,000, for a total of $10,700,000. The request for 1966 is $10,650,000, or a reduction of $50,000.

Now, as I understand it, this will result in the reduction of 12 positions; is that right?

Mr. HABERMEYER. In this program.

Mr. FOGARTY. This is at least the second year in succession that you have reduced personnel.

Mr. HABERMEYER. We have reduced personnel every year since 1959.

Mr. FOGARTY. Has the workload gone down?

Mr. HABERMEYER. No, sir. This is because of a change in our way of doing business. We have been able to find improvements in procedures. We are paying our claims faster, paying them more accurately, and doing the work at less cost.

REDUCTION BY BUREAU OF THE BUDGET

Mr. FOGARTY. Are you satisfied that you can do a good job with this amount? Is this a voluntary reduction on your part or is this forced on you by the Bureau of the Budget?

Mr. HABERMEYER. There is a cut that the Bureau of the Budget made. We feel, however, that we have a reasonable chance of doing the job that we have to do with the moneys that they have allowed us. We propose to go ahead on this basis.

Mr. FOGARTY. You didn't propose this reduction; the Bureau of the Budget did?

Mr. HABERMEYER. The Bureau of the Budget did make a cut.

Mr. FOGARTY. Of the 12?

Mr. HABERMEYER. They actually made a cut in what we had asked for.

Mr. MCKENNA. We didn't ask for any increase in employees.

The cut wasn't spoken of in terms of cutting employees, but it was spoken of in terms of money, I believe.

Mr. RUDISIN. We had asked actually for $150,000 more.

Mr. FOGARTY. You can put that breakdown in the record as to what you asked of the Bureau of the Budget.

Mr. HABERMEYER. This is probably what you want.

(The information referred to follows:)

	Agency request for the fiscal year 1966	Bureau of the Budget recommendation for the fiscal year 1966
Appropriation estimate	$10,800,000	$10,650,000
Permanent positions	1,069	1,056
Average number of all employees	1,055	1,042

Mr. RUDISIN. Our estimate, of course, had been based on somewhat higher workloads than what the Bureau of the Budget thought we would realize. The Bureau of the Budget very well could be right as far as the workloads; and with the workloads at lower levels, we then would be in a position of handling the workloads with the amounts that are included.

Mr. FOGARTY. I would think that under your setup, where the trust fund is established and maintained by labor and management, that you people would have more to say about this than the Bureau of the Budget would.

Mr. HABERMEYER. We come under the same procedures that other Government agencies do. We have to submit estimates and justify them, and I think rightly so; and where we have differences of opinion, we try to reconcile our differences. I think that we have a reasonably good chance of doing our job effectively with the moneys that the Bureau proposed this year.

If, however, our estimates of workloads for fiscal year 1966 happen to be right and the Bureau's estimate of workloads wrong, we will have to come in for supplemental appropriation.

RETIREMENT INCENTIVES

Mr. FOGARTY. It has been brought to my attention that some of the railroads are giving employees incentives to retire early. Will this have any effect on your workload?

Mr. HABERMEYER. It will increase the number of claimants coming in to get retirement benefits. On the other hand, it will have a favorable effect with respect to reducing the number of railroad employees who are unemployed. I think what you are referring to is some of the railroads are offering lump-sum payments to engineers to retire, thereby opening jobs for firemen who would normally be let go.

To that extent, we have an increase in our retirement load and reduction in the firemen who would otherwise be unemployed. It is a situation where one fund is going to be affected unfavorably and the other fund favorably.

FUND TRANSFER AUTHORITY

Mr. FOGARTY. You say in your statement you have had some problems with section 906.

Mr. HABERMEYER. Yes, sir.

We are informed that the Bureau of the Budget, which has submitted a supplemental request to cover Pay Act costs, is going to have language in the supplemental request which would remove the restrictions that we have in our 1965 moneys. We would hope that same language would be inserted in the 1966 appropriations act so that it would not affect the Railroad Retirement Board.

MILITARY SERVICE CREDITS

Mr. FOGARTY. Now the appropriation for military service credits for 1965 was $13,834,000 and you are requesting $16,558,000 for 1966, an increase of $2,724,000.

Mr. HABERMEYER. This is a very technical proposition. I have a statement here that I will introduce in the record. I think it will explain it fully.

Mr. FOGARTY. Let me ask a couple more questions, and then you may.

I thought these were to be about equal payments for a period of 10 years. I thought that was the agreement reached. Why this rather substantial increase?

I assume that the Bureau of the Budget and the White House are satisfied that the right thing to do is pay what is due the trust fund by law. Labor and management are agreed that that is the right thing to do and Congress is agreed that it is.

ATTITUDE OF GENERAL ACCOUNTING OFFICE

The only ones who argue that Congress was wrong to pass this legislation and say it shouldn't be carried out is the General Accounting Office. But the General Accounting Office could never get any action anyplace to change this law even though they have tried and tried. They complain about it every year and say they are right and Congress is wrong, and management and labor are wrong, and the Bureau of the Budget is wrong. Everyone is out of step but GAO.

Now, you go ahead.

Mr. HABERMEYER. I might say that I have a statement which I think should be included in the record, which explains this thoroughly, especially the increase——

Mr. FOGARTY. Why don't you summarize it for the benefit of the committee members?

Mr. HABERMEYER. In summarizing, I should say the big difference is in the way we treat some $30 million that is a dual situation with respect to the Railroad Retirement System and the Social Security System.

HISTORY OF LEGISLATION AND APPROPRIATION REQUESTS

Mr. FOGARTY. Excuse me. For the benefit of the new members here, can you just briefly explain the——

Mr. HABERMEYER. The history?

Mr. FOGARTY. Yes.

Mr. HABERMEYER. The Railroad Retirement Act was amended in 1940 to provide that military service prior to 1937 would be paid for by the Government to the Railroad Retirement System on a cost basis. In other words, whatever the benefit increase would cost the Railroad Retirement Board, we would bill that part to the Government.

With respect to military service after 1937, the law provided—by an amendment enacted in 1942—that the Government would act as the employer and would assume the responsibility of paying both the employee tax and the employer tax on what was then regarded as an average railroad salary, $160 a month. We would assess the tax rate that we were assessing against the employees who were working in the industry, and also the same tax that we were collecting from the employers, against the Government.

This ran on and finally we did make a settlement in 1949, I believe, with respect to military service from the beginning of World War II through June of 1948, wasn't it?

Mr. RUDISIN. Through June 1948.

Mr. HABERMEYER. Then at that point, the Bureau of the Budget and I think probably the General Accounting Office said we were getting too much money. They said we were getting more money into our system than we were ever going to pay out on this basis and they asked that the appropriations be stopped.

Of course we argued the point, because in this type of legislation the Federal Government acted as the employer and we had been assured that this money was going to be appropriated to the Board and benefit tables and scales had been established on that basis.

Now to go back retroactively and say that the Government should take this money back, we just didn't think was right.

So over a period of years, we argued this point while the amount due the Board was being accumulated. In 1963, we finally reached an agreement with the Bureau of the Budget at the White House that the Board should receive the moneys as provided by law. We also agreed, with respect to the future, that the basis for the appropriations would be changed and the law was amended accordingly.

We would get just what the additional cost would be, thus placing service after June 1963 on the same basis as World War I service. We also agreed that we would take this money on a 10-installment basis.

Now, there are certain individuals who would receive credit for the same service under both the Railroad Retirement Act and Social Security Act. In order to avoid having the Government charged twice for the same military service, the 1963 amendments provided that anything that we collected that the Social Security System would also deem was payable to them, we would make an adjustment between the two systems rather than have the Government pay twice.

In this adjustment some $30 million is involved. Subtracting this amount, we came up with the first request of $13 million-odd for military service. However the 1963 amendment provided that we would make the adjustment primarily through the financial interchange between the two trust funds without going through the appropriations and the committees of Congress. Therefore, we then set this

up on a 10-year basis with the Bureau of the Budget, saying that they would divide the remainder by the number of installments left, which will result in a slightly increasing appropriation each year (because of accruing interest) until we get our last payment the 10th year.

This statement I have goes into detailed explanation of just how this will work out with the social security system, our agreement with the Bureau of the Budget on how these moneys will be appropriated, and it goes on to show the amount of the installments each year up through the last year of the 10-year period. I think this will be helpful.

Mr. FOGARTY. Yes.

Mr. HABERMEYER. I would like to introduce this in the record.

(The statement follows:)

MILITARY SERVICE APPROPRIATION

EXPLANATION OF DIFFERENCE BETWEEN FIRST AND SECOND INSTALLMENTS

It would be helpful if I gave you some background information before I explain the method used in deriving the amounts of the first and second installments of the Board's military service appropriation.

The 1963 amendments to the military service provisions of the Railroad Retirement Act had two principal objectives. The first was to change the method of financing military service credits from a current tax basis to an additional cost basis for military service performed after June 30, 1963. The second was to eliminate the possibility that the Federal Government might be charged twice for the same military service credits in certain cases.

Let me illustrate how the Government could have been charged twice for the same military service. Assume that a railroad employee entered military service during World War II. The Board would determine the amount of railroad retirement taxes that the Government would be obligated to pay for such military service. Now let's say that several years after discharge this individual died; that social security paid the survivor benefits; and, that such survivor benefits were based in part on the same period of military service that the Board charged the Government for railroad retirement taxes. Before the 1963 railroad retirement amendments, SSA would have charged the Government for such additional benefits because the military service was creditable under both acts.

The 1963 amendments, however, eliminated the possibility of duplicate payments by the Government for the same military service both retroactively and prospectively. In the example cited, the railroad retirement system will under the amended law reimburse social security through the financial interchange for the additional benefits based on military service that were paid by that agency.

Now to explain the difference between the first and second installments of the Board's military service appropriation. In discussions with Bureau of the Budget officials before the passage of the 1963 amendments, it was estimated that the potential duplicate payments by the Government for the same military service credits would have amounted to some $30 million as of the end of 1962. Note that I said would have because the Government never actually made them. The $30 million was a very rough estimate consisting of two separate amounts. The first amount was the approximately $14 million that the railroad retirement system had received from the social security system in the financial interchange transactions. It represented the additional benefits SSA would have paid to career railroad workers and their families with respect to military service performed before 1957 and which was creditable under both the Railroad Retirement and Social Security Acts. The second part of the $30 million was an estimated $16 million that social security paid directly to its own beneficiaries in additional benefits which were based on military service creditable under both acts.

Now, while preliminary discussions on the military service appropriation were going on with the Bureau of the Budget, it was not known exactly what

final form the 1963 amendments would take. Therefore, the method used in deriving the first of 10 installments was to deduct the entire $30 million from the total amount of railroad retirement taxes due the Board as of December 31, 1962 ($168,341,000), and divide the remainder by 10. This calculation produced the $13,834,000 that the Board received last year in its first military service installment.

However, the 1963 amendments as finally enacted, provided that only the $14 million (actually $13,845,000) that the Board had received through the financial interchange would be deducted from its gross military service appropriation. Insofar as the second part of the $30 million estimated was concerned, the $16 million, the 1963 amendments provided that the Board would reimburse social security directly through the financial interchange. The slight change simply means that instead of the $16 million being deducted from the Board's appropriation and then transferred by the Government to SSA, the Board will make the transfer directly to SSA through the financial interchange. The net effect on all three parties remains the same. I might mention that we have already discussed with SSA representatives the studies that will be required to determine the exact amount of the reimbursement.

Therefore, in deriving the amount of the second installment, $14 million instead of $30 million was deducted from the total military service appropriation due the Board. The balance was further reduced by the amount of the first installment made last year, and the remainder divided by 9 to obtain the amount of the second of 10 installments. Interest was taken into account in all the calculations.

For convenience, I have used rounded figures in my explanation. The second installment comes to $16,558,000, and the principal unrounded figures which were used in deriving this amount are shown in table 1.

I might also mention that under the method adopted and which I have described, the amounts of the next eight installments will progressively increase so that the last one will be more than $22 million, as shown in table 2. This is because of the effect of computing interest on the remaining balance at the time the amount of each of the next eight installments is determined. If nine equal installments were made to the Board instead, the amount of each would be approximately $19 million.

TABLE 1.—*Payment for military service credits—Calculation of second installment*

1.	Railroad retirement tax appropriation due the Board (after extending military service calculations through June 1963) with interest to July 1, 1964	$169,540,000
2.	Less amount transferred through the financial interchange to the railroad retirement account from SSA trust funds, including interest to July 1, 1964	13,845,000
3.	Net appropriation due the Board on July 1, 1964	155,695,000
4.	Less first installment appropriated in fiscal year 1964–65	13,834,000
5.	Balance of appropriation due the Board (item 3 less item 4)	141,861,000
6.	Plus accrued interest on balance (item 5) for fiscal year 1964–65	5,674,000
7.	Balance of appropriation, with interest, due the Board on July 1, 1965 (item 5 plus item 6)	147,535,000
8.	2d installment (⅑ of item 7)	16,393,000
9.	Plus additional cost for military service performed before 1937 and used in computing annuities certified in fiscal year 1963–64	165,000
10.	2d installment requested for fiscal year 1965–66	16,558,000

TABLE 2.—*Payment for military service credits—Schedule of amounts of 8 remaining installments*

Fiscal year	Amount due			Divisor	Installment
	Principal	Interest	Total		
1967	$131,142,000	$5,246,000	$136,388,000	8	$17,049,000
1968	119,339,000	4,774,000	124,113,000	7	17,730,000
1969	106,383,000	4,255,000	110,638,000	6	18,440,000
1970	92,198,000	3,688,000	95,886,000	5	19,177,000
1971	76,709,000	3,068,000	79,777,000	4	19,944,000
1972	59,833,000	2,393,000	62,226,000	3	20,742,000
1973	41,484,000	1,659,000	43,143,000	2	21,572,000
1974	21,571,000	863,000	22,434,000	1	22,434,000

Mr. FOGARTY. Mr. Matthews?
Mr. MATTHEWS. No questions.
Mr. FOGARTY. Mr. Duncan?
Mr. DUNCAN. No questions.
Mr. FOGARTY. Mr. Farnum?

IMPROVED PROCEDURES

Mr. FARNUM. Only one question. You mention procedures. Do you have employees engaged in improving procedures?

Mr. HABERMEYER. Yes, sir. I will tell you, the primary change from an employment standpoint has been the centralization of the payment of unemployment and sickness claims. Prior to a few years ago, we paid all unemployment and sickness claims out of seven regional offices and everything was done on a manual basis. Then in 1960 we found it necessary to further our other activities to install an electronic computer.

We are now centralizing the payment of these claims for processing by the computer and by doing so we are able to pay them faster. We are able to pay them more accurately and at considerably less cost.

Mr. FARNUM. Did you program the same system into the computer or did you have to change the system?

Mr. HABERMEYER. We had to draft a program which incorporated the procedures that were being followed manually.

Mr. FARNUM. Same system?

Mr. HABERMEYER. Yes, sir.

Mr. FOGARTY. Mr. Denton?

MILITARY SERVICE CREDITS

Mr. DENTON. When did we start making payments to the railroad retirement fund for military service? For a long time we didn't make any payments?

Mr. HABERMEYER. There were payments made in five installments starting in 1950. Those were paid to bring us up to June 30, 1948, then no payment was made for military service performed after June 30, 1948, until last year.

Mr. DENTON. Do you think the fund is actually sound?

Mr. HABERMEYER. Reasonably sound. We had amendments in 1963 that provided more revenue without increasing benefits being paid. Our actuary says at the moment we are operating at a deficiency of

about 0.43 percent of taxable payroll, which is about $20 million a year. But anything less than a half percent, from an actuarial standpoint, is regarded as being within actuarial soundness.

So we feel that, at the moment, we are in reasonably sound financial condition.

MOTOR VEHICLE

Mr. FOGARTY. This is a question that I assume you have a good answer for. You are asking to replace one motor vehicle at not to exceed $3,000, that is a higher price than the general run of replacement of auto vehicles.

Mr. HABERMEYER. According to Bureau of the Budget standards, the Board is entitled to a medium-sized vehicle.

Now, I am not sure just what that means, what that is, if that is a Pontiac, Oldsmobile, or Buick. Formerly we have used a car that was seized by either the Alcohol Tax Unit or the Bureau of Narcotics and it has usually been a heavier type car, but we are no longer allowed to use that type of vehicle so the Bureau of the Budget approved putting in this amount of money for the type of vehicle that the standards provide for this type of agency.

Mr. FOGARTY. All right.

Mr. Healy, you are representing management here today. Is there anything you would like to say?

Mr. HEALY. No, Mr. Chairman, except I would like the privilege of introducing my assistant, Mr. Joseph Mele. This is his first visit here. I would like to repeat how much all of us appreciate your vigorous support of our position on our military service appropriation. I don't think we would succeed without your help.

Mr. FOGARTY. This was unanimous in the committee.

The only problem we had was the General Accounting Office. Thank you very much.

FEDERAL MEDIATION AND CONCILIATION SERVICE

WITNESSES

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

Salaries and Expenses

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	4,412	4,969	5,215
11.3	Positions other than permanent	23	77	83
11.5	Other personnel compensation	5	6	6
	Total personnel compensation	4,440	5,052	5,304
12.0	Personnel benefits	327	369	381
21.0	Travel and transportation of persons	451	535	569
22.0	Transportation of things	18	25	25
23.0	Rent, communications, and utilities	196	208	231
24.0	Printing and reproduction	13	10	12
25.1	Other services	20	28	28
25.2	Services of other agencies	62	27	30
26.0	Supplies and materials	21	30	32
31.0	Equipment	66	50	40
99.0	Total obligations	5,614	6,334	6,652

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	405	415	433
Full-time equivalent of other positions	4	6	6
Average number of all employees	405	420	435
Average GS grade	10.9	11.0	11.0
Average GS salary	$11,222	$12,084	$12,180

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Program by activities:			
1. Mediation and conciliation of labor disputes	5,058	5,661	5,918
2. Ad hoc boards, panels, mediators, and consultants	16	107	125
3. Administration	512	573	606
Total program costs, funded	5,586	6,341	6,649
Change in selected resources [1]	28	−7	3
10 Total obligations	5,614	6,334	6,652
Financing:			
25 Unobligated balance lapsing	74		
New obligational authority	5,688	6,334	6,652
New obligational authority:			
40 Appropriation	5,690	6,100	6,652
41 Transfer to "Operating expenses, Public Buildings Service," General Services Administration (77 Stat. 436)	−2		
43 Appropriation (adjusted)	5,688	6,100	6,652
44 Proposed supplemental due to civilian pay increases		234	
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures)	5,614	6,334	6,652
72 Obligated balance, start of year	415	302	374
74 Obligated balance, end of year	−302	−374	−411
77 Adjustments in expired accounts	−25		
90 Expenditures excluding pay increase supplemental	5,702	6,036	6,607
91 Expenditures from civilian pay increase supplemental		226	8

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $36,000 (1964 adjustments, $25,000); 1964, $39,000; 1965, $32,000; 1966, $35,000.

BIOGRAPHICAL SKETCH OF THE DIRECTOR

Mr. William E. Simkin was born January 13, 1907, in Merrifield, N.Y. He is married to the former Ruth Commons of Richmond, Ind., and has two sons.

Following receipt of a B.S. degree from Earlham College, Richmond, Ind., in 1927, he became principal of Central High School, Sherwood, N.Y. He also taught science and mathematics.

In 1930, he transferred to the staff of the Brooklyn (New York) Friends School in order to pursue a part-time, postgraduate course in economics at Columbia University.

His teaching career and graduate studies were interrupted by 5 years' service as a field representative in West Virginia for the American Friends Service Committee, working on a project of retraining unemployed miners in furniture manufacturing.

In 1937, he resumed his postgraduate education at the University of Pennsylvania and also was a full-time instructor in industry at the university in the Wharton School of Finance and Commerce.

His career in labor relations began on July 1, 1939, when he became associate impartial chairman in the full fashioned hosiery industry working under Dr. George W. Taylor, who was then impartial chairman.

In 1942, he left the field of arbitration temporarily to enter the service of the National War Labor Board. He served successively as Special Mediation Representative, Chairman of the Shipbuilding Commission, and Cochairman of the Steel Commission. His last service in the Government during this period was as a member of the factfinding board appointed in the Greyhound Bus dispute of 1946.

Following the war, he resumed full-time work in arbitration and, in 1950, was elected president of the National Academy of Arbitrators. At various times he has served as so-called permanent arbitrator in the shipbuilding industry (Bethlehem, Sun Ship, and Cramp Ship), the rubber industry (Goodyear and Firestone), the steel industry (Crucible and National Can), the rayon industry

(American Viscose), the apparel industry (men's clothing and dress in Philadelphia), and in transportation (Greyhound). He has also done an extensive amount of ad hoc arbitration work in a wide variety of industries, including arbitration of new contracts.

He also authored two monographs: Arbitration of Grievances (with Van D. Kennedy) and Acceptability as a Factor in Arbitration Under an Existing Agreement.

Mr. Simkin took office as Director of the Federal Mediation and Conciliation Service on March 31, 1961.

General Statement

Mr. Fogarty. The committee will now come to order.

We have before us this afternoon the Federal Mediation and Conciliation Service.

Mr. Simkin, do you have a statement for the committee?

Mr. Simkin. I have a statement, Mr. Chairman, which I will not read. It will be presented to you. I will skim through it rather quickly.

Mr. Fogarty. All right.

(The statement follows:)

Another year has passed, and again I appreciate the opportunity to appear before the committee to explain our appropriation requirements for fiscal year 1966.

The detailed justification has already been submitted. In this statement, therefore, I shall confine myself to a few significant aspects of the estimate and a few observations on current labor-management relations. I will be pleased to answer any questions that the committee members may wish to raise.

Reduction in Time Lost Due to Strikes

It is a certainty that today's collective bargaining agreements, which delineate the terms of the day-to-day working relationships between labor and management, are extremely complex documents. This is so because of the novelty and intensity of the problems and the stresses of modern industrial life that the parties face at the bargaining table. And yet, despite a few disconcertingly prolonged and basically unnecessary work stoppages, the overall incidence of strike time losses continues very favorable. For instance, in the last calendar year, according to BLS figures, of 3,600 work stoppages beginning in 1964, 15 of them accounted for almost two-fifths of the 1.6 million workers involved in strikes that began in the year. The three stoppages in the automobile industry alone accounted for almost one-third of the year's total of 23.3 million man-days of strike idleness. The conclusion generally to be drawn is that most companies and their unions negotiate their labor agreements peaceably.

The Service's own statistics tend to bear out this conclusion. In the past fiscal year we received notices and other information relating to the negotiation of more than 117,000 labor agreements, either through individual or employer association bargaining. Agreement in the large majority of these negotiations was reached between the parties without our active participation. In slightly more than 11 percent of the total, the Federal mediation function included peripheral activities usually of a liaison nature away from the bargaining table. In slightly more than 6 percent of the contracts negotiated, it was necessary for a Federal mediator to participate to the extent of conducting one or more joint meetings. The major portion of these latter negotiations were marked by an absence of any work stoppages, and where stoppages did occur intensive mediation effort was exerted to induce resumption of work and continuation of negotiations.

Let me quickly add that this generally good labor-management record has not just happened accidentally. It calls for continuous and intensive application by both parties to mutual bargaining problems of considerable complexity; it calls for continuing noncrisis dialogues and the development of new problem-solving techniques, particularly because today labor disputes stubbornly resist the pressure tactics of impending deadlines. And it calls, too, for effective maintenance and improvement of the voluntary process of mediation and conciliation as the

cornerstone and the normal limit of Government involvement in labor disputes. Accomplishment of this is the Service's primary program objective.

BUDGET ASSUMPTIONS

The 1966 budget proposal is premised on three major factors: (1) that the dispute mediation workload (crisis mediation) will continue at or above current levels for the indefinite future; (2) that more mediator time, effort, and background work per case will be required; and (3) that concurrently a more rapid development of all preventive mediation activity will take place.

PREVENTIVE MEDIATION

The dispute caseload (crisis mediation) in the past 3 fiscal years has been at the highest level since the Service became an independent agency. The statistical data are shown on page 11 of the justification material. But beyond this, the possibilities for improving the labor-management relationship and avoiding disputes through preventive mediation holds, in our judgment, tremendous promise. The increase proposed in the 1966 estimate is largely to enable more concentration on the preventive mediation aspect of our work.

The committee is aware, of course, of the National Labor-Management Panel which serves in an advisory capacity to the Director of the Service. Its members consist of 12 working professionals from labor and management, skilled in the daily problems of collective bargaining throughout the Nation. In a study report released in December 1964 (copies of which were sent to members of your committee), the panel urged employers and unions to increase experimentation with preventive procedures in the intervals between contract negotiations. Particularly in the moderate and smaller sized companies, the Panel recommended the services of the FMCS in "the creation and operation of continuing labor-management committees, study committees, or other appropriate devices." More details and some news editorials on the December study report of the Panel will be found as an appendix to the formal justification material now before the committee.

BUDGET NEEDS

In terms of financial requirements, an appropriation of $6,652,000 is proposed for fiscal year 1966. This is an increase of $318,000 over the current year's anticipated available funds. In terms of manpower increases, 12 new mediator positions and 6 secretarial- and clerical-supporting positions are proposed. Also included are funds for mandatory within-grade salary advancements, annualization costs for mediator positions budgeted for only a portion of the current year in accordance with our usual practice in respect to new mediator positions, and promotion to the next higher grade of new mediators who successfully complete the usual 1-year probationary training period. Funds included in the amount of $27,000 represent restoration of pay increase cost absorption in the current fiscal year. Other nonmanpower increases of a supporting nature totaling $66,000 (net) are included for personnel benefits, travel, communications, and rent, and other miscellaneous items.

The Budget Bureau gave approval to the proposed increase only after it was convinced that the increase was fully warranted. The money amounts and manpower here requested and approved by the Bureau of the Budget are substantially below our initial estimates. My voluntary agreement with the Bureau to reduce our original request was based only on the President's insistence that manpower increases be held to an absolute minimum.

I state here to the members of this committee my sincere conviction that the full amount now requested is necessary for carrying out our total mediation and conciliation responsibilities.

Mr. SIMKIN. We appreciate the opportunity to appear here and explain our requirements for fiscal 1966.

You have the detailed justification.

DECREASE IN WORK STOPPAGES

I suppose it sounds like an old, old story but, nevertheless, it is true that disputes are getting more difficult all the time because of the na-

ture of the problems, particularly those related to the effects of automation. In spite of the very real increase in the difficulty of the problems, I think that we can, on the whole, take pride as a nation in the work-stoppage record we have had in the last 4 years.

The average for the 4 years, this last administration, has been fifteen one-hundredths of 1 percent of time lost due to strikes compared to time worked, and that is only a little more than half the average of any prior 4 years since World War II.

It did go up a little bit in 1964. The figures for that year, the figure is eighteen one-hundredths of 1 percent, the increase due almost solely—in fact, solely to the automobile strikes. Prior to the automobile strikes, 1964 was the best year since I have been in this job.

INCREASE IN ACTUAL DISPUTES PROJECTED

In terms of workload—and obviously that has an important relevance to our budget submission—our proposal is premised on three main points.

First, that the volume of actual disputes in the last 3 years—crisis disputes in which our mediators have been engaged—has been at the highest level of the Service's history, and there is no reason to believe that it is going to be any less in fiscal 1966. I would guess it will continue to increase.

We have, as you know, some major negotiations during this current calendar year that will lap over into fiscal 1966, the most notable of which are the aerospace negotiations. The entire aerospace industry will be in front of us again, beginning in late May of this year and running on into October, with a series of important negotiations developing.

We have already laid groundwork for our work in those cases and I have at least some hope that we will be able to avoid some of the special procedures that were necessary last time.

As you know, 3 years ago we did manage to squeak through that series of important negotiations with practically no lost time. It was, however, a long-drawn-out process and most of the disputes were ultimately resolved through our efforts.

So our point one is that our crisis dispute workload is going to be heavier, certainly not lighter.

NEGOTIATION DAYS PER CASE INCREASING

Although the statistics do not fully disclose the amount of time required by a mediator on each case, the average case is increasing slowly in terms of number of days of time on each case. So that is the second point, not only of cases but the amount of time required per case.

PREVENTIVE MEDIATION

And then again this year, and I think with even more justification than last year, we are emphasizing our preventive mediation activity. Our work in this area has grown very substantially during the past year, I think it is now on a really solid foundation; not on the basis of any doorbell ringing, but on the basis of real desire and interest expressed by the parties. This work develops quite normally and

naturally out of the work a mediator does in a dispute case. If he acquires the confidence of the parties and gets acqauinted with the problems involved in the plants, he is naturally and normally in a position where he can move in and suggest some devices to improve the climate before the next crisis.

LABOR-MANAGEMENT PANEL

In this connection, our Labor-Management Panel, which was activated by President Kennedy not quite 2 years ago at my suggestion, has proven to be extremely helpful to us in serving in an advisory capacity.

This is a group of 12, 6 labor and 6 industry men, who are real practitioners in bargaining. They are not the presidents of huge companies; they are the fellows at a very high level who know the details of bargaining problems these days. They recently issued, in December 1964, a public report in which they give wholehearted support to this preventive mediation program of ours.

We have sent copies to members of this committee and have additional copies here with us today for any of the newer members who did not get the mailed ones sent out earlier.

SUMMARY OF THE 1966 BUDGET

Our request this year is for a total of $318,000 more than our approved request for 1965. In terms of manpower, this breaks down into 12 additional mediators and 6 clerical positions, for a total of 18 new positions.

I will not go into the details at this point as to how that translates into our money requests. There are, of course, a few other items which are supported by the detailed figures and we can discuss them with you if you have questions.

I will say in closing, that this request—and I am not being critical in any sense of the Bureau of the Budget—this request that the Bureau has approved, is quite a bit below what our honest estimates were of our realistic requirements for 1966. We did reach agreement with the Bureau of the Budget by slashing our request very substantially in view of the President's insistence on keeping manpower increases at the barest minimum.

Our original request to the Budget was about double what we are now presenting to you.

I do believe that the full amount that we have reached in bargaining, if you will, with the Bureau, is an amount that we really do need to carry out our responsibilities.

That completes my statement.

1966 BUDGET INCREASES

Mr. FOGARTY. Your appropriation for 1965 is $6,100,000, and there is a proposed supplemental of $234,000 for pay costs, making a total of $6,334,000. The request for 1966 in $6,652,000, or an increase of $318,000, which is largely to add 18 permanent positions.

You said 12 mediators and 6 clerical?

Mr. SIMKIN. Yes.

Mr. FOGARTY. What did you ask the Bureau of the Budget for originally?

Mr. EADY. $6,931,000.

Mr. FOGARTY. How many additional positions?

Mr. EADY. Fifty.

Mr. FOGARTY. This is what you come out with?

Mr. SIMKIN. We asked for 50, but agreed to 18. It sounds like a poor bargain.

FACTORS LEADING TO INCREASES IN NUMBER OF DISPUTES

Mr. FOGARTY. The justifications on page 3 indicate that your dispute caseload for the last 3 years is the highest the agency has ever had and that you expect this trend to continue. On what specific factors do you base this forecast?

Mr. SIMKIN. Well, this necessarily is a matter of judgment. As you well know, the nature of our work is such that we do not create it. It is created for us by labor and management, and we do not serve except where there is a need. But when there is a real need and a request for services, they are services we can't deny in fulfilling our responsibilities.

Frankly, this judgment that the workload will increase is a matter of estimate on my part and on the part of all the rest of our staff. We know, for example, in the aerospace negotiations, there is a tremendous amount of work involved. This was certainly true last time, and it will be no less true this time.

But this is only one segment, one small segment of the total.

All of our reports from our regions and from our individual mediators indicate that the work, both in demand on our services and in the amount of time required, continues to be on the upswing.

The effects of automation and competition and the other factors of bargaining are just beginning to be felt in hundreds of plants around this country, and I do not see any likelihood of its lessening.

One other factor is of considerable consequence. We have worked for some time on developing a better rapport with the construction industry, which has been responsible for more than its pro rata share of work stoppages. We had a workshop with leaders of that industry this spring to consider their special problems. We are establishing special liaison arrangements with all of the building trade unions. I think it is inevitable that our work in this area will increase somewhat.

NATURE OF PREVENTIVE MEDIATION INCREASE

Mr. FOGARTY. On the same page, you say that in 1966—

a more rapid development of all preventive mediation activity will take place.

Will you tell us what you are doing now and how you plan to step it up?

Mr. SIMKIN. Well, our work in this area is with relation to a series of different things. First, there is an area of activity that we call post-negotiation work. Not infrequently these days, a labor agreement is settled, but with an agreement to defer final resolution of one or two tough issues to a special committee for detailed resolution at a later date. So this is one area where mediators work after a crisis deadline is passed.

Another area is in early negotiations where, instead of waiting until the last couple of weeks before a strike deadline occurs, where special committees, special work is undertaken, sometimes as far as months ahead. For example, in aerospace, as I indicated, we are already in the process of consultation with the unions and industries involved, even though the first contract in aerospace does not expire, first major one, until the end of May.

Then there are a series of efforts, by work mediators to straighten out grievance procedures in plants where there is a terrific amount of unrest. It is generally acknowledged, for example, that one of the reasons for the auto strikes this year was the fact many of the grievance procedures were not working adequately in the auto plants.

Most of our work of this type has been with smaller sized companies. Our mediators are meeting with the parties during the life of the contract, not to settle specific grievances, but to work on procedures and to work on various devices so that the grievance procedures would get back on the track.

Another type of program is steward training and foreman training work, where our mediators normally do not lead the discussions but where they do promote or stimulate that kind of development.

Bob, do you want to add anything to that?

REASON FOR INCREASED DEMANDS FOR STAFF

Mr. MOORE. I might say in response to another element of your question, Mr. Fogarty, one reason we are so certain that the demand on our staff next year is going to be increased in this area is the basic acceptability of this plan of bargaining by labor and management generally.

INCREASED ACCEPTANCE OF PREVENTIVE MEDIATION

Bill Simkin mentioned the report of our Labor-Management Panel. This was a unanimous report of 12 so-called blue ribbon labor and management representatives, jointly endorsing this as a matter of bargaining in view of the complexities that exist today.

Almost every time you pick up the paper, you will see some additional important group espousing this principle. Our own staff has found it is a practical, sensible means of helping people.

It is just inevitable that with labor and management adopting this as a method of bargaining, and with our staff both capable and enthusiastic about the benefit, we have already noted that the increased demand is quite substantial and I am quite sure is going to increase.

Mr. SIMKIN. Over a 4-year period, although figures are not necessarily completely meaningful in this respect, but over a 4-year period, the numbers of cases of this type that we label as cases have increased from around 60 up to almost 500.

The increase last year was from something like 300 up to around 500. This is indicative of the amount of time and energy that mediators are devoting to this kind of work. And to repeat, we are not doing this as a doorbell-ringing expedition. Practically every one of these cases develops out of something that happens during the crisis bargaining, where either the union or the company or both indicate to

the mediator they would like some help in the months ahead to work on some particular problem that is not fully resolved in that negotiation.

COSTS OF PAY AND WITHIN-GRADE INCREASES

Mr. FOGARTY. Your request for 1966 includes $27,000, which is a restoration of the amount of pay costs you absorbed in 1965. Why could you not absorb the same amount in 1966?

Mr. SIMKIN. Simply because the budget is too tight to be sure that we can absorb anything in 1966.

Mr. FOGARTY. How much is included in your budget for in-grade salary increases?

Mr. SIMKIN. Ted, do you have that figure?

Mr. EADY. $42,060.

COST OF LABOR-MANAGEMENT PANEL

Mr. FOGARTY. Now, this National Labor-Management Panel was reactivated in May 1963. What does that cost per year?

Mr. SIMKIN. I am sorry. I do not have it.

Ted, do you have a figure on that?

(The information follows:)

Total panel expenses through December 31, 1964, amounted to $1,940.

Mr. EADY. The expenses for the panel have been minimal inasmuch as the majority of the members waive claim for salary, most also waive travel reimbursement.

Mr. SIMKIN. Do you have that included in the total there? There are outside consultants, I think.

Mr. EADY. I might tell you that panel salaries for the first half of the year amounted to a little over $200.

Mr. SIMKIN. That indicates most of these fellows just do not take money.

We have had a total of eight meetings, eight 2-day meetings of that panel since it was organized, plus many informal services from those men. For example, they participated actively at our seminars. We had two seminars last year. They are participating actively this year. More than half of them are physically meeting with us for 2 or 3 days, getting acquainted with our mediators, providing leadership. They participated actively in the workshop programs that we have undertaken.

This, incidentally, I think is covered somewhere in our written material, but I think it is worthy of note that we feel that in addition to a few more mediators, that the major job is to step up the performance and effectiveness of the men already on the staff.

We have had two workshops in the last fiscal year and this year we have four workshops scheduled. We bring a small group of mediators into Washington for a full week, concentrated on one particular phase of our work.

REPORT OF THE LABOR-MANAGEMENT PANEL

Mr. FOGARTY. The justifications mention a recent report on a study made by that panel. What was that study?

Mr. SIMKIN. Do you have those copies?

Mr. EADY. Yes.

Mr. SIMKIN. This is a long report. I will just hand you the copies, Mr. Moyer.

It will not take long to read the summary recommendations:

A. We commend to companies and unions the utility, in the intervals between contract negotiations, of a continuing discussion of difficult and persistent problems and where, to promote this effort, mediation is indicated, we recommend the services of the FMCS in the creation and operation of continuing labor-management committees, study committees, or other appropriate devices.

B. We recommend that:

1. The present FMCS preventive mediation program be expanded.

2. The FMCS establish outside the service a roster of specialists in preventive mediation, similar to its roster of arbitrators, to which parties can be referred for expert help in the highly specialized and complicated areas of collective bargaining.

3. The FMCS continue and expand its advanced leadership training program for mediators, with particular emphasis on workshops designed to enlarge their areas of special competence to enable them to deal most effectively with special bargaining subjects and accelerate their activities in this field of preventive mediation, and

4. Adequate provision be made in the FMCS annual appropriation to finance these expanded services.

Now, this report, as has already been indicated, was signed unanimously by the 12 members of the panel, whose names appear on the first sheet.

RELATIONSHIP WITH THE DEPARTMENT OF LABOR

Mr. FOGARTY. How are you getting along with the Department of Labor, in general, as far as these major disputes are concerned?

When Mr. Goldberg was first named Secretary of Labor, he enjoyed getting into all of these big disputes and to try to get quick settlements. His successor, Mr. Wirtz, is not too bashful about getting into them either, although he hasn't been as active in this area.

Do they just jump in on their own, or do you request their assistance, or do they go in at the request of the White House?

Mr. SIMKIN. To answer your basic question first in general terms, I think our relationships with the Department of Labor are good.

As to the details, during this last year, and, in fact, now for almost 2 years, actually the Department of Labor has been involved only in one major case; that is, the current longshore case.

Mr. FOGARTY. They are still in that as of now.

Mr. SIMKIN. They are still in that one. But except for that case and some of the ramifications of it—the same industry in connection with the wheat shipments abroad, and so forth, in which the Department of Labor was active, in terms of active participation in disputes cases, this is about the only exception in the last year and a half.

I do not like to brag about it, because once you do that, something hits you the next day; but it is also a fact that it has been almost 2 years since we have had a Taft-Hartley board with the exception of this one longshoremen board. It has been almost 2 years since we

have had a special presidential board of any kind in any disputes within our jurisdiction. There have been a number in the railroads, but in terms of disputes within our jurisdiction, the longshore case is almost a single exception in the last year and a half, almost 2 years.

LONG-RANGE PLAN FOR BETTER MEDIATION

Mr. FOGARTY. Now on page 25 of your justifications, you mention—

the long-range plan for strengthening and improving the effectiveness of the total mediation process.

What is this long-range plan? How long is it and what is its ultimate goal?

Mr. SIMKIN. Well, our so-called long-range plan would envision a gradual increase in the number of mediators over a period of years if and to the extent that this preventive mediation program justifies it.

I think, frankly, that in terms of handling the normal type, what has been our traditional role of crisis bargaining—the work in the last few days before a strike deadline—I think that in numerical numbers, mediators on our staff would not be likely to increase drastically. There might be some small change.

I think, to repeat, that as the preventive program develops and if it develops in a constructive way, as I believe it will, that we might properly look forward over the next 4 or 5 years to some modest increase in staff, primarily for this purpose.

I think the increase will be modest. I do not expect that this agency will ever be a big agency.

PREVENTION OF SERIOUS STRIKES

Mr. FOGARTY. You could not say as head of the Federal Mediation and Conciliation Service now, though, if this plan were put into effect, that you could prevent a strike like that which occurred with General Motors a few months ago?

Mr. SIMKIN. I think it would be possible to prevent strikes such as occurred at GM last fall. Whether it would prevent it is a matter of guesswork.

I think that we can effectively prevent some. Whether you can prevent specific ones——

Mr. FOGARTY. That was kind of a tough one; that is why I mentioned it.

Mr. SIMKIN. I certainly never expect a day, as long as I live, in labor relations when we will not have strikes. I think some strikes are more or less inevitable and some of them accomplish some good purposes, to put it frankly. So that I think without at least the threat to strike, our bargaining system would be in a bad shape.

We will always have some. But obviously our primary job is to keep those to a minimum and, secondly, to try to shorten them when they do occur.

Mr. FOGARTY. Mr. Denton?

STATE MEDIATION ACTIVITY

Mr. DENTON. The States have labor conciliators, too; do they not?

Mr. SIMKIN. Yes; they do.

Mr. DENTON. How do you determine when they attempt to mediate a strike or when you do it or when you both do it?

Mr. SIMKIN. That is a $64 question, Mr. Denton, and is not an easy one to answer.

PROBLEM IN INDIANA

Mr. DENTON. I am asking that for a reason, of course.

Mr. SIMKIN. As you well know, we have had a few little problems——

Mr. DENTON. Yes.

Mr. SIMKIN (continuing). With the mediation service in your State.

Mr. DENTON. That is why I am asking.

Mr. SIMKIN. We have had a few problems with the mediation service and they with us in other States.

This is unfortunately an inevitable thing when you have two agencies, State and Federal agencies, with overlapping jurisdiction, and this is where the problem lies.

IMPROVEMENT IN STATE RELATIONS

I think we have made and we are making very real progress in correcting some of these problems.

Just a few months ago, we officially OK'd and the association of State agencies—they call it ALMA, or the Association of Labor Mediation Agencies—approved a code for professional conduct of labor mediators, which is of course only one step in this development of better relationships with the States. But I think it was a real achievement for us to get together and work this out in a common committee with the State men. It was a step that I had suggested and that they readily agreed to.

In addition to that, we meet, we have a liaison committee, four of us from the FMCS and four from the State agencies, who meet periodically to thresh out and discuss frankly problems of jurisdiction and other problems that arise between our agency and the States. And then in addition to those liaison meetings, we have arranged and are arranging further meetings with the specific State agencies for problems that are peculiar to that State agency.

Bill Abner, my assistant, is working especially for us on that. All of us are working on it. I think we can say with all honesty that the relationship has improved very markedly in the last 2 or 3 years. We still have some work to do.

Mr. DENTON. Of course I was very pleased with the labor conciliation service on the part of the Government in my district and I was disappointed when this friction you spoke about developed.

DIFFICULTY IN ESTABLISHING AREAS OF JURISDICTION

The thought just occurred to me, the construction industry is strictly a local matter—well, is more so a local matter than, say, some manufacturing industries. It seems to me if you could allocate the different kinds of disputes the State took care of and the kind you took care of, that might tend to avoid this confusion.

Mr. SIMKIN. It would be nice if we could get some clear-cut physical line of demarcation; but for a variety of reasons, it is awfully difficult to do that.

For one thing, while some of these construction disputes are strictly local in nature, a lot of them are, realistically, spread over State boundaries. And second, in order to do an effective mediation job, we have to have adequate contacts with the international unions, and this is very difficult for a State agency to do.

It is not our intention to get into every tiny dispute in a very small area. I want to make that clear. But in the major construction disputes, where we can be useful, I think we have a necessary function.

AUTHORITY TO INTERVENE

Mr. DENTON. When you intervene, do they ask you to intervene or do you——

Mr. SIMKIN. Under the law, I think the expression in the act is we can intervene "on our own motion," which means we can stick our nose in whether they want us or not.

Mr. DENTON. Yes.

Mr. SIMKIN. In probably 90-some percent of the cases, we are invited in.

There are a few cases where we feel that the dispute is of sufficient public interest to justify our, in effect, pushing our way in. But these are very few because realistically a mediator cannot do much good unless he is wanted.

Mr. DENTON. It seems to me if a State mediator was trying to settle a dispute, it would avoid confusion if you talked to him and got his consent before you intervened.

Mr. SIMKIN. Oh, there is no question about that. That is part of one of the things, only one of the things that is covered in this code and in the discussions we have had with the State agencies.

We have a general understanding, and by and large it is followed, that if the State agency starts a case, we do not go into that case without first consulting with the State. Similarly, if we start a case, they do not enter without consulting with us. This is part of our fundamental understanding.

Mr. DENTON. That is all.

Mr. FOGARTY. Mr. Michel.

STRIKE PROBLEM AREAS EXCLUDING THE AUTO INDUSTRY

Mr. MICHEL. Mr. Simkin, you said of 3,600 work stoppages in 1964, three of them, involving the auto industry, accounted for a third of the strike idleness.

What was the next biggest group or where was the next area where this difference between the 0.15 you talk about and the third that you attribute to the auto industry?

Mr. SIMKIN. Well, I mentioned that last year the total figure was one eight-hundredths of 1 percent. If you eliminate the auto strikes, the total would have been about one two-hundredths of 1 percent, which would have been an alltime low since the war. So that the auto strikes represent almost solely the difference between 1964 and the best year since the war.

There were no other huge ones that swelled that total. If you look at a graph, our numbers of employees involved in strikes last

year were at an alltime low right up to the auto; then there is a big bulge, of course, because of the substantial numbers involved.

There were some others of considerable consequence. The construction industry in Cleveland was out for 39 days; that was a sizable strike.

There were two or three—not wildcat strikes in the auto industry, but two or three strikes over work standards which are not in our bailiwick, but of short duration, both at GM and Ford involving a sizable number of employees.

There was a strike at Caterpillar Tractor, which was of 6 days' duration, that you may know something about. That, of course, was more or less an integral part of the UAW negotiations.

There was a telephone strike in New York that lasted 8 days with a sizable number of employees involved.

There was a strike of 12 days of the pulp and paper industry on the entire west coast, which was settled when we brought the parties here to Washington. I personally worked on that case. We got it wound up after 12 days. There were 22,000 employees involved.

These were the major strikes outside the auto industry, and any of those that I have mentioned most recently were of course of small consequence compared to the auto strike.

CASELOAD INCREASE

Mr. MICHEL. We have been talking about the good times that prevail, and I notice in your testimony that the dispute caseload in the past 3 fiscal years has been at the highest level since the service became an independent agency.

Does this follow a pattern: The better times we have got, the more controversy you folks have? Is it fair to say when times are bad, everybody is more anxious to work and they do not think about making trouble?

Mr. SIMKIN. There is something to that. There is some truth to that observation. It is not the sole answer by any means, but——

REQUIRED NOTICE 30 DAYS PRIOR TO NEGOTIATION

Mr. MICHEL. I notice that you have gotten information from 117,000 labor agreements. Is that every one that took place in the country in the past year?

Mr. SIMKIN. Under the Taft-Hartley Act, there is a provision of law that before any contract can be opened, where there is a possibility of strike, that the parties must notify our service 30 days in advance; 30-day notice requirement.

We received 117,000 of those last year. This was abnormally high last year because of the large number of Teamster contracts, and those central negotiations that were held in Chicago. Even though it was one set of negotiations, it involved many hundreds of notices because of the individual contracts.

Mr. MICHEL. Are there any cases——

Mr. SIMKIN. Typically we get at least 100,000 of those notices every year. That means 100,000 contracts negotiated every year.

Mr. MICHEL. What happens if somebody does not give you any notice? Has any action ever been taken?

Mr. SIMKIN. There is no direct penalty of law that I know about—I am not a lawyer, maybe someone on my staff could answer your question—there is this practical provision; that is, if a party fails to notify the Service and then a strike does occur without the notice, it is not a legal strike under the law.

PARTICIPATION IN CONTRACT NEGOTIATION

Mr. MICHEL. You say that in slightly more than 6 percent of the contracts negotiated, it was necessary for a Federal mediator to participate to the extent of conducting one or more joint meetings. Is this a significant change up or down from the previous year?

Mr. SIMKIN. It is about the same as the prior year. The percentage is slightly lower than the year before, but that is because of this abnormally high number of total contracts last year.

I think the percentage was 7 percent last year.

NEED FOR LABOR-MANAGEMENT PANEL

Mr. MICHEL. The chairman made mention of the National Labor-Management Panel and it came up in the discussion with the witnesses this morning.

With all the many State agencies as well as the Federal Mediation and Conciliation Service already in the field, is this additional group necessary or desirable, in your opinion?

Mr. SIMKIN. This national panel? I do not know that I want to use the word "necessary"; after all, this provision of the Taft-Hartley Act was ignored for all practical purposes from 1947 until 1963. So I do not think you can say the country could not get along without them. But I do say, I am a very strong supporter of the idea that any Government mediation service, ours in particular, can benefit greatly by advice and counsel, if you want to put it that way, from top leadership from our own clients. These panel members on the industry and labor side were selected because of their peculiar know-how in bargaining. They are not reticent at all to criticize us if they believe we are doing something wrong, and they have done so. A lot of our meetings are private. That type of criticism is, I think, extremely helpful to us.

Similarly, they have, as they did in this preventive mediation program, given us a boost when they think there is something we are doing that will be of value.

I am sure that we in the Washington office feel that they have been of great help to us and, as has been indicated, the cost is practically zero.

Mr. MOORE. Could I comment there, Bill?

Mr. SIMKIN. This is strictly an advisory council.

Mr. MOORE. They are not additional mediators. This is an advisory and audit-type group.

FMCS USE OF CONSULTANTS

Mr. MICHEL. We have known now for years that the Service has employed the use of outside specialists. What would your answer be to those who would say, well, the Service itself ought to be well enough advanced in years to have accumulated over a period of years the required specialists to meet any eventuality today?

Mr. SIMKIN. Well, I think the Service should have within its total employment enough people, adequate to meet any emergency, and we are working in that direction.

The workshop, seminars, the whole advanced training program, and our selection of people are designed to that end. But I do not think we are quite at the point where we can say that we have the people for each and every dispute.

We have used outsiders, but to a very minimal extent, in the last couple of years; but there have been a few times when, for a variety of reasons peculiar to that dispute, and sometimes public pressure is one of the reasons, where we have brought in one or two men to work with us, to give us a little extra boost.

Mr. MICHEL. Do you believe the cost involved with those particular specialists was justified, bona fide?

Mr. SIMKIN. I think it was well worth the cost involved.

Last year, we turned back to the Treasury most of the money that had been allocated for that purpose. We would intend to do the same thing next year.

There is a total I think of $125,000?

Mr. EADY. $107,000.

Mr. SIMKIN. $107,000—in our budget this year for employment of people like George Taylor, Dave Cole, and Jim Healey, and others.

We hope we would not need that.

Mr. MICHEL. How does that compare with the figure of this previous year?

Mr. SIMKIN. If we do not need it, we will turn it back to the Treasury.

Mr. MOORE. That also covers boards, Taft-Hartley board panels.

Mr. SIMKIN. Yes, that is a blanket figure that covers any Taft-Hartley board required, special Presidential board.

Mr. MICHEL. And by way of comparison, to have it in the record at this point, what of that total amount appropriated for this currrent fiscal year that we are in will be actually spent for this purpose?

Mr. EADY. As of the 31st of December, our expenditures were just a little over $25,000—$25,500.

Mr. SIMKIN. That is for the current year.

Mr. MICHEL. Yes.

Mr. SIMKIN. To be very frank about this in our discussions with this committee as we were with the Bureau of the Budget, I think it is very difficult to predict a year ahead as to whether we will need this kind of help or not. If we need it, we need it right now.

Mr. MICHEL. This I can recognize. But I want to be sure——

Mr. SIMKIN. Having it there and returning it to the Treasury if it is not used.

Mr. MICHEL. I recognize and sympathize with the need for it if it is really a bona fide need. But I simply want to be satisfied in my own mind that you are not relaxing your attitude or your attitude is such that if you do not need it, you are not going to find ways of getting rid of what the Congress saw fit to give you in case of an emergency.

Mr. SIMKIN. No.

Mr. MICHEL. That is all.

Mr. FOGARTY. Mr. Matthews?

Mr. MATTHEWS. No questions.

Mr. FOGARTY. Mr. Shriver, we are glad to see you here and are happy to have you on the committee.

Mr. SHRIVER. Thank you.

Mr. FOGARTY. You know everyone here, do you not?

Mr. SHRIVER. Yes.

BASIS FOR THE REQUESTED BUDGET INCREASE

You may have answered this before I came in, but one of the factors that you used to justify the increased number of people, personnel, was that the dispute mediation workload, crisis mediation, came at or about the current level.

I was wondering on what you based that.

Mr. SIMKIN. I did attempt to answer that before you came. I said very frankly that it is a matter of judgment, but it is also predicated on the known cases that we have had, such as the entire aerospace industry and others that I have mentioned. These are negotiations that will begin at the very tag end of this fiscal year and most of the work will be in 1966. My qualitative judgment on this is I am sure shared by the rest of our national office staff and is based on reports I get from our mediators from all over the country in terms of their prediction for the year or so ahead. But it frankly is an estimate; because, as I indicated before you came in, we do not create our workload; the parties create it for us. So it is a question of how much trouble labor and management are going to have next year.

Mr. FOGARTY. Mr. Duncan.

Mr. DUNCAN. No questions.

Mr. FOGARTY. Mr. Farnum.

INSERVICE TRAINING PROGRAM

Mr. FARNUM. Just one question. You mentioned an inservice training program. Is this a continuing program or a new program?

Mr. SIMKIN We have had inservice training of one sort or another for many years, including long before I came with the Service.

It has two principal aspects, three rather: One is training of new mediators. We start out training of new mediators with a 2-week orientation course here in Washington, a very concentrated dose for 2 weeks. Then the men go out in the field and continue their training, first in regional offices, then out working with other mediators. That is one aspect of our training program.

The second is our annual seminars where we get all of our mediators in two groups—half of them at one time, half at another time—and spend an entire week of discussion with outside leadership from the top industry, labor, and professional and college people in the country on some of the special problems that we are facing.

And the third are our workshops. Now, the workshop is the new part of our program. We started that last fiscal year and we had two such workshops. We are having four this year. At each one of those workshops we bring in approximately 20, 16 to 20 mediators from the field, and with very good outside leadership, they spend an entire week of concentrated discussion of some particular subject.

One of the things that has been most gratifying to us in connection with this leadership training, both in the seminars and workshops, is

that when we invite our labor-management panel members and other top leaders of labor and industry to spend time working with us on this, we have very few turndowns, also from the academic community I suspect this year in our seminars that roughly 75 to 80 percent of the people we originally asked were willing and able to accept.

Mr. FARNUM. Thank you.

Mr. FOGARTY. Thank you very much.

Mr. SIMKIN. Thank you.

Mr. FOGARTY. Now we will take the National Labor Relations Board.

TUESDAY, FEBRUARY 2, 1965.

NATIONAL LABOR RELATIONS BOARD

WITNESSES

FRANK W. McCULLOCH, CHAIRMAN
ARNOLD ORDMAN, GENERAL COUNSEL
OGDEN W. FIELDS, EXECUTIVE SECRETARY
DOMINICK L. MANOLI, ASSOCIATE GENERAL COUNSEL
H. STEPHAN GORDON, ASSOCIATE GENERAL COUNSEL
CLARENCE S. WRIGHT, DIRECTOR, DIVISION OF ADMINISTRATION
EDWARD GOODSTEIN, ASSISTANT DIRECTOR, DIVISION OF ADMINISTRATION
MORRIS S. MILLER, CHIEF, BUDGET BRANCH

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	17,625	20,669	22,064
11.3	Positions other than permanent	53	70	84
11.4	Special personal service payments	39	41	44
11.5	Other personnel compensation	69	72	75
	Total personnel compensation	17,786	20,852	22,267
12.0	Personnel benefits	1,300	1,526	1,627
21.0	Travel and transportation of persons	1,229	1,441	1,580
22.0	Transportation of things	45	59	72
23.0	Rent, communications, and utilities	662	769	984
24.0	Printing and reproduction	378	495	528
25.1	Other services	443	538	566
25.2	Services of other agencies	46	58	65
26.0	Supplies and materials	226	240	249
31.0	Equipment	123	184	183
42.0	Insurance claims and indemnities	12	8	11
	Total costs, funded	22,250	26,170	28,132
94.0	Change in selected resources	56	−12	33
99.0	Total obligations	22,306	26,158	28,165

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	2,065	2,241	2,368
Full-time equipment of other positions	4	7	8
Average number of all employees	1,994	2,167	2,298
Average GS grade	9.3	9.2	9.3
Average GS salary	$9,075	$9,530	$9,590

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Program by activities:			
1. Field investigation	14,231	16,395	17,335
2. Trial examiner hearing	1,936	2,357	2,734
3. Board adjudication	2,955	3,480	3,665
4. Securing compliance with board orders	3,128	3,938	4,398
Total program costs, funded	22,250	26,170	28,132
Change in selected resources [1]	56	−12	33
10 Total obligations	22,306	26,158	28,165
Financing:			
25 Unobligated balance lapsing	140		
New obligational authority	22,446	26,158	28,165
New obligational authority:			
40 Appropriation	22,460	25,000	28,165
41 Transfer to "Operating expenses, Public Buildings Service," General Services Administration (77 Stat. 436)	−14		
43 Appropriation (adjusted)	22,446	25,000	28,165
44 Proposed supplemental due to civilian pay increases		1,158	
Relation of obligations to expenditures:			
71 Total obligations	22,306	26,158	28,165
72 Obligated balance, start of year	1,582	1,812	2,311
74 Obligated balance, end of year	−1,812	−2,311	−2,361
77 Adjustments in expired accounts	−27		
90 Expenditures excluding pay increase supplemental	22,049	24,559	28,057
91 Expenditures from civilian pay increase supplemental		1,100	58

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $119,000; 1964, $175,000; 1965, $163,000; 1966, $196,000.

Biographies of Principal Witnesses

FRANK W. M'CULLOCH, CHAIRMAN

The most immediate part of my background is service on the Hill as administrative assistant to Senator Paul H. Douglas, from 1949 until early 1961. In that capacity, of course, I had a good deal to do with labor legislation, particularly during the time he was on the Senate Labor Committee, as he was during his first 8 years.

That service with Senator Douglas did involve a number of legislative battles on labor bills, as I know you are aware. Major efforts were made to amend the Taft-Hartley Act in 1949 and again in 1954. Both of those legislative efforts failed, but the work on the bill itself and examining and analyzing the law was very substantial.

I had occasion also to assist Senator Douglas considerably in development of the Welfare and Pension Funds Disclosure Act, which was later passed. It arose out of an investigation which he and Senator Ives originally conducted on the Senate side. At that time and subsequently, of course, even though he was off the Labor Committee, I had occasion to advise with him, when the 1958 and 1959 legislation dealing with labor unions more generally and also dealing with the Taft-Hartley Act was before the Congress.

Prior to that and taking it in reverse order, I was director of the Labor Education Division at Roosevelt University in Chicago for about 2½ to 3 years, 1946–49. This involved me in developing educational plans primarily aimed at serving labor and the union movement and helping it to train its leadership to assume its responsibilities in collective bargaining and in the community.

Prior to that for a period of 11 years I was industrial relations secretary for the Council for Social Action of the Congregational Christain Churches. This was an agency of the churches aimed at exploring the application of religious principles to important and key social issues. It was their judgment that one of the key areas for this work was the field of industrial relations, and this was the area assigned to me during that period of 11 years. This involved me in

numerous investigations and conferences, a little arbitration and some teaching, which emphasized the relationship between the religious institutions and the problems of collective bargaining, in three different theological seminaries. Though I am not and do not claim to be a learned theologian, I was a visiting lecturer, as it were, in these seminaries on the Pacific coast and also in Chicago.

I was in the practice of law for 5 years prior to that in Chicago, with a law firm, Sonnenschein, Berkson, Lautmann, Levinson & Morse, one of Chicago's leading firms, which gave me a fine opportunity for legal training and experience.

As you know, I was sworn in as a board member and designated chairman on March 7, 1961.

ARNOLD ORDMAN, GENERAL COUNSEL

I have been General Counsel of the agency since May 1963.

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

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

Mr. FOGARTY. Do you have a statement for the committee, Mr. McCulloch?

Mr. MCCULLOCH. Yes, Mr. Chairman.

We would be very grateful if the committee would consent to insert my statement in the record and allow me to make a somewhat briefer summary of it, if it suits the committee's pleasure.

Mr. FOGARTY. All right, go right ahead.

(The statement follows:)

STATEMENT OF FRANK W. MCCULLOCH, CHAIRMAN OF THE NATIONAL LABOR RELATIONS BOARD

I wish to thank the committee for this opportunity to appear on behalf of the National Labor Relations Board and to support its budget request for fiscal year 1966.

THE AGENCY REQUEST

The agency is requesting $2,007,500 more in 1966 than the amount we expect for 1965. In 1965, $25 million was appropriated and $1,157,500 additional was authorized by the President for inclusion in a pay act supplemental in accordance with the pay act bill passed by the Congress. Of the $2,007,500 increase, $839,700 is for mandatory administrative costs and $1,167,800 is for increased workload. The $1,167,800 will pay for 127 additional positions.

The agency's conservative estimate of increase in intake in 1966 is 8.6 percent over 1965 in unfair labor practice situations and 5.7 percent over 1965 in representation petitions. The $1,167,800 additional funds for increased workload represent a 4.3-percent increase in funds and the 127 new positions a 5.6-percent increase in positions as compared to the foregoing workload increases.

The additional 127 positions requested will be allocated mainly to the field offices, trial examiners, and the Board's own decisional processes. Seventy of these positions will assist the field offices in keeping up with the estimated rise in intake. Twenty-two of the positions are needed for our trial examiner area which is presently swamped with work. Nineteen of these positions will assist the Board to keep up with an increase of 224 trial examiner decisions in 1966. This is a 26-percent increase in trial examiner decisions which is to be handled by a 9.4-percent increase in legal assistants to the Board. The 16 remaining new positions will be distributed among other offices here in Washington.

RISING INTAKE

Fiscal year 1964

Agency intake in fiscal year 1964 was a continuation of the rising pattern of intake since fiscal year 1958. Unfair labor practice situation intake in 1964 was approximately 2 percent above our estimate and 10 percent above intake in fiscal year 1963. Representation case intake was just about as estimated, 5 percent above intake in fiscal year 1963.

Fiscal year 1965

For 1965 we have estimated an increase of 6.4 percent in unfair labor practice situations and 5.3 percent in representation cases. This is our revised estimate and reflects our conservative approach to forecasting intake. Our estimate was revised downward as a result of the fact that intake during the first 5 months of this fiscal year did not meet our original estimate. Our analysis of the situation indicates a strong possibility that this was an election year phenomenon and that actual intake for the entire year will meet or surpass our original estimate. Nevertheless, we reduced the estimate consistent with our prudence. Since this decision was made, we have found that intake during December not only met our original estimate but actually exceeded it sufficiently to validate our opinion that our original estimate was still a good one and may very well be achieved.

Fiscal year 1966

For 1966 after reviewing projections from every region in the country we have estimated an increase of 8.6 percent over 1965 in unfair labor practice situations, and 5.7 percent over 1965 in representation petitions. In view of the history of agency intake as well as the import of the factors we have considered, we are of the opinion that this is a very conservative estimate.

FACTORS AFFECTING INTAKE

Who files charges and petitions

We have made an analysis of charges and petitions to set forth who files them and, in connection with charges, what kinds of charges are filed. (The attached tables give the details.) Our study shows that as expected most representation petitions (86 percent) are filed by unions (see table I). However, unions file only about 46 percent of charges currently. About 38 percent are filed by individuals, and the remaining 16 percent are filed by employers (see table II).

What kinds of charges are filed

In addition to the predominant charges of interference, restraint, and coercion, over 70 percent of all cases against employers involve the discharge of employees for union activity, under section 8(a)(3) of the act. The next most frequent of the remaining charges against employers in 29 percent of the cases allege refusal to bargain in good faith under section 8(a)(5) of the act (see table III).

The most common charges against unions are divided fairly evenly between alleged violations of section 8(b)(2), causing an employer to discharge an employee, section 8(b)(4), secondary boycott or jurisdictional dispute, and all others including the charge of union refusal to bargain in good faith (see table IV).

Conclusions as to effect on estimates for 1966

Union charges, above and beyond interference, coercion, and restraint, are divided mainly between allegations of discharge of employees and allegations of refusal to bargain. Such charges and accompanying petitions usually relate to union organization attempts. Consequently, we can assume that petitions and charges will be increasing in periods of strong industrial growth accompanied by active union organizing. These conditions are definitely projected for 1966. Economists forecast an increase in gross national product of about 5 percent, and union leaders have made it clear that they hope to increase the percentage of union members in the labor force. This percentage has been declining, and a continuation of this decline could change the whole picture of labor relations in this country. Labor leaders are well aware of this and many are making efforts to increase their organizational activities.

As I stated, individuals are currently filing about 38 percent of all charges, and as expected these charges, for the most part, allege discrimination by the employer, union, or both, often in the form of layoff. These individuals are often

the victims of changing economic circumstances in a complex, growing yet changing economy such as ours. We see no slowdown in the filing of this type of charge in fiscal year 1966.

Employers have been filing section 8(b)(4) charges mainly alleging violation of the law on secondary boycott or jurisdictional dispute. These filings result from active union organizing in areas which are difficult to organize or in industries where such action is traditional such as construction. Rivalry in organizing, heightened by job insecurity resulting from persistent high levels of unemployment, as well as the development of new production methods, leads to jurisdictional disputes. Employers also often file charges of illegal picketing under section 8(b)(7) in connection with organizing campaigns. Intake of all of these types of charges has been increasing rapidly since 1960, and this trend is expected to continue in fiscal year 1966.

Special comments

As stated, 70 percent of all cases against employers involves discriminatory discharge of employees because of their union activity. This is not only the current picture but it is also the story that has pertained since the early days of the act (see table III). For a short time, in 1958 and 1959, this percentage increased to about 80 percent as a result of the McClellan committee hearings. The percentage of such charges has remained constant despite the tremendous rise in the number of charges filed since the Board was created. These charges are about half of the agency's entire charge intake.

Similarly a large percentage of charges filed against unions allege they caused an employer to discharge employees (section 8(b)(2)). Such charges have risen from 332 in 1948 to 1,766 in fiscal year 1964. However, the percentage of these charges to total charges against unions has declined from over 44 percent to 36.4 percent in fiscal year 1964. These charges constitute over 10 percent of total charges and when added to 8(a)(3) allegations, constitute together over 60 percent of all charges.

It, therefore, is still true that a major factor in the agency's workload is the resistance of some employers and unions to the basic practices of self-organization and collective bargaining which Congress sought to protect by this law. The bitterly contested nature of many of the proceedings brought to carry out the mandate of the law is another facet of the same problem.

Workload

Our workload has been affected by the rising intake in two principal ways.

Unfair labor practice cases.—In unfair labor practice case processing, from 1963 to 1964 we have experienced a remarkable increase of 41 percent in formal hearings. This increase was brought about by increases in the proportion of merit cases being filed and by a decrease in one area of settlement, those settlements secured after a complaint is issued and before a hearing begins. This increase has overloaded our trial examiners with hearings to hold and decisions to write. The increased number of trial examiner decisions in the last 6 months in turn have raised the number of cases which are pending Board decision.

This rise in hearings has extended the trial calendar from 5 to over 10 weeks and caused time delays in cases going through these stages. We are attempting to solve the problem insofar as our current appropriation allows it, and have provided for necessary increases in trial examiner and legal assistant staff in our proposed fiscal year 1966 budget.

Representation cases.—In representation cases, on the other hand, we have a much brighter picture to report to you. Our agreements for consent elections rose in fiscal year 1964 over 1963, and as a result fewer hearings and fewer decisions were required. We were also able to reduce the time it takes to get a decision in these cases. The reduction in representation case formal work in the regions was used on the handling of increased objections to elections as well as on the increase in formal unfair labor practice work. The reduction in representation case decisions by the Board allowed assignment of legal assistants to the increasing work involved in unfair labor practice decisions.

The agency productivity and management improvement program

General.—Our response to the workload problems just outlined, after careful study of the total situation, calls for a limited amount of additional employment coupled with an agencywide program of productivity increases and management improvements.

Productivity increases.—Productivity improvements which have been added to actual performance in fiscal year 1964, to be accomplished in fiscal year 1965 and 1966, include: a 12 percent increase in our field operations, a 14 percent increase in productivity of legal assistants to the Board, an 8.3 percent increase in trial examiner output, a 20 percent improvement in appellate court enforcement, and a 34 percent improvement in district court injunction proceedings. These very substantial increases are accomplished by management improvement and reorganization, but more important is the dedication of our staff. The unusually large increase in productivity in the district court injunction operation is mostly due to a reorganization decentralizing the litigation portion of his work to our field offices.

Trial examiners.—In trying to solve the problem of influx of work in the trial examiner area, we have embarked on several new programs. We have authorized the hiring of a limited number of law clerks who will assist the trial examiners with their research, and in any other miscellaneous tasks, such as simpler back-pay computations, which they can perform. More difficult back-pay computation problems can now be referred by the trial examiner to qualified accounting and financial management staff of the Division of Administration who are not involved in specific case processing. This is the same type of help recommended by the Administrative Conference of the United States for the benefit of hearing examiners in complicated rate cases, in subrecommendation 5 of recommendation 19.

We have also requested the trial examiners to provide the parties with regular opportunities, at stated times, to settle the issues which will otherwise be fully litigated in the hearing which has been set.

Board improvement

A variety of procedures, including more regular case inventories, tighter deadlines, higher production quotas, reduction of unnecessary work overlaps, stricter enforcement of Board rules concerning exceptions, and other basic case-handling methods still in the planning stage, are being utilized or projected to maximize the case production of the Board, assisted by the members' professional staffs.

While the reduction of time delays and case backlogs and the issuance of more decisions are constant objectives, the substantive character of those decisions is equally important in the administration of this law. In this respect we believe the Board and the review procedures in the courts have significantly clarified the meaning of the newest provisions of the act, laid down important principles in new situations testing self-organization rights and bargaining obligations, and in other ways advanced the purposes and protections established by Congress.

Summary

Our main concern at this time is the solution to the rising tide of unfair labor practice hearings and resulting formal action. At the same time we have and will continue to pursue diligently the President's goal of making certain that full value is secured for every dollar spent.

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

TABLE I.—*Representation cases filed by petitioner for selected fiscal years 1942–64*

Fiscal year filed	Total petitions filed	Petitioner					
		Union		Individual		Employer	
		Number	Percent of filed	Number	Percent of filed	Number	Percent of filed
1942	6,010	5,926	98.6	----------	----------	84	1.4
1948	7,038	6,100	86.7	467	6.6	471	6.7
1956	8,076	7,107	88.0	374	4.6	595	7.4
1958	7,399	6,282	84.9	491	6.6	626	8.5
1959	9,347	7,953	85.1	547	5.8	847	9.1
1960	10,130	8,775	86.6	625	6.2	730	7.2
1964	11,685	10,017	85.7	680	5.8	988	8.5

TABLE II.—*Unfair labor practice cases filed by charging party for selected fiscal years 1942–64*

Fiscal year filed	Total charges filed	Charging party					
		Union		Individual		Employer	
		Number	Percent of filed	Number	Percent of filed	Number	Percent of filed
1942	4,967	4,550	91.6	[1]	[1]	[1]	[1]
1948	3,598	1,644	45.7	1,518	42.2	436	12.1
1956	5,265	2,333	44.3	2,105	40.0	827	15.7
1958	9,260	2,759	29.8	5,410	58.4	1,091	11.8
1959	12,239	3,788	31.0	7,176	58.6	1,275	10.4
1960	11,357	4,563	40.2	5,325	46.9	1,469	12.9
1964	15,620	7,209	46.2	5,865	37.5	2,546	16.3

[1] Total 417, 8.4 percent.

TABLE III.—*Analysis of charges filed against employers for selected fiscal years 1942–64*

Fiscal year filed	Total charges against employer	Selected charges			
		8(a)(3) [1] allegations		8(a)(5) [2] allegations	
		Number	Percent [3]	Number	Percent [3]
1942	4,967	3,221	64.9	1,550	31.2
1948	2,849	2,038	71.5	787	27.6
1956	3,522	2,661	75.6	838	23.8
1958	6,068	4,649	76.6	1,039	17.1
1959	8,266	6,775	82.0	1,311	15.9
1960	7,723	6,044	78.3	1,753	22.7
1964	10,718	7,654	71.6	3,088	28.9

[1] Charges alleging discharge of employees for union activities.
[2] Charges alleging refusal to bargain in good faith.
[3] Percentages may add up to more than 100 percent because individual charges often allege more than 1 violation.

TABLE IV.—*Analysis of charges filed against unions*

Fiscal year filed	Charges filed against union	Selected charges					
		8(b)(2) [1] allegations		8(b)(3) [2] allegations		8(b)(4) [3] allegations	
		Number	Percent	Number	Percent	Number	Percent
1942							
1948	749	332	44.3	122	16.3	311	41.5
1956	1,743	857	49.2	97	5.6	572	32.8
1958	3,192	1,952	61.2	211	6.6	719	22.5
1959	3,973	2,454	61.8	208	5.2	844	21.2
1960	3,634	1,953	54.1	282	7.8	830	23.0
1964	4,902	1,766	36.4	340	7.0	1,626	33.5

[1] Charges alleging employee discrimination (through employer).
[2] Charges alleging refusal to bargain in good faith.
[3] Charges alleging secondary boycott or jurisdictional dispute.

GENERAL STATEMENT

Mr. MCCULLOCH. The General Counsel, Mr. Ordman, and I are accompanied by Mr. Clarence Wright, the Director of the Division of Administration; Mr. Edward Goodstein, Assistant Director of the Division of Administration; Mr. Morris Miller, Chief of the Budget

Branch, our program planning officer; Mr. Dominick Manoli, Associate General Counsel in Charge of Litigation; Mr. H. Stephan Gordon, Associate General Counsel in Charge of Operations; and Mr. Ogden Fields, Executive Secretary.

We appreciate this opportunity to present to your committee the needs of the agency for the next fiscal year.

BUDGET REQUEST

The agency's request, Mr. Chairman, is for $28,165,000. This represents an increase of $2,007,500, of which about $840,000 is for mandatory administrative costs and $1,167,800 is for increased workload.

The funds which we estimate will be needed for increased workload, $1,167,800, amount to a percentage increase of 4.3 percent, over the amount of last year's appropriation plus the estimated amount to take care of the pay act costs and mandatory administrative costs in 1966.

This increase, Mr. Chairman, will enable the agency to increase its employment to authorized positions in the number of 2,368, an increase of 127 positions. This would represent an employment increase of some 5.6 percent, of which the major part is in the field, some 70 positions; 19 are at the Board; 22 are in the trial examiners division; and 16 are in the Washington staff of the General Counsel.

The funds which we estimate will be needed and the employment which we estimate will be required to perform the agency's mission are developed wholly from our estimate of the agency's workload.

This, as the veteran members of this committee know, is something that the agency does not control. Our caseload originates with the filing of charges or election petitions by outside, private parties. But we have to estimate it with the greatest of care, and we have from year to year presented estimates which have proved to be quite accurate, within the bounds of reason.

In our projections for 1966, we estimate that the agency will have to handle 16,150 unfair labor practice situations, which is an increase of some 8.6 percent over what we expect fiscal year 1965 will finally come to.

In the other major area of the Board's activity, the handling of representation cases, we estimate that the agency will receive 13,100 of these representation petitions, or an increase of some 5.7 percent.

We have tried to make these estimates as current as possible and in the submission to your committee we have somewhat reduced the 1965 estimated workload, because there was a slight reduction in the first 5 months of our actual experience in the current fiscal year.

Since the preparation of this data for the President and the Bureau of the Budget, and for submission to you, and the justifications which we have made available to the committee, we have, however, made our review of case filings even more current. For the last 3 months—these facts do not appear in my statement—of November, December, and January, despite what I had indicated as a slight decrease from our estimates for the first 5 months as a whole, in these last 3 months, the unfair labor practice filings have gone up by 7.7 percent, or about 1.3 percent more than we estimated in the current fiscal year budget.

In the same 3-month period—November and December of 1964 and January of 1965—our representation case filings have gone up by 7.6

percent over last year; whereas, we have estimated for the full year that they would rise only by 5.2 percent.

I cite these only to suggest that the Board's submission to you is a cautious one and probably on the conservative side.

If you look, moreover, at the percentage increases which I have previously given you, 8.6 percent in the unfair labor practice area, 5.7 percent in the representation area, on which our appropriation request is based, these are substantially under the 6-year average. The 6-year average in each of these two fields is 13.7 in the unfair labor practice field, and 9.5 percent in the representation field.

We seek each year to identify for this committee as well as we can the source of the continuing increases and these are perhaps almost constant.

NATURE AND CAUSE OF INCREASED WORKLOAD

We have looked at the sources of the cases and presented the material in my own statement in a little different form from previous years. The bulk of our representation cases, of course, come from unions which are seeking representation. It is possible for individuals and employers also to file, but 86 percent for our election petitions come from unions.

In the unfair labor practice field, however, less than half of our unfair labor practice charges come from the unions, about 46 percent; individuals file over 37 percent, employers a little more than 16 percent.

The interesting part to us about these figures, and something that I think helps us to understand and may help the committee to understand the nature and the cause of these increases, is that in the cases filed against employers, nearly 70 percent of them involve charges of discrimination for union activity, discharges or employment discrimination because of union activity. About 29 percent of the cases involve charges of refusal to bargain in good faith. And my statement includes tables, which show the continuing high percentage of such cases over the years.

Table I, page 11, the table showing the percentages of representation cases that have been filed, by party filing, shows how over the last 10 or 15 years those percentages have remained virtually constant, and in the unfair labor practice case filings outlined in table II, you can see some rise in the percentage of filings in most recent years by unions and employers, and some dropoff in the proportion filed by individuals.

More significantly, tables III and IV show the nature of the most common charges—charges against employers involving unfair discrimination for union activity and refusals to bargain in good faith; and the charges against unions, on the other hand, causing an employer to discharge a man for his union activity or for failure to take part in union activity, refusals to bargain in good faith, and secondary boycotts.

As we pierce behind these, it becomes quite obvious that the thing that continues to cause work for the agency is, first, industrial growth. As the country expands, as new plants are set up, new efforts are made to organize those plants; and these are attended by activity that frequently causes work for us. Union organizing takes place. The unions, conscious of the fact that their own membership gains have

tended to level off, have announced new efforts at organizing. These are to meet the fact that their organizations have not grown as fast as the population or the work force has grown, and they seek to counterbalance that with renewed union organizing efforts. This is met, on the other hand, by renewed resistance. And the same cycle of results attends plant transfers and similar industrial and economic shifts and changes.

It is anomalous that 30 years after the passage of the basic statute, and 18 years after the reaffirmation of that act, with additions, by Congress, there should still be strong resistance, as there is, to the basic purposes of that statute, which is to protect those who want to organize and to protect the exercise of collective bargaining.

These and other factors which the General Counsel may refer to tend, therefore, to produce a constant increase in our workload.

We do not file charges; we do not file petitions. These come from the parties seeking to take advantage of the protections in our statute.

The remarkable factor to us is that the old, clear violations of the statutes by employers, the discharges for union activity, the interference, the coercion, the threats, the promises of benefit if people will not engage in these activities; and on the part of the unions on the other hand, causing discharges, engaging in certain secondary boycott activities, and the like, these carry on as almost a constant.

So that when industry is growing and changing and the country is growing, our workload tends to grow with it.

A couple of other factors which I will mention just briefly are tending to affect our workload. One is that we have been finding that there is a significant increase in the proportion of merit cases that have been filed with the agency. The result of this is to compel us to go through to settlement or to litigation in a larger percentage of the cases.

In the 1963–64 year, the increase in trial examiner hearings—this is fiscal 1964, the most recent complete year for which we have figures—was 41 percent. These are the trial examiner hearings which deal with the unfair labor practices.

It is this very bulge, the point at which additional hearings are being required in the litigation of unfair labor practices, that has resulted in keeping the pending caseload high, both before our trial examiner division and before the Board, and has caused the extension of the trial calendar from 5 to 10 weeks, a matter which we greatly regret, but which we could not avoid in order to accommodate the caseload. And so the elements of delay have been creeping up again as a result of this increased workload.

The experience in our field of election activities, however, has been a little more successful in that we have succeeded in obtaining more consents for elections. Such consent elections have meant fewer hearings, fewer decisions in contested election cases, and a shortening of the time required to issue a contested election decision.

Against these needs, the General Counsel and the Board have set forth to this committee in our official justifications a substantial estimate of increase in productivity and improvements in our own management of our work.

Our budget is based upon estimates of a 7-percent increase in field production, a 14-percent increase in Board staff production, an 8-percent increase in our trial examiner division work, a 20-percent in-

crease in enforcement, and a 34-percent increase in injunction work from 1964 to 1966.

These seem to be almost impossible goals except for the confidence we have in the fact that we have staffs who are pretty seriously convinced the job they are doing is important, and they are becoming more proficient in the doing of it.

The General Counsel and those under his supervision in the field, in fiscal 1964, had an outstanding record of handling an increased workload. And, of course our aim is to maintain a high level of settlements, voluntary settlements, which alone can, apart from people complying with the law, be the source of the handling of these matters without the extensive litigation that is otherwise required.

At every level, we are seeking to foster the settlement program. We have recently put in new procedures with our trial examiner division, which we think will help us attain more settlements.

Finally, we are proud, too, of the fact not only that we are carrying the heavy workload that we are, but we believe that in the substantive area of the law, too, we are making a contribution. We believe that the Board and the review procedures in the courts have significantly clarified the meaning of the newest provisions of the act, laid down important principles in new situations testing self-organization rights and bargaining obligations, and in other ways advanced the purposes and the protections established by Congress.

Our main concern now is to handle this rising tide of the caseload, and at the same time to do this with the economy and the efficiency which the President wants of all the agencies, and which this committee has constantly adjured this agency to try to attain.

Mr. FOGARTY. Thank you, Mr. McCulloch.

INCREASE FOR 1966

The appropriation for 1965 is $25 million, and there is a proposed supplemental of $1,158,000 for pay costs. This makes a total of $26,158,000.

The request for 1966 is $28,165,000, or an increase of $2,007,000, which is largely for the purpose of adding 127 permanent positions.

Mr. MCCULLOCH. That is correct.

Mr. FOGARTY. Do you have at hand a breakdown of what you asked the Bureau of the Budget?

Mr. MCCULLOCH. That can be supplied for the record.

Mr. FOGARTY. You can supply that.

(The requested information follows:)

	1966 request to Bureau of the Budget	1966 submission to Congress	Difference
Total number of permanent positions	2,395	2,368	−27
Total obligations	$28,633,900	$28,165,000	−$468,900

NATURE OF THE CURRENT BACKLOG

Mr. FOGARTY. Part of the increase is for reduction of current backlog. Where is the greatest backlog, and how serious do you consider it?

Mr. McCulloch. The greatest backlog is in the Trial Examiner Division. The pending caseload has almost doubled in the Trial Examiner Division, and the backlog at the Board level has also increased somewhat. This seems to us quite serious, because this interposes new delays in the most seriously contested and hotly litigated cases.

Mr. Fogarty. What are you doing about it?

Mr. McCulloch. We are hiring trial examiners up to the very limit of what we are allowed. We have set up new procedures for the trial examiners to increase their settlement efforts, so that cases may be settled before they have to carry through with their hearings.

At the Board level, we have instituted a number of procedures to set up new deadlines for our assistants, to reduce the procedures that may involve duplicating work, and to make the fullest utilization of the staff that we have.

The Board members, in addition, have taken on additional staff members up to the limit. In the past, we have not done so until we have been convinced of the need for carrying through to the full extent of our authorized hiring.We have now had to hire right up to the limit.

CAUSES OF INCREASED CASELOAD

Mr Fogarty. You also estimate an increase in case intake. Now, in recent years, your estimates have been on the conservative side, have they not?

Mr. McCulloch. I think they have.

Mr. Fogarty. Your justifications, on page 6, say that unfair labor practice situations have increased about 13.7 percent annually since 1958. That is a big increase every year. What has caused this?

Mr. McCulloch. I believe it is the factors of industrial growth, of industrial change, of union efforts to organize, and a continuing employer resistance to organization.

A few years ago the Committee for Economic Development's study group, headed by Dr. Clark Kerr, and including such men as David Cole and George Taylor, and others to whom reference was made in the hearing just before this, made some comments on this phenomenon in the country. I will read just two sentences from their report, which was entitled "The Public Interest in National Labor Policy," that seem to me to be apt:

> The process of union organization has been the most explosive aspect of union-management relations in this country and, though more contained than in earlier years, it remains today a center of controversy. By and large, employers in the United States have strongly preferred not to share power in employer-employee relations with an organization of their employees. This preference seems to be almost universal among employers.

Then they add this:

> Indeed, one of its most interesting manifestations in recent years has occurred within unions.

This has reference to unions who have resisted the organization of their own employees.

Mr. Fogarty. What do you anticipate for the future?

Do you think it is going to get larger?

Mr. McCulloch. We get from each of our regional directors his best estimate of what he sees in terms of industrial expansion in his area,

of what he knows about union organization plans and drives within his area, and these are all funneled back to us. We try to make similar projections from what we hear nationally about these things.

We find, as detailed in my statement, and our justification, in various parts of the country, announced plans for the expansion of organization.

This then means organizing drives, election petitions, resistance, probably the firing of people because they dare to try to organize a union and the filing of unfair labor practice charges against them. They also tend to involve the unions in some violations of picketing provisions, and the General Counsel proceeds against them also where he has any reasonable evidence to indicate that they are violating the law.

It involves unions in some secondary boycott activities, and these necessarily expand. Our projection for budget and appropriation purposes is an effort to estimate all of these things piecemeal and then together. That is the basis.

POSSIBILITY OF STOPPING THE UPWARD TREND IN CASELOAD

Mr. FOGARTY. Do you have anything in mind that might reverse this trend?

Mr. MCCULLOCH. The Board members make speeches and the chairman makes a few, not many because I do not have time to make very many, and I can tell you that both the Board members—and the General Counsel who also makes excellent speeches—and I in public utterances and in private conferences are constantly urging people to comply with the law. I made such a statement to the Annual Congress of Industry of the National Association of Manufacturers in New York in December telling them it would please us no end if they could put us out of business by complying with the law so that we did not have to act. We make similar appeals to the unions, since they appear as respondents in some of our cases.

We have a feeling that we need the assistance of responsible employer groups who know that collective bargaining does work and who feel that the national policy which Congress adopted is right, because we know there are a lot of employers who feel that. There are quite a few others who do not and who resist it because they do not believe in the policies the Congress laid down in 1935 and 1947.

To the degree that we can, we try to deter people from violating the act.

I would say our regional offices do a very good job in our view, of reaching the parties when they have come in and are the respondents to charges, and persuading them to comply with the law.

The result is that over 90 percent of the cases that are filed, 90 percent overall you might say, including the petitions and representation cases, are disposed of at the regional level, and our regional directors and their staffs we believe are doing the very thing that your question suggests should be done, persuading people not only that the law is right, but informing them as to what it means and persuading them to comply with it so all this litigation does not have to go on.

If it were not for this, we would need double the staffs that we have here in Washington.

Mr. FOGARTY. On page 16, you say that the General Counsel has launched a program for improving the quality of work in the regional offices. What is this all about? What results do you expect?

Mr. MCCULLOCH. It might be well for General Counsel to reply to that.

Mr. FOGARTY. Go right ahead, Mr. Ordman.

STATEMENT OF THE GENERAL COUNSEL

Mr. ORDMAN. Thank you, Mr. Chairman.

Perhaps I should address myself to one other matter first in that connection. If the chairman please, I would like consent for the inclusion of my written statement in the record. Much of it has already been discussed.

Mr. FOGARTY. All right.

(The statement referred to follows:)

STATEMENT OF ARNOLD ORDMAN, GENERAL COUNSEL OF THE NATIONAL LABOR RELATIONS BOARD

I wish to thank the committee for this opportunity to appear on behalf of the National Labor Relations Board and to support its budget request for 1966.

THE AGENCY REQUEST

The request is for $28,165,000. It is an increase of $1,167,800 for higher workload and $839,700 for mandatory administrative increases.

The increase in positions requested is 127, of which 70 are for our field offices and 16 for the General Counsel's Washington staff. The remainder are for the Board and the trial examiners division. This is an increase of 4.5 percent in the General Counsel staff, as compared to the estimated workload increase of 8.6 percent in unfair labor practice situations and 5.7 percent in representation petitions. The increase in workload above the 4.5 percent provided will be absorbed by means of management and productivity improvements.

WHY THE GROWING CASELOAD

All our keywork indicators point to fiscal year 1966 as another period of further case intake increases thus repeating the rising pattern of previous years. We attribute the continuing rise to the following combination of elements: the population explosion and its effect on the work force, the unparalleled nationwide economic growth affecting all business levels, the strong attempt of labor leaders to reverse the downward trend of union membership as compared to the work force, problems arising out of technological development, plant closings or plant movings, subcontracting, employment insecurity, and the like. Our regional directors, in their local situation reivews have confirmed the rising caseload trend and estimate increasing intake in fiscal year 1966.

Population explosion—Increasing work force

The impact of our exploding population on the size of the work force has direct relevance to our potential caseload. Between 1955 and 1960 the number of persons under 25 years of age entering the labor force was 200,000 per year. That number is now running at 600,000 a year. The Office of Manpower of the Department of Labor announced that the total labor force may reach 78.9 million by 1965, an increase of almost 6 million in 5 years, and may reach 85.7 million by 1970. The contest for jobs, which are also increasing dramatically, will nonetheless be more keen and can be expected to give rise to labor disputes.

Increasing labor union activity

The efforts of organized labor to increase its membership in proportion to the rise of the total labor force has been a major concern to union leaders. Available data showed that membership was declining. A Bureau of Labor Statistics study in 1960 reported that national and international unions with headquarters in the United States lost almost 400,000 members between 1956 and 1958. From 1958–60 there was very little increase in union membership.

For the period 1960–62 the Bureau reported an increase of 283,000, still far short of labor force increases. This year the AFL–CIO reported an increase of 350,000 for the period from November 1963 to June 1964. However, much of this increase was in membership of Federal, State, and county employees.

President George Meany of the AFL–CIO has announced that the federation will conduct, in the immediate future, a 2-year coordinated multiunion organizing drive in Atlanta, similar to the recent 2-year drive in Los Angeles. We are currently preparing for staff readjustments to meet the anticipated caseload in Atlanta. In addition our regions report that the Industrial Union Department of the AFL–CIO, and many individual unions are expected to be very active in their organizing efforts in other areas. Because, historically, a large proportion of our case intake, both in the representation and unfair labor practice areas, arises from organizational campaigns, we can fairly anticipate a particularly marked increase in our caseload because of this factor.

Other factors affecting intake

Other factors contributing to the large and growing caseload of the Board have been highlighted in a recent article by Prof. Derek C. Bok, of Harvard University, written after an intensive and detailed study of the subject. He notes the widespread resistance to unions and the high degree of decentralization within labor and business which itself creates a wealth of separate relationships susceptible to labor conflict and abuse. Professor Bok's analysis is confirmed by a tabulation of the case filings with the agency which show that the basic nature of the bulk of cases filed with the agency has not changed substantially in 30 years. The bulk of our cases still arise not from complex or novel issues of law or fact but from elementary violations of employee rights in the form of interference, discrimination based on union membership or activity and refusals to bargain. Finally, there is another factor which is difficult to appraise at the present time, the challenge to the leadership in some of our larger unions and an indication of disaffection in the rank and file of some unions. This subject was dealt with in a recent New York Times article written by A. H. Raskin, an expert observer in this field.

Service to the public—Quality service

The agency has learned to live with a rising caseload and has bent its efforts to provide the constantly improving service which is a sine qua non if we are to minimize labor disputes which threaten the free flow of commerce. The main problems of a constantly rising caseload are backlog and time delay. The agency has attacked and is continuing to attack these twin problems in every possible way.

An understanding of the overall problem is facilitated by separating the caseload complex into two separate components: (1) those cases which run the full gamut of Board and/or court litigation; and (2) those cases which can be satisfactorily disposed of or resolved without resort to formal litigation.

As to the first category we are constantly engaged in developing new techniques both in trial preparation and trial procedures to expedite and simplify the litigational process and to reduce the cost of such litigation in terms of both time, money, and effort. The possibilities here, while limited, are being explored to the full and we are making distinct progress.

More important, however, in the administrative sense, is our handling of the second category of cases, those in which we can make effective and satisfactory dispositions without recourse to time-consuming and expensive litigation. It needs no demonstration that an increase in this "nonlitigated" category is eminently desirable so long as the basic objectives of the act are fulfilled. This objective is desirable both for the Governmment and for the private parties directly or indirectly affected. A speedy resolution of labor disputes, which can be attained by informal procedures, abates the threat to our industrial economy, which lingering, unresolved, and litigated disputes engender, and minimizes the burden on the private parties. This is one of the principal contributions which the administrative process can make which would be forfeited absent the administrative process and the investigative and settlement machinery which that process furnishes.

At the present time slightly over 90 percent of the agency's total caseload is being disposed of at the regional office level without recourse to the Board in Washington. Our task is, notwithstanding an ever-increasing case intake, to maintain and, if possible, to improve this record. The significance of this per-

formance is not only that potential and troublesome labor disputes are resolved at the very outset, but that the drain on the resources of the trial examiners division and on the Board itself is abated. A performance lag in this area would create a virtually insuperable obstacle to the successful functioning of the agency.

The measure of success of this program of disposing of the bulk of our cases at the regional office level will be determined by the interaction of two factors: (1) adequate staffing at the regional office level together with such minimum Washington screening and supervisory personnel as is necessary to assure uniform and effective regional procedures; and (2) quality investigative and legal work by regional personnel. A complete investigation and effective marshaling of the facts and the law is the factor that, except for the stubborn party or the complex legal issue, makes resort to litigation unnecessary. Such a quality investigation demonstrates in the typical situation either the lack of merit to a particular case or, alternatively, the demonstrable merit which would make litigation a futility for the offender.

Our proposed budget takes both the above factors into account. Improvement in the quality of our investigative and pretrial work already makes it unnecessary for us to ask for an increase in staff commensurate with the anticipated increase in caseload. Increased emphasis on quality will reflect itself, we are sure, in increased productivity per professional, a result which already is taking effect on the basis of efforts we have been able to exert because of the appropriations we were given in fiscal year 1965 to initiate this program.

MANAGEMENT AND PRODUCTIVITY IMPROVEMENT

We are happy to report to you that our efforts to secure improved and more efficient operations were quite successful in fiscal year 1964. I am especially proud of a marked improvement in field productivity and the success of our program to decentralize injunction litigation which is now being handled by our regional offices.

We have also moved forward in our attempt to improve our regional service setup. At the end of fiscal year 1964 we opened a new regional office in Milwaukee and this year we have opened another regional office in Brooklyn and a new type of office in Peoria, Ill. These offices were established in order to reduce the size of regional offices in Chicago and Manhattan which had grown too large to render quick, efficient, personalized service. An office that is too large engulfs the regional director in administrative detail and keeps him from performing his primary function of personally servicing the labor relations needs of his area. The Peoria office, although not a regional office, has authority to issue complaints and try unfair labor practice cases and reports directly to Washington. Consequently, it will render the same service as a regional office with the exception that when hearings are held in representation cases the record will be forwarded to the regional director in Chicago for decision. Thus we hope to provide good service in the Peoria area with a minimum of delay and at the same time substantially reduce the workload of the regional director in Chicago.

As previously stated, the Board has approved the creation of a new regional office in the Los Angeles area to relieve the present office there of the congestion which has developed, and we hope to have that office open later this year.

We have scheduled a number of field office professional time studies for this year and next and we hope to use the results of these studies to improve our budget and management procedures.

SETTLEMENTS

A record high of 3,677 unfair labor practice cases were settled or adjusted voluntarily by the parties in fiscal year 1964. This exceeded by 15 percent the 3,197 settlements and adjustments of fiscal year 1963 and means that approximately 3 out of 4 meritorious unfair labor practice cases were resolved without the necessity of expensive and time-consuming litigation. Of the 3,677 unfair labor practice cases settled or adjusted, 2,807, or 76 percent, were achieved before a complaint issued, and most of these settlements were entered into earlier than 45 days from the date the unfair labor practice charge was filed. We are, of course, continuing our efforts in this most important program during the current fiscal year and are constantly working on new techniques aimed at increasing the ratio of settlements to merit cases.

SUMMARY

This is my second presentation to the committee and follows completion of over a year as General Counsel. With your help and understanding I have been able to make demonstrable progress in virtually all the areas which are significant in the operations under the supervision of the Office of the General Counsel. In cooperation with the chairman and the members of the Board, but respecting our separate statutory functions, substantial progress has been made to fulfill the functions which have been delegated to the agency by the Congress. I look forward hopefully to a continuation of your understanding and assistance in our further efforts.

Mr. ORDMAN. I think I can address myself now not only to the particular question you have asked, but to some other matters which ought to be covered.

BUDGET REQUEST FOR 1966

I will touch only very briefly on our budget request. We are asking by way of budget for a 4.3-percent increase in funds as against an 8.6-percent estimated increase in intake in unfair labor practice cases, and an estimated increase in intake in representation cases of 5.7 percent. Our unfair labor practice cases, I should note, involve more extensive investigation, and may involve hearings before a trial examiner and the like. Accordingly, they take a lot more time than the usual representation case; so actually if we were going to estimate what our overall increase will be in terms of work for the cases we take in, it comes roughly to about an 8-percent overall increase. And for that 8-percent additional workload we are asking only a 4.3-percent increase in funds and a 5.6-percent increase in personnel.

Now, there is obviously a margin. That margin we are making up by—what you just referred to, Mr. Chairman—as management improvements and quality improvements, which I want to talk about in a moment.

INCREASING CASELOAD

As you know, I do not want to dwell extensively on our growing caseload and the reason for that growth—much of it is a natural result, I suppose, of the fact that our working force is growing fantastically with the war baby explosion. We used to have 200,000 youngsters a year, people under the age of 25, entering the labor force. Currently now the number of people under age 25 entering the labor force is 600,000 a year. It is estimated by the Department of Labor that the total labor force by the end of 1965 will be 78.9 million; and the estimate for 1970, 5 years from now, almost 86 million.

Now, in talking about increased caseload, I recently met with a group of management representatives from Los Angeles. Frankly it is nice to know our economy is growing; but in terms of the kind of work that we can expect, I confess to being surprised when they told me of the huge plants that are going to be built in the Los Angeles area. In Orange County alone, they expect an increase of 50 percent or more over the present work force. That is the kind of growth that we face.

Much of our caseload flows from the rise in our gross national product; some of it is just a consequence of our growing economy.

With specific reference to the office of General Counsel, under our statute, that office has supervision and control over all of our 30 re-

gional offices, including the legal and investigative staffs, and has control and supervision also over our court litigation staff.

We received last year a total of 240 Federal courts of appeals decisions. Some of those cases settled prior to court decision so that we had a total workload in the Federal appellate system of about 300 cases, exclusive of Supreme Court and injunctive litigation.

Now, the General Counsel's office has charge of all of this. We are asking for a 4.5-percent increase in staff.

If the committee will bear with me, if you will turn to page 4 of our budget presentation, take a look for a moment at the pie chart—I think you will get a better picture of our total operations.

In 1964, we handled some 27,403 cases. Those cases all funnel in through our regional offices, and divided roughly into 15,620 unfair labor practice cases, and 11,783 representation cases.

Now, these represent all of the cases.

In an unfair labor practice case, for example, when a charge is filed—that is, a party, union, employer, or individual, comes in and complains that an unfair labor practice has occurred, we investigate that case. You will find the figures here which show the disposition of unfair labor practice cases. Figures within the pie chart are the percentages for 1964; the figures just outside are the figures for 1963.

On the basis of our investigation, we informed the charging party, the complaining individual, employer, or union, as to the nature of his case. On the basis of our explanation, the charging party frequently recognizes the lack of merit in his charge and withdraws it. This happens in 38.4 percent of the cases.

In some cases, where for one reason or another the party refuses to withdraw, if we are satisfied on the basis of our investigation of the facts and the relevant law, that the case should be dismissed, we dismiss it ourselves, thus disposing of an additional 30.1 percent of our caseload. Finally, of the remaining cases which our investigation reveals have merit, we settle or adjust another block of 23.9 percent prior to any Board action.

Now, that means all of this work, gentlemen, is done in the regional offices, 92 percent of our caseload never gets to the trial examiner for decision or to the Board level.

Eight percent of our cases reach the stage of litigation, that is, the case has to be decided by a trial examiner or by the Board. And about 56 percent of those cases where a Board decision is made go on to the courts of appeals for review of the Board decision.

But the significant achievement is—and we must seek to maintain it—is that 92 percent of our total caseload is gotten rid of at the regional office level without any further action.

SETTLEMENT OF CASES

Now we would like to talk about our settlement figure. We are rather proud of it. Of those cases where we decide there is merit in the case and we would normally go to litigation, we settle 3 out of 4, or about 75 percent prior to litigation.

Now, it goes without saying that this is an important contribution simply because we are finding that the bulk of those cases are settled within 45 days of the time our office receives a charge.

In the typical labor situation, any labor dispute that stays unresolved festers and becomes more difficult to resolve. We settle or adjust 75 percent of our so-called merit cases, and the bulk of those within 45 days from the time the initial charge is filed.

Now to give you an indication of how important this is, a 1-percent drop in the 92-percent rate of disposition at the regional office level would mean about 150 more cases that go to litigation. This would be a sizable caseload and the kind of caseload that would involve having to ask for a really substantial staff increase in trial examiner and Board personel.

Now, we have tried to maintain our high rate of informal disposition. Why is it important? We have through the courtesy of your committee and the appropriations you gave us, worked on quality. Whether we get withdrawals or dismissals, or settlements, is determined on the efficiency of our investigation.

As a practical matter, gentlemen, when we get a charge we must develop what I call quality investigation, which means simply marshaling all of the facts, and applying the relevant law. If we can do this adequately, we can then call the parties in, explain the situation and satisfactorily demonstrate to the parties, except for the occasional stubborn fellow who wants to litigate anyway, either that there is no unfair labor practice and that the charge should be withdrawn or dismissed, or that an unfair labor practice is so clearly established that litigation would be pointless and a settlement is called for.

Unless we can establish and maintain that kind of staff performance in the regional offices, we are not going to maintain the distribution of caseload we have at present. We not only have to maintain this pattern; but we have to improve it in a sense, because we have an increasing caseload. We think we will with your cooperation be able to do so.

INCREASE IN STAFF PRODUCTIVITY

Now, how we do this, of course, is in two ways: First, to some extent we have to increase our staff to meet that increasing caseload. But as I pointed out to the committee at the outset of my remarks, we are not increasing our staff in proportion to the increasing caseload because we are getting improvement in quality. We have to continue this improvement in quality to meet the increasing caseload and make up the difference.

We did, for example, increase our productivity in the field offices last year per professional employee by about 7 percent. We are in this current year, in 1965, getting very close to an additional 5 percent improvement factor, which is our target for this year, and we hope to surpass it.

We have in our field office case handling lost a little in timelag in case processing, but are current in terms of caseload; there is no backlog and we are trying to make up the slight loss in processing time.

In the representation case field, we do even better. At the present time, in election cases where normally a hearing is required, we are able to get the parties to come to a consent or stipulated election agreement, which eliminates in 74 percent of the cases the necessity for a hearing. That is an improvement of 3 percent over last year.

Now, in all our operations, we are stressing time as well as quality because time is extremely important. Every labor controversy, if you let it get old, becomes more difficult to resolve.

We have time targets. We are suffering a little lag of a day or so in precomplaint investigations, and a greater lag from complaint to hearing. In the latter respect the lag is due, as Chairman McCulloch pointed out, to the inadequate staff of trial examiners.

Our litigation record, both before the Board and courts, has continued to be outstanding and in both cases has improved somewhat.

We have made changes by decentralizing. We used to conduct all of our injunctive activities, under section 8(b) (4) and (7) of the act, from Washington.

We decentralized that. That activity is now being handled for the most part by our field offices. This makes for time and cost saving by not having to send people from Washington and we have increased the quality of our performance. We were 94 percent successful in the first half of this fiscal year as opposed to 91 percent in the prior year in our injunction litigation.

But the real point I want to stress is that with the aid the Congress gave us last year, we have been able to increase the quality of our performance, the efficiency and stability of our staff. We have of course a turnover problem—all agencies do. As the Board's business increases, our customers' business increases, too. The labor-law firms on both the management and labor side recruit from us because they find we are the best training school in the world. We have suffered from that in the past in the loss of well-trained people.

As a result, I started one year and a half ago as General Counsel with a professional staff only half of whom had as much as 2 years' experience. Today, notwithstanding continued raiding of our professional ranks by private law firms, notwithstanding a number of new and inexperienced hires, 78 percent of our staff now has over 2 years of experience. This patently demonstrates that our retention rate of trained personnel is improving and brings about a corresponding improvement in the quality of the work performed.

We cannot claim exclusive credit for the improvement in our retention rate. I think the pay increase had something to do with that, too. But we have increased the experience level of our staff on the basis of 2 years' experience from 50 to 78 percent of our staff and this again is part of the quality improvement that we are seeking.

This quality improvement factor is central to our program. It is that factor that will enable us to cope with our increasing caseload without inordinately increasing our staff. It is that quality factor also which will enable us to do more effectively the job Congress gave us; namely, to eliminate the interruptions to commerce brought about by labor disputes cognizable under the act.

Mr. FOGARTY. Thank you.

FUND TRANSFER AUTHORITY

You had some difficulty with section 906 of the Appropriation Act.

Mr. MCCULLOCH. Yes, Mr. Chairman.

Mr. FOGARTY. What is the problem? It was brought up this morning also.

Mr. McCULLOCH. Our problem is related to the one that I mentioned to you when you asked where our greatest backlog is now concentrated.

The limitation in the act, I think, aimed at the experience of certain other agencies but, nonetheless——

Mr. FOGARTY. It was because of two other agencies, one in particular, that the section was put in the bill last year.

Mr. McCULLOCH. It results in a ceiling on what is called activity 2 in our 1965 appropriation for trial examiner activities.

This money figure is one which of course was prepared in November and December of 1963, when we made our final submission to the Bureau of the Budget, and then in January of 1964, a year ago, shortly before we appeared before this committee.

What I have described to you as the 41-percent increase in the hearings which were required before our trial examiners, and the doubling of case backlog at the trial examiner level, is something that results from the increase in the merit cases, plus increase in the overall volume, and these things were beyond our estimates.

We need therefore some relief from the application of that limitation to us so that, within the overall total this committee has made available to us, the Board may be authorized to adjust its allocation of funds to meet the most pressing need that we have or may have.

We need trial examiners; we need to hold more hearings; we need to hear them more promptly than we can under the ceiling that this imposes upon us.

We have sought to set that forth in a formal letter to you.

Mr. FOGARTY. I have the letter and I guess we might as well put it in the record at this point.

(The letter follows:)

NATIONAL LABOR RELATIONS BOARD,
Washington, D.C., January 29, 1965.

Hon. JOHN E. FOGARTY,
Chairman, Labor-HEW Appropriations Subcommittee, House Committee on Appropriations, Washington, D.C.

DEAR MR. FOGARTY: The National Labor Relations Board would appreciate your subcommittee's consideration of the effects of the limitation on funds expenditures by budget activities contained in the general provisions of the 1965 Appropriation Act (sec. 906 of Public Law 88-605). In our opinion this limitation, by reason of its rather inflexible application to the National Labor Relations Board, is working a real hardship on the agency's ability to manage its caseload in keeping with the changes in workload flow that have taken place since the submission of the President's fiscal year 1965 budget last year.

Our budget activity layout is a direct translation of total workload-processing flow. The initial movement of cases into the pipeline is not within our control, and the subsequent flow through the other stages or later budget activities is a consequence of the parties' determinations to voluntarily comply with the law or to proceed to formal litigation of their rights. Under such circumstances it is extremely difficult for us to forecast accurately enough these workload movements between and across budget activities, let alone the dollar values involved.

For a number of years now the agency has experienced an increasing intake of merit charges. Up until 1964, settlements managed to at least keep pace with merit at all stages of processing, thus preventing the formal budget activities (II–IV) from rising too quickly. In 1964, however, settlement before hearing declined. Although this was offset somewhat by increasing settlement after hearing, it did result in a 41-percent increase in hearings and a continuing need for many more hearings as well as trial examiner decisions.

This is a substantial and unexpected increase in activity II, which now requires 88 to 90 trial examiners to handle the workload instead of the 85 currently available in activity II. On the other hand if our settlement program

proves highly successful the need for relief in activity I will become an immediate need in order to continue informal processing at maximum levels. The agency believes that good industrial relations require that we do not allow an unduly high backlog to develop in case hearings, or any other area, and that without in anyway breaching the overall ceiling on the agency's funds, work in other areas should be delayed a little, if necessary, in order to accomplish the necessary reduction. All of this is possible, of course, only if Congress sees fit to lift the limitation imposed by section 906 on expenditures by budget activity.

In summary, the agency, within the overall ceiling prescribed by Congress, is seeking relief in the form of a sufficient degree of flexibility to effectively adjust funds between its budget activities because it cannot control the changes in outcome of the case flow process as between the successive stages that these activities are intended to reflect. It is our earnest hope that your subcommittee may be willing to consider recommending the inclusion of this needed relief in the first deficiency appropriation measure of the new Congress.

Sincerely yours,

FRANK W. MCCULLOCH, *Chairman.*
ARNOLD ORDMAN, *General Counsel.*

Mr. MCCULLOCH. We appreciate that very much. It is an urgent need for us.

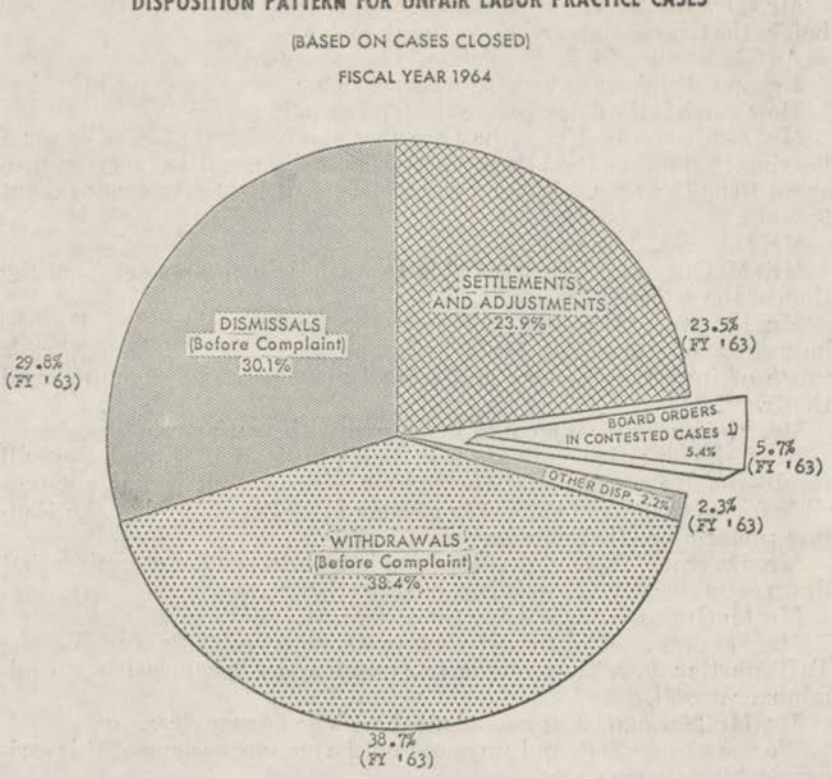
Mr. FOGARTY. Mr. Denton.

DISPOSITION OF UNFAIR LABOR PRACTICE CASES

Mr. DENTON. I would like to put this chart on page 4 in the record, if we could do that. Is that agreeable?

Mr. FOGARTY. Yes, we can do it.

(The chart follows:)



Mr. DENTON. How many cases does that represent, Mr. McCulloch, that you had filed before the Board in 1964?

Mr. MCCULLOCH. The 1964 unfair labor practice situations were 13,978, right on the rim of 14,000.

Mr. DENTON. And how many representation cases?

Mr. MCCULLOCH. Representation cases are not shown in this pie chart.

Mr. DENTON. I know that. I am asking you how many there are.

Mr. MCCULLOCH. In 1964, there were 11,783.

Mr. DENTON. Counting both, you had in round numbers 25,000 cases.

Mr. MCCULLOCH. That is right.

Mr. DENTON. It is very fortunate you were able to dispose of such a large number without litigation.

Mr. MCCULLOCH. Unquestionably.

DELAYS IN HANDLING CASES

Mr. DENTON. What disturbs me is the delay in trying these cases before the trial examiner, before the Board.

As Gladstone said, justice delayed is justice denied.

I cannot think of anywhere where a delay provides more injustice.

How much is the delay before the trial examiner?

Mr. MCCULLOCH. From the time that the regional office asks for a hearing to the time the hearing date is actually set, it has increased to about 10 or 11 weeks. We had previously whittled that down to about 5 weeks.

Mr. DENTON. I know it.

Mr. MCCULLOCH. We were able to set hearings 5 weeks from the time of the request.

Mr. DENTON. Of course, as long as those are pending, that disturbs industrial relations. It leads to industrial strife. It is a terrible waste of industries' money and labors' money to have them delayed that way.

Mr. MCCULLOCH. We could not agree with you more.

Now, the situation built up a little bit in fiscal 1964, and you will recall—I have not brought the figures with me, but it was not possible for us to expand staff very greatly in 1964 under what the Congress determined that we required.

Mr. DENTON. When you were here last year, you were cutting that down substantially. Now it is going the other way.

Mr. MCCULLOCH. It is going the other way.

Mr. DENTON. Of course, if Congress passes laws like this, like the Taft-Hartley law, they ought to supply the appropriations to administer it well.

Mr. MCCULLOCH. I agree. And the whole agency does, too.

We want to do that, and we could not be more conscious of this serious problem than we are.

We do seek to mitigate the difficulties somewhat in this area by the new settlement program we have for trial examiners.

CASES COMING BEFORE THE BOARD

Mr. DENTON. Let us take the case that comes before the full Board. How many cases do you dispose of in the unfair labor practices field?

Mr. MCCULLOCH. The number of unfair labor practices hovers around 600. It was less than 600 in fiscal 1964. We expect that number to be increased very substantially in fiscal 1965.

In the representation case field, the cases, the decisions, actually issued by the Board do not number more than about 200 to 300.

Mr. DENTON. They are readily disposed of in the field?

Mr. MCCULLOCH. Because most of them are disposed of in the field.

Mr. DENTON. They are not very involved cases?

Mr. MCCULLOCH. Cases that do come to us, however, from the field are about 20 percent of regional directors' decisions on the contested representation cases, on a request for review. These tend to be the toughest or most hotly contested cases, and they require the Board to go through the request for review and to determine whether or not there are substantial factual or legal issues, or variance from Board procedure or precedents.

Mr. DENTON. The same thing as certiorari?

Mr. MCCULLOCH. Very much like that. So a great part of this is a volume of work which does not appear in the Board decisions.

Mr. DENTON. Yes.

Mr. MCCULLOCH. You asked me about the Board decisions and directions of election. I have left those out completely in referring to the handling of 350 or so requests for review. I will ask Mr. Fields, the executive secretary, to respond.

We have consent agreements in nearly 5,000 to 5,500 of our representation cases and the consent elections. But there are about 2,000 contested decisions, about 1,800 of them handed down by the regional directors, and between 200 and 250 by the Board, a major part of these coming as a result of transfer to the Board by the regional director. In that list of 2,000, there are many basic unit questions, there are many questions of eligibility, and others—like postelection matters of objections and challenges, to the number of 182 cases—that the parties litigate to the teeth.

Mr. DENTON. Yes, I realize that.

Of course, they would not come before you unless that was the case.

Now, how much is the leadtime when you file an appeal, before you pass on it, how long a time is it? Assume the case is all briefed and ready for submission. From the time the brief is rendered, how long do you have?

Mr. MCCULLOCH. We have a chart on page 15 that indicates what that is now. From the trial examiner's decision to the Board's decision—page 15, table C, look at the last column; from the trial examiner's decision to the Board's decision, 136 days.

Mr. DENTON. Yes.

Mr. MCCULLOCH. This is not from the time that we get the briefs.

Mr. DENTON. I appreciate that.

Mr. MCCULLOCH. Because briefs and the exceptions do not come in for——

Mr. FIELDS. They average about 50 days with the briefs, the exceptions and the answering briefs and the cross-exceptions.

Mr. MCCULLOCH. We gave a little more occasion for delay at this point, Congressman, which I have to report to you. We had had serious discussions about our procedures with the Labor Law Section of the American Bar Association, and after pretty thorough discussion, the Board set up new procedures for cross-exceptions—exceptions and then a period of time within which cross-exceptions could be filed.

Previously the party that might have been the successful party before the trial examiner might figure that he would just file exceptions to protect himself against the other party or the General Counsel filing exceptions.

Now we hope the new procedure may reduce exceptions, but we have increased the time lapse by setting up a further time after the filing of exceptions for the filing of cross-exceptions. This is in the interest of due process, but it also produces some new delays.

Mr. DENTON. I would like to put that table in the record.

(The table follows:)

TABLE C.—*Comparison of median time (days) elapsed in processing cases, July–December, fiscal years 1959–64*

Stages	July–Dec. 1958	July–Dec. 1959	July–Dec. 1960	July–Dec. 1961	July–Dec. 1962	July–Dec. 1963	July–Dec. 1964
Unfair labor practice cases:							
From filing to complaint	143	63	44	46	49	56	57
From complaint to close of hearing	54	71	43	45	51	53	62
From close of hearing to trial examiner decision	73	87	95	65	70	77	126
From trial examiner decision to Board decision	194	146	150	176	132	123	136
Total, filing to decision	464	367	332	332	302	309	381
Representation cases:							
A. Field processing:							
From filing to notice of hearing	12	11	10	10	10	10	8
From notice of hearing to close of hearing	16	15	14	14	13	13	13
Subtotal, filing to close of hearing	28	26	24	24	23	23	21
B. Decisional processing:							
1. Before decisional delegation to regional director:							
From close of hearing to Board decision	49	52	50	-------	-------	-------	-------
Total, filing to Board decision	77	78	74	-------	-------	-------	-------
2. After decisional delegation to regional director:							
(*a*) By the Board:[1] From hearing to Board decision	-------	-------	-------	112	121	108	101
Total, filing to Board decision	-------	-------	-------	136	144	131	122
(*b*) By regional director:[1] From hearing to regional director decision	-------	-------	-------	20	17	18	17
Total, filing to regional director decision	-------	-------	-------	44	40	41	38

[1] Fiscal year 1964 the Board issued only 197 decisions while the regional directors issued 1,882 or approximately 91 percent of the total representation decisions.

Mr. DENTON. It seems to me that this time lag of 126 days from the close of hearing to the trial examiner's decision is awfully long.

We do have judges that can make a decision and decide a case just about as well when they are through trying it as they can 3 months later. Some people just don't like making up their minds.

Mr. MCCULLOCH. Congressman, let me hazard a guess. The trial examiner, having completed one hearing has been scheduled to go out for another hearing before he has a chance to get all the transcript of the record and exhibits and briefs that are addressed to him, and so these accumulate on his desk.

At the present time, our average trial examiner has between four and five cases that he has had hearings in and some of them are awaiting the parties' further submissions. Then he is pushed off to hold additional hearings, to get things moving, and to get the record made before the case which is prepared for trial gets too cold. The setting of hearings also exerts a pressure for settlement, which we all know is reinforced by the imminence of the "courthouse steps."

Now, our trial examiners have responded well to the increased pressure and have actually increased productivity in the past year about 12 percent.

Mr. DENTON. I have had some experience with this myself, and when I see that it takes that long to decide a case after they've heard the

evidence, I think something is wrong because after he has heard that evidence he knows how he's going to decide it just as well as he does 3 months after that.

Mr. ORDMAN. Since I am the prosecutor before the trial examiners I am deeply troubled when I have to wait for a decision. However, there is a slight distinction between our trial examiners and a judge in a routine case. A judge does not have to write up the findings under the Administration Procedure Act. The trial examiner must make a full statement of the evidence and his findings.

Mr. DENTON. And special findings of fact.

Mr. ORDMAN. I am not suggesting that there isn't room for improvement, but I do reiterate and confirm what the chairman said. What we tried to do early in the year is to get these cases heard very promptly which, as you pointed out, is a very important thing. We reduced the trial calendar to 5 weeks. The upshot is that the trial examiners were holding so many hearings they were not able to decide the cases that were heard. Accordingly, we expanded the hearing time to a larger extent and gave them a chance to write up the cases they had heard. This poses an insoluble dilemma and the answer is that we have to have more trial examiners.

Mr. DENTON. Well, it takes a trial examiner 126 days, and you've got to brief the case, file the appeal, and cross appeal, before the Board.

CASELOAD HANDLED BY BOARD

Now, how many cases come before the Board? You say about 600?

Mr. MCCULLOCH. Yes.

Mr. DENTON. And you have five people deciding. This means 120 cases to the judge a year; is that right?

Mr. MCCULLOCH. Yes, that many unfair practice cases for which he has prime responsibility, but also a lot of other things, including other——

Mr. DENTON. You can't possibly do justice with that caseload, can you?

Mr. MCCULLOCH. Yes, it does require us to handle a heavy load of work.

Mr. DENTON. We had some legislation proposed a while back where we were going to have these just like in Federal Court.

Of course, Congress, in its wisdom, defeated that reorganization plan, but the big argument made was that a man was entitled to have his case passed on by a judge instead of a law clerk.

Mr. MCCOLLOCH. I think there is a greater degree of attention to the individual cases than your good-natured suggestion might imply. But we do have to depend upon our staffs for the many initial analyses of fact and of law. But after they take up a case, a three-member Board panel or the full four- or five-member Board will review it and must make the decision, and the record is there.

Frequently, there are members who say, "This factual finding disturbs me." They will go to the testimony, then, and review it.

Mr. DENTON. I think it's wonderful that you can get rid of these cases before the Board. But it just isn't fair to ask five judges to pass on that many cases besides all the other things you have to do. But, of course, it's your decision in the last analysis.

Mr. McCULLOCH. Well, we just do the best we can, given the obligation to carry out the congressional mandate that we have. There are not many objective tests, and we probably make enough errors so that we can't crow too loudly about our work. But our records in the courts of appeals have stood up amazingly well. The Board's success in the courts of appeals which, after all, are the primary reviewing agencies has been about constant.

Mr. DENTON. I don't remember now, but it seems to me this caseload started increasing about 10 years ago.

Mr. McCULLOCH. But the most remarkable increase has occurred since 1957, Congressman. For the first 10 years of Taft-Hartley there was a burst to begin with and then the caseload tended to level off. From 1957 on it has virtually doubled, so the big part of our workload now has come from the increase in the last 6 to 7 years. I only cite the court record to suggest to you that the quality of our decisions has been maintained despite the increased volume. Of course, being fallible human beings, we make mistakes.

I'm not trying to tell this committee that we are perfect. But we are maintaining about the same court record the previous boards had—and recently somewhat exceeding it.

Mr. DENTON. With this caseload, you are certainly to be congratulated, but I don't think it's fair to put that caseload on anybody. Well, anyhow, I personally think this is one place where cases ought to be quickly tried.

Mr. FOGARTY. Mr. Michel.

RESISTANCE TO SELF-ORGANIZATION

Mr. MICHEL. In the justification here, the major factors include industrial groups, increases in the work force, labor union organizing activity, strong resistance to self-organization, automation, plant closings and plant movings and changes in level of employment.

What do you mean? Why is there strong resistance to self-organizing?

Mr. McCULLOCH. I attended a conference of management counsel and industrial relations representatives at the Wharton School of Finance and Commerce, a highly respected institution in Philadelphia, Pa. I referred there to the same idea that was expressed in the passage to which you call attention. I expressed regret that many years after the congressionally adopted policy had been set down there should still be so much resistance. Some present responded by asserting that they loved collective bargaining even better than the unions, and that they embraced brotherly love between management and employee organizations.

Then, someone got up and said, "Why are we kidding ourselves? Our main criticism of the Board is that it is carrying out the congressional mandate, and that is what we really don't want it to do. If we are not requiring to bargain, then we don't want to."

This same statement was made by another leading management attorney from the Pacific coast.

He said, "Of course, most management officials would prefer to make these business decisions unilaterally if they could. We feel it would operate faster, and we would not have to face up to the possibility of dislocations coming from stoppages and the like."

He said it's very natural that they would prefer to make these decisions unilaterally but he said, "The national policy on matters relating

to wages, hours and working conditions is to the contrary, and I for one have advised my clients that they should abide by the policy."

Unfortunately, this is not true everywhere, and there are some who still need to learn the lessons that this Congress sought to teach them 30 years ago.

UNFAIR LABOR PRACTICES COMPLAINTS

Mr. MICHEL. On this item of intake and expense, you say that for the past several years the agency has experienced a continuous rise in the filing by the public of unfair labor practices. Why? I always understood that employees, unions, and employers filed and not the public.

Mr. ORDMAN. The word "public" was used to include employers, unions, and employees.

Mr. MCCULLOCH. The "public" was intended to differentiate it from the Government.

Mr. MICHEL. On page 6, under "Current estimates," your estimate for 1965 is that unfair labor practice situations will rise by 6.4 percent over 1964 and that representation cases will rise 5.3 percent.

Did we have in the record what your estimate was last year and how those estimates were actually borne out?

Mr. MCCULLOCH. Yes, Congressman. We've put a full page in that shows how these estimates have compared with the actual figures for the last 4 fiscal years.

Mr. MICHEL. Is that in—page 7. Do we have that as part of the record here?

(The data referred to follow:)

TABLE A.—*Comparison of recent case intake experience with budget estimates for fiscal years 1961, 1962, 1963, 1964, 1965, and 1966*

	Unfair labor practices		Representation cases [1]
	Cases	Situations	
A. Actual recent experience for:			
1. Fiscal year 1958	9,260	7,673	7,488
2. Fiscal year 1959	12,239	9,061	9,394
3. Fiscal year 1960	11,357	9,128	10,170
4. Fiscal year 1961	12,132	10,592	10,559
5. Fiscal year 1962	13,479	11,877	11,369
6. Fiscal year 1963	14,166	12,719	11,205
7. Fiscal year 1964	15,620	13,978	11,783
8. Fiscal year 1965 (July–December 1964)	7,350	6,693	5,538
B. Budget estimates for fiscal year 1961:			
1. As estimated in 1961 budget	11,400	9,400	10,425
2. As estimated in 1962 budget	11,275	9,470	11,100
3. Revised estimate in 1962 budget	12,100	10,500	10,550
4. Actual intake	12,132	10,592	10,559
C. Budget estimates for fiscal year 1962:			
1. As estimated in 1962 budget	11,275	9,470	11,100
2. As estimated in 1963 budget	13,100	11,500	11,250
3. Actual intake	13,479	11,877	11,369
D. Budget estimates for fiscal year 1963:			
1. As estimated in 1963 budget	14,600	12,750	12,300
2. As estimated in 1964 budget	14,600	13,000	12,590
3. Actual intake	14,166	12,719	11,205
E. Budget estimate for fiscal year 1964:			
1. As estimated in 1964 budget	15,500	13,750	13,300
2. As estimated in 1965 budget	15,300	13,750	11,800
3. Actual intake	15,620	13,978	11,783
F. Budget estimates for fiscal year 1965:			
1. As estimated in 1965 budget	16,800	15,125	12,600
2. As estimated in 1966 budget	16,615	14,875	12,400
G. Budget estimate for fiscal year 1966	18,010	16,150	13,100

[1] Includes union decertification cases.

Mr. McCULLOCH. Now you will also look at item F, "Budget estimates," for the current year 1965, we somewhat reduced our estimate of unfair practice situation filings from $15,125 to $14,875. This was an effort to take into account what had happened in the first 5 months of fiscal 1965.

Mr. MICHEL. Referring to page 8, I am somewhat intrigued by the statement that this was a special election year phenomenon and that final intake for 1965 may well exceed our latest revised estimates, as a result of the rising intake trend already experienced in December.

Are unfair labor practices based on elections? Isn't this in itself an unfair labor practice?

Mr. McCULLOCH. I think it's a political reality that some people who might otherwise be engaged in organizing get diverted to other activities. We seem to have a dropoff a few months before elections, and I will let you surmise how it occurs.

Mr. ORDMAN. One precinct chairman who talked to me on election morning said that he got a call from two union agents who said, "we are under orders to stand at some place. Have you got a place for us to stand." And I gather these fellows must be representative of others who were busy during the election on other than organizing activities or grievance representation.

CIVIL RIGHTS ACT

Mr. MICHEL. Now, on another serious note, again, the last sentence, page 8 of the justification:

"National movements," such as the fight for civil rights, have labor-management relations repercussions, which lead to the filing of charges.

Now doesn't title VII of the Civil Rights Act cover this area of concern?

Mr. McCULLOCH. That is true. The sentence adverts to the fact that about 2 years ago, in a case called *Miranda Fuel*, the Board, as then composed, by a 3-to-2 vote construed the statute to cover forms of employment discrimination that were not basically union oriented.

This was a case that did not involve any racial angle, but the legal principle had implications which reached beyond the facts of that case and which parties were pretty quick to test in the field of employment discrimination that might result from racial factors.

The Board's decision in that case was upset in the court of appeals, but in a judgment by a three-member panel which included three separate opinions. It was a 2-to-1 decision reversing the Board, and it did not give clear guidance on this basic issue.

The Board then, after a long period of study, in a case called *Hughes Tool*, by a 3 to 2 division again, said that the unfair labor practice section of the statute did—in that instance—cover the refusal of a union to process a grievance for a man who was a Negro member of the union and that this refusal did constitute an unfair labor practice.

That case was not taken to the court of appeals. Following that, there have been a handful of cases in which similar issues have been raised. In one instance the complaint alleged discrimination by certain union leaders some of whom were Negroes against some of their white brothers in the same union, and the Board again found the

alleged discrimination there. This has not resulted, however, in a great volume of new cases.

Indeed, for the full fiscal year of 1964, the year after the *Miranda* case, the General Counsel gave me figures which he had about 6 or 7 months ago, which suggested that there were only eight or nine racial cases filed on the *Miranda* case principle. Some of the public reports and criticisms of the Board claim that it is creating a new law which results in a flood of new cases. I think at the time I figured out a percentage of what that increase was, and it was about 0.035 of 1 percent of the Board's total workload. But the few cases we have had have cost us a great deal of discussion and work.

Mr. MICHEL. It may be appropos at this time to read into the record a section of volume 147 NLRB No. 166 in your own words, pointing out that civil rights is not in the National Labor Relation Board's jurisdiction.

Miranda means that the Board is embarking on a wholly new field of activity for which it has no preparation and which is likely seriously to interfere with its present activities that are already more than enough to keep it fully occupied.

What we are confronted with is an important question of policy which should be resolved not by logomachy, but by a careful weighing of alternatives in the light of the ends to be achieved. Where specific statutory rights or prohibitions are not involved, should enforcement of the duty of fair representation be left to the courts, to the Board, or both? In such circumstances, should cases of breach of this duty insofar as they involve race discrimination be treated differently from breaches involving nonracial factors? If a separate agency is created to handle the task of eliminating employment discrimination by unions and employers based on race, should the Board have a duty in this field? If so, what should it be? To ask these questions is to appreciate that the problem with which we are presented is legislative to be resolved by the Congress and not by an administrative body whose duty it is only to administer the law which Congress has written.

Those are your words, are they not?

Mr. MCCULLOCH. Yes, and I still subscribe to them.

Mr. Fanning who joined me in this position has also continued to maintain this position, for we feel it is a correct one. We hope that there may be soon a court test to lay this question to rest.

And the second comment I would make is that this is a matter on which there are two different positions held by many legal scholars. Indeed, the Supreme Court, in one of its recent cases, referred to the fact that there is a sharp difference of opinion on the very issue to which you have alluded, and the Court did not pass upon it.

Mr. ORDMAN. That was the *Humphrey* case.

Mr. MCCULLOCH. Yes, and in at least one of the opinions there was a citation to one of the several Law Review articles, in which scholars have been arguing this issue.

So I would like to defend my colleagues with whom I differ. I know they sincerely believe that the law does cover this and they have some scholarly support for their view. I would remind you also that in the initial *Miranda* case, the majority decision was handed down by some veterans in terms of Board service, Members Rodgers, Leedom, and Brown, and these interpretations of the law, now concurred in by Member Jenkins, were conscientiously arrived at after extensive discussion in the Board.

Mr. MICHEL. Now with that, Mr. Chairman, and knowing that your position does not agree with Board policy in this respect, might I direct a question to General Counsel Ordman?

ISSUANCE OF DISCRIMINATION COMPLAINTS

Now that title VII of the Civil Rights Act prohibits discrimination in employment, don't you feel you should discontinue issuing complaints in discrimination?

It seems to me that you do two things: One, you help keep down the caseload and two, you could prevent duplication.

Mr. ORDMAN. Is your question that I should discontinue or continue to issue them? I would say this, as General Counsel: I am bound by the majority view of the Board. Unless and until the courts reverse the Board, I am bound by the Board rule and would and do issue complaints based upon racial discrimination which fit within the framework of the Board's majority view.

We have had a number of cases and I am very happy to report that we got a very happy resolution. It is worth noting that the Board's Hughes Tool decision issued almost simultaneously with the enactment of the Civil Rights Act, but Robert L. Carter, who is general counsel for the National Association for the Advancement of Colored People immediately issued a ringing declaration that he thought this was a wonderful decision by the NLRB and urged all his people to use the more economical offices of the NLRB rather than, he said, the less effective methods provided by the Civil Rights Act. Notwithstanding that, our caseload in this area has been minimal.

EFFECTS OF INDUSTRY EXPANSION

Mr. MICHEL. Let me go to another subject, now, page 10. On page 10 you say that "New England region reports on the New Boston" building program; "New York City reports on the expansion of new business on Long Island; Philadelphia tells of proposed capital investment, $378 million in the Philadelphia metropolitan area alone.

"Similarly, in the Midwest, Detroit reports that Ford and General Motors will build new multimillion-dollar plants."

Now, does this reflect itself in more labor on your part?

Mr. ORDMAN. It does, to this extent. The unions—I think we have pointed out more completely in what we have submitted—are getting very sensitive to their lack of growth in correspondence to the growth of the work force.

As these new industries come up there is an attempt on the part of the unions to organize these new plants.

As they seek to organize them and they are just starting, for example, a 2-year program in Atlanta, Ga., which is a major drive by the AFL-CIO. Unless they get voluntary recognition which they get in some cases, we either get a representation case or, as the chairman pointed out, there is employer opposition which reflects itself in violations or alleged violations of the act.

One way or the other we catch either a larger load of representation petitions or unfair labor practice cases and sometimes both.

Mr. MICHEL. Would that also hold true for this area: Atlanta, Ga., Los Angeles, Calif.?

Mr. ORDMAN. Yes. The AFL–CIO has been engaged in a major organizing drive in Los Angeles. The most significant increase has been in the Los Angeles area. Even during this election year alone which we just talked about a few moments ago, while we did see a decrease in caseload all over the country, we did not see it in Los Angeles, and I attribute that to the organizing drive.

In Atlanta we are presently making plans to shift staff to take care of the caseload we expect in Atlanta and we are going to attempt to shift staff rather than taking on new people in Atlanta.

PEORIA, ILL., SUBREGIONAL OFFICE

Mr. MICHEL. Now, I note with interest on page 19 in the report where it says:

> We are also experimenting with a new type of subregional office in Peoria, Ill., to service central Illinois, formerly serviced by Chicago.
>
> This type of office was established because its initial workload did not warrant full regional office status. However, the new suboffice has been delegated full authority to issue complaints in unfair labor practices.

Now, doesn't the General Counsel issue the complaints?

How can he delegate this authority?

Mr. ORDMAN. Under the statute I can delegate it. As was recently pointed out, we expect in numbers about 15,000 unfair labor practice situations. We expect about 17,000 unfair labor practice cases, but sometimes we get 4 or 5 individual charges which relate to the same situation, that is, 4 or 5 dischargees discharged by one company.

We don't want to mislead the committee and we take those four or 5 cases and count it as one situation. We are keeping our numbers within reason. I cannot personally pass on the merits of 15,000 unfair labor practice situations, and I am authorized and have the authority to delegate the bulk of these determinations to regional directors. The way this operates is where, as in most areas, the law is quite settled and definite, the regional directors have the authority to issue or not to issue complaints.

They are under instructions, where there are new issues, to relay that information to Washington, and we make that decision here.

One of the problems we have with Peoria, is that under the statute, the Board as we read the statute, has authority to delegate authority in representation cases to a regional director and none other.

One of the other reasons we are establishing that kind of office in Peoria is because we are trying, in every way, to develop more efficient ways of handling our business.

Peoria has a substantial pocket of cases in that area which can be handled on the spot. We accomplish some savings in that respect.

CONTRACT FOR COURT REPORTERS

Mr. MICHEL. Now that point—this is very interesting. Now how do you handle the reporting for this kind of thing? I understand that there was a hearing in Peoria, and everyone was there except the court reporter, and they could not get a reporter because there wasn't any, and they had to get somebody down from 160 miles away and he received travel money for 160 miles.

How is this administered?

Mr. WRIGHT. We have an annual contract on court reporting and the contractor is responsible for those special expenses. If we were to go out and get the reporter locally, we would have to pay extra for that. We still get the same flat rate on a contract.

Mr. MICHEL. Are you geting a good deal under that contract?

Mr. WRIGHT. We think so. We pay an average of 20 cents a page in certain parts of the country and 28 cents a page in other parts of the country.

Mr. MICHEL. I am no specialist in this field at all.

How does that compare?

Mr. WRIGHT. If it wasn't for the contract, we believe we would have to pay as much as $1.25 a page, as we have had to do in instances where the contract did not cover an administrative hearing.

Mr. MCCULLOCH. The Board receives bids on contracts from reporting firms, and the Board makes its decisions on competitive contract bids.

UNION REPRESENTATION OF EMPLOYEES

Mr. MICHEL. Doesn't the NLRB have a policy of giving no raid agreement whereby unions agree not to represent employees represented by other unions?

Mr. MCCULLOCH. The agency has given regional directors instructions to delay processing of such a case to see if the no-raiding agreement can be successful in solving the dispute.

If the agreement fails and the parties refuse to abide by it, we are not in a position to say that we will shut the doors of the agency to such a petition. This is a case where we try to accommodate and maximize the opportunities for private agreement. If they don't succeed we have to process the case.

Mr. MICHEL. Well, it seems that unions keep management on its toes and it seems to me that management keeps the unions on their toes.

If the Board holds that it is an unfair labor practice when employers discontinue an operation without bargaining with a union, wouldn't it be as logical to hold that unions also disobey the law if they unilaterally refuse to continue representing employees, particularly if they have received an NLRB certification?

Mr. MCCULLOCH. Well, this is a difficult question to know how to answer, because at the outset it involves an assumption of Board principle which I would not like to make quite as quickly as you make it.

This principle is in litigation at the present time. We have before us at the present time cases involving an issue very similar to the one you stated, and I therefore don't want—as one who must make a quasi-judicial decision—to say that it is or that it is not our interpretation of the law at the present time.

Mr. MICHEL. Maybe that will be resolved in the future.

Mr. MCCULLOCH. Well, let me say, and perhaps I shouldn't step this far into substance, but there was a great deal of criticism of the Board for its so-called *Fibreboard* decision, and we discussed this frankly with representatives of the groups who generated some of the criticism.

Much of the criticism, we told them, was exaggerated. There were statements made about the Board's decision which were not warranted by anything that the Board has said, and yet for nearly 2 years we ran

across people and we read vigorous speeches by others who said that the Board had decided wild and foolish things. It did not.

The Supreme Court has now passed on it. And its decision of December 14, 1964, which included two opinions addressed carefully just to the facts of that case, was unanimous. The Board's decision was wholly affirmed. But in the meantime the Board has continued to make other decisions in this general category. In some of these we dismissed charges of failure to bargain in good faith. In others we found violations.

The result is that one of the leading management attorneys in Washington and probably most of the members of this committee know him personally, who had been quite critical of the Board's key decision in this area, recently said, "On the basis of Board decisions in varying fact situations, I have no criticism to find with the Board's views in this area."

This is what we hope to do: to extend greater certainty to the law. We cannot predict everything that will come before us, or every situation in which the legal principle will be sought to be applied. But we believe we have given stability to this area by our last year and a half's succession of decisions.

Different phases of this will be litigated for several years, because it deals with the very important area of the scope of the obligation to bargain under the law. In some circumstances the Board has said that there is such an obligation; and in other circumstances the Board has said to the contrary, and the complaint has been dismissed.

I hope those who read this record, apart from the committee, may be moved to revise their thinking on this matter as they review the full range of these decisions.

LEGAL RESEARCH

Mr. MICHEL. With respect to your internal organization, I noticed a research branch. Don't the lawyers in your Department do their own legal research?

Mr. ORDMAN. They certainly do. Basically we compile our own digests and index tables. Our lawyers are saved a great deal of time by this compiling. We now have about 150 volumes of the Board's decisions, and some 12 to 13 volumes of litigated court cases. The research branch is just a group that does the kind of research and indexing and what we call now, information retrieval, so our working lawyers won't have to spend time looking for authorities with no guidance tools.

Mr. MICHEL. Now, Board lawyers——

Mr. ORDMAN (continuing). Also use this.

FLUCTUATION IN WORKLOAD

Mr. MICHEL. Last year, Mr. McCulloch, when you appeared before this committee you mentioned in your testimony that the Board averaged an output of so many cases a month. In what month do you produce the most cases?

Mr. MCCULLOCH. I suppose there are two answers to that. One answer is in June, before the end of the fiscal year. The other answer is in the month when we have a departing, or possibly departing Board

member. He may have participated in the discussions of a case. The Board may be somewhat evenly divided. He may have been a panel member. Each of us is on three separate panels of three members each; and if the member about to leave has studied those cases and discussed them with his colleagues, the effort is made to get the writing and approval of those completed before he departs.

Mr. MICHEL. But the biggest caseload comes at the end of the fiscal year.

Mr. MCCULLOCH. Things speed up then, but I must tell you, in view of the workload we've had, we've had to institute a fiscal yearend "speedup" at the end of nearly every month for the last 3 or 4 months, and I believe we accomplished it in January too, although I have not seen the January figures.

Mr. MICHEL. Could we get more action if we divided the year up into four quarters?

Mr. MCCULLOCH. This is a good suggestion, but I think we've anticipated you, because, coming toward the end of each month, we've put on more intensive pressure as we have previously put on at the end of a fiscal year.

STABILITY OF DECISIONS

Mr. MICHEL. Since the NLRB is 30 years old, its decisions should be reasonably stable, particularly in the area of bargaining and unit determinations. Instead, there is a constant changing.

In the *Stern* case, a well-established case on union representations, there was a reversal. These constant changes cause parties to institute actions in the hope there may be more changes. This increases your cases, and I——

Mr. MCCULLOCH. It is possible, Congressman, to exaggerate the degree of change there is in the Board law. There was testimony at one of the political conventions, not yours [laughter] that the Board, reversed past doctrines in a large number of cases.

This was, I gather, taken from a compilation done by the Bureau of National Affairs that cited leading Board decisions, and this is a respected public reporting service. Anybody can buy it, and an attorney just added up the numbers and made a statement on that basis. But the Bureau of National Affairs had done the same thing for the period of 1953 to 1959, and against the background of the volume of work the Board was handling at that time, the numbers were not far different from the numbers in the succeeding period quoted by this attorney.

Now, what happens is that the Supreme Court passes on these cases and sometimes reverses the Board, and we had quite a few reversals during 1959 and 1960. In addition the parties think of new wrinkles to try out. Furthermore, conditions in industrial relations also develop and change. Congress, in 1959, made substantial changes in the law itself, and these were involved in cases coming to the Board at the time the composition of the Board was changing. The Board was also asked by the able General Counsel appointed by President Eisenhower to reconsider its decision in the *Fibreboard* case to which I made reference a few minutes ago, and in the *General Motors* agency shop case. We did so, and we were affirmed in *Fibreboard* and in *General Motors*. So if you will look at the succession of the Board's cases, it seems to us as Board members, that they have not brought the degree

of instability that some of our critics would suggest. Some of the changing results are brought about by developments in industry itself, and by what seemed to reasonable men to be the dictates of the statute.

One leading management counsel in the Middle West told me, "If I had been on the Board, I would have written *Fibreboard* exactly as you wrote it."

We were following in *Fibreboard*, we thought, the Supreme Court's decisions in the *Chicago Northwestern-Telegraphers* case, and in the *Oliver* case. In the latter, the Court had cited with apparent approval a still earlier Board case, *Timken*, in which the Board had come to the same view that we had. So we think that counsel should have been a little readier to predict what actually happened in *Fibreboard*.

There will always be some unpredictability in the law, however, as long as people think of new ways of handling old issues.

Mr. MICHEL. How many reversals——

Mr. MCCULLOCH. The only two that I can recall for the past year or so are the *Bernel Foam* case, and the department store cases, like *Sterns*. But I would prefer not to try to go beyond and make those fine shadings of distinction as to whether we have revised past procedures or interpretations of the law in minor respects in this case or the other case.

We occasionally differ among ourselves, as you have indicated. But we all try to interpret the act as Congress wrote it and intended it, and I guess we agree with former chairman, Guy Farmer, who said that he believed he was appointed by the President to make his own judgment, and not just follow the judgment of others, as to what the law involved.

Mr. MICHEL. When I talk to a school group and we talk about the 3 branches of Government, the legislative, judicial, and executive, I always say, too, that we've got a fourth branch of 40 independent agencies, commissions, and secretaries, all made up principally of Presidential appointees. What a power it is. It is a real story that must be told. The reversal of these decisions, depending upon what administration is in power, really should be developed to a fuller extent in order to determine what should be done here.

We have to utilize this Appropriations Committee to get this story told since there has been a vacuum. It is necessary to get more information on this matter in the record.

Mr. MCCULLOCH. The General Counsel may want to say something more here. I would just say that I think the charges concerning the reversals are greatly exaggerated, and you will find that Board members of every party, however appointed, are trying to call the shots as they see them.

In the second place, the parties find it a good deal easier to live with these sorts of things when they see these things operating in the place where industrial relations are being lived. They don't find it hard to live with the standards the Board sets down. Pensions, Christmas bonuses, and those sorts of things were at one time not mandatory subjects of collective bargaining. The Supreme Court affirmed the Board's view that they were mandatory subjects for collective bargaining under the law and the parties are not having trouble with that.

The parties who wish to contest something can litigate it fully to remove their uncertainty as to whether that legal finding is correct or not. But from my study of the literature, I know that the parties were considering the *Fibreboard* issue before the Board ever took it under consideration. Important representatives of Management believe it is to their best interest, as well as in accordance with their bargaining obligation, to take their employees into their confidence. It just makes good business sense, they say, when they have substantial job changes to make, to take those people into their confidence.

Mr. MICHEL. Could we have a breakdown in the record of cases decided in favor of management and those decided in favor of unions in the past year?

Mr. FOGARTY. Off the record.

(Discussion off the record.)

Mr. FOGARTY. On the record.

Mr. ORDMAN. In respect to the Board, I am the most persistent person before the Board because I am the plaintiff in every case. All I know about what the Board has decided is what the Board issues in its decisions.

There is the recent *General Electric* case, which held that General Electric had violated section 8(a)(5) of the act by not bargaining in good faith with the union. That case received a great deal of publicity as having created new and revolutionary doctrines in the law of collective bargaining. I am very fortunate in having very competent lawyers on my staff, including Mr. Manoli and Mr. Gordon. It was very important to us to know if this decision created such amazing new doctrines. We all read through that decision with the greatest of care.

Our conclusion was that the Board had found that what the company had done with respect to certain conduct in area A, plus what the company had done in area B, plus what the company had done in areas C, D, and E—it was the judgment of the Board on the whole record and considering the total pattern of conduct that the company had not bargained in good faith.

I read in the papers that the Board has decided A by itself is bad faith bargaining. I read that B or C alone makes a case of bad faith bargaining, but what the Board found was that A plus B plus C plus D made bad faith bargaining and I can't proceed on the basis that A or B or C, considered separately, is bad faith bargaining.

I have been able to find nothing new in the *General Electric* decision, despite the barrage of publicity. That publicity portrays the Board as laying down some awfully new law, but my legal experts have found none.

Mr. MICHEL. What have you done about the President's admonition to search for more areas of persuasion and less of control?

Mr. MCCULLOCH. We've instructed our staffs to do exactly this, to encourage voluntary settlements and compliance. Whenever he has suggested such an approach, we have cooperated with the General Counsel on it. We have instructed our trial examiners to make every effort in this direction. We use whatever moral suasion we have, plus realistic and prompt administration of the law and our remedies, to the end that parties litigant shouldn't do things to increase our workload.

REIMBURSEMENT OF LOST INCOME DUE TO UNFAIR LABOR PRACTICES

Mr. MICHEL. As I understand it, the NLRB's function is to prevent unfair labor practices. To do this the NLRB imposes a backpay law on employers who cause employees to lose work. This does two things: It reimburses the employee and deters the employer from such further action.

Why doesn't the NLRB provide that the employer must be compensated for any income lost while the unions are indulging in unlawful strikes? Wouldn't this deter the unions from such action?

Mr. MCCULLOCH. The imposing of a similar penalty on unions who cause an employer to discharge an employee is standard practice. These charges are much less numerous than those where employers are respondents but, as far as the charging parties file charges with us, we do impose the same backpay liability upon both the union and the employer.

Mr. ORDMAN. I think I may supplement that a little bit. The Board does impose reimbursement on the unions where they cause loss of employment. The Board also assesses reimbursement of dues and fees. Moreover, Congress, in the act, not in the part that we administer, has provided separate and effective remedies for the kind of situation which arises in secondary boycotts and jurisdictional disputes. Congress has set up a special machinery in the courts and you can see, daily in the papers, massive penalties that have been adjudicated in the courts against unions for conduct proscribed by the act.

The Supreme Court, this last week, denied certiorari in the *Carpenter*'s case. Now, the unlawful—what you referred to as an unlawful strike, incidentaly, is a rare creature. Frequently, we have no more than an economic or an unfair labor practice strike which the act protects.

CONTRACTING-OUT ISSUE

Mr. MICHEL. The NLRB's policy is to follow an arbitration award. Since the Supreme Court in its *Steelworker*'s decision held that contracting out was an unarbitrable issue, why did the NLRB hold that it is a required subject for bargaining?

Mr. ORDMAN. Well, the two concepts are not inconsistent. Contracting out can be a required subject for bargaining and can also be subject to arbitration just as a discriminatory discharge, which is clearly subject to the act, is under very, very many contracts an arbitrable matter. The Board, under its guidelines, said that if the parties receive due process in arbitration and the arbitration award is not otherwise defective the Board will defer to arbitration.

I know of no case where the question you suggest has ever arisen. I take it that in a situation where subcontracting was by agreement made subject to arbitration, the Board would follow the same rules. If the thing were duly and fairly arbitrated in normal course and, in all other respects duly processed, I would assume that the Board would defer to arbitration.

COMPULSORY UNIONISM

Mr. MICHEL. Mr. McCulloch, do you feel that unions are voluntary organizations?

Mr. MCCULLOCH. Yes.

Mr. MICHEL. Then I take it you don't believe in compulsory unionism?

Mr. MCCULLOCH. The problem of 14–B and the so-called right-to-work policy in that is one which I think the Board has not addressed itself to officially. It has felt that it is not responsible for formulating the policy of the administration.

It is a policy-administering agency of the Congress; and therefore, although I have some personal views on the very enticing question which you asked me, it's better, as a Board member, that I do not put them on the record.

We have to administer certain phases of this matter: the union shop clauses and the statutory provisions that relate to those. And I am duly bound to approach that task with only a bias in favor of what Congress has said is the statutory requirement. That is what I'm for, and I cannot let my own personal feelings or political judgments on the matter of union shop, closed shop, and the rest interfere with that judgment.

UNION DISCIPLINE OF MEMBERS

Mr. MICHEL. Let me put a question to you. When you get the record you can give me an answer, because I don't want to trespass any longer upon the time of the other members of the committee.

Would you explain your philosophy about the power of unions to discipline their members, such as fines for crossing a picket line when the union told them to strike; or fines for exceeding a production quota set by the union; or causing a member of the union to lose his job because he delayed paying union dues?

Mr. MCCULLOCH. Congressman, in certain decisions to which you refer, the Board's philsopohy is what the Board says in the decisions. If you have no objection, we will submit the decisions for the record. The first five deal with the treatment of fines. The last two involve dues questions.

(The decisions referred to follow:)

149 NLRB No. 10

D–6138
Milwaukee, Wisconsin

UNITED STATES OF AMERICA

BEFORE THE NATIONAL LABOR RELATIONS BOARD

LOCAL 248, UNITED AUTOMOBILE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, AFL–CIO, and ALLIS-CHALMERS MANUFACTURING COMPANY

Case No. 30–CB–1 (Old Case No. 13–CB–1066)

LOCAL 248, UNITED AUTOMOBILE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, AFL–CIO, and ALLIS-CHALMERS MANUFACTURING COMPANY

Case No. 30–CB–4 (Old Case No. 13–CB–1222)

LOCAL 401, UNITED AUTOMOBILE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, AFL–CIO, and ALLIS-CHALMERS MANUFACTURING COMPANY

Case No. 30–CB–5 (Old Case No. 13–CB–1408)

DECISION AND ORDER

On January 31, 1964, Trail Examiner Harold X. Summers issued his Decision in the above case, finding that the Respondents had not engaged in the unfair labor practices alleged in the complaint and recommending that the complaint be dis-

missed, as set forth in his Decision attached hereto. Thereafter, the Respondents and the Charging Party filed exceptions to the Trial Examiner's Decision and supporting briefs. At the request of the Charging Party, the Board granted oral argument herein by Notice of Hearing dated June 9, 1964. The hearing was held on July 9, 1964, and all parties participated in the argument. In addition, counsel for the American Federation of Labor and Congress of Industrial Organizations participated in the argument and filed a brief as *amicus curiae* and counsel for the National Association of Manufacturers filed a brief as *amicus curiae*.

The Board has reviewed the rulings of the Trial Examiner made at the hearing and finds that no prejudicial error was committed. The rulings are hereby affirmed. The Board has considered the Decision and the entire record in this case, including the exceptions and briefs, and hereby adopts the findings, conclusions, and recommendations of the Trial Examiner.

Each Respondent is a local of the United Automobile, Aerospace and Agricultural Implement Workers of America, AFL–CIO, and, for a number of years, has represented production and maintenance employees of the Allis-Chalmers Manufacturing Company, hereinafter referred to as the Employer. Local 248 has been the representative at West Allis, Wisconsin, and Local 401 has had such status at LaCrosse, Wisconsin. From February 2 to approximately April 20, 1959, both Respondents conducted economic strikes against the Employer in support of new contract demands. At the West Allis Works, approximately 175—out of a unit of 7400—crossed the picket line and worked during the strike. At the LaCrosse Works, 2 employees crossed the picket line to work.

Each Respondent then began internal union proceedings against those members who had crossed the picket lines, charging them with violation of the International Constitution and By-Laws. These proceedings resulted in the imposition of fines ranging from $20 to $100 against 174 members. The Respondent began a "test case" in the state courts to collect the fines imposed on one member. Judgment in the trial court was for the Respondent and an appeal from this judgment was pending at the time of the hearing herein.

In 1962, each Respondent again called an economic strike against the Employer in support of new contract demands. The 1962 strikes lasted from February 26 to approximately March 5. Once again, some members of the Respondents crossed the picket lines and worked—30 out of 5500 at West Allis and 4 out of 625 at LaCrosse. Again, after internal union proceedings, fines were imposed.

As of the date of the instant hearing, 20 of the members had paid the fines in whole or in part, while the rest of the fined members had made no payments. No effort was made by the Respondents to affect the employment status of any of the fined members and they continued to be employed by the Employer throughout the period of the dispute. Nor was any effort made by the Respondents to terminate the union membership of any of the fined employees.

The complaint, as amended, alleged that the Respondents, by imposing fines on members because they worked during the 1959 and 1962 strikes, by demanding payment of such fines, and by threatening to and instituting court proceedings to collect such fines, violated Section 8(b)(1)(A) of the Act. The Trial Examiner recommended dismissal of the complaint on the ground that the instant case is governed by *Wisconsin Motor Corporation*.[1] We agree.

In the *Wisconsin Motor* case, a union fined members who had exceeded production ceilings set by a union rule which was designed to limit incentive earnings. The Board found that such fine was protected by the proviso to Section 8(b)(1)(A) of the Act, which states:

> [T]his paragraph shall not impair the right of a labor organization to prescribe its own rules with respect to the acquisition or retention of membership therein.

We pointed out there, after a review of the cases and the legislative history of the Section, that ". . . the Union deliberately restricted the enforcement of its rule to an area involving the status of a member as a *member* rather than as an employee," and that it was thus complying with the requirements of the proviso.

Here, too, the Respondents have properly maintained the distinction between treatment of the individual as a member of the Union and treatment of him as an employee. They have imposed the fine only on their own members. It is not alleged that the Respondents ever attempted to affect the jobs or working condi-

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[1] 145 NLRB No. 109 (Member Jenkins concurring, Member Leedom dissenting).

tions of any of the fined individuals. Nor is it alleged that the rule prohibiting members from crossing a picket line during a strike is not the legitimate concern of a union or properly the subject matter of internal discipline. It may be said then that the Respondents were engaged only in prescribing and enforcing their own rules with respect to the acquisition or retention of membership. Since, under the proviso, Section 8(b)(1)(A) does not impair the right of a labor organization to do this, it follows that the Respondents did not violate that Section.

In reaching this conclusion, we do not deny that imposition of a fine by a union may, under certain circumstances, constitute the sort of restraint and coercion which is forbidden by Section 8(b)(1)(A). Thus, in our recent *Skura* and *Wellman-Lord* decisions,[2] we found violations where a union imposed fines on members because of their having filed charges with the Board before exhausting internal union remedies. However, as we were careful to point out in those cases, the rules involved there were beyond the competence of the union to enforce since they interfered with the right of union members to seek redress with the Board through the filing of charges. In Member Leedom's dissent, he argues that it is beyond the competence of a union to promulgate and enforce a rule prohibiting members from crossing a picket line. We cannot conceive of a subject which would be more within its competence, since it involves the loyalty of its members during a time of crisis for the union. The Act does not deprive a union of all recourse against those of its own members who undermine a strike in which it is engaged. When the strike is lawful and the picket line is lawful, we cannot hold that a union must take no steps to preserve its own integrity. This is a far cry from the above-mentioned *Skura* and *Wellman-Lord* cases, where the union's conduct interfered with the member's utilization of Board processes and thereby hindered effective enforcement of the Act.

With respect to Member Leedom's further argument that the union rule here impinges on "employment" and is therefore not protected by the proviso to Section 8(b)(1)(A), we stated in *Wisconsin Motor*, and we recognize again here, that "In a sense, virtually all union rules affect a member's employment relationship." The question is whether, in *enforcing* the rule, the union goes outside the area of union-member relationship and enters the area of employer-employee relationship. We think it clear that the Respondents did not do so in this case.

Furthermore, the Board long ago held in the *Minneapolis Star and Tribune* case[3] that a union did not violate Section 8(b)(1)(A) by fining a member who did not perform picket duty during a strike. The facts herein are analogous. Accordingly, as no reason appears to us, and as our dissenting colleague has not indicated reasons why *Minneapolis Star* should be overruled, we reaffirm the conclusion in that case that the Respondents have not violated Section 8(b)(1)(A) of the Act.

ORDER

Upon the entire record in this case, and pursuant to Section 10(c) of the National Labor Relations Act, as amended, the National Labor Relations Board hereby orders that the complaint herein be, and it hereby is, dismissed.

Dated, Washington, D.C.

FRANK W. MCCULLOCH, *Chairman.*
JOHN H. FANNING, *Member.*
GERALD A. BROWN, *Member.*
[SEAL] NATIONAL LABOR RELATIONS BOARD.

Member Jenkins, concurring:

Union competency to adopt internal rules is not in issue. The issue before us centers on whether union action, concededly coercive, has impinged on rights guaranteed employees under Section 7 of the Act. The resolution of this issue does not turn on whether the union rule impinges on "employment" as urged by the dissent. Neither, in my view, does it turn on whether the union enforcing action invades the employer-employee relationship, as urged by the majority. The central question appears to me to be whether the Act seeks to regulate the right of a union to discipline its members for refusing to respect a picket line lawfully erected by the union.

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[2] *Local 138, International Union of Operating Engineers, AFL–CIO (Charles S. Skura)*, 148 NLRB No. 74; *Local No. 975, International Union of Operating Engineers (Wellman-Lord Engineering, Inc.)*, 148 NLRB No. 18.

[3] *Minneapolis Star and Tribune Co.*, 109 NLRB 727.

Certain it is that Section 7 assures to each employee the right to refrain from engaging in any concerted activities with which he is in disagreement. Neither Section 7 nor any other provision of the Act, however, grants assurance that the employee thus choosing to refrain shall be relieved of duties and obligations undertaken as a consequence of his acquisition or retention of membership in a labor organization.

As I pointed out in the concurring opinion in *Wisconsin Motor Corporation*,[4] alternative choices must often be made by employees seeking to exercise rights conferred on them by Section 7. Just as the First Amendment to the United States Constitution protects the right to speak, but does not insulate the speaker against all consequences of having exercised the freedom of speech, in like fashion the Act, as I read it, protects the right of an employee to choose either to support a lawful picket line or to refuse to do so, but does not insulate the employee from all consequences flowing from his choice.

Here, at the time the employee makes his choice, he is on notice (by virtue of the existence of a published union rule which he as a member of the union has obligated himself to observe) that his exercise of the statutory right to violate his union's picket line may subject him to consequential discipline by the union. It must be remembered that the same statutory language relied upon to protect the right of the individual employee to refrain also protects the right of the group of employees to engage in the concerted activity here involved. Therefore without reference to the proviso to 8(b)(1)(A) it would follow that where a group of employees in furtherance of their Section 7 rights form a union and provide as one of the rules governing membership therein that all members must, on pain of specified disciplinary action, refrain from working behind a statutorily permitted picket line of the union, the specified disciplinary action may be taken by the union without offending Section 8(b)(1)(A) unless the disciplinary action itself violates some other section of the statute or is at odds with the public policies which the statute is designed to implement.

All that is added to the equation by the proviso language is the Congressional assurance that Section 8(b)(1)(A) is not intended to strip unions of the pre-existing right to formulate eligibility requirements for union membership and rules governing the conduct of union members.

In summary, I am persuaded that it would be a statutory anomaly to conclude from reading Section 7 and Section 8(b)(1)(A)—with or without the proviso—that all union action which restrains or coerces an employee violates 8(b)(1)(A) even though it is action not otherwise proscribed (and indeed may be authorized) by the Act, and is a necessary adjunct or corollary to the preservation of solidarity inherent in the "mutual aid or protection" protected by Section 7.[5]

For the reasons stated herein, I join the majority in dismissing the complaint herein.

Dated, Washington, D.C.

Howard Jenkins, Jr., *Member*,
NATIONAL LABOR RELATIONS BOARD.

Member Leedom, dissenting:

Unlike my colleagues and essentially for the reasons indicated in my dissent in *Wisconsin Motor*, *supra*, footnote 1, I would find that the Respondent Union violated Section 8(b)(1)(A) by imposing a fine on its members for violating its rule against crossing a Union picket line. In that case, it was my view that the imposition of fines for exceeding union-imposed production quotas fell within the ambit of Section 8(b)(1)(1A) and, further, that the proviso to that section was inapplicable because the union rule, instead of relating to the acquisition and retention of membership, affected members in their employment relationship. The violation seems more patent here. Thus, the rule itself contravenes a right guaranteed by Section 7 of the Act, namely, the right to refrain from engaging in concerted activities, including strike activity. Further, the impact on the employment relationship is greater here since the imposition of the fine for

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[4] 145 NLRB No. 109.

[5] This apparently was the view of Senator Taft in the debates leading to adoption of 8(b)(1)(A). He observed that the acceptable (to him) alternatives were "either an open shop or an open union" and that 8(b)(1)(A) "decreed an open union." He stated that the section permits a union to expel a member for whatever reason seems valid to it, and prohibits only an attempt by the union to have the employer discharge the employee or otherwise act against him. 93 Cong. Rec. 5088. If a union must (as the Act requires) admit to membership employees who tender dues and initiation fees, or forgo the right under 8(a)(3) to limit employment to members, it would seem that the right to engage in "concerted" activity would almost necessarily include the power to discipline the membership toward maintaining the "concert."

disregarding the rule was calculated to preclude entirely, rather than partly, the gainful employment of members who were willing to work.

I find my colleagues' position herein difficult to understand in light of the views they expressed in the *Skura* case,[6] which was decided after the *Wisconsin Motor* case. In *Skura*, they said that a rule requiring a member to exhaust his internal union remedies before filing charges with the Board is not "* * * within the competence of the union to adopt and enforce." They held, therefore, that imposition of a fine on a union member for violation of that rule constituted restraint and coercion in violation of Section 8(b)(1)(A) and that such conduct is not immunized from our processes by the proviso to that Section.

If, as the Board has found, there was a violation in *Skura* then, surely it seems to me, there is a violation here. Just as in *Skura*, it is here beyond the competence of a union to promulgate and, by coercive means, to enforce a rule prohibiting members from crossing a picket line, as the right to cross a picket line is encompassed by the guaranteed right to refrain from engaging in union or concerted activities. To hold otherwise is to permit a union to deprive employees of a right guaranteed to them by the Act—the very thing the Board frowned upon in *Skura*.

Yet, my colleagues of the majority revert again to the reasoning of the *Wisconsin Motor* case and find no violation because, in their view, the fined individuals are affected only in their status as members and not as employees. I think it will come as a surprise to the affected individual when he is told that a union fine designed to induce him to respect picket lines and stay away from his job does not touch him as an employee, but only as a union member. One of the indispensable factors in any employment relationship is the employee's willingness to come to work. It seems undeniable that such willingness is impeded by any penalty imposed because of it. Therefore, just as I could not agree that the production quotas or earnings ceilings which were involved in *Wisconsin Motor* did not concern "employment," I cannot agree here that the question of crossing a picket line does not concern "employment."

As we are all agreed that the imposition of fines constitutes a form of coercion, and as there should be no disagreement with the proposition, stated above, that the right to cross a picket line is protected by Section 7 of the Act, it follows that imposition of a fine for the purpose of coercing employees to refrain from crossing a picket line violates Section 8(b)(1)(A). The fact that the Union has adopted a rule on this matter cannot insulate unlawful conduct here, any more than it could in *Skura*. By their decision here, as well as their decision in *Wisconsin Motor*, my colleagues seem to say that some protected activities are not protected from the coercion of a Union fine.[7] I see no warrant for distinguishing in this respect between various kinds of protected activities, and I must therefore dissent.[8]

Dated, Washington, D.C.

BOYD LEEDOM, *Member*.
NATIONAL LABOR RELATIONS BOARD.

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[6] *Supra*, footnote 2. I concurred in that case, separately.

[7] In its brief and in oral argument before the Board, the AFL–CIO, as *amicus curiae*, argues in substance that union disciplinary proceedings, including fines, are not regulated as such by the National Labor Relations Act but rather by the Landrum-Griffin Act and by state law. I concur in this position insofar as it implies that there should be a single rule for union fines infringing upon protected activities, i.e., they are either all unfair labor practices or are all outside the ambit of the Act. In this connection, I think it significant that the majority, by distinguishing between the fines involved in *Skura* and *Wellman-Lord* on the one hand, and the fines in *Wisconsin Motor* and this case on the other, has rejected the clear implications of this argument by *amicus*. However, I disagree with *amicus* that the fact that union fines may be unlawful under other statutory enactments deprives the Board of authority to find that such fines are unfair labor practices. Thus, to take an obvious example, union violence on a picket line may give rise to state civil and criminal proceedings, and yet, it is well-established that such conduct is also an unfair labor practice under Section 8(b)(1)(A).

[8] *Minneapolis Star and Tribune Co.*, 109 NLRB 727, relied on by the majority, is in my opinion of doubtful precedential value. I did not participate therein, nor have I ever subscribed to the principle stated therein. In that case the Trial Examiner rather summarily rejected the General Counsel's contention that the imposition of a fine violated Section 8(b)(1)(A), and the Board was equally summary in affirming him, citing only *International Typographical Union et al. (American Newspaper Publishers Assoc.)*, 86 NLRB 951, 955–7. That cited case, however, despite some broad language, dealt *only* with the right of a union to threaten expulsion, and was decided on the ground that in view of the proviso such a threat could not be considered as "coercion." In my opinion the *Wisconsin Motor* case is the first case in which the Board has *fully* considered the applicability of the proviso to union fines. As I stated in *Wisconsin Motor* and reiterate here, I think it was wrongly decided.

148 NLRB No. 81

D-6411
Tampa, Florida

UNITED STATES OF AMERICA

BEFORE THE NATIONAL LABOR RELATIONS BOARD

H. B. ROBERTS, BUSINESS MANAGER OF LOCAL 925, INTERNATIONAL UNION OF OPERATING ENGINEERS AND LOCAL NO. 925, INTERNATIONAL UNION OF OPERATING ENGINEERS (WELLMAN-LORD ENGINEERING, INC.), and WALLACE J. MARTIN, An Individual

Case No. 12-CB-605

DECISION AND ORDER

Upon charges duly filed by Wallace J. Martin, the General Counsel of the National Labor Relations Board, by the Director for the Twelfth Region, on July 13, 1962, issued a complaint against Respondents, H.B. Roberts, business manager of Local 925, International Union of Operating Engineers and Local 925, International Union of Operating Engineers. Copies of the charges, the complaint, and notice of hearing before a Trial Examiner were duly served upon Respondents and the Charging Party. In substance the complaint alleged that Respondents violated Section 8(b)(1)(A) of the Act by fining the Charging Party because he had filed unfair labor practice charges with the Board.

Respondent's answer admits the jurisdictional allegations of the complaint and the factual allegations except that Respondents deny that the Charging Party was a member of Respondent Union at the time the complaint issued and that a fine was imposed against the Charging Party because he had filed charges with the Board. Respondents assert, rather, that Martin was fined pursuant to Respondent Union's bylaws because he failed to exhaust his internal union remedies prior to filing his charge with the Board. Respondents denied the commission of any unfair labor practices.

On August 17, 1962, all parties to this proceeding entered into a stipulation of facts, and on the same date moved jointly to transfer this proceeding directly to the Board, for findings of fact, conclusions of law, and a decision and order. The parties waived their rights to a hearing before a Trial Examiner and to the issuance of a Trial Examiner's Decision. The Board granted the motion to transfer the case to the Board. The General Counsel and Respondents filed briefs. On July 9, 1964, the Board, pursuant to notice, heard oral argument at Washington, D.C. Respondents and the General Counsel appeared at the hearing by counsel and participated in the argument to the Board.[1]

The Board has considered the briefs, arguments, and the entire record in this case, and based thereon makes the following:

I. *Findings of Fact*

1. *Jurisdiction*

Respondent Union represents in collective bargaining various of its members and other persons employed by Wellman-Lord Engineering, Inc. Wellman-Lord is a Florida corporation which, during the year immediately preceding the filing of the charges herein, performed services in the course and conduct of its business valued in excess of $50,000 outside the State of Florida. It was stipulated, and we find, that Wellman-Lord is engaged in commerce within the meaning of the Act.

2. *The Labor organization involved*

Respondent Local 925, International Union of Operating Engineers, is a labor organization within the meaning of Section 2(5) of the Act, and Respondent H. B. Roberts is an agent of Respondent Union acting in its behalf.

3. *The unfair labor practices*

Charging Party Martin joined Respondent Union in 1946. On or about September 26, 1961, and again on or about October 19, 1961, Martin while a member of the Union filed unfair labor practice charges against the Union and Roberts as its agent alleging that Respondents had caused or attempted to cause Wellman-Lord to discriminate against him in violation of Section 8(b)(2) and (1)(A) of the Act. The September charge was withdrawn by Martin prior to any action by the Regional Director on the charge. The October

[1] The American Federation of Labor and Congress of Industrial Organizations filed a brief as *amicus curiae* and argued orally in support of Respondents' position.

charge was withdrawn after the Regional Director advised Martin that an investigation failed to reveal sufficient evidence of a violation.

Following the withdrawal of the charges with the Board, Respondent Roberts filed charges against Martin with Respondent Union alleging that Martin had violated the constitution of the International Union of Operating Engineers and the bylaws of Respondent Union by filing unfair labor practice charges with the Board prior to exhausting his internal union remedies.[2]

Respondents did not indicate in the stipulation of facts, in briefs, or in argument what form of relief or avenue of appeal was available to Martin under the International's constitution or Respondent Union's bylaws for the alleged discriminatory action taken against him by Respondent Roberts.

At Martin's subsequent trial before the Union membership, Roberts made this statement to Martin and the members present:

> I am going to promise you something. Every time a man goes to the National Labor Relations Board from now without coming to the proper channels—as soon as his case is dropped and it is cleared up I am going to prefer more charges.

On January 5, 1962, Martin was found guilty, fined $450.00, and placed on probation for 3 years.

Respondents contend that the imposition of a fine upon a union member does not constitute restraint and coercion within the meaning of Section 8(b)(1)(A) of the Act, and, in any event, that the proviso to Section 8(b)(1)(A) immunizes Respondents' conduct from the Board's remedial powers.

We find, for the reasons stated in our decision in *Local 138, International Union of Operating Engineers, AFL–CIO (Charles S. Skura)*,[3] that Respondents violated Section 8(b)(1)(A) by imposing a fine on Martin for filing an unfair labor practice charges with the Board, or for failing to exhaust his international union remedies prior to filing charges.

II. *The effects of the unfair labor practices upon commerce*

The activities of Respondents set forth above have a close, intimate, and substantial relation to trade, traffic, and commerce, among and between the several States and tend to lead industrial strife burdening and obstructing commerce.

III. *Conclusions of law*

1. Respondent Union is a labor organization within the meaning of Section 2(5) of the Act, and Respondent Roberts is an agent of Respondent Union acting in its behalf.

2. By imposing a fine against Wallace J. Martin because Martin had filed unfair labor practice charges with the Board or had failed to exhaust his internal union remedies prior to filing charges with the Board, Respondents engaged in and are engaging in unfair labor practices within the meaning of Section 8(b)(1)(A) of the Act.

3. The aforesaid unfair labor practices are unfair labor practices affecting commerce within the meaning of Section 2 (6) and (7) of the Act.

The Remedy

Having found that Respondents have engaged in unfair labor practices, we shall order Respondents to cease and desist therefrom and take certain affirmative action designed to effectuate the policies of the Act. Since we have found that Respondents violated the Act by fining Martin for filing an unfair labor practice charge or failing to exhaust his internal union remedies prior to filing such charge, we shall order Respondent Union to reimburse and make whole Martin [4] for the amount of the fine unlawfully exacted from him, with interest at 6 percent per annum.[5]

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[2] Article XII, Section 5, of Respondent Union's bylaws provides: No member or officer of this Local Union shall resort to any court or agency outside this Local Union or the International Union until he has exercised all his rights as a member and all forms of relief and avenues of appeals as provided by the International Constitution or these By-Laws have been exhausted by him, unless otherwise provided by statute.

[3] 148 NLRB No. 74 issued this day.

[4] In accord with our usual policy, the reimbursement provisions of the remedy shall apply to Respondent Union only and not to Respondent Roberts.

[5] *Isis Plumbing & Heating Co.*, 138 NLRB 716.

ORDER

Pursuant to Section 10(c) of the National Labor Relations Act, as amended, the National Labor Relations Board hereby orders that Respondent, Local 925, International Union of Operating Engineers, its officers, agents, and representatives, and Respondent H. B. Roberts, its agent, shall:

1. Cease and desist from:

(a) Fining employees for filing unfair labor practice charges with the Board or failing to exhaust their internal union remedies prior to filing such charges with the Board, or otherwise participating or cooperating in Board proceedings.

(b) In any like or related manner, restraining or coercing employees in the exercise of the rights guaranteed in Section 7 of the Act.

2. Take the following affirmative action which the Board finds necessary to effectuate the policies of the Act:

(a) Reimburse and make whole Wallace J. Martin for the amount of the fine unlawfully exacted of him, with interest thereon at 6 percent per annum, as set forth in "The Remedy" section of the Decision.[6]

(b) Post at Respondent Union's business offices and meeting halls in Tampa, Florida, copies of the notice attached hereto marked "Appendix."[7] Copies of said notice, to be furnished by the Regional Director for the Twelfth Region, shall after being duly signed by an official representative of Respondent, and by Respondent Roberts, be posted by the Respondent Union immediately upon receipt thereof, and be maintained by it for a period of 60 consecutive days thereafter, in conspicuous places, including all places where notices to its members are customarily posted. Reasonable steps shall be taken to insure that said notices are not altered, defaced, or covered by any other material.

(c) Notify the Regional Director for the Twelfth Region, in writing, within 10 days from the date of this Decision and Order, what steps the Respondents have taken to comply herewith.

Dated, Washington, D.C.

FRANK W. MCCULLOCH, *Chairman.*
BOYD LEEDOM, *Member.*
JOHN H. FANNING, *Member.*
GERALD A. BROWN, *Member.*
HOWARD JENKINS, Jr., *Member.*
NATIONAL LABOR RELATIONS BOARD.

[SEAL]

[6] The provisions of this paragraph shall not apply to Respondent Roberts.

[7] In the event that this Order is enforced by a decree of a United States Court of Appeals, there shall be substituted for the words "Pursuant to a Decision and Order" the words "Pursuant to a Decree of the United States Court of Appeals, Enforcing an Order."

APPENDIX

NOTICE TO ALL OUR MEMBERS, OFFICERS, REPRESENTATIVES, AND AGENTS

PURSUANT TO

A DECISION AND ORDER

of the National Labor Relations Board, and in order to effectuate the policies of the National Labor Relations Act, as amended, we hereby notify you that:

WE WILL NOT fine employees for filing unfair labor practice charges with the National Labor Relations Board or for failing to exhaust their internal union remedies prior to filing such charges with the Board, or otherwise participating or cooperating in National Labor Relations Board proceedings.

WE WILL NOT in any like or related manner restrain or coerce employees in the exercise of their rights guaranteed in Section 7 of the Act.

WE WILL reimburse and make whole Wallace J. Martin for the amount of fine unlawfully exacted from him with interest thereon at 6 percent per annum.

LOCAL 925, INTERNATIONAL UNION OF OPERATING ENGINEERS
(Labor Organization)

Dated_____ By_____
(Representative) (Title)
(H. B. ROBERTS), BUSINESS MANAGER, LOCAL 925, INTERNATIONAL UNION OF OPERATING ENGINEERS

Dated_____ By_____
(Business Manager)

This notice must remain posted for 60 consecutive days from the date of posting, and must not be altered, defaced, or covered by any other material.

Employees may communicate directly with the Board's Regional Office, 112 East Cass Street, Tampa 2, Florida (Tel. No. 223-2643), if they have any question concerning this notice or compliance with its provisions.

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148 NLRB No. 74

D-6211
New York, N.Y.

UNITED STATES OF AMERICA

BEFORE THE NATIONAL LABOR RELATIONS BOARD

LOCAL 138, INTERNATIONAL UNION OF OPERATING ENGINEERS, AFL-CIO, AND CHARLES S. SKURA, An Individual

Case No. 2-CB-3505

DECISION AND ORDER

On May 1, 1963, Trial Examiner Benjamin B. Lipton issued his Intermediate Report in the above-entitled proceeding finding that Respondent had engaged in and was engaging in certain unfair labor practices and recommending that it cease and desist therefrom and take certain affirmative action, as set forth in the Intermediate Report attached hereto. Thereafter, Respondent filed exceptions to the Intermediate Report and a supporting brief. The General Counsel filed a brief in support of the Intermediate Report, taking exception, however, to the Recommended Order. On July 9, 1964, the Board, pursuant to notice, heard oral argument at Washington, D.C. Respondent and the General Counsel appeared at the hearing by counsel and participated in argument to the Board.[1]

The Board has reviewed the rulings of the Trial Examiner made at the hearing and finds that no prejudicial error was committed. The rulings are hereby affirmed. The Board has considered the Intermediate Report, the exceptions, the briefs, the oral argument, and the entire record in this case. The Board agrees with the Trial Examiner that Respondent violated Section 8(b)(1)(A) of the Act, but for reasons different from those relied upon by the Trial Examiner.

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[1] The American Federation of Labor and Congress of Industrial Organizations filed a brief as *amicus curiae* and argued orally in support of Respondent's position.

Therefore, the Board adopts the findings, conclusions, and recommendations of the Trial Examiner only to the extent consistent herewith.

The facts of this case are largely undisputed and are set forth in detail in the Intermediate Report. We shall restate them only to the extent required by our discussion of the issues.

Charles S. Skura was one of six members of Respondent Union who composed a so-called reform group which was opposed to the administration of Union President William DeKoning and Secretary Verner Sofield. In previous years, members of the reform group had filed unfair labor practice charges against Respondent, and had themselves been the subject of Board cases arising out of alleged discrimination against them because of their opposition to the Union's administration.

On February 13, 1962, Skura filed an unfair labor practice charge against Respondent claiming that Respondent had discriminatorily refused to refer him to available employment. Skura later withdrew the charge when the Regional Director advised him that a complaint would not issue.

In accordance with standard procedures, the Regional Director notified Respondent of his decision not to issue complaint and the withdrawal of Skura's charge. When Sofield received the Regional Director's letter he personally prepared and delivered a letter to James Caples, Respondent's recording secretary and chairman of the Grievance Committee. In the letter, Sofield charged Skura with violating Section 9 of Article VIII of Respondent's bylaws.[2] Sofield requested that the Grievance Committee call Skura before it to answer the charge.

The Grievance Committee subsequently notified Skura by mail of the date set for the hearing on Sofield's complaint and advised Skura to appear. Skura did not respond to the notice and the hearing was postponed. When, after notice, Skura did not appear a second time, he was tried *in absentia* and found guilty of violating Respondent's constitution and bylaws by failing to exhaust his internal union remedies prior to filing charges with the Board. The Committee fined Skura $200.

When Skura later attempted to pay his dues, his tender was refused on the ground that Respondent's bylaws proscribed the acceptance of dues from members who had fines outstanding. Skura then filed the instant charge.[3]

The complaint alleged and the General Counsel contends that the imposition of a fine for the filing of an unfair labor practice charge constitutes coercion and restraint within the meaning of Section 8(b)(1)(A) of the Act. Respondent contends, however, that Skura was not fined for filing charges but for failure to exhaust his internal union remedies, and that the imposition by Respondent of a rule requiring exhaustion of internal union remedies and its enforcement by means of a fine is a reasonable and lawful exercise of a union's right to administer its internal affairs. Respondent further asserts that the proviso to Section 8(b)(1)(A)[4] and the first proviso to Section 101(a)(4) of the Reporting and Disclosure Act of 1959,[5] immunized the action taken against

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[2] Section 9 of Article VIII provides:

> Any member who considers he has a just grievance against the Local Union must first exhaust every means provided for in the Constitution of the International Union of Operating Engineers before resorting to any civil or other action.

However, the only provision of the International's constitution which may be construed as authorizing a complaint against a union official for a discriminatory refusal to refer is Section 1 of Article XVI which provides as follows:

> . . . any Local Union, subdivision or member thereof . . . engaging in conduct that would interfere with the performance by the International Union or any of its subordinate bodies of their legal or contractual obligations, may be tried by the General Executive Board upon charges filed with it, and upon conviction may be disciplined or expelled as the General Executive Board may determine.

Whether this provision was intended to authorize a member's complaint against his local for a discriminatory refusal to refer was not made clear by Respondent. Nor did Respondent indicate during the hearing or in its brief what procedures were available to Skura to process his complaint under the International constitution.

[3] Shortly thereafter, Skura had a conversation with Caples who persuaded him to appear before the Grievance Committee. A new hearing was arranged and the Committee revoked its previous action. Skura pleaded guilty to Sofield's charge. The Committee fined Skura $100 which he immediately paid. He then tendered his dues which were accepted. With the payment of the fine Skura considered himself out of the reform group.

[4] Section 8(b)(1)(A) provides:

> It shall be an unfair labor practice for a labor organization or its agents—
> (1) to restrain or coerce (A) employees in the exercise of the rights guaranteed in Section 7: Provided, that this paragraph shall not impair the right of a labor organization to prescribe its own rules with respect to the asquisition or retention of membership therein . . . .

[5] Section 101(a)(4) of the Reporting and Disclosure Act of 1959 is set forth at p. 6, *infra*.

Skura. Thus, the question before the Board is whether Respondent's conduct was beyond the reach of Section 8(b)(1)(A) of the Act and the Board's power to prevent the use of coercion in order to restrain employees who invoke the processes of the Board.

Section 10 of the Act grants to the Board exclusive authority to prevent and remedy unfair labor practices and, in furtherance of the exercise of the Board's authority, confers upon any person the right to file an unfair labor practice charge.[6] The right to file charges is indispensable to the administration of the Act since the Board cannot initiate its own processes and no unfair labor practice complaint can issue in the absence of a valid charge.[7]

It is well settled that an employer who discriminates against an employee because he has filed charges under the Act violates not only Section 8(a)(4) but also Section 8(a)(1).[8] Not only does the Board have the authority to protect employees who participate in the Board's processes, but it has been held that the Board has an affirmative duty to exercise that authority to its outermost limits to protect such employees.[9]

Just as an employer violates the Act by resorting to restraint and coercion to restrict the right of an employee to file a charge, so too, does a labor organization infringe the rights of employees under this law by resorting to unlawful means to prevent or restrict employees from filing charges. As such conduct by an employer violates Section 8(a)(1), so does a labor organization's use of restraint or coercion violate Section 8(b)(1)(A).[10]

There can be no doubt that a fine is by nature coercive,[11] and that the imposition of a fine by a labor organization upon a member who files charges with the Board does restrain and coerce that member in the exercise of his right to file charges. The union's conduct is no less coercive where the filing of the charge is alleged to be in conflict with an internal union rule or policy and the fine is imposed allegedly to enforce that internal policy. Thus, we find that the fine imposed upon Skura herein is in clear conflict with Section 8(b)(1)(A) of the Act and a violation of that Section unless immunized by the proviso to Section 8(b)(1)(A) or some other federal policy.

It is true that in *Wisconsin Motor*[12] the Board held that the legislative history of Section 8(b)(1)(A) evidenced a Congressional intent not to extend the protective provisions of Section 8(b)(1)(A) to the imposition of a fine to compel compliance with internal union rules and policies and that the proviso to Section 8(b)(1)(A) immunizes a union from Board remedial action with respect to the enforcement of internal union rules by means other than job discrimination. There, unlike the instant case, the Board was dealing with a union rule which in the circumstances of that case did not run counter to other recognized public policies and, therefore, was not beyond the competence of the union to adopt and enforce. In that case the Board was of the opinion that the Act did not vest it with authority to police the internal discipline of the union short of job discrimination.[13] By the rule under consideration here, however, Respondent attempted to regulate its members' access to the Board's processes. Considering the overriding public interest involved, it is our opinion that no private organization should be permitted to prevent or regulate access to the Board, and a rule requiring exhaustion of internal union remedies by means of which a union seeks to prevent or limit access to the Board's processes is beyond the lawful competency of a labor organization to enforce by coercive means. While the validity of rules requiring exhaustion of internal union remedies has generally been recognized by the courts, the effect of such rules is to create a defense which may be utilized by a labor organization in an action brought against it by a member. The rule is enforced in appro-

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[6] Also see, the National Labor Relations Board, Rules and Regulations Series 8, as amended, Section 102.9.

[7] *Hercules Powder Co.* v. N.L.R.B., 297 F. 2d 424, 433 (C.A. 5).

[8] See *Pacific Intermountain Express*, 110 NLRB 96, 108–109, enfd. 283 F. 2d 170 (C.A. 8); *Gibbs Corporation*, 131 NLRB 955, enfd. 308 F. 2d 247 (C.A. 5). Also see *Pedersen* v. *N.L.R.B.*, 234 F. 2d 417 (C.A. 2).

[9] See *Pedersen* v. *N.L.R.B.*, *supra*.

[10] *International Ladies Garment Workers (Bernhard-Altman)* v. *N.L.R.B.*, 366 U.S. 731, 737–738.

[11] *Peerless Tool Co.*, 111 NLRB 853, 857–858; *Minneapolis Star & Tribune*, 109 NLRB 727.

[12] 145 NLRB No. 109.

[13] When a rule similar to that in *Wisconsin Motor*, *supra*, was enforced by means of threatening job discrimination, the union's conduct was held to violate Section 8(b)(1)(A). *Associated Home Builders of Greater East Bay*, 145 NLRB No. 168.

priate circumstances by the tribunal, by requiring that the complaining member exhaust his internal remedies before the tribunal will consider the merits of the case.[14]

Nor do we find merit in Respondent's claim that Section 101(a)(4) authorizes the imposition of a fine to compel members to exhaust their internal union remedies. Quite the contrary, we think it is clear that the express language of Section 101(a)(4) in conjunction with Section 609 of the Reporting and Disclosure Act outlaws the use of internal union discipline for that purpose. Thus, Section 101(a)(4) provides:

> (4) PROTECTION OF THE RIGHT TO SUE.—No labor organization shall limit the right of any member thereof to institute an action in any court, or in a proceeding before any administrative agency, irrespective of whether or not the labor organization or its officers are named as defendants or respondents in such action of proceeding, or the right of any member of a labor organization to appear as a witness in any judicial, administrative or legislative proceeding, or to petition any legislature or to communicate with any legislator: *Provided*, That any such member may be required to exhaust reasonable hearing procedures (but not to exceed a four-month lapse of time) within such organization, before instituting legal or administrative proceedings against such organizations or any officer thereof:

By enacting Section 101(a)(4) and Section 609, Congress established a Federal policy consistent with the views of recognized scholars in the field that union rules which would deny access to the courts are contrary to public policy and void. Thus, Professor Cox has pointed out that "no private organization should be permitted to restrict any person's access to courts of justice" and that union rules which seek to compel a member by means of discipline to exhaust his internal union remedies "should be void as against public policy."[15]

In Professor Cox's view Section 101(a)(4) in its original form was plainly intended to outlaw union rules disciplining members for bringing suit against the union. While conceding that some ambiguity was introduced into the law by the later amendments, he nevertheless urged that the Section should be interpreted as preserving the fundamental purpose to protect union members from retaliation for bringing suit. He points out that the Section is entitled "Protection of the Right to Suit" and that it restricts union efforts to prevent suits by members. He argues that it would be anomalous if the proviso relating to exhaustion were to be viewed as conferring a right to punish members who failed to exhaust, in light of the intent of the Section generally to prevent a union from restricting by ceorcion the right to sue. He suggests that the proviso relating to exhaustion should not be construed as conferring upon unions the right to enforce by discipline rules requiring exhaustion (a power which Cox apparently feels that unions did not enjoy prior to the enactment of 101(a)(4)), but as an attempt to preserve in limited form the preexisting rule of judicial administration, which only the courts may apply by dismissing a hasty suit. Thus, Cox concludes that 101(a)(4) should be viewed as outlawing union rules which couple an exhaustion requirement with a provision for discipline for failing to exhaust. We are in complete agreement with these views.

Finally, we do not believe that we must reach a different result merely because it is possible that Skura may have had an alternative forum for seeking relief from the unlawfully imposed fine. As indicated earlier in this decision, the right of access to the Board derives from Section 10 of the Act. Skura's charge involved the assertion of a right over which the Board has exclusive jurisdiction. Congress has empowered the Board to protect employees who file charges. Under these circumstances we believe that we must assume the duty to protect Skura's rights under the Act when called upon to do so.

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[14] *Detroy* v. *American Guild of Variety Artists*, 286 F. 2d 75 (C.A. 2), cert. denied, 366 U.S. 929.

[15] Cox, A., Law and the National Labor Policy, U. of C. monograph, Series 5, pp. 103–105 (1960). Cf. *Sheridan* v. *Carpenters*, 191 F. Supp. 351, 355.

Accordingly, we find that Respondent violated Section 8(b)(1)(A) of the Act by fining Skura because he failed to exhaust his internal union remedies prior to filing charges with the Board.[16]

The Remedy

Having found that Respondent has engaged in unfair labor practices, we will order that it cease and desist therefrom and take certain affirmative action designed to effecuate the policies of the Act. Since we have found that Respondent violated the Act by fining Skura for filing an unfair labor practice charge or failing to exhaust his internal union remedies prior to filing a charge, we will order Respondent to reimburse and make whole Skura for the amount of the fine unlawfully exacted from him, with interest at 6 percent per annum.[17]

ORDER

Pursuant to Section 10(c) of the National Labor Relations Act, as amended, the National Labor Relations Board hereby orders that the Respondent, Local 138, International Union of Operating Engineers, AFL–CIO, its officers, agents, and representatives, shall:

1. Cease and desist from:

(a) Fining employees for filing unfair labor practice charges with the Board or failing to exhaust their internal union remedies prior to filing charges with the Board, or otherwise participating or cooperating in Board proceedings.

(b) In any like or related manner restraining or coercing employees in the exercise of the rights guaranteed in Section 7 of the Act.

2. Take the following affirmative action which the Board finds necessary to effectuate the policies of the Act:

(a) Reimburse and make whole Charles S. Skura for the amount of the fine unlawfully exacted from him, with interest thereon at 6 percent per annum, as set forth in "The Remedy" section of the decision.

(b) Post at its offices, in conspicuous places, and at all other places where notices to members are customarily posted, copies of the notice attached hereto marked "Appendix."[18] Copies of this notice, to be furnished by the Regional Director for the Second Region, shall, after being duly signed by an official representative of Respondent, be posted immediately upon receipt thereof and maintained for a period of 60 consecutive days thereafter. Reasonable steps shall be taken to insure that said notices are not altered, defaced, or covered by any other material.

(c) Notify the Regional Director for the Second Region, in writing, within 10 days from the date of receipt of this Decision and Order, what steps the Respondent has taken to comply herewith.

Dated, Washington, D.C., Aug. 31, 1964.

FRANK W. MCCULLOCH, *Chairman.*
JOHN H. FANNING, *Member.*
GERALD A. BROWN, *Member.*
HOWARD JENKINS, JR., *Member.*
NATIONAL LABOR RELATIONS BOARD.

[SEAL]

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[16] The Trial Examiner found that Respondent's asserted reason for the fine was a pretext and that in fact Skura was fined as an act of "retaliation and coercion to discourage Skura and others from resorting to the Board." Our finding goes beyond such pretextual grounds. For even if, as Respondent contends, Skura was fined for failing to exhaust his internal union remedies prior to filing his charge with the Board, in our view Respondent nonetheless violated the Act. We find it unnecessary to reach the question, as did the Trial Examiner, whether it would have been futile for Skura to seek to obtain internal union relief or whether the Union's procedures were adequate for such purposes. But, we note that under the circumstances it was not unreasonable for the Trial Examiner to conclude on the basis of the whole record that it would have been futile for Skura to press his claim of discrimination within the Union, and that the Union's internal procedures were neither clear nor adequate. See *Detroy* v. *American Guild of Variety Artists, supra.*

We also agree with the Trial Examiner that by fining Skura for filing an 8(b)(2) charge Respondent impaired Skura's rights as an employee. Section 8(b)(2) is an employee's guarantee against job discrimination by a union. Only by filing a charge can an employee avail himself of the protection of that Section. Plainly, it must follow, therefore, that the right to file an 8(b)(2) charge is itself an incident of employment status.

[17] *Isis Plumbing & Heating Co.*, 138 NLRB 716.

[18] In the event that this Order is enforced by a decree of a United States Court of Appeals, there shall be substituted for the words "Pursuant to a Decision and Order" the words "Pursuant to a Decree of the United States Court of Appeals, Enforcing an Order."

Member Leedom, concurring:

I agree with my colleagues that the Respondent violated Section 8(b)(1)(A) of the Act by fining Skura because he filed a charge with the Board prior to exhausting his internal union remedies. The majority position in this case insofar as it holds that a fine imposed by a labor organization to compel compliance with a union rule restrains and coerces within the meaning of Section 8(b)(1)(A) seems to me to coincide with my dissenting views in *Wisconsin Motor Corporation*, 145 NLRB No. 109. I also agree with the conclusion of the majority, for essentially the reasons stated, that there is no merit to the Respondent's other asserted defenses. However, starting as I do with the view, expressed in my dissent in the *Wisconsin Motor* case, that the proviso to Section 8(b)(1)(A) afforded no defense to the conduct there in issue, I deem it unnecessary to comment here on my colleagues' reasons for distinguishing that case from this case for purposes of applying that proviso.

Dated, Washington, D.C., Aug. 31, 1964.

BOYD LEEDOM, *Member.*
NATIONAL LABOR RELATIONS BOARD.

APPENDIX

NOTICE TO ALL OUR MEMBERS, OFFICERS, AGENTS, AND REPRESENTATIVES

PURSUANT TO A

DECISION AND ORDER

of the National Labor Relations Board, and in order to effectuate the policies of the National Labor Relations Act, as amended, we hereby notify you that:

WE WILL NOT fine employees for filing unfair labor practice charges with the National Labor Relations Board or for failing to exhaust their internal union remedies prior to filing charges with the Board, or otherwise participating or cooperating in National Labor Relations Board proceedings.

WE WILL NOT in any like or related manner restrain or coerce employees in the exercise of their rights guaranteed in section 7 of the act.

WE WILL reimburse and make whole Charles S. Skura for the amount of the fine unlawfully exacted from him with interest thereon at 6 percent per annum.

LOCAL 138, INTERNATIONAL UNION OF OPERATING ENGINEERS, AFL-CIO
(Labor Organization)

Date_____

By_____
(Representative) (Title)

This notice must remain posted for 60 consecutive days from the date of posting, and must not be altered, defaced, or covered by any other material.

Employees may communicate directly with the Board's Regional Office, Fifth Floor, Squibb Building, 745 Fifth Avenue, New York 22, N.Y. (Tel. No. Plaza 1-5500), if they have any question concerning this notice or compliance with its provisions.

LOCAL 283, UNITED AUTOMOBILE, AIRCRAFT AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, UAW-AF-CIO [WISCONSIN MOTOR CORPORATION] and RUSSELL SCOFIELD, LAWRENCE HANSEN, EMIL STEFANEC, GEORGE KOZBIEL.

Cases Nos. 13-CB-1059-1, 13-CB-1059-2, 13-CB-1059-3, and 13-CB-1059-4.
January 17, 1964

DECISION AND ORDER

On June 7, 1962, Trial Examiner A. Norman Somers issued his Intermediate Report in the above-entitled proceeding, finding that the Respondent had not engaged in the unfair labor practices alleged in the complaint and recommending that the complaint be dismissed, as set forth in the attached Intermediate Report. Thereafter, the General Counsel and the Charging Parties filed exceptions to the Intermediate Report and briefs in support of their exceptions.

The Board has reviewed the rulings of the Trail Examiner made at the hearing and finds that no prejudicial error was committed. The rulings are hereby affirmed. The Board has considered th Intermediate Report, the exceptions and briefs, and the entire record in the case, and hereby adopts the findings, conclusions, and recommendations of the Trial Examiner with the following additions.

The facts in this case are fully set forth in the Intermediate Report and will only briefly be touched upon here.

The Respondent Union, whose membership is restricted to employees of the Company, has been the bargaining representative of the Company's employees since 1937. Its present contract, like earlier ones, contains a union-security clause which provides that employees have the option of either joining and maintaining good standing in the Union, or rejecting membership but paying the Union a "service fee."

During the past 25 years there has been in effect a union rule, revised from time to time, setting production ceilings on piecework, or, more accurately, limiting the amount of incentive pay a member may earn.[1] As declared in the union bylaw, the rule is designed to implement the Union's "basic object . . . to protect members . . . in their employment and to give them as much security as the industry can provide." In operation, the ceilings, in each of the five labor grades, impose a limitation on the amount a member may earn over the machine rate, the minimum contract rate for that job classification. At present the ceilings are at between 45 and 50 cents per hour over the machine rate. The Union does not require that the member cease production when he has attained the ceiling rate for the day; he may continue working, but, in order to comply with the rule, he must not report, for credit toward his earnings, any items produced in excess of the amount permitted to be earned under the production quotas. He must, by a bookkeeping entry, "bank" this production for later payment. An employee may draw on his "bank" when for one reason or another he fails to earn the basic machine rate or even the lower "day rate." This may occur, for example, when he is sick and unable to work, or his machine is out of order. The Company itself, however, places no limitations on an employee's earnings. It will, if he so desires, pay him immediately for all production which he reports.

Members who violate production ceilings are subject to a fine of $1 for each violation, but persistent violators may be subject to a charge of conduct unbecoming a member, in which event a fine of $100 or a lesser amount may be imposed and a member suspended. A member who pays a fine may also be expelled. It is undisputed, however, that the Union's sanctions to enforce the rule may not be extended to impair a member's status as an employee. The rule, of course, has no application to nonmembers who may be employees of the Company.

The rule limiting incentive pay is not incorporated in the contract as a term of employment. Although the Company does not consider itself bound by the rule, and at various times during negotiations has unsuccessfully sought to induce the Union to drop the ceilings, the Company nevertheless as a practical matter has accepted the ceilings as an integral part of the *modus operandi* and has recognized the ceilings as forming an important element of its negotiated wage structure. So far as appears, the Company has never sought to discipline any of its employees for adherence to the Union's ceiling restrictions. The Company uses the ceilings in computing wages and evaluating jobs. Ceilings have also played an important role in the negotiation of collective-bargaining agreements between the Company and the Union. Thus, in 1953, one of the Company's proposals was that the ceilings be increased at least 10 percent. The contract that year made provision for a 13-cent-per-hour increase in ceilings. The 1956 strike settlement agreement provided for another increase in ceilings. In 1959, the Company made no request for the elimination of ceilings, but only requested that they be increased 10 cents.

Moreover, while abstaining itself from enforcing the ceiling rule, the Company voluntarily aids and cooperates with the Union in the administration of the rule. Thus, the Company joins in the "banking" procedures by making the necessary bookkeeping entries. The Company also allows the ceilings to be posted on its bulletin boards. And it assists the Union in policing enforcement of the rule by making available to the Union the members' production records

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[1] Approximately half of the Company's 800 or more employees work under an incentive pay plan.

and allowing the union stewards to inspect such records on company time without loss of pay.

At such an inspection, conducted in February 1961, the Respondent Union found that the Charging Parties had violated the rule by exceeding their production quotas. The Charging Parties are all members of the Union, who, by their decision to join, have elected to subject themselves commonly with other union members to union regulation and discipline. Following a hearing before the Union's trial board, each of the Charging Parties was found guilty of conduct unbecoming a member. Penalties were assessed against them, consisting of up to a year's suspension from membership and fines ranging from $50 to $100. In October 1961, the Charging Parties having failed to pay the fines, the Union brought suit in a State court to recover the amount of the fines. No evidence as to the outcome of the suit is before us. No action has been taken, or threatened, to impair the job status of the individuals involved.

The complaint alleges, and the answer denies, that the Union's action in imposing fines for breach of its production rule constituted a violation of Section 8(b)(1)(A) of the Act. That section provides:

> (b) It shall be an unfair labor practice for a labor organization or its agents—
>
> (1) to restrain or coerce (A) employees in the exercise of the rights guaranteed in section 7: *Provided*, That this paragraph shall not impair the right of a labor organization to prescribe its own rules with respect to the acquisition or retention of membership therein * * *.

In his full discussion of the issues, the Trial Examiner concluded, we believe correctly, that neither the legislative history of the section nor the body of the law dealing with and interpreting the section since its enactment in 1947 as part of the Labor-Management Relations Act (the Taft-Hartley law) supports the view that Section 8(b)(1)(A) was intended to interdict the conduct under examination.

The General Counsel argues for a different reading of the legislative history, one that would give a broader interpretation to the language of the section; he urges that the imposition of a fine constitutes restraint and coercion within the meaning of Section 8(b)(1)(A). Essentially, it is the General Counsel's position that the legislative purpose in enacting Section 8(b)(1)(A) was to protect the freedom of the individual workman from duress by the union as well as by the employer, and that it was the intent of Congress "to impose upon unions the same restrictions which the Wagner Act imposes upon employers with respect to violations of employee rights."[2] While there may have been such a general legislative purpose, this is not to say that Congress did not place certain limitations on that purpose. For one thing, the legislative history of Section 8(b)(1)(A) points to a congressional intent to reach only certain limited conduct on the part of labor organizations. Thus, the Supreme Court in *Curtis Brothers*,[3] in commenting on the tenor of the expressions which preceded the Senate debate as to the section's purpose, observed that "the note repeatedly sounded there is as to the necessity for protecting individual workers from union organizational tactics tinged with violence, duress or reprisal." The conference report makes it evident that the section was so understood by the House. The House accepted the Senate bill as covering the same ground as its own proposed section 12(a)(1),[4] a section which would have made unlawful the use of force, violence, physical obstruction, or threats thereof to accomplish certain purposes associated with organizational activity and strikes.[5]

If, as the General Counsel contends, the decision in *Bernard-Altmann*,[6] suggests a broader reach of Section 8(b)(1)(A), it is nonetheless evident that internal union disciplines were not among the restraints intended to be encom-

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[2] *International Ladies' Garment Workers' Union, AFL–CIO (Bernhard-Altmann Texas Corp.)* v. *N.L.R.B.*, 366 U.S. 731, 738.

[3] *N.L.R.B.* v. *Drivers, Chauffeurs and Helpers Local Union No. 639, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (Curtis Brothers)*, 362 U.S. 274.

[4] I Legislative History, 546.

[5] I Legislative History, 204–205.

[6] 122 NLRB 1289, affd. *International Ladies' Garment Workers' Union, AFL–CIO* v. *N.L.R.B.*, 366 U.S. 731. In that case the Court upheld the Board's finding that the execution of a collective-bargaining agreement with a minority union whereby that union is recognized as the exclusive bargaining representative of all employees in the unit, restrained and coerced employees in that unit, and that this restraint and coercion was practiced both by the company and the union.

passed by the section. Thus, as the Trial Examiner points out, when the introduction of Section 8(b)(1)(A) touched off expressions of apprehension that its language could be construed as interfering with the internal affairs of unions, Senator Taft, even before the proviso to the section was introduced, affirmed that the sponsors had no intention to interfere with a union's internal affairs. The same opinion was voiced by Senator Ball on the introduction of the proviso. On that occasion he stated, "I merely wish to state to the Senate that the amendment offered by the Senator from Florida is perfectly agreeable to me. It was never the intent of the sponsors of the amendment to interfere with the internal affairs or organization of unions. The amendment of the Senator from Florida makes that perfectly clear." At a later point in the Senate consideration of the bill Senator Ball stressed the limited scope of the prohibitory part of the section when he explained that the proviso:

> * * * is designed to make it clear that we are not trying to interfere with the internal affairs of a union which is already organized. All we are trying to cover is the coercive and restraining acts of the union in its efforts to organize unorganized employees.

The expressed disavowals of the sponsors, and other legislative facts marshalled by the Trial Examiner, make clear that Section 8(b)(1)(A) was not intended to reach the conduct here involved, even without regard to the purpose of the proviso, because, as is pointed out, it was not the kind of activity with which Section 8(b)(1)(A) was concerned.[7]

Proceeding from the premise that the prohibitory part of 8(b)(1)(A) was applicable to the type of conduct here involved, the General Counsel contends further that such conduct is not protected by the proviso to the section. He concedes, however, that even though a fine be deemed coercive, it nevertheless would not violate Section 8(b)(1)(A) if the fine were merely an incident to "the right of a labor organization to prescribe its own rules with respect to the acquisition or retention of membership." But because in this instance the fine was collectible as a debt and not by threat of expulsion only, the General Counsel argues that the fine had more than the incidental relationship which would exempt it from the reach of the section.

We do not read the language of the proviso so narrowly. There is nothing in the legislative history which suggests that Congress intended to permit a union to expel a member for violation of a union bylaw, but not to fine him for the same infraction without expelling him; or that it could enforce the fine by expulsion from the union but not by suing for its collection.

On the contrary, as the Trial Examiner has shown, Congress was more concerned with placing restrictions on a union's right to expel than to fine members. Thus Section 8(c)(6) of the House bill more severely limited the right of expulsion from a union than did 8(c)(5) of the same bill which dealt with limitations on a union's right to fine its members. The latter merely enjoined the use of fines as a penalty for members exercising certain basic civil rights of the kind now protected in the "Bill of Rights" portion of the Labor-Management Reporting and Disclosure Act of 1959. Neither of these provisions prohibited a union from disciplining a member for the infraction of a union rule of the type here involved. As the Trial Examiner has so aptly observed, to accept the General Counsel's attempted distinction is to conclude that, despite, the express disavowals by the sponsors of Section 8(b)(1)(A) of any intent to interfere in the internal affairs of unions and despite the rejection of House attempts to do so, the result of the enactment of present Section 8(b)(1)(A) was to impose more stringent restrictions on union discipline than even those prohibited in the rejected House measures.

In other words, it is most unlikely that with knowledge of the long-existing union practice of enforcing internal union policies by fine as well as by suspension and expulsion, and disavowing any intent to interfere in the internal affairs of unions, Congress intended to leave a union with no power to deal with offending union members except, as the General Counsel asserts, either by tolerating them or by expelling them from membership, a procedure that could well prove self-defeating.

In support of his construction of the proviso to Section 8(b)(1)(A), the General Counsel relies on a certain dictum of the court in the *Allen Bradley* case,[8] which, reversing the Board, held that it was not a violation of Section 8(a)(3) and (1) of the Act for an employer to insist as a condition precedent to entering

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[7] See *International Association of Machinists, et al.* v. *Marcos Gonzales*, 356 U.S. 617.

[8] *Allen Bradley Company* v *N.L.R.B.*, 286 F. 2d 442 (C.A. 7), setting aside 127 NLRB 44.

into a collective-bargaining contract that the union agree to the employer's proposal limiting the right of the union to discipline union members for refraining from participating in strikes called by the union. The Board does not acquiesce in this decision or in the dictum upon which the dissent relies. Not only is the decision contrary to the Board holding in this as well as in other cases,[9] but it is also inconsistent with holdings of other courts;[10] and with the same court's holding in the *American Newspaper Publishers'* case,[11] where the court agreed with the Board that a union did not violate Section 8(b)(1)(A) by threatening to expel any member who worked in a composing room where all the employees were not members of the union.

It is also significant that while the Board, during the 12 years following Taft-Hartley, has interpreted Section 8(b)(1)(A) and its proviso so as not to interfere in a union's internal affairs,[12] Congress has indicated that a broader interpretation of the section was intended or desired. Moreover, as pointed out by the Trial Examiner, the legislation which Congress did enact in 1959 sheds further light on the problem before us and buttresses the conclusions which we reach. The Landrum-Griffin amendments contain a fairly comprehensive code governing the internal affairs of labor organizations. Jurisdiction over these matters was not, however, given to the Board. Rather it was the Federal courts which were authorized to enforce the new law.[13] Furthermore, insofar as is relevant here, these 1959 amendments went no further than to impose certain notice and hearing requirements on the imposition of union discipline[14] and prohibited the use of such discipline to prevent employees from exercising certain fundamental freedoms.[15] These laws show that Congress has not ventured to the outermost limits in regulating internal union affairs. Some subjects still remain unregulated under existing Federal law.[16] Thus, we cannot agree that, 12 years earlier, Congress had enacted the substantial and far-reaching limitations on the powers of unions to prescribe rules governing the conduct of their members, as urged by the General Counsel.[17]

Our dissenting colleague argues forcefully that the proviso to Section 8(b)(1)(A) permits the imposition of union rules on employees as *union members*, but does not apply to the enforcement of rules against employees as *employees*. Proceeding from this premise, the dissenting opinion then finds that the subjects of production and wages are matters "clearly related to *employment*, and not to *membership* * * *." But the conclusion does not follow the distinction. Obviously, production and wages are related to jobs. Jobs are related to employees and employees may, if they so desire, be union members. A union rule that a *member* is subject to a fine if he exceeds a production ceiling does not mean that

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[9] *Minneapolis Star and Tribune Company*, 109 NLRB 727, 729 ("* * * the imposition of a $500 fine on Carpenter by the Respondent Union for his failure to engage in certain of its activities is not violative of Section 8(b)(1)(A) of the Act. It is well established that the proviso to Section 8(b)(1)(A) precludes any such interference with the internal affairs of a labor organization.").

[10] *Local 248, UAW* v. *Wisconsin Board*, 11 Wis. (2d) 292, 105 N.W. (2d) 278 (union fine of member for crossing a picket line during strike held arguably protected by the proviso to Section 8(b)(1)(A)); *UAW* v. *Woychik*, 5 Wis. (2d) 528, 93 N.W. (2d) 336 (union may recover fine levied against member for failure to picket during strike.); *Retail Clerks* v. *Christiansen*, Washington Justice Court, Grays Harbor County, 54 LRRM 2558 (union may recover fines imposed against members who continued working during strike. "It is the court's opinion that inasmuch as there has been no interference affecting the right of defendants in their employment and that the action involves only the employees and the union, and the charges are based upon specific violations and the fines imposed under the authority of the bylaws, that this is an action which is one involving the internal affairs of the union and Sections 7 and 8 of the Act are inapplicable. * * * [A] union may reasonably discipline its members for infractions of its laws, rules and regulations so long as the discipline does not deprive the member of his property right.").

[11] *American Newspaper Publishers Association* v. *N.L.R.B.*, 193 F. 2d 782, 800–801 (C.A. 7).

[12] See *Minneapolis Star and Tribune Company*, 109 NLRB 727, 729. We do not agree with the General Counsel that there is an implication in the Board's decision in that case that the imposition of the fine was collectible only by threat of expulsion.

[13] See *McCraw* v. *United Association, Local Union No. 143*, U.S. District Court, Eastern District of Tennessee, 216 F. Supp. 655 (1963). See also Labor-Management Reporting and Disclosure Act of 1959, Title I, Section 102.

[14] Labor-Management Reporting and Disclosure Act of 1959, Title I, section 101(a)(5).

[15] Labor-Management Reporting and Disclosure Act of 1959, Title I, Section 101(a)(2).

[16] See Aaron, The Labor-Management Reporting and Disclosure Act of 1959, 73 Harv. Law Rev. 851.

[17] See the Supreme Court's observation in the *Curtis* case that later statutes may be taken into account in interpreting vague language of an earlier law. *N.L.R.B.* v. *Drivers, Chauffeurs and Helpers Local Union No. 639, International Brotherhood of Teamsters, Chauffeurs, Warehouses and Helpers of America (Curtis Brothers)*, 362 U.S. 274, 291–292.

he is subject to such a fine as an *employee*. Nor does it mean that his employment status is affected so long as the Union does not attempt to exact payment of the fine by pressure on his employer or discrimination in his job opportunities.

It should not need saying that unions exist for the purpose of collective bargaining with respect to wages, hours, and conditions of employment. Necessarily, their constitutions and bylaws reflect this basic purpose. In a sense, virtually all union rules affect a member's employment relationship.

But the Board has not been empowered by Congress to police a union decision that a member is or is not in good standing or to pass judgment on the penalties a union may impose on a member so long as the penalty does not impair the member's status as an employee. Our dissenting colleague's view would require the Board to sit in judgment on union standards of conduct for its members even though such standards are not enforced by threats affecting the member's job tenure or job opportunities. Whether or not the Union's rule in this case is desirable or equitable is a matter we need not and do not decide. It is sufficient, in our view, that the Union deliberately resrticted the enforcement of its rule to an area involving the status of a member as a *member* rather than as an *employee*.

We find, in agreement with the Trial Examiner, that the Respondent did not violate Section 8(b)(1)(A) of the Act.

[The Board dismissed the complaint.]

MEMBER JENKINS, concurring:

I concur in the result reached by the majority, but would predicate the result on a more simplified basis which concedes much of the argument advanced by my dissenting colleague. Nothing in the Act seeks to regulate the right of a labor union to place a ceiling on the earnings of its members. Therefore the subject matter of the rule, like other union rules pertaining to matters such as meeting attendance requirements, cannot be said of itself to offend the Act even if it were an unreasonable rule. The only issue presented by the charge is whether in some manner the enforcement of the rule has restrained or coerced the Charging Parties in their exercise of Section 7 rights.

In the context of this case, it cannot be said that enforcement of the rule is coercive since the Charging Parties were free either to join the Union and be subject to the rule, or refrain from joining and not be subject to the rule. The Charging Parties would have it both ways. It is axiomatic that the rights guaranteed under Section 7 are not absolute rights and that alternative choices must often be made by those who would exercise those rights. Had the Union here sought a benefit for its members which was denied to nonmembers, the action would clearly have been coercive. Cf. *The Radio Officers' Union of the Commercial Telegraphers Union, AFL (A. H. Bull Steamship Company)* v. *N.L.R.B.*, 347 U.S. 17. Certain it is, however, that where, as here, the union imposes restrictions upon its own members which are not imposed upon nonmember employees, the action may not logically be described as coercive. The fact that some members of the union dislike and refuse to abide by the rule no more causes it to violate the Act than did the top seniority accorded to employees of the larger of two merged employers in *Trailmobile Lodge* v. *Whirls*, 331 U.S. 40 or to shop stewards in *Aeronautical Lodge* v. *Campbell*, 337 U.S. 521.

MEMBER LEEDOM, dissenting:

This case presents the question of whether a union that has unilaterally promulgated a restrictive scheme of work production quotas may, with legal impunity, enforce that scheme against employees, members of the union, through the imposition of severe retaliatory penalties, including monetary fines.

Since 1938, Respondent Union has had an established scheme of production ceilings or work quotas. The production ceilings, first formulated pursuant to a "gentleman's agreement" between union members, were later formalized by a union resolution, and finally became the subject of a union bylaw. The bylaw, *inter alia*, provides that members who fail to abide by the work quotas shall be subject to a fine, and, in the case of habitual offenders, discipline by the Union on the charge of conduct unbecoming a union member.[18] At present the produc-

[18] The bylaw, in pertinent part, reads as follows:

A. The basic object of the Union is to protect members of the Union in their employment and to give them as much security as the industry can provide. The Local Union in its judgment and reasoning has established a production ceiling which it feels will bring more protection to the members. It follows that a member who is found in violation of the [sic] this rule is guilty of conduct unbecoming a union member.

B. Any member who violates these ceilings shall be subject to a fine of one dollar ($1.00) for each violation. The violators shall be processed by not less than 3, nor more that [sic] than 5 members of the Executive Board.

In case of persistent ceiling violations, the member will be charged with conduct unbecoming a Union Member.

tion ceilings limit an employee's earnings to 45 to 50 cents per hour over the machine rate, which is based on minimum employee production requirements.

The contract between the Employer and the Union contains a union-security provision. By its terms all employees are required to become members of the Union after the 30th day of employment or pay a service fee which shall not exceed the amount of the Union's monthly dues.[19]

The Employer has placed no limits on the employees' production or earnings and has vigorously opposed such a limitation, but without success. The Company is in a highly competitive market, and the increased costs resulting from the Union's production ceilings have caused a decline in its competitive position. The record shows that the Union's production ceilings have reduced and slowed down production, that an employee can reach the production ceiling in 5 hours, and that the employees have read books, played cards, and talked in the remaining time.[20]

In February 1961, the Union discovered that the Charging Parties had been violating the work quota rule. Subsequently, a hearing was held before the Union's trial board, and each of the Charging Parties was found guilty of "conduct unbecoming a Union member," was fined $50 to $100, and was suspended from union membership. In October 1961, the Union brought suit against the Charging Parties in a State court to collect the fines.

On these facts, the General Counsel issued a complaint against the Union, charging that the fines that were imposed restrained and coerced employees in the exercise of their Section 7 rights and therefore violated Section 8(b)(1)(A) of the Act.[21] My colleagues are validating the Union's actions. I disagree. In my opinion, my colleagues' holding misconstrues a very basic section of the Act, misinterprets congressional intent, undermines congressional policy, and disregards established precedent.

In refusing to abide by the union rule, the employees were exercising their Section 7 [22] right to refrain from union activity.[23] In fining the employees, the Union was attempting to force these employees to cease exercising that Section 7 right. The question is whether the fine employed by the Union as a sanction to compel the Charging Parties to comply with the union rule constitutes restraint or coercion within the meaning of Section 8(b)(1)(A), and, if so, whether the Union's action is nevertheless protected by the proviso to that section. I think it is clear that the fines imposed do constitute such restraint and coercion, and that the proviso does not afford any protection to the Union.

The Supreme Court has left little, if any, room for argument over the meaning of the words "restain or coerce" used in Section 8(b)(1)(A). In *N.L.R.B.* v. *Drivers, Chauffeurs and Helpers Local Union No. 639, International Brotherhood of Teamsters, etc.* (*Curtis Brothers*), 362 U.S. 274, which involved the question of whether recognitional picketing by a minority union constituted a violation of Section 8(b)(1)(A), the Court, after a thorough analysis, concluded that Section 8(b)(1)(A) was "a grant of power to the Board limited to authority

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[19] While, in light of the presence of the service fee provision in the contract, it cannot be said as a matter of law that *all* employees were required to join the Union, it is obvious that the contract provisions left so little to choice that, as a practical matter, the employees were compelled to join the Union in order to obtain the most value for the money they were required to expend.

[20] In spite of this, the employees produce more than the production ceilings allow. The excess is "banked" for payment in the future when an employee is unable, for any reason, to produce the maximum allowable under the production ceilings.

[21] Section 8(b)(1)(A) provides as follows:

> (b) It shall be an unfair labor practice for a labor organization or its agents—
> (1) to restrain or coerce (A) employees in the exercise of the rights guaranteed in section 7: *Provided*, That this paragraph shall not impair the right of a labor organization to prescribe its own rules with respect to the acquisition or retention of membership therein; . . . .

[22] Section 7 of the Act reads:

> RIGHTS OF EMPLOYEES
>
> SEC. 7. Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection, and shall also have the right to refrain from any or all of such activities except to the extent that such right may be affected by an agreement requiring membership in a labor organization as a condition of employment as authorized in section 8(a)(3).

[23] *Printz Leather Company, Inc.*, 94 NLRB 1312. My colleagues apparently concede that the Charging Parties were exercising their Section 7 right in refusing to limit their production pursuant to the Union rule for, absent such right, it would have been unnecessary to reach the issues discussed in the majority opinion.

to proceed against union tactics involving violence, intimidation, and reprisal or threats thereof—conduct involving more than the general pressures upon persons employed by the affected employers implicit in economic strikes."

A careful reading of the Court's opinion shows that the word "reprisal," as used by the Court, means economic as well as physical reprisal, and specifically includes financial exactions.[24] Thus, the Court referred some of the examples mentioned by Senator Ball in the legislative debates involving threats of "violence, job reprisals and such repressive assertions as that double initiation fees would be charged those who delayed joining the union," as the type of conduct against which Section 8(b)(1)(A) was directed; and the Court summed up the "central theme" of the legislative debates on the section as seeking "the elimination of the use of repressive tactics bordering on violence or involving particularized threats of economic reprisal."[25]

In the later *International Ladies' Garment Workers' Union AFL–CIO (Bernhard-Altmann Texas Corp.)* v. *N.L.R.B.* case, 366 U.S. 731, the Court set forth the proposition that Section 8(b)(1)(A) prohibited "unions from invading the rights of employees under Section 7 in a fashion comparable to the activities of employers prohibited under Section 8(a)(1)," pointing out that it was the "intent of Congress to impose upon unions the same restrictions which the Wagner Act imposed on employers with respect to violations of employee rights."[26]

The Board itself in the past has read "restrain or coerce" in Section 8(b)(1)(A) in a manner consistent with the ordinary meaning of the term. Thus the board has held that compulsion by sanctions, such as fines and expulsion from membership, "are in fact coercive,"[27] and has also found that other forms of pressure directed against employees, including threats not to process grievances,[28] threats of union disciplinary action and expulsion,[29] and causing a reduction in seniority,[30] likewise constitute restraint and coercion within the meaning of Section 8(b)(1)(A).

Accordingly, consistent with the foregoing authoritative case law, I am of the opinion that the fines levied by the Union against the Charging Parties in the instant case constitute restraint and coercion under Section 8(b)(1)(A) of the Act.[31]

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[24] In this connection, I point out that the economic pressure inherent in a fine is not unlike the pressure caused by the threat of loss of employment which has always been recognized as economic "intimidation" or "reprisal" constituting a violation of Section 8(b)(1)(A). (See, for example, *International Association of Bridge, Structural & Ornamental Iron Workers, Local 600 (Bay City Erection Company, Inc.)*, 112 NLRB 1059; *Marlin Rockwell Corporation*, 114 NLRB 553, 562; *Local Union No. 450, International Union of Operating Engineers, AFL–CIO, etc. (Tellepsen Construction Company)*, 122 NLRB 564, 568; *Local 138, International Union of Operating Engineers, AFL–CIO, etc. (Nassau and Suffolk Contractors Association, Inc., etc.)*, 123 NLRB 1393, 1396.) In my opinion, there is little difference between a union's causing the discharge of an employee for refraining from engaging in concerted activity, and a union's fining an employee the partial, or total, equivalent of his salary for refraining from engaging in concerted activity. Each is an equally potent form of economic restraint and coercion, and the net effect of each of the employees involved could be identical.

[25] *Curtis Brothers, supra*, at 286–287. The Court cited the remarks of Senator Taft in which he stated that Section 8(b)(1)(A) was intended to outlaw threats of "economic reprisal," and also cited with approval the language of the Board's decision in *United Shoe Workers; Perry-Norvell Shoe Workers Committee (Perry Norvell Company)*, 80 NLRB 225, listing economic reprisal as one of the means proscribed by Section 8(b)(1)(A).

[26] *Bernard-Altermann Texas Corp., supra*, at 738.

[27] *Peerless Tool and Engineering Co.*, 111 NLRB 853, 857; see also *Minneapolis Star and Tribune Company*, 109 NLRB 727, in which the Board adopted the Trial Examiner's conclusion that a fine was a "form of coercion."

[28] *Ibid.*

[29] *Local 401, International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, AFL–CIO; et al. (M. A. Roberts & Company)*, 126 NLRB 832, 834; *United Stone and Allied Products Workers of America, Local No. 24, AFL–CIO, etc. (Gibsonburg Lime Products Company)*, 121 NRLB 914.

[30] *Local 553, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (Miranda Fuel Company, Inc.)*, 140 NLRB 181.

[31] The legislative history of Section 8(b)(1)(A) fully supports this interpretation that the language, "restrain or coerce," covers the conduct herein. Section 8(b)(1)(A) originated in the Senate as an amendment to S. 1126. It was sponsored by a group of Senators who could "see no reason whatever why [unions] should not be subject to the same rules as the employers" and accordingly introduced Section 8(b)(1)(A) as a corresponding section to 8(a)(1). (S. Rept. 105 on S. 1126, Supplementary Views, Leg. Hist. of the LMRA, 1947, vol. I, p. 456.) Senator Ball, who introduced the amendment, explained that its purpose was "to insert an unfair labor practice for unions identical with [Section 8(a)(1)] . . ." which was essential "to equalize the right and responsibilities of both employers and unions in this field, to really assure to employees the freedom supposedly guaranteed in Section 7 . . . ." (Leg. Hist. of the LMRA, 1947, vol. II, pp. 1018, 1021.) During the debates, Senators repeatedly stressed that Section 8(b)(A) was to be read and interpreted as broadly as its Wagner Act counterpart. When Senator Pepper asked what the interpretation of the language "restrain or coerce"

The proviso to Section 8(b)(1)(A) does not compel a contrary conclusion. That proviso excepts from the ambit of 8(b)(1)(A) only such restraint or coercion that results from a union's application of its rules relating to "the acquisition or retention of membership." [32] As the Board stated in *Marlin Rockwell Corporation*, 114 NLRB 553, 562:

> As we read the 8(b)(1)(A) proviso, its sole purpose is to guarantee to unions the privilege, as a voluntary association, *to determine both who shall be a union "member" and what substantive conditions a "member" must comply with in order to acquire or retain union membership status.* It is for this reason that the Board cannot and will not judge the fairness or unfairness of internal union determinations which may enable or disable particular individuals to obtain this incidental benefits of union membership as provided by internal union legislation. [Emphasis supplied.] [33]

And more recently, in *Allen Bradley Company* v. *N.L.R.B.*, 286 F. 2d 442, the Seventh Circuit shared this view of the scope of the proviso saying:

> . . . [The] Board strenuously insists that the Company proposal was not a subject for bargaining because the Union in its coercive activities was protected under the proviso in Section 8(b)(1)(A), which authorizes the Union to prescribe its own rules "with respect to the acquisition or retention of membership therein." True, the fines which the Union had previously imposed and about which the Company was concerned were authorized by Union rule. Even so, *there is nothing in the situation before us which indicates that such fines bore any relation to the "acquisition or retention of membership." The Board evidently recognizes this because it argues, "imposition of the fine is merely a step in determining membership status; nonpayment leads to expulsion."* We assume that a union has broad powers in prescribing rules relative to the acquisition and retention of its members. However, that power, in our view, is not absolute. *It goes beyond any permissible limit when it imposes a sanction upon a member because of his exercise of a right guaranteed by the Act. Coercive action whether by way of fine, discharge or otherwise, which deprives a member of his right to work and his employer be the benefit of his services, cannot be said to relate only to the internal affairs of the union.* [Emphasis supplied.] [34]

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would be, Senator Taft answered that "the Board has been defining those words for 12 years . . ." and although the "application to labor organizations may have a slightly different implication . . . from the point of view of the employee the two [sections] are parallel." (Leg. Hist. of the LMRA, 1947, vol. II, p. 1028, and to the same effect pp. 1032–1033.)

Contrary to my colleagues, it does not appear that Congress intended to limit Section 8(b)(1)(A) to any particular type of restraint or coercion. In the course of the debates, examples of the conduct that would be prohibited by Section 8(b)(1)(A) included threats of higher initiation fees or higher dues, "retaliatory" internal union disciplinary action, threats to strike, threats to picked, threats of loss of employment, economic pressure, and misrepresentation. (Leg. Hist. of the LRMA, 1947, vol. II, pp. 1018–1019, 1029, 1030, 1031, 1192–1193, 1200, 1205.) No attempt was made by Congress either to exhaust or to constrict the scope of the statutory language. Further, I do not agree with my colleagues that section "to affect at least that part of the internal admnistration which has to do been dealt with under Section 12(a)(1) of the House bill H.R. 3020). Rather, the House conference report shows that Section 8(b)(1)(A) *included*, but was not limited to, the conduct outlawed by Section 12(a)(1) of the House bill. (Leg. Hist. of LMRA, 1947, vol. II, p. 546.)

[32] The legislative history of the proviso clearly shows that the restrictive terms in which the proviso was written were not chosen by accident, but by design, and that Congress meant just what it said, no more. The proviso originated in the Senate and was offered by Senator Holland as an amendment to Section 8(b)(1)(A). In introducing the amendment, Senator Holland stated that the proponents of Section 8(b)(1)(A) had not intended that section "to affect at least that part of the internal administration which has to do with the admission or the expulsion of members, that is with the question of membership," and that his amendment (the proviso) "would make clear that [Section 8(b)(1)(A)] would have no application to or effect upon the right of a labor organization to prescribe its own rules of membership either with respect to beginning or terminating membership." (Leg. Hist. of the LMRA, 1947, vol. II, pp. 1139, 1141.) Senator Ball, who accepted the proviso as an amendment to Section 8(b)(1)(A), replied that "it was never the intention of the sponsors of [Section 8(b)(1)(A)] to interfere with the internal affairs or organization of unions," and he subsequently described the proviso more specifically as covering "the requirements and standards of membership in the union itself." (Leg. Hist. of the LMRA, 1947, vol. II, pp. 1141, 1200.) In the face of these authoritative statements from the two men in the Senate most intimately acquainted with the proviso, I cannot, as my colleagues do, subscribe to an interpretation based on the more general characterizations of certain legislators.

[33] See also *The Babcock & Wilcox Company*, 110 NLRB 2116, 2132–2133.

[34] My colleagues attempt to distinguish the *Allen Bradley* case on the ground that the court "was not called upon to find" whether the union had a right under Section 8(b)(1)(A) to fine a member for crossing a picket line and that, accordingly, the above portion of the opinion was *obiter dictum*. However, as the portion of the court's opinion quoted above clearly shows, and as a reading of the Board's decision and brief in that case will confirm, the Board argued in that case that the union's conduct which the employed wished to subject to bargaining was protected by the proviso to Section 8(b)(1)(A). Therefore, it cannot rightly be said, as my colleagues do, that the court's discussion of this issue "was not essential to a decision in the case."

I find the rationale of these cases most persuasive for it comports with the language of the proviso itself as well as its legislative history. This rationale, moreover, achieves the accommodation intended by Congress between the rights Congress guaranteed employees and the right of unions to determine their own qualifications for membership. In my opinion, therefore, it cannot reasonably be said that the Union's conduct here related to its right "to prescribe its own rules with respect to the acquisition or retention of membership. . . ." Accordingly, I conclude that Respondent's conduct is not protected by the proviso.

According to my colleagues, the proviso to Section 8(b)(1)(A) protects all internal union affairs or all action taken pursuant to the union's rules and internal processes. They attempt to prove that the proviso does not mean what it says by arguing that Congress did not intend to distinguish between expulsion and any other form of union discipline, such as a fine, in the application of the proviso. However, in view of the special treatment Congress gave expulsion, as opposed to any other form of coercion by union discipline, I think that Congress did intend such a distinction. Employees are specifically protected against coercion in the form of expulsion by the second proviso to Section 8(a)(3), which guarantees employees that expulsion for any reason other than nonpayment of dues and fees will not imperil their job security.[35] Thus, Congress preserved the right of unions to deny membership to, or terminate the membership of, whomever they pleased regardless of the reason; but, at the same time, Congress insulated employees from coercion by making sure that they would suffer no economic consequences as a result of such action.[36]

But even assuming that the proviso has a broader reach than I would ascribe to it, I would still disagree that the matter here involved is one that is merely a matter of internal union regulation. Employees may occupy a dual status: first, is their status as *employees;* second, is their status as *union members.* Those matters affecting employees as *union members* may appropriately be referred to as internal union affairs. Those matters which affect employees as *employees* are not internal union affairs. Of course, it is quite possible that some matters may affect both the employment relationship and the membership relationship, but to the extent they involve the former, they are not internal union affairs. Here, I am satisfied that the Union's attempt to control production and wages, which are subjects clearly related to *employment,* and not to *membership,* is not merely an internal matter.

Under my colleagues' reading of the proviso, it would appear that the Union can turn any employment matter or Section 7 right into an internal union affair simply by adopting a union rule or bylaw dealing with the subject and disciplining employees thereunder.[37] But there is no evidence that Congress ever intended to permit the subversion of employees' rights by unions under the guise of regulating the conduct of union members.[38] In short, I think that when unions use the union membership of employees—membership which may, or may not, be voluntary—as a means of encroaching on their rights as employees, which Congress did regulate, the unions subject themselves to the sanctions of Section 8(b)(1)(A) of the Act. More particularly, by imposing fines on these employees because they exceeded the Respondent Union's unilaterally establish work production quotas the Respondent Union took action which went beyond any permissible limit, that is, the action taken did not relate only to the internal affairs of he Respondent Union but imposed a sanction on its members because they exercised their right, guaranteed by the Act, not to go along with the Union-imposed production quotas.

Accordingly, for all the foregoing reasons, I would find that the Respondent violated Section 8(b)(1)(A) of the Act, as alleged.

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[35] My colleagues argue that no action had been taken here to impair the employees' job status or job opportunities. Apparently, they are unwilling to recognize that impairment of job status or job opportunities can take the form of restricting an employee in his earnings where, as here, that employee is willing to work and the employer wants the benefit of his services. That the fines were intended to have this restrictive effect cannot be denied.

[36] See the debate between Senator Taft and Senator Pepper, Leg. Hist. of LMRA, 1947, vol. II, pp. 1141–1142, and also pp. 1096–1097. As shown by the above rationale, there is nothing inconsistent in the decision of the Court of Appeals for the Seventh Circuit in *Allen Bradley* and the decision of the same court in *American Newspaper Publishers Association* v. *N.L.R.B.,* 193 F. 2d 782. The latter case involved a union's threat to expel members, conduct which specifically falls within the proviso. Speaking of the proviso, the court said:

> . . . Congress left labor organizations free to adopt any rules they desired governing membership in their organizations. Members could be expelled for any reason and in any manner prescribed by the organization's rules, so far as 8(b)(1)(A) is concerned.

BAY COUNTIES DISTRICT COUNCIL OF CARPENTERS AND JOINERS OF AMERICA, AFL–CIO; SHINGLERS UNION, LOCAL 478, INTERNATIONAL BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA, AFL–CIO and ASSOCIATED HOME BUILDERS OF THE GREATER EAST BAY, INC.

Case No. 20–CB–909. February 14, 1964

DECISION AND ORDER

On July 25, 1962, Trial Examiner Martin S. Bennett issued his Intermediate Report in the above-entitled proceeding, finding that the Respondents had engaged in and were engaging in certain unfair labor practices and recommending that they cease and desist therefrom and take certain affirmative action, as set forth in the attached Intermediate Report. Thereafter, exceptions to the Intermediate Report and supporting briefs were filed by the General Counsel.

The Board has reviewed the rulings of the Trial Examiner made at the hearing and finds that no prejudicial error was committed. The rulings are hereby affirmed. The Board has considered the Intermediate Report, the exceptions and briefs, and the entire record in this case, and hereby adopts the findings, conclusions, and recommendations of the Trial Examiner with the modifications indicated below.

For the reasons set forth in the Intermediate Report, we agree with the Trial Examiner that Respondents violated Section 8(b)(1)(A) of the Act by transferring dues payments of members covered by union-shop agreements to the satisfaction of fines levied by Respondents and thereafter threatening employees with loss or impairment of employment for failure to pay their dues. However, for the reasons stated in our decision in *Local 283, United Automobile, Aircraft and Agricultural Implement Workers of America, UAW–AFL–CIO (Wisconsin Motor Corporation)*,[1] we do not adopt the Trial Examiner's expression of opinion that the proviso to Section 8(b)(1)(A) does not except from the proscription of that section a union's imposition of fines upon members who violate the union's internal rules relating to production restrictions, an issue which the Trial Examiner specifically stated he did not reach in concluding that Respondent's conduct herein violated Section 8(b)(1)(A). Similarly, for the reasons stated in *Local 283, International Union United Automobile etc., supra*, we find no merit in the General Counsel's contentions that Respondents also violated Section 8(b)(1)(A) by imposing the fines.

ORDER

The Board adopts the Recommended Order[2] of the Trial Examiner with the following addition and modifications: that portion of the complaint alleging that Respondents violated the Act by imposing the fines be, and it hereby is, dismissed.

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[37] For example, pursuant to a union rule or bylaw, unions, under my colleagues' decision could now fine employees for filing charges with the Board against the union, for testifying against the union in Board proceedings, for filing a decertification petition, for refusing to give the union a copy of any statement made to a Board agent, for giving a statement to a Board agent without the union's approval, for refusing to participate in unlawful union activity, for working with nonunion employees, for working with Negro employees, for filing a grievance not approved by the union, for producing more than a certain number of items per day, and for working more than 30 hours per week.

[38] See *Local 100, United Association of Journeymen and Apprentices* v. *Borden*, 375 U.S. 690, in which the Supreme Court recognized that even though the union's action was based on the employee's failure to comply with internal union rules "it is certainly argued that the union's conduct violated Section 8(b)(1)(A), by restraining or coercing Borden in the exercise of his protected right to refrain from observing those rules . . ." *The* Court went on to distinguish its earlier decision in *I.A.M.* v. *Gonzales*, 356 U.S. 617 on the ground that *Gonzales* involved matters relating to expulsion which was an intra-union affair, not within the Board's competence by virtue of the proviso to Section 8(b)(1)(A). See also *Local 207, International Association of Bridge, Structural and Ornamental Iron Workers Union* v. *Perko*, 373 U.S. 701.

[1] 145 NLRB 1099.

[2] The Recommended Order is hereby amended by substituting for the first paragraph therein the following paragraph:

> Upon the entire record in this case, and pursuant to Section 10(c) of the National Labor Relations Act, as amended, the National Labor Relations Board hereby orders that Respondent, Bay Counties District Council of Carpenters and Joiners of America, AFL–CIO, and Shinglers Union, Local 478, International Brotherhood of Carpenters and Joiners of America, AFL–CIO, their officers, agents, representatives, successors, and assigns, shall:

The first sentence below the signature line in the Appendix attached to the Intermediate Report is amended to read: "This notice must remain posted for 60 consecutive days from the date of posting. . . ."

MEMBER LEEDOM, dissenting in part:

I agree with the Trial Examiner and my colleagues that the Respondents violated Section 8(b)(1)(A) of the Act by transferring dues payments of members covered by union-shop agreements to the satisfaction of fines levied by the Respondents and thereafter by threatening employees with loss or impairment of employment for failure to pay their dues. Contrary to my colleagues, however, I would, for the reasons set forth in my dissenting opinion in the *Wisconsin Motor* case,[5] also find that the Respondents further violated Section 8(b)(1)(A) by imposing fines upon members who violated internal union rules relating to production restrictions, and I would enter an order to remedy such a violation. As my colleagues are dismissing the complaint in this respect, I must dissent.

MEMBER JENKINS took no part in the consideration of the above Decision and Order.

GENERAL MOTORS CORPORATION, PACKARD ELECTRIC DIVISION and DONALD T. MORRIS

INTERNATIONAL UNION OF ELECTRICAL, RADIO, AND MACHINE WORKERS, AFL–CIO, PACKARD LOCAL 717 and DONALD T. MORRIS

Cases Nos. 8–CA–2024 and 8–CB–418. December 8, 1961

DECISION AND ORDER

On August 3, 1960, Trial Examiner Ralph Winkler issued his Intermediate Report in the above-entitled proceeding, finding that the Respondents had engaged in and were engaging in certain unfair labor practices and recommending that they cease and desist therefrom and take certain affirmative action, as set forth in the Intermediate Report attached hereto. The Trial Examiner also found that the Respondents did not engage in certain other unfair labor practices and recommended that the complaint be dismissed with respect thereto. Thereafter the Charging Party, General Counsel, and Respondents filed exceptions to the Intermediate Report and briefs in support thereof.

The Board has reviewed the rulings of the Trial Examiner made at the hearing and finds that no prejudicial error was committed. The rulings are hereby affirmed. The Board has considered the Intermediate Report, the exceptions and briefs, and the entire record in this proceeding,[1] and hereby adopts the findings, conclusions, and recommendations of the Trial Examiner, except as modified herein.

1. As found by the Trial Examiner, the Union requested the Company to discharge Busefink pursuant to a valid union-security agreement between the Union and the Company, at a time when and solely because Busefink was delinquent in the payment of his dues. Thereafter, Busefink offered to pay the Union the amount of his delinquency, which offer the Union refused to accept; and the Company thereafter discharged Busefink pursuant to the Union's request. On these facts the Trial Examiner concluded that under the rule of the *Aluminum Workers* case[2] the Respondent Company had violated Section 8(a)(3) and (1) of the Act and the Respondent Union had violated Section 8(b)(2) and (1)(A).

The Union, in excepting to the finding of violations of Section 8(b)(1)(A) and (2), urges the Board, *inter alia*, to overrule the *Aluminum Workers* case insofar as it holds that a full and unqualified tender made any time prior to actual discharge, and without regard as to when the request for discharge may have been made, is a proper tender, and that a subsequent discharge based upon the request is unlawful. We find merit in this position.

The legality of a discharge in the circumstances of this case is governed by the provisions of Section 8(a)(3) and 8(b)(2) of the Act. Section 8(a)(3) provides in pertinent part:

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[5] *Local 283, United Automobile, Aircraft and Agricultural Implement Workers of America, UAW–AFL–CIO (Wisconsin Motor Corporation)*, 145 NLRB 1099.

[1] As the record and briefs adequately present the issues and positions of the parties, the request by the Respondent Union for oral argument is denied.

[2] *Aluminum Workers International Union, Local No. 135, AFL (The Metal Ware Corporation)*, 112 NLRB 619, 621, wherein the Board stated the general rule that "a full and unqualified tender made anytime prior to actual discharge, and without regard as to when the request for discharge may have been made, is a proper tender and a subsequent discharge based upon the request is unlawful."

> . . . nothing in this Act, or in any other statute of the United States, shall preclude an employer from making an agreement with a labor organization . . . to require as a condition of employment membership therein on or after the thirtieth day following the beginning of such employment or the effective date of such agreement, whichever is the later . . . : *Provided further*, That no employer shall justify any discrimination against an employee for nonmembership in a labor organization . . . if he has reasonable grounds for believing that membership was denied or terminated for reasons other than the failure of the employee to tender the periodic dues and the initiation fees uniformly required as a condition of acquiring or retaining membership.

Correspondingly, Section 8(b)(2) of the Act provides that it shall be an unfair labor practice for a union "to cause or attempt to cause an employer . . . to discriminate against an employee with respect to whom membership in such organization has been denied or terminated on some ground other than his failure to tender the periodic dues and the initiation fees uniformly required as a condition of acquiring or retaining membership."

As reflected in the statutory language, the question to be determined is the reason underlying the discharge. As we have found, Busefink was delinquent in the payment of his dues at the time the Union requested his discharge and the request was made solely because of such delinquency; if the Company had discharged Busefink immediately upon receipt of the Union's request, the legality of both the request and the discharge could not have been questioned. In these circumstances, to find that Busefink's offer of payment, subsequent to the request for his discharge but prior to his actual discharge, was sufficient to convert lawful action into unlawful action would mean that, despite the absence of any other evidence of unlawful purpose, an inference is to be drawn that the Union refused to accept his offer and continued to seek his discharge for some undisclosed reason other than his prior delinquency and that the Company had reasonable grounds for believing that such was the case. We do not believe that the fact of a tender belatedly made after a lawful request for discharge is sufficient standing alone to warrant such an inference.

We believe, moreover, that the application of the *Aluminum Workers* rule is at odds with the congressional purpose of allowing parties to collective-bargaining relationships to enter into and effectively enforce union-shop agreements requiring membership in the union as a condition of employment. For, as illustrated by the circumstances of this case, there can be little if any union security if dissident members can frustrate the orderly administration of lawful collective-bargaining agreements by delaying payment of dues and fees they are lawfully obligated to pay until the last minute before their actual discharge. We shall therefore no longer apply the *Aluminum Workers* rule when the tender occurs after a lawful request, but shall in all such cases look to the record to determine the real reason for the parties' subsequent conduct.[3]

As we are satisfied on this record that the Union requested the discharge of Busefink solely because of his delinquency in dues, and that the Company discharged him for such delinquency, as it was required to do by the valid union-security agreement in effect between them, we find that no violations of 8(a)(1) and (3) and 8(b)(1)(A) and (2) were committed by reason of the conduct of the Company and the Union with respect to Busefink.[4] We also find, contrary to the contention of the Charging Party, that the Union did not violate the Act by attempting to cause the discharge of employees Bendick, Bower, Burgess, Pukelis, and Ulam, as they were also delinquent at the time of the request for their discharge and, like Busefink, offered to cure their delinquency only after such request.

2. Under the circumstances of this case we agree with the Trial Examiner's disposition of the other allegations in the complaints.

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[3] To the extent that they are inconsistent with our decision herein, the *Aluminum Workers* case, *supra*, and cases relying thereon are hereby overruled. In joining the majority in this case, Member Brown does not view the decision as determining whether the validity of the discharge action is contingent upon a specific request for discharge before a belated tender is made.

[4] In view of our decision, we do not pass on the Trial Examiner's recommendation that any dues which Busefink may have owed be offset against his backpay.

ORDER

Upon the entire record in this proceeding, and pursuant to Section 10(c) of the National Labor Relations Act, as amended, the National Labor Relations Board hereby orders that the Respondent Union, International Union of Electrical, Radio, and Machine Workers, AFL–CIO, Packard Local 717, its officers, agents, representatives, successors, and assigns, shall:

1. To cease and desist from:

(a) Seeking or threatening the discharge of employees for failure to pay dues for a period not covered by a union-security contract.

(b) In any like or related manner restraining or coercing employees of General Motors Corporation, Packard Electric Division, in the exercise of their rights guaranteed in Section 7 of the Act, except as such rights may be affected by an agreement requiring membership in a labor organization as a condition of employment, as authorized by Section 8(a)(3) of the Act, as modified by the Labor-Management Reporting and Disclosure Act of 1959.

2. Take the following affirmative action which the Board finds will effectuate the policies of the Act:

(a) Post at its business office in Warren, Ohio, copies of the notice attached hereto marked "Appendix."[5] Copies of said notice, to be furnished by the Regional Director for the Eighth Region, shall, after being duly signed by an official representative of the aforesaid Union, be posted by it immediately upon receipt thereof, and be maintained by it for 60 consecutive days thereafter, in conspicuous places, including all places where notices to members are customarily posted. Reasonable steps shall be taken to insure that said notices are not altered, defaced, or covered by any other material.

(b) Mail to the Regional Director for the Eighth Region sufficient signed copies of the foregoing notice for posting, the Company willing, at its plant in Warren, Ohio, in conspicuous places, including all places where notices to employees are customarily posted, and, if posted, reasonable steps shall be taken to insure that such notices are not altered, defaced, or covered by any other material.

(c) Notify the Regional Director for the Eighth Region, in writing, within 10 days from the date of this Order, what steps the Respondent Union has taken to comply therewith.

IT IS FURTHER ORDERED that the amended complaint in Case No. 8–CA–2024 be dismissed in its entirety, and that the complaint in Case No. 8–CB–418 be dismissed insofar as it alleges that the Respondent Union has violated the Act otherwise than as found herein.

MEMBER RODGERS took no part in the consideration of the above Decision and Order.

INTERNATIONAL UNION OF ELECTRICAL, RADIO AND MACHINE WORKERS, AFL–CIO, FRIGIDAIRE LOCAL 801 (GENERAL MOTORS CORPORATION, FRIGIDAIRE DIVISION) and DONALD L. SNYDER

GENERAL MOTORS CORPORATION, FRIGIDAIRE DIVISION AND DONALD L. SNYDER

Cases Nos. 9–CB–772 and 9–CA–1924. January 19, 1961

DECISION AND ORDER

On May 3, 1960, Trial Examiner W. Gerard Ryan issued his Intermediate Report in this case, finding that the Respondents had not violated Section 8(a)(3) and (1) and Section 8(b)(2) and (1)(A) of the Act, as alleged in the complaints, and recommending that the complaints be dismissed in their entirety, as set forth in the copy of the Intermediate Report attached hereto. Thereafter the General Counsel filed exceptions to the Intermediate Report, and a brief in support of the exceptions, and the Respondents filed briefs in support of the Intermediate Report.

The Board has reviewed the rulings made by the Trial Examiner at the hearing and finds that no prejudicial error was committed. The rulings are hereby affirmed. The Board has considered the Intermediate Report, the exceptions

[5] In the event that this Order is enforced by a decree of a United States Court of Appeals, there shall be substituted for the words "Pursuant to a Decision and Order" the words "Pursuant to a Decree of the United States Court of Appeals, Enforcing an Order."

and briefs, and the entire record in this case, and finds merit in the General Counsel's exceptions. Accordingly, the Board hereby adopts the findings of fact of the Trial Examiner, but not his conclusions or recommendations.

Tender of February 27, 1959

Donald Snyder, the Charging Party, had been a member of Respondent Union from August 1955 to June 1, 1958, pursuant to a union-security agreement. He had refused to sign a dues checkoff authorization, but had paid his dues directly to the Union. Several times he had been delinquent in the payment of his dues, but he had paid them after the Union notified Respondent Company of the delinquency and the Company in turn had notified Snyder. No request for his discharge had been made on the occasion of these delinquencies.

On May 31, 1958, the bargaining agreement between Company and Union expired. Thereupon, on June 1, 1958, Snyder terminated his union membership. Respondents did not sign a new agreement until October 6, 1959. This agreement, like the old, provided for a valid form of union security, which was to become effective 90 days after October 21, 1958, the effective date of the contract.[1] Thus, Snyder was under no obligation to pay union dues and fees until January 19, 1959. Snyder made no tender as of that date.

On February 23, 1959, the Union informed the Company that Snyder had resigned from its membership and had failed to rejoin pursuant to the new agreement. There is no indication that Snyder was made cognizant of his obligation at this time, but on February 26, 1959, while talking to his supervisor, Snyder was informed that he would be required to join the Union. Subsequent to the conversation, Snyder, on February 27, 1959, mailed a money order for $15 to the Union. He enclosed a short letter with the money order stating that it was for "dues in full for October, November and December of 1958, and January, and February of 1959." [2] On March 3, 1959, Snyder received an envelope mailed by the Union in which the money order was returned to him without any explanation or direction. The Union, on that day (March 3, 1959), wrote to the Employer requesting that Snyder "be removed from the bargaining unit" pursuant to their collective-bargaining agreement.[3] On March 4, 1959, Snyder spoke to a member of the Company's labor relations staff, as to why his $15 money order had been returned by the Union. He was told to return the next day, and upon his return was informed that the Union returned his money order because Snyder was not a union member. Thereupon, Snyder obtained from the Employer a union membership application, and an authorization for dues "checkoff" which he filled out, signed and returned to the Company's representative. Snyder also left the $15 money order with this representative, stating that if the Union was concerned about his dues he would pay them for the entire year.

On March 18, 1959, Snyder mailed a $3 money order to the Union for his March dues. This, like the first money order, was returned by the Union without explanation.

On April 2, 1959, at a grievance meeting between representatives of the Company and the Union, Douglas R. Stanley, of the Company's labor relations staff, indicated to the Union that Snyder would be willing to pay any and all dues and initiation fees required. He then showed the Union the membership and dues checkoff authorization executed by Snyder. To this the Union replied that it was "too late" and requested Snyder's discharge. On or about the same day, Edward W. Irons, the Employer's supervisor of labor relations, told Snyder that he had tried to arrange a meeting between the Union and Snyder but that the Union refused to meet with him, or to accept his money or application for membership.

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[1] Board Member Rodgers assumes that there exists a valid, enforcible union-security provision in the bargaining contract between the Respondents. So doing, he agrees with the reasoning and result set forth in this Decision and Order; but he does not pass upon the General Counsel's contention that the union-security provision is legally defective because of a lack of specificity concerning its effective date.

[2] Union dues are $3 a month, and there is a $5 initiation fee for new members. As Snyder was not required to join the Union until January 19, 1959, at the most, he would have been required to pay dues for January and February ($6), and an initiation fee of $5. Thus, the money order mentioned above contained a $4 surplus on the date of mailing.

[3] The General Counsel contends that this was not a demand for discharge but merely a request for removal from the bargaining unit. The Trial Examiner found, and we agree, that Respondent Union's letter of March 3, 1959, was a demand for the discharge of Snyder.

On April 3, 1959, Snyder spoke with Charles Bennet, a union committeeman. He asked Bennet if he knew why the Union refused to take his money, and offered to pay his dues in advance for a year. Bennet said he did not know why the Union refused his money, that he could not accept it, that he had been told by the Union to keep out of the matter, and that he did not think it would do Snyder any good to go to the union hall with his money.

On April 6, 1959, pursuant to the demand of the Union, the Company discharged Snyder.

The Trial Examiner found that Snyder had not tendered "all his dues *and* initiation fee" prior to his discharge and therefore that the rule of the *Aluminum* case [4] was not applicable. The Trial Examiner apparently found Snyder's February 27, 1959, tender defective because it did not specify that it was in payment of *both* the initiation fee and dues.

Snyder's withdrawal from the Union in June was lawful and he was not required to rejoin the Union under the new contract until January 1959. However, the Union's rules required that he pay a reinstatement fee on reapplying for membership, in addition to current dues. But nobody explained the mechanics of reinstatement to Snyder and his money order for $15 was more than enough to cover both the reinstatement fee required and dues for the 2 months of January and February. There is not the slightest evidence that Snyder would have objected to the allocation of his $15 money order as between the reinstatement fee and current dues. On the contrary, all the evidence is that Snyder was eager to pay any moneys required to enable him to retain his job. In view of the fact that Snyder's tender was sufficient in amount and was made in good faith, the Respondent Union was under no obligation before rejecting the tender to explain the mechanics of reinstatement to Snyder and give him the opportunity to direct the allocation of his tender in the manner required by the Union's rules for reinstatement.[5] Instead the Union simply returned the tender without explanation. We hold that Snyder's tender of February 27 was adequate and that, as it was made before the Respondent Union requested his discharge, it was timely.[6] We find that, as the Respondent Company had reasonable grounds for believing that membership was denied Snyder for reasons other than his failure "to tender the periodic dues and the initiation fees" required as a condition of attaining membership, Respondent Company's discharge of Snyder violated Section 8(a)(3) and (1) of the Act. We further find that the Respondent Union caused the Respondent Company to discriminate against Snyder and that the Respondent Union thereby violated Section 8(b)(2) and (1)(A) of the Act.[7]

THE REMEDY

Having found that each of the Respondents has violated the Act, we shall order them to cease and desist therefrom. We shall further order that the Company offer Donald L. Snyder immediate and full reinstatement to his former or substantially equivalent position without prejudice to his seniority or other rights and privileges; and that the Union notify the Company in writing and furnish a copy thereof to Snyder that it withdraws its objections to his employment and requests the Company to offer Snyder reinstatement. We shall also order the Company and the Union jointly and severally to make Snyder whole for any loss of pay suffered by reasons of discrimination against him, by payment to him of a sum of money equal to the amount he would normally have earned as wages from the date of the discrimination until compliance by each Respondent respectively with the reinstatement provisions, less his net earnings during this period. The loss of earnings shall be computed in accordance with the formula set forth in *F. W. Woolworth Company*, 90 NLRB 259. Respondent Union's liability shall terminate 5 days after its notification to the Company that it has withdrawn its objection to the reemployment of Snyder. We shall also order that the Company make available to the Board, upon request, payroll and other records to facilitate the checking of compliance with our Order.

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[4] *Aluminum Workers International Union, Local No. 135, AFL (The Metal Ware Corporation)*, 112 NLRB 619, enfd. 230 F. 2d 515 (C.A. 7).

[5] See 52 Am. Jur. sec. 22, p. 231.

[6] *N.L.R.B.* v. *Aluminum Workers International Union, Local No. 135, AFL*, 230 F. 2d 515, 520 (C.A. 7); *International Association of Machinists*, v. *N.L.R.B.*, 247 F. 2d 414, 41, footnote 6 (C.A. 2).

[7] In view of our findings that Snyder made an adequate tender of his initiation fees and dues before the request for his discharge was made, we find it unnecessary to consider in this case whether the further tender made *after* the request for discharge, but before the actual discharge, was a lawful tender so as to make his subsequent discharge unlawful.

Upon the above findings of fact and upon the entire record in the case, we hereby make the following:

CONCLUSIONS OF LAW

1. Respondent General Motors Corporation, Frigidaire Division, is engaged in commerce within the meaning of Section 2(6) and (7) of the Act.
2. Respondent International Union of Electrical, Radio and Machine Workers, AFL–CIO, Frigidaire Local 801, is a labor organization within the meaning of Section 2(5) of the Act.
3. By discharging Donald L. Snyder for reasons other than his failure to tender periodic dues and initiation fees to Respondent Union, Respondent General Motors Corporation, Frigidaire Division, violated Section 8(a)(3) and (1) of the Act.
4. By causing Respondent General Motors Corporation, Frigidaire Division, to discharge Donald L. Snyder for reasons other than his failure to tender periodic dues and initiation fees, Respondent Union violated Section 8(b)(2) and (1)(A) of the Act.
5. The aforesaid unfair labor practices are unfair labor practices affecting commerce within the meaning of Section 2(6) and (7) of the Act.

ORDER

Upon the entire record in the case, and pursuant to Section 10(c) of the National Labor Relations Act, as amended, the National Labor Relations Board hereby orders that:

A. Respondent General Motors Corporation, Frigidaire Division, Dayton, Ohio, and its officers, agents, successors, and assigns, shall:

1. Cease and desist from:

(a) Encouraging membership in International Union of Electrical, Radio and Machine Workers, AFL–CIO, Frigidaire Local 801, or in any other labor organization of its employees, by discharging, or in any other manner discriminating against any employee in regard to hire or tenure of employment or any term or condition of employment, except as authorized in Section 8(a)(3) of the Act, as modified by the Labor-Management Reporting and Disclosure Act of 1959.

(b) In any like or related manner interfering with, restraining, or coercing its employees in the exercise of the rights guaranteed in Section 7 of the Act, except to the extent that such rights may be affected by an agreement requiring membership in a labor organization as a condition of employment, as authorized in Section 8(a)(3) of the Act as modified by the Labor-Management Reporting and Disclosure Act of 1959.

2. Take the following affirmative action which the Board finds will effectuate the policies of the Act:

(a) Offer Donald L. Snyder immediate and full reinstatement to his former or a substantially equivalent position without prejudice to his seniority or other rights and privileges, and jointly and severally with the Respondent Union make him whole for any loss of pay suffered as a result of the discrimination against him, in the manner set forth hereinabove.

(b) Preserve and, upon request, make available to the Board or its agents, for examination or copying, all payroll records, social security payment records, timecards, personnel records and reports, and all other records necessary or useful to an analysis of the amount of backpay due and the right of reinstatement under the terms of this Order.

(c) Post at its place of business in Dayton, Ohio, copies of the notices attached hereto marked "Appendix A"[8] and, as soon as forwarded by the Regional Director, "Appendix B." Copies of such notices, to be furnished by the Regional Director for the Ninth Region, shall be duly signed and posted immediately upon receipt thereof and maintained for 60 consecutive days thereafter in conspicuous places, including all places where notices to employees are customarily posted. Reasonable steps shall be taken to insure that such notices are not altered, defaced, or covered by any other material.

(d) Notify the Regional Director for the Ninth Region, in writing, within 10 days from the date of this Order, what steps have been taken to comply herewith.

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[8] In the event that this Order is enforced by a decree of a United States Court of Appeals, there shall be substituted for the words "Pursuant to a Decision and Order" the words "Pursuant to a Decree of the United States Court of Appeals, Enforcing an Order."

B. Respondent International Union of Electrical, Radio and Machine Workers, AFL–CIO, Frigidaire Local 802, Dayton, Ohio, and its officers, representatives, and agents shall:

1. Cease and desist from:

(a) Causing or attempting to cause Respondent Company to discriminate against any of its employees in violation of Section 8(a)(3) of the Act.

(b) In any like or related manner restraining or coercing employees in the exercise of the rights guaranteed in Section 7 of the Act, except to the extent that such rights may be affected by an agreement requiring membership in a labor organization as a condition of employment, as authorized in Section 8(a)(3) of the Act, as modified by the Labor-Management Reporting and Disclosure Act of 1959.

2. Take the following affirmative action, which the Board finds will effectuate the policies of the Act:

(a) Jointly and severally with Respondent Company make whole Donald L. Snyder for any loss of pay suffered as a result of the discrimination against him in the manner set forth hereinabove.

(b) Notify Donald L. Snyder and the Company, in writing, that it withdraws its objections to Snyder's employment and requests the Company to offer him reinstatement.

(c) Post at its business office copies of the notice attached hereto marked "Appendix B."[9] Copies of such notice, to be furnished by the Regional Director for the Ninth Region, shall be duly signed and posted immediately upon receipt thereof and be maintained for 60 consecutive days thereafter in conspicuous places, including all places where notices to members are customarily posted. Reasonable steps shall be taken to insure that such notices are not altered, defaced, or covered by any other material.

(d) Forward signed copies of Appendix B to the Regional Director for posting by the Company at its place of business.

(e) Notify the Regional Director for the Ninth Region, in writing, within 10 days from the date of this Order, what steps have been taken to comply herewith.

BOARD WORKLOAD

Mr. MICHEL. As a followup to the line of interrogation of Mr. Denton as to the tremendous load the Board has, how many days or parts of working days in the last fiscal year has each Board member been absent from the office during established working hours?

I might say here that these questions, while they may appear to be with an intent to embarrass, are not really as self-incriminating as they sound.

Mr. MCCULLOCH. Do you really want to audit the time of quasi-judicial Board members?

Do you want me to tell why I was absent from the agency yesterday?

Mr. MICHEL. I appreciate that we can't——

Mr. MCCULLOCH. Congressman, I know my colleagues. I know that they give of themselves very fully. If a man works hard at night I don't feel he wants to advertise it and beat on his chest, "I worked 3 hours after I got home, after dinner." We are not trying to pose as heroes.

If you have doubts as to whether or not we are conscientiously devoting the time we should, I think there should be some other way of finding that out, rather than asking Board members to audit their personal daily programs.

I would have a hard time telling you where I was every day. I engage in many things that I have to do that are only indirectly related to the Board's decisionmaking.

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[9] See footnote 8.

This would be a great expenditure of time for something that would not be very meaningful.

Mr. MICHEL. Would you please describe the use of three-man panels in deciding cases? Who and how the Board members are picked and where the Board does nothing more than confirm the decision of the trial examiner, or confirm it with a minor correction. And then, would you tell us what happens at a panel. If the Board Chairman is also present? If not, why not? Who writes the decision? Roughly how many decisions does a Board member write within the course of a year?

(The requested information follows:)

THIS IS THE AGENCY'S ANSWER TO THE QUESTION ON PANELS AND OTHER FACETS OF BOARD DECISIONMAKING

The five members of the National Labor Relations Board issued 1,348 decisions in fiscal year 1964 (July 1, 1963, to June 30, 1964), including 938 decisions in which the facts or application of the law were contested. These 938 decisions were comprised of 515 decisions in unfair labor practice cases, 17 supplemental unfair labor practice decisions, 16 decisions involving contested employee backpay, 32 determinations in jurisdictional disputes over job assignments, 176 decisions on representation questions, and 182 rulings on contested objections and challenges in employee elections. The handling of unfair labor practice cases before the Board is illustrative of the Board's decisional process generally.

ORGANIZATION

The organization of the Board, so far as case handling is concerned, consists of the offices of the Chairman and of the four members, their respective staffs of legal assistants, and the executive secretary and the solicitor. Each Board member has a professional staff consisting of a Chief Counsel, an Associate Chief Counsel, 3 or 4 supervisors, and approximately 20 legal assistants.

A Chief Counsel serves in the dual capacity of staff director and legal adviser for his respective Board member. The executive secretary is concerned with the judicial management of the Board's caseload. The solicitor is the legal adviser and consultant to the Board as a whole.

As permitted by section 3(b) of the act, the Board has organized itself into five panels, with three members comprising a panel; no two panels are composed of the same members. Each Board member is the chairman of one panel. In general, cases which present novel or unusual issues or require an interpretation for which there is no precedent, or involve questions of policy, are decided by the full five-member Board. The remaining cases are decided by Board panels. However, as will be seen, each case begins by assignment to a Board member, and is thereby automatically assigned to the panel of which he is the chairman. The process by which some cases make their way to the full Board is described below.

DECIDING UNFAIR LABOR PRACTICE CASES

In an unfair labor practice proceeding, the trial examiner issues his decision-making findings of fact and conclusions of law, and recommending disposition of the case, either by dismissal of the complaint or a cease-and-desist order.

Upon the issuance of the trial examiner's decision, the case is transferred to the Board and any party to the proceeding has 20 days from that date to file exceptions and a brief with the Board. Reasonable extensions of time for this purpose are granted upon the request of a party.

If no exceptions are filed, and if the Board has not been advised by the regional office that there has been compliance with the trial examiner's decision, the Board issues an order adopting the trial examiner's decision; this order has the same force and effect as a formal Board decision.

If exceptions and briefs are filed with the Board, the case is referred to the office of the Board's Executive Secretary for assignment to a Board member. The Chief Counsel to that member then assigns the case to a legal assistant who reviews the entire record, including the transcript of the hearing, the exhibits, the trial examiner's decision, and exceptions and briefs.

When the legal assistant believes he has the case in hand, he reports to his supervisor, at which time the issues, the facts as reflected in the record, and the positions of the parties are thoroughly analyzed and reviewed.

After consultation with the Board member's Chief Counsel, those cases that appear to be fairly routine are presented to the member's panel by means of a "draft in lieu," to use Board parlance; that is, a proposed draft of a decision and order ruling on the exceptions and briefs and disposing of the issues raised. Before circulating to the other Board members on the panel, the draft in lieu has been screened and edited by both the supervisor and Chief Counsel, or Associate Chief Counsel, to make sure that it covers fully the issues raised and legal precedent involved, and has been approved by the originating Board member.

In those cases that appear to have some substantial issues, the draft in lieu is not prepared; instead, the case is presented to a subpanel composed of the senior supervisory counsels to the Board members who are members of that particular panel. The subpanel, after discussion at which the legal assistant and his supervisor are present, reaches a tentative decision as to the disposition of the case (after which the draft procedure described above is followed), or decides that the case should be presented to the panel of Board members, or to the full Board, by means of a memorandum covering certain issues which cannot readily be resolved.

If the case goes to the Board panel on a memorandum, the three members of that panel meet, together with their Chief Counsels, the legal assistant, and his supervisor, discuss the case, and decide whether it can be disposed of by panel decision or whether it should be referred to the full Board for consideration.

If the case is not referred to the full Board, then the draft procedure described above is followed. Courtesy copies are sent to the nonparticipating members, so that either of them may request full Board consideration if he wishes.

Cases referred to the full Board are considered at regularly scheduled agenda, held on Tuesday and Friday of each week. (The panels are also regularly scheduled, panel 1 meetings on Mondays, panel 2 on Tuesdays, etc.; in addition, special meetings of the full Board or of the panels are held as needed.) The Board members and their Chief Counsels are present, in addition to, as each case is called, the legal assistant to whom that case is assigned and his supervisor. The Solicitor and the Executive Secretary are also present.

The Board members discuss the questions raised by the memorandum and frequently ask other questions based on the briefs, exceptions, and trial examiner's decision, which they have read prior to the meeting and have discussed with their respective staffs. The legal assistance has the transcript and exhibits with him, and there is frequent recourse to these documents to check the facts. At the conclusion of the discussion, a decision is usually reached, but sometimes a case is put over to another agendum, or one or more Board members may reserve their positions until they have seen a copy of the proposed decision.

The legal assistant, in collaboration with his supervisor, then prepares a proposed decision and order, based on the Board's discussion. The draft is then submitted to the supervisor and, after any necessary revisions, is submitted to the Chief Counsel and then to the Board member for approval, prior to being circulated to the other Board members.

Each of the Board members has one or more legal assistants who specialize in screening drafts originating from other members' staffs; circulating drafts are carefully scrutinized by these attorneys. They, in turn, discuss the draft with their Chief Counsels before submitting it to their Board members for approval or modification. The Board member nearly always discusses the draft with both his Chief Counsel and his "screener" before approving it, or suggesting any changes. If any substantial changes or questions arise as a result of a review of the draft, these are taken up with the originating staff and an attempt is made to resolve such differences. It may be necessary to reschedule the case for further Board or panel discussion. If a majority of the Board or panel has approved the draft, and a Board member wishes to dissent, he may do so. The majority then has the right to answer the dissent.

All the drafts are returned to the Executive Secretary's office after the review and analysis have been completed by the various Board members' staffs, and the Board member has indicated his approval, approval with modifications, or disapproval.

At this point all copies of the draft are returned to the legal assistant, who is responsible for clearing all changes with all participating Board members. When final agreement is reached, the legal assistant makes a conformed copy,

the draft is then restenciled, and then submitted again to the legal assistant for clearance for duplicating. The stencil is then sent to the duplicating unit, run off, and all copies are sent to the legal assistant for preparation and issuance by the Executive Secretary's office. An official, signed copy is placed in the formal, public file.

There is no question but that, under Board procedures, all parties are accorded due process. The basic procedures, inherent in section 4(a) of the act, also assure an opportunity for each member to participate in or clear every case arising before the Board.

The foregoing information answers most of the questions addressed to the Board. The following information is also supplied:

The Board Chairman is present at all full Board meetings and meetings of panels (three) of which he is a member; if he is not a member of a panel, he is not present.

The fact that the Board confirms, without more, the decision of the trial examiner is not indicative of the course it has followed through the Board. Some of the most difficult cases receive exhaustive full Board consideration and discussion before the Board may decide that the trial examiner was right and that nothing more can be added to what he has already written.

It is not possible to say who writes a given decision, as it is the composite of the contributions of all the participating Board members and their senior staff advisers; it might be fair to say, however, that most of the words, if not of the key passages, are supplied by the legal assistant and his supervisor. For this same reason, one cannot say how many decisions a Board member writes within the course of a year; by and large, however, leaving room for special factors, the Board members have, over the years, each originated their fair share of the Board's decisions.

METHOD OF CASE ASSIGNMENT TO TRIAL EXAMINERS

Mr. MICHEL. What is the method of assigning trial examiners on cases?

And I might say, why do certain trial examiners appear to get certain types of cases.

Mr. MCCULLOCH. Again, I regret some of the imputations in some of these questions, but we shall supply the facts.

Mr. MICHEL. Well, is there a general policy rule?

Mr. MCCULLOCH. The chief trial examiner has the responsibility and assigns the cases in accordance with the Administrative Procedure Act and our own statute as explained in the following testimony by Chief Trial Examiner Ringer before the Subcommittee on National Labor Relations Board of the Committee on Education and Labor of the House of Representatives, 87th Congress. The procedure remains the same today.

(The testimony follows:)

Mr. GRIFFIN. Section 10 of the Administrative Procedure Act provides that cases are to be assigned to examiners in rotation. Do you follow that?

Mr. RINGER. Yes, we do.

Mr. GRIFFIN. How do you actually implement that?

Mr. RINGER. Well, of course, we implement that by taking that provision, insofar as practicable to refer to the availability of our men, a particular trial examiner, to go out and conduct a hearing. We make the assignments immediately before the week that the hearing is set for.

Mr. GRIFFIN. Do you have pools of trial examiners around the country?

Mr. RINGER. No; we have two.

Mr. GRIFFIN. Do they all operate out of Washington?

Mr. RINGER. All except a branch in San Francisco which handles the cases heard west of the Rocky Mountains.

Mr. GRIFFIN. You have one group in Washington and one group in San Francisco?

Mr. RINGER. The one in San Francisco is under the direction of an associate chief trial examiner there.

Mr. GRIFFIN. How many in the group in San Francisco?

Mr. RINGER. Nine. And he operates pretty much on his own, although of course I am chief trial examiner of the whole agency and we operate, we think, very efficiently with respect to keeping complete records of the availability of a trial examiner to hear another case, and that depends on his backlog of intermediate reports which have been heard of course, and as soon as he gets down low enough he is treated as available and he is one of those who will be sent out for the case the following week.

Mr. GRIFFIN. Who actually makes the assignment of the case to a trial examiner?

Mr. RINGER. I do with the assistance of my associates.

Mr. GRIFFIN. Do you or do your associates review the file before you make this assignment?

Mr. RINGER. We review the pleadings, yes.

Mr. GRIFFIN. Why?

Mr. RINGER. So that we can see what the length of the case is going to be and to put a man on that case who can get out an intermediate report in the case he has heard a month before or 2 months before, as soon as he has heard this case, and can come back and work on the intermediate report he hasn't yet gotten out, and we would not, if a man has three intermediate reports unissued for example, send him out on a case that looks like it is going to take a month.

Mr. GRIFFIN. After you get all of these complicating factors solved as to the principle of rotation, I am wondering if there is much left.

Mr. RINGER. Rotation in the availability of that man to conduct another hearing?

Mr. BOKAT. May I say something on that? We think that we carry out the true intent of section 11 of the Administrative Procedure Act which is not to make special lists of men in handling a particular type case. As you know, Mr. Griffin, very well, we have cases involving the 8(a) side of the act and the 8(b) side of the act. When a man is assigned to the case, we have in front of us cases he has heard over the past year or two. We make a very conscious effort to see that every examiner has his fair share of all types of cases.

This is what I call true rotation. He has his fair share of the Wagner type case and he has his fair share of cases against unions. He has his fair share of injunction type cases as well as refusal to bargain cases and others, and he has his fair share of long and short cases. Our men are very sensitive to the kind of assignments they get.

We can make a man look very bad in statistics. If we gave a man continuously long cases he could only get out three or four a year, but if we gave him his fair share averaged over the year he could compare statistically as well as his brother could, so that in making these assignments the proper rotation principle is the rotation in regard to the type of cases to hear so that he gets his fair share of all types of cases and doesn't become a specialist in hearing only Wagner type cases, or injunction cases, or 8(b)(4) or 8(b)(7) cases. That is what I think the intent of section 11 provides, not mechanical rotation.

Mr. GRIFFIN. That is interesting because without intending to be critical of you or Mr. Ringer, and I have no idea that anything is irregular, I would say that the intent of Congress was that rotation should be an automatic type of rotation. That is exactly what I believe Congress intended; if one trial examiner should happen to get four so-called long cases, certainly that would be taken into account by his supervisors in evaluating his record, but Congress was concerned about someone in a position like yourself, for example, with no criticism intended of you, who could review the file and decide—"Well, let's see. We'll send this case over to John Jones. I think we know how he will handle that one."

That is the fear and the reason for requiring that cases be assigned on a rotation basis. The same concern is involved in the opposition of some to this reorganization plan.

Mr. BOKAT. May I suggest that the answer has already been provided by the Supreme Court and that Mr. Burress may look at it is the *Ramspeck* case, *Ramspeck* v. *The United States* where the question was one of whether it is mechanical rotation. There was a suit instituted by the Federal trial examiners conference against the Civil Service Commission in the question, and the question of how cases should be assigned was one of the issues involved in that case, and I think the Supreme Court used language to the effect that Congress did not mean pure mechanical rotation or taking cases out of a hat. If we took cases out of a hat we would be the most inefficient group you ever saw and would have chaos, because with the different kinds of speed with the different kinds and lengths of

cases, and the different issues before us we couldn't by pure mechanical rotation have efficient operation of our shop.

Mr. GRIFFIN. I would agree with the Court that, after all, Congress meant something by putting in the words "as far as practicable," but I don't believe the Board should get very far away from mechanical rotation—no further than necessary.

Mr. BOKAT. Our mechanical rotation is that every one has his fair share. The legislative history of section 11 that you refer to indicated that they don't want examiners to become specialists in one type of hearing and that is all he would hear. We can, for example, have a man who becomes a specialist in back-pay cases and a specialist in injunction cases.

We want our men to have a wide gamut of experience. They would be the first ones to say that they were not being properly rotated in the spirit of the act if we mechanically gave them cases that might fall to chance merely by pulling their names out of a hat. We, for example, have geographical rotation as well. If a man has appeared before as counsel and has lost a case before an examiner and we took it out of a hat, he might go back and have that same attorney. We think that the labor bar likes to see new and fresh faces so that you have geographical rotation and if one examiner ruled against him there is no reason why we should have him in the next and possibly the next case, so that we have geographical rotation as well.

Mr. MICHEL. What other way can this be pursued? If I knew of an examiner who was always getting lush assignments in Florida or Puerto Rico against some less desirable assignment that would indicate that over a period of time certain examiners would get this treatment as against others.

Discrimination, if you might, in the assignment of examiners. It may not be the best kind of question to pose in the best of grace, but I think you can gather that from the fact that I brought it up, there is a reason for my having asked it, and I would have no knowledge of it unless it had been brought to my attention.

Mr. WRIGHT. We have had similar complaints, and we have looked into them in the past.

Mr. MICHEL. So any kind of charge that I might make in this connection would be unfounded?

Mr. WRIGHT. So far as I know, occasionally somebody comes up with that complaint, but we have not found any merit in it.

(NOTE.—The NLRB subsequently submitted the following for the hearing record:)

AGENCY RESPONSE TO CONGRESSMAN MICHEL'S QUESTION CONCERNING CERTAIN GEOGRAPHICAL LOCATIONS OF CASE ASSIGNMENTS TO TRIAL EXAMINERS

A study of geographical location of assignments to Washington trial examiners over the past 3 calendar years (1962, 1963, and 1964) was conducted in order to provide the following analysis. In this study only the San Francisco trial examiners and those trial examiners who have since separated are excluded from the analysis. There were 62 trial examiners (including the chief and 2 associate chief trial examiners) in the Washington office on December 31, 1964.

TRIPS TO PUERTO RICO

Thirty trial examiners traveled to Puerto Rico 39 times to conduct hearings: 23 examiners made 1 trip; 5 made 2 trips; and 2 made 3 trips. However, of the seven examiners making more than one trip, four were involved in further hearing of the original case at which time two of them picked up an additional case for hearing. The 39 trips involved 54 proceeding assignments.

The 54 Puerto Rico assignments represent less than 2 percent of total Washington assignments for the 3-year period of the study.

TRIPS TO FLORIDA

Fifty-two trial examiners traveled to Florida 95 times to conduct hearings involving 107 proceeding assignments, as follows: 25 examiners made 1 trip; 14 examiners made 2 trips; 10 examiners made 3 trips; and 3 examiners made 4 trips. Of the 27 trial examiners making more than 1 trip, 3 had a second trip for further hearing of the original assignments and 2 had 2 additional trips for further hearing of original assignments; this accounts for 7 repeat trips, 1 of which included an additional proceeding assignment.

The 107 Florida assignments represent less than 3.5 percent of total Washington assignments for the 3-year period of the study.

SUMMARY

Based on the above analysis of 3 years' operations, the Agency reaffirms its conclusion that there is no pattern of favoritism or discrimination in the assignments of Puerto Rico or Florida hearings to the trial examiner staff. More than 9 out of every 10 trial examiners have had a hearing either in Puerto Rico or Florida or both.

AGENCY RESPONSE TO CONGRESSMAN MICHEL'S QUESTION CONCERNING ASSIGNMENT BY CERTAIN TYPES OF CASES TO TRIAL EXAMINERS

A study of all Washington trial examiner assignments over the past 3 calendar years (1962, 1963, and 1964) was conducted in order to provide this response. Although trial examiners assigned to the San Francisco, Calif., branch office were excluded, the Washington staff in the study represents approximately 75 percent of the total staff. Also excluded from the analysis were those trial examiners who have since separated. On December 31, 1964, there were 62 trial examiners in the Washington office. Setting aside the chief and 2 associate chief trial examiners and 2 trial examiners who have completed less than 1 year's service, since there have been only a limited number of case assignments to these individuals, the analysis covers 57 Washington trial examiners.

The study of types of proceedings assigned to trial examiners during the 3-year period shows a normal distribution among the three major categories of proceedings described below.

"CA" ASSIGNMENTS

"CA" assignments include proceedings involving charges filed against employers under section 8(a), and consolidated charges against employers and unions.

"CA" assignments for the total trial examiner staff were 85.9 percent of all case assignments.

Proportion of "CA" assignments to individual trial examiner's total workload	Number of trial examiners in category	Proportion of trial examiners in category to total staff (percent)
From 72 to 80 percent	11	19.3
From 81 to 90 percent	33	57.9
91 percent and above	13	22.8
Total (85.9 percent)	57	(1)

[1] Total staff.

"CB" ASSIGNMENTS

"CB" assignments include proceedings involving charges filed against unions under sections 8(b)(1), (2), (3), (5), and (6).

"CB" assignments for the total trial examiner staff were 7 percent of all case assignments.

Proportion of "CB" assignments to individual trial examiner's total workload	Number of trial examiners in category	Proportion of trial examiners in category to total staff (percent)
Below 3 percent	15	26.3
From 3 to 11 percent	33	57.9
11 percent and above	9	15.8
7 percent	57	100.0

"OTHER C" ASSIGNMENTS

"Other C" assignments include proceedings involving charges filed against unions under sections 8(b) (4) and (7) and against both employers and unions under section 8(e).

"Other C" assignments for the total trial examiner staff were 7.1 percent of all cases assignments.

Proportion of "Other C" assignments to individual trial examiner's total workload	Number of trial examiners in category	Proportion of trial examiners in category to total staff (percent)
Below 3 percent	14	24.6
From 3 to 11 percent	30	52.6
11 percent and above	13	22.8
7.1 percent	57	100.0

Mr. MICHEL. You appreciate the fact that I've got responsibility on this side of the table. So I raise the question only to put some people on notice that it could possibly stand a further inspection in the future, and a word of warning might be sufficient.

Mr. ORDMAN. I remember in my prior days as a lawyer for the agency a very sensitive line of authority that we have explored with the courts. To what extent does a question relate to a kind of procedural matter that ought to be made a matter of public record? To what extent may it suggest an impermissible probing into the decisional process itself? How far can you ask questions which are proper and have to do with procedural systems and how far does a question go into probing the judicial or quasi-judicial process?

I think some of the questions you asked are germane. But others I would not be prepared to pass upon without serious consideration. It cannot be overlooked that the Board does exercise quasi-judicial functions.

The courts have held that one may not and ought not probe the decisional process itself.

Mr. MICHEL. Well, you have the questions. You answer those that you can and those which you cannot answer please tell me why you cannot.

Mr. SHRIVER. Mr. Chairman, I, too, am new on this committee and any questions that I may have had have been answered.

RELATIONSHIP OF GENERAL COUNSEL TO THE BOARD

Mr. DUNCAN. Well, if I could impose for a few minutes. I want just a brief explanation of the relationship between the general—the General Counsel's Office and the Board itself. Here again we have the classic commingling of the various functions of prosecutor, judge, and party. It always disturbs me. I've heard you make certain statements that indicates a modicum of differentiation between the General Counsel's Office and the Board itself.

As I understand it, you would represent the complainant if a complaint is issued.

Mr. ORDMAN. That is correct.

Mr. MCCULLOCH. We should begin against the background of the act itself. What is provided in the act, and not for any other agency, is the complete independence of the General Counsel. The General Counsel is appointed by the President, subject to confirmation of the Senate, and his authority is set forth specifically in the statute.

Mr. DUNCAN. For an indefinite term?

Mr. ORDMAN. Four-year term.

Mr. MCCULLOCH. The General Counsel's authority is set forth explicitly in the statute. He exercises general supervision over all attorneys employed by the Board—other than trial examiners and legal assistants—and over the officers and employees in the regional offices. So it's against that background, that you don't have a merging but you really have a separation of the functions in this agency, and this has been true since 1947.

Mr. DUNCAN. And the investigatory function is under the General Counsel's Office?

Mr. ORDMAN. That is correct. There was concern about separating the prosecutory from the judicial and it was provided for. Congress said, not only do we want such separation pursuant to the Administrative Procedure Act; we will make it absolute under Taft-Hartley.

Mr. DUNCAN. You act as attorney for the Board in administrative matters?

Mr. ORDMAN. No; I do not. The Board has its own solicitor who advises it. My function is best described by saying I have all the regional offices. All complaints and all charges of unfair labor practice come through the regional office and I have final authority in that regard to proceed or not to proceed with the Board having no control in this department at all.

I decide to issue a complaint in an unfair labor practice complaint or not to issue one. If I issue a complaint, I prosecute that complaint before the Board and I am, in that sense, a plaintiff before the Board.

Mr. DUNCAN. But this would not be the same as prosecuting a complaint before the Board?

Mr. ORDMAN. Congress did give me another hat. Once the Board decides a case—and it may be adverse to the position that I have urged—I become the Board's Counsel before the courts and I urge the Board's position. The statute does not permit me to appeal a decision that has been decided against the General Counsel.

COURT REVIEW OF REPRESENTATION CASES

Mr. DUNCAN. On the representation cases, the courts do not get involved. Is this correct? The decision of the Board is first and final.

Mr. ORDMAN. Yes, however, we have been challenged on the general statutory scheme.

Nevertheless it has been established that it was Congress intention that representation cases not be reviewed at the representation case stage of the proceeding.

In a few cases where it can be established that the Board has violated either a constitutional limitation on its power or has traveled oustide the orbit of the statute, court review is possible. But I would say that that's probably been a tiny fraction of 1 percent, where the court has recognized the power to review representation cases.

Mr. DUNCAN. Do I understand that on the representation cases your jurisdiction is discretionary and it's like a writ of certiorari? You can review or not review the decision of the man in the field?

Mr. ORDMAN. The Board was authorized again by statute to delegate the representation cases to regional directors and regional directors determine the vast bulk of those cases.

There is a provision for a petition to the Board to review those, and the Board has its own standard which I think can be analogized roughly to a certiorari-type procedure.

COURT REVIEW OF UNFAIR LABOR PRACTICE DECISIONS

Mr. DUNCAN. But in the unfair labor practices, there is an appeal to the court, according to right, so the individual agencies, powerful as they have become over the years, are not without a check and balance.

Mr. ORDMAN. Yes. Also in the unfair labor practices, if the Board, for example, certifies the union in a representation proceeding and the company refuses to bargain, then we have to bring a court case to enforce that bargaining order at which time the company gets a review both of the refusal to bargain and the underlying certification that comes out of the representation case.

So even in a representation case, if a company ends up by being ordered to bargain, it gets, as a matter of right, a review.

Mr. DUNCAN. So the review of the courts pretty effectively—except to the extent that the court itself may have views—gives a stability to these Board decisions independent, really, of the philosophical gradations of opinion that members may hold on the issues.

Mr. ORDMAN. Very precisely, because a Board order is not self-enforcing, and until the court issues an order, it has no teeth.

Mr. DUNCAN. You mentioned, I think, the hearing officer or trial examiner must write his own findings and conclusions.

Can he request the parties to submit findings of facts to him?

Mr. ORDMAN. This can be done. When a judge asks for conclusions of law, they are generally summary statements. In most cases, that would not satisfy what is demanded of trial examiners under the Administrative Procedure Act and under Taft-Hartley.

Mr. DUNCAN. Would not that expedite the handling of the work?

Mr. ORDMAN. I am not prepared to say whether it would or not. What you would probably get is too concise a summary and you would get two complete sets of contradictory findings.

However, I think it is a matter that should be explored further than we have explored it.

Mr. FOGARTY. Mr. Farnum?

Mr. FARNUM No questions.

Mr FOGARTY. Is there anything else you want to say?

Mr. MCCULLOCH. Thank you very much for your hearing, Mr. Chairman.

Mr. FOGARTY. We will adjourn until 10 o'clock tomorrow morning.

MONDAY, FEBRUARY 8, 1965.

U.S. SOLDIERS' HOME

WITNESSES

GEN. WADE H. HAISLIP, GOVERNOR
BRIG. GEN. JOHN F. CASSIDY, DEPUTY GOVERNOR
COL. IVAN W. ELLIOTT, QUARTERMASTER
RAYMOND A. GRITTON, CHIEF, BUDGET DIVISION, U.S. SOLDIERS' HOME
COL. HOWARD H. FEATHERSTON, CHIEF, MILITARY PERSONNEL AND SPECIAL FUNDS DIVISION
STUART H. D. FREED, BUDGET ANALYST, OFFICE, COMPTROLLER OF THE ARMY

LIMITATION ON OPERATION AND MAINTENANCE AND CAPITAL OUTLAY

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	U.S. SOLDIERS' HOME			
	Personnel compensation:			
11.1	Permanent positions	4,258	4,544	4,659
11.3	Positions other than permanent	87	97	89
11.4	Special personal service payments	45	51	51
11.5	Other personnel compensation	127	142	141
	Total, personnel compensation	4,517	4,834	4,940
12.0	Personnel benefits	334	349	355
21.0	Travel and transportation of persons	1	1	1
22.0	Transportation of things	2	2	2
23.0	Rent, communications, and utilities	128	133	133
24.0	Printing and reproduction	4	5	5
25.1	Other services	427	405	401
26.0	Supplies and materials	1,148	1,202	1,234
31.0	Equipment	172	97	115
32.0	Lands and structures	158	105	21
41.0	Grants, subsidies, and contributions	1	1	1
	Total obligations	6,892	7,134	7,208
95.0	Quarters, subsistence, and laundry charges	−137	−132	−132
	Total obligations, U.S. Soldiers' Home	6,755	7,002	7,076
	ALLOCATION TO DEFENSE—CIVIL, ARMY			
	Personnel compensation:			
11.1	Permanent positions	6		
11.3	Positions other than permanent	10	2	
	Total, personnel compensation	16	2	
12.0	Personnel benefits	1		
25.3	Payments to revolving fund, Corps of Engineers, Civil	4	5	
32.0	Lands and structures	53	3	
	Total, Defense—Civil, Army	74	10	
99.0	Total obligations	6,829	7,012	7,076

Personnel summary

	1964 actual	1965 estimate	1966 estimate
U.S. SOLDIERS' HOME			
Total number of permanent positions	1,082	1,084	1,084
Full-time equivalent of other positions	14	15	14
Average number of all employees	1,048	1,085	1,085
Average GS grade	3.7	4.3	4.3
Average GS salary	$4,933	$5,381	$5,372
Ungraded positions: Average salary	$4,843	$4,794	$4,892
Average salary, grades established by Board of Commissioners, U.S. Soldiers' Home	$1,679	$1,702	$1,702
ALLOCATION TO DEFENSE—CIVIL, ARMY			
Total number of permanent positions	1	0	0
Full-time equivalent of other positions	2	0	0
Average number of all employees	3	0	0
Average GS grade	8.0	0	0
Average GS salary	$7,890	0	0

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Program by activities:			
1. Medical care	2,980	3,173	3,293
2. Domiciliary care	1,485	1,583	1,607
3. Administration and central services	2,138	2,215	2,176
4. Permanent improvements	226	41	
10 Total obligations	6,829	7,012	7,076
Financing:			
17 Recovery of prior year obligations	−2		
21 Unobligated balance available, start of year	−453	−230	−188
24 Unobligated balance available, end of year	230	188	
25 Unobligated balance lapsing	59		188
New obligational authority	6,662	6,971	7,076
New obligational authority:			
40 Appropriation (limitation)	6,662	6,888	7,076
44 Proposed increase in appropriation (limitation) due to civilian pay increases		83	
Relation of obligations to expenditures:			
10 Total obligations	6,829	7,012	7,076
70 Receipts and other offsets (items 11-17)	−2		
71 Obligations affecting expenditures	6,827	7,012	7,076
77 Obligated balance, start of year	877	435	402
74 Obligated balance, end of year	−435	−402	−400
77 Adjustments in expired accounts	−1		
90 Expenditures excluding pay increase supplemental	7,267	6,964	7,076
91 Expenditures from civilian pay increase supplemental		81	2

MAY 15 1965

Biography of the Governor

Gen. Wade Hampton Haislip, USA

Wade H. Haislip was born in Woodstock, Va., on July 9, 1889. He was graduated from the U.S. Military Academy at West Point, N.Y. on June 12, 1912, and commissioned a second lieutenant of infantry.

During World War I he participated in three campaigns in France. He returned to the United States in August 1921 to become an instructor at West Point.

From 1924 through 1932, he graduated from the advanced course at the Infantry school, from the Command and General Staff School at Fort Leavenworth, Kans., from the Ecole Supérieure de Guerre in France, and from the Army War College at Washington, D.C. He served as instructor at the Command and General Staff School at Fort Leavenworth, Kans., from 1932 to 1936.

On July 14, 1932, he was married to Alice Jennings Shepherd of Virginia.

In 1940, after a 2-year assignment to the Budget and Legislative Planning Branch of the War Department General Staff, he became Assistant Chief of Staff, G-1 (Personnel), War Department General Staff during the mobilization of the Army for World War II. In 1942, he became commanding general of the 85th Infantry Division at Camp Shelby, Miss.

Early in 1943 he was given command of the XV Corps, which after months of training was sent to the European theater in December of that year. During more than 9 months in combat, the XV Corps advanced more than 1,200 miles across France and Germany against hostile resistance, and at the end of hostilities had entered Austria. Shortly thereafter, General Haislip was given command of the 7th Army and the western military district in the U.S. zone of occupation of Germany.

Upon his return to the States, General Haislip became President of the Secretary of War's Personnel Board and in 1946 he was made senior member of the Chief of Staff's Advisory Group. In November 1948 he became Deputy Chief of Staff for Administration and was appointed Vice Chief of Staff of the Army with rank of general on October 1, 1949.

On August 1, 1951, General Haislip was placed on the retired list with the rank of general and appointed Governor of the U.S. Soldier's Home.

General Haislip has the singular achievement of having been awarded the Distinguished Service Medal for service on the War Department General Staff during the mobilization of the Army for World War II; an Oak Leaf Cluster for the training of troops for war; and a second Oak Leaf Cluster for the command of troops in combat. In addition, he has been awarded the Legion of Merit, the Bronze Star Medal with Oak Leaf Cluster, and has received numerous foreign decorations.

Mr. FOGARTY. The committee will come to order.

We have the Soldiers' Home before us this morning. It is generally a short hearing, because the Governor does such a real good job over there.

Do you have a statement for the committee?

General HAISLIP. Yes, sir.

Mr. FLOOD. What do you do with this fellow; ask him if he has been cut by the Bureau of the Budget and if he has not, he goes out? Is that about it?

Mr. FOGARTY. He has always run a good shop over there. We have never had any complaints. He is generally in and out of this committee pretty fast, and he gets what he wants.

Proceed, General.

GENERAL STATEMENT

General HAISLIP. As Governor of the U.S. Soldiers' Home, I consider it a privilege to appear before this committee to justify the funds required for operation of the home during fiscal year 1966. Although the home's annual appropriation request is forwarded to Congress with the President's budget, the amount is carried in the trust fund section and not charged to the taxpayer. All expenditures for the home are financed from a trust fund and not from the general revenues of the Treasury.

PURPOSE OF THE HOME

The Soldiers' Home was established by the Congress in 1851 for the relief and support of old, invalid, or disabled soldiers of the Regular Army. It was envisioned as a place for members to live out their lives, independent of public assistance, with the satisfaction of knowing that their personal contributions helped to make the home possible. A permanent residence for these individuals has been provided for over a century without cost to the taxpayer. A 1940 report

of a subcommittee of the Senate Committee on Military Affairs contained the following statement:

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

ADMISSION CRITERIA

Eligibility requirements for admission to the home have remained essentially unchanged over the years, except that in 1947, applicability of the laws governing the home was extended to include airmen, and, of course, enlisted women of both services are also eligible. Membership is a terminal benefit for former warrant officers and enlisted personnel of the two services, with the following qualifications:

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

These criteria emphasize that the home's principal mission is the care of the professional or career soldier and airman, and the recognition and reward of his service in peace and in war.

ADMINISTRATION

The general supervision of the home was placed by Congress in a Board of Commissioners, now consisting of the Governor of the home, six officers of the Army and three officers of the Air Force, ex officio. Subject to approval by the Secretary of the Army, this Board has the authority to establish regulations for the general and internal direction of the home, and as Governor, I am responsible to the Board for the administration of the home. I personally review each item during the formulation of the annual budget, and require my signatory approval for each expenditure after funds have been provided.

ANNUAL REPORT

The law provides for a comprehensive report of the home's activities to be submitted to the Congress at the end of each fiscal year. As part of that report, the law requires the Inspector General of the Army to inspect the home annually and report the results to Congress.

The following portion of his recent report on 1964 activities is quoted below to show that the home is managed efficiently and in the best interest of the members:

I. General. 2. The Governor and his staff were keenly aware of the importance of promoting the health, welfare, and safety of the members and were accomplishing the mission of the home in an outstanding manner. The cooperation, assistance, and service from the officers and employees in all fields of endeavor were significantly evident. The sanitation and appearance of the facilities were impeccable.

FINANCING

The act of 1851 provided that the home be financed from a trust fund rather than from the general revenues of the Treasury. Thus, the home is not a burden on the taxpayer. Conversely, the benefits offered by the home encourage many soldiers and airmen to remain with the colors thereby saving the Government the extra cost of training replacements. The latest balance reported by the Treasury Department is $100.3 million and the income to this fund as prescribed by law, is from the following principal sources:

1. A contribution at the rate of 10 cents per month from each enlisted member of the Regular Army and Air Force.

2. Fines and forfeitures imposed upon this personnel by sentence of courts-martial.

3. And, interest of 3 percent per annum on the fund balance in the U.S. Treasury.

The current size of the permanent fund is mainly due to the greater number of courts-martial during World War II and Korea. However, two major factors are contributing to a recent decline in receipts.

First, several years ago, both services introduced a campaign to increase the standards of enlistment while ridding the services of undesirables and misfits.

Second, in January of 1963, article 15 of the Uniform Code of Military Justice was amended to authorize commanding officers to impose forfeitures of pay as nonjudicial punishment.

The Comptroller General has decided that such forfeitures will not accrue to the home's permanent fund. In addition, the Department of Defense directed in 1963 that steps be taken toward the establishment of a separate home for airmen by about 1969 and that an equitable division on paper of the permanent fund be established to be effective on withdrawal of the Air Force.

Although it is believed premature at this time to predict accurately the ultimate effect of the two actions on the fund receipts, it is obvious that loss to the home's capital and income will be considerable. It is just as evident that even with the combined income from both services, steadily rising prices and a persistently growing membership are increasing costs to a point where expenses may well exceed income in the foreseeable future.

Withdrawal of the Air Force, while subject to the final judgment of the Congress, must be planned for and that part of the permanent fund accruing to the Air Force must be discounted in the master planning for the Soldier's Home even though it is obvious that the number of eligibles for membership in the home is increasing rapidly, primarily because the mass of voluntary enlistments in the early 1940's is reaching the 20-year retirement age.

There are now approximately 185,000 Army and Air Force eligibles, and while fortunately only a small percentage are expected to apply for admittance, it is obvious that the demand will continue to increase for many years to come, and just as apparent that no single home could profitably be enlarged to the extent of providing the type of care desired by the Congress.

PHYSICAL PLANT

The capacity of the domiciliary area is 2,016 beds, and as of January 11, 1965, 1,877 were assigned. Although plans provide for eventually adding two wings to the most recently constructed domiciliary building, the construction of these 340 additional beds are not contemplated until disposition by the Congress is made of the Air Force proposal to withdraw. In the interim, 108 substandard spaces are being made available as the increased demand for membership continues.

Hospital bed capacity is 500 beds, 85 of which are held unassigned on a permanent basis to provide flexibility required to accommodate applicants, members returning from specialized care at other hospitals, or from leave, for placing certain patients in isolation, and to provide for peakloads. Occupancy of the hospital as of January 11, 1965, stood at 381 patients.

MEMBERSHIP

There were 2,519 members at the home as of January 11, 1965, not all of whom required bed space, as some are away on leave, while others were being treated in special hospitals serving the home on a reimbursable basis. The average membership during fiscal year 1964 was 2,421; this year the membership is expected to average 2,555.

Based on this growth in membership, the estimates now before you for fiscal year 1966 are figured for an average of 2,705. As mentioned before, demands for membership will continue to increase at an advanced rate as the mass enlistments of the early 1940's reach the minimum 20-year retirement age. Due to the limited number of beds available, and the restriction on new beds brought about by the possible withdrawal of the Air Force, a priority system has been established to allow membership only to the most deserving until such time as sound plans for expansion can be made. Ultimately, 6,000 men may be housed at the present home.

APPROPRIATION REQUEST

The budget now before this committee has conformed to the same budgetary procedures as applied to all other Government agencies, with the exception that it is financed from the home trust fund. The original mission of the home has remained essentially unchanged for 114 years, so our budget of $7,076,000 is based on stable, continuing programs geared to increases in membership and increases in cost of supplies. On page 2 of the budget now before you, a net increase of $105,000 in obligations is shown. That increase is composed of the following additions and reductions:

Additions amounting to $191,000, as follows

A. For upgrading approximately 197 hospital employees in accordance with revised Civil Service Commission standards for nursing services, $74,000.

B. For increased wage board pay rates granted in fiscal year 1964, $47,000. (This amount will be included in a fiscal year 1965 supplemental.)

C. For providing additional supplies and rations for the estimated increase in membership, $32,000.

D. For purchase of several items of diagnostic equipment for the hospital, $24,000.

E. For increasing the daily rate at St. Elizabeths Hospital as prescribed by the Bureau of the Budget, $7,000.

F. For several minor increases, $7,000.

Reductions amounting to $86,000, as follows

A. For a lesser amount of programed maintenance, $64,000.

B. For one less holiday, $9,000 (Inauguration Day paid in fiscal year 1965).

C. For elimination of temporary employees required in fiscal year 1965 to replace permanent employees while on extended sick leave, $7,000.

D. For a lesser replacement of equipment, $6,000.

The members and staff of the soldiers' home are sincerely appreciative of the interest in the home shown by this committee over the years, and I assure you that all officers and employees will continue to do their best to take proper care of the members of the home.

Mr. FOGARTY. Thank you, Governor.

BUDGET REQUEST, 1966

The appropriation for 1965 is $6,888,000 and there is a proposed supplemental of $83,000 for pay costs making a total of $6,971,000. The request for 1966 is $7,076,000 or an increase of $105,000, which is mostly to cover the cost of annualizing pay increases.

INCREASE IN MEMBERSHIP

Now, I notice that you estimate your membership to go up 150 in 1966 but I don't see any increase in personnel.

General HAISLIP. No, sir; we are getting increased production from each employee. Eight years ago we had 1 employee for each 1.7 members and we are now operating on 1 employee for each 2.1 members. We have absorbed almost one-half of a member for each employee by greater productivity.

Many of the employees have to be there regardless of the membership but we really have concentrated on getting more return from the employees and we are succeeding.

RATION ALLOWANCE

Mr. FOGARTY. What is the current rations allowance?

General HAISLIP. It is 99 cents for the general mess, and $1.03 for the hospital.

Mr. FOGARTY. How are the meals you are able to serve with this amount? Are you able to serve satisfactory meals?

General HAISLIP. Yes.

Mr. FOGARTY. Do you have many complaints?

General HAISLIP. We have not had a real complaint in 5 or 6 years.

Mr. FOGARTY. What is the allowance in this budget?

General HAISLIP. Do you mean the total money?

Mr. FOGARTY. Yes. You can put that on the record later. It is not important at this point.

(The requested information follows:)

Total for rations, fiscal year 1966, $692,000.

BUREAU OF THE BUDGET ALLOWANCE

Mr. FOGARTY. What, if anything, did the Bureau of the Budget cut out of your request?

General HAISLIP. They made a small cut of $9,000.

Mr. FOGARTY. For what?

General HAISLIP. For medical supplies. They have a different system of counting patients only.

We figure a factor, which has worked out through the years, of taking the average number of men in the home and applying the unit cost to determine the medical supplies we need. There is a friendly disagreement here. There is no argument about it, but they always take a little from our request.

Mr. FOGARTY. Do you think you ought to have it?

General HAISLIP. No, sir; we can absorb that amount.

EFFECTS OF GOVERNMENT ECONOMIES

Mr. FOGARTY. Now, with the closing of defense installations all over the country and the veterans hospitals and public health hospitals and other Government agencies throughout the country, on orders of the Bureau of the Budget and White House, have you heard any rumors from the White House or Bureau of the Budget that your home might be affected in any way?

General HAISLIP. No, sir; we have not. We have just completed a study which shows that the Soldiers' Home, by its every existence, encourages men to stay with the colors and thereby eliminates the extra expense that you have to put out to train a recruit to where he can really handle the job.

Mr. FOGARTY. Mr. Flood.

FEMALE MEMBERS

Mr. FLOOD. I notice that you use the word "man" throughout your statement. What about the coed?

General HAISLIP. We have 24.

Mr. FLOOD. Of the Wacs, and so on, you have 24 in residence?

General HAISLIP. Yes, sir.

Mr. FLOOD. I am sure there is a problem there. But what is the problem?

General HAISLIP. There isn't any problem. We have the famous Anderson Cottage, which is set off to itself. It has very large rooms. We are also planning to set aside other space.

ADMISSION CRITERIA

Mr. FLOOD. On page 6, you have a sentence there and to protect the record you might tell us what you mean by that.

"Due to the limited number of beds available, and the restriction on new beds brought about by the possible withdrawal of the Air Force," and so on, you have set up a priority system, or somebody has. It says, "to the most deserving." That is a very dangerous phrase.

General HAISLIP. We are getting a lot of applicants with just 20 years' service that are in their late forties, or early fifties, who are perfectly healthy but claim they can't get a job at this time. We consider them of a lower priority than a man who is disabled, a wounded veteran, for instance. As the applications come in, we do sort through them.

Mr. FLOOD. For our purposes and your protection, will you place in the record your yardstick? What is your rule of thumb? What do you mean by this? How do you gage this, let us say?

To give an administrative leeway is a dangerous thing. Sooner or later you will get in trouble with it and so will we. We want to know what it is.

General HAISLIP. We have had waiting lists from time to time through the years but any man who comes there ill, will be taken in; there isn't any question about it. He is at the top priority. Any man who is disabled or injured in line of duty and can't earn a livelihood; he is the next man.

The man of 20 years of service or so, who is perfectly healthy, can be temporarily put off.

ALCOHOLISM

Mr. FLOOD. Do you have any alcoholic problem?

General HAISLIP. That is our only real problem.

Mr. FLOOD. What do you mean it is your only problem?

General HAISLIP. We have a very fine group of men, but there are a handful that cause all of the trouble and that trouble is usually intoxication. Under the law we are not allowed to take in a habitual drunkard, so we try to find out before he gets in whether he has an alcoholic record. A few get in because of subsequent good service, but if we find out the man is an acute alcoholic and can't fit in, then we have to discharge him.

Mr. FLOOD. What about a psychopathic alcoholic?

General HAISLIP. A man who stays drunk, won't obey any regulations, and is always in trouble and a discredit to the home, is dismissed after three infractions during a year's time.

ADMISSION PRIORITIES

Mr. FLOOD. Just in an abundance of caution, I repeat that is a very dangerous phrase to have any place and suppose you just tell us what you mean by "most deserving."

General HAISLIP. Yes, sir. We have received a number of letters from Members of Congress on this. They all accept it as being perfectly honest and above board and we have never have had any real complaints on it at all.

The priority system was established by the Board of Commissioners and was in effect for a brief time several years ago when the home was at capacity strength but its use was discontinued when the capacity was enlarged in November of 1962. During the period of its use, however, no eligible applicant for membership, who had a clear need for the medical or other benefits of the home, was denied admission. Neither will this be permitted to happen at anytime in the future and, with vacancies occurring at the rate of about 50 each month, it is most unlikely that it ever will. With the home once more nearing capacity

strength, and with no prospect of immediate expansion, resort however may soon again have to be made to the priority system. In the actual operation of the system, the factors of age, disability, and length of active military duty of eligible applicants are given appropriate weights. Applicants are then arranged in order on a waiting list in accordance with point scores and called up as vacancies occur. This system serves only to delay admittance of certain eligible applicants. It is believed that this system, which functions under the continuous scrutiny of the Board of Commissioners is entirely equitable and, in its brief application in the past, appears to have been understood and accepted by all to whom it has applied.

Mr. FLOOD. That is all.

Mr. FOGARTY. Mr. Shriver.

AIRMAN'S HOME

Mr. SHRIVER. General, you mentioned the establishment of a home for airmen on direction of Congress in 1963. What was the direction of Congress?

General HAISLIP. It was a directive to the Air Force from the Secretary of Defense to draw up plans for the establishment of an airman's home within 5 years.

This proposal is a part of the Department of Defense legislative program, and we hope it comes to Congress without any delay. Our main trouble at the soldiers' home is that of the 2,538 men we have in the home, 553 of them are airmen. So, we can't afford to build another building to take care of the people that want to get in because we know if the Air Force does get their home, approximately 900 men will leave.

Mr. SHRIVER. And this proposal is now before the Bureau of the Budget?

General HAISLIP. It's in the Bureau of the Budget as approved by the Secretary of Defense, and we have all of our data together to support the proposal.

Mr. SHRIVER. Where is it contemplated, if you know, to be located?

General HAISLIP. That is the Air Force problem. I don't think they have arrived at any decision.

Mr. SHRIVER. That is all.

Mr. FOGARTY. Mr. Matthews.

Mr. MATTHEWS. How long have you been running this shop?

General HAISLIP. Thirteen years. I have invited the committee annually to come out, and I certainly would take great pleasure in showing you the home.

Mr. MATTHEWS. Someday perhaps we will come on a permanent basis.

Mr. FOGARTY. Mr. Farnum.

Mr. FARNUM. I have nothing.

Mr. FOGARTY. Is there anything else you would like to say?

General HAISLIP. No, sir.

Mr. FOGARTY. Thank you very much.

FEBRUARY 15, 1965.

FEDERAL RADIATION COUNCIL

WITNESSES

PAUL C. TOMPKINS, EXECUTIVE DIRECTOR, FEDERAL RADIATION COUNCIL

ARTHUR J. CRATEN, BUDGET ANALYST, GENERAL SERVICES ADMINISTRATION

SALARIES AND EXPENSES

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	37	56	56
11.3	Positions other than permanent		6	9
	Total personnel compensation	37	62	65
12.0	Personnel benefits	3	5	5
21.0	Travel and transportation of persons	3	17	18
23.0	Rent, communications, and utilities	1	2	2
24.0	Printing and reproduction	2	12	12
25.1	Other services	1	50	50
25.2	Services of other agencies	10	10	10
26.0	Supplies and materials	1	2	
31.0	Equipment	1	2	
99.0	Total obligations	58	162	166

Personnel summary

	1964 actual	1956 estimate	1966 estimate
Total number of permanent positions	4	4	4
Full-time equivalent of other positions	0	1	1
Average number of all employees	3	5	5
Average GS grade	11.0	11.0	11.0
Average GS salary	$12,244	$13,952	$14,040

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Program by activities:			
10	Executive direction and administration (costs—obligations)	58	162	166
	Financing:			
16	Comparative transfers from other accounts	−58	−162	
40	New obligational authority (appropriation)			166
	Relation of obligations to expenditures:			
10	Total obligations	58	162	166
70	Receipts and other offsets (items 11-17)	−58	−162	
71	Obligations affecting expenditures			166
74	Obligated balance, end of year			−5
90	Expenditures			161

BIOGRAPHY OF EXECUTIVE DIRECTOR

Tompkins, Paul C.: Born Walla Walla, Wash., April 11, 1914. A.B., chemistry, Whitman College, 1935; additional studies, University of Chicago, 1936–37, Ph. D. biochemistry, University of California, 1941, Ely Lilly scholarship; research associate, Biochemistry Department, Stanford University 1941–43, postgraduate fellowship; research associate, Experimental Biology Division, Metallurgical Laboratory, University of Chicago, 1943–45, evaluation of hazards from injected and ingested radioisotopes; senior chemist, radioisotope research group, Clinton Laboratories, 1945–47, deveopment of separation processes for high specific activity isotopes; principal chemist, Chemistry Division, Oak Ridge National Laboratory, 1948–49, process development for carbon 14 production and project leader for design of high activity level radioisotope separations; staff adviser to the Scientific Director, U.S. Naval Radiological Defense Laboratory, 1949–50; Associate Scientific Director, U.S. Naval Radiological Defense Laboratory, 1950–51; Scientific Director, U.S. Naval Radiological Defense Laboratory, 1951–60; Chief, Research Branch, Division of Radiological Health, U.S. Public Health Service, 1960–61; Deputy Director, Office of Radiation Standards, U.S. Atomic Energy Commission, 1961–62; presently Executive Director, Federal Radiation Council. Consultant, Joint Committee on Atomic Energy, 1957 and 1959; Tripartite Conference on Toxicological Warfare, delegate in 1954 and 1959, participant in 1953 and 1955; member, Radiological Hazards Subcommittee of the U.S. Air Force/SNAP Hazards Committee, 1959; consultant, Sandia Corp., 1958–59; member, radiological defense workshop, U.S. Civil Defense Council Conference, 1960; U.S. representative, NATO workshop on civil defense, Paris, 1960; participant, University of Chicago workshop, "Living With the Atom," 1960; representative, World Health Organization's symposium on radioactivity in food and agriculture, The Hague, 1961; U.S. delegate to the United Nations Scientific Committee on the Effects of Atomic Radiation, 1962. Member, National Committee on Radiation Protection and Measurements; member, Civil Defense Advisory Committee (National Academy of Sciences). Member, steering committee for Joint Committee on Atomic Energy hearings on "Radiation Standards, Including Fallout," 1962.

Mr. FOGARTY. Dr. Tompkins, you may proceed with your statement for the Federal Radiation Council.

GENERAL STATEMENT

Dr. TOMPKINS. Mr. Chairman, this is the first time that the Federal Radiation Council has been in a position to or has been requested to ask for appropriation funds. I believe you have before you the statement and the budget estimates.

Briefly, the statement identifies the Federal Radiation Council as an interagency organization which is advisory to the President. It is not an operating organization in the sense that other branches of the executive department are.

The membership consists of the Secretaries of Health, Education, and Welfare; Defense; Agriculture; Labor and Commerce, and the Chairman of the Atomic Energy Commission; these organizations being the primary ones with a concern in one way or another with radiation, its application, and the corollary possible health implications.

The statement points out that up to the present time the Council has been funded by pro rata donations from each of the constituent agencies. This year the Bureau of the Budget, in an effort to improve the overall management and funding of the various groups, commissions, and councils in the Government, determined that the funding mechanism of the Federal Radiation Council in the future should be direct appropriation. Therefore, this is the first request from this organization.

BUDGET REQUEST FOR 1966

Mr. FOGARTY. I notice that the cost of the Council went from $58,000 in 1964 to $162,000 in 1965 and the request for 1966 is $166,000. What accounted for this increase in 1965?

Dr. TOMPKINS. In 1964 the Council was originally staffed by the detail of personnel from the various agencies to the Council office. In 1964 the Council determined that its operation would be improved if the staff of the Council were permanent employees of the Council, and consequently the support was shifted in general from the agencies providing all of the logistic backup for the Council. The shift from 1964 to 1965 then reflects the increase due primarily to salaries for the permanent staff, the additional services required that we now pay for that we didn't previously, and the pay increases also.

USE OF CONSULTANTS

Mr. FOGARTY. You estimate 120 days of consultants?

Dr. TOMPKINS. Yes, sir.

Mr. FOGARTY. What do these consultants do?

Dr. TOMPKINS. Primarily, depending on the particular study going, these are scientific and professional people.

In other words, we have gone to consultants primarily on technical matters in biology and medicine, agriculture, ecology, all of the various components, disciplines, and types of knowledge that go into such estimates as overall evaluation of weapon test fallout, population exposures, estimates of population dose resulting from the exposure, and the kind of possible biological effect to allocate to these. Whenever we have a problem, we collect what we call an ad hoc group of specialists who make the estimates for us.

NATIONAL ACADEMY OF SCIENCES

Mr. FOGARTY. Tell us what the National Academy of Sciences does for you?

Dr. TOMPKINS. The section of the law and also the Executive order setting up the Council instructs us to consult with the President of the Academy, with specialists in biology and medicine, also with the National Council on Radiation Protection and Measurements.

We have asked the Academy to have available for us specialists, predominantly in the field of radiobiology, and they have organized a special panel. We refer any questions with regard to projected or potential biological effects to the Academy for their assessment.

Mr. FOGARTY. Mr. Duncan.

Mr. DUNCAN. No questions.

Mr. FOGARTY. Mr. Farnham?

Mr. FARNHAM. No questions.

Mr. FOGARTY. Anything else you want to say?

Thank you very much.

Dr. TOMPKINS. Thank you, sir.

MONDAY, MARCH 1, 1965.

DEPARTMENT OF LABOR

WITNESSES

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

Mr. FOGARTY. The subcommittee will come to order.

We have before us today the Secretary of Labor, Mr. Wirtz. You have a statement for the subcommittee, do you not?

GENERAL STATEMENT OF THE SECRETARY

Secretary WIRTZ. I have, Mr. Chairman, and I would like to introduce those who are with me here at the table. You all know Jim Hudson, and you all share with me the great happiness that he is back with us. This is his first day back after a loss which has been hard for us to bear.

I am very grateful, as I know you are, that he takes this special trouble to come back to join in this presentation. Jim is the Deputy Assistant Secretary for Administration, and Mr. Miller is here, too. He is the Director of the Office of Budget Administration.

Mr. Chairman, I have filed with the subcommittee a written statement covering the broader aspects of this presentation, and if it meets with your approval I would like to file it for the record and speak informally. I will be glad to handle it in any way you suggest.

Mr. FOGARTY. Whatever you wish to do is all right with us.

(Statement of the Secretary follows:)

STATEMENT OF SECRETARY OF LABOR W. WILLARD WIRTZ ON THE DEPARTMENT OF LABOR BUDGET ESTIMATES FOR 1966 AND PROPOSED SUPPLEMENTAL ESTIMATES FOR 1965

1. INTRODUCTION

Mr. Chairman, I appreciate the opportunity to present to the subcommittee the Department of Labor's budget for 1966 and supplemental estimates for 1965.

I would like to begin by reviewing the significant guidelines provided by the President in the formulation of this budget and then touch on some of the items that would be of interest to the committee.

2. PRESIDENT'S GUIDELINES FOR THE BUDGET

At the Cabinet meeting of November 19, 1964, the President discussed the 1966 budget. He set out certain guidelines within these points.

"Each of you must take a cold, hard look at your existing programs. I expect each of you to be as bold and as imaginative in reforming ongoing programs as in proposing new ones.

"I think there are many cases where boldness in reform will pay off.

"If we are going to make an impact—and history will find no excuse for us if we don't—there will be no better time than this coming session of Congress.

"I need your help in this. I depend upon your sharpness of vision, and your knowledge of the programs in your Department to identify the reforms needed."

Each member of the executive staff of the Department of Labor was made fully aware of the President's desires and of my complete subscription to his

approach. A "cold, hard look" was taken at existing programs and some difficult decisions were made. Such decisions cannot please everyone. This budget does not include all that we might like to propose. It does include a balance of higher priority activities and reduces or forgoes requests for lower priority activities.

3. ECONOMIES REFLECTED IN THE BUDGET

The requests for 1966 that were submitted for consideration before the President's November guidelines were held to the level of the 1965 requests to the Congress.

Following the issuance of the Presidential guidelines, we reexamined our requests and took a careful look at existing programs and organizations. I decided on reductions below the initial requests in three programs areas:

In the manpower programs, 94 positions and $1 million.

In wage and labor standards programs, 100 positions and $1 million.

In the labor-management relations programs, 20 positions and $200,000.

Some of these proposed cuts were distributed and reflected in the budget submitted by the President. The press of time did not permit the considered distribution of other cuts. These are shown in the President's budget as "undistributed."

These reductions have since been distributed and will be discussed by other witnesses in connection with the specific program budget requests. Attachment No. 1, where these reductions have been made, show that I have reduced a net of 201 positions and over $2 million from the original estimates.

Other reductions made by the Bureau of the Budget and approved by the President are also reflected in this request.

4. ORGANIZATIONAL PROPOSALS UNDER CONSIDERATION

Consideration is being given within the Department to proposals for changes in the organization of the Manpower Administration. No decisions have been made except with respect to the OMAT field offices—that was a budgetary decision rather than an organizational one. No other recommendations on the proposals have been made to me.

The policy and practice in the Department of Labor is to—

(*a*) develop a proposal,

(*b*) submit it to those affected and concerned,

(*c*) receive their comments and suggestions,

(*d*) make appropriate revisions,

(*e*) continue clearances of revisions until all reasonable and appropriate modifications are reflected in the recommendation that finally comes to me for consideration.

The above procedure is far from complete. Comments and suggestions from Bureau Directors are now under consideration.

I am informed that the proposals were discussed with the Federal Committee on Apprenticeship on January 26. Additional discussions will be held with the members of the Federal Committee during the week of March 8. I am also informed that the proposals were discussed with the State employment security administrators and that additional discussions will be held with State employment security administrators and the officers of the Interstate Conference (for Employment Security) during this week (March 1).

Following these and other steps, a conclusion will be reached by the staff (the Manpower Administrator and the Assistant Secretary for Administration) on the recommendations to be made to me.

Before making a decision on any recommendations made to me, I will consult with this committee as you may consider appropriate.

5. CHANGES IN APPROPRIATION STRUCTURE

For 1966, I am proposing a total of 15 appropriation accounts in lieu of the 21 enacted for this year (1965). This proposed reduction in the number of accounts results from a consolidation of some accounts and from the elimination of some nonrecurring ones. (See attachment No. 2 which lists the accounts being consolidated and those that are nonrecurring.)

The sole purpose in the reduction is to make the budget accounts coincide with the Department's management structure and program categories in the areas of manpower and labor-management relations. Consolidations for other programs are under consideration and may be proposed next year.

In addition, I am proposing that the usual method of financing State employment services from trust funds be augmented in 1966 by limited financing from general funds. Certain Employment Service activities under the authority of the Wagner-Peyser Act would be so financed. This will permit needed expansion of youth employment services programs above that allowed by the present limitation applicable to the grants appropriation.

6. THE APPROPRIATION REQUEST FOR 1966

The budget estimate for 1966, based on existing legislation, is $1,096,964,000 and this represents a decrease over comparable available funds for 1965 of $66,112,072 (see attachment No. 3). Of this total request, $437 million is for benefit, training and allowance payments to individuals; $557 million goes to State agencies; and $103 million or 9.3 percent is for all Federal program and administrative activities.

Federal employment to be financed by these estimates is at 8,320 full-time positions. This is 447 less than authorized for 1965, and 315 less than authorized for 1964 on a comparable basis.

The funds and positions requested here of course do not include increases that would be needed following the enactment of new legislation proposals that are before the Congress. Foremost of course, is a new Manpower Act of 1965. Attachment No. 4 is a brief summary of the major provisions of this proposed legislation.

7. BASIC ECONOMIC ASSUMPTIONS

The Department's estimates are based upon the following assumptions.

The Nation's economy will continue to move to successively higher levels through the remainder of the current fiscal year, and throughout fiscal year 1966. These gains will be accompanied by steady and substantial growth in civilian employment. It is assumed that any changes in the international situation during the period will not substantially affect the levels of defense outlays or the size of the Armed Forces.

It is assumed that the civilian labor force will continue to grow but that the economic expansion will absorb the labor force growth, in spite of continued productivity gains, and will, hopefully, reduce unemployment levels.

Support for the assumption of substantial gains in the Nation's economy stems from a number of sources. Consumers' outlays, which have increased steadily and rapidly throughout most of the postwar period, will continue to increase, supporting higher levels of output and employment in both goods-producing and service industries. Increasing business outlays for new and modernized plant and equipment, which have given strong support to the economic growth over the past few years, are assumed to continue through the period, as current capacity is taxed by steadily rising demands, as new techniques, materials, and products are developed, and as the resources available for such investment increase.

Federal expenditures can be expected to continue at about the present level, although some significant shifting in the nature of the outlays is anticipated. State and local government outlays are expected to continue to increase, to meet the demands of growing populations and population shifts requiring rising expenditures for streets, hospitals, and public utilities.

Support for the assumption of substantial economic growth throughout the period also derives from an expected continuation of the monetary and fiscal policies that have contributed to the uninterrupted growth of the past 3½ years, and continued reasonably stable labor costs in relation to production.

It has to be recognized that the national economic gains, although broadly based, will not be fully shared by all industries and areas. Continued shifting of population and areas of demand, the depletion of some resources and the development of others, heavy investment in new equipment and in the development of new techniques, materials, and products, and changes in the pattern of defense outlays, may result in increased unemployment in some areas, while others may experience shortages of qualified workers to meet employer needs.

Demands on the Department of Labor will increase substantially over the period because of changes in the types and location of need for workers, the entrance of young workers into the labor force in ever increasing numbers, and the key role to be played in new programs designed to increase job opportunities or to train the jobless to fit available job openings.

S. COMMENTS ON PROGRAM PROPOSALS

Now, Mr. Chairman, I would like to speak briefly on each program proposal for 1966.

A. Manpower

A brief statement concerning the employment and unemployment situation will help provide the background for our request for funds in this area.

Highlights of the current employment and unemployment situation.—The job situation has continued to improve. Both total employment and nonagricultural employment fell 300,000 less than seasonally in the post-Christmas lull. Unemployment rose slightly less than seasonally to 4 million in January.

The rate of unemployment (seasonally adjusted) was 4.8 percent in January, the lowest since October 1957. Unemployment rates for adult men and teenagers were unchanged over the month. The rate for women, at 4.5 percent was below the November level of 5.0 percent. Long-term unemployment (15 weeks or more), at 850,000 reflected a slightly less than seasonal rise.

There were encouraging gains in employment in 1964. The total number of employed civilians in January 1965 (69 million) was 1¾ million higher than a year earlier while nonagricultural employment was up by 2 million.

The overall unemployment rate and the rates for adult men, married men, and adult women were all down sharply over the year. Unemployment rates for adult men and married men (3.5 and 2.7 percent) were about equal to the low levels recorded in the summer of 1957. The improvement in the job situation for adult women during the past year has brought their jobless rate down to its lowest point in nearly 5 years. Teenagers were the only group that failed to show any reduction in unemployment rates; their rate of 15.2 percent was not significantly changed from a year earlier and was more than 3 times the overall rate. The employment of teenagers did rise by about 150,000 from January 1964, but this rise barely equaled their number added to the labor force.

The following points apply to specific items within the request:

(1) *Manpower Development and Training Activities.*—(*a*) Training: By the end of fiscal year 1964, the Manpower Development and Training Act program had been in operation for 22 months. During this period training was approved for 187,000 individuals; over 100,000 enrolled in training programs; 51,500 completed their training; and 37,500 were placed in employment.

In the first 6 months of fiscal 1965—July through December 1964—the Manpower Development and Training Act program did approximately 80 percent as much business as in its first 22 months of existence.

Specifically, training projects were developed and approved to provide for 132,000 trainees bringing total approvals to 319,000. Eighty-seven thousand more persons were enrolled in training, raising total enrollments to 192,000. Forty thousand more persons completed their training, for a cumulative total of 91,000 graduates. Finally, 31,000 more graduates went to work, raising the total of trainees placed in jobs to just over 68,000.

I hope, and expect, that by the end of this fiscal year our total job placements will reach 120,000 and that by June 30, 1966, they will approximate 250,000.

In addition to the training provided under the Manpower Development and Training Act program, about 207,000 individuals received apprenticeship training in 1964 and we expect this to reach 225,000 in 1966.

(2) *Employment service activities.*—(*a*) General: In 1964, placements totaled 6,669,000; 10,819,000 applied for jobs in local offices; 2,182,000 were tested and 1,871,000 counseling interviews were given. For 1965 and 1966 we anticipate comparable activity to be as follows:

Activity	Fiscal year 1965	Fiscal year 1966 [1]
Placements	6,700,000	7,710,000
New applications	11,200,000	13,000,000
Testing	2,200,000	3,140,000
Counseling (total interviews)	2,100,000	4,880,000

[1] Includes estimated workloads resulting from expanded services to youth.

(*b*) Youth opportunity centers: I am asking that the additional financing for an expanded YOC program be derived from general fund financing rather

than trust fund financing. In the base 1965 "grants" appropriation there is $25 million, and in the base 1965 Manpower Development and Training Act appropriation there is $24.5 million for this purpose. This will finance centers in 75 major metropolitan areas plus expansion of rural youth services.

For 1966, I am asking that an additional $37 million be advanced from general funds to the unemployment trust fund account to (*a*) carry the present level of operation on a full-year basis; (*b*) to consolidate the financing into a single account; and (*c*) finance centers in an additional 63 metropolitan areas plus some additional rural youth employment service facilities.

These centers form the core for assisting the youth of the Nation to find suitable employment—here they will go to be tested, counseled, and referred to a job or to training for whatever skill they need to become productive citizens.

(*c*) Job information: As a necessary part of the expansion of the training programs and the employment service programs we need to do a much better job of knowing where job openings are or will be and what kind of jobs they are. We need the voluntary cooperation of employers with our local public employment service offices to define, describe, and pinpoint these needs in order that an adequate manpower supply and utilization program can be developed. Experimental work so far this year in 16 cities indicates a most gratifying response on the part of employers. We propose additional funds in 1966 of $3 million over the $402,000 we are spending in 1965, including BLS.

This expansion will supply us with job information on a regular basis for a much larger number of cities. It will be an important aid, both directly and indirectly, in placing unemployed workers in jobs and in helping us pinpoint our manpower efforts. This is primarily an employment service operation, but BLS is cooperating in devising the technical aspects of the program and in experimenting with the possibilities of the potential use of this data for a national statistical purpose.

(*d*) GAO reports on the Employment Service: I call to the attention of the committee a letter of February 18, 1965, to the Comptroller General of the United States. I have submitted a copy of this letter to the Speaker of the House of Representatives and to the President pro tempore of the Senate. It concerns certain GAO reports based on what we consider an erroneous interpretation of the intent of Congress with respect to providing employment services differently than we interpret them (attachment No. 5).

B. Labor-management relations services

Last year the committee denied a request for funds to establish a program of services to labor and management and other Government agencies and for support services to me in cases requiring my personal involvement or that of Mr. Reynolds. The committee felt that there might be a duplication of effort with other agencies.

I hope the committee will reconsider this decision in the light of our experience over the past year in specific situations (which are described in detail in the justifications). You have my personal assurance that there has not been and will not be any duplication of functions of FMCS or any other agency.

I note that while we are again asking you to consider an increase in this area, this is one account where, without sacrificing efficiency or service, we are reducing staff requirements by 17 jobs in the program of administering reporting and disclosure legislation at a savings of $219,000.

C. Wage and labor standards

(1) *Walsh-Healey safety inspections.*—Members of the committee will recall that State labor commissioners have raised questions concerning the agreement between the Department of Labor and some States for making safety inspections for compliance with the provisions of the Walsh-Healey Act in establishments of employers doing business with the Federal Government.

I have discussed these questions with the officers of the IAGLO. I have indicated that proposals with respect to this question will be discussed with State labor commissioners and representatives of IAGLO.

I have also concluded that private groups should also be consulted in the process of arriving at conclusions with respect to Walsh-Healey and other safety activities.

Steps have been initiated to arrange these consultations which will take place when proposals have been developed to a point that will make effective consultation possible.

(2) *Women's Bureau.*—We are asking for $42,400 to finance the Office of the Director of the Women's Bureau. Mrs. Keyserling, who is the Director of the Bureau and who will testify before you later on, was appointed on April 13, 1964, which was after our appropriation estimate for 1965 had been developed and presented to Congress.

Assistant Secretary Peterson filled the job for some time after she was elevated to the position of Assistant Secretary. Experience has proved, however, the need for a full-time Bureau Director. Hence the request for funds to reestablish the position of Director of the Women's Bureau.

D. Economic and labor statistics

Improvement of employment and unemployment statistics.—We are proposing basically the third round of a 5-year program to improve the unemployment and employment data which is so essential to the development of a well-rounded manpower program and to supplying the Department of Labor and the Congress with the basic raw information to support recommendations, policy, and action programs needed to achieve the highest possible employment levels. Congress approved funds for the first two rounds in 1964 and 1965.

Improvements in our price program are desirable to (*a*) update standard budgets, (*b*) expand our price index system for more industries, and (*c*) make it possible to have an earlier awareness of the relationship of prices of foreign goods to our domestic goods.

A number of improvements are necessary in the scope and character of our wage data because of its importance in determining changes, if any, in Federal salary levels. The law requires that BLS data be used in policy determination as to changes in the Federal salary schedule and in the highly significant area of the nature and cost of employer expenditures on fringe benefits.

E. International

The major change proposed in this area concerns financing. Heretofore a separate appropriation has been made for trade negotiation activity and related research support. The opening of the Kennedy round (requiring rapid evaluation of the impact on employment and unemployment of all proposals) and the reexamination of the Long-Term Cotton Textile Agreement in 1965, emphasize the importance of consideration of employment in our foreign economic policy. My proposal to include these funds as a separate activity within the appropriation for this program provides for more effective direction. A slight reduction ($36,000) below the 1965 appropriation is made possible through the elimination of financing of the Office of Trade Adjustment Assistance.

F. Solicitor

We have not heretofore requested funds for the additional function placed on the Department by Public Law 88–349 which requires now that fringe benefits be included in the determination of prevailing wage rates under the Davis-Bacon and related acts. The cost is estimated to be $192,000. While the number of determinations is not expected to increase, the time required to obtain and apply, for the first time, fringe benefit payments to wage determinations will be substantially more than previously required.

SUPPLEMENTAL ESTIMATES FOR 1965

Manpower development and training activities.—This is a request for $103 million to permit development, approval, and commitment of training plans to cover an additional 100,000 trainees this year. Funds to commit additional training will be exhausted by about March 1. No additional Federal employees are contemplated.

Expansion of domestic farm program.—To serve the interest of agricultural workers and employers an expanded domestic recruitment program is necessary because of the termination of Public Law 78. We also intend to extend this program to reduce or eliminate the importation of foreign workers from the British West Indies and elsewhere. The cost this year for the Federal and State program is $738,000 and $2,830,000 on an annual basis for 1966.

Unemployment compensation for Federal employees and ex-servicemen.—These unemployment insurance payments are mandatory. Costs so far this year indicate an expenditure level of $143 million as compared to $150,947,000 spent last year and to $152 million appropriated for 1964.

This completes my overall presentation.

ATTACHMENT 1

U.S. DEPARTMENT OF LABOR

History of the estimates, fiscal year 1966

	Position	Amount
MANPOWER ADMINISTRATION		
Manpower development and training activities:		
A. Original estimate to the Department:		
(*a*) Direct program and Department of Health, Education, and Welfare administrative costs	170	$273,346,500
(*b*) Department of Labor administrative costs	611	11,653,500
Disallowed by the Secretary of Labor to reflect increased economy and efficiency (Bureau of Employment Security, 34 positions and $396,900) and (Office of Manpower Automation and Training, 28 positions and $480,800) and 4 positions and $42,300 for the President's Committee on Youth Employment, 4 positions for absorption of mandatory costs	−70	−920,000
B. Secretary of Labor allowance:		
(*a*) Direct program and Department of Health, Education, and Welfare administrative costs	170	273,346,500
(*b*) Department of Labor administrative costs	541	10,733,500
The Bureau of the Budget ruled that District of Columbia Employment Service positions paid from direct program funds must show as Federal positions	+20	
Disallowed by the Bureau of the Budget for the Department of Health, Education, and Welfare, 4 positions in the Office of the Secretary, Department of Health, Education, and Welfare, 20 positions and $250,500 for expanded institutional training (but added $404,000 for direct program costs)	−24	+153,500
$54,100 for mandatory costs, and 8 positions and $102,400 for on-the-job training	−8	−156,500
Transferred Department of Labor administrative portion to proposed new salaries and expenses account	−533	−10,577,000
C. Budget estimate	166	273,500,000
Bureau of Employment Security, salaries and expenses:		
A. Original estimate to the Department	1,325	16,710,000
Disallowed by the Secretary of Labor to reflect increased economy and efficiency, 6 positions for absorption of mandatory costs	−6	
B. Secretary of Labor allowance	1,319	16,710,000
Disallowed by the Bureau of the Budget for pay costs and within-grade promotion costs $50,100, 40 positions and $427,500 for Veterans' Employment Service, 8 positions and $96,000 for project Labor Inventory Communication System, 24 positions and $410,400 for local area statistics, 22 positions and $248,000 for domestic farm program (22 positions and $175,000 of this applicable to 1965 supplemental estimate), and $150,000 for unemployment insurance codification and other	−94	−1,382,000
Transferred to proposed new salaries and expenses account	−1,225	−15,328,000
C. Budget estimate		
Bureau of Apprenticeship and Training:		
A. Original estimate to the Department	533	5,836,000
Disallowed by the Secretary of Labor to reflect increased economy and efficiency, 6 positions and $80,000 and 12 positions for absorption of mandatory costs	−18	−80,000
B. Secretary of Labor allowance	515	5,756,000
Disallowed by the Bureau of the Budget for pay costs and within-grade promotion costs, $112,000		−112,000
Transferred to proposed new salaries and expenses account	−515	−5,644,000
C. Budget estimate		
Farm Labor Contractor Registration Act:		
A. Original request to the Department	46	670,000
B. Secretary of Labor allowance	46	670,000
Disallowed by the Bureau of the Budget 12 positions and $111,000 for new Office of the Solicitor positions	−12	−111,000
Transferred to proposed new salaries and expenses account	−34	−559,000
C. Budget estimate		

History of the estimates, fiscal year 1966—Continued

	Position	Amount
MANPOWER ADMINISTRATION—continued		
Salaries and expenses, Manpower Administration:		
A. Original estimate to the Department	0	0
B. Secretary of Labor allowance	0	0
Creation of the proposed new salaries and expenses account—transferred from above:		
C. Budget estimate:		
Manpower development and training activities	533	$10,577,000
Bureau of Employment Security, salaries and expenses	1,225	15,328,000
Bureau of Apprenticeship and Training	515	5,644,000
Farm Labor Contractor Registration Act	34	559,000
Subtotal	2,307	32,108,000
Trade adjustment activities:		
A. Original request to the Department	25	385,000
B. Secretary of Labor allowance	25	385,000
Disallowed by the Bureau of the Budget, $14,900 and 1 position for pay costs and within-grade promotion costs, 4 positions and $62,100 to abolish the Office of Trade Adjustment Activities, and 20 positions and $308,000 to be transferred to the Bureau of International Labor Affairs, including $25,000 for Herter Commission	−25	−385,000
C. Budget estimate		
Limitation, grants to States:		
A. Original request to the Department		492,100,000
Appropriation, advances to employment services:		
A. Original estimate to the Department		100,000,000
A. Total original estimate to the Department		592,100,000
B. Secretary of Labor allowance		592,100,000
The Bureau of the Budget ruled that District of Columbia Employment Service positions paid from direct program funds must show as Federal positions	+285	
Disallowed by the Bureau of the Budget (mainly relating to the appropriation estimate Advances to Employment Services): $1,686,000 for claims contests; $6,335,000 for a reduction to 1.5 insured unemployment and other workload; $857,000 for employment services improvement; $6,250,000 for older worker program; $1,000,000 for handicapped; $588,000 for minority groups; $2,880,000 for Labor Inventory Communications System; $38,000,000 for services to youth; $2,764,000 for Gordon Committee; $360,000 for annualization of farm		−60,720,000
C. Budget estimate	285	531,380,000
C. Limitation	285	(492,100,000)
C. Appropriation		(39,280,000)
Unemployment compensation for Federal employees and ex-servicemen:		
A. Original request to the Department		148,000,000
B. Secretary of Labor allowance		148,000,000
Disallowed by the Bureau of the Budget, $7,000,000 for a reduction to 1.5 insured unemployment		−7,000,000
C. Budget estimate		141,000,000
LABOR-MANAGEMENT RELATIONS		
Labor-Management Services Administration:		
A. Original request to the Department	733	8,975,000
Disallowed by the Secretary of Labor to reflect increased economy and efficiency	−20	−200,000
B. Secretary of Labor allowance	713	8,775,000
Disallowed by the Bureau of the Budget for a portion of within-grade promotion costs ($26,300) 8 positions and $126,700 for industrial relations services and 4 positions and $42,000 for Office of Veterans' reemployment rights adjustment of average employment	−12	−195,000
C. Budget estimate	701	8,580,000

History of the estimates, fiscal year 1966—Continued

	Position	Amount
WAGE AND LABOR STANDARDS		
Bureau of Labor Standards:		
A. Original request to the Department	282	$3,533,000
Disallowed by the Secretary of Labor to reflect increased economy and efficiency (6 positions and $110,000), and 4 positions for absorption of mandatory costs	10	−110,000
B. Secretary of Labor allowance	272	3,423,000
Disallowed by the Bureau of the Budget ($31,900 absorption of pay costs and within-grade promotion costs), $71,400 for radiation studies, $22,700 for President's Committee on Employment of the Handicapped full year costs, 9 positions and $97,000 for youth research to be absorbed by Manpower Administration and $28,000 for Federal Radiation Council (to be funded by direct appropriation)	−9	−251,000
C. Budget estimate	263	3,172,000
Women's Bureau:		
A. Original request to the Department	79	924,000
B. Secretary of Labor allowance	79	924,000
Disallowed by the Bureau of the Budget, 1 position and $9,500 for within-grade promotion costs, 2 positions and $51,800 for field service expansion and Interdepartmental Committee, and $2,700 for reclassifications	−3	−64,000
C. Budget estimate	76	860,000
Wage and Hour Division:		
A. Original request to the Department	1,866	21,428,000
Disallowed by the Secretary of Labor to reflect increased economy and efficiency, 28 positions and $635,000 and 34 positions for absorption of mandatory costs	−62	−635,000
B. Secretary of Labor allowance	1,804	20,793,000
Disallowed by the Bureau of the Budget $296,000 for pay costs and within-grade promotion costs, and 4 positions and $92,000 for foreign trade studies	−4	−388,000
C. Budget estimate	1,800	20,405,000
Bureau of Employees' Compensation, salaries and expenses (including Longshore Trust Fund):		
A. Original request to the Department	540	4,674,000
Disallowed by the Secretary of Labor to reflect increased economy and efficiency (6 positions and $66,000) and 9 positions for absorption of mandatory costs	−15	−66,000
B. Secretary of Labor allowance	525	4,608,000
Disallowed by the Bureau of the Budget $63,200 for pay costs and within-grade promotion costs, 6 positions and $32,000 for additional workload arising from closing of Public Health Service hospitals, 2 positions and $15,600 for adjustment of average employment and 16 positions and $123,200 for "increased productivity"	−24	−234,000
C. Budget estimate	501	4,374,000
Bureau of Employees' Compensation, employees' compensation fund:		
A. Original request to the Department	----------	49,606,000
B. Secretary of Labor allowance	----------	49,606,000
C. Budget estimate	----------	49,606,000
LABOR STATISTICS		
Bureau of Labor Statistics:		
A. Original request to the Department	1,466	20,816,000
B. Secretary of Labor allowance	1,466	20,816,000
Disallowed by the Bureau of the Budget 3 positions and $35,000 for standard budget research, $73,000 for job vacancy statistics, 5 positions and $41,500 for pay costs, 10 jobs and $80,000 for within-grade promotion costs and 40 positions for salary studies. Added by the Bureau of the Budget, 12 positions and $132,000 for industry sector prices, international price comparisons and prices paid by governments	−46	−215,000
C. Budget estimate	1,420	20,601,000

History of the estimates, fiscal year 1966—Continued

	Position	Amount
INTERNATIONAL FUNCTIONS		
Bureau of International Labor Affairs:		
A. Original request to the Department	92	$1,135,000
B. Secretary of Labor allowance	92	1,135,000
Disallowed by the Bureau of the Budget 2 positions and $14,700 for within-grade promotion costs, 2 positions for 1965 pay costs, 18 positions and $176,500 for international trade union activities.		
Added by the Bureau of the Budget 20 positions and $308,000 formerly financed under appropriation "Trade adjustment activities"	−2	+69,000
C. Budget estimate	90	1,204,000
GENERAL FUNCTIONS		
Office of the Solicitor (including trust fund):		
A. Original request to the Department	526	5,883,000
B. Secretary of Labor allowance	526	5,883,000
Disallowed by the Bureau of the Budget 5 positions and $48,000 for within-grade promotion costs, 37 positions and $399,000 for Davis-Bacon fringe benefits (51 positions and $242,000 was estimated for 1965 supplemental)	−42	−447,000
C. Budget estimate	484	5,436,000
Office of the Secretary (including trust fund):		
A. Original request to the Department	234	3,830,000
B. Secretary of Labor allowance	234	3,830,000
Disallowed by the Bureau of the Budget 2 positions and $16,600 for pay costs, 2 positions and $21,000 for within-grade promotion costs, 2 positions and $51,000 for Wage Appeals Board, 1 position and $5,600 for Employees' Compensation Appeals Board, $50,700 moving costs	−7	−145,000
C. Budget estimate	227	3,685,000

History of the estimates for 1966

Appropriation	Original request to the Department		Secretary of Labor allowance		Budget estimate	
	Positions	Amount	Positions	Amount	Positions	Amount
MANPOWER ADMINISTRATION						
Manpower development and training activities:						
Direct program and Department of Health, Education, and Welfare administrative costs	170	$273,346,500	170	$273,346,500	166	$273,500,000
Department of Labor administrative costs	611	11,653,500	541	10,733,500	(533)	[1](10,577,000)
Salaries and expenses:						
Bureau of Employment Security, salaries and expenses	1,325	16,710,000	1,319	16,710,000	(1,225)	[1] (15,328,000)
Bureau of Apprenticeship and Training	533	5,836,000	515	5,756,000	(515)	[1] (5,644,000)
Farm Labor Contractor Registration Activities	46	670,000	46	670,000	(34)	[1] (559,000)
Manpower Administration	(2,515)	(34,869,500)	(2,421)	(33,809,500)	2,307	[1] 32,108,000
Trade adjustment activities	25	385,000	25	385,000	----------	----------
Bureau of Employment Security, grants to States	----------	492,100,000	----------	492,100,000	285	492,100,000
Advances to Employment Service	----------	100,000,000	----------	100,000,000		39,280,000
Unemployment compensation for Federal employees and ex-servicemen	----------	148,000,000	----------	148,000,000	----------	141,000,000
LABOR-MANAGEMENT RELATIONS						
Labor-Management Services Administration	733	8,975,000	713	8,775,000	701	8,580,000

[1] Revised Feb. 12, 1965.

History of the estimates for 1966—Continued

Appropriation	Original request to the department		Secretary of Labor allowance		Budget estimate	
	Positions	Amount	Positions	Amount	Positions	Amount
WAGE AND LABOR STANDARDS						
Bureau of Labor Standards	282	$3,533,000	272	$3,423,000	263	$3,172,000
Women's Bureau	79	924,000	79	924,000	76	860,000
Wage and Hour Division	1,866	21,428,000	1,804	20,793,000	1,800	20,405,000
Bureau of Employees' Compensation:						
Salaries and expenses	540	4,674,000	525	4,608,000	501	4,374,000
Compensation claims and expenses	.....	49,606,000	.....	49,606,000	.....	49,606,000
LABOR STATISTICS						
Bureau of Labor Statistics	1,466	20,816,000	1,466	20,816,000	1,420	20,601,000
INTERNATIONAL FUNCTIONS						
Bureau of International Labor Affairs	92	1,135,000	92	1,135,000	90	1,204,000
GENERAL FUNCTIONS						
Office of the Solicitor	526	5,883,000	526	5,883,000	484	5,436,000
Office of the Secretary	234	3,830,000	234	3,830,000	227	3,685,000
Total	8,528	1,169,505,000	8,327	1,167,494,000	8,320	1,095,911,000

ATTACHMENT 2

CONSOLIDATED ACCOUNTS IN 1965

Old account	*Proposed new account or consolidation*
Bureau of Employment Security, salaries and expenses.	
Bureau of Apprenticeship and Training.	
Farm labor contractor registration activities.	Manpower Administration, salaries and expenses.
Manpower development and training activities:	
Department of Labor administrative portion.	
Direct program and Department of Health, Education, and Welfare administration portion.	Manpower development and training activities.
Office of Veterans' Reemployment Rights.	Labor-Management Services Administration.
Trade adjustment activities	Bureau of International Labor Affairs, salaries and expenses.

NONRECURRING ACCOUNTS IN 1965

Area redevelopment activities.
Special study on discrimination in employment because of age.
Mexican farm program: Compliance, and salaries and expenses.

ATTACHMENT 3

Comparison of fiscal year 1965 and 1966 appropriation estimates

Appropriation	Estimate, 1965							
	Enacted		Anticipated supplementals*		Comparative transfers		Revised estimate	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Manpower Administration:								
Manpower Administration, salaries and expenses:								
From general funds					+1,128	+$16,983,416	1,128	$16,983,416
From trust funds					+1,138	(+14,282,400)	1,238	(14,282,400)
Manpower development and training activities	696	[1] $310,460,712		[2] $103,000,000	−561	−10,911,416	135	402,549,296
U.S. Employment Service positions in District of Columbia	[3] 70						70	
Area redevelopment activities	62	8,500,000		16,300			62	8,516,300
Trade adjustment activities	25	344,000	−1				24	344,000
Bureau of Apprenticeship and Training	533	5,541,000		181,000	−533	−5,722,000		
Bureau of Employment Security:								
Farm labor contractor registration activities	35	350,000			−34	−350,000	1	
Special study on discrimination in employment because of age				[4] 100,000				100,000
Salaries and expenses	1,145	(13,325,000)	65	[4] (627,500)	−1,210	(−13,952,500)		
Advances for Employment Service								
Grants to States	[3] 215	(455,076,000)		[2] (560,000)			215	(455,636,000)
Unemployment compensation for Federal employees and ex-servicemen		[3] 127,053,000		[2] 17,000,000				[3] 144,053,000
Mexican farm, compliance	164	800,000					164	800,000
Mexican farm, salaries and expenses	160	(800,000)					160	(800,000)
Subtotal, Manpower Administration	3,105	922,249,712	64	121,484,800	+28	+329,900	3,197	1,044,064,412

Labor-management relations:								
Labor-Management Services Administration	641	7,502,000		241,300	+73	+820,700	714	8,564,000
Bureau of Veterans' Reemployment Rights	73	791,000		29,700	−73	−820,700		
Subtotal, labor-management relations	714	8,293,000		271,000			714	8,564,000
Wage and labor standards:								
Bureau of Labor Standards	310	3,556,000		118,600	−28	−329,900	282	3,344,700
Women's Bureau	75	772,000		27,200			75	799,200
Wage and Hour Division	1,866	20,378,000		574,000			1,866	20,952,000
Bureau of Employees' Compensation:								
Salaries and expenses	530	4,368,000		166,200	−9	−104,150	521	4,430,050
Longshore rehabilitation	7	(60,000)		(2,100)			7	(62,100)
Compensation fund		52,650,000						52,650,000
Subtotal, wage and labor standards	2,788	81,784,000		888,100	−37	−434,050	2,751	82,238,050
Labor statistics: Bureau of Labor Statistics	1,331	17,925,000		617,000			1,331	18,542,000
International functions: Bureau of International Labor Affairs	74	856,000	−2	25,500			72	881,500
General functions:								
Office of the Solicitor	475	4,857,000		190,000			475	5,047,000
From unemployment trust fund		(132,000)		(4,000)				(136,000)
Office of the Secretary	218	3,198,000		160,960	+9	+104,150	[8] 227	3,463,110
From unemployment trust fund		(139,000)		(1,000)				(140,000)
Total administration items	7,178	569,901,712	−3	122,447,769	−28	−329,900	7,147	692,109,572
Total trust fund items	1,527	469,532,000	65	1,194,600	+28	+329,900	1,620	471,056,500
Grand total	8,705	1,039,433,712	62	123,642,360			8,767	1,163,076,072
Total for Department of Labor included above	8,554	1,037,192,712	62	123,586,460			8,616	1,160,779,172
Total for Department of Health, Education, and welfare [7]	151	2,241,000		55,900			151	2,296,900

See footnotes at end of table, p. 155.

Comparison of fiscal year 1965 and 1966 appropriation estimates—Continued

Appropriation	Estimate, 1966		Change, 1966 over 1965 revised estimates					
			Mandatory items		Program items		Total change	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Manpower Administration:								
Manpower Administration, salaries and expenses:								
From general funds	1,082	$16,780,000	−16	+$97,600	−30	−$301,016	−46	−$203,416
From trust funds	1,225	(15,328,000)	−6	(+244,600)	−7	(+801,000	−13	(+1,045,600)
Manpower development and training activities	146	273,500,000		+22,700	+11	−129,071,996	+11	−129,049,296
U.S. Employment Service positions in District of Columbia	20				−50		−50	
Area redevelopment activities					−62	−8,516,300	−62	−8,516,300
Trade adjustment activities					−24	−344,000	−24	−344,000
Bureau of Apprenticeship and Training								
Bureau of Employment Security:								
Farm labor contractor registration activities					−1		−1	
Special study on discrimination in employment because of age						−100,000		−100,000
Salaries and expenses								
Advances for Employment Service		39,280,000				+39,280,000		+39,280,000
Grants to States	285	(492,100,000)		(+29,667,000)	+70	(+6,797,000)	+70	(+36,464,000)
Unemployment compensation for Federal employees and ex-servicemen		[1] 142,053,000		−2,000,000				−2,000,000
Mexican farm, compliance					−164	−800,000	−164	−800,000
Mexican farm, salaries and expenses					−160	(−800,000)	−160	(−800,000)
Subtotal, Manpower Administration	2,758	979,041,000	−22	+28,031,900	−417	−93,055,312	−439	−65,023,412
Labor-management relations:								
Labor-Management Services Administration	701	8,580,000	−3	+106,500	−10	−90,500	−13	+16,000
Bureau of Veterans' Reemployment Rights								
Subtotal, labor-management relations	701	8,580,000	−3	+106,500	−10	−90,500	−13	+16,000

Wage and labor standards:								
Bureau of Labor Standards	263	3,172,000	−4	+32,300	−15	+205,000	−19	−172,700
Women's Bureau	76	860,000	−1	+3,400	+2	+57,400	+1	+60,800
Wage and Hour Division	1,800	20,405,000	−34	+215,500	−32	−762,500	−66	−547,000
Bureau of Employees' Compensation:								
Salaries and expenses	494	4,311,000	−9	+22,150	−18	−141,200	−27	−119,050
Longshore rehabilitation	7	(63,000)		(+900)				(+900)
Compensation fund		49,606,000		−3,044,000				−3,044,000
Subtotal, wage and labor standards	2,640	78,417,000	−48	−2,769,750	−63	−1,051,300	−111	−3,821,050
Labor statistics: Bureau of Labor Statistics	1,420	20,601,000	−15	+191,500	+104	+1,867,500	+89	+2,059,000
International functions: Bureau of International Labor Affairs	90	1,204,000	−2	+14,500	+20	+308,000	+18	+322,500
General functions:								
Office of the Solicitor	484	5,300,000	−5	+56,000	+14	+197,000	+9	+253,000
From unemployment trust fund		(136,000)						
Office of the Secretary	[6] 227	3,545,000	−4	+23,000	+4	+58,890		+81,890
From unemployment trust fund		(140,000)						
Total administration items	6,803	589,197,000	−93	−4,258,850	−251	−98,563,722	−344	−102,822,572
Total trust fund items	1,517	507,767,000	−6	+29,912,500	−97	+6,798,000	−103	+36,710,500
Grand total	8,320	1,096,964,000	−99	+25,653,650	−348	−91,765,722	−447	−66,112,072
Total for Department of Labor included above	8,174	1,094,758,000	−99	+25,630,950	−343	−91,652,122	−442	−66,021,172
Total for Department of Health, Education, and Welfare [7]	146	2,206,000		+22,700	−5	−113,600	−5	−90,900

[1] Includes $2,554,712 appropriation available from 1964.
[2] Program supplemental.
[3] Included in 1965 estimate for comparative purposes with 1966 estimate.
[4] Includes 65 positions and $178,000 for domestic farm supplemental.
[5] Includes $1,053,000 recovery of net prior year funds.
[6] Excludes 406 positions for working capital fund in 1965 and 1966.
[7] Includes 135 Manpower Development and Training activities and 16 Area Redevelopment activities positions in 1965 and 146 Manpower Development and Training activities positions in 1966 and related Federal administrative costs but excludes institutional training costs.

*For pay increase costs unless otherwise indicated.

Source: Office of Budget Administration. Revised Feb. 23, 1965.

ATTACHMENT 4

OUTLINE OF PROVISIONS OF DEPARTMENT OF LABOR MANPOWER ACT OF 1965

1. *Termination date.*—Removes the June 30, 1966, termination date of the title II provisions of the Manpower Development and Training Act.

2. *Job development programs.*—Directs the Secretary to stimulate and assist job development programs to fill service needs which are not being met because of a lack of trained workers or other reasons affecting employment.

3. *Experimental and demonstration programs.*—Expands the Secretary's research authority under title I of the Manpower Development and Training Act so that he may undertake experimentation and demonstration projects, and make grants to or contract with appropriate organizations for such purposes.

4. *Labor mobility demonstration projects.*—Extends authority to conduct such projects for 2 more years, increases appropriations for such projects from $4 to $5 million a year, removes the language which restricts the type of relocation expenses covered by the section to transportation costs and grants to 50 percent of such costs, adds provisions dealing with loans, and makes the provisions a part of title I, repealing section 208 accordingly.

5. *Trainee bonding demonstration projects.*—Further amends title I to provide for demonstration projects to assist in the placement of trainees who have difficulty in securing bonds required for employment. Not more than $200,000 for fiscal 1966 and $300,000 for fiscal 1967 is authorized for such projects.

6. *Training allowances.*—(*a*) Extends period of training allowance support from 1 to 2 years.

(*b*) Changes eligibility requirements to permit single persons without dependents to receive training allowance.

(*c*) Increases training allowances by $5 a week for each dependent over two up to a maximum of six.

7. *Revision of limitation on number of youths who may receive training allowances.*—The act presently provides that not more than 25 percent of those receiving training allowances may be under the age of 22. This provision is amended to enable the Secretary of Labor to make such adjustments as administrative necessity may require.

8. *Transportation allowances.*—Permits the payment of transportation allowances for daily commuting between the residence and the place of training.

9. *Outside work for on-the-job trainees.*—Permits on-the-job trainees to engage in up to 20 hours of outside work without a reduction in their training allowance.

10. *Matching funds.*—Matching for training allowances and HEW training programs may be combined and is put on a 90–10 basis. Non-Federal contributions may be in cash or kind.

11. *Appropriations.*—(*a*) The present monetary limitations in section 304 of the Manpower Act on authorizations authorized for each title are replaced by an open-end authorization for the whole act.

(*b*) Makes it clear that costs of training allowances as well as institutional costs approved in any fiscal year may be paid out of funds appropriated for that fiscal year. Also permits the non-Federal contribution to be based on the matching requirement in existence at the time the training program is approved. (Thus, training programs approved before June 30, 1965, will not require matching by the States, even though payments to States are made after that date.)

12. *Area Redevelopment Act.*—Authorizes special funds under the Manpower Act for training programs in areas designated as redevelopment areas under the Area Redevelopment Act to be carried out by the Secretaries of Labor and HEW pursuant to the Manpower Development and Training Act, in cooperation with the Secretary of Commerce and with full Federal financing. The need for the separate training provisions now in the Area Redevelopment Act is thus eliminated and the training requirements in all areas can be conformed to the maximum extent practicable.

13. *Miscellaneous.*—Technical changes are made in the method of computing the average weekly unemployment compensation payment in the States, upon which weekly training allowances are based.

ATTACHMENT 5

FEBRUARY 18, 1965.

Hon. JOHN W. MCCORMACK,
Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Because of a basic disagreement with the Comptroller General as to congressional intent with respect to the mission of the public employment service, I am transmitting a copy of a letter that I have written to Mr. Joseph Campbell commenting on his report of November 13, 1964, entitled: "Unnecessary Costs to the Federal Government as a Result of Supplanting Existing Employment Services by Federally Financed Services."

Sincerely,

W. WILLARD WIRTZ,
Secretary of Labor.

FEBRUARY 18, 1965.

Hon. CARL HAYDEN,
President Pro Tempore, U.S. Senate,
Washington, D.C.

DEAR SENATOR HAYDEN: Because of a basic disagreement with the Comptroller General as to congressional intent with respect to the mission of the public employment service, I am transmitting a copy of a letter that I have written to Mr. Joseph Campbell commenting on his report of November 13, 1964, entitled: "Unnecessary Costs to the Federal Government as a Result of Supplanting Existing Employment Services by Federally Financed Services."

Sincerely,

W. WILLARD WIRTZ,
Secretary of Labor.

FEBRUARY 18, 1965.

Hon. JOSEPH CAMPBELL,
Comptroller General of the United States,
General Accounting Office,
Washington, D.C.

DEAR MR. CAMPBELL: We have, as you know, already commented on the draft of your report to the Congress on the operations of the Public Employment Service, transmitted with your letter of November 13. We do not believe it necessary or desirable at this time to comment further on the susbtantive content of the final report, since it does not differ materially from the draft report.

Your transmittal to the Speaker of the House of Representatives and the President pro tempore of the Senate suggests that our disagreement with the premise of your report (i.e., that the supplanting of existing employment services by public services is an unnecessary expense) directly involves matters of priority and emphasis in providing services to the jobseekers of the Nation.

We agree with this interpretation of our disagreement. It is and has been the administrative practice of the Department of Labor to heed the guidance of the Congress and its special committees in the implementation of legislation pertaining to departmental programs.

Both the Subcommittee on Employment and Manpower of the Senate Committee on Labor and Public Welfare, and the Select Subcommittee on Labor of the House Committee on Education and Labor have recently examined in detail the role of the Public Employment Service.

While the report of the House committee has not yet been released, the Senate committee's report shows a concern for increasing the information available to those who are attempting to find the best outlets for their skills and abilities and notes that only a public agency will be concerned with anything as broad as overall efficiency in the utilization of manpower resources. In addition, the appropriations subcommittees of both Houses of Congress have regularly reviewed and passed on the propriety of the policies and programs of the Employment Service.

Your recommendation that we "limit application of funds to employment services which do not supplant services adequately performed by others" would

require a judgment as to the adequacy of performance by others. Your proposed limitation to "services which would result in significant increases in job placements" seems to be based on an extremely narrow interpretation of the responsibilities assigned to the Employment Service premised almost exclusively on placement, but without reference to its responsibilites for better utilization of manpower resources. These are clearly intended in the many responsibilities assigned by the Congress in enactments, such as the Servicemen's Readjustment Act, Vocational Rehabilitation of Disabled Veterans, Vocational Rehabilitation Act of 1954, Vocational Education Act of 1963, the Manpower Development and Training Act, and the Area Redevelopment Act.

Copies of this letter are being sent to the Speaker of the House of Representatives, and to the President pro tempore of the Senate.

Sincerely,

W. WILLARD WIRTZ,
Secretary of Labor.

ECONOMIES IN THE BUDGET

Secretary WIRTZ. The statement starts with a suggestion of the special emphasis that the President has placed on the economies to be made in the budget for next year. Those economies and that emphasis is reflected in the presentation I have made to you.

In general overall terms the presentation involves a reduction of a number of positions below those requested for 1966 and a fairly substantial amount of money in our terms. In the manpower program, for example, this involves a reduction of 94 positions and about $1 million. In the wage and labor standards program about 100 positions and again about $1 million. In the labor-management relations program, 20 positions and about $200,000.

There are attachments to the statement which indicate where reductions below the requests and changes have been made. There are some increases. The figures I have given you are net figures.

REORGANIZATION

One other introductory matter to which I refer and to which you may want to return, we do have under consideration in the Department some proposals for reorganization of our manpower administration. These reorganizations have been under consideration for 2 or 3 months now.

There has been no action taken on any of the proposals except one with respect to the field offices of OMAT. There are a number of other considerations involved. These proposals have two purposes, and only two. One is to make more efficient the administration of the Department and the other is to see that more people in this country are employed.

There will be a subsequent presentation of this but I shall be glad to take it up to whatever extent you want. It has been the subject of some personal regret to me that there has been discussion of this matter in general terms which has suggested that final action has been taken even prior to the time it has come to me for consideration.

I think most of the reports of it have been completely premature. Whatever changes are made in organization will be made only after I have consulted with the members of this subcommittee to whatever extent you consider appropriate. That is ahead of us.

1966 BUDGET

There are certain changes in the appropriations structure which we are proposing to you. In short, I am proposing a total of 15 appropriation accounts instead of the 21 which were enacted for this year.

The appropriated budget estimate for this year is $1,096,964,000, which represents a decrease over the comparable available funds for 1965 of $66,112,072. This is all set out in attachment 3 to my statement.

Of this total request, $437 million is for benefit, training, and allowance payments to individuals; $557 million goes to State agencies; and $103 million, which is 9.3 percent, is for all Federal programs and administration activities.

The Federal employment to be financed by these estimates is 8,320 full-time positions. This is 447 less than authorized for 1965, and 315 less than authorized for 1964 on a comparable basis.

I have included in my statement then, Mr. Chairman and members of the committee, a summary of certain basic economic assumptions upon which we proceed here. These can be very briefly summarized. These assumptions are that there will be continued economic expansion as far as the economy is concerned, that there will be some continuing improvement in the unemployment situation but that we are going to have to fight every inch to reduce unemployment from here, and I am not sure how much of a gain we can make on it.

The assumption is, and, I think, all of the evidence supports it, that as far as the overall economic condition of the country is concerned it will be strong but there is still serious problems as far as the reduction of unemployment is concerned.

I have included in my statement various program proposals, the more specific programs that we are talking about.

MANPOWER DEVELOPMENT AND TRAINING

As far as the manpower development and training program is concerned, I have given you a report of where we stand as of now as far as the administration of this program goes. The key figure there is that in the first 6 months of 1965 we now have developed and approved training projects which will provide for 132,000 trainees which will bring the total of this figure since we started the program to 319,000.

When the Manpower Development and Training Act legislation was originally before the Congress we expressed the hope and expectation that we could, during the lifetime of that legislation as then proposed, which would carry us to the end of 1966, train some 400,000-odd people. We will make that goal.

As far as the employment service is concerned we are anticipating an increase in 1966 in the number of new applications and the amount of testing that is done and a very substantial increase as far as the counseling function goes.

I call attention to my statement to the establishment of the youth opportunity centers which are part of the Bureau of Employment Security program and which we count as one of the most significant developments in this area.

We have undertaken as you know, an inquiry, investigation into the job availability picture as far as the country as a whole is concerned. We have done some experimental work so far in some 16 cities. We are proposing additional funds in this budget to permit the expansion of that program. We have to find out more than we now know about just what additional jobs are available so that they can be developed.

I call attention in the statement to two points with respect to which there has developed some difference between the Department and the Comptroller General of the United States.

LABOR-MANAGEMENT SERVICES

With respect to the Labor-Management Services Administration, I point out that we are again asking that there be recognition in the budget of the work which is necessarily done in the Department of Labor as far as labor problems are concerned. I can only suggest to you the importance of this function by saying that Assistant Secretary Reynolds is today, as he has been for a good deal of his time during the last 2 months, working with the parties in the *Longshore* case trying to resolve their differences.

As far as I am concerned, I have spent an extraordinary amount of time in this area including most of last night. We have no appropriations support whatsoever for a function which is thrust upon us as a result of an inevitable circumstance. I hope the committee would consider favorably the establishment of some staff in the Department to help us with this function.

You perhaps know that certain questions which have been raised with us as far as Walsh-Healey safety inspections are concerned. I would note for you this is a matter of continuing consideration by the Department and procedures are currently being worked out with representatives of the State and representatives of the private safety groups which I think will lead to a satisfactory resolution of the problems involved.

WOMEN'S BUREAU

There is a particular point as far as the Women's Bureau is concerned. We are asking in this budget that there be established or that there be provided some $42,400 to finance the Office of the Director of the Women's Bureau.

Mrs. Keyserling is now Director of the Bureau. She will testify here. She was appointed April 1964 which was after our appropriation estimate for 1965. We had originally stated, as you will remember, that Assistant Secretary Peterson could fill both the job of the Assistant Secretary and the job of the Director of the Women's Bureau.

We tried that as long as we could. It has become painfully clear that there are two jobs there that have to be performed separately.

BUREAU OF LABOR STATISTICS

With respect to the Bureau of Labor Statistics, there are increases in the proposed budget. These reflect two sets of considerations. One is the specific recommendations and continuing recommendations

of the Gordon committee, which was set up now some 3 years ago to point out to us what we needed to do as far as making this statistical program complete, is concerned.

Then, as the manpower program has developed, it has become quite clear there are a lot of things we just don't know about the unemployment situation, particularly, that we have to know.

With respect to the work in the international area, there is a slight change as far as the appropriation structure is concerned. There is no program change in the presentation which we are making to you.

With respect to the Solicitors Office, there is a change, particularly insofar as the administration of the Davis-Bacon Act, the new fringe benefits provision, is concerned.

SUPPLEMENTAL FOR 1965

I am also submitting to you at this point some suggestions with respect to our supplemental estimates for 1965. There is a request here for $103 million to permit development, approval, commitment, and training plans to cover an additional 100,000 trainees this year. The funds to commit additional training will be exhausted by about March 1, which is today. We have to try to expand that program if we are to carry it forward. We are not asking for any additional Federal employees. It is a matter of program, not employees.

We are asking on a supplemental basis for an expansion of the domestic farm program to meet the problem which develops because of the termination of Public Law 78. We are working very hard to try to see to it that between 75,000 and 100,000 new jobs are developed for U.S. workers, jobs which were previously filled by workers coming in from other countries, and it is going to take a very active recruitment-employment program if we are going to do that.

There is a supplemental item with respect to unemployment compensation for Federal employees and ex-servicemen. These payments are mandatory. Costs so far this year indicate an expenditure of $140 to $143 million as compared to $150,947,000 spent last year, as compared to $152 million appropriated for 1964. Those are the outlines of my statement.

PROPOSED REDUCTIONS

Mr. FOGARTY. In looking over the table showing the history of the 1966 budget, I notice that the dollar cut you made in the Bureaus' requests amounts to less than two-tenths of 1 percent.

Secretary WIRTZ. That is correct.

Mr. FOGARTY. But you cut out 201 positions. It looks like you allowed practically everything that was requested for grants but cut back in a very severe way in personnel to administer these programs. Is this good business, in your opinion?

Secretary WIRTZ. Yes, Mr. Chairman. It is obviously not a development that gives me anything except headaches. It gives me no personal satisfaction at all. It reflects the net judgment that in the administration of the affairs of the Department with over 8,000 employees, we can find the economies of operation which will permit us to do the job with that slightly reduced number of employees.

Mr. FOGARTY. I think this is one of the worst budgets that has ever been submitted to the committee as far as the Department of Labor is concerned. You are cutting back in areas where it means the most to labor and increasing the Bureau of Labor Statistics, which is much more used by business and industry than by labor.

I just can't understand cutting the wage and hour program even below the current year. This committee has been complaining about this for some years now. This is a voluntary cut on your part, as I understand—66 positions and $547,000 in the wage and labor standards program. We have had recent increases in the minimum wages which causes more work if a good job is to be done and here we are cutting back the only agency there is to enforce the wage and hour law in this country.

I thought in other years when the Bureau of the Budget cut them back, that it was over the strong opposition of the Department of Labor. But now, with the need for more inspectors, they are being cut back by the Department, itself. It just does not make any sense to me. In the manpower programs—I thought this was an area in which the administration had a great deal of interest in building up, and here you are cutting this back by 66 positions and $547,000.

And with the labor-management relations program, I thought this was one of the most important programs in the Department of Labor. Yet, you are cutting this back by 13 positions below this year.

VETERANS' EMPLOYMENT SERVICE

I do not have it right at hand, but I understand the Bureau of the Budget cut the Veterans' Employment Service back.

Secretary WIRTZ. That is correct, Mr. Chairman.

Mr. FOGARTY. Why in the world they cut that program back is more than I can understand.

Your voluntary cuts and those that you are forced to make by the Bureau of the Budget all adds up in my opinion to be one of the worst budgets that has ever been presented to this committee in the 19 years that I have been on it.

HEW POSITIONS UNDER MANPOWER DEVELOPMENT AND TRAINING PROGRAM

I notice you allowed the full request for HEW's part in administering the manpower development and training program, but the Bureau of the Budget cut four positions. Do you know why?

Secretary WIRTZ. I am not familiar with the details of that.

Mr. FOGARTY. Congressman O'Hara wrote this committee a letter about this matter. He is quite alarmed about this cut. He is acting chairman on the legislative committee. I expect this committee is going to do something about correcting such foolish action by the Bureau of the Budget.

CHANGE IN DESIGNATION OF DISTRICT OF COLUMBIA EMPLOYMENT SECURITY POSITIONS

No Federal positions are involved in connection with the Bureau of Employment Security's grants to States either in the Bureau's re-

quest or your request to the Bureau of the Budget. Then there are 285 in the final allowance. What is that all about?

Secretary WIRTZ. I have not identified the 285.

Mr. FOGARTY. In the estimates for 1966 which have been supplied the committee, there is a position estimate of 285 in that line item "Grants to States."

I can't figure out that 285.

Mr. HUDSON. This year, as I understand it, the Bureau of the Budget has said in the District of Columbia Center, Federal employment, financed out of the grants appropriation, should be reflected as part of this budget. The money has always been in the program.

Mr. FOGARTY. It just makes the overall cut look 285 less than it is.

BUREAU OF LABOR STATISTICS

I notice in your budget also that the only significant increase is in the Bureau of Labor Statistics.

Secretary WIRTZ. That is right.

Mr. FOGARTY. We have been trying to treat the Bureau of Labor Statistics well and have given them increases each of the last several years. I am in favor of that, but this is the only Bureau getting an increase of any consequence. The other programs that you are cutting back are the ones most closely identified with labor. It just does not make sense to me. The Department is supposed to protect and support the interests of labor whether organized or unorganized.

REDUCTION IN PERSONNEL IN 1965

In addition to these cuts in the 1966 budget, you have cut back authorized positions in 1965; have you not?

Secretary WIRTZ. That is correct.

Mr. FOGARTY. By how much and under what programs?

Secretary WIRTZ. The authorized programs?

Mr. FOGARTY. Yes, and under what programs.

Secretary WIRTZ. For 1965 the Congress authorized 8,732. The Department subsequently reduced this to 8,705 for a net reduction of 27. This reduction was made by the Department of Labor after final action by Congress primarily because the lapse was too high and we found that we could not finance this number of jobs.

With respect to 1966 we are asking for 8,320 jobs which is 385 less than we can finance for 1965—excluding supplementals. The bulk of that is made up of the 324 positions which are nonrecurring, involved in the Mexican farm labor program. That program terminated in December 31.

The other large item involved has to do with the area redevelopment activities which will be terminated.

Mr. FOGARTY. How many?

Secretary WIRTZ. ARA figure is 62.

There is another figure with respect to the trade adjustment activities. Just to run down the list as a whole as far as the Manpower Development and Training Act is concerned, there is an increase of 11 for HEW. As far as the U.S. Employment Service in the District of Columbia is concerned, there is a net increase of 20; ARA, a de-

crease of 62; trade adjustment, a net decrease of 4; no change as far as BAT is concerned; a decrease of 1 as far as the farm labor contractor registration activities are concerned.

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

Positions by Bureau in 1965 final congressional action as compared with 1965 column of 1966 budget estimates (on a basis comparable with 1965 appropriations)

Bureau	1965 final action of Congress	1965 estimate in 1966 budget, enacted	Change positions
Manpower development and training:			
Department of Labor	561	561	----------
District of Columbia Employment Center	70	70	----------
Health, Education, and Welfare	135	135	----------
Bureau of Apprenticeship and Training	533	533	----------
Bureau of Employment Security, salaries and expenses	1,145	1,145	----------
Grants, District of Columbia Employment Center	215	215	----------
Farm labor contractor registration activities	35	35	----------
Mexican farm labor, compliance activity	164	164	----------
Mexican farm labor, salaries and expenses	160	160	----------
Area redevelopment activities	62	62	----------
Trade adjustment activities	25	25	----------
Labor-Management Services Administration	641	641	----------
Bureau of Veterans' Reemployment Rights	76	[1] 73	−3
Bureau of Labor Standards	310	310	----------
Women's Bureau	75	75	----------
Wage and Hour Division	1,866	1,866	----------
Bureau of Employees' Compensation:			
Salaries and expenses	537	[1] 530	−7
Longshore rehabilitation	7	7	----------
Bureau of Labor Statistics	1,331	1,331	----------
Bureau of International Labor Affairs	71	[2] 74	+3
Office of the Solicitor	491	[1] 475	−16
Office of the Secretary	222	[1] 218	−4
Total	8,732	8,705	−27

[1] Positions reduced because of inability to finance, high lapse rate.
[2] Increase of 3 positions resulting from decrease in "Services to other agencies."

DISTRICT OF COLUMBIA EMPLOYMENT SERVICE

Mr. FOGARTY. How can you cut back 50 in the District of Columbia Employment Service?

Secretary WIRTZ. Frankly, as far as the details of that program are concerned, I have to ask for further advice from some of those who have been working with it. That is the program to which Mr. Hudson referred.

My impression is that there is a formal change there, rather than a reduction in the total amount, so there is not actually a reduction in the number of people.

Mr. HUDSON. This is tied up with the Youth Opportunity Employment Centers. Part of that involves the reprograming problem which this subcommittee approved for the current fiscal year.

FARM LABOR PROGRAM

Mr. FOGARTY. A problem that is going to be with you soon is that of avoiding serious hardships because of the expiration of Public Law 78—the Mexican farm labor legislation. Do you feel confident that you can avoid such hardships?

Secretary WIRTZ. Right now, that is one of day-to-day expenditure of about 50 percent of my time personally on it. I can only tell you how far we have gotten so far as suggesting how far I think we are going to be able to get.

The problem has been most acute so far in two areas or at least there has been the most concern expressed by it in California and Florida. The situation in California is where last year in January and February they used about 10,000 braceros under Public Law 78. We have this year been able to organize a domestic recruitment program so that no importation has been necessary and there has been no crop spoilage and there has been no shortage of labor.

The use in California of foreign labor increases in subsequent months. It starts up most rapidly in April, May, and June, totaling almost 63,000 Mexican workers in September.

I hope we will be able to develop domestic recruitment programs that will mean we can use entirely domestic labor in these situations but I recognize that there may be some question about that. I have issued regulations on December 19 which indicate the basis on which I will feel it appropriate to permit importation of labor under Public Law 414 if that is necessary. That includes the establishment of wage rates in various places where out-of-the-country workers have been used. Those are not minimum rates. They are, however, rates which must be offered domestic workers before we will approve the importation of any workers from outside.

I hope the California situation can be met in full.

Just to give you an illustrative answer to your question, so far in Texas and Arizona, we have not found any necessity for importing any foreign workers this year; whereas, last year, there were 4,000 brought in during January and February.

LABOR SITUATION IN FLORIDA

There has been much discussion about the situation in Florida. That situation is briefly this: There are today between 12,000 and 14,000 British West Indian workers in Florida. That is a little more than there were a year ago. There have been strong protests from the citrus growers in Florida and from some of the sugarcane growers.

It is my own clear impression that those protests have been greatly exaggerated.

It is my complete conviction on the basis of very direct evidence supplied to me that there was no substantial spoilage of any citrus in Florida as a result of a labor shortage and that there was no substantial spoilage of any sugarcane as a result of a labor shortage.

There was, very possibly, about a 10-day period in there during which, as a result of unusual weather for Florida, there was something of a crisis and I think it could probably be claimed and with some basis that there was one point at which 100 or 200 additional workers might have been used if they had been immediately available.

We brought in through the recruitment program, the BES and the State employment service, almost 6,000 domestic workers from other States to meet the Florida situation. That picture in more direct answer to your question, again, now, is that the amount of need for offshore labor declines in Florida starting about April 15 to the end of

April. There are presently this number in here, a number equivalent to the number last year. That number will fall off after that time. They are all in here on certifications and permits which were granted in October and which run for 6 months, so there will be a question in April as to whether there should be an extension of permits, and then the real question will come there again in November when there is a large influx again of offshore labor.

I could give you the picture State by State, because we have been living with it intimately, but my general answer is that we must try to develop between 75,000 and 100,000 jobs for U.S. workers. Our purpose is to see that all of these jobs are performed by U.S. workers. I hope we will be able to achieve that result this year. I recognize that there may be the necessity of some movement under Public Law 414.

WORKING CONDITIONS

Mr. FOGARTY. What are you doing to assure decent conditions for domestic workers?

Secretary WIRTZ. We are, first, establishing in the regulations of December 19, 1965, the requirement that there will be offered to domestic workers satisfactory working conditions, at least those which were offered before under Public Law 78, including housing, and so on, and so forth.

Beyond that, we are doing as active a job as we can in finding out what the working conditions are and making it clear that with respect to the exercise of the only authority which we have; namely, the authority to refuse to certify offshore labor, we will not approve or recommend to the Attorney General, who has this authority under the statute, the importation of any foreign workers unless satisfactory working conditions are supplied to the domestic workers. That is as far as our regulations go.

Mr. FOGARTY. Have you developed any standards as you did for the Mexicans?

Secretary WIRTZ. Yes; in the regulation of December 19, 1965, we provided there would not be the bringing in of any offshore labor unless all of the conditions under Public Law 414 are met.

ADMINISTRATION OF PUBLIC LAW 414

Mr. FOGARTY. In connection with a trip to the Southwest last year, we found a complete lack of uniformity between your two regional offices at San Francisco and Dallas in the administration of Public Law 414. One was letting Mexicans in in wholesale numbers—that was Dallas—the other was letting almost none in. I understand that has been corrected.

Secretary WIRTZ. It has been substantially changed. First, I should make it clear that what we are talking about now in contrast to what I was talking about before, has to do with the permanent immigration and another part of Public Law 414, so it has nothing to do with this temporary seasonal labor situation. But you are very right with respect to our administration under Public Law 414 having to do with permanent immigration. There was a substantial difference in the practices in those two offices.

Mr. FOGARTY. More than 10 to 1.

Secretary WIRTZ. Yes; for the period July 1 to December 31, 1963, the Dallas approvals were roughly 55 percent of the total handled in that region while the San Francisco approvals were slightly over 4 percent. For the same period for 1964, the Dallas approvals dropped from 55 to 14 percent. That is the change to which you refer. Those for San Francisco have also dropped from 4 percent to less than 1 percent, so it is a little hard to compare these percentages, but the general answer to your question is that that subject has had most active consideration.

Mr. FOGARTY. What is the current up-to-date policy regarding Public Law 414?

Secretary WIRTZ. It is embodied and set out specifically in the regulations which I issued on December 19, 1964, which I should like to make a part of this record.

Beyond that, there is reflected no agricultural certification under Public Law 414 since January 1 of this year.

ECONOMIC OPPORTUNITY PROGRAM

Mr. FOGARTY. What functions are you performing under the economic opportunity program?

Secretary WIRTZ. Those functions include, first, my own participation as a member of the Advisory Council. Then, second and most particularly, the administration of the program under title I(b) which is the so-called Neighborhood Youth Corps program. That is a program which involves the establishment of these work-training programs for 16- to 21-year-olds, some in school, some out of school.

That program is moving along extraordinarily well. Fifteen weeks ago, there was nothing. Today, we have made contracts with some 27 local community agencies and we are in the process of approving another approximately 75.

We have received applications from over 400 different local communities in all 50 States. We will probably exhaust our appropriations on that long before the end of the fiscal year. The program is moving exceedingly well. Those are the two functions, first, participation in the Advisory Council as a member of it and active in the administration of the Neighborhood Youth Corps.

Mr. FOGARTY. Are you being reimbursed 100 percent for all the work you are doing on this program?

Secretary WIRTZ. Yes; the only question arises with respect to the work done prior to the appropriation.

Mr. FOGARTY. But you are being reimbursed now.

Secretary WIRTZ. Yes, completely, without qualification.

Mr. FOGARTY. Are you going to do any work next year for which you will not be reimbursed?

Secretary WIRTZ. To my knowledge, no.

UTILIZATION OF STATE EMPLOYMENT SECURITY AGENCIES

Mr. FOGARTY. Is the Office of Economic Opportunity making full use of the State employment security people in carrying out activities for which these people are qualified?

Secretary WIRTZ. Almost completely, and that answer comes after some 3 to 4 months of fairly intensive interagency discussions. I could not have answered the same way 3 or 4 months ago.

There was a period during the planning of this program where it was difficult to make clear the resources and the availability and the competence of the State agencies, but I say to you now, squarely, without qualification on the basis of firm understandings, there is, in my judgment, almost complete use being made of the State employment services in connection with the whole of the economic opportunity program, and just illustratively on that, with respect to the Job Corps program which is being administered by the Office of Economic Opportunity, itself, they are now arranging to use the State offices for the recruitment of all males in connection with that program.

Mr. FOGARTY. Are they being fully reimbursed?

Secretary WIRTZ. Without qualification, yes.

PLACEMENT OF OLDER WORKERS

Mr. FOGARTY. Do you have anything new to report this year—I didn't notice anything in your statement—with regard to placing older workers in jobs? This has been a continuous problem for years in the Department of Labor. We have put up money for research in this area and have made all sorts of attempts but is there anything new to report?

Secretary WIRTZ. There is not enough, Mr. Chairman, and I am afraid my answer is too much like it was a year ago on this. I don't think there is any question but that the emphasis on the youth aspects of this program have resulted in a disparity between that emphasis and the emphasis on the older workers. I could answer your question in terms of our participation in the Council on Aging which is under the chairmanship of the Secretary of Health, Education, and Welfare.

I could answer it in terms of the special program that we set up, programmable, ability based on long experience to take care of the older worker situation that had developed in South Bend when the Studebaker operation pulled out. I could answer it in terms of a number of specific attempts that are being made in this direction, but the only fair answer to your question is that so far, there is not nearly enough development of programs for the employment of the older worker.

Mr. FOGARTY. Are you kept informed of what is going on in the so-called program on aging in HEW?

Secretary WIRTZ. Yes, we are.

Mr. FOGARTY. Have they done anything at all in attempting to place older workers other than issuing pamphlets and making speeches?

Secretary WIRTZ. That is not an easy question for me to answer, because I do not know enough about it.

Could I add, in answer to that previous question, Mr. Chairman, that I probably undersold or understated our accomplishments in this area. We have been hitting the older worker situation pretty hard as far as the Employment Service is concerned. We have tried very hard. Jim Hudson brings to my attention this specific report that in 1964, there were 1,360,000 placements made by the Employment Service of workers 45 years and older.

Now, that figure is over a million, and, therefore, it sounds big, but it is still not good.

Mr. FOGARTY. It is my understanding that the primary place where it is helping the older worker is the Employment Service. They have been doing as good as they could, I guess, over the years and they have emphasized this some.

AUTOMATION

Do you think you are making any progress in what I think is one of the major problems in labor and that is automation.

Secretary WIRTZ. Yes, I think we are. Let me answer in two parts. First, as far as the Manpower Development and Training Act is concerned, the current emphasis is on the antipoverty program and all to do with as far as the youngster is concerned. Also, going on now and much more effectively, is the Manpower Development and Training Act program, and I suspect that we will in the next 12 months and this is an estimated answer to your question, I suspect that we will be training about 200,000 adults, almost all of whom will be people who have been set aside by the machines in one way or another, either directly or indirectly, so there is a very substantial meeting of that problem through that program.

You would perhaps be interested in more detail about the administration of that program and we can go into that, but I also want to suggest another set of answers to it.

The dock case which is now just about to end, I suppose, represents an unfortunate breakdown in negotiations, but I point out what is being agreed on now in the longshore industry is a 4-year contract which includes specific attention to two sets of problems.

The size of the gangs is being reduced from 21 to 18, taking New York as an example. That is justified by the technological developments that have taken place and at the same time, a job security program is being worked out for individuals affected by developments of this kind. This is only one illustration of a number of collective bargaining settlements this year and some of which we have had some part in which have been developing the collective bargaining answer to the question you raise, the effect of automation.

The general answer that has swept through a good many industries these past 2 years is the use of an attrition approach so that when automation comes in, arrangements are made in one form or another so that the employer is left in the position to use fewer people if that is what he needs, but the individuals who are there, are protected as far as their own job rights are concerned. So, my answer would be in two parts. In the Manpower Development and Training Act and in the attempt to help in some of these collective bargaining situations where this is an issue we are making substantial advance on this problem.

I should like to call attention beyond this to the establishment of the—under legislative authority—of the Commission on Automation appointed by President Johnson within the last 2 months.

That Commission has now held its first two meetings and we have participated in those meetings. They are directing a great deal of attention to this problem. There is also an interagency President's Committee on Manpower set up pursuant to Executive order of the President and there is considerable progress being made there.

I think it is a fair summation that there is in these various activities of the Government a now quite well organized and quite effective approach to the problems of automation and I could not have said this a year ago.

Mr. FOGARTY. As I remember a year ago, it was quite the opposite. For decades we have had problems because of automation but now it is picking up and going much faster than we can contend with. Perhaps in the next 10 years it is going to grow even faster. Is that a fair statement?

Secretary WIRTZ. Yes, I think it is. My answer to your first question was in terms of what we are doing about it as far as Government approach is concerned.

We are doing a great deal more now than a year ago, but as far as the problem is concerned, I do not mean for a moment to minimize that problem. We are just completely dependent on increased automation, technological development, to give us even a fair crack at full employment opportunity, but that we are still, as a nation, not aware of the implications of automation in terms of particular problem areas which develop especially among the unskilled workers and especially in certain parts of the country.

We are only beginning to understand the human implications of the problem but I did not mean by my earlier answer on what the Government is doing to suggest any cutting down of concern about the development of automation, itself.

Mr. FOGARTY. We do not have the answers to it.

Secretary WIRTZ. No, sir.

MANPOWER ACT OF 1965

Mr. FOGARTY. The most significant labor legislation currently being acted on is the Manpower Act of 1965. Will you tell us what you recommended to the legislative committee and how your recommendations have been changed by the subcommittee that recently reported the bill? Are you going to go along with these changes?

Secretary WIRTZ. I have included as attachment 4 to my testimony an outline of the provisions of the proposed Manpower Act of 1965. This legislation has been submitted to both the House and the Senate and hearings have been completed on it. It has been reported out by the subcommittee of the Labor and Education Committee in the House.

MATCHING PROVISIONS

With respect to your question about changes, the only change of any considerable substance has to do with the matching provisions. We had proposed matching arrangements on a 90–10 basis with 90 percent being Federal funds and 10 percent of the contributions being State or local, with the 10 percent to be either in money or in kind.

The subcommittee has reported out a bill which changes the matching provision to eliminate the matching and to make it all Federal funds. That happened just last week. We have not expressed any formal position with respect to that. I don't know exactly what it will be. I would expect that we will not take any issue with that action.

Mr. FOGARTY. How do you feel, yourself, and if it is going to affect your testimony later on, I would not expect an answer. Our Governor

has written to our delegation urging us to vote to eliminate the matching funds. Of course, I think the communities and the States ought to put up some part of it either in money or in kind in many of these programs, but what is your feeling?

Secretary WIRTZ. Our situation on that, Mr. Chairman, is after the legislative and congressional experience of this last year and the year before, Secretary Celebrezze and I being the two most concerned and involved and responsible in this undertook the most active attempt that we knew how to mount to persuade the States to pass matching legislation of one kind or another.

We wrote them a series of letters. We talked about it in public statements and in private statements. We did everything we could to prepare the way for the 2-for-1 matching which the legislation contemplated.

STATE ACTION

There are a few States, and very few, which responded in one way or another affirmative to that approach. Less than 10 States, I think, can be said to have done anything significantly about it.

Mr. LAIRD. Would you put their names in the record?

Secretary WIRTZ. I would be glad to furnish you with some information on that.

(The material referred to follows:)

Only three States (Pennsylvania, New York, Hawaii) have enacted resolutions of intent to continue Manpower Development and Training Act participation. No States have appropriated funds for this purpose.

GAO REPORT ON EMPLOYMENT SERVICES

Mr. FOGARTY. You mentioned in your statement that you consider the GAO erroneously interpreted the intent of Congress in a report they made a few months ago on the employment service. I think you show admirable restraint in your comments. I think they are not only wrong, but I think this is just another instance where they have set themselves up as knowing more about how programs should be run than either the executive or legislative branches. It wouldn't surprise me if they start criticizing court decisions next.

I am reminded of their repeated contention that Congress made a mistake when it passed the legislation providing for payments to the railroad retirement trust fund for military service credits. At least three times that I remember, they recommended that Congress not honor the legislation by appropriating the funds that legislation called for. They repeatedly recommended this legislation be changed, but for years they could not even get a Member of the House or Senate to introduce the bill to change the legislation. I think someone finally did introduce such a bill but it didn't get any attention.

This committee paid no attention to it and have appropriated funds to carry out the law.

I don't think when Congress created this agency that it was intended to be a critic of the legislative branch. And I think they are completely out of line when they distort the legislative intent to fit their own ideas as, in my opinion, they did in the case you cited.

Is there anything else you would like to say in addition to what is in the letter that you have written to the Speaker in answer to their charges of a few months ago? You were pretty easy with them, I thought, when I read it last night.

Secretary WIRTZ. There are two issues that have come up in this way although there are other areas.

Mr. FOGARTY. For the record, maybe you ought to tell us what they claimed and what your answer is.

Secretary WIRTZ. One issue raised by the Comptroller is that the Employment Service conducts activities which would otherwise be carried on by private enterprise. Then there has been raised a question which we all know has been with us for—I don't know how many years—the suggestion that if the State and Federal Employment Service were not operating this way, then the private employment services would take over and do the job.

There is no point in my going to extremes, Mr. Chairman. The facts are simply that this would not happen and we have canvassed, we have explored this issue so many times from so many different angles, that if I seem to answer in restraint, it is rather because simply being a feeling that it is a monotonous subject, nothing new has been added and I simply limit myself to stating categorically that there is no exercise or function by the Employment Service which would otherwise be exercised effectively. That is enough.

INTENSITY OF MANPOWER DEVELOPMENT AND TRAINING ACT TRAINING

One other issue, the Comptroller has suggested that we ought to lengthen the amount of time each week that is spent on the training programs under the Manpower Development and Training Act.

This is a matter that we have talked about with great length with the Department of Health, Education, and Welfare, who really administer the training programs.

We have taken the fullest account of all of the relevant considerations, the facilities which are available to us, the teachers who are available to us, the amount of time that can be productively spent, the degree of intensity that can be productive as far as these programs are concerned.

I can only say that we have given due respect to the position of the Comptroller General. We have resurveyed as a result of it, of the communication to us, things we have gone over before. I do feel that these are matters of administrative responsibility, and I think that we have discharged them.

There are two points you made in connection with your questioning to which I did not respond and with respect to which I do not by any means want to argue at all, but I would want to state very briefly my position.

BUREAU OF LABOR STATISTICS

First, I do not think the Bureau of Labor statistics is in any way prejudiced one way or the other with respect to labor and management and you did not say so and I recognize that.

Mr. FOGARTY. And I did not mean to infer that in any way, but I am going to stand on what I said.

Secretary WIRTZ. I do not mean to press my point, but just to state it and do it just as shortly as possible and it would be, that I consider, the Bureau of Labor Statistics in every way objective with no built-in prejudice in one way or the other.

SUMMARY OF SECRETARY'S VIEW ON OVERALL BUDGET

With respect to the overall budget, I want to say this: It is lower than it has been before. It reflects a complete conviction as far as I am concerned, personally, that in this operation involving almost 8,500 employees, there can be economies of operation particularly as far as the number of employees is concerned; that this situation has been approached on the basis of marking out the extent to which I think there should be economies achieved and leaving the application of that position to the directors of the various departments and to the Assistant Secretary for administration. I want no more than to say I subscribe to the position taken and reflected in this action.

VETERANS' EMPLOYMENT SERVICE

Mr. FOGARTY. What about the budget cut in the Veterans' Employment Service?

Secretary WIRTZ. Yes, sir. The situation on that is that it leaves a special representative, one for each State. It cuts down the number of situations in which there is an assistant and it means that there are some of these men who will now have to work without secretaries. I recognize the complication of that. If it were not that it were part of an overall program to which I subscribe completely, a program of economy with the economies then being put in to other human programs such as expansion of the Manpower Development and Training Act and the poverty program, then I would question it, but I do not. The purpose of it is to make important funds available for a poverty program, a health program, and an education program. I am willing to scrounge in the Department of Labor to try to achieve those economies if I can responsibly, when the other part of it is that they are going to go into health, education, human programs of one sort or another.

I did not mean to stray from the answer to your particular question, but the rest of the answer to that is we have a decreasing number of veterans, but we have an increasing employment service. With the increasing effective employment service as a whole, it is a responsible economy to cut down this particular group as long as we still leave one representative in each State for it. So, yes, I think it is a responsible cut.

Mr. FOGARTY. You may think so, but I do not know of any veterans group that will agree with you, and I do not agree with you, either.

DEPARTMENT OF EDUCATION AND TRAINING

Mr. LAIRD. Mr. Secretary, in the opening parts of your statement, you talk about the bold, new approach as far as the administration is concerned, to the problems of training and education that we have and that we will have to face up to during the next decade. Should the many duplicating and overlapping programs in the various executive agencies be consolidated in a new executive Department of Education and Training so that we can really face up to this problem?

Secretary WIRTZ. I think that there are no overlapping or duplicating training programs and with respect to the second part of your

question, we would not be disposed to think that such a reorganization would be necessary.

I really think in complete candor, Mr. Laird, that the problems of potential duplication and overlapping with which we are all aware as this program developed, and the gravities, as it did in the last few years have been handled extraordinarily efficiently.

Mr. LAIRD. Do you spend much time in the field talking to the State vocational directors, the city superintendents of schools about their frustration, in going to so many places to get information on these programs?

Secretary WIRTZ. I have not spent much time in the field, but I do know about the protest to which you refer.

Mr. LAIRD. In the last few months, I had an opportunity in my State to sit down with our superintendent of public instruction, our director of vocational education, and the people administering our manpower training program. It seemed to me, if we could set up some one agency handling all of these programs, that we would have a bold, new approach to the problem of training.

Secretary WIRTZ. So I may answer your question, as helpfully as possible, would include the manpower development and training, the vocational education and the so-called antipoverty program?

Mr. LAIRD. The poverty programs and also the programs carried out by the Office of Education. Right now a man comes down here with his application and he runs around to as many as five different agencies. If he want to do a good job, it will take him a week to get the necessary people to go over his application. He cannot go to one agency down here. He goes all over town.

Secretary WIRTZ. First, with respect to the other question, where you would draw the line would be exceedingly difficult. How much you take out of present HEW, and Labor, I don't know. But with respect to these people who claim they have to run all over town, I have pretty much lost sympathy with them. The establishment of the Office of Economic Opportunity gives them one very clear central place. The development of the community action program, which is now strongly underway, gives them an opportunity even at the local level to work through a single channel.

The only agencies I know that are involved are HEW, Labor, and the Office of Economic Opportunity. Occasionally, but in an unusual situation Small Business Administration or Interior or Agriculture, but almost all of it in those three.

Mr. LAIRD. You have the National Science Foundation and the Department of Defense in those training programs.

Secretary WIRTZ. I cannot identify right offhand what it would be in the Department of Defense, unless they have peripheral arrangements, but it is somewhat inconceivable to bring all of the various elements, which are very small, and are connected with other agencies into a single department.

LIMITED FUNDS

Frankly, I think these people who come to town and complain about the redtape are really explaining that the funds are so limited they are not able to get what they come after and they are using this excuse of redtape.

Mr. LAIRD. You then think the problem is a limitation of funds?

Secretary WIRTZ. I think that is the most serious problem with which we are faced. The needs are so great that we are not able to meet them all. I don't express a judgment on the extent to which all of that should be done federally, but I am saying a good deal of their complaint is that they would like to get a good deal more than we are in a position to give them. I say again that is not necessarily a suggestion that the funds are too little, but I think that is the real basis of most of their objections as they go home.

MINIMUM WAGE FOR YOUTH CENTERS

Mr. LAIRD. Mr. Secretary, the Department of Labor has decided to pay $1.25 minimum wage to youngsters working in the neighborhood youth centers under the antipoverty program. I am disturbed about this minimum wage rate, when the retail and trade industries permit less for student learners and the Peace Corps, where some of our best young talent is employed, is paying about 13 cents an hour.

I am not trying to justify the 13 cents an hour they are paying, but just this Sunday, I watched Bob Hope on television for the Peace Corps. He spent the greatest portion of that spot telling about this 13 cents an hour and what a great contribution people were making in the Peace Corps and the fact that we should respect these young people who were volunteering in this area, because they were working for 13 cents an hour.

Now, I do not think anybody should work for 13 cents an hour myself, but a Government agency is asking the American people to recognize this great contribution they are making by working for 13 cents an hour. How does this tie in with your determination on the Youth Corps project?

Secretary WIRTZ. If the question is one of tie-in, I guess my answer is, I think of these two programs as being entirely different. The Peace Corps program, to which I subscribe completely and 100 percent, is a program in which people who want very much to make use, in most cases, their fairly extraordinary talents, do so on a voluntary basis.

I think it has all of the satisfactions in the world in it. I do not believe it has much connection with a program in which what we are talking about is what should be paid a group of people who are really at the other end of life's success story.

They do not have anything. Most of them have been kicked around most of their lives. They have ended up in fairly bad condition—not ended, but reached the age of 16, 18, 19 and find themselves in fairly bad conditions. We are talking of giving them work programs not with the type of opportunity and satisfaction that the Peace Corps program has, but a straight work-training program. So, I do not think that the two are the same.

But I have to come back, first, to what the policy is, Mr. Laird, and the policy is as follows: There will be in the formal case the $1.25 paid for the normal time worked—no payment for the amount of time spent in training supplemental to this, so, you can figure it either in terms

of the payment for the amount of time they work which is $1.25 in most cases, or you can spread it over the longer period which includes the training time they take, in which event it will work out considerably less.

Mr. LAIRD. What will you pay them for training?

Secretary WIRTZ. No, nothing at all.

Mr. LAIRD. How much training time will be involved?

Secretary WIRTZ. It will vary with the program.

Mr. LAIRD. I have an article here from a newspaper that says that training time will be covered, from the Evening Star dated January 28, 1965. Your testimony seems to be at variance with the Labor Department release.

Secretary WIRTZ. May I have just 1 minute here to be sure I am giving you the correct answer?

The greater detail on that, Mr. Laird, the detail you will probably want to get from Mr. Ruttenberg, our Manpower Administrator, who will be testifying.

I am frank to say the details of the application of that program I do not have in mind and Mr. Ruttenberg will, and I would like to defer to his answers on that, if I may.

(The Secretary subsequently submitted the following:)

You are correct, they do get paid for training time. There is work time and training time. They are paid the same for training time as work time in most cases.

Mr. LAIRD. But you made the determination, did you not?

Secretary WIRTZ. I do not mean to fuzzy the determination at all. With respect to the amount of time worked, the rate provided in the usual case is $1.25. There is no question about that at all. I would be glad to make that regulation part of the record. It was not issued over my signature. It was issued over the signature of the Director of the Neighborhood Youth Corps, but I accept full responsibility for it and agree and support it completely.

I want to add that it also provides that where there are special circumstances that warrant a different rule, those special circumstances will be taken into account. It is not an ironclad rule.

I want to make it clear that I think it is quite important to the establishment of decent wage levels in this country that where the circumstances permit a training program of this kind be on a $1.25 basis; $1.25 comes in terms of annual figures, if you assume a 2,000-hour year, it comes to $2,500 a year. I think it is low, not high and I think we should do everything we can consistent with the present law that wages in this country start moving up from where they are now.

I think that $3,000 definition of poverty, $3,000 annual income is a low figure. Whenever we are talking about any program that brings any individual less than that, I think there is a subject for real concern. I am concerned about the fact that 4.5 million people in this country today are working for less than $1.25 an hour. I think the right policy is to try to raise this rate. I don't think this policy should ever have the result of meaning that boys and girls who would otherwise be the beneficiaries of this program do not get the benefits of this program and it will not be so administered.

RETAIL AND SERVICE WAGE LAW

Mr. LAIRD. The law, presently, on retail and service jobs for these young people, for instance high school students working in the summertime, is spelled out rather clearly by the Congress. Perhaps that law is wrong, but until it is changed, the Youth Corps projects seem to me to be put in a little different status than the retail and service jobs, particularly in the summer months. We want to encourage as many young people as we can to take part in these retail and service jobs in the summer, do we not?

Secretary WIRTZ. It will be a matter of how many we are in a position to support. The projects and proposals already come very close to exhausting our appropriations, so on that particular point, yes, we would like to encourage as many of them as we can to take them, but we are not going to be able to take care of the great many who want them.

I want to be sure that there is no element in your question about the legality of this.

Mr. LAIRD. No, I do not question the legality of your determination.

Secretary WIRTZ. It is a matter of policy.

EFFECT OF WAGE POLICY ON NEED FOR APPROPRIATIONS

Mr. LAIRD. I am trying to get clear in my own mind the policy involved, because I don't believe the people understood that this was going to be the policy. We want to take care of as many young people as we can and, of course, this is a limiting factor on the number of young people you will be able to take care of with the appropriations.

I think you are going to need more appropriations in order to take care of the number of people with this policy in effect.

Secretary WIRTZ. You are correct. To whatever extent the amount of the rate is here, the number can be covered.

Mr. LAIRD. We want to get as many young people in the program as we can and you are limiting the number by your appropriation and this policy. You are not asking for any more appropriation for the program than before you established the $1.25 rate.

Secretary WIRTZ. I would not subscribe to the absolute that we want to apply it to as many as possible. I think it would be a great mistake to administer this program on too low a rate, whatever that rate may be. We have to draw a line some place. The question is where do we draw it?

Mr. LAIRD. You do not have a recommendation to raise the learners' rate as far as the retail and service trades are concerned. There is no recommendation from your Department before any legislative committee or before the President to raise the retail and services industries.

Secretary WIRTZ. I think that is right.

Mr. LAIRD. I think these jobs are in somewhat the same job description area. That is what bothers me, Mr. Secretary.

Secretary WIRTZ. I do not mean to try in any way to soften the fact that there is a difference in those two areas. That is true. This is another case where the administration, with respect to a program we

have, necessarily has the responsibility for the Government and we make a decision, which we think is a responsible determination, a proper decision. I happen to believe that whenever an individual employer is forced either by the circumstances of his market or by his own determination to have to pay somebody less than $1.25 an hour, it is very unfortunate.

As the Government involved here, we are not forced by those same circumstances to do this. I think the question is, what is the right kind of payment to make to individuals and human beings in such situations. I think now $1.25 is not too high as a general rule.

Mr. LAIRD. But you have no recommendations along that line before this Congress as far as youth trainees or learners are concerned, the same kind of people who are going to be working in the Neighborhood Youth Corps.

REDUCTION IN PERSONNEL

Mr. LAIRD. Mr. Secretary, I know you cooperated with President Johnson's moves to bring about certain economy in your budget. What is the planned overall reduction in the number of employees in the Department of Labor?

Secretary WIRTZ. There are several different forms of answer to that. The technical answer, Mr. Laird, would be reflected in the difference between these two figures, 8,767 (including proposed supplementals for 1965) and the comparable figure would be, for 1966, 8,320 for a reduction of 447 positions.

Mr. LAIRD. Those are reductions in positions?

Secretary WIRTZ. That is correct.

Mr. LAIRD. What is the reduction as far as actual employees. I do not think you have all of those positions filled.

Secretary WIRTZ. Present jobs not filled?

Mr. LAIRD. In those figures you are giving positions that were appropriated for but you do not have them all filled.

Secretary WIRTZ. I do not have that figure.

Mr. HUDSON. Some of these reductions in positions would be prospective and would not have occurred at this point. For example, in the veterans employment service——

Mr. LAIRD. Can you give me the number of man-years in fiscal 1965 and the number of man-years in fiscal 1966?

Mr. HUDSON. I will do that.

Mr. LAIRD. You cannot give them to me now?

Mr. HUDSON. I do not have the totals.

Secretary WIRTZ. How do you want us to treat the part-time workers?

Mr. LAIRD. Part-time employment would be included.

Secretary WIRTZ. We will prepare the best statement we can on it.

Mr. LAIRD. Is it not likely that it will show no such reduction?

Mr. HUDSON. It is possible. Sometimes we make a reduction in positions and may not necessarily make a reduction in man-year. We try to get our positions to the point where they can be properly and adequately financed.

Mr. LAIRD. You did not fill a lot of jobs last year that we appropriated for.

Mr. HUDSON. That was true at the beginning of the year.

Mr. LAIRD. If you look at the end of the calendar year figures you have a lot of vacancies. I do not have your figures before me right now, but you have a lot of vacancies. If you take your total actual employment figures, I think you might even come up with an increase in fiscal 1966.

Mr. HUDSON. I do not think so.

I think in an isolated instance that may be true, but in terms of the overall program, I do not think it would work out that way. But let me prepare a table for you which we will submit for the record.

(The material requested follows:)

The attached table shows the relationship between full-time positions and average employment (estimated man-years). You will note that the position reduction is 447 and the man-year reduction is 206 and this involves a lot of "puts and takes."

It also involves a reduction in 1966 from 1965 due to nonrecurring employment in the Mexican farm and the Area Redevelopment Act programs which amounts to 386 positions less and 224 less man-years.

So obviously the reduction in "people" is materially less as Mr. Laird points out.

But as you know, the number of jobs could be reduced without reducing man-years and I do this whenever I can because if, for example, there are 100 jobs in a budget and we can finance only 70 people then there is no point in retaining the fiction of 100 jobs—it should be reduced to a more normal figure which takes into consideration normal lapse. In such a case it would be more realistic to reflect 80 jobs and 70 man-years.

Comparison of positions and man-years by Bureau, fiscal years 1965 and 1966

Bureau	1965		1966		Change	
	Positions	Man-years	Positions	Man-years	Positions	Man-years
Employment Security operations	1,421	1,291	1,372	1,300	−49	[1] +9
Apprenticeship and Training operations	575	543	590	569	+15	+26
Manpower Administration operations	370	355	345	328	−25	−27
Total	2,366	2,189	2,307	2,197	−59	+8
Farm labor contractor activities	1	1			−1	−1
Manpower development and training	205	175	166	156	−39	−19
Grants, District of Columbia Employment Center	215	211	285	274	+70	+63
Mexican farm labor, compliance activities	164	77			−164	−77
Mexican farm labor, salaries and expenses	160	89			−160	−89
Area redevelopment activities	62	58			−62	−58
Trade adjustment activities (comparative transfer to ILAB)	24	23			−24	−23
Labor-Management Services Administration	641	626	701	682	−13	−15
Bureau of Veterans' Reemployment Rights	73	71				
Bureau of Labor Standards	282	267	263	251	−19	−16
Women's Bureau	75	69	76	72	+1	+3
Wage and Hour Division	1,866	1,806	1,800	1,740	−66	−66
Bureau of Employees' Compensation:						
Salaries and expenses	521	503	494	476	−27	−27
Longshore rehabilitation	7	6	7	6		
Bureau of Labor Statistics	1,331	1,265	1,420	1,350	+89	+85
Bureau of International Labor Affairs	72	65	90	83	+18	+18
Office of the Solicitor	475	442	484	450	+9	+8
Office of the Secretary	227	213	227	213		
Total	8,767	8,156	8,320	7,950	−447	−206

[1] Annualization of farm labor supplemental and crew leaders.

Mr. LAIRD. Mr. Secretary, this is a policy question. It does not have to do with the dollars and cents in your budget, but it does have to do with the overall policy of the Department of Labor, and I think the question should be directed to you.

The AFL–CIO legislative program calls for a $2 minimum wage with a 35-hour workweek and double pay for overtime. If this program were enacted by Congress, how would it affect the level of employment in view of the growing trend we have in this country toward automation? Would it have any effect?

Secretary WIRTZ. I would like to dissassociate my answer from whatever may be the administration's position with respect to that. There will probably be a message forthcoming shortly on it, so I would not be in a position to indicate what the President's position would be on either the amount of the minimum wage or the double pay for overtime. He has made his position quite clear on the matter of the shorter workweek and on the matter of coverage. Your particular question was about the extent to which such a change would have on employment in view of automation, and so forth, and the only basis we have in the record for the answer to that so far are the studies which have been made each time pursuant to legislative direction by the Wage and Hour Division about the effect of an increase in the minimum wage. Those studies have shown, each time there has been an increase in the minimum wage, it cannot be identified as having any effect on reduction in employment in the areas and in the industries which are affected by it.

The most recent of those have been filed with the Congress in just the last month or so, so that the only record evident, Mr. Laird, is that the increases which have previously taken place have not had the effect of cutting down employment.

I would be completely ready to agree that at some point an increase in the minimum wage would have the effect of an employer substituting machines instead of people. It just becomes a straight operational economics point. I know it would vary from industry to industry. I just do not have a basis for generalization and I would rather not express a judgment with respect to the $2 figure in the terms in which you ask because I can hardly do so without seeming to impinge on the President's decisions with respect to whether he is going to support that or not.

Mr. LAIRD. The President has already made it clear he is not going to support the 35-hour workweek on several occasions, but I don't know about the $2 minimum wage. I have never looked at the minimum wage as being a determining factor as to whether a machine would substitute for a person because really it is just the floor under wages, and even that minimum wage of $2, I do not think, would have that kind of an effect. It is not the floor itself, but does this not also move up your wage pattern all the way up the line so that you would be more apt in some of the other areas of our economy to substitute machines for men?

Secretary WIRTZ. Frankly, I have no record evidence with respect to the $2 figure and I would not have a comment to make in terms of the $2 figure as such.

Mr. LAIRD. Does not the $1.25 figure have an effect on raising the rate in higher paid groups as well as those under $1.25 that are raised to that figure?

Secretary WIRTZ. It does have some effect and, on the $1.25, the most recent report we filed with the Congress does answer the question you put and there is no identifiable relationship between the increase in the minimum wage and a diminution as far as employment is concerned.

Mr. LAIRD. The trouble is that that report answers it only as it applies to $1.25.

Secretary WIRTZ. That is right.

Mr. LAIRD. But it would seem to me that the $1.25 is not the determining factor as far as substituting machines for men. I do not think I am making my point clear.

Secretary WIRTZ. You are talking about the other rated classifications which are moved up as a result of the increase.

Mr. LAIRD. That is where you have your substitutions and the report does not address itself to that particular problem.

Secretary WIRTZ. I believe that is right, and I do not think we have any specific evidence that would go beyond this——

Mr. LAIRD. Beyond $1.25?

Secretary WIRTZ. Beyond what happens to employment in the industry where the $1.25 does come into effect. Those reports are not limited just to what happens to employment in the lower rated classifications. They do show that with respect to the industries and the establishments in which that change is made and in particular areas there is no increase in unemployment. In fact, to the contrary there is an increase in employment, so in effect they do cover not only what happens so far as the $1.25 classifications are concerned but also the others.

Mr. FLOOD. On that point, if the gentleman would yield, what historically, if you know off the top of your head, has been the experience in loss of employment on the occasions when the minimum wage has been raised by Congress?

Secretary WIRTZ. There has been no loss in employment according to these studies. The statute requires that the Department make a study of exactly this. Those reports have been mailed and they show without exception that there has been no diminution in employment.

Mr. FLOOD. You would have reasonable cause, based upon those statistics, to believe that the same would follow if and when Congress took any further action?

Secretary WIRTZ. Yes, that is right. I have said at the same time, Mr. Flood, that there would be a point at which that would not be true just as a matter of logic or extremes and I would think that is correct, but within the realm of practical possibility, which I understand your question to be, my answer would support that conclusion.

JOB VACANCIES STATISTICS

Mr. LAIRD. Mr. Secretary, last year we talked a bit about the efforts of your Department to develop statistics on job vacancies to learn how many and which types of jobs were available. We had several pilot projects that were authorized and funded last year. In your report to

the committee today, and in your statement, I did not notice any reference to these pilot operations.

How much was spent on this effort and are the results of these surveys available to the committee?

Secretary WIRTZ. They are not yet available, Mr. Laird. They will be available shortly. We made one round of pilot studies in either 15 or 16 cities. We did that in September and October. We feel it is essential to make another study in those same areas this month and next, and at the conclusion of that we will have an adequate basis for reporting on the pilot studies.

You asked us how much money was spent on those and on that I will have to inquire.

Mr. HUDSON. I do not have an up-to-date figure on that.

Mr. LAIRD. Could you supply for the record the amount of money that has been spent. We are really not in a position to get any kind of report today whether they are worthwhile or whether it is something that can be done on a national basis or not.

(The requested information follows:)

In 1965 we are putting $402,000 into this project: $50,000 by BLS; $57,000 by BES; and $295,000 of grants money.

Secretary WIRTZ. I can give you a very considered administrative judgment on that. I have gone over the pilot studies, and they show such things as this.

The things we were most wondering about were whether we would get employer participation in the reporting, and we are depending on that. We have gotten employer participation ranging from 65 to 98 percent, which is a good deal higher than we expected to get, so that checks out quite completely. We have made it all voluntary and have respected completely the anonymity of the report, so that problem seems to be behind us.

You have a personal concern because of the fact that this survey is limited necessarily to part of the larger scale employees. It does not show us anything at all, for example, what job vacancies there may be as far as domestic service is concerned, and that is the area of the greatest possibility here.

I think I can say to you without reservation as far as the administrative review of the first round of the pilot studies is concerned, it is quite worthwhile.

However, I have to say at this point it does not give me information which I would feel would make it possible for me to make a decision as far as job possibilities are concerned. It is of great help as far as the Manpower Training Act is concerned. We are taking the results of these pilot studies and checking the preliminary results. They are checking those indications against vacancies before we go into a Manpower Training and Development Act program.

So my report to you would be with respect to net figures. They do not give me enough figures for making any public statement about the net number of job vacancies.

With respect to the anticipated bugs insofar as the administration program is concerned, they seem to me to be working out quite satisfactorily. We are using them as preliminary results at least as guidance for the training program.

PROPOSED AMENDMENTS TO TAFT-HARTLEY ACT

Mr. LAIRD. Mr. Secretary, thus far you have sent up only one suggested amendment to the Taft-Hartley Act, and that is the repeal of 14(B). Does the administration intend to propose any amendments to the Taft-Hartley Act as far as the national emergency section is concerned?

Secretary WIRTZ. First on the point about 14(B), there has been no formal communication of the administration position.

Mr. LAIRD. That is 14(B).

Secretary WIRTZ. There has been no transmittal about 14(B).

Mr. LAIRD. I assume when the President comes out in his state of the Union message and says he is for repeal of 14(B), that is about as good a transmittal as you can get.

Secretary WIRTZ. I assumed your reference was to a proposed bill, and there has not been in that form. But there is no difference on that. The President has left no question about his position on 14(B).

Mr. LAIRD. My question has to do with other amendments to the Taft-Hartley Act with regard to national emergency situations. I thought after this recent strike we have gone through, with the loss of gold that was indirectly involved, and its effect on the entire national economy, it was strange that there was no mention in the state of the Union message or any message thus far to propose amendments to the national emergency section.

Secretary WIRTZ. I would have no basis for thinking at this point that there would be a recommendation for changes in the national emergency provisions. Nobody feels more acutely than I do the losses which have resulted from the dock case. Nobody would be concerned more than I would be about some of the further cases.

If I did not see these present experiences, I would feel inclined that a change in the national emergency disputes provision would be in order.

AUTOMOBILE WAGE SETTLEMENT

Mr. LAIRD. Do you feel that the recent auto settlement is in keeping with the guidelines set forth by the President's Economic Council.

Secretary WIRTZ. What the guidelines clearly required as far as the automobile was concerned was a reduction in prices. There was no reduction in prices, and, therefore, there was a departure from the guidelines as far as the price question was concerned.

It is very hard to evaluate what happened on the wage side without regard to the fact that there was no price change. Without regard to what had not happened on the prices, if the question is whether the amount of the wage increase was in line with what is indicated by the guidelines, the answer is no, it was not. It was above it.

So the answer to your question would be in there being no reduction in prices, and there being in that situation this increase in wages, there was a departure from the guidelines. I think it is unfortunate that the question is in the public's mind solely in terms of wage factors.

Mr. LAIRD. According to the President's report, the price factors were important.

Secretary WIRTZ. Yes; that is right.

Mr. FOGARTY. Mr. Flood.

Mr. FLOOD. I believe you have very strong and very forceful ideas as to what should be done with these problems with which you are faced in connection with the manpower development and training program. I realize that in a department like the Department of Labor, you are pretty static in your budget, there are not very many exciting things happening in your line items year after year. They go on almost like Tennyson's brook. But when something as exciting, as I am sure you feel this manpower and training program is, and I do, I know that you must take the position that so many things could be done, but we do not have the money. It is curious when you have dumped in your lap such a program as this manpower training program, with all its potential and in all of its different facets, that you did not ask for the money.

Now where were you cut? Were you cut by the Bureau of the Budget? Were you cut in the final analysis by the White House? Despite what I think are your strong feelings in these areas, were you handcuffed and admonished by the President's guidelines for the budget which you put on page 1 of your statement? Did you make a bold effort in this behalf? Did you man the barricades or did you see the handwriting on the wall and just take what you could get?

Secretary WIRTZ. Mr. Flood, if I may go back and answer your question: Last year about this time we were in the middle of the first year of administration of this program, first year of appropriations. We came up and pounded on this table for 3 or 4 months for a supplemental appropriation to let us expand the program. We have pressed just as hard as we possibly could on it.

This year, we are in for an expansion of the program up to the limit authorized by law. It is a little hard to make a comparison because in order to do that, we have to assume some matching by States and that question has not yet been decided.

We are administering the program in such a way that we are about to run out of money again this year as far as the program is concerned, so we pressed just as hard as we can.

It comes down to coming up here, as far as these reductions are concerned, and saying that by dint of the hardest possible, the exercise of the strongest possible administrative direction we feel that as far as the managing aspects, the personnel aspects of this program are concerned, we can cut back on the number of people who are doing it and we have some ideas about how to do it.

Mr. FLOOD. This does not excite me. I don't want to run your Department. I am sure administrators do this intelligently.

Secretary WIRTZ. Perhaps I am missing your point. Every dollar we save as far as the administration of it is concerned goes into training people in the programs. The President, with all of his economy emphasis, has insisted that on this program we exploit every possibility of enlarging it.

So, what we are coming to the Appropriations Committee—to this committee—with is a figure which is the maximum figure, $411 million under the legislative authorization. We are here for every single cent and we are saying to you that we think we can economize as far

as the use of Federal employees on this program is concerned so that we can put that much more into the number of people we can train and pay training allowances to. So, it is not a matter of any timidity, caution, reserve, restraint, or anything else. We are here for every single dollar that Congress authorized for this program.

We are simply saying we think there are some economies we can make here in our administration of it which will leave that much more for the program.

VETERANS EMPLOYMENT SERVICE

Mr. FLOOD. In budget making we are not always sure you fellows are right. You are most often right, but you are frequently wrong. Some of us have the impression that the mere saving of a dollar here and there, which actually will not be saved in the veterans case hardly fits into a more important consideration which has been dropped out of the equation.

You very pointedly made it clear that you agree with the action to drastically reduce the budget for the Veterans Employment Service. You make it clear that you have a low opinion of an entire Service; actually, if it were up to you, if you thought it could be done gracefully, you would cut it out by 2 o'clock.

Secretary WIRTZ. Nothing could be more unfair than the statement put on the record. I think the statement stems from a lack of realization that the Department's Bureau of Veterans Employment Service program is administered with great efficiency.

The second proceeds—it must—from my not having clearly communicated the situation. With the diminishing number of veterans and with the increasing effectiveness of the employment as a whole, and with the maintenance of at least one special representative for this area in each of the States, there will be full service along with the work of veterans employment rights—I want to finish my statement—which does, as far as I am concerned, represent a full satisfaction of the largest conceivable interests of the veterans.

It would be most unfair to infer from anything that has been said that there is any intention to cut the program back in a way that prejudices the position of the veterans, because my position would be, as I think is implied in your statement, that there is a situation here, a degree of service which does not warrant recognition of this kind.

Mr. FOGARTY. The Bureau of the Budget made this cut and the Secretary agreed to it.

Mr. FLOOD. I do not care who made it. The fact remains that I get the impression that you are agreeing with the action to make this so that each State will have one guy, with no secretary, who will be running around frantically looking for someone to take care of his veterans. The result is obvious—the veterans are going to be dumped in one pot with everybody else.

Secretary WIRTZ. No, they will continue to be the special interest of one representative in each State. That is part of the Bureau of Employment Security as distinguished from the work of the State service. In addition too that, they will continue to have sole and exclusive attention of the representative of veterans employment rights.

YOUTH OPPORTUNITY CENTERS

Mr. FLOOD. I am not clear about these youth opportunity centers. What is a youth opportunity center? How is it created? How will it function? What is its purpose? How will it be staffed? Who will it serve? How long will it last?

Secretary WIRTZ. It will be part of the Bureau of Employment Security program and the State employment service.

Mr. FLOOD. Of the separate States?

Secretary WIRTZ. Yes. It is simply a part of the Federal-State employment system. It will serve particularly the youth in whatever area may be involved and could perhaps be identified very properly as being simply a special unit in the employment to emphasize, to take up the special problems.

Mr. FLOOD. The location within the State would be determined by the State itself?

Secretary WIRTZ. In conjunction with the Bureau of Employment Security.

Mr. FLOOD. But the States to all intents and purposes will decide within reason where the locations will be?

Secretary WIRTZ. If there is a difference between that statement and mine, I would have to rest on mine because I think there is.

Mr. FLOOD. It would follow from that if there is a State civil service set up in that State, the youth opportunity center would be staffed by personnel from that State civil service list just as the employment office is staffed, I would presume.

Secretary WIRTZ. I think in general that is correct.

Mr. FLOOD. How will it acquire its clients? How does it attract them?

Secretary WIRTZ. I think your question may refer to what we realize increasingly and that is there has to be an affirmative reach out to pick up some of the more serious youth problems which we face today.

Mr. FLOOD. How do the people you mean to serve with this youth opportunity center become aware that it exists or where it is, or why, or what?

Secretary WIRTZ. There has already been a good deal of attention paid to the announcement of the setting up of these centers. Over the weekend I went over some of the releases that are now feeding back to us. There has been a great deal of publicity with regard to the establishment of these centers, such as newspaper publicity. Also, there is complete contact made with all of the private organizations within the community whose interests would parallel closely those here represented.

COORDINATION WITH COMMUNITY ACTION PROGRAM

Mr. FLOOD. I suppose they would later, when the community action groups are set up under title 2 of the Poverty Act, tie into that program.

Secretary WIRTZ. Into the community action program. We have anticipated that problem and we have a very definite working arrangement with the Office of Economic Opportunity which will mean as the

community action program may develop in a particular area we will work out one way or another and tie that into the youth opportunity centers.

Mr. FLOOD. There it is, there you have your people, and in come the boys and girls. What will you do with them?

Secretary WIRTZ. First we will try to go the extra mile to make sure they do come in. Now that they are here, the work of youth opportunity will center around a testing, counseling and advising and referral.

Mr. FLOOD. What do you mean by testing?

Secretary WIRTZ. There will be extensive testing, individual counseling where that is possible, and there will be group counseling where that can be arranged.

Mr. FLOOD. Now you have tested and cataloged. Now what do you do next?

Secretary WIRTZ. I am assuming a boy of 17 or 18 would be the typical client here. The route along which we will try to move that person first is back to school.

Mr. FLOOD. This is boys and girls?

Secretary WIRTZ. This is boys and girls. The route which we will consider worthy of first consideration—this is typically the dropout—will be to get that individual back in school if that makes sense in his or her particular case, and we don't always assume it will, but that will be the first thing we will check. The next thing we will check will be the possibility of moving into one of these training programs of which we now have several possibilities. Perhaps a most typical situation, I suppose the first consideration would be to the Neighborhood Youth Corps.

Mr. FLOOD. Would you reach out to all kinds of vocational and training schools?

Secretary WIRTZ. If it goes to the point I was just making, these neighborhood youth programs will be programs prepared locally in the community and will resolve a program there, very often a school.

Mr. FLOOD. This is where you will tie in to title 2?

Secretary WIRTZ. This will be title 1(b), and we will see if the individual here should go into one of the programs, or it might be one of the Job Corps programs.

Mr. FLOOD. You have been around here longer than the average. You are no amateur at this business. What is your personal reaction to the potential of this program, of these Youth Opportunity Centers?

Secretary WIRTZ. By marking out the youth clientele, it permits us to do first this reach-out, which we do not do normally when we just sit in one of these offices and wait for someone to come in the door, and we realize there are about a million in the country who, for one reason or another, have to be reached out for to some extent. It also permits the kind of thing to which Mr. Laird was referring earlier, the cutting down of this many different channels type of approach through this one group, this Youth Opportunity Center. We will be able to do the counseling and so on, and so forth, and also the referral trying to get them back into school or into the poverty program or other two, the manpower development and training program or to get them a job.

SHORTAGE OF TRAINED PERSONNEL

Mr. FLOOD. Do you think from your experience, and certainly no one should know better than do you, will you have the qualified and trained and experienced personnel to do this job the way you want it done or should be done?

Secretary WIRTZ. We do not have them now, and there is no question about there being a serious shortage in this area. We instituted last summer a special program called CAUSE. What we did was bring in 1,700 or 1,800 recent college graduates who showed an interest in this area and who were certified. We put on an on-the-job training program for 8 weeks in some of our Employment Service offices and in working with some universities around the country. We have picked up over 1,000 from that group.

Mr. FLOOD. What have you inferred from the various campuses and learned societies and organizations in the academic world? What do they think and what do you think about the potential for getting college students to go into these programs in competition with private industry and so on?

COMPETITION WITH PRIVATE AGENCIES

Secretary WIRTZ. Do you mean competition with private agencies in this same field?

Mr. FLOOD. Yes, that is part of it.

Secretary WIRTZ. Frankly, I am glad to see that private agencies get the kind of boy or girl to whom you refer. I would like to see them take over just as much of it as they can and will.

On the broader question of whether I think enough of this generation of college graduates will come into this general program, my answer is "Yes." I think we are finding that there is an extraordinary sentiment for helping which is reflected in the Peace Corps program, now reflected in the applications for the VISTA programs, in the applications for this CAUSE program.

To give you an affirmative answer, you would be interested in knowing that before we took these applicants for the CAUSE program, we held examinations all over the country. We gave 10-day notice. There was difficulty about getting the program mounted. We had twice as many applicants for the examinations as we expected. We ran out of examinations. The whole project indicated a great interest on the part of this generation of students.

Mr. FLOOD. So we are very optimistic then about the potential for getting this generation of college students into these activities?

Secretary WIRTZ. Yes, sir.

INTEGRITY OF LABOR STATISTICS

Mr. FLOOD. To what extent do your statistics on all facets of employment and unemployment have integrity?

If you say it is 4.8 as of Monday morning, nationwide, or in Mr. X's district it is 6.8, to what extent is that figure authentic?

Secretary WIRTZ. For the overall figure, as the Nation as a whole, complete integrity, and I would like to support the answer a little bit.

But to the extent that your question is cast, in terms of how reliable they are for a particular area, there is much more doubt and question about that. The monthly figure which is announced by the Bureau of Labor Statistics now has the strongest possible basis of support. Your question was asked insistently 3 years ago to the point where there was established by the President a committee headed by a Professor Gordon, of the University of California, a five-man committee which went into this matter and made a very complete report a year later.

Mr. Ruttenberg will be present this afternoon or at some later time, and he was a member of that committee, and you might want to inquire further of him about it.

That committee did two things. It gave these figures in general the firmest endorsement it ever had, and it pointed out certain specifics.

Mr. FLOOD. They are respectable.

Secretary WIRTZ. My answer to your question is that that figure has a complete integrity on the national basis. As far as locality by locality is concerned, we have more trouble.

Mr. FLOOD. I understand that.

Secretary WIRTZ. There is the other element that this is necessarily done on a sampling basis, the national sample has been 35,000, and that is being expanded somewhat now, at least, on an experimental basis, that will give us better national figures where it would not be sufficient to give us local detail.

Mr. FLOOD. Thank you very much.

IMPACT OF CONTRACTING ON EMPLOYMENT

Mr. MICHEL. Mr. Secretary, in your testimony on page 2, in talking about the economies reflected in the budget, are any of these reductions in manpower made up in any way by contracting work out as we have seen happen in some of the other departments of Government?

Secretary WIRTZ. I think, again with no qualifications, no. We are doing very little with the contracting out. There is some of it in connection with the manpower development and training experimental or research program, but the answer, as I understand the case, is "No." These are not reductions which are compensated for by contracting out.

UNEMPLOYMENT TRUST FUND AUGMENTATION

Mr. MICHEL. I notice on pages 4 and 5 you say:

> In addition I am proposing that the usual method of financing State employment services from trust funds be augmented in 1966 by limited financing from general funds.

How much?

Secretary WIRTZ. $39,280,000.

Mr. MICHEL. Why would this be necessary?

Secretary WIRTZ. Because of an expansion of the employment service program and particularly in connection with the development of the youth opportunities centers.

Mr. MICHEL. Would it be unfair to say that that total amount would be attributed to the opening of these youth opportunity centers?

Secretary WIRTZ. The answer to that, Congressman, is that of the $39,280,000, approximately $37 million of it is for the youth opportu-

nities centers and $2,280,000 is for expansion of the job vacancy study initiated in 1965.

JOB VACANCY STATISTICS

Mr. MICHEL. Which reminds me, in answer to a question from Mr. Laird on these job availabilities, you said that the pilot projects had not progressed to a point where you could make any really significant pronouncements, although you volunteered to say, I believe, that there were some areas of vacuum in the sense that you were not getting any figures for domestic requirements, for example, that the information that was being funneled into these pilot projects was from big industry or organized business, and that there were some areas where you could not draw from any organized point to arrive at some good figures, particularly in this area now of domestics.

Secretary WIRTZ. That is true with respect to domestic service. This is an extremely costly kind of survey to make. There is very little basis for doing it on any kind of overall basis without just running into prohibitive expenses. So far as domestic services are concerned, we have not tied in the pilot project to include that.

Mr. MICHEL. But I still sense from your reply here and your voluntary comment before, that here is a definite area where there is a significant requirement for people.

Secretary WIRTZ. As far as domestic service is concerned, yes; I feel that there is. We have been paying a good deal of attention to that, especially in connection with the so-called job development program which the President announced or initiated about 2 weeks ago.

We know that there are domestic service needs that are not being filled. The further we get into this, the more we realize the difficulties that are involved in the program and I will enumerate those very briefly—not in the order of their importance.

One is the wage rates which are paid for domestic service in some areas; they are low. Probably related to that is some of the psychology of the whole domestic service occupation; it is held in less repute than it ought to be.

Another of the problems, and one that is probably going to prove as difficult as any to meet, is the problem of transportation. We had not realized until we got into this how much the growth of the cities has complicated this problem. This would be particularly true in the cities as large as New York and Chicago and others of that size. We now find that the available supply of domestic help is moving as much as 7, 8, 9 miles, two or three bus rides away from the area; that there is that much gap between the supply and demand. So, we know we face a problem there.

I should add one other thing. A good deal of it is part time, either in terms of the demand or in terms of the supply, or both. So that it presents a hard management service problem. We are pushing this very strongly. We have been investigating, among other things, the possibility of developing, helping the development of private enterprise through Small Business Administration loans. We realize that there is a possible development here paralelling the Manpower, Inc., kind of development, but the short answer to your question is that there is a job potential here that we are trying to explore.

Mr. MICHEL. I cannot help but observe at this point that while down in South America this last year where we were shown projects where the flavellows were cleaned up in Rio de Janeiro, and housing projects built outside the city limits for these people, brought on an additional problem because they were sent so far out from the point of their jobs that then they created another problem by how do you get them back into the city to work?

YOUTH OPPORTUNITY CENTERS

Of that roughly $37 million, then, how does that break down? Into how many different centers?

Secretary WIRTZ. 138, according to our present contemplation.

Mr. MICHEL. Has there been any established criteria yet as to how many Federal employees we have at each one of those sites?

Secretary WIRTZ. As a matter of fact, only one is actually in operation at this point. There will be a number of others that will be shortly, but if your question is about Federal employees in the youth opportunities centers, they will all be State employment service personnel.

Mr. MICHEL. And how many of these employees are at this one going site at the moment?

Secretary WIRTZ. I frankly do not know.

Mr. MICHEL. Could you supply that for the record?

Secretary WIRTZ. Yes, sir.

(The information is as follows:)

The youth opportunity center in Memphis, which opened February 25, 1965, has 33 employees.

Mr. FLOOD. Will the gentleman yield?

Will any of that be used for bricks and mortar for any kind?

Secretary WIRTZ. I will check my answer. My answer is "No," but I would like to check it to be sure.

That is a correct answer.

NUMBER OF OLDER WORKERS PLACED

Mr. MICHEL. Somewhere along the line, Mr. Secretary, you said that in the U.S. Employment Service over 1 million persons either over 40 or 45; what was that figure?

Secretary WIRTZ. Something over a million people over 45 were placed through the Employment Service in 1964.

Mr. MICHEL. How many of those individuals would have been placed more than one time in making up that figure?

Secretary WIRTZ. I would have to check on that and we will check and supply the answer for the record. Mr. Goodwin will also have it in his testimony.

Mr. MICHEL. Would you?

There is no question but that some of these figures are a bit erroneous because they indicate five placements when one fellow works at five different jobs and holds one of them only 2 months or a fraction of a year and I think that ought to be in the record to make the record clear.

Secretary WIRTZ. I want to be clear. You are right: the figure I gave you is for placements and would not be for individuals.

Mr. MICHEL. Do you have the statistical information that could give us specifically the individuals?

Secretary WIRTZ. That is what I understood your question to be and we will try to do that. Frankly, in some other connections, our records are not very complete on that particular point, but we will give you the closest we can on it.

NOTE.—The committee was subsequently advised that such figures are available at each local office but no national compilation has been made.

SPECIAL SURVEY OF THE UNEMPLOYED

Mr. MICHEL. Do you have any plans for repeating a special survey of the unemployed similar to a survey giving information about the unemployed in 1961?

As I recall, in 1962 or 1961, there was a survey of that kind which disclosed then publicly in 1963 what these figures were and it was upon this basis that some of this antipoverty legislation turned, particularly with respect to this arbitrary figure of $3,000. In other words that survey was made at a time when we were in a recession period.

Has there been anything done to update those figures to make them more current?

Secretary WIRTZ. Yes; a good deal. The most recent and detailed studies of this situation have come out of the Department of Health, Education, and Welfare. I am not sure whether they had it in the testimony recently or not. They have done quite a careful study of it and we would be in a position to supply you additional information which we have about the income characteristics of this lower income part of the population. I could only reliably supply that for the record later.

(The information referred to follows:)

EXCERPTS FROM ECONOMIC REPORT OF THE PRESIDENT

(Transmitted to the Congress January 1965)

POVERTY

Too many of our citizens neither share adequately in the benefits of our economic progress nor contribute effectively to its creation. America's renewed focus on poverty last year called attention to the fact that 35 million Americans—one-fifth of the population—still lived in poverty. When the President declared war against poverty in his state of the Union message a year ago, the conscience of the American people was stirred.

Widening participation in prosperity will not be accomplished easily. It calls for a combination of public and private policies which, while reflecting society's compassion and concern, will attack the root causes of poverty. It requires assisting all citizens who need help in developing their full potential. It requires strengthening our protections against the economic hazards inherent in modern society. And it requires improving our assistance to those who, because of age, disability, or adversity, are unable to provide for themselves.

Last year, the Council's annual report set forth a preliminary analysis of the structure of poverty, focusing on the economic characteristics of the poor and the causes of their poverty. Since then additional information has become available, shedding more light on the process by which family poverty may arise, persist, or disappear.

THE RECORD OF PROGRESS AGAINST POVERTY

The percentage of American families with incomes (in 1962 prices) below $3,000 fell from 32 percent in 1947 to 20 percent in 1962 and to 19 percent in 1963. Experience indicates that in periods of strong economic expansion the incidence of poverty declines. Between 1947 and 1962 the number of poor families fell from 11.9 to 9.3 million; in 1963 alone it dropped an additional 300,000, and a further reduction probably occurred last year. The composition of this group of families showed little change from 1962 to 1963. The incidence of poverty remained highest among the farm families, nonwhite families, and those headed by females, and among the elderly, the least educated, and those unable to work. The median money income of poor families has remained close to $1,800 since 1958.

MEASURES AND CHARACTERISTICS OF POVERTY

In its 1964 annual report, the Council proposed an income below $3,000 as a test of family poverty. It recognized that a determination of poverty status cannot be exact, either conceptually or in practice, for "there is no precise way to measure the number of families who do not have the resources to provide minimum satisfaction of their own particular needs." However, the attack on poverty requires a quantitative perspective on the problem. Therefore, the Council concluded that the $3,000 income limit "provides a valid benchmark for assessing the dimensions of the task of eliminating poverty, setting the broad goals of policy, and measuring our past and future progress toward their achievement."

In the past year, additional research has been devoted to measuring the character and extent of poverty, taking into account a broader range of considerations than annual income alone. This will permit the development of more comprehensive measures of the problem.

Differences in family composition

The $3,000 poverty line was intended to reflect the minimum current income needs of a typical family—typical with respect to size, age of members, and a variety of other characteristics. Recognizing that few families are typical, the Social Security Administration has now estimated the income needed to achieve comparable minimum standards of consumption by families of various size and age composition in both rural and urban areas. The minimum income needs of an urban family of six, for example, will normally differ from those of an elderly rural couple.

Under these revised estimates, roughly the same total number of persons are classified poor as under the simpler $3,000 family income test, but the composition of the poverty group is somewhat different. The number of poor families is smaller; the number of adults is reduced, especially among the aged and those who do not work. The number of large families classified as poor increases, however; and, most important, the estimated number of children in poverty rises by more than one-third, from 11 to 15 million. This means that one-fourth of the Nation's children live in families that are poor. These findings underscore the importance of helping young people escape from poverty. This pressing objective, stressed in last year's annual report, is emphasized in the Economic Opportunity Act and in the President's new proposals for education and health care of children.

Asset ownership

A family's ability to maintain an adequate standard of living depends on its accumulation of assets and liabilities as well as current income. A family may be able to sustain its consumption during an occasional year of low income by drawing down savings, borrowing on assets, and postponing the replacement of durable goods. Thus the measurement of poverty is improved by distinguishing temporary from chronic inadequacy of income, and considering the asset holdings of low-income families. However, in practice, few low-income families can long maintain satisfactory consumption levels by drawing down their assets. Average (median) net asset holdings of poor families amounted to only $2,760 at the end of 1962. The bulk of these assets consisted of equity in a home and thus could not be easily converted into consumption. Even if a typical poor family were to draw down its assets to supplement current income in order to maintain consumption at the rate of $3,000 a year, these assets would be entirely exhausted within 2 to 3 years.

Older families with incomes of less than $3,000 generally possess more assets than do younger families with low incomes. Many of the former are retired and are using their savings to meet living costs. A composite measure of poverty based upon income and asset criteria would exclude some older families now classified as poor under the income test alone.

Income variability and the persistence of poverty

The extent of chronic poverty is reflected by a measure of persistence—the percentage of poor families in any given year who remain poor in succeeding years. A study of incomes of the same families in 2 successive years shows that approximately 70 percent with incomes below $3,000 in 1 year have similarly low incomes in the following year. This suggests that the poor include a largely unchanging group of families. Persistence of poverty is greatest among families headed by females, the less educated, nonwhites, and the aged, as shown in table 19.

TABLE 19.—*Persistence of poverty, by selected family characteristics, 1962–63*

Selected characteristic	Persistence of poverty
All families	69
Age of head:	
14 to 24 years	62
25 to 34 years	55
35 to 44 years	53
45 to 54 years	63
55 to 64 years	71
65 years and over	80
Work experience of head:	
Worked	60
At full-time jobs	53
At full-year jobs [1]	51
At part-time jobs	79
Did not work	83
Education of head:	
Less than 8 years	79
8 years	72
9 to 11 years	64
12 years	53
13 to 15 years	54
16 years or more	40
Type of family:	
Husband-wife	68
Wife in paid labor force	48
Wife not in paid labor force	73
Other male head	61
Female head	76
Color of head:	
White	67
Nonwhite	76

[1] Worked 50 to 52 weeks.

NOTE.—Data relate to families and exclude unrelated individuals. Poverty is defined to include all families with total money income of less than $3,000; these are also referred to as poor families. Persistence of poverty is measured by the percent of poor families in 1962 that are also poor in 1963.

Data based on sample of families living at same address as year earlier: movers, whose characteristics could differ from nonmovers, are excluded. In addition, implied changes based on two interviews a year apart for the same family are particularly affected by response errors.

Data are not entirely comparable to those shown in table 20. See note to that table.

Source: Department of Commerce.

Temporary poverty is likely to arise from unemployment, illness, or other disability, and, for the self-employed, from the hazards of small business. Movement out of poverty is related to changing levels of economic activity.

The process by which overall poverty is reduced from one year to the next involves a number of divergent influences. Some families become poor, a slightly larger number become better off, but the great majority simply remain poor. Of the 9.3 million poor families in 1962, 0.6 million were dissolved in 1963, and another 1.8 million—only 19 percent of the total—moved to a higher income status. Meanwhile 6.9 million remained poor (table 20) and 1.7 million other families fell into the low-income group.

Of those families leaving poverty in 1963, slightly over two-fifths secured incomes between $3,000 and $4,000, one-fifth moved into the $4,000 to $5,000 range, and the remaining two-fifths reached or surpassed $5,000.

TABLE 20.—*Changes in poverty, 1962–63*

Poverty status of family	Estimated number of poor families (millions)
Poor families in 1962	9.3
Less:	
Families no longer poor in 1963	1.8
Poor families dissolved in 1963	.6
Equals: Families poor in 1962 and 1963	6.9
Plus:	
Families who became poor in 1963	1.7
Newly formed poor families in 1963	.4
Equals: Poor families in 1963 [1]	9.0

[1] Families with total money income of less than $3,000 (1962 prices).

NOTE.—Data relate to families and exclude unrelated individuals. Poor families are defined as all families with total money income of less than $3,000.
This table is based on total number of poor families that moved or were dissolved. The persistence rate—74 percent—derived from this table is somewhat higher than that in table 19.

Source: Council of Economic Advisers.

Those families whose incomes rose from less than $3,000 to $5,000 or more undoubtedly included a large number of families where breadwinners returned to full-time work or a new earner found a job. On the other hand, many of those who rose from poverty status, particularly those in the $3,000 to $4,000 bracket in 1963, probably did so only temporarily.

The statistics suggesting that about 20 percent of the poverty-stricken families in any given year are no longer poor in the following year certainly overstate the degree of real improvement in the income position of this group. They fail to reveal the extent to which many of these families hover about the $3,000 income line. An increase in income from $2,900 to $3,100 hardly constitutes an escape from poverty and, furthermore, may be quickly reversed. Therefore, some measure of poverty covering more than a 1-year period is more appropriate and useful in identifying the incidence of chronic poverty. A poverty criterion based on a 2-year income average of $3,000 yields nearly as many low-income families as is indicated by the 1-year measure.

Employment status

The analysis of poverty in last year's annual report emphasized the importance of economic expansion and rising aggregate employment in reducing the number of poor families. But it also made clear that many of the poor—because their family heads are not in the labor force—do not necessarily benefit from general economic prosperity. Data on work experience in 1963, shown in table 21, provide further indications of the relationship between unemployment and poverty.

TABLE 21.—*Distribution of all and poor families, by work experience of family head, 1963*

Work experience of head	Percent distribution	
	All families	Poor families
Total	100	100
In labor force during year:		
Employed all year	67	30
Employed part of year:		
Not unemployed	9	14
Unemployed part of year [1]	11	16
Not in labor force during year	13	39

[1] Includes small percent not employed at all during year.

NOTE.—Data relate to families and exclude unrelated individuals. Poor families are defined as all families with total money income of less than $3,000 (1962 prices).
Detail will not necessarily add to totals because of rounding.

Source: Department of Labor.

Some 30 percent of families with incomes below $3,000 were headed by persons who held jobs (mostly full time) throughout the year. An additional 14 percent were headed by persons in the labor force during only part of the year but who were never counted as unemployed because they moved into or out of the labor force. The heads of 16 percent of poor families experienced unemployment during 1963. The incidence of poverty was particularly high among those unemployed for long periods. A more prosperous economy and stronger job markets would have aided the incomes of all these groups, but particularly the last.

The largest group of poor families—39 percent of the total—was headed by persons completely out of the labor force during 1963. A few of these family heads, of course, are among "the hidden unemployed"—those employable workers who had withdrawn from or failed to enter the labor force because of discouragement about job opportunities. However, many more of them were retired, disabled, or were women with child-rearing responsibilities.

OBJECTIVITY OF EMPLOYMENT STATISTICS

Mr. MICHEL. In the last year, a great many persons have voiced objection to using employment statistical figures for what seems to be political purposes.

I am reminded of an article in the Washington Post on September 21, 1964, which carried a little headline, "Johnson Ignores Advice of Wirtz on Job Figures." I will not go into the gist of that article, other than to simply ask you could you give us your opinion as to the best way Government monthly reports should be authorized without getting into partisan politics?

Secretary WIRTZ. Yes. I would be in accordance with the recommendations of the Gordon Committee which were that we at the beginning of the year establish a set of release dates for the unemployment data and that they then be released at that time, at that hour specified and not by anybody involved in any policymaking position. That procedure is followed normally. I think it is true that a couple of times in the last year we have had some pretty good news that it was hard to contain. I think it is also true that there has been no political use of these figures during this period.

COMPULSORY UNIONISM

Mr. MICHEL. Do you feel that an employee, Mr. Secretary, should be compelled to join a union against his will or suffer the consequences of losing his job?

Secretary WIRTZ. Do I think that an employee should be compelled against his will to join the union at the risk of losing his job?

Mr. MICHEL. Yes.

Secretary WIRTZ. Under the circumstances of an agreement between a majority of a union, a majority of the employees, and an agreement with the company, I do feel that that is a decision that can properly be made in collective bargaining. Now, I have answered your question, I realize, in different terms from the one in which it is put, but I assume the question is whether I think a union shop agreement does or does not comport with a reasonable concept of individual rights, and I do. I think a majority decision that would have that effect embodied in a collective bargaining agreement is a reasonable decision.

I would point out, just in addition to that answer, that under the law as it is written there is a requirement that there be the payment of dues so that if there are individual scruples of one kind or another involved they can be accommodated.

Mr. MICHEL. Now, if the Congress repeals section 14(b), would it be your opinion that in those 18 or 19 States that now have right-to-work legislation on the books, that this would make this subject matter one of negotiation in labor-management contracts?

Secretary WIRTZ. Yes, sir.

Mr. SHRIVER. Would you yield?

Mr. MICHEL. Yes.

Mr. SHRIVER. Would that nullify contrary provisions of State constitutions?

Secretary WIRTZ. To the extent it is a legal question, my answer is not reliable, but as a practical matter my understanding is, yes, with the superseding authority of the Congress it is effective as against a State constitutional action as well as a State legislative action.

ENTERTAINMENT OF FOREIGN VISITORS

Mr. MICHEL. Mr. Secretary, last year, we included $5,000 in the so-called representation allowance area; it was for the entertainment of foreign visitors.

Were any of these foreign visitors from so-called nonalined countries?

Secretary WIRTZ. I would be glad to supply for the record the complete details, an account of the expenditure under that fund. It was broadened by your action last year beyond the foreign visitors, but I am sure that I can give you a breakdown on that which will identify all of the occasions which have been covered by that expenditure. I do not believe that identification will include a specific guest list, although that could be supplied, too, because we have a record of it, and if you want it, I will be glad to supply that.

Mr. MICHEL. Since we have such a big item in the State Department's budget in this area and it generates controversy each time we get it involving a specific department, are there any figures to show how many people are directly attributed to the Department of Labor that benefited by this item in the Labor Department's appropriation? That is what I am trying to get at. In other words, how many people really came at the invitation of the Secretary of Labor to justify our appropriating directly to the Department of Labor this amount last year and if there is anyone in there——

Secretary WIRTZ. Frankly, it is a small enough amount so that we have had to be very sparing with that money, and I will be glad to supply that for the record with the identifications. I understand it, of those from nonalined countries and also try to identify the extent to which these occasions have been directly in connection with the work of the Secretary's office; is that correct?

Mr. MICHEL. Yes.

Secretary WIRTZ. All right. Fine.

(The requested information follows:)

Department of Labor entertainment fund

FISCAL YEAR 1964

Host	Function	Date	Number of guests			Cost
			Foreign	United States	Total	
Assistant Secretary Weaver	Reception, Independence Day	July 4, 1963	31	1	32	[1] $80.00
Assistant Secretaries Peterson and Weaver	Luncheon, Swedish Parliament group	July 12, 1963	36	5	41	259.50
Secretary Wirtz	Luncheon, labor attachés	July 16, 1963	13	14	27	433.42
Assistant Secretary Weaver	Breakfast, Mexican Delegate to ILO	Aug. 13, 1963	2	1	3	20.08
Do	Luncheon, Guinean Ambassador	Aug. 15, 1963	1	5	6	58.45
Do	Luncheon, Guinean trade unionists	Aug. 29, 1963	5	11	16	155.00
Secretary Wirtz	Luncheon, representatives of international organizations	Sept. 4, 1963	5	12	17	30.77
Assistant Secretary Weaver	Luncheon, Spanish Director of Social Security	Sept. 16, 1963	3	14	17	146.15
Secretary Wirtz	Secretary Wirtz' official party	Sept. 23, 1963	----	23	23	249.87
Assistant Secretary Weaver	Luncheon, Secretary General of Spanish Trade Unions	Sept. 24, 1963	4	10	14	117.90
Do	Luncheon, Assistant Director General of ILO	Sept. 27, 1963	3	10	13	103.60
Secretary Wirtz	Luncheon, Canadian Labor Minister	Sept. 28, 1963	4	4	8	152.85
Do	Luncheon, Director General of ILO	Oct. 2, 1963	2	22	24	286.40
Mr. Sylvester, ILAB	Luncheon, Caribbean Labor Congress	Oct. 11, 1963	1	10	11	26.75
Under Secretary Henning	Luncheon, OECD Employer/worker team	Oct. 15, 1963	12	17	29	278.45
Assistant Secretary Weaver	Luncheon, Yugoslav Assistant Secretary of Labor	Oct. 28, 1963	2	8	10	24.50
Do	Dinner, ILO working meeting	Oct. 29, 1963	----	11	11	162.10
Deputy Assistant Secretary Weiss	Luncheon, United States-Canadian OECD Automation Group	Dec. 10, 1963	2	7	9	23.24
Do	Luncheon, Honduras Minister of Labor	Jan. 21, 1964	1	4	5	30.95
Assistant Secretary Weaver	Luncheon, Philippine cotton textile delegation	Jan. 23, 1964	11	16	27	218.55
Do	Luncheon, Informal Coordinating Committee	Jan. 27, 1964	3	9	12	29.40
Secretary Wirtz	Luncheon, International Longshoremen's Association	Feb. 20, 1964	----	----	----	[2] 56.96
Mrs. Wirtz	Tea, Japanese women leaders	Feb. 29, 1964	5	18	23	38.00
Assistant Secretary Weaver	Luncheon, Mali Ambassador	Mar. 3, 1964	1	5	6	36.85
Do	Luncheon, Jamaican Ambassador	Mar. 17, 1964	1	6	7	52.00
Mr. Weiss	Luncheon, Kenyan Parliamentary Secretary	Apr. 3, 1964	1	5	6	33.78
Secretary Wirtz	Reception, foreign labor editors	Apr. 27, 1964	----	----	----	[3] 356.69
Assistant Secretary Weaver	Luncheon, Nyasaland Minister of Labor	May 4, 1964	2	11	13	140.63
Under Secretary Henning	Luncheon, Congo Minister of Labor	May 13, 1964	3	11	14	129.05
Mr. Weiss	Luncheon, Yugoslav Assistant Secretary of Labor	May 14, 1964	2	9	11	133.80
Secretary Wirtz	Luncheon, President Vietnam Confederation	May 15, 1964	3	25	28	309.75
Do	Luncheon, Mr. Rosenberg and Mr. Storti	May 20, 1964	7	28	35	343.20
Mrs. Wirtz	Luncheon, Mrs. Rosenberg and Mrs. Storti	May 21, 1964	4	6	10	53.73
Mrs. Weaver	Dinner, Nigerian Minister of Labor	May 24, 1964	1	8	9	64.85
Assistant Secretary Weaver	Luncheon, Australian Minister of Labor	May 28, 1964	3	8	11	95.71
Secretary Wirtz	Luncheon, Miss Perkins	June 19, 1964	----	10	10	27.60
Total			174	364	538	4,760.53

Deputy Assistant Secretary Weiss and Seymour Wolfbein.	Reception, 4th Annual International Manpower Seminar Group	July 29, 1964	34	21	55	$230.00
Assistant Secretary Weaver	Luncheon, Carlos Gajardo of the OAS	Aug. 4, 1964	1	1	2	9.79
Do	Luncheon, Ambassador Ong of Malaysia	Aug. 20, 1964	1	1	2	6.52
Deputy Assistant Secretary Weiss	Luncheon, president of the Austrian Trade Union Federation	Aug. 27, 1964	5	10	15	159.49
Assistant Secretary Weaver	Luncheon, president, Egyptian Federation of Labor	Sept. 18, 1964	3	6	9	83.19
Secretary Wirtz	Luncheon, Minister of Labor of Japan	Sept. 21, 1964	3	3	6	20.40
Assistant Secretary Weaver	Luncheon, Senator Cappo of Italy	Sept. 28, 1964	2	1	3	15.98
Do	Dinner, Assistant Secretary General of the ILO	Oct. 2, 1964	3	2	5	49.01
Secretary Wirtz and Assistant Secretary Peterson.	Luncheon, IAGLO	Nov. 16, 1964	2	12	14	28.00
Assistant Secretary Weaver	Luncheon, Ratzo Brzic, Yugoslavia Counselor	Nov. 25, 1964	1	1	2	9.77
Mr. Donovan	Luncheon, OECD Canadian Delegation	Dec. 7, 1964	2	10	12	59.40
Mr. Leslie	Dinner, members of Canadian Ministry of Labour	Dec. 8, 1964	2	2	4	36.79
Assistant Secretary Weaver	Luncheon, staff members of Canadian Ministry of Labour	Dec. 11, 1964	2	1	3	19.66
Do	Dinner, Nigerian Minister of Labor	Dec. 15, 1964	1	1	2	15.40
Do	Luncheon, Charles Levinson, General Secretary of IFCGW, the Netherlands	Dec. 17, 1964	1	1	2	8.22
Secretary Wirtz	Reception, Justice Goldberg's portrait unveiling	do	40	360	[4] 400	337.01
Assistant Secretary Weaver	Luncheon, Carlos Gajardo of the OAS Secretariat	Dec. 24, 1964	1	1	2	8.45
Do	Luncheon, Ambassador Ong of Malaysia	Dec. 30, 1964	1	1	2	8.56
Do	Luncheon, Ambassador Miguel Augustus Ribeiro of Ghana	Jan. 14, 1965	1	1	2	8.56
Assistant Secretary Peterson	Dinner, British Consumer Council	Jan. 12, 1965	----	----	[4] 80	88.00
Deputy Assistant Secretary Weiss	Luncheon, members of the Friedrick Ebert Foundation (Germany)	Jan. 22, 1965	2	6	8	70.30
Do	Luncheon, J. Chazelle, Director General of Labor and Employment, Ministry of Labor of France.	Feb. 9, 1965	2	5	7	50.00
Under Secretary Henning	Luncheon, Gosta Rhen, Director of Manpower and Social Affairs, OECD in Paris, France.	Feb. 26, 1965	2	15	17	34.25
Total cost July 1, 1964, to date						1,356.75

[1] Labor share of reception for foreign visitors sponsored by the Junior Foreign Service Officers Club.
[2] Guest list not available at this time.
[3] Labor share of White House reception for foreign labor editors.
[4] Approximately.

REPORTING SERVICES

Mr. MICHEL. Nearly $18,000 was spent for reporting services in 1965. I would like a breakdown of that.

Secretary WIRTZ. I will have to supply that and we will be glad to.

(The requested information follows:)

STATEMENT RE REPORTING SERVICES

The listing in the budget for "Reporting services" is erroneous. It should have read "Reporting and other services." Funds for other types of services have been included in this category. The estimate is comprised of estimates for the following items:

Reporting services—$5,300. Charges for this service range from $0.05 to $1.95 per page depending on the number of pages and copies of transcripts required in any instance. Prediction of occasions when this type of service is required is sometimes nebulous since it is predicated by external factors outside of the Department. The amount does include $2,000 for the legal and reporting services of the Employees' Compensation Appeals Board and $1,000 for the Wage Appeals Board.

Information services—$2,000. These services are press clippings required to keep the Secretary of Labor informed of nationwide reaction to the operations of various Department of Labor programs.

Services of other agencies—$4,500. This item relates primarily to services provided for miscellaneous repairs and refurbishments to office facilities occupied by the Office of the Secretary.

Repairs of equipment and motor vehicles—$5,500. (This item covers funds for repairs of office equipment and machines and the motor vehicles assigned to the Office of the Secretary.)

Security investigations—$1,500.

COST OF VISUAL EXHIBITS

Mr. MICHEL. And I see that $10,000 was spent on visual exhibits. Could we have supplied for the record what these are and where they are displayed?

Secretary WIRTZ. All right.

(The requested information follows:)

VISUAL EXHIBITS ($10,000)

These funds represent the Office of the Secretary's share of the total cost of $223,000 used to provide services for the preparation, layout, construction, and artwork involved in the production of different types of visual exhibits needed to further the efforts of the Department of Labor. The following are a sample of the items provided thus far during fiscal year 1965.

Item	*Where displayed*
History of technology and labor (museum exhibit).	Main Labor Building, Washington, D.C.
Portable field exhibits (2 exhibits, consisting of posters, photographic type overlays, etc., used by the Department's Field Information officers).	Throughout the country at various types of functions, meetings, conventions, etc.
Various exhibits which, through video-audio techniques and methods, illustrate and publicize programs of the Department, e.g., the "Picture Window" which is a series of 9 panels that presents aspects of the apprenticeship training program, the manpower training program, and the wage and labor-standards programs.	Washington, D.C., and throughout the country.
Display highlighting the report, "One-Third of a Nation."	Washington, D.C.
Film entitled "Department of Labor" which highlights the various programs and functions of the Department.	Displayed on request at schools, conventions, etc., throughout the country.

HEALTH SERVICES

Mr. MICHEL. And I see an item of $68,500 was spent for health room and immunization services. Could we also have this matter explained a little bit more in detail and an answer supplied for the record?

Secretary WIRTZ. These, Congressman, are health rooms that we maintain in the Department of Labor. There are doctors in part-time attendance; there is sometimes one, sometimes two, occasionally three nurses, who are maintained there at all times for the handling of emergency problems that develop or might develop in the Department, plus expenditures for immunization of employees of the Department going abroad on official business. Those are the general services.

In the main Labor Building it is a single room set up divided by partitions into a reception room and small office and two other rooms there in the main department.

(The following additional information was submitted:)

STATEMENT RE HEALTH SERVICES

HEALTH ROOM SERVICES ($68,500)

Costs in 1965 are for agreements with the Public Health Service or contracting agencies for health unit services at the following locations:

General Accounting Office Bldg	$14,135
Main Labor Bldg	22,530
1730 M St. Bldg	13,750
Santa Fe Bldg., Dallas, Tex	1,740
Federal Office Bldg., Kansas City, Mo	1,670
William Bldg	4,725
Total	58,550

The remaining $9,950 of the estimate relates to expenses for medical supplies and other miscellaneous costs at health units maintained by the Department of Labor at the following locations:

Railway Labor Building, First and D Streets NW.

Vanguard Building, 1111 20th Street NW.

American National Bank Building, 8701 Georgia Avenue, Silver Spring, Md.

In addition, tentative plans are being made to establish another unit at 1200 19th Street NW., a new location the Department just recently occupied. Costs for this unit will be funded from the above amount available for this type of service.

OVERSEAS TRAVEL

Mr. MICHEL. How many of the employees of the Department went overseas last year?

Secretary WIRTZ. I will be glad to supply that.

(The requested information follows:)

Total number of Department of Labor employees who traveled overseas, calendar year 1964	85
For technical assistance to developing countries under auspices of other sponsoring agencies (AID, ILO, etc.) at the expense of other agencies	30
To represent the United States at international trade fairs at the expense of sponsoring agency (USIA)	10
For research (BLS/DFLC) under statutory authority and appropriation to the Department for that purpose	9
For foreign economic policy (FEP, trade and tariff) representation of Department under authority and appropriations of the Trade Expansion Act	8
To represent the U.S. Government as official members of international organizations (ILO, ECOSOC, OECD, etc.), with substantial majority of travel paid by agencies other than the Department of Labor	28

Of these, some 25 representatives traveled to Latin America (Central and South America, largely for technical assistance projects); 18 to Africa (also for technical assistance and trade fair activities); 30 to Europe (primarily to represent the United States at meetings of international bodies); and some 12 officials visited the Near East and Far East in connection with labor and manpower programs. Of course, some of the travelers visited more than one of these areas when it was possible for us to perform more than one mission on the same trip.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FOGARTY. Mr. Matthews?

FARM LABOR PROGRAM

Mr. MATTHEWS. Mr. Secretary, I want to explore just a little bit a matter with which I know you have had many weary hours. I refer to the problem of the domestic labor as over against foreign labor on the citrus farms and sugarcane farms in Florida.

Secretary WIRTZ. Yes, sir.

Mr. MATTHEWS. The problem is not so much of a problem to my district just now. My area in Florida is around Gainsville; that is my home.

As you know, Mr. Secretary, the citrus belt is much further to the south; I have some citrus production but most of it is centered 100 miles or further to the south.

I have had, though, citrus producers in Florida write me and plead with me to try to be helpful. They have emphasized that they think you are a gentleman of character and you are doing what you think is right, but they just believe they have certain facts that you do not have.

Secretary WIRTZ. That is right.

Mr. MATTHEWS. I remember a few minutes ago you said that you believe that recruitment of domestic workers had been accomplished at a minimal loss—m-i-n-i-m-a-l—loss, I believe is the expression you used. However, I know we would agree that to some producers just even a minimal loss would be a severe problem.

Now, what concerns me specifically is the production of some crops in my district.

I have about 25,000 acres of potatoes; I have a considerable production of strawberries in a section we call Bradford County, Fla.; and then Flue-cured tobacco that needs, in certain limited areas, some of these foreign workers, they tell me, to harvest this crop.

Now, Mr. Secretary, I know perhaps you have heard of these problems but I do want very earnestly to point out one or two facts again by way of emphasis. I am not disagreeing with you in your sincere intention to see that domestic labor be used if available. I cannot disagree with you. I agree with you that domestic labor should get fair prices. However, I just am afraid that we are never going to be able to get the domestic labor that we need to harvest some of these crops.

LABOR NEEDS OF SMALL FARMERS

Now, so often I think we probably conceive of this problem in terms of the large producer, but it is a vital problem to what we might call the small family farmer. When I was on the Committee on Agriculture, I had the pleasure of being the chairman of the Subcommittee on the Family Farm. One criterion for definition of a

family farm that we used was a farm that, except at harvesttime, can, by means of the labor within the family, perform 50 percent or more of their labor; but at harvesttime, he simply must get other labor and he must get it immediately. Sometimes a matter of 12 hours would ruin his crop.

Now, they have in my section of Florida been using some of the labor from the West Indies and as far as I know it has been a satisfactory program, as far as the citizens of the West Indies are concerned.

I would hope that it has helped them maybe get some more purchasing power—purchasing power so they can buy the products of American labor.

I was hoping it would preclude the possibility of foreign aid to some of these areas.

I was in British Honduras this last year, and one of the Ministers said, "Mr. Congressman, we do not need any aid, but if you could just help our people harvest some of your oranges; I used to do that."

I said, "Did you make much money?"

I hear quite often those people are criticized in the citrus areas because they do not make enough money.

He said, "I made $20 a day, and I made a whole lot more money there than I do here as a Minister."

The matter of adequate pay in these areas, in my opinion, is not too much of a problem. An able-bodied man can make good money. He, of course, has to be able bodied. But again, Mr. Secretary, the thing I plead with you is, please reassess this statement that you made when you said, "We intend to extend this program," and you are talking about the recruitment of domestic farm laborers. You say, "We intend to extend this program to reduce or eliminate the importation of foreign workers from the British West Indies, and elsewhere," because, as I say, my feeling is that in the foreseeable future I just do not see how in the world we are going to be able to get enough domestic labor to take care of this problem.

Would you like to comment a moment or two on what I said?

STATUTORY LIMITATIONS RE FOREIGN WORKERS

Secretary WIRTZ. I would start from the statutory authority which is involved here. I have no authority to receive any foreign worker unless I make a finding that there are no unemployed people in this country who can be found to do this work. That is almost exactly the statutory phrase. So I have no authority except until I find that there is no unemployed worker in the United States who can be found to do this work. That is a pretty hard test, with 4 million unemployed people in this country.

Mr. MATTHEWS. And, Mr. Secretary, excuse me right there, but a man that has a strawberry crop to be harvested, has 12 hours to find that labor. Or a man who has watermelons to get to the New York market there in a hot period so they will sell, has 12 hours to get the labor and he has to plan weeks ahead of time, because he can determine pretty well that time he is going to need them.

Secretary WIRTZ. I appreciate that fact. I am frank to say it is hard for me to understand why that planning on a 12-hour notice can be done with respect to labor which comes from overseas. It cannot

be done with respect to U.S. workers, and I think it can be. I think arrangements can be made through the Employment Service, and we have got to cooperate with them on that. And we want very much to. I think arrangements can be made to use domestic workers on that same basis.

Now, I realize that it is not fair to count the whole of the unemployed people of the whole country into a count involving one or two workers in a particular place, but, of course, the rest of our story is that in Florida alone there are many more unemployed than their needs for the foreign workers, and if you go into the immediately surrounding area, much closer than Jamaica, you find a considerable number of unemployed. It would be foolish to leave out of a count that the wage rates in American agriculture average $1.05 an hour while the average wage rates in American manufacturing average about $2.60 an hour, and we know that part of what is causing this difficulty is the difference in wage rates. I do not think that the American consumer wants his prices to be subsidized by labor which is paid for at less than the fair wage. The fair wage point is covered in my regulations of December 19, so I do not press it beyond that. And I suppose my only comment, Mr. Matthews, is that we are going to try our very best to fill all of these jobs with American labor, U.S. labor.

I think that can be done at whatever point there is acceptance by all of the interests involved. The fact that that is where we are going.

Mr. FLOOD. Will the gentleman yield?

Mr. MATTHEWS. Yes.

Mr. FLOOD. Do you include females?

Secretary WIRTZ. Yes; there is domestic labor. There has been no importation of female workers.

Mr. FLOOD. I mean domestic labor of this type and kind, do you include the female?

Secretary WIRTZ. We do. We are also, along that same line, Mr. Flood, doing everything we can to see if we cannot muster the student and the younger worker potential which is available.

I do not mean to minimize the problem, and Mr. Matthews, I do not know how far we are going to get with it. I think we are going to get much, much further than has so far been assumed, and I would hope with the cooperation of the growers and with the cooperation of the State employment services we would be able to meet it. That is what we are shooting for and I would be less than frank if I did not say that.

NEED FOR HEALTHY WORKERS

Mr. MATTHEWS. Yes. My people tell me that this idea of a good wage, depends on how healthy a man is. They say a healthy man can make a lot more than the average wage in industry. I have in my own district a young man who has a citrus grove, and he says he has known able-bodied workers to make $30 a day.

Now, I can document that. I do not have it here. Another thing that worries us is that perhaps in this program you are going to make the American farmer with all his other problems assume the welfare costs of subsidizing certain people in America who need help. The American farmer is not in a position to help these particular people.

Another thing that I want to point out is, that this idea that there are unemployed people around does not have anything in the world sometimes, Mr. Secretary, to do with being able to get them to go on your farm and do stoop labor. I am not criticizing anybody. I am just pointing out a fact now. I think I can document this, that in the Miami area a few months ago when they had a tremendously long unemployment line, they tried to get these folks in the line to go out and work in the fields and they just were not successful.

Now, there are two sides to the coin. I know that. But I have a feeling that a lot of those people were not physically able, perhaps, to do this kind of work. I do not know. But I do think we must not assume that just because there are unemployed people that, therefore, automatically the farmer can get the help he needs.

NEED FOR SKILL AND TRAINING

Now, there is a certain amount of skill, too, involved, and one reason the West Indies labor has been so satisfactory and helpful is many of these people have worked in the same places year after year and they have been able to develop certain skills. They tell me when you pick an orange there is a certain way to do it. I know enough about strawberry picking to know that unless a worker has training, it would not be a very good idea to put him to doing even this kind of work. But it does not seem like it takes much skill.

Let me emphasize again and again, that unless a farmer can get adequate labor when he needs it he can be ruined.

Mr. Secretary, in that connection, in these various programs that we have been talking about to help find work for the unemployed, to help our youth, can you tell me of any training program that is going on now to try to get more domestic farmworkers to help us with this problem?

Secretary WIRTZ. I am glad you asked. The first such program is being started tomorrow, according to plans as of last week, at least, in the Oxnard, Calif., area. We have another one which we are presently about to work out in the Stockton, Calif., area, and are quite convinced in line with what you say that although the training element involved here is minimal, we can properly, under the Manpower Development and Training Act, set up very short-term training programs which would cover that skill factor to which you refer, and which would also give us the opportunity to participate more fully in the recruitment which would go along with that.

Mr. FLOOD. Are these on-the-job training programs?

Secretary WIRTZ. Frankly, there are difficulties in working it out. In the California program we are trying to use the on-the-job training feature. It is not easy, because it is an unusual training situation, very short training element involved. But we are experimenting with the possibility of on-the-job training, which, if we can work it out, of course, will reduce the cost very substantially.

Mr. MATTHEWS. One more comment I want to make, and I know, Mr. Secretary, you have heard this. But as we come back again to the problem of the small farmers, years ago almost anyone who had a farm could afford to have one hired man, but now so many of the so-called

family farmers cannot afford a permanent hired man. That hired man has gone into town. He has a regular job now. So that aggravates their problem when for just 2 or 3 weeks a year they need some help and they need it immediately, and if they do not get it, they are ruined.

So, again, I hope you will look into that problem and, as I say, I know you are sincere, but I must say again very frankly, of course, my friends from Florida tell me they think you are dead wrong. They do not have enough labor and they will be ruined if you cannot help them.

Thank you, Mr. Secretary.

Secretary WIRTZ. Thank you.

AVERAGE FARM WAGE

Mr. FOGARTY. What did you say the average agricultural wage is—$1.05?

Secretary WIRTZ. Yes.

Mr. MATTHEWS. But, again, I would like the Secretary to tell me how he determines that. Now, he is not referring, I know, to piece rate production like I am talking about in most of these instances where they pay them by the box of oranges and by the flat of strawberries. He must be talking about people that plow and hoe and do things like that. But I can document case after case, where piece rate workers make $20 and $30 a day, if they are able.

Secretary WIRTZ. As a matter of fact, the Congressional Record a few weeks ago when this was explored thoroughly, included a figure up to $40 a day. Our records do not support that. But your suggestion that the piecework earnings will carry substantially above these levels is correct; yes. But the comparative rates, that would be true, of course, in manufacturing earnings, too. The two rates I gave you were the average hourly rates for agriculture and for manufacturing.

Mr. FOGARTY. You are not supporting a piece rate wage scale in this country; are you?

Secretary WIRTZ. No, what we have done is to provide only minimum rates and they vary from State to State. They will be April 15, $1.15 in Florida, and that is on an hourly rate, or a minimum under a piece rate basis.

I should add, Mr. Chairman, we in no sense require the payment of those rates. We simply say if you are going to apply for the importation of foreign workers you must first as a condition to that request offer these rates domestically.

IMPACT OF WAGE INCREASES ON PRICE OF FARM PRODUCTS

Mr. FOGARTY. Suppose it is $1.15 an hour; suppose they paid $2.30 an hour, which is double the minimum wage you suggest. How much increase would that be to the consumer in New York City when you take into consideration the handling costs, the profit of the middlemen, the transportation costs, and everything else?

Secretary WIRTZ. It will vary from product to product, and area to area, and so I can answer only illustratively. The most recent figure I saw was one involving lettuce, the labor factor is a sufficiently small amount that the increase in the wage rate unless it is passed on and pyramided and so on, will have almost negligible effect. With respect

to lettuce the labor percentage is so low that if you doubled the labor cost of raising lettuce, it would add only 1 cent a head to the price of lettuce.

Now, those figures are about those that you gave me, with the $2.30 possibility. I will give you another illustrative answer to it. This year, and I am talking particularly at the moment about California. All lettuce was harvested with domestic labor in January and February; January particularly. Last year it was with Mexican labor. This year the price of lettuce was lower in the market than it was last year. So there are other forces bearing on price which are much more important than the labor force.

Mr. FOGARTY. We used to have a man on this committee that had a great poultry farm and he always complained about the profit of the middleman, because of what he got for a dozen eggs and what it sold for in the New York market. But he could never get any committee in Congress to make a real investigation.

Mr. MATTHEWS. Mr. Chairman, will you yield there?

Mr. FOGARTY. Yes.

Mr. MATTHEWS. In the Committee on Agriculture, our research indicated that, in a $5 cotton shirt the farmer got 30 cents for the cotton. In a 5-cent peanut bar the farmer got one-half cent for the peanuts. In a 23-cent loaf of bread, the farmer gets 2 cents for the wheat. So although again, sir, I know that a little extra labor cost does not amount to much, I can assure you that the man that produces it would get very little of that final cost, and it just keeps on pyramiding.

Excuse me, Mr. Chairman.

Mr. DUNCAN. We have a Marketing Commission that we started last year, but I do not think they have gotten started on this.

Mr. FOGARTY. Mr. Shriver?

WOMEN'S BUREAU

Mr. SHRIVER. Mr. Secretary, you mentioned in your statement very briefly the Women's Bureau and I am wondering what progress is being made toward equal employment rights for women.

Secretary WIRTZ. Well, a good deal, Mr. Shriver. There was the enactment last year of the equal pay law. I have been interested in finding out how much of an enforcement problem it has been creating. We could give you a breakdown of the number of complaints we have received, which you will find extremely small. And the number of investigations which reveal any signs of discrimination and that would be very unusually low.

We have pending now several investigation cases which involved possible violations. But it has been in effect now for about 9 months, and the meat of the answer to your question is that there is being revealed very, very little violation of that law, or putting it the other way, substantial compliance with it.

Mr. SHRIVER. Will there be someone later on to discuss that?

Secretary WIRTZ. Mrs. Keyserling will be here.

Mr. FLOOD. Did the heavens fall with the passage of the law?

Secretary WIRTZ. No, sir. I think the stars came out.

Mr. FLOOD. I understood for the last 10 or 20 years they would, I was wondering.

Mr. SHRIVER. Does this mean there is compliance with the law, the fact that you are not getting complaints?

Secretary WIRTZ. I don't mean we are not getting any, but my answer is, "Yes, I think there is substantial compliance."

DUPLICATE INSPECTIONS

Mr. SHRIVER. You also briefly discussed the wage and labor standards, the safety inspections, and I am wondering what progress is being made to eliminate double inspection, duplication of inspections by States.

Secretary WIRTZ. The situation on that is: You asked whether progress is being made. There is presently a matter of at least confusion to be cleared up; a number of contracts that have previously been entered into between the Wage and Hour Division and the State agencies were canceled here some time ago as part of an attempt just to sweep out duplication, one sort of thing or another. I suspect that we moved almost too fast in that direction, and we are now reviewing that whole area to determine the extent to which we can rely upon State inspection as an alternative to the Federal inspection so that I could answer you shortly that there is presently. We have taken action which has resulted almost to a fault in the elimination of duplication and we are now trying to find the right balance to find that.

Mr. FLOOD. Will someone else be discussing it?

Secretary WIRTZ. Yes; both the Labor Standards people and Mr. Lundquist with the Wage and Hour Division will have the detail on that.

VETERANS' EMPLOYMENT SERVICE

Mr. FLOOD. You may have answered this before when you were discussing the Veterans' Employment Service, and the prospective cutdown, as I understand you, to one person per State.

Secretary WIRTZ. Yes; one special representative.

Mr. FLOOD. There would be an elimination of a secretary or assistant in each instance?

Secretary WIRTZ. In some cases that will be true; not in all.

Mr. FLOOD. What do you mean "in some cases?"

Secretary WIRTZ. Well, I am frank to say again I have passed the area of my information about the details, and Mr. Goodwin will be in a position to give you the precise figures on where those secretaries have been eliminated.

Mr. SHRIVER. Thank you; that is all.

Mr. FOGARTY. Mr. Duncan.

AUTHORIZATION FOR MANPOWER DEVELOPMENT AND TRAINING PROGRAM

Mr. DUNCAN. Mr. Secretary, Iwill direct my questions to clearing up some misunderstandings and things I do not quite understand in your testimony.

In the first place, I understood you to say you were asking for the full authorization in your Manpower Development and Training Act activities yet, as I read this comparison with 1965 and 1966, there is

$129 million less being requested. And I see on page 2, you recite a cutback of 94 positions and $1 million. Can you reconcile them for me, please?

Secretary WIRTZ. Yes, sir; and I understand why it appears confusing. The first factor explaining the $129 million decrease is we have had to submit our budget appropriations upon the basis of an assumption that the present law will go into effect and that provides for 2-to-1 matching for the next fiscal year so that, where before it has been 100-percent Federal, it would, on the assumption that that law was going to operate as we said, go on to a 2-for-1 basis so that the State would pick up the one-third of it. That would mean that our figure for next year would be lower than it was this year, even though it is for about the same program amount, because the States would pick up one-third. So when I made the statement that we are going to the full limit of the authorization, I am talking in terms of approximately $411 million for fiscal 1966, of which Congress in its authorizing legislation assumed that we would spend only two-thirds of the direct program cost and the States would match with the other third. Therefore, our figure which was here this year comes down on the two-thirds basis for next year.

Mr. DUNCAN. The total activities will be the same, but a larger portion of the cost——

Secretary WIRTZ. It will be larger, the authorization increases each year under the statute, but subject to that amendment what you have just said is correct.

With respect to your second point about the cutting down of the number of positions, that is a matter of how much of this authorization is authorized and appropriated that we use for the program on the one hand, and for personnel on the other, and this would represent a reduction in personnel which would result in an increase in the program.

Mr. DUNCAN. Do I understand the $411 million authorization figure that you mentioned, or whatever odd millions of dollars were involved, then includes both the State and the Federal?

Secretary WIRTZ. It does, under the present authorization. Now, we have recommended a change in that matching, and the subcommittee of the Labor Committee has reported to the full committee an elimination of the matching.

Mr. DUNCAN. And this, then, will require a supplemental budget? It is not contemplated in this budget here?

Secretary WIRTZ. That is correct.

Mr. DUNCAN. All right. On the question of securing funds for the State employment services from the general fund——

Secretary WIRTZ. I should make the answer to that last question a little more precise. I assume whether it would be a supplemental or amended budget item would depend upon the timing of whatever action might be taken with respect to the authorization.

Mr. DUNCAN. But at least funds for any changes contemplated in any legislation presently pending before the Congress is not in these figures we have before us today?

Secretary WIRTZ. That is correct.

AUGMENTATION OF UNEMPLOYMENT TRUST FUNDS

Mr. DUNCAN. You discussed on pages 4 and 5 supplementing the trust funds with a general fund appropriation.

Secretary WIRTZ. It is the first time——

Mr. DUNCAN. And this money as I understand the colloquy between you and other members of the committee, these additional funds are for specific purposes and not for augmenting unemployment compensation payments?

Secretary WIRTZ. That is correct, $37 million of them being for the youth opportunity centers and $2 million-plus being for the job information survey.

Mr. DUNCAN. Under the law, could these funds come from the trust fund?

Secretary WIRTZ. From the trust fund, if it were sufficient?

Mr. DUNCAN. Yes.

Secretary WIRTZ. Yes, sir; they could.

Mr. DUNCAN. But this has not been a general fund subsidization of the trust fund for the purpose of augmenting unemployment compensation payments?

Secretary WIRTZ. It has not.

AUTHORIZATION FOR FOREIGN FARM LABOR IMPORTATION

Mr. DUNCAN. I do not want to beat a dead horse, but I would like to talk about the foreign labor situation just briefly. Let me ask you, Mr. Secretary, is there more authorization for controls over the importation of foreign labor in Public Law 414 than there was in Public Law 78?

Secretary WIRTZ. To the contrary, there is virtually no specific provision in Public Law 414 for the kind of control which was in Public Law 78, but I should supplement that by saying that in practical application in the administration of Public Law 414, especially as it has involved the use of British West Indies labor, and Japanese and Filipino labor, there have developed safeguard practices and procedures which would roughly parallel the Public Law 78.

Mr. DUNCAN. Did these practices develop prior to the expiration of Public Law 78?

Secretary WIRTZ. Yes, sir, they did. Public Law 414 has been used, well, it is roughly 14 years now, in connection with the use of foreign labor, especially on the east coast, and these practices have developed over this period.

Mr. DUNCAN. The reason I am interested in this is that it was apparent to me when this controversy exploded a couple of years ago when the Department of Labor proposed four amendments, I think, to Public Law 78 as a condition of their endorsement——

Secretary WIRTZ. That is right.

Mr. DUNCAN (continuing). It occurred to me then that the people who were interested in importing foreign labor would be much better advised to have used Public Law 414, because, as I read the law itself, there were far less stringent controls on the importation of such labor than existed under Public Law 78. And, as a matter of fact, I thought

the proponents of the abolition of Public Law 78 ought to have taken the same position for the same reason.

Secretary WIRTZ. I am afraid I misunderstood your question, when you were talking about controls I thought you meant with respect to the use of labor.

Mr. DUNCAN. I am talking about the conditions under which they might come in, the protections that exist under Public Law 78 for the laborers themselves as they come in and the conditions under which they might be imported.

Secretary WIRTZ. I must distinguish between the two answers then. Public Law 78 required much more stringent, or provided much more in detail, for the conditions under which the foreign workers would be employed in the sense of being used, housing, and that kind of thing.

There is another element in your question, and that is the question as to which of the two statutes contains the stricter standard with respect to the Attorney General's authorization of their admission, which he has delegated to me, and on that I would say that the Public Law 414 standard is much stricter as far as the conditions under which I may grant certification are concerned. They are stricter in the sense they are so broad.

Mr. DUNCAN. That is what I was going to say, I do not see those in the law, and I wonder from where you draw your authority there.

Secretary WIRTZ. Section 214(C)(2) I believe it is, and I will correct that for the record, but I think that is the right section, contains the provision that I may not certify unless I make this finding, that they are not available in the country.

Then, also under section 214(C) which refers to regulations which may be issued and so on, and so forth, there develops another rule which I have not mentioned here, another rule which is that they may not be admitted with the payment of wage rates which would have an adverse effect on the wage rates in the country.

Mr. DUNCAN. Are those same provisions not in Public Law 78?

Secretary WIRTZ. They are analogous, that is correct. Except the provision in Public Law 414 limiting my authority, which is delegated from the Attorney General, to those cases in which there are no unemployed persons available in the country for this kind of work is broader and therefore more limiting in its effect provision.

Mr. DUNCAN. Let us take that, then, for just a minute. This does not mean, does it, the existence of a labor surplus in Brooklyn would prohibit you from certificating foreign labor for the citrus crops in Florida?

Secretary WIRTZ. I do not so interpret it.

Mr. DUNCAN. Why, of course not.

Secretary WIRTZ. You could put a literal reading on there which would give you that result, I think it would be impractical.

Mr. DUNCAN. So it means available for that job at that time.

Secretary WIRTZ. Yes, but as you move closer to California or Oregon, from Brooklyn, well then my answer might change along the line, and as we approach the area of use, I think the answer would become different.

Mr. DUNCAN. All you are saying is that the closer you get to the field, the more readily available the source of labor becomes.

Secretary WIRTZ. Yes, I think that is right. I would add to the answer only that I think there is, certainly your question does not preclude it, I think there is an obligation on the grower to reach out for the labor some and not just to wait for what come to his gate.

Mr. DUNCAN. I think this is an important point and one of the things that has somewhat disappointed me. I observed the attitude of the growers as Public Law 78 drew to a close, was a general attitude—which I drew from an article I read in a California trade publication—that this is the Government's problem and not ours. I have always taken the position that fundamentally and primarily the problem of securing a labor force is that of the employer and that the Government has an obligation to move in to avert a calamity and to give such assistance as is necessary. This, I think, is the proper function of Government in this particular field.

Secretary WIRTZ. That is right, in this case.

AUTHORITY TO REQUIRE THE FURNISHING OF FRINGE BENEFITS

Mr. DUNCAN. Now, as I read Public Law 414, there is no authority in there for you to give protection to the foreign laborers from the standpoint of accident insurance or workmen's compensation, or housing transportation or any of those similar provisions that are specifically set out in Public Law 78.

Do you find authority to do this somewhere?

Secretary WIRTZ. Yes, in this combination of what is now practice—in the use of the laborers from the British West Indies there has developed a quite extensive practice of labor contracts, the contracts are entered into between the growers or particularly the growers' associations in this country and what are called resident agents who are set up in effect representing the foreign worker group, and the practice which has developed has been one of very detailed contracts which do cover virtually all of those things which were covered under Public Law 78.

Now, your question was technically one of my authority to prescribe those things?

Mr. DUNCAN. Yes, sir

Secretary WIRTZ. As far as the authority is concerned, I would have only the authority to prescribe those conditions of domestic employment which would be met as the condition of getting foreign employment, otherwise, none.

I would want to leave the answer only that I am not sure broadly about whether the authority of the Attorney General under the immigration law, 414, might include something more specific on the other point or not.

Mr. DUNCAN. I do not think it does.

Secretary WIRTZ. I think it does not either.

Mr. DUNCAN. Do you have treaties with the Government representing Jamaica, for instance, or Canada or the Philippines from whence we get some of this labor?

Secretary WIRTZ. No, the only treaty was that to which Public Law 78 was related, and the other uses of Public Law 414 have been developed without treaties.

AID TO DOMESTIC MIGRATORY WORKERS

Mr. FLOOD. In the antipoverty bill, there is a paragraph providing aid to migratory workers——

Secretary WIRTZ. We have been exploring that, if there were not present we could use those programs, those programs cannot be used in connection with any for-profit operation. So that where we had thought for a time we could find some basis there——

Mr. FLOOD. Where would there be a nonprofit use?

Secretary WIRTZ. There are none so far. So far as we could find, they would be limited to a training program.

Mr. FLOOD. Migratory?

Secretary WIRTZ. Possibly.

Mr. FLOOD. Is not this whole session an exercise in semantics more or less?

Secretary WIRTZ. I do not think so. I might add this, we have as a part of the additional program in the Bureau of Employment Security developed what we call an annual worker program.

Mr. FLOOD. I am speaking now of the language in the so-called antipoverty bill which refers to the migratory worker only.

Secretary WIRTZ. That language would not permit developing any program here which would work to the direct financial advantage of the growers. It would perhaps permit our moving into some other aspects of it. We have a very serious transportation problem——

Mr. FLOOD. But it does permit you to contribute to the well-being of the migratory worker?

Secretary WIRTZ. That is correct, and we can help a little under the crew registration law which Congress also passed last year, so there is developing a pattern here, and the other points to which I referred are the employment services annual worker plan does fit in here, too, and we are gradually developing an approach to this problem.

REQUIREMENTS FOR CERTIFICATION OF NEED FOR FOREIGN LABOR

Mr. DUNCAN. Do I understand that you conditioned your certification of the need for foreign workers upon the offering of jobs to domestics not only at these wage rates which you have set, but also upon the furnishing of workmen's compensation and housing and transportation?

Secretary WIRTZ. The answer would be, yes, except with respect to workmen's compensation. We have not included that in the regulation.

Mr. DUNCAN. You have not?

Secretary WIRTZ. No.

Mr. DUNCAN. Would I be out of order if I asked you why that has been excluded?

Secretary WIRTZ. No; it would not be out of order at all. That involves a pretty complicated question of extent to which we can require the application of State laws to a program of this kind and we have considered it and there is also the matter of the unemployment compensation laws as to whether we should require that there be comparable coverage there.

Some of the State laws probably simply would not cover it. We could not make the State law cover it.

Mr. DUNCAN. Somewhere it is not compulsory, but is not coverage for agricultural employment available on the basis of voluntary availability in every State?

Secretary WIRTZ. It is not beyond the area of possibility at all. It has been urged and we have so far drawn the line short of that.

Mr. DUNCAN. This seemed to me to be one of the most important things really, and I recall that this was one of the amendments that you proposed last year for the extension of the bracero act. You suggested that domestics should have to be offered workmen's compensation benefits at least equal to that provided braceros. I read your requirements in your treaty with Mexico and I thought the requirements on workmen's compensation were absolutely and completely disgraceful, the benefits being so abysmally low. So far as I could tell, there was not a State whose standards were that low.

Secretary WIRTZ. I think that is correct.

Mr. DUNCAN. So here, as I understand it, you are going back to the bracero law, and I use this figuratively, not literally, to draw from this the requirement that housing be offered and transportation be offered for domestics before you can certify foreign people, but those are the only two areas in addition to your wage rates.

Secretary WIRTZ. No; there are a number of other references to conditions of one sort or another, but they are, responsively to your point, all in the form of incorporating by reference the provisions under Public Law 78, so they would come under your same reaction.

Mr. DUNCAN. Are you requiring housing for families to be furnished or only barracks type?

Secretary WIRTZ. The regulations referred only to housing without being more specific about it. We are trying to develop a practicable approach to that. We realize that as it is domestic workers who are involved or hopefully involved, we would like to see them have their families with them if they have families. We realize that that presents economically and practically a special problem as far as some growers are concerned, and we therefore are trying to evolve a rule of reason about that.

Mr. DUNCAN. I think this is very difficult and that is the reason when I offered two of your four amendments, I modified this one, requiring the furnishing of housing or its equivalent. I could not see how you could practicably require family housing. On the transportation, do you require transportation from the point of employment or from their home? Here again I think there are very serious administrative problems that did not exist with the bracero program.

Secretary WIRTZ. There have been complications with them. We have again been trying to evolve a reasonable rule as far as the importation of out of State, but domestic workers to Florida were concerned this year, we required that the grower pay the expense of bringing them in. He can always say how far he wants to go on that, how far away, how much of a bus ticket he is willing to cover and then permitted him to deduct the amount of the bus ticket on an hourly basis after the worker got there.

Mr. DUNCAN. Does he have to pay for a round trip before he gets the worker?

Secretary WIRTZ. We are still working with the difficulties which that presents and as a practical matter that is pretty hard to develop. He does on the Mexican worker, he did on the braceros, so that——

Mr. DUNCAN. He had an entirely different situation where he could deport the man.

Secretary WIRTZ. There was complete control, in this case there is not.

Mr. DUNCAN. But these vagaries that still exist are some of the primary reasons why you still have opposition from some of the growers to changing the program, and I think it is vital that we get these administrative details worked out as rapidly as possible. I assume you do, too.

Secretary WIRTZ. I guess I would have a little different feeling. I do not believe those uncertainties have contributed as much as just a general attempt still to keep it out, but I would like to say this, that if that is all that stands in the way of any particular growers using domestic service, I think we can work it out.

Mr. DUNCAN. I think even though this undoubtedly is not all, and what you say is probably true, they are used to this program, it is convenient and satisfactory, it is efficient and they hate to leave anything with which they are familiar that is working, but I suggest also——

Secretary WIRTZ. It is a complication.

Mr. DUNCAN (continuing). That there are other problems that are real and even more real to a guy having a crop coming on, I don't think we ought to forget there are a lot of jobs that are dependent on these crops as they become ripe, in the canning, transportation, and retailing business.

Secretary WIRTZ. That is right.

ACCESS TO FOREIGN LABOR IF PROPOSED PROGRAM FAILS

Mr. DUNCAN. Let us assume that your program of the availability of American labor does not work out. Have you any estimates of the time that it might take to secure foreign labor? Do you anticipate any great delays or do you think you could bring, for instance, into California, should crops appear to be spoiling, any source of labor within 24 hours?

Secretary WIRTZ. I have made this statement——

Mr. DUNCAN. I have read it.

Secretary WIRTZ. All right. And I have stayed with that statement, because obviously any statement I made publicly about specific prospects of bringing in foreign labor would immediately be a basis for complete slowup of the attempt to recruit domestic labor. Your questions in terms of 24 hours as of starting from now, of course, the answer on the 24-hour question is, no.

Mr. DUNCAN. But this is a subject that is not far from your mind, is that correct?

Secretary WIRTZ. That is correct.

IMPACT OF MINIMUM WAGE ON MARGINAL EMPLOYEES

Mr. DUNCAN. All right. Now, these wages that you set as minimums to be paid before you could certify imported labor, am I not correct that you have modified your order to the extent that you will take into consideration special conditions which might make any one person's

productive capacity fall below the average level, a handicapped person, for instance?

Secretary WIRTZ. There has been no formal amendment of the regulations except with respect to one particular occupation, the pollination of dates in the Coachella Valley. That has been the only amendment to the regulations.

Mr. DUNCAN. Well, this seems to me to be a problem, because you do not talk in terms of averages here. You talk in terms of an average hourly wage to a specific individual, as I understand it, but not to averages in terms of the entire group of people employed. And this is the type of labor that has traditionally attracted the marginally employable people, and it seems to me that one of our problems is to make these people as productive as we possibly can. These people who are handicapped either because of physical reasons or emotional reasons or perhaps personal habits. We may be working against ourselves if we set, with no possibility of variance, a minimum wage which is beyond the productive capacity of these people to make. Now, what is the attitude of the department on this? There are several possibilities that occurred to me, if we were to talk in terms of averages, for instance, of all those people employed or if we could make specific exceptions for people who do not have the capacity to meet that minimum, because, it seems to me, the only alternative there is that the employer has to say, no, you cannot produce this much, therefore, I cannot pay you that much and I will not employ you at all. Then we have the cost of these people on welfare.

Secretary WIRTZ. Of course, that is the problem basic to the whole minimum wage concept, and it does have a special application as you say here, because historically there has been more use of workers handicapped in one way or another in some of these occupations than there has in most others, and it seems to me there is no absolute answer to it. Again it has to be a rule of reason in setting these rates which are conditions for the importation of foreign labor. What we did was to try to take into account almost, in most areas above anything else, what had developed as the going rate. Now, we have moved that up in most cases. We moved it up by a factor which reflects what has happened in other occupations and has not happened in these in which we have been using foreign laborers, but I think it would be a mistake for us to go very far above the going rates for the very reason that you mentioned.

Mr. DUNCAN. Isn't a going rate an average, Mr. Secretary? They have no other statistics available except average, because most of this has been done by piecework and I suspect that your average wages in agriculture have to be drawn from an equation of piecework in terms of an hourly basis.

Secretary WIRTZ. Most of them are averages, or medians or something of that kind.

Mr. DUNCAN. All right, then, this means that as soon as you set your going rate at an average that you immediately then drop off all those lower producers who have served to bring down the $20 a day or $30 a day people to this average.

Secretary WIRTZ. I do not argue or disagree with the point at all. It is there, it is unquestionably there, it is a factor that has got to be

and is taken into account along with the other one which is that if we, well, just reduce it to an extreme—if we imported foreign labor and permitted it to be used at the rates used in the areas from which it comes, we would knock the whole bottom out of this thing, so we have to cast a balance.

Mr. DUNCAN. There is no intention on the part of the Department at this point to give any special consideration to the handicapped and the marginal prdoucer at all?

Secretary WIRTZ. I would not say that anything of that kind was ruled out of consideration.

Mr. DUNCAN. But is this not a decision that ought to be made right now, because the growing season is already upon us in California.

Secretary WIRTZ. As of right now, yes, I would feel it would be a mistake to amend the regulations to establish a rule for handicapped workers in the broad sense which it has been urged upon us, because you know the minute we make an exception to the handicapped worker, the next report to us is this individual looks all right, ought to be all right, seems to be all right, but he doesn't have what it takes.

Mr. DUNCAN. I understand the difficulty of administering it, but one of the problems with our social programs in many instances is that worthwhile as they may be, they do tend to drive some people out of the labor market. We have talked about it here today. Kids have been cleaning fish over on the coast for two bits or four bits a fish. And we find the child labor laws will not let these kids work. There is something wrong with that program if that is the way it operates. Nobody intends it to operate that way.

Secretary WIRTZ. May I suggest more broadly, now that the element of practical legislation or administration right now, but almost at the level of analysis, we may find as things are moving we have been asking the employment relationship to carry too much of the whole load of the society.

Mr. DUNCAN. That is what the farmers have been saying.

Secretary WIRTZ. There is more and more reason to wonder about that, especially as these machines come in. I do not mean to press it here, because it is almost an academic point. It underlies what you have been saying.

Mr. DUNCAN. With the amounts of the wages you have set, I really have no quarrel, with what you say is your goal to give these jobs to Americans before they be given to foreigners, I have no quarrel. I believe in this 100 percent. I likewise feel we ought not to be driving the employable people out of the labor market and I likewise think it is vital that these crops get harvested; if you have the Americans to do it I am all for it. If you have not, then I hope the Department has some plans to make the labor available.

Secretary WIRTZ. Can I say to you, except for just what you say there at the end and the danger of my being misunderstood, the rest of your statement would be an exact expression of my view?

Mr. DUNCAN. I understand that. I read yesterday two or three typewritten pages of excerpts from newspaper articles dealing primarily with the California market in which it indicated that orders had been placed for agricultural workers with your agencies, the orders had been filled, the employers had not employed them. In other cases where

American workers stood and watched truckloads of green card Mexicans go off to the fields.

I clipped the article and sent it to one of my growers who is quite active in this field, and I said I want to know about this. Are these the facts? If they are not, I want to know it. What is the explanation? Are these articles to which I refer, I know you do not have them specifically and I cannot give them to you specifically, are they generally factual?

Secretary WIRTZ. I could not comment on it that broadly. I could give you what I think the single best test has been in California in January and February. We have 1,184 Japanese in this country under Public Law 414 at the present time, and we have about 83 Filipinos under 414, and the situation during January and February in California has been such that the supply of domestic labor was so high we have had nothing for these Japanese and Filipinos to do and it has presented us with quite a serious problem.

I think this is responsive to your question in the most practical terms I can muster.

Mr. DUNCAN. Well, these people can come in under 414 for up to 30 months, can they not?

Secretary WIRTZ. There is a 3-year——

Mr. DUNCAN. Thirty-six months.

Secretary WIRTZ. Yes.

Mr. DUNCAN. Are you certifying any of them that far?

Secretary WIRTZ. No, on a 6-month basis and review it at the end of a 6-month period.

MEXICAN FARM LABOR BUDGET

Mr. DUNCAN. As I read your budget, you had about $1,600,000 budgeted for the Mexican farm compliance and salaries and expenses item, and you only have $738,000 for this year, but $2,830,000 for the full 1966.

Secretary WIRTZ. That is an attempt to help in the recruitment of the domestic labor.

Mr. DUNCAN. So it is going to cost a considerable amount more to handle the domestic recruitment problem than it did to administer the bracero program.

Secretary WIRTZ. It will cost us more, sure.

Mr. DUNCAN. Is this an accurate figure as to the cost of administering the bracero program?

Secretary WIRTZ. I will check it.

That would have been the cost of the 6-month period between July 1 and December 31, plus the liquidation costs because that statutory authorization expired at that point.

Mr. DUNCAN. I wonder if you could supply for the record the cost of administering this program during its last full year of existence?

Secretary WIRTZ. I will supply it for the record. It is in the neighborhood of $2 or $3 million, roughly, but I will supply the exact figure. That would be for fiscal 1964.

(The requested information follows:)

Comparison of Public Law 78 program and domestic—farm labor program increases, 1964–66

[In thousands of dollars]

Account	1964		1965		1966	
	Positions	Obligations	Positions	Obligations	Positions	Obligations
Public Law 78:						
Mexican farm, salaries, and expenses	160	1,300	160	800	----------	----------
Mexican farm, compliance	164	1,300	164	800	----------	----------
Farm labor supply revolving fund	----------	1,894	----------	1,111	----------	----------
Subtotal	324	4,494	324	2,711	----------	----------
Domestic:						
Salaries and expenses	----------	----------	65	[1] 178	65	590
Grants to States	----------	----------	(318)	560	(318)	2,240
Subtotal	----------	----------	65	738	65	2,830
	----------	----------	(318)	----------	(318)	----------
Grand total	324	4,494	65	3,449	65	2,830
	----------	----------	(318)	----------	(318)	----------

[1] Excludes $6,000 for increased costs due to Public Law 88-426.

Mr. DUNCAN. All right. I think that is all, Mr. Chairman.

Mr. FOGARTY. Mr. Farnum.

CONTRACTING WITH LOCAL AGENCIES

Mr. FARNUM. Mr. Secretary, in discussing the Office of Economic Opportunity youth program, I think I heard you say that you contract with community agencies in relation to this program. Now, later in discussing how the program is set up and in forming it, I did not hear you mention these contracts or what contract services were performed or contracted for.

Can you tell me what these are, and with what agencies you do have contracts?

Secretary WIRTZ. Yes, we do make contracts. Those agencies would be either local governmental agencies or not for profit private agencies.

Mr. FARNUM. Such as?

Secretary WIRTZ. The great bulk of contracts made so far are with boards of education and school systems for particular towns. They could also be with a private community organization of one sort or another, anything from the chamber of commerce—I cannot think of anything in particular—so long as it is not for profit.

Mr. FARNUM. Would you put in the record some of the agencies and services they will perform?

Secretary WIRTZ. I will be glad to. We can give you a list of the proposed contracting agencies in the 27 we have already signed, and the 75 which we have approved and are about to approve, if that will be a satisfactory list, and on the services we will be glad to supply a summation of those.

(Following is a summary of projects in all stages and details concerning the 27 agreements signed. Additional detail concerning the 407 projects pending at various stages of review have been retained for the committee files.)

Neighborhood Youth Corps summary statistics as of Feb. 26, 1965

	Number of[1] projects	Number of enrollees				Cost of project	
		Total	In school	Out of school	In and out of school	Total	Reimbursable
Total, United States	513	192,455	89,024	25,093	78,338	$134,490,897	$116,304,381
Approved, total	79	52,188	27,799	6,655	17,734	30,570,458	26,733,559
Signed	[2] 27	23,929	14,581	4,210	5,138	13,645,600	11,765,419
Approvable	[3] 52	28,259	13,218	2,445	12,596	16,924,858	14,968,140
Pending	434	140,267	61,225	18,438	60,604	103,920,439	89,570,822

[1] Does not include 47 projects pending with incomplete statistical information for week of Feb. 19, 1965.
[2] There are 21 urban and 6 rural projects in Agreements Signed.
[3] There are 42 urban and 10 rural projects in Agreements Approvable.

Source: Office of Program Development, Branch of Operating Reports and Research, Mar. 9, 1965.

Neighborhood Youth Corps agreements signed for the month ending Feb. 26, 1965

	Number of projects signed	Enrollees			Cost of project			Cost per enrollee		Comments
		Total	In school	Out of school	Total (in thousands)	Reimbursable by Federal Government		Total	Reimbursable by Federal Government	
						Amount (in thousands)	Percent of total			
U.S. SUMMARY (CUMULATIVE TO DATE)										
Total	27	24,206	15,602	8,604	$13,881	$11,998	86.4	$573	$496	

Source: U.S. Department of Labor, Neighborhood Youth Corps, Office of Assistant Director for Program Development.

Neighborhood Youth Corps, Office of Program Development, agreements signed for the month ending Feb. 26, 1965

Name of sponsor and location of project	Project agreement No.	Date signed	Enrollees			Cost of project			Cost per enrollee		Comments
			Total	In school	Out of school	Total (in thousands)	Reimbursable by Federal Government		Total	Reimbursable by Federal government	
							Amount (in thousands)	Percent of total			
CALIFORNIA											
Youth Opportunities Board of Greater Los Angeles, 220 North Broadway, Los Angeles, Calif., Los Angeles County (U).	05-5-001.000	Feb. 10, 1965	5,000	5,000	----------	$2,391	$1,910	79.9	$478	$382	
Stockton Unified School District, 701 North Madison St., Stockton, Calif., San Joaquin County (U).	05-5-002.000	Feb. 16, 1965	528	255	273	304	250	82.3	575	473	
CONNECTICUT											
Community Progress, Inc., 270 Orange St., New Haven, Conn., New Haven County (U).	07-5-001.000	Jan. 15, 1965	300	300	----------	138	125	90.3	460	416	
FLORIDA											
Hillsborough County Board of Public Instructions, Post Office Box 3408, Tampa, Fla., Hillsborough, County (U).	10-5-001.000	Feb. 5, 1965	2,000	----------	2,000	1,287	1,148	89.2	643	574	
GEORGIA											
Cartersville School Board, Post Office Box No. 46, Cartersville, Ga., Barton County (R).	11-5-001.000	Feb. 4, 1965	242	242	----------	109	87	80.2	451	361	
ILLINOIS											
Dixon State School, Dixon (Springfield), Ill., Lee County (U).	15-5-001.000	Feb. 17, 1965	200	40	160	260	217	83.6	1,301	1,087	
KENTUCKY											
Board of Education, Covington Public Schools, 25 East 7th St., Covington, Ky., Kenton County (U).	19-5-002.000	Feb. 5, 1965	108	108	----------	37	33	89.6	341	305	

Neighborhood Youth Corps, Office of Program Development, agreements signed for the month ending Feb. 26, 1965—Continued

Name of sponsor and location of project	Project agreement No.	Date signed	Enrollees			Cost of project			Cost per enrollee		Comments
			Total	In school	Out of school	Total (in thousands)	Reimbursable by Federal Government		Total	Reimbursable by Federal government	
							Amount (in thousands)	Percent of total			
MASSACHUSETTS											
School Commission of the City of Holyoke, Holyoke Public Schools, 98 Suffolk St., Holyoke, Mass., Hampden County (U).	23-5-001.000	Jan. 12, 1965	100	100	----------	$42	$35	82.7	$425	$351	
City of New Bedford, 133 William St., New Bedford, Mass., Bristol County (U).	23-5-002.000	Jan. 6, 1965	391	71	320	331	297	89.9	845	760	
MICHIGAN											
Board of Education of the City of Detroit, Detroit Public School No. 111, 5057 Woodward Ave., Detroit, Mich., Wayne County (U).	24-5-001.000	Feb. 4, 1965	1,500	1,500	----------	822	676	82.3	548	451	
City of Detroit, Mayor's Commission, TAAP, 1126 City-County Bldg., 2 Woodward Ave., Detroit, Mich., Wayne County (U).	24-5-002.000	Feb. 12, 1965	2,200	----------	2,200	1,279	1,145	89.5	582	520	
MINNESOTA											
Minnesota Department of Conservation, Division of Game and Fish, State of Minnesota, St. Paul, Minn., Ramsey County (U).	25-5-001.000	Feb. 1, 1965	1,250	----------	1,250	1,482	1,324	89.3	1,186	1,059	
MISSISSIPPI											
Corinth Urban Renewal Commission, Post Office Box No. 1197, Corinth, Miss., Alcorn County (R).	26-5-001.000	Jan. 19, 1965	1,500	1,500	----------	745	652	87.6	496	435	
NEW JERSEY											
City of Newark Neighborhood Youth Corps, 920 Broad St., Newark, N.J., Essex County (U).	32-5-001.000	Dec. 23, 1964	700	----------	700	483	430	86.9	691	614	
Paterson Board of Education, Paterson, N.J., Passaic County (U).	32-5-004.000	Feb. 8, 1965	400	400	----------	163	146	89.6	408	366	
Board of Education of the City of Trenton, 9 South Stockton St., Trenton, N.J., Mercer County (U).	32-5-002.000	Feb. 6, 1965	300	300	----------	132	117	88.6	440	390	

OHIO										
Board of Education of the Cincinnati Schools, 608 East McMillan St., Cincinnati, Ohio, Hamilton County (U).	37-5-001.000	Feb. 1, 1965	1,050	1,050	----------	377	338	90.0	359	322
Cleveland Public Schools, Cleveland Board of Education, 1380 East 6th St., Cleveland, Ohio, Cuyahoga County (U).	37-5-002.000	Feb. 19, 1965	1,000	1,000	----------	476	382	80.2	476	382
OKLAHOMA										
Osage Tribal Council, Post Office Box 178, Pawhuska, Okla., Osage County (R).	38-5-001.000	Feb. 12, 1965	145	145	----------	57	50	87.3	396	346
Do	38-5-002.000	do	60	----------	60	92	81	88.7	1,526	1,353
OREGON										
Portland Public School District No. 1, 631 N.E. Clackamas St., Portland, Oreg., Multnomah County (U).	34-5-001.000	Dec. 29, 1964	940	940	----------	279	250	89.7	297	266
RHODE ISLAND										
City of Warwick, 3275 Post Rd., Warwick, R.I., Kent County (U).	42-5-001.000	Feb. 10, 1965	311	311	----------	133	119	89.8	426	383
SOUTH DAKOTA										
Sisseton Public Schools, Sisseton, S. Dak., Roberts County (R).	44-5-001.000	Feb. 16, 1965	140	140	----------	36	33	90.0	259	233
TENNESSEE										
Chattanooga Board of Education, 1161 West 40th St., Chattanooga, Tenn., Hamilton County (U).	45-5-001.000	Feb. 9, 1965	1,596	855	741	1,079	961	89.1	676	602
City of Memphis and Shelby County Youth Guidance Commission, 616 Adams Ave., Memphis, Tenn., Shelby County (U).	45-5-002.000	Feb. 15, 1965	1,200	300	900	920	822	89.4	766	685
WASHINGTON										
Seattle Public Schools, School District No. 1, 210 18th Ave. South, Seattle, Wash., King County (U).	51-5-001.000	Dec. 29, 1964	800	800	----------	332	290	87.3	416	363
WEST VIRGINIA										
Wyoming County Board of Education, Pineville, W. Va., Wyoming County (R).	52-5-001.000	Feb. 15, 1965	245	245	----------	94	80	84.7	383	325

CONSOLIDATION OF APPROPRIATION ACCOUNTS

Mr. FARNUM. In your opening remarks, you emphasized quite heavily the position of the President on taking a hard look and pruning out old programs and squeezing down present operations.

Of course, you say you have done this. You are to be commended for working toward economy in Government. Your justification raises some questions. You state you have consolidated 21 appropriation accounts into 15. Of course, I see three or four here that are nonrecurring.

I would like to know whether or not the consolidation of these so-called accounts or functions under another service reduced any administrative overhead.

Secretary WIRTZ. Yes, it did, some. As we pull the Manpower Administration program together, for example, there are particular possibilities for economy, as far as illustratively the administrative management functions are concerned, probably as far as top supervision is concerned, hopefully as far as public information functions are concerned.

There would be that kind of thing, and that does take place in connection with the attempt in the Department to pull the various bureau programs into administration programs.

Mr. FARNUM. Is this consolidation a fact at this time, or is it the proposal?

Secretary WIRTZ. As far as the Manpower Administration is concerned, we set up the Manpower Administration now about 2 years ago. There is, however, under consideration now a further development or change in modification in the Manpower Administration, and that is purely at the discussion stage at this point.

There has been no action taken with the exception of the field offices of OMAT. There has been no recommendation made yet to me. It is presently at a point where various possibilities are being considered with the various bureaus involved, with the advisory committees which we have set up, with the interstate conference, and the representatives of the State organization, and I would expect that there would be some crystalization of those proposals along the line now as indicated this morning.

At such point as it is appropriate, I want very much to discuss it with this committee, before anything is done about them.

COST-CUTTING PROGRAM

Mr. FARNUM. I believe I also heard you say in relation to cost-cutting activities you just sort of told the division heads, "This is the situation and you will have to perform your function within a given number of employees and a given amount of money."

Is there any planned program? Is this a reduction of services, or is this eliminating a lot of paper processes?

Secretary WIRTZ. The answer to that would vary from case to case, except it would so far as I can tell involve no reduction in services. I have tried to look at the various operating programs and see what can be done just by tightening of belts one place or another.

I have gone to some pretty extreme measures to try to find out where the dollars and pennies are. I found out how many newspapers we subscribed to, and found it was $12,000 of newspapers, and have cut that way down, and publications of one kind or another.

I am talking about the small things, automobiles, all the fringes. And then I am attempting to consolidate some functions, and to lop off wherever there is duplication.

So my answer to your question is this is the figure to which I can responsibly say to myself this is the figure. These are the figures which I think can be achieved in terms of tightening up without reducing the services which are involved.

Mr. FARNUM. Do you have a management services division that works out of your office?

Secretary WIRTZ. We do. Assistant Secretary Leo Werts, who is here, is in charge of that administrative office.

Mr. FARNUM. He will be testifying later.

Secretary WIRTZ. He certainly will.

Mr. FARNUM. On the Office of Veterans' Reemployment Rights, which is consolidated with the Labor Management Services Administration, is there a consolidation then of the administrative top? Is this part of a reducation in personnel?

Secretary WIRTZ. I am not sure whether there has been any elimination of top personnel. It was brought together for purposes of line responsibility, but there has been no curtailment of top personnel there.

Mr. FARNUM. When you combine two functions like this into another existing administrative function, cannot the same services be performed with fewer people? Was this not part of the intent?

Secretary WIRTZ. In general, that is what we hope to do.

Mr. FARNUM. Thank you, Mr. Secretary.

Mr. FOGARTY. Do you have anything further you would like to say?

WAGE RATE FOR NEIGHBORHOOD YOUTH PROGRAMS

Secretary WIRTZ. Could I make a very brief statement which is a short answer to the question Mr. Laird asked me, and the answer I gave very poorly when he inquired as to what the rule is with respect to the rate paid for the neighborhood youth programs?

Our procedure or our general principle is as follows:

Mr. FOGARTY. You mean compared with the learners in retail trade?

Secretary WIRTZ. The rule is that we pay for all of the time which

is included in that training program work and training. We pay on an hourly rate basis, which covers the whole thing, but which works out to the equivalent of a dollar and a quarter for that part of this whole period which is time actually worked.

Just as a specific illustration of that, if we had, for example, a program which was for 13 hours of work, which is common, because a good many of these kids are in school, and these are outside of school programs, 10 hours work and 3 hours training, we would pay for those 13 hours $12.50, because that would be the dollar and a quarter rate for the 10 hours. We pay $12.50, spread over the 13 hours, which would bring it out at a 96-cent total.

Mr. FOGARTY. Will you put that statement in writing so we can pass it on to Mr. Laird before he reads it in the record?

Secretary WIRTZ. All right.

Mr. FOGARTY. Does Neighborhood Youth Corps pay $1.25 an hour only for hours worked, or for total hours spent at the center?

Secretary WIRTZ. Sponsors of Neighborhood Youth Corps projects pay $1.25 an hour for hours actually worked, and not for the hours that enrollees are required to spend in counseling, training, remedial education, and other supportive services. The compensation rate is figured on the basis of hours worked because of the unique feature of the Neighborhood Youth Corps—its work experience and work orientation. Some sponsors prefer to apply the compensation over the total hours of participation required of enrollees. For example, the school superintendent in Cartersville, Ga., quoted in U.S. News & World Report, February 22, 1965, states:

> We are going to pay $1.25 an hour for 10 hours of work, and then pay nothing for up to 5 hours a week of training classes. That will bring the average pay down to less than 90 cents an hour.

Mr. FOGARTY. We will place that article in the record.

(The article referred to follows:)

ONE POVERTY CURE ALREADY IN TROUBLE

A wage floor decreed by the Government for young people who are to get job training in the Neighborhood Youth Corps is snarling up some local projects even before they start. This tells what's happening in communities around the United States

A key part of the administration's drive to combat poverty suddenly has hit a snag.

The trouble is this: The Government has set a minimum wage of $1.25 an hour to be paid to youths of high school age while they are learning how to work at various jobs.

This $1.25 an hour minimum applies to jobs in the Neighborhood Youth Corps, a part of the antipoverty program being run by the Labor Department.

Now, it turns out, this minimum wage raises a problem in many localities. The reason: Youth Corps trainees, drawing $1.25 an hour, may be working side by side with full-time employees who get less pay than that because their jobs are not covered by the Federal minimum-wage law.

The Labor Department's Youth Corps wage ruling also conflicts with the lower hourly rate generally paid under another arm of the antipoverty campaign, the work-study program. This program is designed to aid college students with income from part-time jobs, and is run by the Department of Health, Education, and Welfare.

Upshot of all this is a growing controversy over the $1.25 wage floor, and protests from many parts of the United States.

Some communities say they may have to drop out of the program because of the disruption to local wage scales if the $1.25 minimum is retained. Others say they will have to reduce the number of youngsters who can participate.

In Paducah, Ky., Dr. Newman Walker, superintendent of schools, says the $1.25 minimum "has affected our program very much. We are trying to convince Washington it should be changed."

Dr. Walker adds: "In talking to other school districts in the South and Midwest, we find that 90 percent of them are not going to be able to participate in the Youth Corps program if they have to pay youngsters $1.25 an hour."

Terrell Blodgett, State coordinator for Youth Corps projects in Texas, says the minimum wage rate will sabotage programs in his State. "Communities just can't live with it," says Mr. Blodgett.

AVERAGING DOWN

Dr. Edmund C. Martin, school superintendent in Cartersville, Ga., says: "We plan to go ahead in spite of the boost to $1.25 an hour. We are going to pay $1.25 an hour for 10 hours of work, and then pay nothing for up to 5 hours a week of training classes. That will bring the average pay down to less than 90 cents an hour."

Some other project directors have indicated they will adopt this procedure, to get around a conflict with prevailing wage scales. If a youth fails to attend the training sessions, he will be dropped from the program.

In some areas, the minimum-pay ruling hasn't caused much stir. For instance, Lawrence Hawkins, director of economic-opportunity services for the Cincinnati school system, says that $1.25 an hour will be paid to the 1,000 students who will participate in his local program.

Dr. Melvin W. Barnes, superintendent of schools in Portland, Oreg., says that $1.25 an hour "is a little more than we have paid in the past, but I think it's about right and comes within our local wage rates."

UP FROM 90 CENTS

Aim of the Youth Corps is to provide part-time jobs as training for young people—assisting schoolteachers, janitors, cafeteria cooks, librarians, park employees, and other community workers.

The Federal Government pays up to 90 percent of the cost of wages and training. This is matched by a 10-percent contribution by local organizations.

When the program was originally set up, the plan was to pay young folks 90 cents an hour, on the average.

Then, last month, the AFL–CIO convinced Labor Secretary W. Willard Wirtz that no one should get less than $1.25 an hour, to equal the Federal minimum set for workers in most industries.

BIGGER SQUEEZE AHEAD?

There is talk of an even higher minimum rate for industry generally.

The AFL–CIO is pressing the administration to support a minimum wage of $2 an hour, which labor leaders presumably would then want applied also to the Youth Corps. If that should happen, say many project directors around the country, the program would be in worse trouble than is now the case.

In Washington, officials at the Department of Health, Education, and Welfare are fretting over the possibility that the $1.25 minimum may also be adopted for the college work-study program. These officials say that colleges, hard pressed for funds, generally pay students a relatively low hourly rate, to spread available work as widely as possible.

"We're afraid some colleges will have to drop out of this program if they are forced to boost their hourly pay rates to part-time student workers," one official says.

SALARIES AND EXPENSES, OFFICE OF THE SECRETARY

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	2,008	2,249	2,334
11.3	Positions other than permanent	50	29	32
11.5	Other personnel compensation	18	27	27
	Total personnel compensation	2,076	2,305	2,393
12.0	Personnel benefits	149	168	176
21.0	Travel and transportation of persons	74	78	82
22.0	Transportation of things	1	5	5
23.0	Rent, communications, and utilities	91	604	555
24.0	Printing and reproduction	61	78	86
25.1	Other services	331	319	351
26.0	Supplies and materials	55	110	111
31.0	Equipment	27	42	44
99.0	Total obligations	2,865	3,709	3,803

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	238	227	227
Full-time equivalent of other positions	7	3	3
Average number of all employees	224	215	217
Average GS grade	9.3	9.6	9.8
Average GS salary	$9,056	$10,130	$10,315

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Program by activities:			
	1. Executive direction	980	1,140	1,206
	2. Management and central services	1,760	2,449	2,447
	3. Appeals from Determination of Federal employee compensation claims	110	120	121
	4. Wage Appeals Board			29
	Total program costs, funded	2,850	3,709	3,803
	Changes in selected resources [1]	15		
10	Total obligations	2,865	3,709	3,803
	Financing:			
11	Receipts and reimbursements from: Administrative budget accounts for emergency preparedness functions	−122	−121	−118
13	Trust fund account: Unemployment trust fund:			
	Annual appropriation act	−138	−139	−140
	Proposed increase due to civilian pay increases		−1	
16	Comparative transfer from other accounts	−430	−104	
25	Unobligated balance lapsing	44		
	New obligational authority	2,219	3,344	3,545
	New obligational authority:			
40	Appropriation	2,269	3,198	3,545
41	Transferred to Labor-Management Services Administration (Public Law 88-136)	−50		
	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (78 Stat. 655)		−15	
43	Appropriation (adjusted)	2,219	3,183	3,545
44	Proposed supplemental due to civilian pay increases		162	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $14,000; 1964, $29,000; 1965, $29,000; 1966; $29,000.

Program and financing—Continued

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Relation of obligations to expenditures:			
10	Total obligations	2,865	3,709	3,803
70	Receipts and other offsets (items 11 to 17)	−690	−365	−258
71	Obligations affecting expenditures	2,175	3,344	3,545
72	Obligated balance, start of year	120	377	176
74	Obligated balance, end of year	−377	−176	−150
77	Adjustments in expired accounts	−24		
90	Expenditures excluding pay increase supplemental	1,894	3,388	3,566
91	Expenditures from civilian pay increase supplemental		157	5

Mr. FOGARTY. You have a statement on salaries and expenses. We will put that in the record.

(The statement referred to follows:)

STATEMENT OF SALARIES AND EXPENSES, OFFICE OF THE SECRETARY, 1966

Mr. Chairman, I am requesting $3,685,000 and 227 jobs. This represents no increase in jobs, and an increase of $81,890, compared with the number and amount shown in the President's budget for 1965. It does, however, anticipate an increase of nine positions over those actually enacted for that year. These nine positions involve a "comparative transfer" that I will discuss later. Since the President's budget was released, it was decided that unused rental funds should be diverted to pay the increased salary costs for this appropriation and a portion of similar costs for the Solicitor's Office. This means that an increase of $390,850 over the revised 1965 estimate is required.

The funds for top executive management staff of the Department, information and reports and for the library and personnel functions are the same as for 1965 except for mandatory costs. The increases are for departmental policy planning activities, program evaluation, rental costs, and the new Wage Appeals Board.

The net increase in dollars for mandatory costs ($23,000) covers a portion of within-grade promotion costs of $21,000 and 3 days of pay increase costs pursuant to Public Law 88–426, which became effective July 5, 1964, $2,000.

There are included 2 jobs and $35,300 for addition to our Office of Policy Planning in order to keep pace with the changing demands on the Department to find ways to develop new job opportunities and to make more effective our forward planning.

There is an increase of two positions and $30,300 for our program evaluation staff to strengthen our ability to measure, analyze, and evaluate our efforts in the many and complex programs of the Department.

We are continuing our attempts to fund properly those items that should be related to the appropriation for departmental functions. Included in this estimate are:

1. A new item of one position and $29,000 to enable us to appoint an Executive Director to the Wage Appeals Board in order to furnish support to the Board in administrative areas.

2. A new item of $30,000 to finance this Department's share of the support of the President's Committee on Consumer Affairs. Amounts previously paid have been small and comparable reductions have not been made in the various bureau budgets. (So far $10,000 has been paid by the Wage and Hour Division.)

3. A "comparative transfer" that is included in the adjusted 1965 amount to cover a transfer of funding of the Employees' Compensation Appeals Board from the appropriation "Salaries and expenses, Bureau of Employees' Compensation" to this account.

4. There is a "comparative transfer" to "Salaries and expenses, Bureau of Employees' Compensation" to reflect the transfer of some personnel functions to that organization.

Finally, there is an increase of $308,960 for second-year rental costs. Originally the rental amounts appropriated for 1965 were expected to be nonrecurring in 1966. A change in procedures effected by the Independent Offices Appropriation Act of 1965 and the Bureau of the Budget require us to request these funds a second year. Additionally, the delay in using the total amount budgeted for rent in this year because of lack of availability of space has led to the diversion of these funds for use in lieu of a supplemental for pay increases as explained above.

APPROPRIATION REQUEST

Mr. FOGARTY. You have $3,603,110 available for 1965, and are requesting $3,685,000 for 1966, or an increase of $81,890. While there are internal adjustments, there is no overall increase in the number of positions and the adjustments are small.

SHIFT OF EMPLOYEES COMPENSATION APPEALS BOARD

The only major change is to shift the employees' compensation appeals activity to this appropriation. Why was this done?

Secretary WIRTZ. That is the Employees' Appeals Board, and in order to remove any question about its operating entirely independently.

Mr. FOGARTY. Since I have been on this committee, we have never had one complaint that that was not operating independently. I do not see that it makes any difference one way or the other, but as far as we are concerned, it has been operating over the years in a very satisfactory manner. What do you have against it?

Secretary WIRTZ. Nothing against it.

Mr. FOGARTY. You say you want to make sure it operates in a proper manner. This could certainly be taken as an inference that you have some questions in your mind about it.

Secretary WIRTZ. I say if there is in any statement which has been made—it is not in mine—any suggestions that this action reflects any criticism of the Board, I should want to countermand that completely, and say it is devised solely to avoid that interpretation on the part of someone else.

Mr. FOGARTY. I notice they are being cut back one position. Who made that cut, you, or the Bureau of the Budget?

Mr. MILLER. The Bureau of the Budget.

Mr. FOGARTY. Is there any decrease in workload anticipated?

Mr. MILLER. No, sir.

Mr. FOGARTY. What is the reason for the cut?

Secretary WIRTZ. Just the expression of this view, that by pressing harder they can do it with fewer people.

Mr. FOGARTY. Did they agree? They may be forced to, if you tell them to, but I doubt very much that they agree on that.

The justifications on page 19 say:

It may be difficult to maintain the high quality of services on those cases closed.

I would think that is a pretty serious matter.

You sa yit may be difficult to maintain the high quality of service in those cases closed. This is a pretty serious matter, as far as I am concerned.

Secretary WIRTZ. That statement is surely here, Mr. Chairman.

Mr. FOGARTY. What do you mean by that?

Secretary WIRTZ. This statement would be a confirmation of what you are suggesting, that in this particular instance it would result in at least the possibility of some reduction in the quality of those services.

Mr. FOGARTY. The more we go into this budget, the worse it gets, as far as I am concerned.

WAGE APPEALS BOARD

Mr. FOGARTY. The Wage Appeals Board was established in December 1963, but 1966 is the first year it shows up in the budget. Tell us why it was established, what its membership is, what it does, and why it did not show up in the budget before.

Secretary WIRTZ. I will have to supply that for the record, Mr. Chairman.

(The information submitted follows:)

STATEMENT RE WAGE APPEALS BOARD

The Wage Appeals Board was created on December 30, 1963, and the members were appointed in April 1964. They are:

Chairman: Oscar S. Smith, Director of Industrial Relations, Atomic Energy Commission

Member: Stuart Rothman, attorney, firm of Royall, Koegal & Rogers

Member: Col. Clarence D. Barker (retired), U.S. Army Corps of Engineers

Mr. George Rivers, attorney, Office of the Solicitor, has been acting as the Executive Director. His secretary has performed all the clerical and typing tasks required for the Board and the costs absorbed by the Solicitor's Office.

The Board members began drafting rules of procedures in April 1964 and Mr. Rivers, after his assignment to assist the Board, performed research and provided support material for the Board's operations.

To date, six cases have been filed with the Board. Of these, five were accepted for hearings and one was rejected. Hearings were held on the first case on August 3, 1964. The status of the five cases which have been accepted are:

WAB No. 64–1: Huntsville, Madison County, Alabama Airport Authority (petitioner). Hearing held and decision issued.

WAB No. 64–2: Mattapony Towers Apartments, Bladensburg, Md. (petitioner). Hearing pending.

WAB No. 64–3. Griffith Co., Los Angeles, Calif. (petitioner). Hearing held; Decision pending.

WAB No. 65–1: Carter's Dam, Murray County, Ga. (Georgia Branch of the Associated General Contractors) (petitioner). Hearing held and decision issued.

WAB No. 65–2: Atomic Energy Commission and Stanford University (joint petitioners). Hearing pending.

PROGRAM BUDGET MANAGEMENT SYSTEM

Mr. FOGARTY. You have small increases for the Office of Policy Planning and Research and the Office of Program Analysis and Evaluation, both of which are partially tied to the new program budget management system. Just what is this new system?

Secretary WIRTZ. Mr. Leo Werts would be in a position to set that out in detail. It is an attempt to do a good deal better job than we have done before in finding out how our programs are working.

We put a program into effect, and there is always a little checkup on how effective it is actually proving. This is an attempt to stand-

ardize to the fullest extent possible a program to find out how well we are doing with out own programs.

Mr. FOGARTY. Where are you going to get the money?

Secretary WIRTZ. We are asking for the addition of two positions on the program evaluation staff, and $30,000.

Mr. FOGARTY. Mr. Flood.

REPROGRAMING FUNDS

Mr. FLOOD. I notice the last sentence on page 3. This is what the Appropriations Committee refers to as reprograming. Do you have the authority to take money which was not used for rent and use it for supplemental pay increase without first coming to this subcommittee or any subcommittee? That is reprograming. By what authority or right do you do that?

Secretary WIRTZ. I do not mean to avoid the question. I would be glad to add a fuller statement.

The Bureau of the Budget adopted this policy, and our particular action was at their specific direction.

Mr. FLOOD. That leaves me cold.

Secretary WIRTZ. I realize that is not a complete answer.

Mr. FLOOD. I still want to know by what authority does the Department of Labor reprogram budget line item A and use it for budget line item B, regardless of the reason, without bringing it to the attention of this committee or some subcommittee?

Secretary WIRTZ. The direct answer to your question is that there was this instruction to us.

Mr. FLOOD. That is all, Mr. Chairman.

Mr. FOGARTY. Mr. Shriver?

Mr. SHRIVER. I have no questions.

Mr. FOGARTY. Mr. Matthews?

Mr. MATTHEWS. I have no questions.

Mr. FOGARTY. Mr. Duncan?

Mr. DUNCAN. I have no question on this, but I thought of one question on his previous testimony. May I revert, Mr. Chairman?

Mr. FOGARTY. Sure.

SETTING MINIMUM WAGE FOR FARM LABOR

Mr. DUNCAN. What relationship, if any, exists between the minimum wages you set before certifying foreign labor and the level of unemployment compensation? Any at all?

Secretary WIRTZ. No direct relationship. I can give you a comparison which will show that. It will vary from State to State, because the unemployment compensation rates vary.

I would be glad to supply that.

Mr. DUNCAN. There is a variation by area in the minimums you have set?

Secretary WIRTZ. And also in the State provision for the unemployment compensation. There is no Federal standard on that.

Mr. DUNCAN. I understand that.

Secretary WIRTZ. But we will be glad to supply that comparison. It would not be difficult.

(The information referred to follows:)

Comparison of average weekly unemployment benefit payment and the average weekly farm wage

	Average weekly unemployment benefit payment by State, 1964	Weekly rate, 40 hours, farm wages, 1964 [1]		Average weekly unemployment benefit payment by State, 1964	Weekly rate, 40 hours, farm wages, 1964 [1]
Total	$35.96	$43.20	Montana	$31.27	$48.40
			Nebraska	33.61	48.40
Alabama	25.79	27.60	Nevada	39.22	54.00
Alaska	37.41	80.00	New Hampshire	31.50	50.40
Arizona	33.66	42.40	New Jersey	39.70	50.00
Arkansas	26.49	33.60	New Mexico	29.72	36.80
California	43.68	54.00	New York	38.95	49.20
Colorado	42.76	48.80	North Carolina	23.15	32.40
Connecticut	38.02	56.00	North Dakota	37.38	45.20
Delaware	38.69	43.20	Ohio	39.20	45.20
District of Columbia	38.38		Oklahoma	26.47	43.20
Florida	27.32	37.60	Oregon	35.05	52.80
Georgia	28.42	30.00	Pennsylvania	31.55	45.20
Hawaii	39.40	54.40	Puerto Rico	15.48	
Idaho	37.81	52.40	Rhode Island	31.53	55.60
Illinois	38.04	48.40	South Carolina	27.29	24.00
Indiana	31.44	46.40	South Dakota	31.10	45.20
Iowa	30.30	50.00	Tennessee	27.17	30.80
Kansas	37.59	49.20	Texas	29.53	36.40
Kentucky	33.01	37.20	Utah	37.23	53.60
Louisiana	30.49	29.60	Vermont	33.68	50.00
Maine	24.16	48.00	Virginia	27.84	35.60
Maryland	32.93	43.60	Virgin Islands		
Massachusetts	39.57	53.20	Washington	33.12	56.00
Michigan	37.38	45.20	West Virginia	24.44	33.20
Minnesota	30.02	47.60	Wisconsin	42.60	48.40
Mississippi	24.54	25.60	Wyoming	39.03	48.00
Missouri	33.36	43.60			

[1] Statistics from Farm Labor, published by the U.S. Department of Agriculture.

Mr. DUNCAN. Here, again, we sometimes get into a conflict between our social problems and what our ultimate objectives are to keep a differential between the wages to be obtained by working and unemployment compensation.

Mr. MATTHEWS. If the gentleman will yield, as I remember on the debate last year, some Californian said an unemployed worker with a large family was getting $900 a month.

Do you remember that particular incident? What he was trying to point out was the difficulty in getting domestic labor when you had the high welfare benefits and unemployment compensation rates.

Let me hasten to add, Mr. Secretary, I do not know whether that can be documented or not, but it does emphasize this point of getting domestic labor from people who find it more profitable to remain unemployed.

Mr. DUNCAN. But these wages were not set with this particular thing in mind; because there are minimums, they are not in many instances what will actually be paid, but in most I suppose they will be.

Secretary WIRTZ. It would be wrong to say they were set in disregard of that consideration, because there was very much in our thinking about it as we went through the problem.

It was not set on the basis of any correlation or any matching between those two rates in any particular State.

Mr. FOGARTY. Mr. Farnum?
Mr. FARNUM. No questions, Mr. Chairman.
Mr. FOGARTY. Anything else you want to say?
Secretary WIRTZ. No, sir.

JUSTIFICATION MATERIAL

SALARIES AND EXPENSES, OFFICE OF THE SECRETARY

	1965	1966
Appropriation or estimate	[1] $3,337,000	[3] $3,685,000
Proposed supplemental due to pay increase (Public Law 88-426)	[2] 161,960	
Comparative transfer from the Bureau of Employees' Compensation	104,150	
Appropriation or estimate, revised	3,603,110	3,685,000

[1] Includes $139,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.
[2] Includes $1,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.
[3] Includes $140,000 to be derived from the Employment Security Trust Fund.

Obligations by activity

Description	Appropriation revised, 1965		Estimate, 1966		1966 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Executive direction	48	$1,018,950	50	$1,094,250	+2	+$75,300
2. Office of Information	22	306,940	22	313,840		+6,900
3. Office of the Assistant Secretary for Administration:						
(a) Immediate office	5	636,295	5	572,860		−63,435
(b) Personnel operations	75	821,040	72	811,090	−3	−9,950
(c) Library	34	290,575	34	298,100		+7,525
(d) Program analysis, organization and management, and budget administration	34	409,160	35	444,460	+1	+35,300
4. Appeals from determinations of claims under the Federal Employees' Compensation Act	9	120,150	8	121,400	−1	+1,250
5. Wage Appeals Board			1	29,000	+1	+29,000
Total obligations	227	3,603,110	227	3,685,000		+81,890

Obligations by object

	Appropriation revised, 1965	Estimate, 1966	1966 change
Total number of permanent positions	227	227	
Positions other than permanent	3	4	+1
Average number of all employees	216	217	+1
11 Personnel compensation	$2,304,620	$2,398,853	+$94,233
12 Personnel benefits	168,100	173,342	+5,242
21 Travel and transportation of persons	78,540	81,940	+3,400
22 Transportation of things	4,800	4,800	
23 Rent, communications, and utilities	619,125	575,475	−43,650
24 Printing and reproduction	78,450	86,250	+7,800
25 Other services	198,200	209,300	+11,100
26 Supplies and materials	109,700	111,365	+1,665
31 Equipment	41,575	43,675	+2,100
Total obligations	3,603,110	3,685,000	+81,890
Working capital fund items included above	(257,800)	(262,765)	(+4,965)

Summary of changes

	Direct appropriation	Trust fund	Total available
1965 appropriation	$3,198,000	$139,000	$3,337,000
Proposed supplemental due to pay increase (Public Law 88-426)	160,960	1,000	161,960
Comparative transfer from the Bureau of Employees' Compensation	104,150		104,150
1965 appropriation, revised	3,463,110	140,000	3,603,110
1966 estimate	3,545,000	140,000	3,685,000
Total changes	81,890		81,890

MANDATORY ITEMS

Increases:

Net pay increase costs in 1966 (Public Law 88-426)	+$2,000
Net within-grade promotion costs	+21,000

PROGRAM ITEMS

Increases:

To expand the Office of Policy Planning and research in order that major new policy efforts may be put into the exploration of ways to develop additional job opportunities and to place additional emphasis on guiding the Department's planning process in its new program budget management system. (2 positions; $29,825 personal services, $5,475 nonlabor costs)	+35,300
To expand the Office of Program Analysis and Evaluation. Implementation of the program budget management system, together with the increase in the Department's programs requires a strengthening of this Office to properly analyze, evaluate, and coordinate program objectives. (2 positions; $25,850 personal services, $4,450 nonlabor costs)	+30,300
The Department absorbed the costs of the Wage Appeals Board during fiscal year 1965 since it was new and had not achieved full operation. One professional position is needed to assist the Board members in their administrative tasks. (1 position; $20,800 personal services, $8,200 nonlabor costs)	+29,000
The President's Committee on Consumer Interests was financed by various bureaus during fiscal year 1964 and will have to continue to be so financed during 1965. The President's Special Assistant for Consumer Affairs has notified the Department of Labor that its share of the costs for 1966 will be $30,000	+30,000
Decreases: To reflect a reduction relating to nonrecurring rental costs, moving expenditures, and other related items	−65,710
Total change	+81,890

Mandatory changes for 1966

INCREASES

Pay increase costs		+$2,000
Net additional cost of pay increase for current year (base) staff pursuant to Public Law 88–426:		
Personnel compensation	$17,340	
Personnel benefits	1,260	
Net cost	18,600	
Absorption of a portion of above increases for pay costs (reduction 2 positions; $16,600 personal services)	−16,600	
Within-grade promotion costs		+21,000
1966 net additional cost of within-grade promotions effective on only a part-year basis for base staff in 1965	+$21,200	
Personnel compensation	20,450	
Deduct lapse	−727	
Personnel benefits	1,477	
Net cost	21,200	
Net cost of within-grade promotions becoming effective during 1966	+20,900	
Personnel compensation	20,177	
Deduct lapse	−735	
Personnel benefits	1,458	
Net cost	20,900	
Absorption of a portion of above increases (reduction 2 positions; $21,100 personal services)	−21,100	

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3a		Activity 3b		Activity 3c		Activity 3d		Activity 4		Activity 5		Total	
	Position	Amount	Position	Amount	Position	Amount	Position	Amount	Position	Amount	Position	Amount	Position	Amount	Position	Amount	Position	Amount
Pay increase costs	.....	$3,300	.....	$2,100	.....	$695	.....	$6,325	.....	$2,310	.....	$3,720	.....	$150	.....	.....	.....	$18,600
Absorption of disallowed pay costs (−)	.....	.....	.....	.....	.....	.....	−2	−16,600	.....	.....	.....	.....	.....	.....	.....	.....	−2	−16,600
Net pay increase costs	.....	3,300	.....	2,100	.....	695	−2	−10,275	.....	2,310	.....	3,720	.....	150	.....	.....	−2	2,000
Within-grade promotion costs	.....	6,700	.....	4,800	.....	1,580	.....	14,300	.....	5,215	.....	8,405	.....	1,100	.....	.....	.....	42,100
Absorption of disallowed within-grade promotion costs (−)	.....	.....	.....	.....	.....	.....	−1	−13,975	.....	.....	−1	−7,125	.....	.....	.....	.....	−2	−21,100
Net within-grade promotion costs	.....	6,700	.....	4,800	.....	1,580	−1	325	.....	5,215	−1	1,280	.....	1,100	.....	.....	−2	21,000
Total increases, mandatory changes	.....	10,000	.....	6,900	.....	2,275	−3	−9,950	.....	7,525	−1	5,000	.....	1,250	.....	.....	−4	23,000

Program changes by activity

Object classification	Activity 1		Activity 2		Activity 3a		Activity 3b		Activity 3c		Activity 3d		Activity 4		Activity 5		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation	2	$27,800	.....	.....	.....	.....	.....	.....	.....	.....	2	$24,075	−1	.....	1	$19,493	4	$71,368
12 Personnel benefits	.....	2,025	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,775	.....	.....	.....	1,307	.....	5,107
21 Travel and transportation of persons	.....	1,200	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	2,200	.....	3,400
22 Transportation of things	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
23 Rent, communications, and utilities	.....	560	.....	.....	.....	−$45,810	.....	.....	.....	.....	.....	600	.....	.....	.....	1,000	.....	−43,650
24 Printing and reproduction	.....	2,400	.....	.....	.....	.....	.....	.....	.....	.....	.....	2,400	.....	.....	.....	3,000	.....	7,800
25 Other services	.....	30,000	.....	.....	.....	−19,900	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,000	.....	11,100
26 Supplies and materials	.....	515	.....	.....	.....	.....	.....	.....	.....	.....	.....	650	.....	.....	.....	500	.....	1,665
31 Equipment	.....	800	.....	.....	.....	.....	.....	.....	.....	.....	.....	800	.....	.....	.....	500	.....	2,100
Total program changes	+2	+65,300	.....	.....	.....	−65,710	.....	.....	.....	.....	+2	+30,300	−1	.....	+1	+29,000	+4	+58,890

ACTIVITY 1.—*Immediate Office of the Secretary*

1965	$1,018,950
1966	1,094,250

NARRATIVE DESCRIPTION OF PROGRAM

This activity covers the functions of the top staff involved in the formulation of governmental policy in the field of labor and in the direction of all programs and functions assigned to the Department.

Included herein are provisions for the Secretary and his staff, the Under Secretary and his staff, the Assistant Secretary for Labor-Management Relations, the Assistant Secretary for Labor Standards, the Assistant Secretary for Policy Planning and Research, and the Office of Legislative Liaison.

PROGRAM CHANGES FOR 1966

Office of the Assistant Secretary for Policy Planning and Research

Estimated increase over 1965: two positions and $35,300 ($29,825 personal services; $5,475 nonlabor costs).

The Office of Policy Planning and Research, which is a part of this Assistant Secretary's Office, has a currently authorized staff of six positions. It is responsible for appraising the Department's programs in terms of policy objectives, for overall direction of program development activities throughout the Department, for review of policy and program proposals coming to the Secretary from various sources, and for exploratory studies looking toward ways to meet emerging problems and opportunities within the field of the Department's responsibility and which lie outside the scope of the individual bureaus, offices, and administrations.

In view of the extremely heavy workload that has been undertaken by this Office over the past year and the major signs of an inevitable workload rise in the future, an increase is needed. As this Office has handled one problem after another, more and more units of the Department have come to it with policy problems on which they want guidance or exploration. These have resulted in studies being made by task forces, working groups of departmental staff, staff and outside consultants, chaired or coordinated by this Office regarding: Unemployment insurance (the development and submission of legislative recommendations to the Secretary), the older worker (the review of prior and current work and the development of recommendations), employment problems of the mentally retarded, and the enlargement of educational opportunities for the poor. In addition to the latter studies and the problems stated below, special projects are being assigned constantly and it is not possible to carry on the increasing volume of regular work and these new assignments with the present staff.

The Secretary's stated objective for the policy planning staff for the immediately ensuing years is the development of additional job opportunities. This goal calls for more new efforts that are both very difficult and involved, and will entail much more extensive exploration than has been possible up to this time with the present staff.

In addition, this Office will also undertake a review of major policy issues (affecting many programs) raised in various policy papers completed or in preparation throughout the Department; perform research on several aspects of education policy that are important to the achievement of an adequate labor and manpower program, in which the Secretary is particularly interested; start work on an approach to the problem of getting a "grand design" for research, both in terms of immediate needs and the longer range needs; begin exploratory work in the field of manpower accounting; continue cooperation between this Office and staff of the President's Committee on Manpower, in determining long-range policy goals in a number of areas. The performance and execution of these activities will increase workload.

The Department has just reorganized its system of forward planning and budgeting to establish a comprehensive program budget management system, integrating all stages of activity from policy formation through operational programing, review, and evaluation. The Office of Policy Planning and Research is responsible for guiding the entire Department's planning and programing process during the first and major planning phase of this new system.

This includes setting immediate and 5-year goals, objectives, and broad program guidelines as a first major step in the development of sound forward planning. The experimental steps that have been taken toward 5-year planning in the immediate past indicate a great many gaps and deficiencies in the process which will be remedied by the new system. However, the system will require specialized attention and leadership that cannot be achieved with present staff levels.

CONTRIBUTIONS TO OTHER AGENCIES

Estimated increase over 1965, $30,000 (nonlabor costs).

Under section 4B of Executive Order 11136 which established the President's Committee on Consumer Interests, each Federal agency represented on the Committee is required to furnish necessary assistance to the Committee in accordance with section 214 of the act of May 1945 (59 Stat. 134 (31 U.S.C. 691)). The President's Committee on Consumer Interests is being financed by various organizations in the Department since each agency's share of cost of operation was not known sufficiently in advance to be included in the budget. In 1965, $10,000 of the total $20,000 contribution has been paid to the Committee by the Wage and Hour Division and the balance is to be paid by other appropriations in the Wage and Labor Standards area. This year, however, the President's Special Assistant on Consumer Interests has informed the Department that its share of the cost of operating the Committee for fiscal year 1966 will be $30,000. This cost will be borne by this appropriation. No decreases in other budgets are contemplated.

ACTIVITY 2.—*Office of Information*

1965	$306,940
1966	313,840

NARRATIVE DESCRIPTION OF PROGRAM

This program provides information services for the Department and has the responsibility for coordinating the Department's work in the field. To these ends, it keeps the public informed on the facts gathered, the laws administered, and the services performed by the Department, by preparing and issuing news releases, coordinating departmental relations with public information media, answering inquiries, and compiling publications of departmentwide significance.

PROGRAM CHANGES FOR 1966

None.

ACTIVITY 3.—*Office of the Assistant Secretary for Administration*

(*a*) Immediate Office:

1965	$636,295
1966	572,860

NARRATIVE DESCRIPTION OF PROGRAM

This Office provides guidance for the Department's budgetary and fiscal management, personnel management, administrative management, organization, the library, and administrative services activities.

PROGRAM CHANGES FOR 1966

Estimated decrease, $65,710 (nonlabor costs).

It was estimated at the time the 1965 estimate was justified that an item of $505,000 ($454,200 for first-year rental costs and $50,800 for moving and installation) would be nonrecurring in 1966 since the rent would be transferred to and made a part of the General Services Administration budget and the moving and related costs would be a one-time expenditure. This estimate only partially reflects that action. A change in procedures effected by the Independent Offices Appropriation Act, 1965, and implemented by instructions from the Bureau of the Budget requires that these first-year rental costs (part year) be paid by this Department to General Services Administration (and not transferred), and that the first full-year costs (usually occurring in the second year) be transferred to and subsequently budgeted by General Services Administration. Of the amount appropriated, $14,910 meets the criteria for full-year financing and is

dropped from the estimate. In addition, $50,800, related to nonrecurring moving and installation costs, is also dropped from the estimate. The balance is required for transfer to General Services Administration in 1966 as follows:

	Rent	Moving, etc.
Original estimate, 1965	$454,200	$50,800
Transferred to General Services Administration	−14,910	
Nonrecurring costs		−50,800
Balance required in 1966 (included in account)	439,290	

(*b*) Personnel operations:

1965	$821,040
1966	811,090

NARRATIVE DESCRIPTION OF PROGRAM

Because of a reorganization of the Department's personnel functions that decentralized some personnel authority to the bureaus, offices, and administrations, this activity now covers two major components: the departmental personnel policy, standards, and utilization functions, and a central personnel services function that furnishes the full range of personnel services to those organizations that are not large enough to support a personnel office of their own.

Estimated decrease, three positions.

Three positions have been cut from this activity to help absorb the cost of pay increases not funded and within-grade promotion costs not allowed for this appropriation.

PROGRAM CHANGES FOR 1966

None.

(*c*) Library:

1965	$290,575
1966	298,100

NARRATIVE DESCRIPTION OF PROGRAM

The Department of Labor operates a single centralized library service that makes available to the departmental staff and the public a comprehensive collection of research materials in labor, labor economics, and related fields. This covers the full range of library activity including bibliographic services, interlibrary loan services, and general reader services.

PROGRAM CHANGES FOR 1966

None.

(*d*) Program Analysis, Management Analysis, and Budget Administration:

1965	$409,160
1966	444,460

NARRATIVE DESCRIPTION OF PROGRAM

Departmental guidance, coordination, and technical supervision of the various elements of management and administration that are closely tied to the new program budget management system are centered in this activity.

Estimated decrease, one position.

One position has been cut from the budget administration function to help absorb the cost of pay increases not funded and within-grade promotions not allowed for this appropriation.

PROGRAM CHANGES FOR 1966

Estimated program increase over 1965, two positions and $30,300 ($25,850 personal services; $4,450 nonlabor costs).

During fiscal year 1966, the Department's program budget management system is expected to reach nearly full implementation. This integrated program budget evaluation system necessitates comprehensive analyses of program objectives as they relate to the budget estimates as well as long-term projections for current and proposed legislation. The Office of Program Analysis and Evaluation, in order to handle effectively the increased workload must merge its present activities with the new system, and be prepared to handle additional program evaluation responsibilities created by general expansion of the Department's programs. To do this it must add two professional staff positions.

ACTIVITY 4.—*Appeals from determination of claims under Federal Employees' Compensation Act*

1965	$120,150
1966	121,400

NARRATIVE DESCRIPTION OF PROGRAM

The Employees' Compensation Appeals Board is a quasi-judicial board that hears and decides appeals from decisions of the Bureau of Employees' Compensation and of the Governor of the Canal Zone in cases arising under the Federal Employees' Compensation Act. The jurisdiction includes, among several other special categories, all civil officers and employees of all branches of the Government of the United States, including the Canal Zone Government, Panama Canal Company, and District of Columbia government.

Workload statistics

	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
Pending cases beginning of period	117	103	124	159
Appeals docketed	+345	+359	+385	+385
Cases closed	−359	−338	−350	−385
Pending cases, end of period	103	124	159	159
Cases in which hearings were held	64	82	95	95
Opinions rendered	275	276	290	320

CHANGES FOR 1966

Estimated decrease, one clerical position.

The funding for this Board is proposed for transfer from salaries and expenses, Bureau of Employees' Compensation, to this account and is reflected as a comparative transfer in the schedules. The change in funding is proposed because:

1. An effort is being made generally to establish the funding for such functions in a common place so that the various administration, office, and bureau budgets may be considered without the impediment of only partially related units. Further efforts in this direction will be made in the future.

2. While there has been no problem or conflict in the past (nor is any expected), the function of review and determination of decisions of the Bureau of Employees' Compensation suggests that this Board should be separated entirely from that organization.

One clerical position has been dropped from this activity in an effort to absorb the rising costs of personal services. Because of its small size, turnover has been negligible and it has not been possible to finance more than eight positions on an average. While this is not expected to further affect the backlog (cases closed in 1966 are expected to keep pace with cases received), it may be difficult to maintain the high quality of service on those cases closed.

ACTIVITY 5.—*Wage Appeals Board*

1965	0
1966	$29,000

NARRATIVE DESCRIPTION OF PROGRAM

The Wage Appeals Board is the Secretary's authorized representative in (1) deciding appeals from wage determinations issued under the Davis-Bacon Act and its related minimum wage statutes; (2) appeals taken in debarment cases arising under Code of Federal Regulations, part 5; (3) disputes concerning the payment of prevailing wage rates or proper classifications covering specific groupings; (4) review of recommendations of a Federal agency for adjustment of liquidated damages which are assessed under the Contract Work Hours Standards Act.

PROGRAM CHANGES FOR 1966

Estimated increase: One position and $29,000 ($20,800 personal services; $8,200 nonlabor costs).

The Wage Appeals Board was established by the Secretary of Labor in December of 1963. The members of the Board were named in April of 1964. Several meetings were held with one appeal decided and three appeals pending. So far, the Board's expenses have been relatively small and the cost of operation for the past and current years have been absorbed by various bureaus, offices, and administrations. Because of the small size of these costs, comparable reductions have not been made in those budgets. However, it is now anticipated that the fringe benefits amendments to the Davis-Bacon Act under Public Law 88-349 will increase activity in this area considerably during the budget year since they increased the scope and complexity of wage determination actions.

It is estimated that a full-time Executive Director will be necessary to support the Board in its administrative tasks.

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, $2,398,853

The estimate will provide 227 full-time positions and 213.2 man-years of employment, together with 3.6 man-years of full-time equivalent intermittent employment for consultants and experts (an increase of .3 man-years related to the Wage Appeals Board), and reflects a net increase of $94,233. This total includes increases in net mandatory costs for current year staff, program expansion of five positions and $71,368, and a reduction of five positions and $36,575 related to partial absorption of pay increase and within-grade promotion costs.

Personnel benefits, $173,342

This estimate is based upon personnel compensation and includes increases of $5,242 related to a rise in net mandatory costs for current year staff, program expansion of five positions, and a reduction of five positions to partially absorb pay increase and within-grade promotion costs.

Civil Service Commission retirement fund	$148,900
Health benefits	14,907
Life insurance	7,455
FICA	2,080
Total	173,342

Travel and transportation of persons, $81,940

The estimate will allow travel and transportation expenses for 79 travelers and various consultants and experts. The increase of $3,400 is related to the program expansion of five positions. The request includes the following:

	1965	1966	Change
Number of travelers	76	79	+3
Number of days traveled	1,672	1,738	+66
Average number of days	22	22	
Days of travel at $16 per diem	$26,750	$27,800	+$1,050
Transportation cost	51,790	54,140	+2,350
Total	78,540	81,940	+3,400

Transportation of things, $4,800

The estimate will cover the cost of transportation of materials to field installations. No increase is requested for 1966.

	1965	1966	Change
Shipment of materials	$4,800	$4,800	

Rent, communications, and utilities, $575,475

The estimate includes a net decrease of $43,650, comprised of the following items:

$2,160 increase related to the program expansion of five positions.

$30,900 decrease relating to nonrecurring telephone equipment and instrument installations made in conjunction with relocation to new space facilities.

$14,910 decrease reflecting payment to General Services Administration for space rental costs in 1965. Future funding for these facilities will be provided by General Services Administration.

The estimate will provide the following:

	1965	1966	Change
Paid official mail	$14,600	$15,100	$+500
Telegrams and long-distance calls	26,400	26,800	+400
Telephone rental, service, and installation	49,025	18,985	−30,040
Rental of space	454,200	439,290	−14,910
Working capital fund	74,900	75,300	+400
Total	619,125	575,475	−43,650

Printing and reproduction, $86,250

The estimate includes an increase of $7,800 related to the program expansion of five positions.

The estimate will provide the following:

	1965	1966	Change
Secretary's annual report	$7,000	$7,000	
Binding	3,700	4,300	+$600
Letterheads, forms, etc.	3,950	4,550	+600
Appeals Board decisions	5,800	5,800	
Wage Appeals Board decisions		2,500	+2,500
Working capital fund	58,000	62,100	+4,100
Total	78,450	86,250	+7,800

Other services, $209,300

The estimate includes a net increase of $11,100, comprised of the following items:

$30,000 increase representing the Department's contribution to the cost of operating the President's Committee on Consumer Interests.

$1,000 increase to provide reporting services for the Wage Appeals Board.

$19,900 decrease relating to nonrecurring moving services.

The estimate will provide the following:

	1965	1966	Change
Health room services	$68,500	$68,500	
Entertainment of foreign visitors	5,000	5,000	
Visual exhibit services	10,000	10,000	
Moving services	19,900		−$19,900
Training programs	13,000	13,000	
Reporting services	17,800	18,800	+1,000
Contribution to the President's Committee on Consumer Interests		30,000	+30,000
Working capital fund	64,000	64,000	
Total	198,200	209,300	+11,100

Supplies and materials, $111,365

The estimate includes an increase of $1,665 related to the program expansion of five positions.

The estimate will provide the following:

	1965	1966	Change
Desktop supplies	$18,700	$19,900	+$1,200
Subscriptions	11,400	11,400	
Automobile maintenance	3,000	3,000	
Duplicating supplies	15,700	15,700	
Working capital fund	60,900	61,365	+465
Total	109,700	111,365	+1,665

Equipment, $43,675

The estimate provides an increase of $2,100 related to the program expansion of five positions. The additional funds will be used to acquire equipment which is not available from surplus stock.

The total estimate will provide:

	1965	1966	Change
Books and periodicals	$7,000	$7,000	
Equipment	34,575	36,676	+$2,100
Total	41,575	43,675	+2,100

Summary of new positions

ACTIVITY 1. EXECUTIVE DIRECTION

Office of the Assistant Secretary for Policy Planning and Research:	
1 GS–15 policy analyst	$16,460
1 GS–14 policy analyst	14,170
Total (2)	30,630

ACTIVITY 2. MANAGEMENT AND CENTRAL SERVICES

Office of Program Analysis and Evaluation:	
1 GS–15 program analyst	16,460
1 GS–12 program analyst	10,250
Total (2)	26,710

ACTIVITY 4. WAGE APPEALS BOARD

1 GS–15 executive director	16,460
Grand total (5)	73,800

TUESDAY, MARCH 2, 1965.

BUREAU OF EMPLOYMENT SECURITY

WITNESSES

ROBERT C. GOODWIN, ADMINISTRATOR
W. R. CURTIS, DEPUTY ADMINISTRATOR
JACK HURT, ACTING DIRECTOR, U.S. EMPLOYMENT SERVICE
WILLIAM U. NORWOOD, JR., DIRECTOR, UNEMPLOYMENT INSURANCE SERVICE
JACK S. DONNACHIE, DEPUTY DIRECTOR, OFFICE OF FARM LABOR SERVICE
MARSHALL C. MILLER, CHIEF, OFFICE OF VETERANS' EMPLOYMENT SERVICE
HERBERT A. MEYER, CHIEF, DIVISION OF APPROPRIATIONS AND FEDERAL FISCAL ACTIVITIES
LEO R. WERTS, ASSISTANT SECRETARY FOR ADMINISTRATION
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

MANPOWER ADMINISTRATION

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	MANPOWER ADMINISTRATION			
	Personnel compensation:			
11.1	Permanent positions	8,533	10,281	21,474
11.3	Positions other than permanent	90	39	60
11.5	Other personnel compensation	8	8	29
	Total personnel compensation	8,631	10,328	21,563
12.0	Personnel benefits	630	773	1,593
21.0	Travel and transportation of persons	819	942	1,833
22.0	Transportation of things	25	32	64
23.0	Rent, communications, and utilities	448	364	945
24.0	Printing and reproduction	356	325	614
25.1	Other services	3,478	3,794	4,029
25.2	Services of other agencies	1	27	906
26.0	Supplies and materials	227	178	348
31.0	Equipment	155	100	133
41.0	Grants, subsidies, and contributions		98	165
	Total obligations, Manpower Administration	14,770	16,962	32,193
	ALLOCATION TO OFFICE OF THE SOLICITOR			
11.1	Personnel compensation: Permanent positions		46	74
12.0	Personnel benefits		3	5
21.0	Travel and transportation of persons		6	13
23.0	Rent, communications, and utilities		1	5
24.0	Printing and reproduction		1	1
25.1	Other services		1	1
26.0	Supplies and materials		1	1
31.0	Equipment		3	1
	Total obligations, Office of the Solicitor		62	101
99.0	Total obligations	14,770	17,024	32,295

Personnel summary

	1964 actual	1965 estimate	1966 estimate
MANPOWER ADMINISTRATION			
Total number of permanent positions	1,051	1,120	2,299
Full-time equivalent of other positions	12	4	6
Average number of all employees	957	1,070	2,218
Average GS grade	10.2	9.7	9.6
Average GS salary	$9,176	$9,766	$9,889
ALLOCATION TO OFFICE OF THE SOLICITOR			
Total number of permanent positions	0	8	8
Average number of all employees	0	5	8
Average GS grade	0	10.8	10.8
Average GS salary	0	$9,359	$9,547

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Program by activities:			
	1. Employment Security operations	14,368	16,565	18,028
	2. Apprenticeship and training operations	5,715	6,323	6,790
	3. Manpower Administration operations	6,305	8,382	8,477
	Undistributed reductions in program costs			−1,000
	Total program costs, funded	26,388	31,270	32,295
	Change in selected resources [1]	877		
	Adjustment for obligations carried in "Limitation on salaries and expenses"	−12,495	−14,247	
10	Total obligations	14,770	17,024	32,295
	Financing:			
	Receipts and reimbursements from:			
11	Administrative budget accounts			−187
13	Trust fund accounts			−15,328
16	Comparative transfers from other accounts	−14,770	−17,024	
40	New obligational authority (appropriation)			16,780
	Relation of obligations to expenditures:			
10	Total obligations	14,770	17,024	32,295
70	Receipts and other offsets (items 11-17)	−14,770	−17,024	−15,515
71	Obligations affecting expenditures			16,780
74	Obligated balance, end of year			−2,780
90	Expenditures			14,000

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $5,367,000; (1964 adjustments —$10,000); 1964, $6,234,000; 1965, $6,234,000; 1966, $6,234,000.

Limitation on Salaries and Expenses, Bureau of Employment Security

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	9,836	10,674	
11.3	Positions other than permanent	32	4	
11.5	Other personnel compensation	37	21	
	Total personnel compensation	9,905	10,699	
12.0	Personnel benefits	722	799	
21.0	Travel and transportation of persons	654	836	
22.0	Transportation of things	15	30	
23.0	Rent, communications, and utilities	274	516	
24.0	Printing and reproduction	228	284	
25.1	Other services	253	261	
25.2	Services of other agencies	183	489	
25.3	Payments from Office of Emergency Planning	138	142	
26.0	Supplies and materials	97	162	
31.0	Equipment	26	29	
	Subtotal	12,495	14,247	
93.0	Administrative expenses included in schedule for funds as a whole	−12,399	−14,105	
99.0	Total obligations	96	142	

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	1,141	1,173	0
Average number of all employees	1,130	1,114	0
Average GS grade	9.6	9.6	0
Average GS salary	$9,220	$9,793	0

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Program by activities:			
1. Unemployment insurance service	3,291	3,665	
2. U.S. employment service	8,519	9,452	
3. Administration and management	1,136	1,130	
Total program costs, funded	12,946	14,247	
Change in selected resources [1]	−451		
Total obligations	12,495	14,247	
Financing:			
Receipts and reimbursements from: Administrative budget accounts	−150	−142	
Comparative transfers to/from other accounts	55	−330	
Limitation	12,400	13,325	
Proposed increase in limitation due to pay increase		450	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $526,000; 1964, $75,000; 1965, $75,000; 1966, $75,000.

Advances for Employment Service

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Program by activities:			
10 Employment service (costs—obligations) (object class 25.3)			39,280
Financing:			
40 New obligational authority (appropriation)			39,280
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures)			39,280
90 Expenditures			39,280

Limitation on Grants to States for Unemployment Compensation and Employment Service Administration

Object classification

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Personnel compensation:			
11.1 Permanent positions	1,316	1,541	2,021
11.3 Positions other than permanent	3	9	22
11.5 Other personnel compensation	5	4	60
Total personnel compensation	1,324	1,554	2,103
12.0 Personnel benefits	98	117	158
21.0 Travel and transportation of persons	5	6	7
23.0 Rent, communications, and utilities	333	335	340
24.0 Printing and reproduction	28	30	35
25.1 Other services	4	5	6
25.2 Services of other agencies	61	61	61
26.0 Supplies and materials	18	19	21
31.0 Equipment	44	45	46
41.0 Grants, subsidies, and contributions	427,052	453,202	528,924
Subtotal	428,967	455,374	531,701
93.0 Administrative expenses included in schedule for funds as a whole	−428,678	−455,076	−531,380
99.0 Total obligations	289	298	321

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	212	215	285
Average number of all employees	200	213	278
Average GS grade	7.6	7.7	7.8
Average GS salary	$6,796	$7,275	$7,251

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Programs by activities:			
1. Unemployment insurance service	238,908	236,680	252,297
2. Employment service	164,398	172,867	234,767
3. Administration and management	21,007	20,827	24,637
4. Contingencies		25,000	20,000
5. Obligations incurred for prior year programs	4,654		
Total obligations	428,967	455,374	531,701
Financing:			
Receipts and reimbursements from: Administrative budget accounts:			
Emergency preparedness functions	−289	−289	−312
Current employment and labor turnover statistics programs		−9	−9
Advances for employment services			−39,280
Unobligated balance lapsing	976		
Limitation available from subsequent year	−32,500	−32,500	−32,500
Limitation available in prior year	27,846	32,500	32,500
Limitation	425,000	455,076	492,100

Unemployment Compensation for Federal Employees and Ex-Servicemen

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Program by activities:			
	1. Payments to Federal employees	61,280	50,400	55,400
	2. Payments to ex-servicemen	91,536	76,653	86,653
	3. Obligations incurred for above program in prior year	−106	643	
10	Total program costs, funded—obligations (object class 13.0)	152,710	127,696	142,053
	Financing:			
17	Recovery of prior year obligations	−843	−1,053	−1,053
25	Unobligated balance lapsing	27		
28	Appropriation available from subsequent year	−11,357	−12,000	−12,000
29	Appropriation available in prior year	11,463	11,357	12,000
40	New obligational authority (appropriation)	152,000	126,000	141,000
	Relation of obligations to expenditures:			
10	Total obligations (affecting expenditures)	152,710	127,696	142,053
70	Receipts and other offsets (items 11–17)	−843	−1,053	−1,053
71	Obligations affecting expenditures	151,867	126,643	141,000
72	Obligated balance, start of year	655	5	5
74	Obligated balance, end of year	−5	−5	−4,305
77	Adjustment in expired account	−2		
90	Expenditures	152,514	126,643	136,700

Farm Labor Contractor Registration Activities

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Financing:			
16	Comparative transfer to other accounts		350	
40	New obligational authority (appropriation)		350	
	Relation of obligations to expenditures:			
70	Receipts and other offsets (items 11-17)		350	
71	Obligations affecting expenditures		350	
72	Obligated balance, start of year			10
74	Obligated balance, end of year		−10	
90	Expenditures		340	10

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. Goodwin is a native of Idaho. He graduated from Whitman College in the State of Washington, and took graduate work in public administration at the University of Cincinnati.

He started work in the Cincinnati Public Employment Service in 1930. He was appointed as director of public welfare in Cincinnati and Hamilton County from 1935 to 1937; then as regional director of the social security board and regional director of the War Manpower Commission, both in Cleveland.

He came to Washington in 1945 as Executive Director of the War Manpower Commission and later served as Director of the U.S. Employment Service, before being appointed as Administrator of the Bureau of Employment Security in 1948.

He was Director of the Defense Manpower Administration in the Department of Labor during the Korean emergency.

Mr. Fogarty. The committee will come to order.

We have the Bureau of Employment Security before us this morning.

Mr. Goodwin?

General Statement

Mr. Goodwin. Mr. Chairman, for the Bureau of Employment Security, shown as activity 1 in the "Manpower Administration, salaries and expenses" budget, the fiscal year 1966 request totals $17,493,800, an increase of $892,700 over fiscal year 1965. The increase includes $1,423,100 for new and expanded programs and $286,900 for mandatory items, offset by reductions in current operations of $817,300. These total amounts consist of three appropriations which in previous years have been presented to the committee in separate documents. I would like to outline briefly our 1966 request under each of these programs, "Salaries and expenses," Bureau of Employment Security.

The Bureau will require program increases of $390,000 and 31 positions to initiate a program for the collection of job vacancy information through State employment security agencies. This is the Federal direction of the program described under grants to States, which we believe will greatly increase the effectiveness of employment service operations. An additional $205,000 will be needed to purchase services from the Bureau of the Census to expand local work force information on employment and unemployment, a program begun in 1965.

LINCS PROJECT

We are requesting two positions and $24,000 to enable us to give national direction to the LINCS project, which is described more fully in the Grants to States request.

Mr. MATTHEWS. Excuse me. What is that LINCS project?

Mr. GOODWIN. That is a project which ties together the local employment offices so that there can be quick transmission of information about jobs, and to facilitate interarea and interstate recruitment (the labor inventory communications system).

The full-year cost of the domestic farm labor program, for which supplemental funds are being requested in 1965, will require $412,000. And an additional $170,000 is included in the request for contract services relating to unemployment research and the conversion of statistical and fiscal reports to automated methods.

The total program increase of $1,201,000 and 33 positions is offset by a reduction of $400,000 and 40 positions in the Veterans' Employment Service.

For mandatory items, such as within-grade and pay-increase costs, $244,600 will be required after partial absorption by reducing six positions.

The salaries and expenses portion of our activity therefore reflects an increase of $1,045,600 for 1966 accompanied by a reduction of 13 positions.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES, BUREAU OF EMPLOYMENT SECURITY

Bureau activities performed under the Manpower Development and Training Act will be reduced by 34 positions and $396,900, reflecting further economies in administration. Mandatory items will require $35,000, after partial absorption by eliminating an additional two jobs. The change for this program is therefore a reduction of $361,900 and 36 positions from the 1965 level.

FARM LABOR CONTRACTOR REGISTRATION ACTIVITIES

An additional $222,100 program increase will be required to place the farm labor contractor registration program on a full year basis. This law was effective January 1, 1965, and supplemental funds were appropriated for only the last half of the fiscal year 1965. The cost will be offset by a reduction of $20,400 in fingerprint processing charges to be budgeted for by the Department of Justice in fiscal year 1966. Mandatory items total $7,300 for a net increase of $209,000.

Mr. Chairman, this concludes my statement on the Bureau of Employment Security's portion of "Manpower Administration, salaries and expenses."

GRANTS TO STATES

Mr. Chairman, for Grants to the States for the administration costs of their employment and unemployment compensation programs, we are requesting $531,380,000. This is an increase of $75,744,000 over 1965.

EMPLOYMENT SERVICES

The State employment services have been assigned a key role in the administration's program to increase employment. To finance their efforts, we are requesting increases totaling $48,712,000 for the State employment services. Since the rate of unemployment for youth is the highest of any age group, the largest share of the employment service increase, $37 million will be devoted to aiding young people in obtaining jobs and in increasing their employability. To initiate quickly a stepped-up program of employment services for youth in 1965, we used available Grant funds augmented by $24.5 million of Manpower Development and Training Act funds. For 1966, we are proposing to finance the total youth program from granted funds in the usual manner, and to further expand the program.

The importance of the employment service is described well in a report just published by the House Select Subcommittee on Labor. I would like to read a brief except from that report:

> As the Nation moves vigorously to attack its manpower problems, it must rely—first and foremost—upon the Federal-State employment service system as an agency which will press this attack at the operating level of the local community. Programs that are broadly framed by Congress have to be carried out through day-to-day activity in cities and towns throughout the country. The Federal-State employment service, with its present network of approximately 2,000 local employment offices, is clearly the chief instrument through which national manpower policy decisions can be rapidly and efficiently translated into operational reality.

It is essential also that additional staff be provided for improvement of other basic employment service operations. Employment service local office staffing has not kept pace with the growth in the workforce or with the added complexities of the job market such as automation, industrial relocation, and defense cutbacks. Attrition in State employment service staff has resulted in inadequate service to older workers, the handicapped, minority groups, and even in the normal day-to-day local office operation. The budget estimate includes $7,471,000 to strengthen these services.

The effectiveness of the employment service, in part, depends upon the accuracy and currency of its knowledge of the employment-unemployment situation in the area in which it operates. This year we experimented with a new device for obtaining information on where job opportunities are located. This was a pilot study conducted to determine the location and nature of job vacancies currently existing throughout the area. The pilot study indicated that the collection of these data is feasible, and that the information obtained is extremely useful in employment service operations. We, therefore, propose to extend job vacancy surveys, on a once-a-quarter basis, to 150 standard metropolitan statistical areas in 1966. Also, we need to increase our efforts to improve the quality, usefulness, and currency of State and local unemployment information. The increased cost of obtaining these data in 1966 is estimated to be $2,561,000.

With the expiration of the program for importing Mexican workers, Public Law 78, on December 31, 1964, we must intensify our efforts to find domestic workers to fill the needs of agricultural employers. The committee has before it a 1965 supplemental request for $560,000 we discussed yesterday to cover the added costs of the States in mount-

ing this campaign. To place this program on a full-year basis, we are requesting an increase of $1,680,000 for 1966.

Closely associated with our request for State employment service increases, is the request for $2,365,000 for training of State agency employees. This is an urgent need which must be met. The specialized approaches needed to cope with today's complex job market and current problems such as disadvantaged youth, the older workers, and minority groups require better-trained people in the State agencies. We are proposing an expanded training program for State employees to produce a more effective and efficient employment security system. The expanded training program will be accomplished through a variety of approaches. One will be to increase the amount of in-service training for State agency employees. We propose that opportunity be made available to more State employees to train at universities. We propose that in some cases, we train employees from more than one State at a single university where this is more advantageous and economical.

MANDATORY ITEMS AND CONTINGENCY FUND

In addition to the cost of these program increases, the request provides for a net addition of $29,667,000 for mandatory items. These costs must be met just to maintain operations at the 1965 level. The savings resulting from the anticipated lower claims workloads in 1966 have been considered in arriving at the total for mandatory increases.

The request also anticipates a $5 million decrease in the contingency fund. In fiscal year 1965 the Congress inserted a provision in the language which allowed the payment of certain base salary costs from the contingency funds. That proviso has now been deleted. Therefore, we estimate that a contingency fund of $20 million should be adequate under the conditions assumed for 1966.

AUGMENTATION OF TRUST FUND

Finally, I call to the attention of the committee that the request exceeds by $39,280,000 the amount which can be appropriated under the current limitation in title IX of the Social Security Act. A separate appropriation of the above amount is proposed to augment the funds which could otherwise be appropriated from the unemployment trust fund. While this additional amount will be paid initially from general funds of the Treasury, the appropriation language specifies that it is to be repaid. The authority for the general revenue appropriation is the Wagner-Peyser Act, and all of the funds so appropriated will be used for employment service activities.

Mr. Chairman, this concludes my statement on the "Grants to States" appropriation.

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

The final statement is for unemployment compensation for Federal employees and ex-servicemen.

Mr. Chairman, as you know, the need for the appropriation, unemployment compensation for Federal employees and ex-servicemen, results from the exercise of legal rights by unemployed Federal employees and ex-servicemen. For fiscal year 1966, an estimated $141 mil-

lion will be required to finance benefits paid. While this amount is $1 million more than we currently expect to expend in fiscal year 1965, the estimate anticipates some general improvement in the economy with consequently fewer claimants. The slight increase is due entirely to increased weekly payment amounts. The increased weekly payment amounts are due to military and civilian pay increases and to increases in the benefits provided under State unemployment insurance laws.

A proposed change in the language will allow expenditure of funds in the current year out of the subsequent year appropriation. This language is necessary in order that benefit payments to qualified claimants may be continued in the event that funds become depleted late in the fiscal year when sufficient time is not available to process a supplemental request.

Mr. Chairman, this concludes my statement on unemployment compensation for Federal employees and ex-servicemen.

BUDGET REDUCTIONS

Mr. FOGARTY. The activities schedule shows that salaries and expenses are budgeted for $16,601,100 for 1965, and $17,493,800 for 1966, an increase of $892,700 in funds, but a decrease of 49 positions. There are a lot of internal adjustments, and the increases are fairly well identified, but the justifications are very vague about the decreases, except a cut of $400,000 and 40 positions for the Veterans' Employment Service. What are the other reductions that you are proposing?

Mr. GOODWIN. The estimate is reduced eight jobs to partially absorb the mandatory items such as pay increase and within-grade promotion costs in 1966. Six of these jobs are Bureau salaries and expenses and two are for Manpower Development and Training Act positions.

Mr. FOGARTY. Does that mean we gave you eight too many positions in 1965?

Mr. GOODWIN. No, it means we didn't have enough money to meet the cost. So, we reduced our positions by eight to finance the mandatory costs.

In addition, we reduced the Manpower Development and Training Act operations by 34 positions. These, plus the Veterans' Employment Service represent our reductions.

Mr. FOGARTY. Where are those 34?

Mr. GOODWIN. These are in connection with our responsibilities for the development of institutional projects. We have to keep in touch with the State agencies. We are responsible for the development of rules and regulations under which that program works, for keeping in touch with what is going on, and making reports on the Manpower Development and Training Act program.

Mr. FOGARTY. What is an institutional project?

Mr. GOODWIN. The institutional projects are those in which we work cooperatively with the vocational education people. They operate within institutions, principally the public schools—vocational educational schools for the most part. These are differentiated from the on-the-job training projects.

Mr. FOGARTY. Who is doing this work now?

Mr. GOODWIN. The total staff that has been working on this particular program is 166, and that is being reduced by 34 positions in addition to the partial absorption of mandatory costs.

Mr. FOGARTY. Can you do the same amount of work with this reduction of 34 positions?

Mr. GOODWIN. We have developed some increased efficiencies in our operations since it was started, and we would anticipate that we can do the job.

Mr. FOGARTY. If you come back next year and this thing is fumbling around, there are going to be a lot of questions asked. If we found it is not being operated efficiently on account of this cut in position when you say you can do it with this cut, you are going to be kind of in bad shape. But if you are happy with this cut, that is fine.

Are you happy with it?

Mr. GOODWIN. No, we are not happy with it. We will do our best with it. I think we can find ways of getting the job done.

Mr. FOGARTY. Just as efficiently as you would with the additional positions?

Mr. GOODWIN. Well, I think it is fairly clear that we won't be able to do everything we could with the additional 34 positions. But I think that we can operate the program on an acceptable basis so that essential parts of the job will get done.

Mr. FOGARTY. That is not a very good answer, I don't think. I think if you are going to do it, you ought to do it right.

FARM LABOR PROGRAM

The first increase of $412,000 is to annualize the 1965 supplemental for the domestic farm labor program. So, this is pretty much dependent on what we do on the supplemental request?

Mr. GOODWIN. That is correct. We went over the justification for the program yesterday.

FARM LABOR CONTRACTOR REGISTRATION

Mr. FOGARTY. The next is $222,100 to put the Farm Labor Contractor Registration activities on a full-year basis. This was authorized after our hearings last year. So will you give us a little more explanation of what it is and what your problems are and why you need 34 positions is to handle this work?

Mr. GOODWIN. This is a new program and we are just getting started with the registration. We have the responsibility for issuing the licenses to the crew leaders and identification cards not only to the crew leaders, but to their crews and their employees. The law applies to any crew leader who has 10 or more people in his crew and operates in interstate traffic for a fee. It does not apply to employers or to any recruitment that is done through the Public Employment Service, of course. The law specifies that fingerprints must be taken of those making application, and it requires further that they must purchase insurance covering the employees that they transfer from one place to another.

The crew leader must state the conditions of employment for his workers. This must be posted at the place of employment, and it must cover such things as wages, any charges against wages, and any other significant conditions of employment.

The actions we have taken up to now include the issuance of regulations. These have been published in the Federal Register. We have also issued an interpretive bulletin of these regulations. We have gotten out field instructions. We have had three training meetings of State employees. The State is given a choice as to whether this problem will be administered by the State employment security agency or by some other agency in the State. There are a few States that have a crew leader law of their own. I believe we have three States that have chosen to have the State part of this law administered by an agency other than employment security.

We have gotten out information on the program, and we disseminated this on a wide basis. We had press releases, and meetings with crew leaders. Our problem from here on out is going to be continuing to work with these crew leaders. On such problems as insurance, for instance, we found that they were having difficulty in getting insurance to cover their operations except at very high and prohibitive costs. We have been working with them on this. The latest information is that insurance now is available at a fairly reasonable cost, and this problem seems to be behind us, or largely behind us.

We will have a job of compliance as soon as we get into the season. Actually, up until now, there has been very little movement on the part of crew leaders. It really doesn't start for another 6 weeks. It starts, first, in the Florida area, and then a little bit later, we get it started in Texas, and in both cases, they move north from those two places. Most of the people that we are requesting in the appropriation will be working on the compliance aspects of this program.

UNEMPLOYMENT INSURANCE RESEARCH PROGRAM

Mr. FOGARTY. You are asking for $70,000 to start an unemployment insurance research program. I don't think the need for such a program is very clear in the justifications. Why is this needed?

Mr. GOODWIN. This program breaks up into two parts. The first part of it is $25,000 that is requested for special tabulations from the Bureau of the Census, involving data from annual work experience surveys and providing a closer look at the long-term unemployed. This information will make it possible for us to compare the characteristics and experience of the insured and the noninsured unemployed. The basic purpose of this information, Mr. Chairman, would be to build a justification for an extension of the coverage of the unemployment insurance program. We still have about 15 million workers in this country who are not covered by unemployment insurance. This information would be very helpful to us in analyzing what that problem is and what the problems of extending the unemployment insurance would be in these particular areas.

We also would get some information from the old-age and survivors insurance program along the same lines to fill out our information about these particular segments of the economy.

We are also proposing $45,000 for a thorough study of public knowledge and attitudes toward unemployment insurance. We would like to do this to identify the sources and extent of criticism of the program and to determine the actions and policies that are needed to correct or strengthen the program. We think that this kind of a study would give us that kind of information and we think that this kind of a study should be done by an independent group. We would propose that it be done through contract arrangement with a university to assure complete objectivity and acceptability of results.

I am sure you are aware, Mr. Chairman, and members of the committee, of many of the criticisms that have been leveled at the unemployment insurance program. This has extended over a number of years and there has been quite a bit of it recently. I think the program actually never has been free from it. We have had the Reader's Digest articles. They put one out about every year, I think and some of the points made in articles of that kind are pretty widely believed. What we are trying to get in this particular proposal, this particular study, is information which we hope will give us a basis for correcting the problem.

JOB VACANCY AND UNEMPLOYMENT STATISTICS

Mr. FOGARTY. The largest increase is $595,000 for job vacancy and unemployment statistics. How is this broken down between these two activities?

Mr. GOODWIN. We have $595,000 for job vacancy and unemployment statistics. The job vacancy program is in operation this year. We have used about $57,000 for 1965. There is $390,000 proposed for job vacancy studies, and $205,000 is proposed for the unemployment statistics program.

Mr. FOGARTY. Are either or both of these tied in with increases being requested by the Bureau of Labor Statistics?

Mr. GOODWIN. The job vacancy program is. This is a cooperative program, and the BLS has a request in for a portion of the total project which they will undertake.

Mr. FOGARTY. Some people have thought, and probably still do, that it would be an almost impossible task to get really valid statistics on job vacancies. What has your experience to date indicated?

Mr. GOODWIN. Our experience so far has indicated to us that it is feasible to do it. I think the questions that have been raised about this are whether you can get what some of the statisticians might refer to as a pure statistic. There is some feeling that there might be difficulty in doing that. But information resulting from the study can be used very effectively in operations, and in our opinion, in economic planning. Most of the European countries, or at least several of the European countries, do collect this kind of information, and they use it effectively. I would say that their experience has indicated that it can be done. We have not gone very far with it as yet. We have experimented this year in 16 areas and our experience with those 16 areas would indicate to us that this is feasible and can be done.

One of the principal uses to which this information can be put is a followup and an attempt to place people with the information that is obtained, and a very closely related use is to establish training pro-

grams to train people for jobs that are going to be vacant. In a good many cases, the problem is that there are not available people, at least not the people who are available in that community where the vacancy exists who have the qualifications to fill the job. So we would use this information in trying to set up training programs in that community. I think about 50 percent of these jobs have been vacant for a month or more.

Mr. FOGARTY. For some of these job vacancies, they have the skills, but in many areas, such as the textile area, if things are going good, people just won't take a third shift or second shift job, unless they get more money.

Mr. GOODWIN. Yes. The information that we have turned up so far indicates that the difficulty is because they are hard-to-fill jobs from the standpoint of the kind of consideration that you have just mentioned. They are undesirable for one reason or another. In some cases, it is wages, and in some cases it is the night shift, and in some cases it is just dirty, hard work, like some of the farm jobs.

FINANCING YOUTH OPPORTUNITY CENTERS

Mr. FOGARTY. This item of $39,280,000 for advances from general funds to the "Grants to States" appropriation is new.

Mr. GOODWIN. Yes, sir.

Mr. FOGARTY. Will you place in the record the legislative language that authorizes this?

Mr. GOODWIN. Yes. This is the Wagner-Peyser Act. And we will be glad to place that in the record. We have it right here.

(The requested information follows:)

SEC. 5. (a) There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amount from time to time as the Congress may deem necessary to carry out the purposes of this Act.

(b) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State which (i) except in the case of Guam and the Virgin Islands, has an unemployment compensation law approved by the Secretary under the Federal Unemployment Tax Act and is found to be in compliance with section 303 of the Social Security Act, as amended, and (ii) is found to be in compliance with this Act, such amounts as the Secretary determines to be necessary for the proper and efficient administration of its public employment offices.

Mr. FOGARTY. What will this finance?

Mr. GOODWIN. This will finance, principally, the Youth Opportunity Centers and the improvement of youth services in the local employment offices.

Mr. FOGARTY. Why do you finance it one way in 1965 and propose this different way in 1966?

Mr. GOODWIN. We financed it in 1965, as you know, by the use of manpower development and training funds. We thought that it was advisable to put this on a more regular basis, and make it a part of the employment service budget. We see this not as a temporary program, but as one that is going to be needed as an integral part of the unemployment service operation. And, therefore, we are presenting it to you in that way.

Mr. FOGARTY. Would you call this "reprograming?"

Mr. GOODWIN. "Reprograming?" Not as I understand the word; no.

Mr. FOGARTY. In 1965?

Mr. GOODWIN. In 1965?

Mr. FOGARTY. Yes.

Mr. GOODWIN. I think it was in 1965; yes, there was some discussion on this item last year.

Mr. FOGARTY. Did you get any instructions from the Senate last year?

Mr. GOODWIN. Yes. We had some language in the Senate report which seemed to be in disagreement with the House language. So, we decided that it was possible for us to proceed on what we thought was the best course.

Mr. FOGARTY. I am glad to see you give the House preference once in a while.

Mr. GOODWIN. We are very happy to do it.

Mr. FOGARTY. What is the status of legislation to require such advances to be paid back?

Mr. GOODWIN. It has not yet been submitted. The Department does, however, have under consideration legislation which would take care of this particular thing. And I assume that it will be submitted in the near future. There may be some people here that can answer this better than I.

Mr. FOGARTY. If you don't get legislation, you might not get the money?

Mr. GOODWIN. This would not have to do——

Mr. FOGARTY. It looks to me as though the Department is dragging its feet.

Mr. GOODWIN. This would not have anything to do with the basic legislation to authorize an appropriation. This is contained in the Wagner-Peyser Act.

Mr. FOGARTY. You say in your justifications, "pending unemployment insurance legislation" will provide for the repayment of these funds. So I just assumed the word "pending" meant that you had made up your mind and had done something about it and were trying to get Congress to authorize this.

Mr. GOODWIN. I think the use of the word "pending" is a mistake, because it certainly indicates "pending before the Congress."

Mr. FOGARTY. Is it going to be in that status for the rest of the year? Is there any indication from anybody down there that they are going to get this thing off the ground?

Mr. GOODWIN. Yes; it will get off the ground.

CEILING ON USE OF TRUST FUNDS

Mr. FOGARTY. What harm would be done just to increase the appropriation from the trust fund by this amount?

Mr. GOODWIN. This would bring us up against the limitation we have now with respect to title III. And you will recall that we are authorized now under existing law for an appropriation equal to 95 percent of the tax.

Mr. FOGARTY. That was changed a year ago.

Mr. GOODWIN. It was changed from an absolute amount to 95 percent.

Mr. FOGARTY. And that is not sufficient either, is it?

Mr. GOODWIN. No, and we pointed out at the time, the law was passed that it would not be, because the principal problem here, as you recall, Mr. Chairman, is that we are tied to a base that is completely out of date and completely inadequate. The base for the unemployment insurance tax is about 60 percent or a little less of what it was when the act was originally passed. The $3,000 represents less than 60 percent of total wages.

Mr. FOGARTY. Can you submit now or supply for the record what that would amount to in 1966 in dollars, this 95 percent?

Mr. GOODWIN. Yes. You mean on the present rate?

Mr. FOGARTY. Yes.

Mr. GOODWIN. It will be $492.1 million for 1966.

Mr. FOGARTY. What was the old limitation?

Mr. CURTIS. $477.9 million for 1965.

Mr. FOGARTY. I hope we don't have any problem in the legislative authorization on this. It looks a little like just trying to get around this existing law by doing it this way.

Mr. GOODWIN. We will be glad to furnish our legal opinion on this, if it would be of any help.

Mr. FOGARTY. Let's put that in the record, then.

(The information follows:)

UNITED STATES GOVERNMENT MEMORANDUM

MARCH 4, 1965.

To: Robert C. Goodwin, Administrator, Bureau of Employment Security.
From: Charles Donahue, Solicitor of Labor.
Subject: Employment security—Appropriation of general funds for administration of the Wagner-Peyser Act.

This is in response to your request for my opinion whether there is any legal prohibition against the appropriation from the general fund of the Treasury (to supplement funds available from the Employment Security Administration account in the unemployment trust fund) for grants to the States to provide for the administration of the Wagner-Peyser Act.

We have examined the pertinent statutes and find no legal prohibition against the appropriation by Congress of additional funds from the general fund of the Treasury to provide for grants to the States for cost of administration of the employment service program.

Although an amendment to title III of the Social Security Act eliminated the authorization in section 301 to appropriate funds for grants to the States to administer their unemployment compensation laws,[1] no similar change was made in the Wagner-Peyser Act and section 5(a) of that act still contains an open end authorization to appropriate funds for the employment service program.

It is accordingly my opinion that authority to appropriate funds from the general fund of the Treasury is contained in section 5(a) of the Wagner-Peyser Act and that such appropriation would not be subject to a point of order as being in conflict with any provision of substantive legislation.

GRANTS TO STATES

Mr. FOGARTY. If you get the proposed supplemental appropriation you will have a total of $455,636,000 available for 1965 and the re-

[1] Sec. 524(a) of Public Law 86-778.

quest for 1966 is $531,380,000, or an increase of $75,744,000 and 6,795 positions.

Mr. GOODWIN. That is correct.

Mr. FOGARTY. Now, this budget certainly treats the States a lot better than it does the Department, doesn't it?

Mr. GOODWIN. They have a larger percentage increase than the Bureau.

I would point out that the job actually gets done in the States and the local communities for the most part. This is not entirely true.

EFFECT OF CUT IN POSITIONS FOR BUREAU OF EMPLOYMENT SECURITY

Mr. FOGARTY. You can supply for the record what the effect will be of this cut in positions.

Mr. GOODWIN. You mean as far as salaries and expenses, Mr. Chairman?

Mr. FOGARTY. Yes.

(Information requested follows:)

Positions eliminated from the fiscal year 1966 request

Veterans Employment Service reduction	−40
Other reductions:	
Manpower Development and Training Activities	−36
Bureau of Employment Security salaries and expenses	−6
Subtotal	−42
Total	−82

In addition to the reduction in the Veterans Employment Service the Bureau of Employment Security will lose 42 positions through a general reduction. This reduction has been distributed among the services as follows: (1) U.S. Employment Service, 28 positions; (2) Unemployment Insurance Service, 6 positions; and (3) the Administration and Management Service, 8 positions.

Employment service

The loss of 28 positions in the employment service will result in a general decline in effectiveness since the reduction in positions has been spread over a wide area.

It has been the Bureau's aim to achieve a better integration and application of occupational analysis in operating programs. It has been the objective of the employment service to provide assistance to the States in this area. The reduction of staff will result in a decline in the amount of technical assistance afforded to the States and thereby delay to some extent the effective use of occupational analysis as an operating tool of the system.

State test development activities have been recently expanded to speed up work on the development of measures for use with young people who are educationally deficient. All data resulting from State activities must be consolidated and processed to achieve the end product. A reduction in staff will lessen the Federal guidance on this problem and make the States contribution less effective than it might otherwise be.

The reporting needs of the manpower training program are increasing every year. Special reports prepared for other agencies within and without the Department of Labor are numerous. A reduction in statistical support will affect the validity of statistics in some areas, and reports will be delayed. In the area of training needs development postreview activities will be stopped and only a limited time can be spent on the development of field staff in the initiation of new program ideas.

The Bureau is involved in the planning and development of a research program for the improvement of area unemployment estimates compiled by the State employment services. The elimination of positions in this area will delay the introduction of improved methods of estimating unemployment, and will also make it impossible to begin work on devising sound techniques for estimating the level and rate of joblessness in such sections of labor areas characterized by poverty or other problems.

In the area of placement activities, such activities as the revision of training material on the application process and further development of evaluation tools and techniques will be indefinitely postponed.

The foregoing examples of areas in which reductions will be made are of an operational nature. In addition to these specific cuts, there will be a general reduction in day-to-day services which have been considered more or less routine. While the adverse effect to the employment service of a 28-position reduction cannot be dismissed lightly, it is believed that the reduction can be accomplished without materially reducing the quality of services rendered. Rather, the reduction will be most evident in quantitative measurement and in the delay of program policies which though desirable are not essential to the economy.

Administration and management

Administration and management activities will be curtailed by a reduction of eight positions, seven of which relate to Manpower Development and Training Act activities. These positions will be in the fiscal and reporting areas. It will be necessary to reduce these services within the Bureau and also to the States to levels which will maintain the current operating standards but will not encourage improvement in fiscal management or in report programs. For example, the improvement of methods to be used in the fiscal aspects of the Manpower Development and Training Act program, and to analyze the various expenditures, time, and cost, and statistical data in order to devise reports for management's use in decisionmaking will have to be delayed.

The State annual and quarterly budgets for administration of the program must be analyzed and evaluated and the fiscal office must work with the program services for approval of budgets. It is also necessary to analyze accomplishments as compared with goals set forth in the budgets and all other necessary activities relating to budget control. In the area of statistical reports and validations, the Bureau must meet the needs for advising and consulting with State agency personnel engaged in preparing required Manpower Development and Training Act reports, develop a handbook on recommended survey procedures for use by the State agencies in validating their Manpower Development and Training Act reports, and provide technical assistance to the States on the conduct of these validation surveys and, as necessary, make independent spot resurveys to ascertain the reliability of the State findings. All of these activities will be curtailed by the reduction in staff.

Unemployment insurance service

The unemployment insurance service will be reduced by six positions. The service plans to reduce positions in various activities performed under the Manpower Development and Training Act. Under this program several positions were required to establish State-operating procedures covering the payment of training allowances and to review those procedures in the light of Federal requirements. By the end of fiscal year 1965, such a review will have been made in all States and future reviews will be scheduled at less frequent intervals to help achieve the reduction in staff.

A control file in the national office of the Bureau is maintained which includes a card for each individual who enters training under the Manpower Development and Training Act, or who is held to be ineligible to receive allowances under the act. Experience with this file has shown that individuals who were determined to be ineligible for allowances were discovered and their cases promptly called to the attention of the agencies and overpayments were eliminated or minimized. Although the staff presently working in this area is currently at minimum strength, we believe some further economies can be achieved. A reduction in staff will result in increasing backlogs but priorities will be assigned to assure the most efficient use of all resources.

YOUTH OPPORTUNITY CENTERS

Mr. FOGARTY. Aside from the mandatory increases that total about $30 million, by far the largest increase is $37 million for your special youth centers.

Mr. GOODWIN. That is correct, sir.

Mr. FOGARTY. Could you give us a little more detail on just what these centers do, and describe them, where they are located, how many employees. Are they full time, or do they spend part time in other activities, and so forth?

Mr. GOODWIN. Yes, I will be glad to, Mr. Chairman. Our plan is to establish youth opportunity centers in about 138 areas. They will serve all youth in the community but with emphasis on the disadvantaged youth. It will be a sort of a community center where we will get a concentration on youth problems, it will take the leadership in working on youth problems. We have been doing some work on training staff. One of our problems in getting this kind of a program underway is in having a staff adequately trained to take on the work. We have been working with the States on improvement of counseling personnel to man these centers. We have now approved 70 youth opportunity centers.

Mr. FOGARTY. Will you put them in the record?

Mr. GOODWIN. Very well.

Mr. FOGARTY. How many employees? And are they full time or part time?

Mr. GOODWIN. These are full time. We have approved 32 budgets.

Mr. FOGARTY. Expand on that for the record.

How many do you have now and how many are budgeted for 1966, and what are the plans for after 1966?

Mr. GOODWIN. Well, we are in the process of getting these on an operating basis now. As I indicated, 70 of them have been approved. They are just beginning to open their doors. We had the opening last week of one in Memphis. Mr. Ruttenberg went down to that. We have three, I believe, that are scheduled to be opened this week, including Detroit. And they will be opening very rapidly now in the next 2 or 3 months. We expect to have 75 of them in actual operation this fiscal year.

Mr. FOGARTY. What is the total budget for this fiscal year and next year?

Mr. GOODWIN. The total budget for this fiscal year includes $24.5 million of general fund money. And the next fiscal year, it will go to $37 million which is what we are requesting in this budget.

(The requested information follows:)

Youth opportunity centers approved and announced by the Secretary of Labor (as of Mar. 2, 1965), City and State

	Total staff (full time)		Total staff (full time)
Akron, Ohio	26	Manchester, N.H	10
Albany, N.Y	28	Memphis, Tenn	33
Albuquerque, N. Mex	13	Miami, Fla	35
Anchorage, Alaska	10	Milwaukee, Wis	50
Atlanta, Ga	46	Minneapolis-St. Paul, Minn	63
Baltimore, Md	75	Nashville, Tenn	22
Billings, Mont	10	Newark, N.J	65
Binghamton, N.Y	11	Norfolk, Va	26
Buffalo, N.Y	48	Oklahoma City, Okla	24
Burlington, Vt	10	Omaha, Nebr	20
Camden, N.J	33	Paterson, N.J	44
Canton, Ohio	15	Pittsburgh, Pa	97
Casper, Wyo	10	Portland, Oreg	34
Charleston, S.C	15	Providence, R.I	35
Chicago, Ill	246	Richmond, Va	16
Cincinnati, Ohio	42	Rochester, N.Y	38
Cleveland, Ohio	73	Salt Lake City, Utah	22
Columbia, S.C	18	San Bernardino, Calif	36
Columbus, Ohio	35	San Diego, Calif	63
Covington, Ky	10	San Francisco-Alameda County, Calif	105
Dayton, Ohio	31	San Jose, Calif	29
Denver, Colo	40	Seattle, Wash	45
Des Moines, Iowa	13	Sioux Falls, S. Dak	10
Detroit, Mich	147	St. Louis, Mo	62
East St. Louis, Ill	19	Stockton, Calif	12
Evansville, Ind	10	Tampa, Fla	28
Fargo-Moorehead, N. Dak	10	Toledo, Ohio	27
Fresno, Calif	19	Tulsa, Okla	18
Hartford, Conn	21	Utica-Rome, N.Y	21
Honolulu, Hawaii	29	Wheeling, W. Va	10
Huntington, W. Va	13	Wilmington, Del	18
Indianapolis, Ind	38	Wichita, Kans	16
Kansas City, Mo	29	Youngstown, Ohio	20
Las Vegas, Nev	10		
Little Rock, Ark	11	Total (70)	2,636
Los Angeles County, Calif	238		
Louisville, Ky	30		

STATUS AND PROGRAMING OF YOUTH OPPORTUNITY CENTERS AND OTHER YOUTH SERVICES, FISCAL YEARS 1965 AND 1966

This statement outlines the status of current activities and plans relating to the establishment of youth opportunity centers and the strengthening of youth services in other local employment offices.

State employment security agencies have submitted proposals for 122 youth opportunity centers to be located in 101 metropolitan areas.

To date, proposals to establish 79 centers in 70 cities have been approved and the centers will operate in full cooperation with community action programs in their areas. These 70 cities represent over 50 percent of the 138 areas in which it is planned to establish youth opportunity centers and 32 detailed budgets have been approved. Centers are open in Memphis, Tenn., Anchorage, Alaska, and Detroit, Mich.

The appropriation request for youth services for fiscal year 1966 is based upon the following plans for fiscal years 1965 and 1966:

1. By June 30, 1965, youth opportunity centers will be established in 75 areas which will be staffed with a total of 2,913 positions. Of the total, 1,165 are positions presently devoted to youth services and the remaining

1,748 are additional positions which will be financed from Manpower Development and Training Act funds.

2. By June 30, 1965, a total of 1,965 positions will be devoted to services to youth in employment offices in areas outside those which will be served by youth opportunity centers. Of the 1,965 positions, 765 are current employment service staff. The 1,200 additional positions will be financed from Manpower Development and Training Act funds.

The 1,200 positions will provide an average of 1 position for each 6,000 of youth population residing in areas that will not be served by centers. The State agencies will submit proposals outlining their plans for utilizing the additional positions to provide services to youth in such areas.

3. To meet the State needs for administrative and technical supervision at State and area levels, 262 positions will be allocated by the end of the 1965 fiscal year.

The total number of additional positions to be allocated for youth services in fiscal year 1965 is 3,210.

4. Youth opportunity centers will be established in an additional 63 areas during fiscal year 1966. Centers in 30 areas will be in operation an average of 9 months, and in 33 areas an average of 6 months. Before the end of fiscal year 1966, youth centers will be operating in 138 areas.

The centers that will be operated for an average of 9 months in 30 areas will have a total staff of 1,190. The centers in the remaining 33 areas that will operate for an average of 6 months will have a total staff of 407.

5. An additional 15 positions will be allocated to States for administrative and technical supervision. These positions will be added for an average of 6 months.

6. A total of 1,338 positions are provided to bring the staffs to more adequate levels in the centers serving the 138 areas. These positions will be added over a period of about 6 months and will be geared to the status of the youth center operations.

The programing outlined above provides that a total of 8,090 positions will be devoted to youth services by the employment service system prior to the end of fiscal year 1966. Of this total, 2,580 positions will be provided from resources available to the employment service throughout fiscal year 1965 and 5,510 positions will have been provided from additional resources made available during fiscal years 1965 and 1966.

EMPLOYMENT SERVICE OPERATIONS

Mr. FOGARTY. You are asking for an increase of $7,471,000 for the basic employment service operations. Tell us why this is needed, and also tell us how services for older persons will be improved if you get the increase.

Mr. GOODWIN. We have not been able to keep up in the last few years with the increase in the labor force. It is estimated that by 1966, the labor force will have increased by more than 7 percent from 1963. During that same period, the employment service staff has decreased nearly 2 percent. So, that part of this request is to keep up with just the volume of work that comes into the local offices. This has shown up by some decrease in placements on the part of the employment service during the last year. We feel very strongly that we need this additional personnel to bring it back up.

Mr. FOGARTY. That is what I am afraid is going to happen in other areas where there are these decreases. You will come back next year or the year after and we are going to find out that you have fallen down in this area or that area, and you are going to be admitting that mistakes in judgment were made in reducing these positions.

Mr. GOODWIN. We will do our best to see that that does not happen.

TRAINING AND EXECUTIVE DEVELOPMENT

Mr. FOGARTY. There is an increase of $2,365,000 requested for training and executive development. The justifications break this down to show how much is for outservice and inservice training but don't describe what this training is. What is it?

Mr. GOODWIN. Well, this is training in professional skills to make the employment service and unemployment insurance staff more effective. Basically, it is the local office staff group, with some State employment security people. I think that one of the clearest examples of this is counselors in the local offices. We made a survey about a year ago and found out that we had a substantial number of workers in local offices doing counseling work who were quite deficient in their basic training. This is one group that we would propose to give some of this training. This would include both inservice training and in some cases, it would include making it possible for some of these people to take courses at the university and come back into the employment service better equipped to do the job. When we have made comparisons on the competency of the local office counselor, for instance, with counselors in some of the other programs, we have concluded that we have been losing ground in this area, and that the only way we can improve the situation and get on an adequate basis is to put on a training program.

This sort of thing has been accepted by the Congress for some of the other Government agencies, including agencies like Vocational Rehabilitation, where they have done an excellent job in the training of their people. What we would like to do is make it possible for the State employment security agencies to do this same kind of a job and come up with a more competent staff. This is absolutely necessary in our opinion because of the increased complexities of the program. For instance, the problems we must deal with in the poverty area require, in many cases, a higher degree of competency than what we have had in the employment service before. We feel this item is extremely important in terms of the long-term development of the employment security system.

AID FOR OLDER WORKERS

Mr. FOGARTY. Is there anything in the poverty program to help the older worker?

Mr. GOODWIN. Yes.

Mr. FOGARTY. Or to help older people in any way?

Mr. GOODWIN. There are community action programs. Some of them are designed to help the older worker.

Mr. FOGARTY. The accent, though, is on youth.

Mr. GOODWIN. The big emphasis is on youth. But the structure is such that they can deal with poverty problems for all segments of the population.

Mr. FOGARTY. It looks to me like you are doing about the same thing with these youth centers. Your accent is on youth, and you are letting down the older workers in this country. Why don't you have some centers for older unemployed, those over 45?

Mr. GOODWIN. We have a program for the older workers. It does need to be strengthened and we would expect to use some of the money in this request for strengthening the older worker program.

Mr. FOGARTY. We have been talking about this for 15 years, but nothing really has been done.

Mr. GOODWIN. We have been steadily strengthening that program for those 15 years, Mr. Chairman.

Mr. FOGARTY. When you only placed a million people out of the work force of 75 million, that does not speak well for 15 years of progress in this area.

Mr. GOODWIN. Much of the problem grows out of the fact that the number of older workers is growing very rapidly, as you know.

Mr. FOGARTY. You are not going to get on top of it unless you ask for some additional positions to do it with. What little increase you are budgeting for improving the employment services isn't going to amount to very much as far as the employment of the older worker is concerned, I am sure.

Mr. GOODWIN. We have had in the past several years about 135 positions allocated to State agencies to develop programs for services to older workers. These are mostly specialists that spend a major part of their time on older workers.

Mr. FOGARTY. Give us a complete statement for the record on what you have done for the older worker in the post 15 years, and what you have done in 1965, and what you expect to do in 1966.

Mr. GOODWIN. I would just like to add one thing, Mr. Chairman. Part of the $7 million that we are asking for, for strengthening the employment service, would be to set up some pilot projects on part-time employment. This would be set up particularly for the problem of the older worker group.

Mr. FOGARTY. You can expand on that for the record.

Mr. GOODWIN. I will be glad to do that.

(The additional information follows:)

PROGRAM FOR SERVICES TO OLDER WORKERS

Experience has indicated that older workers (45 years of age and over) as a group have a special need for assistance in securing employment. They often encounter age bias that prevents them from earning a livelihood at the very time when their family responsibilities for providing sustenance and education are the greatest. Technological changes, the impact of automation, and other developments in the Nation's economy often require the unemployed older worker to reassess his qualifications and change to a different occupation.

The public employment service began giving special attention to the older worker problem in the late 1940's. Limited studies were conducted in 1950 and 1954 which identified the need of older workers for employment services to help them overcome artificial barriers to employment. In 1955 the Department of Labor undertook a comprehensive research program to explore the major roadblocks to increased employment opportunities for older workers. This survey came to be known as the "Seven Cities Study." The study highlighted the fact that the greatest single obstacle facing the unemployed older worker is arbitrary age limits set by employers in their hiring practices. The study also brought to light that specialized, more intensified counseling and job-development services are required to assist them in obtaining reemployment.

As a result of the "Seven Cities Study," the U.S. Employment Service launched a national program of expanded and improved services to older workers in 1958. The program comprised a three-pronged attack on the problems of age

discrimination in employment: (1) direct service programs to provide increased placement, job development, and job-counseling assistance to older workers; (2) increased educational and promotional programs aimed at changing employers' attitude toward hiring older workers; and (3) research studies regarding capabilities and characteristics of older workers.

Since 1958 the U.S. Employment Service and its affiliated State employment services have endeavored to further strengthen placement, job development, and counseling services to older workers. The Department of Labor played an integral role in the 1961 White House Conference on Aging. In a few States, some progress has been made in developing job opportunities through the formation of self-help organizations in which older workers help each other get jobs. Job-finding clinics have also been established to assist older workers in their job search. Some States have taken an active role in establishing training courses for homemakers, tour guides, sales personnel, and other specific jobs in cooperation with State vocational education departments. These types of activity have proven highly effective, but it has not been possible to provide these activities on a nationwide basis.

In fiscal year 1964, new applications for work were filed with the public employment service by 1,890,000 45-and-over workers. This number represented 17.1 percent of all new applications filed in that year and reflects a drop from 18.0 percent of all new applications which 45-and-over workers constituted in fiscal year 1960. During the same period, the 45-and-over worker percentage of all placements rose from 19.8 percent in fiscal year 1960 to 20.2 percent in fiscal year 1964. Despite these facts, applications of 45-and-over workers form 26 percent of the active file in the offices of the public employment service.

In fiscal year 1964, 122,000 45-and-over applicants received counseling services, an increase of 5.2 percent over fiscal year 1959. Counseling service was provided to 6.5 percent of all 45-and-over applicants. Experience and studies have demonstrated that 20 to 25 percent are in need of this essential service.

The 45-and-over group represent 27 percent of the Nation's unemployed. Only about 10 percent of Manpower Development and Training Act and Area Redevelopment Act trainees are 45 and over. There is evidence to indicate that a greater number of 45-and-over unemployed would benefit from and, through effective counseling, be led to take advantage of these training opportunities.

At the State level, older worker supervisors of public employment service agencies have been designated on a part-time or full-time basis. These supervisors are responsible for spearheading and providing necessary leadership and direction to State older worker programs. However, only about 20 man-years are currently devoted to this responsibility.

While older worker specialists have been designated in each of the 1,900 employment service local offices, the pressure of other responsibilities in those offices has made it impossible to devote the time necessary to meet the needs of older workers.

The problems and needs of older workers require intensified action. It is planned in fiscal year 1966 to raise the level of existing services by the following measures:

1. To provide 33 additional older worker specialist positions to assure more effective planning, direction, and coordination of older worker services in all States.

2. To establish demonstration projects in five large offices, adequately staffed to:

(*a*) Provide an organized service to placement in part-time jobs with special emphasis given to the part-time placement needs of older workers;

(*b*) Provide counseling service to all older workers who need it;

(*c*) Provide job development services;

(*d*) Provide needed assistance to older workers in forming self-help groups through which older workers in such groups help each other find employment; and

(*e*) Carry out an educational and promotional program designed to increase the employment opportunities for older workers.

BUILDING RENT

Mr. FOGARTY. You are budgeting an increase of $5,096,000 for building rent. This is a considerably greater increase than any recent year. Why is this estimated to go up so much?

Mr. GOODWIN. This is related principally to the youth opportunity centers, and the arrangements for space for establishing those centers.

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. FOGARTY. Under "Unemployment compensation for Federal employees and ex-servicemen," you estimate the amount to be available for 1965 including the revised estimate of $14 million needed as a supplemental, is $140 million, and the request for 1966 is $141 million. It would seem logical that this estimate should also be revised if the outlook has improved enough for you to reduce the supplemental request. Does this hold true?

Mr. GOODWIN. Well, it might be possible to make some reduction in this. I would say, Mr. Chairman, that this program has proven extremely difficult to make estimates on, for a large number of reasons. And we have, therefore, requested in here a new language provision which would make it possible to pay any deficit in the last quarter from funds appropriated from the next fiscal year.

You realize this program is a mandatory charge, there is nothing we can do to reduce benefit payments.

Mr. FOGARTY. That is right.

Mr. GOODWIN. We think it would make sense for it to be an open-end appropriation. But if the Congress doesn't desire to do it that way, we do strongly recommend this language which would make it possible for us to meet the kind of problem we have had on several occasions in the past when we actually had to stop the payment of benefits because money wasn't available.

Mr. FOGARTY. This is the same kind of language that is used in some other appropriation items.

Mr. GOODWIN. This is similar to the language used, as I understand it, for the BEC appropriation which this committee has provided.

Mr. FOGARTY. I think in the Department of Health, Education, and Welfare we use it for grants to States for public assistance, also.

Mr. GOODWIN. You do? I wasn't aware of that.

Mr. FOGARTY. That is about the same kind of arrangement.

Mr. GOODWIN. Yes, it is.

Mr. FOGARTY. Mr. Matthews.

FARM LABOR

Mr. MATTHEWS. Mr. Goodwin, yesterday I explored with Secretary Wirtz some of the problems connected with the labor difficulty now on the farms in Florida, particularly the difficulty of the citrus growers of Florida. I don't want to belabor this question too much, but I told Secretary Wirtz yesterday first of all that I had a tremendous appreci-

ation for him, I know he is an honorable gentleman. I said I didn't have any documentary evidence, but that the farmers of Florida who had talked with me about this problem felt that he was wrong on this particular approach that he is making. And I want to read for the record an editorial that appears in the Palatka Daily News of Friday, February 28 of this year, relative to this matter. And when I finish I would like to ask if there is someone here who would like to make any comments about this editorial.

EDITORIAL FROM PALATKA DAILY NEWS

Palatka, Fla., is in the heart of the potato-producing section. I know that in just a few weeks now they are going to ask me about some labor. I read from the editorial entitled, "Farm Labor":

Florida farmers are having a difficult time harvesting their crops this season. The Department of Labor has refused to allow more offshore labor and it also has cut off the "bracero" program from Mexico. It has also upped the wages which the farmer must pay. The result is that numerous farmers are ready to harvest—to cut sugarcane, to pick citrus, to dig potatoes, to pick beans and tomatoes—and there is not enough farm labor around to do the work.

Oh, yes, there was going to be sufficient help. The Department of Labor was going to press into service all the unemployed home labor so that there would be no need for importing workmen from the Bahamas, from Puerto Rico, and Mexico. Farmers said that this would not work when the Labor Department handed down its edict months ago. Senators Spessard Holland and George Smathers took up their cry, especially recently as crops have come to maturity and the harvest season is upon us. So far, pleas for admitting offshore labor have fallen on deaf ears around the Department of Labor.

Trying to see both sides of the matter, we credit Labor Secretary Willard Wirtz with being idealistic because he decided that by preventing the importation of offshore labor, jobs would be provided for home farm labor. We say idealistic because evidently Secretary Wirtz does not know that you cannot recruit men and women for jobs that they either do not want or cannot fill. Senator Holland pointed out in the Senate yesterday that the Labor Department recruited 74 canecutters, only 33 had ever before set foot in a canefield and after 5 days, only 4 of these remained. Of the four, two had cut themselves badly with the machetes and were confined to the hospital. In the Government's "crash" program to recruit 1,175 additional U.S. workers to help harvest the State's multimillion-dollar citrus crop this year, only 788 arrived in the State and only 419 stayed. He said that 369 workers, who got free rides to Florida, "disappeared in 2 weeks or less."

In Putnam County not long ago, the Florida State Employment Service found 10 local workers for cutting cabbage. Of this number only about half were physically able to do the back-breaking work. Several were too young, others disliked the pay, and of the 10 only 1 sought out the employer. These cases are typical all over Florida and the rest of the farming areas.

It is a fact that a large segment of the unemployed who might otherwise be farm laborers do not want to work.

Mr. Chairman, may I have the privilege of just introducing the remainder of this for the record?

Mr. FOGARTY. Yes.

(The editorial referred to is as follows:)

[From the Palatka Daily News, Feb. 26, 1965]

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Trying to see both sides of the matter, we credit Labor Secretary Willard Wirtz with being idealistic because he decided that by preventing the importation of offshore labor, jobs would be provided for home farm labor. We say idealistic because evidently Secretary Wirtz does not know that you cannot recruit men and women for jobs that they either do not want or cannot fill. Senator Holland pointed out in the Senate yesterday that when the Labor Department recruited 74 canecutters, only 33 had ever before set foot in a canefield and after 5 days, only 4 of these remained. Of the four, two had cut themselves badly with the machetes and were confined to the hospital. In the Government's crash program to recruit 1,175 additional U.S. workers to help harvest the State's multimillion-dollar citrus crop this year, only 788 arrived in the State and only 419 stayed. He said that 369 workers, who got free rides to Florida, "disappeared in 2 weeks or less."

In Putnam County not long ago, the Florida State Employment Service found 10 local workers for cutting cabbage. Of this number only about half were physically able to do the back-breaking work. Several were too young, others disliked the pay, and of the 10 only 1 sought out the employer. These cases are typical all over Florida and the rest of the farming areas.

It is a fact that a large segment of the employed who might otherwise be farm laborers do not want to work. Regardless of efforts on the part of the Labor Department or the States employment service, they do not want to work in the fields. It is true, also, that the farmers like offshore labor and the Texas-Mexicans. They have found that the people are more industrious than much of the U.S. labor, especially those recruited in crash programs. The farmers knew a year ago, when the Labor Department decided that there would be no more imported labor and that local labor would fill the farm needs, that this would not work; however, in the true fashion of the present governmental trend of seeing problems through rose-colored glasses instead of in the cold, clear light of day, the Labor Department did not listen.

We find the plight of the Florida farmer due to the idealistic outlook of the Labor Secretary in line with many more of the Government's approaches to our problems: The Government is tackling them as theory or idealism dictates, rather than with the facts as they exist.

ADMINISTRATOR'S REACTION TO EDITORIAL

Mr. MATTHEWS. I believe, Mr. Goodwin, that there are enough of these statements that presumably have been documented for me now to ask if you, sir, or someone can give me your reaction to this editorial.

Mr. GOODWIN. I would be very glad to, Mr. Congressman.

I think my comments would cover at least two principal points. The first one would be that we have no evidence that there has been any significant crop loss in Florida this year because of a lack of labor.

This year was not a difficult year as far as Florida is concerned because the Secretary made the decision that the contract workers, the BWI's, that were there as of January 1—he made the decision that those contracts would be permitted to run their course. Most of them do not expire until April 15. There has been more of every type of labor—or I should say more of both types of labor, both foreign and

domestic, in Florida this year than there was last year by substantial amounts.

I realize that there is a greater acreage in sugarcane and a bigger crop in citrus, a substantially bigger crop in citrus. The production this year on all major crops in Florida is substantially above what it was last year, so there has been no adverse impact in Florida. You may be able to find one or two places where there was. There was one presented to us where they plowed under some celery, and they claimed that this was because of lack of labor. This was never proved or disproved on a clear-cut basis. Most of the complaints that have come out of Florida this year I would characterize as the kind of complaints that we have received from other areas and which are based principally on a fear of what is going to happen in the future.

That covers the first point that I would like to make.

Secondly, I would like to comment a little on what I consider to be the nature of this problem. I think there is no question that you can't meet the needs of American agriculture on the same wage base and working conditions situation as we have had. I think it is clear that it is going to be necessary for agriculture to increase its wages and to improve its working conditions very substantially if it is going to be able to meet its problems with our American labor force. Agriculture has been way behind for many years in terms of being competitive with other parts of the economy and it is getting worse. My recommendation is that when you make a comparison on wages, industrial wages and agricultural wages between 1950 and 1963, that in the case of agriculture it has increased, I think it is 52 percent, and in the rest of the economy it has increased by about 71 percent. So that agriculture has been losing ground on the basis of its competitive position with the rest of the economy.

We have had about 200,000 workers who leave agriculture every year. And the basic reason they leave is because the opportunities aren't there. This, it seems to me, is an answer to the people who say, well, you can't use city folks. We admit that there are a lot of people who have lived their full lives in the city who are not well fitted for agricultural work and who cannot be induced to take agricultural work. But we ought to be able, at least, to improve the situation to where we can hold on to those that we have. And that is all that we need to do. We have been bringing in that many foreign workers every year, about 200,000. In other words, if we just hold on to the workers in agriculture now, we have the answer, it seems to me, to the farmworker problem.

I think we are going to have a lot of stress and strain over this problem in the next year. And the pressures, I suspect, are going to continue to bring in foreign workers.

I admire greatly the stand and the position that the Secretary has taken. I think basically it is right and I think that if agricultural interests in this country will just face up to the fact, they can and will do this job with domestic workers.

Mr. MATTHEWS. Mr. Goodwin, to be perfectly frank, again, as I said to the Secretary, I admire you and I think you are an honest man, but I think you are 100 percent wrong on just about everything you have said.

CROP LOSSES

Now, concerning the fact that "there has just been a minimal loss," I don't remember the exact words you have used, but the adverse impact has not been great, I believe you mentioned that.

Mr. GOODWIN. This is backed up, incidentially, by the Department of Agriculture, which has a lot of people in the field.

Mr. MATTHEWS. Now, Mr. Goodwin, if I were in this group of citrus owners who presumably were looking for 788 citrus workers to pick my oranges out of an attempted recruitment of 1,175, and if only 419 of the 788 stayed to pick my oranges, and 369 workers who got free rides to Florida disappeared in 2 weeks or less, that wouldn't be a minimal loss to me.

Is it not true that they had to pay for the bus fares of these workers to come to Florida?

Mr. GOODWIN. They advanced them, yes, sir.

LABOR NEEDS OF THE FAMILY FARMER

Mr. MATTHEWS. Well now, if this man were a man with a tremendous citrus production I can see that this might represent a minimal loss. But one thing that I have tried to stress the last couple of days in talking about this problem is that there are still a lot of so-called family sized farmers. And despite the fact that we don't get much publicity about it, the family sized farmer in America is increasing. Now, as I pointed out yesterday, I was chairman of the Family Farm Subcommittee in the House Committee on Agriculture and one criterion in finding out who is a family farmer is that the family farmer is one who can get most of the labor for his farm from his immediate family except at harvest time. In other words, 50 percent or more of the labor on his farm should come from the family, except at harvest time.

Then another criterion is that the operation ought to be big enough to make a living out of it. It might mean a 10-acre special nursery farm, or it might mean a 10,000-acre ranch. But the point I am making is, the family sized farmer needs in my opinion this offshore labor, or he needs some additional labor that he is not getting or will not be able to get. And my point is that when we have a family sized farmer like we have in my district who is going to be harvesting his strawberries or his cabbages or his potatoes, if he needs three workers and can't get three, that may be a minimal loss when you compare it to all the farming operations, but it is a terrific loss to him.

So, Mr. Goodwin, the reason I am stressing this so much is that I think you gentlemen make a mistake when you try to put agriculture in a straitjacket. In farming, you have the vicissitudes of the elements, you add to that the uncertainties of labor, and you add to that this tremendous increase in the technology of production that makes every cost element of the farm so important when you figure out costs and profits, so that if you put the farmer's access to labor in a straitjacket, I think in the long run you are going to hurt labor, and you are going to hurt the consumer. And I know you are going to put a lot more farmers out of business.

For example, it is easy to say that the farmer ought to pay enough wages. But we must keep in mind that many of these farmers do not make as much as the men who work for them and that they pay now. I know that you can prove by statistics that some farm operators actually do not make as much net profit on their farms as the people they are now hiring.

And then as I pointed out yesterday, I think that we should also keep in mind that in these operations that we are talking about now a strong man, a person with good health, can make pretty good money, from $22 to $30 a day, picking oranges. I know you don't have in mind setting a minimum wage for agriculture based on the piece rates, but my point is, I should think you would be very careful about trying again to put this idea of a minimum wage in a straitjacket, because I maintain, and I think I know enough of the situation personally to know, that an able-bodied person can make a pretty good salary, as I say, specifically in the citrus industry, $20 to $30 a day. And I think Secretary Wirtz said yesterday it was as high in some of these areas as $40 a day. I think we must be very careful in maybe trying to expect agriculture to take care of those who would like to work but who are not able to work.

As I pointed out yesterday, and as I pointed out on the floor of the House last year, one of our colleagues from California—and I can find his name if I look hard enough for it—said there was a gentleman in California who had a tremendously large family—this must not be the rule, but I think he was getting unemployment compensation amounting to $900 a month, from $800 to $900 a month, in California. Would that be possible?

Mr. GOODWIN. In no State.

Mr. MATTHEWS. What would you say would be the maximum amount of unemployment compensation that would be available in California to a man with a large family?

Mr. GOODWIN. The maximum amount available to an individual is $55 a week. That would be as high as it could go in California, $55 a week.

Mr. MATTHEWS. For an individual?

Mr. GOODWIN. And they have no dependency benefits. So that is as high as he could go no matter what the size of his family.

LIKELIHOOD OF GETTING DOMESTICS FOR STOOP LABOR

Mr. MATTHEWS. As I say, I am not questioning you a bit, sir, and I don't remember too well what this gentlemen said. But the point is, I think, that a man on unemployment compensation is getting such financial benefits, you just can't go get him to do the stoop labor and I don't blame him.

This is my final point. I agree with you, Mr. Goodwin, when you say, What the people in Florida are worried about is next year. I just don't believe you are going to get enough domestic labor to pick these oranges and to pick these cabbages and do this stoop labor. I used to do it when I was a boy. I would get on my knees and do it. But for some reason or other now in our affluent society—and I am not blaming anybody—I just don't believe that it is ever going to be

possible for you to recruit the kind of labor in the foreseeable future that we just have to have on these farms when we need them. The Secretary said yesterday they were doing some training now, trying to get some of the youth trained to do this. I don't believe that you are going to find very many young people that are going to be interested in taking training to get down there and harvest these potatoes and cabbages.

So my plea is, as I plead to Secretary Wirtz, please, all of you gentlemen, give this very careful study. And if you have to bend a little bit, bend toward the farmer.

You know, there was a man that married a beautiful lady named Millie. And he lived with her for 20 years. And she died, and he buried her in the cemetery. And then after 2 more years he fell in love with a lady named Tillie, and he married her. And she lived for 15 years with him. And she died, and he buried her over on the other side of the cemetery lot. And when he died he said in his will, "Bury me in between Millie and Tillie, but tilt me a little toward Tillie."

So we want you to tilt a little to the farmer—as I told Secretary Wirtz, there is no disagreement about using domestic labor if you can get an adequate supply, and there should be no disagreement about paying good salaries. Remember, I was talking about the little family-sized farm. Believe me, many of them use this labor. And right now some of them are paying more in wages than they are making net profit on their farms.

PROCEDURES FOR OBTAINING LABOR

This is the last question about that. In about 2 or 3 weeks when people in Florida get to harvesting cabbages and potatoes, who can I go to in your Department and say, "Help me?" Is there a gentleman here in this room to whom I can have them take their problems?

As I understand, you start out with the State employment agency, of course. But tell me, Mr. Goodwin, how a farmer in the Eighth District of Florida would go about getting adequate domestic labor if he can't find it. What should he begin to do now? Let me help him get ready for this problem in the event that he has the problem.

Mr. GOODWIN. He could make his application to the Florida State Employment Service. We would get from the Florida State Employment Service the facts and their appraisal of the problem. We would sit down with them and try to work it out.

Most of these little growers and farmers that you are speaking of, Mr. Congressman, are represented by associations, as you know.

Mr. MATTHEWS. Yes, sir.

Mr. GOODWIN. The big one is the Florida Fruit & Vegetable Association. They sit in on these sessions that we have with the State people, and we work with them.

In response to your question of what they should do, I think that this is something that, of necessity, has to be worked out with the associations. This has to be a program, as we see it, of intensive recruitment in some of the States north of Florida where we have had fairly good success. We will admit that there have been some mistakes made

in the quality of the people recruited and we are in the process of trying to improve this situation. We think that there are some areas where further adjustments are necessary on wages and working conditions, as a basis for recruitment. And we hope and believe that at a point in time when these things are done we can recruit enough domestics. But I would say this, that neither Secretary Wirtz nor any of the people in the Bureau are inflexible on this. We have not burned our bridges behind us. We are looking at the facts. All we are asking—and sometimes we think we are not understood when we ask it—is that some of these adjustments actually are being made so that we have got a better basis for recruitment.

Mr. MATTHEWS. Thank you very much, Mr. Goodwin.

Thank you, Mr. Chairman.

Mr. FOGARTY. Mr. Shriver.

Mr. SHRIVER. Thank you, Mr. Chairman.

ACTIVITIES OF YOUTH OPPORTUNITY CENTERS

In your discussion of the youth training or the youth training centers, that are provided for, you mentioned that there are 105 areas or centers served.

Mr. GOODWIN. I made a misstatement on that: 105 was what we originally planned to have this fiscal year. Now, that has been reduced to 75. And then next year we are proposing to have 138, before the end of the fiscal year.

Mr. SHRIVER. And I assume it is anticipated that there will be at least one in each State?

Mr. GOODWIN. That is correct.

Mr. SHRIVER. What will they be doing in those centers?

Mr. GOODWIN. Well, they will be interviewing youth for employment. As I indicated, there will be a very large part of that workload coming to the centers from disadvantaged groups. We will have an intensive counseling program to find out what their problems are; whether they have enough education to succeed in getting the kind of job that they want to get; and whether they have any physical defects that need to be corrected in order to get a job. We will be looking principally at the whole area of employability.

Mr. SHRIVER. There is quite a lengthy description of what you anticipate doing in the justification. And a summary of that, I think, would be helpful in the testimony here. That would save time in your testimony here this morning.

Mr. GOODWIN. Yes; if you would like, we will be glad to submit some of this for the record.

I would just like to add one thing to this, a very important part of it. We would make the employment service referrals to the Neighborhood Youth Corps, to the Job Corps, where we have been called upon by Mr. Shriver's organization to make referrals, we would make them to the Manpower Development and Training Act projects that are set up, they would be made wherever youth are involved on these projects. These referrals would be made from the youth opportunity centers.

(The requested information follows:)

PROGRAM FOR SERVICES TO YOUTH

Today's youth face a difficult path in their search for employment. Technological changes and automation have reduced the number of simple entry jobs and have created a demand for increased abilities and know-how on the part of all workers, including those just entering the labor force. In addition, the number of youth seeking employment is greater than ever, and is increasing rapidly each year. It is estimated that during fiscal year 1966, there will be approximately 6 million youth who will need the services of the public employment agencies to make a satisfactory vocational choice and adjustment to the world of work. Social and economic changes in every geographical area, social stratum, and educational level have created problems never before faced by so many of our young people. Also, many youth are now growing up without adequate education, amid hostile and squalid surroundings, in poor health, or in the face of racial or other prejudices.

The existences of this increasing number of unemployed and discouraged youth represent an enormous waste of human resources and a growing social problem. No single agency can possibly resolve all the problems. What is needed is a team of organizations that together can view the needs from all aspects, pool their knowledge and resources, and develop a comprehensive program of service. The Employment Service, through its intensive youth program, is taking the lead in a cooperative attack on the barriers that block the progress of youth toward their goal of satisfactory and permanent employment.

Such efforts are not new on the part of the Federal-State Employment Service system. Activities of this nature have been a part of basic operations since the inception of the system. Today such services are carried out in varying degrees in all 1,900 local offices. Of the nearly 11 million new applications for work filed in fiscal year 1964, about 3.65 million were those of youth under 22 years of age. From these, 1.53-million placements were made in nonagricultural jobs. Counseling and testing services are offered in most local offices to assist youth in analyzing their interests and potentialities and in relating these to suitable fields of work and career opportunities. Over 690,000 youth received these services in fiscal year 1964.

Many youth seeking employment have adequate training for immediate placement in starting jobs with the opportunity to move upward. However, there are many thousands who are neither trained nor ready to hold jobs. To assist those young people to become more employable, the employment service has, as a result of interviewing, counseling, and testing, referred many youth to training in vocational schools, on-the-job training programs, apprenticeship programs and to Manpower Development and Training Act programs.

As a special service directed primarily to serving high school seniors planning to enter the labor force upon graduation, the Employment Service has carried on cooperative programs with high schools since 1950. In fiscal year 1964, formal programs were carried on with 10,500 or about 50 percent of the high schools in the country. Of the 612,800 graduates registered from these schools, 340,000 were counseled and a total of 114,300 nonagricultural placements were made. Other services included annual campaigns to develop part-time and summer jobs for students and assistance in developing work experience opportunities in high school cooperative work programs, as well as services to rural youth. As part of formal arrangements with many of the schools, some 55,000 current dropouts were referred to the Employment Service for counseling and placement assistance; of these, 15,000 were placed in nonagricultural jobs.

In February 1965, the Selective Service System began to inform all young men who failed the Armed Forces qualifications tests of the services available through the Employment Service. Since the beginning of the program, 50,200 of these youth sought assistance from local offices. As of December 31, 28,900 have been counseled, 8,800 have been placed in jobs, and 1,325 have been enrolled in training. These young men are usually disadvantaged in a variety of ways and require intensive counseling and other assistance prior to being referred to training or to a job.

To mobilize the resources of the public employment service to deal effectively with the mounting employment problems of youth, a nationwide network of youth opportunity centers is being established in the Employment Service system during fiscal year 1965. Each center is organized and staffed to meet the employment problems of youth in the area and with particular emphasis on the needs of the disadvantaged. A special feature of these centers is an "outreach" program to seek out the disadvantaged youth most in need of service but who would not normally avail themselves of the assistance provided by the local offices.

The network of centers will—

(*a*) be available to all youth;

(*b*) be staffed by trained youth employment specialists who will be assisted by volunteer workers and cooperating community groups;

(*c*) be in locations which are readily accessible to all youth;

(*d*) provide young people with one clearly designated place to go for highly personalized services relating to job preparation and placement; and

(*e*) be concerned with developing the employability, as well as job placement, of youth.

The youth opportunity centers are the focal points for government and community services for youth, and are responsible for all existing special youth services provided by the Employment Service, and additional services including:

(*a*) Selecting youth for Government-sponsored work or training programs, including Manpower Development and Training Act, Job Corps, Neighborhood Youth Corps and others.

(*b*) Selecting youth for vocational training.

(*c*) Developing vocational training opportunities for youth.

(*d*) Providing services to youth rejected by Selective Service for educational deficiencies.

(*e*) Developing jobs for youth in all sectors of the economy.

(*f*) Cooperating with and utilizing the facilities of other community services for assisting youth.

(*g*) Followup on referrals to training or employment to ensure satisfactory adjustment.

Provision also will be made for the cost of physical examinations for disadvantaged youth when such examinations are required for referral to Manpower Development and Training Act training programs, the Job Corps, or other Government-sponsored training activities. The cost of such examinations will not be allowed, however, in connection with referrals to employment or when they can be obtained through available public or private agencies.

In rural areas and smaller communities not served by youth centers, the program has been strengthened and is now carried out in local offices by a designated staff member in small offices or special units in the larger offices. These resources are utilized to provide services similar to those of the youth opportunity centers.

During fiscal year 1965, youth opportunity centers in 75 areas are being established and additional resources are being made available for improved services to youth in rural areas and smaller communities not served by centers. Total youth services including youth opportunity centers are being financed from two sources of funds—regular Employment Service resources at an annual rate of $25 million and Manpower Development and Training Act funds at an annual rate of $24.5 million.

In fiscal year 1966, it is planned to finance the costs currently paid out of Manpower Development and Training Act funds and to provide for necessary expansion by means of a general fund appropriation above the legislative limitation on grants to States from the unemployment trust fund. Also during this period, the Employment Service plans to strengthen its program of services to youth by an increase in the number of areas to be served by youth opportunity centers to 138 and by building up the staff of the centers established in fiscal year 1965 to desirable levels. To maintain the fiscal year 1965 level of operation and to finance the planned additional centers and staff needs will require a general fund appropriation of $37 million for fiscal year 1966.

The planned rate for implementing this program calls for a buildup from the 3,210 base positions provided from Manpower Development and Training Act funds in 1965 to 5,510 positions which will be financed by general funds in fiscal

year 1966. This will be accomplished during fiscal year 1966 at a total additional cost as indicated above of $37 million. By the end of fiscal year 1966, the additional expenditures will be at an annual rate of $50.7 million which represents for fiscal year 1967 a planned increase of $13.7 million over the fiscal year 1966 request.

QUARTERS FOR CENTERS

Mr. SHRIVER. Mr. Fogarty asked you something about some increases relative to it. I assume that the Federal Government will be renting the locations for these centers.

Mr. GOODWIN. The actual rentals will be done by the States. We set up specifications and guidelines, but this program will actually be administered by the State employment service under policies and guidelines sponsored by the Federal Government.

Mr. SHRIVER. Won't there be cooperation from the cities? I know in my own city there are school buildings, adequate buildings, that could well be used for this kind of a center, and there would be very little, if any, rental involved. If you anticipate the use of available resources.

Mr. GOODWIN. It may be possible in some situations. But I am glad you raised this point of cooperation with the communities, because one very important part of this program is that it ties in very closely with the community action programs of the Economic Opportunity Act.

SELECTION OF LOCATION OF CENTERS

Mr. SHRIVER. Where does the application arise for the location of these centers within the State?

Mr. GOODWIN. From the State employment security organization. We send out information to the State employment security agencies launching this program, and invited them to submit proposals. And we have now received proposals for something over 100 of these.

Mr. HURT. 122.

Mr. GOODWIN. 122 proposals have come in from the States.

Mr. SHRIVER. I know that certain businesses and industry have their own training and educational programs. Has your Department made an effort to determine the degree to which business and industry are self-sufficient in upgrading the manpower in the labor force through training and educational programs?

Mr. GOODWIN. We have a lot of information on this within the Department. I don't know whether there is any precise, definitive answer to your question or not. But I think it is true that, in general, the larger companies tend to have more adequate programs in this area. And most of the help that is given to the other industries tends to be to medium-sized and the smaller industries in this area. That is not always true. Occasionally, you will find a larger company that can well use some of this help.

TRAINING POORLY EDUCATED

Mr. SHRIVER. Have many efforts to train the poorly educated among the unemployed had any great measure or degree of success in getting jobs for these people?

Mr. GOODWIN. Yes; I think very definitely they have. I think the Secretary referred yesterday to an example or two where great progress has been made and startling results have been achieved by training some of these people. I would point out, however, that this phase of the Manpower Development and Training Act program—I was going to say it came late, but that wouldn't be quite accurate—in the amendments that were passed last year, there was a specific provision for this. So that there has been since the amendments a greatly increased emphasis in this area. And much of that has not had an opportunity to prove itself, as yet. But there are a great many dramatic examples of people who did not have enough education to hold a job, from simple things like communication, and simple arithmetic, and matters of this kind that are necessary to hold even simple jobs these days; they did not have that skill.

Mr. SHRIVER. I think there would be many examples to justify the amount of money that was being spent over the country for this kind of a program. And I would think it would be helpful to us if we had more than just the example that the Secretary used in his statement.

Mr. GOODWIN. We would be glad to furnish any additional information on this point.

(The information requested follows:)

MANPOWER DEVELOPMENT AND TRAINING ACT TRAINING OF THE POORLY EDUCATED

CASE NO. 1

Twenty-four-year-old Terry P. quit school after completing the ninth grade, served 3 years in the Army, and then spent a year job hunting in San Francisco.

Still looking for "any kind of work," Terry walked into a local employment office in California last year and was offered, in his words, "something a little better than just a job." The offer was an intensive 13-week course in physical science, mathematics, U.S. history, and basic English, operated under the Manpower Development and Training Act program.

Terry was paid a subsistence allowance of about $45 a week to help him support his wife and young child while he was in training. The city of San Francisco provided the classroom facilities at the John Adams Adult School.

The result: Terry was able to pass the civil service examination for apprentices at the San Francisco Naval Shipyard. This is a test usually passed by only a few of the hundreds who apply for beginners' jobs. Generally, applicants' lack of basic education is the cause of failure.

Today, Terry is a full-fledged shipyard apprentice, helping journeymen in the skilled carpentry work done in shipbuilding and repair. He earns about $90 a week while learning his trade.

CASE NO. 2

Like many migrant farmworkers, Gonzales E. lacked sufficient skill to qualify for more than seasonal employment at a minimum wage. Furthermore, he was unable to speak English well enough to deal directly with employers, and thus had to depend on a labor contractor. With a wife and six children to support, he was a welfare recipient for the 5 or 6 months a year when he was unemployed.

Early in 1963, Gonzales enrolled in a Manpower Development and Training Act course for farm equipment operator. He completed the first part of the course in April. In addition to training in the required work skills, he was taught English. Three days after he finished the first part of the course, Gonzales was employed as a tractor operator at $12.50 per day.

He returned to school in the autumn to finish the course through which he will perfect his skill as a farm machinery operator and improve his command of English. Upon completing the course, Gonzales may expect earnings of $17.50 a

day, according to the employer for whom he worked all last season. Moreover, he can expect to work for 3 months longer than in previous years: with his increased language facility, he can act as his own agent in dealing with employers.

This ambitious migrant worker as a result of his training can expect to obtain steady employment at good wages and no longer be a recipient of public welfare.

CASE NO. 3

Paul W., a 37-year-old miner with a ninth grade education, was displaced by automation in October 1961. He had been employed for 13½ years in the bituminous coal industry. He waited many months to be called back to work, but the wait was futile. Unemployment in his area was 8.4 percent, and opportunities in the coal mining industry were practically nil. After he exhausted his unemployment compensation, he sought public assistance to sustain himself and his family of four. This meant living at a meager subsistence level which he and his family did for over 2 years.

In December 1962, a Manpower Development and Training Act training course for structural steel template makers was started at a high school only a few miles from Paul's home. He was 1 one of the 25 who started the 20-week course, and 1 of the 18 who successfully completed it. Hired by one of the participating employers, he is now gainfully employed in his new occupation.

The establishment of the template maker's course represented the combined efforts of a broad cross section of industrial, business, labor, civic, and educational leaders in a Pennsylvania community. Two large firms had experienced difficulty in securing qualified workers in this occupation. The community reaction to the training project was enthusiastic, and has led to the approval of a training course for an additional 25 persons. For Paul and his fellow trainees, erstwhile victims of automation through the introduction of jaw-cutting machines and mechanical loaders in the mining industry, Manpower Development and Training Act has been an effective means to perform productive work in another occupation.

CASE NO. 4

William C., at the age of 17, dropped out of school after completing the 10th grade. He disliked his studies and had a poor academic record. All efforts on the part of his family to persuade him to continue his schooling were futile.

A succession of short-term jobs followed, none of which lasted longer than 3 months. He worked as a dishwasher, nursery laborer, yardman, gas station attendant, and at other unskilled jobs. He tried to join the military service but was not accepted because of a minor physical defect.

William had become so frustrated and discouraged that his attitude during interviews was adversely affected. Informed of a Manpower Development and Training Act project to train orderlies, he decided halfheartedly that he would like to participate.

As William gained competence and confidence in his ability to perform the duties of an orderly, his attitude improved markedly. One week after completion of the course, William was hired at a salary of $306 per month by the director of nurses at a local hospital.

William's adjustment to the job was very rapid and he demonstrated exceptional enthusiasm by requesting books which would further his knowledge of his duties. His supervisor considers him competent, very cooperative, and well liked by both patients and coworkers. His family states that his entire personality has been favorably effected.

CASE NO. 5

E.H., a 22-year-old parolee, had emotional and personality problems related to trouble with legal authorities and time spent in prison. He was referred to the Virginia State Employment Service office in Bristol shortly after his release from the State penitentiary. He was uncooperative and was sure the world owed him a living. During the initial intreview, E.H. admitted grudgingly that it was not the first time he had been in jail. For his most recent offense of grand theft the judge had sentenced him to 2 to 5 years; he had served 18 months, and was to remain on parole for another 24 months. While he was in prison, his wife and three children had been cared for by the department of welfare.

E.H. had completed the eighth grade and had held several jobs of short duration with various employers. Periods of employment were punctuated by frequent trips to jail. There was nothing in this background on which to base a valid job choice.

It was agreed that some type of training was necessary if we were to help this applicant. The general aptitude test battery disclosed surprising aptitude patterns. Manpower training classes were discussed, and he decided he was interested in welding. Fortunately, a welding class was beginning in Bristol, Va., and he was placed in this class.

E.H. was not an ideal student. During the first few weeks, he progressed very slowly. There seemed to be resentment every time instruction was offered. With a change in attitude came an improvement in adjustment. He began to realize that we were interested in his personal well-being as well as in his training situation.

The day before the course ended, the Bristol local office secured employment for E. H. Since most of his work would have to be performed out of State, there remained the parole problem. Contact was made with the parole officer and permission was granted for E. H. to work out of State. Unfortunately, bad weather caused the project to shut down and he was again unemployed. To create more difficulties, fire destroyed all the family's belongings a few days before he was laid off.

Openings for welders were available in Culpeper, Va., and E. H. was called in for referral. However, he had no money for transportation or for his first week's room and board. In addition, his parole records would have to be transferred. The department of public welfare agreed to provide transportation and board allowance, and the parole officer granted temporary permission for him to leave the area.

E. H. is now placed according to plan and is making arrangements to move his family to Culpeper. He is more emotionally mature and his attitude toward his fellow man has changed decidedly for the better. His family is no longer on the rolls of the department of welfare. Manpower Development and Training Act has helped this trainee become a respectable citizen and a taxpayer, instead of a burden upon other taxpayers.

CASE 6

Life seemed at a standstill for 57-year-old William S. until early 1964. Out of work since 1957, except for odd jobs, 7 years of unemployment had left its mark on his home life and personality. An eighth grade education and loss of hearing contributed to the unemployability of this former automotive "ding" man. He could not pass required physical examinations, nor could he afford available corrective hearing devices. Besides, he was 57 and most of the time never got beyond the age hurdle in his quest for employment.

He was selected for training as an auto body repairman. He was also referred by the employment service to the vocational rehabilitation institute where he was fitted with a hearing aid. Later, he underwent surgery to partially restore his hearing.

Upon completion of training, the employment service referred Mr. S. to an auto body repair company and he was hired. On his own, he later found a better job at $3 an hour. In this job, his pay was soon raised to $3.50 an hour, and he is now taking home $132 a week, after taxes. Mr. S.' recent experience has given him new hope and a new lease on life.

CASE NO. 7

Delbert B., a veteran of 7 years in the U.S. Navy, was 30 years old, married, with four children. He had only a seventh grade education. Unemployed 11 months at the time of his enrollment in an Manpower Development and Training Act machine operator class, he was a relief client. The day after his graduation he began work at a machinery manufacturing plant as a turret lathe operator. Since then, he has been trained on other machines and is now rated as a multimachine operator. Delbert B. is very satisfied with his work. He is making $2.41 an hour, as contrasted with the wage range in previous jobs of $1 to $1.25 an hour. Moreover, he will receive a wage increase within the next month, after 7 months of employment.

CASE NO. 8

Raymond K., a high school dropout, has learned the value of an education the hard way. For over 5 years after leaving school, he experienced considerable difficulty in finding steady employment at a reasonable wage. During this period, he worked mostly in filling stations where his earnings rarely exceeded $1.15 per hour for a 50-to-60 hour week.

However, it gave him an opportunity to do some automobile repairing, the kind of work he really liked.

Then came a period of joblessness lasting about 2 months, which was interrupted only briefly when he substituted for a truckdriver who was on vacation. At this point, he was referred to the State's first Manpower Development and Training Act training course for automobile mechanics.

Ray made good progress in the course. By the last month of training, he had become competent enough to be referred to an employer. He was immediately hired by one of the leading automobile service shops in his city where he has been performing general maintenance work and tuneups, as well as specializing in wheel alinement.

Ray thinks Manpower Development and Training Act training is one of the best things that ever happened to him. He now realizes how valuable an education can be and has since worked for and received his high school equivalency diploma.

He likes his work and is happy to have year-round employment—"something a guy can make plans on," he says.

CASE NO. 9

When Mel C. was 15 years old, he like many other teenagers, couldn't see the value of an education. Mel sincerely felt that the could do much better for himself by getting a job rather than by staying in school. So, after 1 year of high school he quit, even though he had done reasonably well in his studies.

For 8 years Mel went from one unskilled job to another, living from day to day on the meager earnings they provided. He was unable to start on the road to advancement in any of these jobs, chiefly because of his lack of education and training. Then, while collecting unemployment benefits of $24 per week, he was told about a 10-week Manpower Development and Training Act training course for motor analyst and was enrolled in the course.

Three days after completing the course with better than average grades, he was employed. He subsequently left this employment to fulfill a long-time dream of going into business for himself. He became a partner in the operation of an automobile service station together with another graduate of the same Manpower Development and Training Act motor analyst course.

CASE NO. 10

Rita R. at the time of enrollment in an Manpower Development and Training Act heel seam closer course, was 34 years old and single. She had been referred to the local employment service office by the Maine Vocational Rehabilitation Division as a person with a distinct emotional problem. She had only a seventh-grade education in Canadian-French speaking schools and had been in Maine for about 4 years. Due to her inability to speak and understand English, she was having great difficulty in obtaining steady employment. She felt very insecure as she had no education or work skill to offer to the local employers.

Rita R. completed the 10-week training course and had learned heel seam closing on both the Union Special and Singer Sewing machines, zigzag closing, fancy stitching, and first collar stitching.

Within 2 weeks of completion of her training, she obtained a job in Freeport, Maine, where she is using many of the skills she had learned at the training center.

CASE NO. 11

Lionel T. of Buffalo, N.Y., is 34 years old, a Korean war veteran, a high school dropout, married, and has two children. In the spring of 1961 he was laid off from his $1.50-an-hour job as a truckdriver. He then was unemployed for 2½ years, became a welfare case and was put on probation for nonsupport of his dependents.

On November 15, 1963, Lionel was selected by the local office of the New York State Employment Service for training under the 1962 Manpower Development

and Training Act as an auto body repairman. In May 1964 he completed the 27-week course, and was hired by a truck repair firm at $2.40 an hour. He has been steadily employed since, has received several raises, has been able to reunite with and support his family. Lionel is out of the jobless jungle.

VETERANS EMPLOYMENT SERVICE REDUCTION

Mr. SHRIVER. In your prepared statement that you gave this morning, on page 2 a reduction of 40 positions in the Veterans' Employment Service was mentioned. And as I understood yesterday, those reductions were in all of the States. I was wondering what are the reasons behind the reductions in this area?

Mr. GOODWIN. I don't believe these reductions hit all the States. My recollection is they hit——

Mr. SHRIVER. They wouldn't if there were only 40 positions involved.

Mr. GOODWIN. Yes, 25 of those are assistant veterans employment representatives, and 15 are clerical positions.

Mr. SHRIVER. What States are they in?

Mr. GOODWIN. We have a list of them.

Mr. FOGARTY. Put the whole list in, the table of reductions State by State.

(The list is as follows:)

POSITIONS TO BE ABOLISHED BY THE CONTEMPLATED REDUCTION IN VETERANS EMPLOYMENT SERVICE STAFF

Assistant veterans employment representative

State	Employee	Grade	State	Employee	Grade
California	John J. MacGillvray	GS-12	New York	W. Raymond Fleming	GS-12
	Elmer A. Johnson	GS-12		Robert B. Synder	GS-12
Florida	Robert I. Clark	GS-11	North Carolina	Beach Keller	GS-11
Georgia	Eugene R. Wagner	GS-11	Ohio	Victor W. Smith	GS-12
Illinois	Warren E. Ogden	GS-12		Myron B. Lodge	GS-12
	Richard W. Miller	GS-12	Pennsylvania	Joseph F. Welsh	GS-12
Indiana	Richard E. Haugh	GS-11		Melvin S. Gardner	GS-12
Massachusetts	Frederick L. Mellin	GS-12	Tennessee	J. Samuel Johnson	GS-11
Michigan	Charles F. Terrill	GS-12	Texas	John B. Griffin	GS-12
	Vacancy	GS-12		Vacancy	GS-12
Minnesota	Joseph C. McCarthy	GS-11	Virginia	do	GS-11
Missouri	Wilton M. Balle	GS-11	Wisconsin	Imbert M. Eslinger	GS-11
New Jersey	Louis Baytel, Jr	GS-12			

Stenographers

State	Employee	Grade	State	Employee	Grade
Alaska	Merle A. Mason	GS-5	New Hampshire	Lucille B. Connor	GS-5
Delaware	Anne C. Norton	GS-5	New Mexico	Jettie S. Blackwell	GS-5
District of Columbia	Louise B. Cheatham	GS-5	North Dakota	Marlys N. Schuler	GS-5
			Puerto Rico	Rafael J. Pujals	GS-5
Hawaii	Mitzie M. Kiyabu	GS-5	South Dakota	Marie A. McNeary	GS-5
Idaho	Lois M. Williams	GS-5	Utah	Ruth E. Worthen	GS-5
Montana	Mary C. Bruce	GS-5	Vermont	Guadalupe L. Foster	GS-5
Nevada	Lois M. Murphy	GS-5	Wyoming	Dolores Johnson	GS-5

Mr. SHRIVER. I was wondering why the reductions were made.

Mr. GOODWIN. The justification given, as I understand it, is that we are having a reduction in the number of veterans, and some reduction in workload from that point of view, and a feeling that the actual services to veterans gets done for the most part with State employment services, that we should shift the job to them, and this is the explanation.

EMPLOYMENT SECURITY PROGRAM FINANCING

Mr. DUNCAN. Your employment security program, as I understand it, is basically a State program, but the Federal Government does have a set number of requirements to which the States must conform. Is that right?

Mr. GOODWIN. Yes. It is financed 100 percent by Federal funds for both the employment service and the unemployment insurance service.

Mr. DUNCAN. And is it a 2.9-percent payroll tax?

Mr. GOODWIN. It is 3.1——

Mr. DUNCAN. Three-tenths of what percent?

Mr. GOODWIN. 2.7 percent credit if the State has a law that has been approved.

Mr. DUNCAN. And that other three-tenths of 1 percent——

Mr. GOODWIN. Four-tenths. The four-tenths goes into an administrative account for the Federal Government. And it is from that account that most of the basic appropriations under consideration here are made by the Congress.

Mr. DUNCAN. Is't there a portion of that that goes into some kind of a reserve on which States can draw in case of an unusually severe need?

Mr. GOODWIN. There is a provision for a loan fund, and any surplus after the appropriations for administrative costs are made go into that loan fund.

Mr. DUNCAN. What is its condition?

Mr. GOODWIN. The loan fund now is in the neighborhood of $150 million.

Mr. SHRIVER. How does this compare with the maximum for which this fund has ultimately been provided?

Mr. GOODWIN. Under the law it can go to $550 million, but it has never been that high. The question, as I understand it, is how high it has been. My recollection is around $205 million.

Mr. DUNCAN. There was quite a run on that, wasn't there, a few years ago, in 1957 and 1958, didn't many of the States have to borrow?

Mr. GOODWIN. Well, there were three or four States—Michigan, Alaska, and Pennsylvania.

Mr. DUNCAN. Didn't Oregon have to borrow?

Mr. GOODWIN. No; my recollection is that Oregon started the process, borrowed, and then withdrew it.

Mr. DUNCAN. Have these States repaid these amounts?

Mr. GOODWIN. No. They have repaid them in part.

Mr. DUNCAN. Is there a provision to repay them?

Mr. GOODWIN. Yes. There is a provision that if they are not paid voluntarily by the State that they are then collected by the Federal Government through the tax.

Mr. DUNCAN. And there are additional sums of money in this trust fund to which you would have access if this appropriation that you have requested were not made from general funds?

Mr. GOODWIN. No; this money can be used only for loans.

Mr. DUNCAN. I beg your pardon?

Mr. GOODWIN. This money in the loan fund cannot be used for administrative costs, it can be used only for loans.

Mr. DUNCAN. I thought you told me it was a surplus left over from your four-tenths of 1 percent after all your administrative costs had been deducted.

Mr. GOODWIN. That is the way it was built up. In the last several years there has been very little surplus.

Mr. DUNCAN. Once it is in there, it is inviolate, is that right?

Mr. GOODWIN. That is correct.

Mr. DUNCAN. And you have that invested, do you, in Government securities?

Mr. GOODWIN. Yes.

Mr. DUNCAN. And this $39,280,000, then, is not available from current revenues?

Mr. GOODWIN. That is correct. According to our estimates it would exceed current revenues by that amount.

AUTHORITY FOR APPROPRIATION FROM GENERAL FUNDS FOR GRANTS TO STATES

Mr. DUNCAN. And you assume, I take it from your justification on page 5 of this volume I, that the legal authority for this is in the Wagner-Peyser Act. But I note there that there was a specific deletion of this authority in 1960 in amendments to the Social Security Act.

Mr. GOODWIN. There was. Mr. Curtis will answer that.

Mr. CURTIS. The authority for the appropriation for unemployment insurance purposes was contained in title III of the Social Security Act. When we got the employment security administrative financing amendments, the authority was shifted to what amounts to dedicated revenue; the general authority was removed. But the authority in the Wagner-Peyser Act, which was put in the Wagner-Peyser Act when it was first passed in 1933, was not altered. And that authority remains precisely as it was initially put in the act.

Mr. DUNCAN. Then the answer to my question is, yes, this authority was repealed in 1960 by an amendment to the Social Security Act.

Mr. CURTIS. Insofar as unemployment insurance is concerned, financing unemployment insurance operations.

Mr. DUNCAN. Then the Wagner-Peyser Act has to do only with the operation of the Employment Service?

Mr. CURTIS. That is right, sir.

Mr. DUNCAN. And this $39 million, then, would be used——

Mr. GOODWIN. Only in the employment service.

Mr. DUNCAN. But it is to be advanced to the account entitled, "Grants to States for unemployment compensation and employment service administration"?

Mr. CURTIS. That is this appropriation account, the appropriation account that is before you.

Mr. DUNCAN. But that includes unemployment compensation which you suggest is covered by title III of the Social Security Act?

Mr. CURTIS. Yes; I think this is a technical amendment which would make the funds available to this appropriation account, so that the two would come out in the same appropriation.

Mr. DUNCAN. For one to which there has been an appeal, and for the other of which there has not?

Mr. CURTIS. For one of which the authority would be the Wagner-Peyser Act, and for the other the Social Security Act.

Mr. DUNCAN. And would you say amending the one act but not the other would be some indication of legislative intent that there should be at least a residual power in the Congress and in the administration to use appropriated funds for these purposes for which you have asked them? In other words, the fact that they did not repeal this provision of the Wagner-Peyser Act, I assume, led you to believe that still there is congressional intent that funds be appropriated despite the specific repeal in 1960?

Mr. CURTIS. That is our interpretation.

FARM WAGES

Mr. DUNCAN. I would like to discuss a little bit this agricultural labor program, too, if I may. I will be brief.

Mr. Matthews and I were both on Agriculture, and we both represent constituencies in which agriculture is very important. Can't we start out with assuming that wages really have to have some relationship with production, whether it is in an industrial field or agriculture?

Mr. GOODWIN. I think that may very well be true. But I think the principal factor involved in setting wages is the competitive aspect. We think one of the problems as far as agricultural wages are concerned is that the competitive aspect has been seriously interferred with by the existence of foreign workers.

Mr. DUNCAN. You are raising another point now, because even though there is competition in the marketplace for employees, to the extent that competition becomes so intense that this forces wages up beyond the productivity of the worker in any particular field of endeavor, it means that that guy is going to go out of business.

Mr. GOODWIN. It depends upon what he gets for his product, doesn't it?

Mr. DUNCAN. Certainly. But what he gets for his product is one of the factors that goes into the productivity of the employee, and how much he can afford to pay that employee, how much the employee produces. You are measuring it by dollars rather than hours of work. Do you think, really, that agricultural wages can ever approach the level of industrial wages?

Mr. GOODWIN. I think that they should.

Mr. DUNCAN. I didn't ask you that. I asked you if they could, taking into consideration the prices that the farmer gets for his products, the fact that you don't really have a free pricing market from the standpoint that the farmer has the right to price his own products, he has to take what other forces set as the price of his products.

Mr. GOODWIN. I am not an economist, but it does seem to me that you can't approach this from the standpoint of assuming that the price situation is static. What happens when General Motors has to pay for steel? Eventually this gets put into the price of the automobile.

Mr. DUNCAN. Exactly. But the same process does not function in agriculture. If it did, we would not have to appropriate the millions of dollars to try to maintain the parity of the purchasing power of the farmer in the market today. I think you put your finger on one of the very real reasons why we have this agricultural problem.

I don't want to argue this interminably, sir. And I am not suggesting that these wages which have been set by the Secretary as a condition precedent to the availability of foreign workers are particularly out of line—in my own district I don't think they are—except one thing, and that is that they were set out on December 19 as being a minimum. And again, it is only a minimum if they want foreign workers. The average wages paid in my district in this area run about $1.76 last year for braceros, and for the domestic people they averaged out $1.45 or $1.50, somewhere in that area. But when we are talking about agricultural workers we are talking about the marginal workers in our entire work force, because, as you pointed out earlier, it is disagreeable work, it is short-term work, and it isn't as well paid as industry is able to pay, because, I think, of the very fact that you mentioned, that they do have the capacity to pass their costs along to the consumer, which the farmer does not have.

The thing that disturbs me here is that with all the money we are spending on the disadvantaged groups to help them find employment, the old people, the young people, the minority groups, the handicapped people, that by setting an absolute minimum we are here denying, or we here have the potential for denying, employment opportunities to marginally able employees. I know that this same argument is made every time we get into a minimum wage problem even in industry. But these marginal producers in industry, as these minimum wage laws are enforced get forced down to less attractive occupations. And when you get to the stoop labor in the agricultural fields I think that you have almost reached the bottom. And when you push them out of that market it doesn't seem to me that there is any place else for them to go.

MODIFICATION OF DECEMBER 19 REGULATIONS RE MARGINAL WORKERS

And what I am leading up to here is whether or not some modification of this rule to take special recognition of these factors and the existence of the handicapped people in these fields ought not to be in order.

Mr. GOODWIN. We have done that, sir.

Mr. DUNCAN. I thought you had. And I discussed it with the Secretary yesterday, and I understood him to say that there had not been this modification. And I am pleased to have you say this. Will you tell me what you have done?

Mr. GOODWIN. We have as a part of the standard a provision for the marginally qualified workers. These are the older workers where you have got a family situation, and you have younger workers. They can be outside this minimum requirement under these conditions which have been set forth in our regulations.

Mr. DUNCAN. Have you put this in the form of an amendment to your December 19 regulations?

Mr. GOODWIN. Yes, it is in there.

Mr. DUNCAN. Will you have someone this afternoon from your Department send me at least a single copy of that, please?

Mr. GOODWIN. Yes.

Mr. FOGARTY. I think we had better put the whole thing in the record.

Mr. DUNCAN. It can be put in the record, fine. But I would also like to have a copy of it this afternoon.

I have told people that I was certain that this was what had transpired.

The same thing happened in some of these other programs. The kids had been cleaning fish over on the docks for two bits a fish or four bits a fish, and it became a violation of the child labor laws. It seems that there come times when a strict application of our social legislation works against the very objectives that we have in mind.

(The additional information follows:)

WAGE DETERMINATIONS FOR MARGINALLY QUALIFIED WORKERS

Questions have been raised as to whether or not the standards for wage determinations by the Secretary of Labor have been met by employers who offer young workers and workers unable or not desiring to work with normal speed or effectiveness a lower wage rate.

The Secretary of Labor, in order to encourage the employment of the young, aged, handicapped, family groups, etc., and to arrive at an equitable determination of the wages for such workers, consulted with users of Mexican and domestic agricultural workers and appropriate labor organizations. As a result of these conferences, effective immediately, the Secretary's wage determinations as applicable to workers below 16 years of age and workers unable or not desiring to work with normal speed or effectiveness are as follows:

1. Such workers will be excluded from piece rate earnings guarantee.
2. When employed at hourly rates, these workers may be paid not less than 75 percent of the adverse-effect standard applicable in the State.

A written statement signed by the worker indicating that he is within one of these groups will be acceptable in carrying out this modification and other wage requirements. Additional means of identifying low-production workers will be considered upon the basis of experience and further suggestions from interested parties.

This action is taken for the specific purpose of encouraging the employment of the young, aged, handicapped, family groups, etc. The good faith of employers in this connection is indispensable to the protection of domestic worker wage standards afforded by the Secretary's "adverse effect" wage determinations. A careful and continuous review of the results of this action is required to determine good faith and to avoid the creation of any significant new class of low-paid domestic agricultural workers. Such review is of greatest importance.

RESTRICTION ON FOREIGN LABOR

Mr. DUNCAN. Isn't it also true that one of the foundations for the actions which the Department of Labor has taken in regard to the importation of foreign labor is predicated upon the assumption that the failure of the Congress to extend the life of Public Law 78 has indicated a congressional intent that agricultural labor should not be imported from outside the country?

Mr. GOODWIN. Yes; we believe that this is a reasonable interpretation of the congressional action.

Mr. DUNCAN. How can you say that, in view of the existence of Public Law 414, which is still on the books, under which agricultural laborers and other laborers can be imported into the country?

Mr. GOODWIN. You probably left out one word in connection with the first point, and that is, we believe that the action of the Congress certainly indicated that there should not be a large-scale importation of foreign workers. If the Congress had so believed, then it seems to us that it would have been reasonable to keep Public Law 78; because Public Law 78 has a lot of protection for our own domestic workers which is not in Public Law 414.

Mr. DUNCAN. I agree. And even more for the imported workers. As a matter of fact, I don't know of much in 78 for domestic workers except that things must be offered to domestic workers before you are eligible for foreign workers; not all of them—wages is an example.

But there are certain areas of the country that weren't relying on Public Law 78 at all. As I understand it, in Maine the potatoes were harvested with Canadians under 414. And I think Mr. Matthews' people that have come in from Jamaica have come in under 414.

Mr. GOODWIN. That is correct.

Mr. DUNCAN. My question is, Isn't it just as reasonable an assumption to make with regard to congressional intent that the Braceros Act was repealed with specific knowledge on the part of the Congress—not repealed, but allowed to expire—with specific knowledge on the part of the Congress of the existence of 414 and the availability of agricultural labor under 414? Isn't it just as reasonable to assume that as it is to assume that there remains a congressional intent that general funds are to be appropriated to this unemployment program in the face of specific repeal of this authority in the Social Security Act?

Mr. GOODWIN. I don't think so, because I think if you review the record of the debate at the time the extension of Public Law——

Mr. DUNCAN. I not only reviewed it; I helped make it, and I memorized it.

Mr. GOODWIN. Then I am sure that you will recall that many of the statements, the great majority of the statements that were made were on the point that the large-scale importation of Mexicans was causing us serious problems, and that this should be discontinued.

Mr. DUNCAN. If you will look at a statement that a chap named Duncan made you will see specific reference to Public Law 414. In fact, I told the growers when this thing first developed that I couldn't understand why they were making a fuss about the expiration of 78, when their interests could be better served under 414. And I am sure that Members of the Congress were aware of this legislation. And if you people are entitled to make an assumption of congressional intent as authorizing specific appropriations from general funds based upon the survival of such a provision in the Wagner-Peyser Act, I think the agricultural people are entitled to make that assumption because of the existence of 414 after the expiration of 78.

EXTENT OF WORKER MOBILITY

Now you are collecting a lot of statistics in regard to the availability of jobs outside of the specific area. I think you have testified to your pilot program. And I think there is to be an expansion of this, isn't that right?

Mr. GOODWIN. Yes.

Mr. DUNCAN. Now, are we going to run headon into a reluctance on the part of the American labor force to move in response to these job openings? Is the lack of mobility of the American labor force going to be a problem in filling these jobs from one location in the country to another?

Mr. GOODWIN. Well, this is a factor. I think it is less of a factor for the farm labor force than it is for the industrial labor force. One of the reasons is that in the industrial labor force you have many fringe benefits that make it inadvisable for people to leave their present employer or move from one community to another.

Mr. DUNCAN. That strikes me as a real limitation not only on your ability to make effective use of these job statistics, but also to make available to agricultural employers unemployed people in other sections of the country. And I support all these additional funds that you have put into your budget to help solve this problem, because I think it is going to be a real one. And I likewise think the record ought to be absolutely clear here that there was one member of the Agriculture Committee that offered two of the four amendments suggested by the Department of Labor last year to the extension of the braceros bill, and that was a fellow named Duncan. It got one vote in the committee, just as I expected to get, and that was Duncan's. And I agree that we ought to make full use of our domestic employees. To the extent that this can be done, I want it done. And I think my own growers in my own area have done an unusually diligent job in trying to recruit people.

One other problem that Mr. Matthews and I have on this is that conditions in his area and my area, I think, are entirely different than they are in many parts of the country. One Member of Congress just this year was shocked at the wages which you set as minimums—which I am not, by the way—telling me that he was getting strawberries picked for 60 cents a—some unit, I don't know what it was—but an average of 60 cents an hour. I told him that I hoped they did make him pay $1.20 an hour to get his strawberries picked, that my people cannot compete with his strawberries at that price, beyond the moral problem of getting people to work for that amount of money.

USE OF INDIAN FARM LABORERS

We also have in these pockets of poverty that we have talked about a number of Indians.

Mr. GOODWIN. Yes.

Mr. DUNCAN. We have made some efforts, I am not certain how diligent they were, but some efforts to use Navahos in agriculture. What plans do you have for killing two birds with one stone, for relieving a pocket of poverty and providing agricultural labor?

Mr. GOODWIN. We have stepped up the recruitment of Indians in the last month, and this includes Navahos. There were a good many of them brought into Arizona for lettuce harvesting. This year they were all in Arizona. We have plans, however, for recruitment of Indians in North Dakota, South Dakota, and Wyoming.

Mr. DUNCAN. So that is something——

Mr. GOODWIN. Yes; this is a source of labor supply. One of the places where we think we can use them is in sugarbeets. We have sugarbeet production problems in Montana, Wyoming, Colorado, Nebraska, that whole area there, and they are fairly close to this supply of Indian labor.

HOUSING AND TRANSPORTATION REQUIREMENTS

Mr. DUNCAN. And now, two of the requirements that you impose on employers before they are eligible for foreign workers are the provision of housing and transportation. Mr. Matthews touched on some of the difficulties, the grower that advances the cost and then gets a worker for 2 or 3 hours or 1 or 2 days, and doesn't get a good quid pro quo for his advance, particularly if he has had to advance a round-trip ticket. As Mr. Matthews pointed out, this may not be the problem with the industrial grower, but with the smaller ones it is. I wonder if the Department in giving any thought at all to a possible solution that would perhaps put the initial advance transportation on the Government with a provision for the payment to the Government by the grower, perhaps on a sliding scale, I don't know what the details of it would be, depending on how long that particular man stayed with him? Have you given any thought to this at all?

Mr. GOODWIN. We have given some thought to this in the Department. It falls in the area of proposals to which there has not been much sympathy in the past. Perhaps we ought to consider it more seriously and take a closer look at it.

Mr. DUNCAN. Here again, sir, I think the difficulty is very similar to the difficulty we have with the whole agricultural program and the resistance that is developing around the country to it. We tend to think in terms of the benefits going to the big industrialist who perhaps doesn't really need it with a corporate-type operation on the farm. And yet we still have a philosophy that the family farm is a desirable part of our society, and the burden falls equally on them. Now, how you could help the one and not the other is beyond me at this point. But this is something that I would commend to your attention.

And then the housing problem, many of the growers have prepared housing in reliance on the braceros program over the last few years. And their housing is of the barracks type suitable for single men but not for families. We face the potential of a large capital investment for family-type housing, some of which I think should go ahead. But in the meantime, as at least a short-range solution, it seems to me, and it seemed to me at the time I offered the amendments to which I referred that there ought to be some provision for pay in lieu of housing, where you have problems in securing immediately family-type housing that might be necessary for a domestic-type operation.

I would commend that to you.

STATE UNEMPLOYMENT INSURANCE OPERATIONS

And I will conclude with this statement. On page 21 of your justification, referring to the unemployment insurance service, you point out that the States are responsible for developing their own programs, they are also allowed wide latitude in administering their programs, while the Federal partner adds leadership and technical assistance. I happened to sit on the Appropriations Subcommittee in the State legislature when we reviewed for about 4 hours one night the unemployment service budget, and found that there were absolutely no changes that we could make because of Federal regulations. Is this the sort of thing that we run into with Washington passing the buck to Salem, and Salem lateraling it back to Washington to confuse legislators?

Mr. GOODWIN. This refers here, Mr. Congressman, to the provisions of the State unemployment insurance laws principally. The Federal standards as far as unemployment insurance laws are concerned are minimal; they really don't get to the heart of the unempolyment insurance operation. On the financing of the program, as I said earlier—and as you gentlemen know—it is a 100-percent Federal grant. This means that we do have to have fairly close supervision over the way that money is spent.

Take, for instance, the little matter of salary scales. The fact that this money comes from the Federal Government and not from the State means that we must set regulations to control the level of personal services funds allocated to State agencies.

Mr. DUNCAN. The number of positions, too?

Mr. GOODWIN. Yes. So on the fiscal end it is necessary, in the nature of the program, for us to have more controls than we do have by law over the provisions of the program.

Mr. DUNCAN. I have a couple of other questions, but I will take them up with you some other time.

Thank you, Mr. Chairman.

Mr. FOGARTY. Mr. Farnum.

ECONOMY MEASURES

Mr. FARNUM. Mr. Goodwin, I want to talk a little bit about economy, with relation to the special problems as they relate to Michigan and to the Department as a whole.

I discussed briefly with the Secretary yesterday where some of the cold, hard look that he mentioned in his report were being taken. A cold, hard look is what everybody should take all the time. As you know, yesterday I commended him for this activity. But there is a difference between what can be considered false economy and true economy as it concerns how you take that cold, hard look. Now, a cold, hard look or taking an economical look at an operation means doing a proficiency study of your operations.

And then, generally, as a result of this, taking the necessary action that has to be taken. It may require the changing of a system a method or sometimes a reduction in force. But this doesn't mean just reaching into a hat, taking out a specific number and say, "This is what we are going to do in this particular operation." If you say, "We are going to reduce the force 90 people because we feel that we can squeeze

our processes down in the coming year, and at the same time we are going to be able to take care of the increased workload, we are going to always be able to maintain the services that we are now performing, and we are going to do it better than we are doing now"—that is the way you really take a cold, hard look.

MICHIGAN'S VETERANS' EMPLOYMENT SERVICE

The Michigan Employment Security Commission and the Veterans' Employment Service in Michigan are part of the operation. It is something I am quite familiar with, because in the last several years it has been my responsibility not only to do postaudit, but also proficiency audit of these governmental agencies. And I had full-time staff employed in our department which did nothing but post- and proficiency-audit of the Michigan Employment Security Commission.

I am familiar with the fact that in this particular instance this agency of government in Michigan in most of its aspects is highly proficient in its operations.

I am also familiar with the fact that it has a pretty good workload, or a backlog of work that it has to perform.

I, like probably every other member of this committee, have received letters from veterans' organizations and other interested citizens about services that are being performed that might be curtailed as a result of saying specifically, we are going to take—and in this particular instance as it concerns the Veterans' Employment Service there are three people now who perform this function in Michigan, and two of them are going to be eliminated according to the plans, which leaves just one person working here. And I am also familiar with the plan that the Secretary said yesterday that he is going to carry out, to try and use the other facilities of the Michigan Employment Service, to maintain the same services.

I would like to point out in this relationship that in the year the 2 different departments in conjunction with each other, or the 2 different functions, handled better than 71,000 new job applications for veterans. This is in Michigan. Sixty-four thousand veteran job referrals were made—more than that—better than 41,000 veteran job placements were achieved. Three thousand veteran job counseling interviews were performed. And 1,103 enrolled in manpower training courses.

In Michigan there is another factor that must be recognized by the Department in taking a look at what happens here, and that is this, that over one-eighth of the total population of our State are veterans who can be considered to be in the market for this service that you perform.

There is another thing that should be considered, that there are increasing problems surrounding the employment of veterans because of advancing age, because of physical handicaps.

And another thing, today there is greater competition as a result of increasing technology and various factors that we have to concern ourselves with in the labor market.

I think all of these must be considered.

And again, I would like to ask you, as I asked the Secretary, are you going to be able, taking these factors into consideration, as they concern the Veterans' Employment Service, as they concern the whole operation—for example, are you going to be able to still provide the service you do now, to improve service, and to take care of the workload that you are going to be facing because this is an area in which it doesn't get any less and it gets more and more?

Mr. GOODWIN. What we are going to try to do is shift some of the functions that we have been performing with the Veterans' Employment Service to the State, and ask them to take on these responsibilities. These 25 assistant VER's that are involved here have been doing a good job. They are competent people, and they are dedicated people. They have been working hard on their jobs. So if they were to be taken out and no other provision made, there would be a very definite drop in service.

Now, we think that at least a part of what they have been doing can be picked up by the State employment service and done in that way. I do not consider this an ideal solution. But if this cut is made, it is the best action that we can take in order to protect the veterans. The veterans have certain rights in law, as you know.

Mr. FARNUM. Under Public Law 346 of the 78th Congress, wasn't it?

Mr. GOODWIN. And we have responsibility to see that the services that are given by the Congress under the law are provided them. We are going to do the best we can to see that they get them whether we have these 40 people or not.

Mr. FOGARTY. The answer unquestionably is that they are not going to be able to do the same kind of job that they are doing now, so this, I think, is false economy.

This Veterans' Employment Service was set up specifically to help veterans. In order to get a job in that agency you have to be a veteran. It is a veterans operation all the way through. And I just can't understand why the Budget Bureau would deny them these benefits. And I hope that the subcommittee will correct the situation when we mark up the bill.

LETTER FROM MR. ANGUS MACLEOD

Mr. FARNUM. This I couldn't understand either, Mr. Chairman. And I would like to put into this record this letter that I have from Mr. Angus R. MacLeod, commander, Department of Michigan, Veterans of Foreign Wars of the United States, speaking for all the veterans in our State on these problems.

(The letter referred to is as follows:)

DEPARTMENT OF MICHIGAN,
VETERANS OF FOREIGN WARS,
OF THE UNITED STATES,
Mount Clemens, Mich., February 22, 1965.

Hon. BILLIE S. FARNUM,
House of Representatives, Washington, D.C.

DEAR SIR: One of the most important benefits accruing to veterans as a result of the enactment of the Servicemen's Readjustment Act of 1944 (Public Law 346, 78th Cong.) is that which assures for them the maximum of job opportunity in the field of gainful employment. Responsibility for the adequate supervision of Federal-State public employment agency programs established to provide an effective job counseling and placement service for veterans, in accordance with this national mandate, rests with the Veterans' Em-

ployment Service of the U.S. Department of Labor. The outstanding performance and accomplishments of these two close-working Government agency allies, in the area of employment assistance for veterans, is a matter of public record. Recognition of this valuable contribution to the welfare of veterans by the Veterans of Foreign Wars of the United States is evidenced each year through the adoption of suitable resolutions at the State and National level indorsing the work of the Veterans' Employment Service, and the State employment agencies in behalf of veterans, and calling upon the Congress of the United States to provide sufficient funds for the adequate staffing of these agencies in order that they may properly discharge their responsibilities.

This past week I learned of plans to curtail present level operations of the Veterans' Employment Service. In the offing for fiscal year 1966 is a 25-percent cut in the annual budget requested by the VES. In light of the fact that the amount asked for was essentially the same as that appropriated for the current fiscal year, the VES is faced with the task of being forced to eliminate a considerable number of important field positions, including two of the three present operating positions here in the State of Michigan.

As the official spokesman for the more than 50,000 members of the Veterans of Foreign Wars, Department of Michigan, and on behalf of the nearly 1 million war veterans living in this great State, I strongly decry the contemplation of such action as an affront to the commendable performance and programs of the Veterans' Employment Service and a denial of adequate and essential public employment service for Michigan veterans.

Incontrovertible evidence of the continuing need for maintaining veteran employment assistance in Michigan at present levels of competency is manifested in an examination of the volume of service provided through the joint efforts of the Veterans' Employment Service and the Michigan Employment Security Commission during the past year; 71,881 veteran new job applications taken; 64,563 veteran job referrals made; 31,842 veteran job placements achieved; 3,001 veteran job counseling interviews performed; and 1,103 veterans enrolled in manpower training courses. Moreover these accomplishments were achieved despite the ever-increasing problems surrounding the employment of veterans because of advancing age, physical handicaps and greater competition for existing job openings from younger applicants.

The necessity for quality employment service assistance for Michigan veterans indeed still remains great, and any decrease in VES staff capability to carry on this vital work will certainly adversely affect a large segment of the work force by depriving them of their rightful benefits as veterans under the law. In the interest of equity and justice I therefore appeal to you as a U.S. Representative from Michigan and a member of the important Department of Labor-Department of Health, Education, and Welfare congressional Subcommittee on Appropriations to vigorously support the restoration of all funds sought by the Veterans Bureau of the Budget.

Very truly yours,

ANGUS MACLEOD, *Commander.*

Mr. FARNUM. I would like to say that I recognize your situation, Mr. Goodwin, as you have explained it. It is the method that we go about accomplishing proficiency that pays off. And this I do not consider from my work in this field as the proper approach. I am sure that you can cut 92 jobs if this is what you are after by reducing or changing methods and procedures. But I say you have got to go about it in a manner which embodies a study of the methods and procedures which are now being used in order to accomplish the end that you want to accomplish.

Mr. FOGARTY. Mr. Michel.

REORGANIZATION OF THE DEPARTMENT OF LABOR

Mr. MICHEL. Mr. Goodwin, somewhere along the line I have read in the papers an item concerning the reorganization of certain departments of the Labor Department, which included the reorganization of the Bureau of Employment Security, and that it might be placed

under a Manpower Administrator. Has anything been done yet in this respect?

Mr. GOODWIN. There is a Manpower Administrator, Mr. Ruttenberg, and that job has been in existence for several years. There is a proposal for a reorganization which was made by a firm of consultants. This proposal is under consideration within the Department now. The Secretary has indicated that he wanted to get all the views, pro and con, on the proposals, and that he would make up his mind after he had all of these views.

Mr. MICHEL. What is the overall motive or objective of this reorganization?

Mr. GOODWIN. The Secretary put out a statement giving the reasons for it, principally the reasons are in terms of integrating the different manpower programs and giving the Manpower Administrator more effective control and direction over those programs.

Mr. FOGARTY. Would the gentleman yield?

Mr. MICHEL. Yes.

Mr. FOGARTY. We heard this quite a bit, and part of the organization plan was going to be put in effect at this hearing. But we advised Mr. Goodwin and the Secretary yesterday that Mr. Goodwin should come up and justify everything that he has in the past, and Mr. Murphy was going to justify the apprenticeship budget, and we were going along as we did last year.

EFFECT ON STATE PROGRAMS

Mr. MICHEL. May I ask this question? Is the idea of the new organization to make a Federal program of all State agencies so that there will be one federalized unit instead of individual State programs that were originally set to meet the particular need of each individual State?

Mr. GOODWIN. No; this is not one of the objectives. And this is specifically stated in the information that has been put out by Mr. Leo Werts, the Assistant Secretary for Administration.

Mr. MICHEL. Do you think it would be better to have a national Office of the Employment Security whose sole responsibility would be in the operation and administration of the 50 State individual employment service programs rather than continuing them in one nationalized employment service program?

Mr. GOODWIN. I am not sure I understand your question. What we have now is a Federal-State program in employment security, with the Federal Government having the responsibility for policy area and for setting regulations.

Mr. MICHEL. I am just wondering, are we still going to keep the State entities, or will it end up much more——

Mr. GOODWIN. This can be changed only by the Congress; this is written into the law. You can't federalize an employment security system or any part of it without congressional action.

SPECIAL SERVICES FOR INDUSTRY

Mr. MICHEL. What are some of the specialized services that the Bureau of Employment Security provides for firms or industry?

Mr. GOODWIN. One basic one, of course, is assisting in obtaining workers, and it is basic to our operation. Another is the payment of unemployment insurance benefits to workers when they are in need. In the Employment Service, we have a number of specialized services that industry uses in one way or another. For instance, in the whole area of occupational information and testing, we do a lot of testing work for industry. They are going increasingly to getting workers who have been given certain basic tests. They find that this cuts down on the turnover. This phase of the Employment Service operation has expanded very substantially.

Mr. MICHEL. Do you provide job descriptions?

Mr. GOODWIN. Yes. We publish, among other things, the "Dictionary of Occupational Titles." Incidentally, there is going to be a new edition of it this year. In it we have about 22,000 jobs described. This is a basic document which has been used by industry, by Government, and by the entire economy.

Mr. MICHEL. Is there any legislative authority that specifically sets out this obligation on your part? What authority do you actually have?

Mr. GOODWIN. Yes; the Wagner-Peyser Act as far as the Employment Service operation is concerned. It covers all these points, although it is written in broad terms. This is why it has been possible for the Employment Service to grow with some of the growing needs of the economy. Our basic legislation is the Wagner-Peyser Act.

We also are operating under the Manpower Development and Training Act; part of the Employment Service function now is in connection with the training program. And the Employment Service first makes the determination of what the needs are of different occupations in the local labor area; whether they are occupations in which they have shortages and in which they would have an opportunity to place people once they are trained. They make a survey to determine that, then they make a selection of the trainees and refer them to the training. They give them the tests that are used in the selection process and the unemployment insurance part of the operation making the payment of the training allowances while they are in training. When they are through with the training, then the Employment Service undertakes to place these people who have been trained. So the employment security program has very important operations in connection with the training program.

DESIRABILITY OF PROGRAM SUPPORT BY FEES

Mr. MICHEL. If these special services that you render to certain employees are so very valuable to employers, why couldn't a user charge be instituted?

Mr. GOODWIN. I suppose it would be possible. We think that the employers are as much entitled to these services as are the workers. We would see no more reason for the establishment of a fee with respect to services for the local employment office than there would be in a school system or some other similar service. In other words, this is a basic service that the Government has decided should be available to all people. It is optional; people can use it or not use it. But it is a very basic service in helping people to get employment and helping employers with some of their problems. We do not think it would be

advisable to institute a fee. It has been considered on a number of occasions, but we have concluded that it is not desirable.

Mr. MICHEL. Do you feel that you would have authority under the act to invoke a user charge if you saw any validity to it?

Mr. GOODWIN. I don't believe we would as of now. I believe that such authority would have to be sought from the Congress.

Mr. MICHEL. But, in providing some of the other services, you take a pretty flexible view as to what the law provides. You take a pretty broad view there as to how you are going to interpret, and why would you in this case come back and say that you need specific authorization from Congress to do that?

Mr. GOODWIN. Well, our appropriations have been made under a law which says specifically that services are free. The Wagner-Peyser Act makes this very clear.

Mr. MICHEL. Does the law specifically say that?

Mr. GOODWIN. Maybe I am wrong on that. I thought it was in there, but I am told it is stated merely in terms of the Public Employment Act. I say there is a little history of this. We made this point in the public information about the program, we have made it repeatedly in connection with appropriation hearings.

Mr. MICHEL. The only reason I raise the point is that not every employer avails himself of this information, but every employer and all the taxpayers are paying for it, and if somebody wants a special service, it is not beyond reason that he ought to pay for it, whether it is business or who it is.

Mr. GOODWIN. A good many of our social programs, I have pointed out, are operated on somewhat the same theory. There is no direct relationship between those who have paid the tax and those who get the benefit. This is true in a great many of our social programs; I would say most of them.

JOB VACANCY STUDIES

Mr. MICHEL. What proportion of the total appropriation for fiscal year 1966 will be applicable for the job vacancy studies?

Mr. GOODWIN. It is a very small proportion. The amount of money there is, $2,280,000. This would come to about one-half of 1 percent.

Mr. MICHEL. In setting up the job vacancy pilot studies in some 19 or 20 metropolitan areas, who had the responsibility to solicit jobs vacancy data from employers?

Mr. GOODWIN. The State employment security agencies. We set up the rules of the game and prescribed the forms, which were cleared with the Bureau of the Budget, but the actual program was carried out by the State employment security agencies in the States.

Mr. MICHEL. Why does the Bureau of Labor Statistics get in this?

Mr. GOODWIN. They are cooperating with us in making certain studies. They are working on the statistical aspects of this problem to try to arrive at a conclusion as to whether it is sound to set a statistical reporting system. We are interested principally from the standpoint of the use that can be made of the data.

Mr. MICHEL. When the employers complete those reports, do they come back to you?

Mr. GOODWIN. They go to the State agencies, and then come to us; yes.

Mr. MICHEL. What was the basic purpose for soliciting job vacancy data from employers?

Mr. GOODWIN. We think that this will tell us a lot about the nature of the unemployment problem. And one thing it will do, it will give us information for the establishment of our training program. We will know which occupation to train for and we will have more information. We think that we can use this as a specific followup with many employers to place unemployed people.

Mr. MICHEL. These data from industry, did it come in with voluntary cooperation?

Mr. GOODWIN. Yes; completely. We have had a very high response rate for this type of survey, it is around 80 percent. We have had some that have been 98 percent.

Mr. MICHEL. Are these data that you get voluntarily kept confidential?

Mr. GOODWIN. Yes; it is, that is right, it is confidential. It is not revealed. We sometimes follow up, the local office follows it up with the employers, but that would be with the same employer. It is kept confidential.

Mr. MICHEL. I see in a letter addressed to Mr. Lester J. Kellogg, Chairman of the Business Research Advisory Council, under the date of January 18, a letter from Mr. Chester E. Johansen, Chairman of the Committee on Manpower and Employment Statistics. In this letter he states that one of the purposes of the job vacancy study will be announcement of job vacancy data relative to orders placed for workers by employers. He further states that the announcements will show which firms or what kind of firms and what kind of jobs are not listed with the employment service. Will the employment service use this vacancy data to develop job openings from the employers from which it was solicited with a promise that it would be kept confidential

Mr. GOODWIN. Yes. But this, again, would be completely up to the employers. The employer who didn't want to list a job with the employment service would have complete control over that. We expect to use this information to try to meet the employers' needs. But if an employer doesn't want it, then this would be the end of it. It is completely voluntary.

GENERAL APTITUDE TEST BATTERIES

Mr. MICHEL. Do you have any information concerning the number of general aptitude test batteries, better known as the GATB test, administered each year by the Bureau of Employment Security?

Mr. GOODWIN. Mr. Hurt may be able to give you that figure.

Mr. HURT. We have that information. I am not sure we have it at hand, Mr. Congressman.

Mr. MICHEL. Then, would you simply supply it for the record? I have information that it would be something in excess of 2 million.

Mr. HURT. I think it would be 2 million per year.

Mr. GOODWIN. The total test figure is over 2 million. You wanted a breakout of just the GATB?

Mr. MICHEL. Yes.

Mr. GOODWIN. I am not sure what that figure is.

(The information requested follows:)

General aptitude test batteries administered to individuals by the State employment services, fiscal years 1955–64

Fiscal year:	Number of general aptitude test batteries given
1964	694,300
1963	678,200
1962	697,219
1961	573,161
1960	552,842
1959	511,098
1958	428,457
1957	403,237
1956	370,036
1955	321,789

Mr. MICHEL. Was this test prepared by the Bureau of Employment Security with employer tax money?

Mr. GOODWIN. This test was developed a number of years ago in cooperation with employers. The financing has been through appropriations coming from this committee and the Congress. Up to a few years ago there was no direct relationship between the employers, the tax in the system and the appropriation, now there is. So I suppose the answer to your question really is, yes. When this was developed, most of the money that went into the developmental work of that test came from the general fund of the Treasury.

Mr. HURT. I might add that many of the people tested with that test are placed with the same employers to meet the employers' need, so the two are not really removed from each other.

AVAILABILITY OF TEST MATERIALS

Mr. MICHEL. Are these test materials available to the public?

Mr. GOODWIN. They are available to organizations that are qualified to use them. We keep a control over it, because they can do a lot of damage if you don't have qualified people administering them.

Do you want to add to that?

Mr. HURT. The general aptitude test battery is released to a number of school systems for administration to their students. As Mr. Goodwin says, it is safeguarded for its proper use.

Mr. MICHEL. I gather that the employment service used this test battery a great deal in testing and counseling high school students, particularly seniors, and they wanted to know whether the high school official counselors or administrators could acquire copies of this test and administer it to the students.

Mr. GOODWIN. They can under controlled conditions.

Mr. HURT. Our employment service counselors work very closely with the school counselors and do give them the results of the tests. In some instances they release the test for the schools to administer to their own students.

Mr. GOODWIN. The usual pattern there is that the employment service, in cooperation with the schools, actually administer the test itself.

Mr. MICHEL. Is that what you mean, then, under certain controlled conditions?

Mr. GOODWIN. No; that would apply to situations where the school does it. If they have a person trained in test administration, we would release the test.

Mr. HURT. We should make clear that our testing is of either graduating students or dropouts. The school tests students who will continue in school, for educational counseling purposes—that is the line of distinction.

Mr. MICHEL. Who prints and sells this test?

Mr. HURT. The Government Printing Office sells the printed portions of the test.

COST OF MATERIALS

Mr. MICHEL. For how much?

Mr. HURT. I don't know the price.

Mr. MICHEL. Could we have that inserted in the record at this point?

Mr. HURT. Yes.

Mr. GOODWIN. You want the unit price on this?

Mr. MICHEL. Please.

(The data referred to is as follows:)

USES test materials—Available for purchase from U.S. Government Printing Office

Item	*Price*	
General aptitude test battery test booklets:		
1. Edition without answer sheets:		
Book I	per 100	$18.75
Book II	do	15.00
2. Edition with answer sheets:		
Form A:		
Book I	do	14.00
Book II	do	10.00
Form B:		
Book I	do	15.00
Book II	do	12.00
Guide to the use of the general aptitude test battery:		
Section I, administration and scoring	per copy	.45
Section II, norms	do	.70
Section III, development	do	2.00
Interest check list	per 100	2.50
Instructions for administering and using the interest check list	do	2.00
Guide to use of typing, dictation, and spelling tests	per copy	.55

Mr. MICHEL. So you don't sell them in your shop at all? It is a matter handled independently by the Government Printing Office?

Mr. GOODWIN. That is right.

PURCHASER ELIGIBILITY REQUIREMENTS

Mr. MICHEL. Can any kind of organization, public or private, engaged in counseling, obtain copies of this test and use it?

Mr. HURT. No, sir.

Mr. GOODWIN. The same principles would apply there?

Mr. HURT. This test does not come under the same categories that most Printing Office materials do. It is released only to such customers as the Employment Service approves. This is to assure its proper use, and assure against its improper use by people not qualified to use it. It is not true that anybody can order and receive these materials.

Mr. MICHEL. What are the mechanics? The Government Printing Office gets an order, and then they do what?

Mr. HURT. The purchaser is advised that a certain clearance is required from the U.S. Employment Service.

Mr. MICHEL. And an individual comes to you and he has to get that?

Mr. HURT. Usually he comes to the State employment security agency, and if there is an arrangement there made for the release, we are notified, and we in turn notify the Government Printing Office of the identity of the user.

Mr. MICHEL. Is there any legislative authority which denies the use of this test to anyone?

Mr. HURT. I am not aware of any specific legislative authority on that.

Mr. MICHEL. So that is an action taken on your part, within the broad language of your statutory authority to operate in this field?

Mr. HURT. The statute specifically authorizes the Secretary to promulgate regulations to carry out the purposes of the act, and also to set policies. This would fall in the policy area.

AMOUNTS BUDGETED FOR EMPLOYMENT SERVICES

Mr. MICHEL. The Bureau of Employment Security is requesting for fiscal year 1966, as I understand it, $234,446,000 for grants to States for the employment service. And of this amount how much will be allocated to the basic employment service operation, that is, to the basic operation for testing, counseling, and placement of workers?

Mr. GOODWIN. I don't know offhand. Could we furnish that for the record?

Mr. MICHEL. Would you?

Mr. GOODWIN. I don't believe we have exactly that kind of a breakout.

Mr. HURT. Mr. Congressman, do you mean for total Employment Service operations?

Mr. MICHEL. The basic operations of testing, counseling, and placing.

Mr. HURT. Those are the basic purposes. But you didn't mention job opportunity information and other items collateral to those. Do you mean to include the total basic cost of the operation?

Mr. MICHEL. Right.

Mr. GOODWIN. Could we handle this by giving the Congressman a breakdown of the total of $234,446,000?

Mr. HURT. Yes.

(The information requested follows:)

U.S. Employment Service—Planned distribution of resources for grants to States, fiscal year 1966

		Thousands
Basic services: Placement, counseling, testing, labor area information and supporting services (excludes youth services)		$141,725
Youth services		62,000
(Youth opportunity centers	$42,808)	
(Other offices	19,192)	
Job vacancy studies		2,575
Farm labor services		15,873
State administration		12,273
Total resources		234,446

ESTIMATED AND ACTUAL PLACEMENTS

Mr. MICHEL. In reviewing the past service of the Bureau of Employment Security I find that in 1963 the Bureau requested for fiscal year 1964, $5,089,000 for the budget item entitled, "Continuing the Fiscal Year 1962 Improvement of the Employment Service." Did you receive this requested amount?

Mr. CURTIS. No, we did not.

Mr. HURT. In fiscal 1964, as I recall, we had an absolute reduction in actual staffing of the Employment Service. That grew out of the mandatory increases that had to be met. And so instead of an improvement there was a slight setback.

Mr. MICHEL. At that time you estimated that in fiscal 1964 the Employment Service would make 7,400,000 nonfarm placements. After 6 months' experience, you reevaluated your estimate for fiscal year 1964, and instead you reported that you expected to make 6,955,000 placements. Now, in requesting the fiscal year 1966 budget, you state that the placement figures for 1964 show that you actually have 6,669,000 nonfarm placements. Now, this is a 9.9-percent decrease in the original figure that was estimated when you requested appropriations for fiscal year 1964. Now, since you did not make as many placements as were expected in 1964, did you have any money left over in the placement operations?

Mr. GOODWIN. I think the answer to that is that we did not have any substantial amount of money left over. Part of the reason why we had a reduction in placements had to do with additional responsibilities that the Employment Service was taking over. This, I think, coincided with the expansion of work on the Manpower Development and Training Act program.

Mr. MICHEL. Are you saying you used this money that was originally justified on the basis of the job placements for some other program?

Mr. GOODWIN. It would be basic Employment Service programs that we used the money for. But we did have a problem of getting the Manpower Development and Training Act started. This had some impact on our regular functions.

Mr. MICHEL. Of course, if the experience from fiscal year 1964 held for the year 1966, for the budget you are justifying, there could be almost a 10-percent less nonfarm placement than the Bureau of Employment Security has estimated would be made.

Mr. GOODWIN. We think that will improve some. Of course, this problem is affected by other factors. For instance, the economic situation sometimes makes it more difficult. We have to spend more time on making a placement than we do at other times. We have been trying to analyze this decrease in the number of placements in the last year and a half and see just what the trouble is. I think one of the factors is that it has been harder to place them in certain occupations because we haven't had qualified people in all instances. The question of the job vacancy data will bear, I think, directly on this problem.

Mr. MICHEL. Is your recordkeeping such that you can tell how many times you have placed the same man in 1 given year?

Mr. GOODWIN. No.

Mr. HURT. We can tell from the local office records, but we don't require regular reports to be sent to Washington that would include this information.

Mr. MICHEL. But if the fellow is placed three times, this comes out to three placements in your total figures when you are justifying before this committee?

Mr. HURT. Right.

SHORT-TERM PLACEMENTS

Mr. GOODWIN. We do have a breakdown of short-term placements. Those are defined as being for 3 days or less. We have a breakdown of that figure.

Mr. MICHEL. Would you supply that for the record?

Mr. GOODWIN. Yes.

(The information follows:)

Nonagricultural placements, total and short-time, made by the State employment services, fiscal years 1955–64

Fiscal year	Nonagricultural placements		
	Total	Short time	Short time as percent of total
1964	6,669,000	2,056,472	30.8
1963	6,867,000	2,100,107	30.6
1962	6,760,500	1,986,511	29.4
1961	5,813,100	1,773,393	30.5
1960	6,307,800	1,851,382	29.4
1959	5,896,600	1,749,016	29.7
1958	5,407,000	1,631,172	30.2
1957	6,162,900	1,742,061	28.3
1956	6,336,800	1,785,252	28.2
1955	5,654,000	1,620,257	28.7

AVERAGE COST OF PLACEMENTS

Mr. MICHEL. Did I read somewhere that the average cost for the placement of someone was in the neighborhood of $22 or $23?

Mr. GOODWIN. The overall cost the last time I saw the figure was not far from that. Do you have the figure?

Mr. HURT. If you divide the total placements into the total Employment Service cost, and ignore the other values such as counseling, assistance to employers and communities, it would come up to about that figure, I believe—$24, approximately.

Mr. GOODWIN. That is what it was the last time I saw it.

Mr. MICHEL. And that is an average figure?

Mr. HURT. Yes.

Mr. MICHEL. And that would even include that short-term placement of 3 days?

Mr. GOODWIN. Yes, sir. It also might include a highly skilled man, or it might include a man doing an executive job.

Mr. MICHEL. That is all.

Mr. FOGARTY. Is there anything else you want to say?

Mr. GOODWIN. No, sir. Thank you very much.

Mr. FOGARTY. We will start with apprenticeship and training at 2.

LETTERS FROM RHODE ISLAND ON VETERANS' EMPLOYMENT SERVICE

Before we close this session I am going to place in the record two letters from home, which concern the cut in the Veterans' Employment Service that is completely unjustified, in my opinion.

(The letters referred to follow:)

DEPARTMENT OF RHODE ISLAND,
VETERANS OF FOREIGN WARS OF THE UNITED STATES,
Providence, R.I., February 23, 1965.

Hon. JOHN E. FOGARTY,
Chairman, Subcommittee on Labor, Health, Education, and Welfare, House Appropriations Committee, Washington, D.C.

DEAR MR. FOGARTY: This is to express our concern over the recent action by the Bureau of the Budget on the 1966 fiscal year budget request of the U.S. Veterans' Employment Service. It is understood that this drastic action requires the elimination of 40 field positions, necessitating the termination of 25 assistant State veterans employment representatives.

We hesitate to think of the crippling effects this action will have on employment services to veterans. Certainly it will affect the insuring of adequate service to the end that the provisions of title IV of the Servicemen's Readjustment Act of 1944, as amended, be carried out as contemplated in the original enactment of the law.

It has been a long established policy of the Veterans of Foreign Wars to promote a maximum employment program for veterans and to give full support to the Federal and State agencies in their desire to better serve the employment needs of veterans. The Veterans' Employment Service over the years has done effective work in assuring an adequate employment program for veterans.

To gradually disintegrate this Federal program would be a most drastic and unjust action, particularly at this stage when veterans, because of their advancing age, are finding it increasingly difficult to compete in today's labor market.

We of the Veterans of Foreign Wars from Rhode Island, vigorously protest this action by the Bureau of the Budget, and earnestly request your full support of sufficient funds to finance the U.S. Veterans' Employment Service to enable that agency to carry out the provisions of the GI bill, insofar as it concerns employment for war veterans.

Sincerely yours,

PAUL H. MORRISSETTE,
Department Commander.

U.S. DEPARTMENT OF LABOR,
VETERANS' EMPLOYMENT SERVICE
OF THE U.S. EMPLOYMENT SERVICE,
Providence, R.I., February 9, 1965.

Hon. JOHN E. FOGARTY,
House of Representatives,
Washington, D.C.

DEAR MR. FOGARTY: This concerns the recent action by the Bureau of the Budget on Veterans' Employment Service's budget request for fiscal year 1966. It has been made known to me that our request for $1,708,000 was reduced by $427,500, eliminating the request for some slight increases in travel and printing and reducing our current operating level by $400,000.

I have been informed that this action requires the elimination of 40 field positions, 25 assistant State veterans employment representatives, and 15 secretaries. Naturally, I feel strongly about this action as it might well have a devastating impact upon maximum placement, counseling, and other employment services to veterans.

You have always been held in high esteem by the Veterans' Employment Service and have never been known to consider its program an appropriate subject of an economy move. To thank you for the many kindnesses you have extended would be but putting it mild.

I trust that you will see the desirability of expressing your usual concern that services to veterans shall reflect the intent of Congress, as enunciated in the GI bill, and that they represent a legal requirement which should not be sacrificed to meet other needs.

It is my humble request that you lend your strong support to the restoration of the losses which could well be felt in Rhode Island, as elsewhere.

My warmest personal regards to you.

Sincerely,

DANIEL T. MARTIN,
Veterans Employment Representative for Rhode Island.

OTHER CORRESPONDENCE ON VETERANS' EMPLOYMENT SERVICE

Mr. FOGARTY. I have received at least 100 letters from all parts of the country protesting this cut, including one dated yesterday from a member of this committee, Mr. Lipscomb, which was delivered to me during this hearing; so I think it is appropriate to put it in the hearing record.

(The letter follows:)

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 1, 1965.

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

DEAR MR. CHAIRMAN: I am enclosing a letter received from Mr. Harry C. Dennis, department commander of the American Legion, San Francisco, Calif., concerning the appropriations request affecting the States' veterans employment service.

Inquiries about this matter are also being received from other Members from California.

I am writing therefore to let you know of these expressions of interest and concern.

With all good wishes,

Sincerely yours,

GLENARD P. LIPSCOMB,
Member of Congress.

AMERICAN LEGION,
DEPARTMENT OF CALIFORNIA,
San Francisco, February 17, 1965.

HON. GLENARD P. LIPSCOMB,
Member of Congress,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN LIPSCOMB: We believe that we should call to your attention that the Bureau of the Budget markup of funds for the operation of the Veterans' Employment Service for fiscal year 1966 has been made and the funds for operation of the Service has been seriously cut. The following is a quote from Veterans' Employment Service headquarters memorandum dated February 1, 1965:

"Our budget request for fiscal year 1966 was $1,708,000. This would have provided the same number of positions we have had in prior years and included some slight increases in travel and printing.

"The Bureau of the Budget reduced our request by $427,500, eliminating the travel and printing increases and reducing our current operating level by $400,000. Its action requires the elimination of 40 field positions, 25 assistant State veterans' employment representatives and 15 secretaries. Our appeals, the Bureau's and the department's for restoration were denied. I must, therefore, advise you that we are faced with a reduction-in-force action. The elimination of the assistant positions is mandatory. We have not decided what stenographic positions will be affected. Of course, we will make every effort to place the affected employees in other positions.

"As of now, it would appear that actual RIF notices will reach those individuals the early part of April with an effective date in the early part of May. Such drastic action, ts crippling effects on the program as we now know it, and the lack of preparation on your part for such action together constitute quite a jolt. Obviously, we are as concerned as you are with the effect on our fellow colleagues as well as the total operations."

If the above-mentioned reduction in funds is allowed to stand, it will mean, insofar as the employment program in California is concerned, that the positions now held by the assistant veterans' employment representatives, namely, Elmer A. Johnson, Jr., and John J. MacGillvray would be eliminated and that they would be faced with a layoff sometime in the month of May 1965.

Only the State veterans' employment representative and the secretary would remain to endeavor to carry on the program in California. I am sure that you will agree with us that this appears to be another crippling action, affecting the veterans' employment program.

We believe that it is necessary for immediate action on your part to combat this reduction in force which can only have a serious effect on the veterans' employment program in this and all other States.

Please may we have your reflection on this obvious attempt to put the great State of California in the position of not being able to counsel the veteran in California with his specific problems in need of employment.

Sincerely,

HARRY C. DENNIS,
Department Commander.

JUSTIFICATION MATERIAL

SALARIES AND EXPENSES

ACTIVITY 1. EMPLOYMENT SECURITY OPERATIONS

1965	$16,601,100
1966	17,493,800

Unemployment insurance service

1965	$3,628,000
1966	3,815,300

Excludes personnel costs, Office of Financial and Management Services (1965, $36,600; 1966, $36,600).

NARRATIVE DESCRIPTION OF PROGRAM

The Unemployment Insurance Service is responsible for the operation of the Federal-State unemployment insurance system comprising three major income maintenance programs, State unemployment insurance, unemployment insurance for ex-servicemen, and unemployment insurance for Federal employees. The Service's overall responsibility is to insure adequacy and prompt payment of benefits and to oversee continued efforts toward improvement of operations and administration. The Service provides leadership and technical support for the States in program, managerial, operational, actuarial, and research efforts. The Service reviews State laws for conformity with the Federal acts and evaluates administration of the laws for adequate performance; consolidates and reviews the State and Federal budget requests and allocates the congressional appropriation for State administration of the unemployment insurance program; assists in development of new State and Federal legislation; directs the administration of the programs of unemployment compensation for Federal employees and for ex-servicemen. Regional directors for the Unemployment Insurance Service represent the Service in the field in matters relating to the income maintenance programs; maintain effective working relationships with State officials responsible for program administration; provide leadership, guidance, interpretation, and assistance to State employment security agencies in carrying out program objectives and operations; review State budget estimates and submit recommendations; and evaluate State operations and recommend improvement where necessary.

PROGRAM CHANGES FOR 1966

The program increase of $120,000 provides $70,000 for unemployment insurance contract research and $50,000 for improved administration and management services related to the Unemployment Insurance Service.

Unemployment insurance research needs

Purchase of data from other Government agencies.—$25,000 is requested for the following purposes:

Special tabulations from Bureau of the Census involving data from annual work experience surveys providing a closer look at the long-term unemployed. These tabulations would make it possible to compare the characteristics and experience of the insured and noninsured unemployed information not now available in a comprehensive form.

Compilation of data for samples of Unemployment Insurance claimants from OASDI records making possible more intensive analysis of past work experience and postunemployment insurance experience. These data would supplement information about unemployment insurance claimants available from unemployment insurance program sources.

From OASDI records, we will obtain listing and analyses of workers covered by OASDI program in certain categories—such as domestic service—for use in updating and refining information available on the experience of those workers with unemployment. The listings will provide a basis for special studies to determine the feasibility of extending unemployment insurance protection to such groups.

The Public Health Service has a continuing interest in occupational health surveys which reveal the relationship between the days lost from disability in different occupations and the causes of such disabilities. The principal sources of such data are the temporary disability insurance programs in Rhode Island and California, which cover many workers under State funds. While the Public Health Service is primarily concerned with morbidity studies, the same basic data with the addition of wage data and prior employment history of such claimants (such as weeks of work prior to disability) can also be used for analyzing the cost of temporary disability insurance. Because of the importance of occupational health data to the Public Health Service, considerable sums are made available by that agency for the collection and compilation of such data. By taking advantage of the Public Health Service statistical programs, through joint effort, the Bureau can avoid the higher cost of collecting data independently.

Contract studies from universities.—Forty-five thousand dollars is requested for the following purposes:

A thorough study of public knowledge of, and attitudes toward, unemployment insurance is needed to identify the sources and extent of criticisms of the program, and to determine actions and policies needed to correct or strengthen aspects of the program that give rise to public discontent, thereby enhancing its acceptability, support, and prospects for improvement and extension. This type of study should be made by an independent group, such as a university, to assure complete objectivity and acceptability of results.

Forty-five thousand dollars is requested to conduct a pilot study. Samples of employers, employer groups, labor unions, unemployment insurance recipients, the general public, and local employment office employees would be randomly selected. Their knowledge of and attitudes toward the unemployment insurance program would be ascertained through personal interview, using a uniform survey questionnaire. The procedures and study techniques would be perfected in the pilot study.

Depending on the outcome of the pilot study, it may be desirable to schedule as many as six additional studies in subsequent fiscal years with each study covering a selected segment of the public. This would culminate in a composite report, consolidating the results of the segment surveys.

Improved administration and management services

An additional $50,000 is required for administration and management costs related to the Unemployment Insurance Service which is described under the "Administration and Management Service."

Workload statistics

	Actual		Estimated	
	1963	1964	1965	1966
Review of proposed or enacted legislation, rules, regulations, legal opinions, appeals decisions	68,080	73,949	76,200	74,025
Miscellaneous inquiries from employers, labor organizations, claimants, Congressmen, State and Federal agencies	5,386	6,481	6,595	6,595
Evaluation of, or assistance to, States in evaluating a major phase of a State's operation	193	269	353	386
Analysis of State budgetary requests and recommendation of allocations for UI administrative cost (base and supplemental)	335	335	440	440
Review analysis of time distribution, fiscal, and related reports pertaining to staffing of State agencies	560	560	800	800
Accumulate data, analyze it, and prepare estimates and justifications for the annual Federal budget submissions, including supplemental requests	5	5	3	2
Develop procedural instructions and training units for major phases of State operations. Develop and test improved methods of operation (projects)	7	8	9	10
Assist State agencies on specific operating problems through consultation in the field or in the national office (assignments)	26	28	29	31
Conduct training of regional or State staffs or other Federal agencies in a major phase of program planning, operations, or management	16	13	17	17
Advise and assist States in conducting actuarial studies of benefit costs or other program studies or in developing tax or benefit formulas	120	90	115	110
Review Federal and State manuals, forms, directives, and training material for compliance with Federal laws, regulations, and procedures for all Federal programs (pages)	3,450	6,950	4,000	4,500
Federal program coverage rulings and interpretations	30	30	30	30
Obtain from Federal agencies information concerning major layoffs and notify State agencies (cases)	60	80	85	85
Review and analysis of reports of visits to Federal agencies (number of visit reports)	1,456	1,271	1,300	1,300
Central control file of ex-servicemen and UCFE claimants (cards filed)	333,479	415,211	412,000	405,000
Correspondence to be conducted with States covering duplicate assignment of wages, duplicate filing, or incomplete reporting, etc. (letters)	2,600	2,332	2,300	2,300
Preparation of Certification for grants of UCFE-UCX and recommendations re letters of credit (number of certifications and recommendations)	33	24	16	16
Maintenance of ledgers for UCFE-UCX benefit payments (number of reports)	636	636	636	636

U.S. Employment Service

1965	$9,451,000
1966	10,290,000

Excludes personnel costs, Office of Financial and Management Services (1965, $36,600; 1966, $36,600).

NARRATIVE DESCRIPTION OF PROGRAM

The U.S. Employment Service functions as an overall manpower agency, providing national leadership, direction, and coordination for programs and operations of a nationwide system of public employment offices. To carry out these responsibilities, it develops basic policies, program activities, procedures, tools and techniques, and guidelines to assist State and local offices to effectively provide (*a*) an efficient job placement service in all occupations for all workers and employers; (*b*) employment counseling and testing services to assist both workers and employers to meet their employment needs; (*c*) intensive services for all youth, including a nationwide system of youth opportunity centers, which provide counseling and testing services, selection and referral to educational and vocational training programs, job development, summertime, part-time, and full-time placement, and referral to the facilities of other community agencies working with youth; (*d*) specialized services for other disadvantaged jobseekers such as older workers, handicapped, minority groups, and workers with obsolescent skills to facilitate their employment; (*e*) employment services to smaller communities where full-time offices are not economically feasible; (*f*) assistance to communities in the formulation and execution

of plans to develop the economic potentialities of the community and make the most effective utilization of its manpower resources; (*g*) occupational and manpower information including job vacancy information needed to effectively match men and jobs, and area employment and unemployment information for use in developing action programs to locate isolated pockets of unemployment and poverty and for general economic analysis; and (*h*) greater mobility of labor by guiding necessary shifts of workers between geographic locations and across occupational and industrial lines.

A specialized service evaluates local office job counseling and placement services for veterans, and interprets and carries out policies of the Secretary of Labor pertaining to veterans.

The Office of Farm Labor Service develops policies, program objectives, and operating procedures for a nationwide program to service the needs of farmworkers and farm employers. An integrated part of that program, the Service assists State agencies in carrying out the Secretary of Labor's overall regulations relating to interstate recruitment; determines the availability of domestic farm labor, and to meet shortages, recommends to the Secretary certification of need for supplemental foreign labor when such is available under existing legislation; and makes recommendations to the Secretary regarding the admission of aliens seeking permanent entry to the United States, for agricultural employment under section 212(a)(14) of Public Law 414. A supplemental estimate for fiscal year 1965 is proposed for separate transmittal.

PROGRAM CHANGES FOR 1966

The net program increase of $681,000 provides for $412,000 to place the domestic farm labor program on a full-year basis; $595,000 for the "job vacancy and unemployment statistics" program; $24,000 for "Automatic data processing technical staff"; $50,000 for "Improved administration and management services" relating to the U.S. Employment Service, offset by $400,000 for a reduction in the Veterans' Employment Service.

Job vacancy and unemployment statistics program

Up-to-date information, by occupation, on available job opportunities in major employment centers throughout the country is needed to reduce unemployment, to increase Employment Service efficiency in matching workers and unfilled jobs, and to reduce the payout of unemployment insurance benefits supported by employer taxes. Recent manpower legislation, including the Area Redevelopment Act of 1961, the Manpower Development and Training Act of 1962, the Vocational Education Act of 1963, and the Economic Opportunity Act of 1964 also impose requirements for up-to-date, valid information on job opportunities. To meet this objective, job vacancy information will provide, in conjunction with existing occupational tools, the means to gear vocational education and training courses to the requirements of the job market, and to counsel and guide new labor force entrants into suitable job choices. It is hoped that the collection system can, as a byproduct, provide useful economic data.

An experimental program to develop such information by means of employer "job vacancy" surveys was initiated on a pilot basis in 16 metropolitan areas during fiscal year 1965 by several State employment security agencies under the direction and technical guidance of the U.S. Employment Service and the Bureau of Labor Statistics. "Salaries and expenses funds" made available for this purpose totaled $57,000.

Since these pilot surveys have not yet been completed, a final analysis and evaluation of the results is not available at this time. Preliminary findings and appraisals strongly indicate, however, that the surveys are readily feasible and have obtained a high rate of employer response and cooperation. First returns show an employer response rate of from 65 to 98 percent. Various methods are being tested to bring the response rate in all survey areas up to the highest level already achieved.

Among the early results of the pilot surveys have been the development of employer job orders for vacant jobs, and the referral and placement of workers in these jobs. This function necessarily took secondary emphasis in the initial experimentation because of the customary problems attendant upon introducing and developing a new program.

Job vacancy surveys are providing a better insight into the nature of available job opportunities, which will assist in designing improved training programs for the retraining of workers with obsolescent skills who have been adversely affected by automation and technological change. They are also uncovering

many unfilled jobs at the semiskilled and unskilled levels which offer employment opportunities for the disadvantaged and poverty groups in our society. Such information is expected to be useful in counseling younger workers and students and directing them to occupational choices which will provide good prospects for employment and advancement. The surveys also encourage employers to review their manpower requirements in the light of reliable information on scarce skills and to develop in-plant or out-service training programs to upgrade able workers already on their payrolls.

In view of the useful results of this work, the Employment Service plans to extend the quarterly job vacancy survey program to "150 standard metropolitan statistical areas," with the technical collaboration of the Bureau of Labor Statistics, during fiscal year 1966. The areas to be covered represent about two-thirds of the country's nonfarm employment. Forms, procedures, and instructions for implementing the survey findings will be developed and technical assistance in carrying out the surveys will be provided to the State agencies. Results will be thoroughly analyzed to evaluate and improve methods of conducting the surveys and to develop effective programs to utilize the results.

In utilizing the results of the job vacancy surveys to help improve manpower operations, the U.S. Employment Service will summarize the data for the 150 metropolitan areas in relation to available information on the unemployed in these communities to help identify imbalances between the supply and demand for labor. A system will be developed for the interchange of information between areas on the nature of occupational shortages and available job opportunities in each of the 150 metropolitan areas—as reflected by the job vacancy information. This system will be designed to facilitate mobility of workers, and for use by the local employment offices in interarea recruitment operations and advising job applicants of employment prospects in other occupational fields or other geographic areas. Procedures will be developed to insure that local manpower training programs and counseling and guidance tools reflect the findings of these surveys. Methods will also be developed to utilize job vacancy data in improving existing employment service placement programs and in designing needed new programs to insure that all employers with a significant volume of job vacancies will receive assistance in solving their recruitment problems.

In summary, the job vacancy information will be used as follows:

1. For facilitating a more rapid matching of jobs and workers in the local communities where vacancies exist.
2. For interarea recruitment operations, and advising job applicants of employment opportunities in other areas.
3. For developing local manpower training programs, and for counseling and guidance of the unemployed.
4. For assisting employers and planning their own promotion and training programs in the light of specific occupational shortages.

Planning will also take place for the collection of job vacancy data from a sample of plants outside the 150 standard metropolitan statistical areas.

The fiscal year 1966 program will require an additional $390,000 for "Salaries and expenses."

At the present time, the only estimates of unemployment by local labor area available on a current basis are those developed by the Federal-State employment security system under procedures prescribed by the Employment Service. These estimates are based primarily on information from unemployment insurance records and local employment office operations. Basic data for the development of these estimates are insufficient. Some groups of workers such as new entrants to the labor force are not covered by unemployment insurance and others have exhausted their benefit eligibility and consequently are not adequately taken into account in the estimates. The special Federal assistance provided to areas on the basis of the degree of unemployment makes it essential to strengthen and improve the reliability of area unemployment estimates.

A new program was initiated in fiscal year 1965 for "Research studies" designed to improve the techniques, methods, and procedures for estimating the extent of unemployment, by local area, among workers not covered by unemployment insurance. A total of $251,000 was made available for the purpose, of which $195,000 was for the purchase of "Special statistical services" from the Bureau of the Census, and the remainder for use within the U.S. Employment Service for the development and supervision of the research program. The funds provided for Census use enable the Bureau to develop detailed tabulations of in-

formation on unemployment for the country as a whole, in order to isolate and identify data on a local area basis relating to workers not covered by unemployment insurance. In addition, a personal interview survey is being conducted in about a dozen large metropolitan areas, covering an enlarged sample of persons who have exhausted their unemployment insurance eligibility.

While all of the returns are not yet in, preliminary indications are that the results have sufficient validity to warrant further work along these lines. In fiscal year 1966, therefore, this program will be expanded to permit the purchase of additional statistical services from the Bureau of the Census at a cost of $205,000. These will include surveys of small and medium-sized areas of relatively high unemployment, as well as of the dozen large metropolitan areas surveyed in fiscal year 1965. In addition, surveys will be made monthly in some areas, instead of only once during the year, and the sample will be expanded to provide needed data on the labor force groups not covered by unemployment insurance. The information obtained from these surveys will permit improvements in the present formula for estimating local unemployment to reflect more accurately the differences in the industrial structure and economic conditions among areas.

Requirements to carry out the program will total 31 additional positions, 24 professional and 7 clerical, and $595,000.

Automatic data processing technical staff

The ever-increasing responsibilities of the Employment Service as the Nation's manpower agency have resulted in a pressing need to modernize current methods and techniques for accumulating, processing and disseminating information required for (1) carrying on local office operations, (2) program development and review, and (3) overall management and administration of operations. Present methods are almost entirely manual. They are costly and time consuming and do not provide information which is either timely or sufficient in depth or scope to meet needs at local, State, regional or national levels. Specifically, there is need for more current and comprehensive information for use at all levels in (1) effective management of current programs, (2) evaluation of program performance, (3) determining actual or potential needs for manpower services, (4) determining occupational and industrial characteristics of workers and employers who require services, and (5) developing programs to meet changing and emerging needs.

Except at exorbitant cost, manual methods cannot be refined or extended to meet the demands for information for these and related purposes. The Employment Service is planning, therefore, to develop an integrated system for this purpose which will employ modern automated methods of communications and data processing. Such a system will go far beyond the present application of those methods to the recruitment and placement process and will cut across all organizational and program lines.

Because of all these considerations, it is proposed to establish a position in the Office of the Director, the incumbent of which will be responsible for (1) providing leadership to all elements of the Employment Service system in the application of automated communications and data processing techniques and equipment to employment service operations and (2) coordinating employment service activities in that area with those of other services of the Bureau.

This position will require a person who is thoroughly familiar with employment service operations and at the same time has the requisite technical knowledge of communications and data processing equipment.

To carry out this function in 1966 will require two positions—one professional and one clerical—and $24,000.

Improved Administration and Management Services

An additional $50,000 is required for "Administration and management costs related to the U.S. Employment Service which is described under the Administration and Management Service.

Veterans Employment Service

The reduction in the "Veterans Employment Service" will eliminate 25 assistant State veterans' employment representatives in 18 States and clerical support in 15 States and will involve a reduction of $400,000.

Workload statistics

	Actual		Estimated	
	1963	1964	1965	1966
Employment service:				
Evaluation of program activities; analyses of State annual and supplemental budget requests, program performance, etc.	525	545	710	760
Field assistance to States in program activities, organization and management, and training activities	300	380	400	400
Instructional and training materials, for ES personnel use (items printed)	225	250	260	275
Correspondence—letters and memorandums relating to operations or in reply to inquiries or requests for services, etc. (items)	22,000	21,000	24,000	28,000
Development of occupational dictionary titles, definitions, and classifications	10,033	6,000	1,100	1,500
Public relations items—articles, pamphlets, and displays promoting employment service usage	240	300	350	350
Certification for foreign workers under Public Law 414, etc.	12,597	16,000	19,000	21,000
Analysis and classification of labor areas	750	850	850	850
Occupational and manpower information:				
Job vacancy studies			40	450
Area skill surveys (completed)	23	34	40	40
Occupational guides (number of States)	30	30	32	32
Miscellaneous	15	20	25	25
Analyses of Employment Service activities (National and by State)	258	275	297	297
Industry manpower surveys	8	8	10	12
Veterans Employment Service:				
Total number of veterans making application for employment in local offices	1,532,800	1,373,600	1,350,000	1,325,000
Total number of disabled veterans making application for employment in local offices	131,800	126,500	125,000	120,000
Total number veteran nonagricultural placements	1,148,600	1,060,200	1,025,000	950,000
Total disabled veteran nonagricultural placements	100,500	103,300	100,000	90,000
Number of local office visits by State veterans' employment representatives	4,654	5,090	4,500	3,500
Number of local office evaluations by State veterans' employment representatives	1,446	1,550	1,300	1,000
Number of veterans visiting offices of State veterans' employment representatives [1]	13,528	14,856	15,000	15,000
Number of veteran employment problem cases referred to VES [1]	2,581	3,081	3,200	3,200
Number of contacts made by State veterans employment representatives:				
Employer	9,510	9,173	8,500	7,500
Veteran organizations	13,910	14,887	13,000	11,400
Other	15,959	18,011	16,000	13,800
Total contacts [2]	39,379	42,071	37,500	32,700
Number of performance evaluations of State veterans' employment representatives offices by national office staff	44	52	52	52
Farm Labor Service:				
Housing inspections [3]	2,500	2,640	4,000	4,000
Review of in-season reports (ES-232) for wage findings purposes	500	987	800	700
Weekly tabulations of prevailing wage findings	4	52	52	52
Determinations of prevailing wage rates [4]	0	0	500	700

[1] Workload items over which VES has no control.
[2] Represents personal and telephone contacts with other Federal and State governmental agencies, labor unions, private organizations, and community groups on veterans' employment activities.
[3] Working with State health agencies and the Interstate Commerce Commission.
[4] Previously carried under the Mexican program.

Veterans population by State as of June 30, 1959, and June 30, 1964, and veterans' employment service positions by State, fiscal year 1965 and 1966

	Veteran population (in thousands)		Staffing pattern			
			1965		1966	
	June 30, 1959	June 30, 1964	Professional	Clerical	Professional	Clerical
Total	[1] 22,666	[1] 22,013	83	58	58	43
Alabama	361	318	1	1	1	1
Alaska	13	22	1	1	1	----
Arizona	140	174	1	1	1	1
Arkansas	198	175	1	1	1	1
California	2,024	2,296	3	1	1	1
Colorado	226	227	1	1	1	1
Connecticut	323	353	1	1	1	1
Delaware	54	56	1	1	1	----
District of Columbia	134	99	1	1	1	----
Florida	549	695	2	1	1	1
Georgia	412	384	2	1	1	1
Hawaii	62	48	1	1	1	----
Idaho	77	75	1	1	1	----
Illinois	1,346	1,280	3	1	1	1
Indiana	593	554	2	1	1	1
Iowa	342	307	1	1	1	1
Kansas	268	250	1	1	1	1
Kentucky	358	308	1	1	1	1
Louisiana	336	333	1	1	1	1
Maine	125	111	1	1	1	1
Maryland	372	411	1	1	1	1
Massachusetts	709	694	2	1	1	1
Michigan	1,019	930	3	1	1	1
Minnesota	444	405	2	1	1	1
Mississippi	218	180	1	1	1	D
Missouri	573	523	2	1	1	1
Montana	85	80	1	1	1	----
Nebraska	178	152	1	1	1	1
Nevada	34	49	1	1	1	----
New Hampshire	86	81	1	1	1	----
New Jersey	821	861	2	1	1	1
New Mexico	99	107	1	1	1	----
New York	2,176	2,144	3	1	1	1
North Carolina	493	433	2	1	1	1
North Dakota	71	55	1	1	1	----
Ohio	1,232	1,225	3	1	1	1
Oklahoma	305	271	1	1	1	1
Oregon	258	242	1	1	1	1
Pennsylvania	1,589	1,454	3	1	1	1
Puerto Rico	113	91	1	1	1	----
Rhode Island	130	112	1	1	1	1
South Carolina	241	213	1	1	1	1
South Dakota	85	70	1	1	1	----
Tennessee	423	380	2	1	1	1
Texas	1,157	1,100	3	1	1	1
Utah	108	103	1	1	1	----
Vermont	47	43	1	1	1	----
Virginia	460	441	2	1	1	1
Washington	366	371	1	1	1	1
West Virginia	209	199	1	1	1	1
Wisconsin	479	450	2	1	1	1
Wyoming	39	43	1	1	1	----
Departmental	----	----	6	6	6	6

[1] Totals include those residing outside the United States.

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Administration and management

1965	$1,108,400
1966	1,127,700

Excludes personnel costs, Office of Financial and Management Services (1965, $21,800; 1966, $21,800).

NARRATIVE DESCRIPTION OF PROGRAM

This function provides leadership to the employment security system, and executive direction for the Bureau of Employment Security; establishes programs and formulates plans to improve these programs; formulates policies to

be followed by Bureau staff; establishes and maintains effective Federal-State relations; monitors performance and accomplishments of State employment security agencies; and maintains special liaison with, and provides services to the Federal Advisory Council and the Interstate Conference of Employment Security Agencies. The administration and management activity also includes those activities which can be performed more economically and effectively in centralized staff services, such as providing a public information service; estimating and justifying requests for all funds for Bureau needs, for State administrative costs, and for Federal unemployment compensation and allowance programs; planning and controlling administrative allocations and expenditures after appropriations are received; providing for fiscal accountability; improving financial management in the State agencies; conducting financial and management audits of State agencies; administering State merit system standards and improving State personnel management; providing leadership in the development of Bureau automatic data processing programs and assistance to the State agencies on matters involving data processing and transmission facilities; performing overall economic research and analysis; maintaining a Federal-State statistical reporting program; and performing internal business management functions.

PROGRAM CHANGES FOR 1966

The program increase justified below is equally distributed between the Unemployment Insurance Service and the U.S. Employment Service on the basis of services rendered.

Improvement in automated methods

A number of developments have sharpened the urgency to accomplish maximum automation of the clerical processing of fiscal, economic, and operations data for management purposes within the employment security system:

Fiscal management responsibilities have been increased by the introduction of the Depratment's "program budget management system"; the Treasury Department's "letter of credit" procedure; the quarterly apportionment of grants to States; the Bureau of the Budget's employment ceiling and grade control; the increased volume of requests from congressional Members, other Government agencies, and the public for specific information about financial matters; and the requests from State employment security agencies for special information needed to reconcile their fiscal reports and to guide them in their financial management.

The number of accounts which must be maintained because of the numerous sources of funds, received by the Bureau, and the reporting requirements of the "parent" account, make it impossible to keep current with the related workload under manual operations without an excessive amount of compensated overtime work.

The Bureau's intensification of effort to assure that grants to States are expended in the manner and for the purposes allocated has resulted in the need for current and detailed information on spending plans, obligations, expenditures, and accomplishments.

Economic research by governmental agencies, labor unions, universities, and other groups has stimulated increased requests to the Bureau for the review of a variety of economic indicators which are available in the reports obtained from State employment security agencies.

Increased attention being given by the Bureau to program planning and operations evaluation has generated new needs for the summarization of statistical and fiscal data, which have to be extracted and arrayed by manual methods under present arrangements.

To respond to the increasing volume of requests for fiscal and statistical information, and to meet management needs for current and accurate information necessitates immediate conversion of clerical processing methods to mechanized systems. Only through this approach can the Bureau be responsive to the increasing demands for timely data by the general public and other interested parties.

Presently underway in the Bureau is a project to identify the potential uses of mechanized processes in the multitude of clerical operations involved in the unemployment security system. From the study being conducted will evolve a "master plan" for automating clerical processes which can be more efficiently and economically done with machines. The master plan will identify processes

which offer the greatest potential for manpower savings; will determine the best equipment to be used; will estimate costs for mechanizing operation; will explore the feasibility of transmission tie-ins between State agencies and the Bureau's regional and national offices; and will recommend a progress schedule for accomplishing the proposed conversions.

It is significant to note that every State employment security agency has some type of automatic data processing installation, while the Bureau has none of its own. This handicaps the Bureau in making use of automatic data processing products which State employment security agencies could forward to the Bureau for internal use. It also makes it necessary for the Bureau to contract with outside facilities for machine processing of data. Outside contracting of this type has been done by the Bureau for a number of years, to a limited extent.

Currently the Bureau is using its limited automatic data processing staff to give leadership in the preparation of the master plan, to conduct systems analyses and to program the conversion of clerical processes in the fiscal management activities. This effort must be intensified. Immediate attention must be given to mechanizing the process of editing and summarizing economic and activity data from the statistical reporting program.

At the rate plans are progressing for converting clerical operations to machine methods in the fiscal management area, it is apparent that the amount previously budgeted for automatic data processing contract services will be inadequate. The Bureau has met current inadequacies by borrowing the use of automatic data processing equipment in other agencies, on a nominal cost basis, during night hours, and on weekends, using our own operators. This arrangement has been accepted by the employees involved as a temporary hardship, but the Bureau cannot expect them to continue indefinitely to work under such conditions. Automatic data processing technicians are in short supply and job opportunities for them are plentiful. Neither can the Bureau expect the agencies which have so generously cooperated with us in making their equipment available to continue the arrangement indefinitely. There are many inconveniences to them which inadvertently arise under their cooperative efforts.

With the $100,000 requested the Bureau would be able to (1) obtain technical services of competent contractors to conduct systems analyses and to program machine operations in functional areas where our own limited resources would prevent attention; (2) contract for the machine processing of the increasing volume of fiscal and statistical data required for management decisions; (3) explore problem areas and recommend solutions; and (4) develop ideas for additional processes which could be converted to machine methods, with resultant savings of manpower.

Workload statistics

	Actual		Estimated	
	1963	1964	1965	1966
Pieces of mail handled (incoming and outgoing)	2,826,644	3,176,099	3,300,000	3,450,000
Requisitions handled	8,360	9,123	9,400	10,575
Pages of releases cleared for publication	3,328	3,668	4,700	5,200
Development of economic assumptions and estimates of economic related items	23	23	23	23
Review of State assumptions and estimates	150	150	150	150
Review of State needs for research and reporting	53	53	53	53
Technical field visits to States [1]	73	65	103	117
Training conferences [1]	8	1	6	10
Vouchers prepared and/or audited	13,307	15,541	15,500	16,000
Appropriation requests to Bureau of the Budget and Congress	9	13	12	8
State budgets approved	512	610	404	404
Financial audits of State agencies	32	32	32	32
State training reports and proposals reviewed	181	212	258	304
Development of standards and guides	8	9	12	12
State automatic data processing equipment requests reviewed	4	7	20	20
Fiscal and statistical reports connected to automatic data processing	3	8	12	20

[1] These include visits and conferences by all units of the service.

Manpower development and training activities

1965	$2,063,700
1966	1,701,800

NARRATIVE DESCRIPTION OF PROGRAM

The Bureau of Employment Security provides through the State employment security system for the operating programs necessary to carry out the Manpower Development and Training Act activities assigned to State employment security agencies. The Bureau exercises leadership, direction, coordination, and control throughout the Federal-State system. It provides the operating instructions and procedures for determining locally the specific occupations for which training should be undertaken; for the testing, counseling, selection, referral, and placement services subsequent to training to be furnished unemployed and underemployed workers by the local offices; and for making payments of trainee allowances, subsistence, and transportation. The Bureau works closely with the U.S. Office of Education, Department of Health, Education, and Welfare on all matters related to institutional training. The Bureau has been delegated the Secretary of Labor's responsibility for Federal review and approval of proposed institutional training programs. The Bureau also collaborates with the Bureau of Apprenticeship and Training on matters requiring State employment security agency participation in the development of on-the-job training.

The Bureau's regional offices provide direct technical assistance to States in conducting skill surveys, in training project identification and development, in the counseling, testing, selection, and referral of unemployed workers to training and in the maintenance of necessary records and reports. Regional representatives, jointly with the Department of Health, Education, and Welfare and the Bureau of Apprenticeship and Training review and approve training projects.

PROGRAM CHANGES FOR 1966

A program decrease of 34 positions and $396,900 is related to the consolidation of Manpower Administration activities and appropriations.

Farm labor contractor registration activities

1965	$350,000
1966	559,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity is concerned with the utilization of local offices of State employment security agencies in publicizing the requirements of the Farm Labor Contractor Registration Act of 1963 and providing information and application forms for registration. Completed applications will be received by the local offices and forwarded to the appropriate regional office of the Bureau of Employment Security. Written appeals in cases of disallowance of certificates of registration and complaints against contractors will be received and transmitted to the Bureau's regional offices.

Federal activity will be concerned with the direction, administration supervision and operation of the act. Administrative and operational functions under the act will be performed by the national and regional offices of the Bureau of Employment Security. Legal services in the areas of interpretations and opinions, litigation, and hearings will be provided by the Office of the Solicitor. Responsibilities under the act will encompass a broad spectrum of activities including: (1) drafting regulations; (2) developing and issuing interpretation bulletins; (3) preparing operating procedures; (4) conducting investigations; (5) maintaining liaison with the Interstate Commerce Commission and Department of Justice; (6) hearing appeals; and (7) maintaining compliance with the provisions of the act.

PROGRAM CHANGES FOR 1966

The net increase of $201,700 will place farm labor contractor registration activities on a full year basis. This law was effective January 1, 1965, and supplemental funds were appropriated for only the last half of fiscal year 1965. An additional $222,100 will be required to place the program on a full year basis, offset by a reduction of $20,400 in fingerprint processing charges to be budgeted for by the Department of Justice in fiscal year 1966.

Workload statistics

	Estimated	
	Fiscal year 1965	Fiscal year 1966
Local offices of State employment security agencies:		
Information contacts	50,000	20,000
Meetings with farm labor contractors	200	50
Receiving, checking, and transmitting new applications and identification cards	12,000	500
Receiving, checking, and transmitting applications for renewal of certificates and identification cards	0	12,000
Receiving and transmitting appeals	800	200
Receiving and transmitting complaints	1,500	1,650
Regional offices, Bureau of Employment Security:		
Review of new applications for registration and issuance (or denial) of certificates and identification cards	12,000	500
Review of applications for renewal of certificates and identification cards, including reexamination of insurance coverage or statements of financial responsibility	0	12,000
Investigation of proof of financial responsibility	2,000	2,300
Investigation of complaints	2,000	2,200
Inspection of housing and facilities and payroll records	1,600	2,000
Inspection of vehicles to determine compliance with ICC regulations	800	1,000
Processing of appeals	1,000	200
Printing and distribution of informational pamphlets	100,000	50,000
Conducting training conferences in States	48	20
National office, Bureau of Employment Security:		
Review and determination in respect to applications screened out by regional offices	1,000	200
Review of complaint investigations and dererermination of action	2,000	2,200
Review of "negative" inspection reports re payroll records and wage rates postings, and determination of action	800	2,000
Review of inspection reports of vehicles not in compliance with ICC regulations, and determination of action	400	1,000
Advices of disapproval of applications for registration:		
Completed	500	750
Pending	500	0
Processing petions for reinstatement	500	125
Evaluation of program operations	11	15
Conducting training conferences in regions	11	5
Office of the Solicitor:		
Opinions, written and oral	5,000	7,500
Federal Register documents	10	10
Formal hearings	250	275
Representation by counsel at formal hearings	250	275
Decisions of the Secretary	150	175
Reviews of alleged violations cases	100	150
Cases referred to the Department of Justice	20	30
Cases in which the Office of the Solicitor assists the Department of Justice in defending Federal court actions seeking review of administrative decisions of the Department of Labor	20	30
Legal review of proposed denials or revocation of certification	1,250	1,400

	Actual		Estimated	
	1963	1964	1965	1966
Farm Labor Service:				
Review and analysis of State agency farm budgets, supplemental requests, and recommendations for allocations of funds	72	69	72	80
State program initial and followup evaluations	50	60	65	75
Semimonthly review of area in-season farm labor area reports (ES–223)	3,500	3,600	3,500	3,500
Analyses of State programs and procedural releases	600	582	600	600
Pamphlets and technical aids produced and issued	12	11	14	14
Training meetings on farm labor subjects	30	18	20	25
Determinations and certifications to Departments of State and Justice re alien entry requests for permanent agricultural employment—Public Law 414 (sec. 204(b) and sec. 212(a)(14))	7,500	9,229	62,000	65,000
Determinations and certifications to Immigration and Naturalization Service re alien entry requests for temporary agricultural employment—Public Law 414 (sec. 214(c))	500	247	[1] 350	350
Interregional movements of farm migratory labor directed through regional farm placement clearance system:				
Eastern seaboard	40,000	38,500	45,000	50,000
Great Lakes	39,000	40,000	50,000	50,000
Great Plains States	44,000	45,000	55,000	55,000
Mountain States	17,000	17,500	18,000	20,000
Pacific Coast States	27,000	28,000	36,000	40,000
Gulf States	25,000	26,000	32,000	35,000

[1] Revised.

ADVANCES FOR EMPLOYMENT SERVICES

Explanation of Language Change

The apropriation authority in title III for unemployment insurance administration in the Social Security Act was deleted by the amendments to the act in 1960; however, the authority to appropriate in section 5 of the Wagner-Peyser Act for employment service was not. Consequently, there remains legal authority to appropriate for employment service functions, moneys from the general funds of the Treasury.

The language for "Advances for Employment Services" is a financing device. Pending unemployment insurance legislation will provide for the repayment of funds.

GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION

Amounts available for obligation

	1965	1966
Limitation	$455,076,000	$492,100,000
General fund		39,280,000
Proposed increase in limitation	560,000	
Appropriation or estimate, revised	455,636,000	531,380,000

Obligations by activity

Description	Appropriation revised, 1965		Estimate, 1966		1966 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Unemployment Insurance Service:						
(a) State Unemployment Insurance Service	27,406	$215,187,000	27,276	$228,859,000	−130	+$13,672,000
(b) Federal Unemployment Insurance Service	884	6,791,000	993	7,600,000	+109	+809,000
(c) Administration and management	2,182	14,702,000	2,182	15,838,000	-------	+1,136,000
2. Employment Service:						
(a) Employment Service:						
(1) Trust fund	22,478	161,483,000	23,478	182,893,000	+1,000	+21,410,000
(2) General fund	-------	----------	5,816	39,280,000	+5,816	+39,280,000
(b) Administration and management	1,613	11,646,000	1,613	12,273,000	-------	+627,000
3. Administration and management	2,663	20,827,000	2,663	24,637,000	-------	+3,810,000
4. Contingency fund	-------	25,000,000	-------	20,000,000	-------	−5,000,000
Total obligations	57,226	455,636,000	64,021	531,380,000	+6,795	+75,744,000

Obligations by object

	Appropriation revised, 1965	Estimate 1966	1966 change
DISTRICT OF COLUMBIA EMPLOYMENT SERVICE			
Total number of permanent positions	215	285	+70
Positions other than permanent	2	4	+2
Average number of all employees	213	278	+65
11 Personnel compensation	$1,554,000	$2,103,000	+549,000
12 Personnel benefits	117,000	158,000	+41,000
21 Travel and transportation of persons	6,000	7,000	+1,000
23 Rent, communications, and utilities	335,000	340,000	+5,000
24 Printing and reproduction	30,000	35,000	+5,000
25 Other services	5,000	6,000	+1,000
Services of other agencies	61,000	61,000	----------
26 Supplies and materials	19,000	21,000	+2,000
31 Equipment	45,000	46,000	+1,000
OTHER STATES			
41 Grants, subsidies, and contributions	453,464,000	528,603,000	+75,139,000
Total obligations	455,636,000	531,380,000	+75,744,000

Summary of changes

1965 limitation	$455,076,000
1965 proposed increase in limitation	560,000
1965 limitation (adjusted)	455,636,000
1966 estimate:	
Limitation	492,100,000
----------	39,280,000
Subtotal	531,380,000
Total change	75,744,000

MANDATORY ITEMS

Increases:

To finance the increase in base personal services costs of State employees resulting from statewide compensation plan increases financed from the contingency fund in fiscal year 1965 and for increments that are paid after prescribed periods of satisfactory employment which will become effective in fiscal year 1966. Of the total amount requested, $6,200,000 is needed to pay for salary costs that were financed for 1 year only by means of the language proviso that allowed these costs to be paid from the contingency fund in 1965. These costs resulted from the higher personal services costs over the 1965 estimate. The language proviso which allowed this expenditure has been deleted for 1966 ..... +24,387,000

To provide for increased personnel benefits. Several States have adopted plans which increased the cost of State contributions for retirement, health benefit plans, and other fringe benefits ..... +3,368,000

To finance the increased cost of nonpersonal services for rents premises that occur when existing leases expire and must be renewed at higher costs and to provide for the higher per diem rates and transportation costs of State agency personnel ..... +1,876,000

Increase due to growth in unemployment insurance program coverage ..... +847,000

An estimated increase of 800,000 covered workers and 40,000 taxable employers will require additional personnel to process reports of workers' wages and to register new employers, process employers' returns, collect employer taxes, and insure employer compliance with State tax provisions.

Increased costs due to changes in State laws ..... +568,000

During their most recent sessions, several State legislature enacted amendments to their State unemployment insurance laws which increased administrative costs. These increased costs have been covered by contingency funds during fiscal year 1965. The additional costs which are continuing in nature, rather than 1 time or transitional, must be provided for in the base budget for subsequent fiscal years.

Increased costs for administration of Federal unemployment insurance programs ..... +721,000

The 1965 base appropriation provided for the administrative costs of paying $126,000,000 in benefits. The additional $721,000 estimated for 1966 will finance the added administration costs associated with the processing of $15,000,000 more in benefit payments. To the extent that the number of benefit payments in 1965 is higher, the additional administrative costs will be financed from the contingency fund. The 1966 request for benefit payments is $141,000,000.

Decreases: Decrease due to changes in benefit workloads ..... −2,100,000

The improved economic conditions in fiscal year 1966 will result in the some decreases in benefit workloads. The average duration of a spell of unemployment will be shorter, resulting in fewer continued claims and fewer benefit payments. There will be an increase in the number of contested claims and appeals which will be more than offset by the decreases in claims and benefit payments. The net effect of changes in workload will result in a saving of 344 positions.

PROGRAM ITEMS

Increases: Services to youth ..... +37,000,000

Sharp increases in the number of disadvantaged youth and the problem of employability confronting them require greater assistance through specialized youth centers to prepare youth for ultimate employment. To accomplish the establishment of youth centers in fiscal year 1965 $24,500,000 of Manpower Development and Training Act funds have been concentrated in areas of greatest need. In addition, trust funds devoted to youth services in these same areas have been utilized. In fiscal year 1966 Manpower Development and Training Act funds will not be used for this purpose and the $37,000,000 is requested to maintain and expand the program.

To continue the needed specialized youth services the staff will be increased in the above centers, additional centers will be established, and improved youth services will be provided in other employment offices. At June 30, 1966, the operating level will be at an annual rate of $75.700,000. This annual rate will be $13,700,000 above the present request. The additional amount will be included in the budget for fiscal year 1967.

Financing sources

[In thousands of dollars]

	1965		1966	
Trust fund	(2,580)	$25,000	(2,580)	$25,000
Manpower Development and Training Act	(3,210)	24,500		
General funds			(5,510)	37,000
Total funds available	(5,790)	49,500	(8,090)	62,000
Proposed annual rate for 1967				75,700
Cost above 1966 rate in 1967				13,700

The centers are organized to serve all youth including those rejected by Selective Service and the Armed Forces because of educational deficiencies and to be the focal points for all efforts in the communities to aid youth. Services for vocational development, training, interim and regular employment and aid in job adjustment will be provided. Highly skilled personnel and the application of much time-consuming effort are required to assist youth in developing employability and in securing and maintaining employment.

Job vacancy information ..... +2,280,000

During fiscal year 1966, the State employment security agencies will undertake quarterly job vacancy surveys in 150 standard metropolitan statistical areas to obtain information on employer needs, by occupation, in order to increase local employment office effectiveness in manpower recruitment, counseling, training, and placement operations. Preliminary results in the initial stages of this program in fiscal year 1965 indicate that the experiment should be expanded as an operating program.

Employment and unemployment information ..... +281,000

Special studies will be conducted in fiscal year 1966 to improve the means for estimating, as well as the quality, usefulness, and currency of State and local employment and unemployment information.

Basic employment service operations---------- +7,471,000

Between 1963 and 1965, wage and salary employment rose from 56.6 million to 59.4 million, an increase of nearly 5 percent. It is estimated that by 1966, the total increase will be over 7 percent. On the other hand, employment service local office staffing decreased nearly 2 percent between 1963 and 1965.

Besides the sheer volume of traffic—new applications increased 2 percent—additional burdens were imposed on the reduced staff by the ever-growing complexity of the job market—the effects of technological innovation, automation, changes in job content, industrial relocation, defense cutbacks, and the like. Further heavy demands have resulted from the need for specialized services of major and growing segments of the work force (other than youth) especially older workers anod members of minority groups. The new programs undertaken to cope with these problems are demanding in terms of the professional competence needed and the time required.

The consequence of this situation has been a dilution of staff effort in 2 major respects: (1) the best qualified people usually were assigned to the new programs; and (2) administrative and management people were forced to plan and direct an increasing number of complex interrelated activities. This dilution of staff has had a seriously adverse effect on employment service operations, which is now reaching serious proportions, and is indicated by the fact that placements, one of the primary measures of service, dropped 2.7 percent in fiscal year 1964 as compared to 1963, and so far in fiscal year 1965 are nearly 6 percent below the corresponding period in 1964.

It is essential, therefore, that additional resources be provided to restore the staff required for basic functions, to carry out the added program responsibilities and to provide the management personnel necessary to assure effective utilization of resources.

To place the expanded domestic farm labor program on a full year basis---------- +1,680,000

Increase for training and executive development---------- +2,365,000

There is an urgent need to strengthen training programs in State employment security agencies for the following reasons: (1) turnover is extensive in key positions, with the employment service program approaching its 32d anniversary and the unemployment insurance program approaching its 30th anniversary; (2) turnover is substantial also because other agencies need employees with skill and experience in employment security operations and are attracting them; (3) new programs and expanding activities such as those described above will involve the need for training new personnel and retraining experienced staff; (4) the types of problems encountered today have changed with the composition of the current labor force, the impact of automation, and the new programs evolving; and (5) technological advancements are changing the character of many internal operations within the employment security system, in the same manner as in private industry, and are increasing the professional character of the positions involved.

To cope with the training problems resulting from these developments, additional funds are requested to finance training programs designed to improve and develop the capability of personnel in such areas as executive and managerial functions, counseling, services to youth and older workers, and other employment service activities, the recruitment and utilization of agricultural workers, and claims taking, adjudication and appeals processes in unemployment insurance. Most of the training programs will relate to employment service activities.

Decrease in the estimated need for contingency funds. It is estimated that the need for contingency funds will decrease by $5 million in fiscal year 1966. The language provision that allowed the payment of base salary costs from the contingency fund in 1965 has been deleted for 1966.	—5,000,000
Total change	+75,744,000

MANDATORY CHANGES FOR 1966

INCREASES

Personal services cost increases, $24,387,000

It is estimated that salary increases and increment costs related to the base number of positions for fiscal year 1965 will require an additional $18,187,000 in fiscal year 1966. An additional $6,200,000 is needed to provide for the deficit in salary costs that occurred when the personal services costs in the States exceeded the original estimate in the 1965 budget. The total of these salary costs is $24,387,000 in 1966.

The personal services amount allocated to the State agencies for fiscal year 1965 represents the State agencies' needs based on staffing patterns developed in the State agencies which reflect the actual annual salary of employees included in the allocation. To develop a salary rate for fiscal year 1966, the Bureau requested each State to estimate the added annual cost of compensation plan changes and increment allowances to be provided for these same positions. These two costs were then added to the 1965 allocation to arrive at a personal services amount needed for fiscal year 1966. The average increase in costs for salary increases was $189 per position and $128 per position for increments.

The total average increase of $317 per position was then applied to the total number of positions included in 1965 and allowed by the Congress and for those positions included in the Farm Labor Service supplemental estimate.

Personnel compensation costs, $3,368,000

To provide for the increased ratio of fringe benefits costs to personal services from 9.7 to 10.6 percent. Several States have adopted plans which increased the cost of State contributions for retirement, health benefit plans and other fringe benefits which have increased the ratio of these costs to personal services costs.

Nonpersonal services costs, $1,876,000

The increases for nonpersonal services costs are primarily due to the higher cost of rents premises. This cost is related to the renewal of leases upon expiration of presently existing leases and amortization of rental purchase agreements that occurred in fiscal year 1965.

The distribution of nonpersonal services mandatory cost increases is as follows:

Rents premises	$1,726,000
Heat, light, and water	50,000
Travel	100,000

Growth in unemployment insurance program coverage, +$847,000

An estimated increase of 800,000 covered workers and 40,000 taxable employers will require additional personnel to process reports of workers' wages and to register new employers, process employers' returns, collect employer taxes, and insure employer compliance with State tax provisions.

Increased costs due to changes in State laws, +$568,000

During their most recent sessions, several State legislatures enacted amendments to their State unemployment insurance laws which increased administrative costs. These increased costs have been covered by contingency funds during fiscal year 1965. The additional costs which are continuing in nature, rather than one time or transitional, must be provided for in the base budget for subsequent fiscal years.

Administration of Federal programs, +$721,000

The 1965 base appropriation provided for the administrative costs of paying $126 million in benefits. To the extent that the number of benefit payments in 1965 is higher, the additional administrative costs will be financed from the contingency fund. The 1966 request for benefit payments is $141 million. The additional $721,000 requested for 1966 will finance the added administration costs associated with the processing of $15 million more in benefit payments.

DECREASES

Decreases due to reduced unemployment insurance workloads, $2,100,000

Improved economic conditions in fiscal year 1966 will result in some decreases in benefit workloads. The average duration of a spell of unemployment will be shorter, resulting in fewer continued claims and fewer benefit payments. There will be an increase in the number of contested claims and appeals which will be more than offset by the decreases in claims and benefit payments. The net effect of changes in workload will result in a saving of 344 positions.

MANPOWER ADMINISTRATION—GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION (TRUST FUND)

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Mandatory changes:								
Personal services cost	------	$12,776,000	------	$10,403,000	------	$1,208,000	------	$24,387,000
Personel compensation costs	------	1,792,000	------	1,418,000	------	158,000	------	3,368,000
Nonpersonal services costs	------	1,013,000	------	784,000	------	79,000	------	1,876,000
Growth in unemployment insurance program coverage	128	847,000	------	----------	------	----------	128	847,000
Change in State laws costs	86	568,000	------	----------	------	----------	86	568,000
Administration of Federal programs	109	721,000	------	----------	------	----------	109	721,000
Decrease due to reduced unemployment insurance workloads	−344	−2,100,000	------	----------	------	----------	−344	−2,100,000
Total	−21	15,617,000	------	12,605,000	------	1,445,000	−21	29,667,000

Program changes by activity

Object Classification	Activity 1		Activity 2		Activity 3		Activity 4		Total	
	Position	Amount	Position	Amount	Position	Amount	Position	Amount	Position	Amount
District of Columbia Employment Service:										
11 Personnel compensation			70	$549,000					70	$549,000
12 Personnel benefits				41,000						41,000
21 Travel and transportation of persons				1,000						1,000
23 Rent, communications, utilities				5,000						5,000
24 Printing and reproduction				5,000						5,000
25 Other services				1,000						1,000
Services by other agencies										
26 Supplies and materials				2,000						2,000
31 Equipment				1,000						1,000
Other States:										
41 Grants, subsidies, and contributions			6,746	48,107,000		$2,365,000		−$5,000,000	6,746	45,472,000
Total			6,816	48,712,000		2,365,000		−5,000,000	6,816	46,077,000

BASIC ASSUMPTIONS, FISCAL YEAR 1966

It is assumed that the Nation's economy will continue to move to successively higher levels through the remainder of the current fiscal year, and throughout fiscal year 1966, and that these gains will be accompanied by steady and substantial growth in civilian employment. Basic to these is the assumption that any changes in the international situation during the period will not substantially affect the levels of defense outlays or the size of the Armed Forces.

It is assumed that the civilian labor force will continue to grow but that the economic expansion will absorb the labor force growth, in spite of continued productivity gains, and reduce unemployment levels.

Support for the assumption of substantial gains in the Nation's economy stems from a number of sources. It is assumed that consumers' outlays, which have increased steadily and rapidly throughout most of the postwar period, will continue to increase, supporting higher levels of output and employment in both goods-producing and service industries. Increasing business outlays for new and modernized plant and equipment, which have given strong support to the economic growth over the past few years, are assumed to continue through the period, as current capacity is taxed by steadily rising demands, as new techniques, materials, and products are developed, and as the resources available for such investment increase.

Federal expenditures are assumed to continue at about the present level, although some significant shifting in the nature of the outlays can be expected. State and local government outlays are expected to continue to increase, to meet the demands of growing populations and population shifts requiring rising expenditures for streets, hospitals, and public utilities.

Support for the assumption of substantial economic growth throughout the period also derives from an expected continuation of the monetary and fiscal policies which have contributed to uninterrupted growth of the past 3½ years, a continuation of restraint in the building up of inventories to excessively high levels, and continued reasonably stable labor costs in relation to production.

A lowering of the unemployment total can be expected through reductions in the relatively large numbers of jobless young workers and long-term unemployed. However, since members of neither group are represented to any substantial degree among the insured jobless, little reduction in the level of insured unemployment can be expected from this source. Average insured unemployment in fiscal year 1966, however, is expected to decline somewhat from the level of 1.6 million and rate of 3.7 percent assumed for fiscal year 1965, to an average of 1.5 million per week and a rate of 3.4 percent.

It is assumed that the national economic gains, although broadly based, will not be fully shared by all industries and areas. Continued shifting of population and areas of demand, the depletion of some resources and the development of others, heavy investment in new equipment and in the development of new techniques, materials, and products, and substantial changes in the pattern of defense outlays may result in relatively high levels of unemployment in some areas, while others may experience shortages of qualified workers to meet employer needs.

It can be assumed that the demands on the employment security system will increase substantially over the period because of changes in the types and location of need for workers, the entrance of young workers into the labor force in ever-increasing numbers, and the key role to be played by the system in new programs designed to increase job opportunities or to train the jobless to fit available job openings.

ACTIVITY 1. UNEMPLOYMENT INSURANCE SERVICE

1965	$236,680,000
1966	252,297,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity includes administration of the State unemployment insurance programs which have been enacted pursuant to the Social Security Act and the Federal Unemployment Insurance Tax Act. The program operates through a Federal-State partnership in which the amounts necessary for proper administration of the State laws are borne by the Federal Government; and except for meeting the requirements of limited standards in the Federal laws, the States

are responsible for developing their own programs. They are also allowed wide latitude in administering their programs while the Federal partner provides leadership and technical assistance and oversees the use of the funds granted for administration. The activity includes the two major functions of tax collections and benefit payments. The tax collection function includes identifying potentially taxable employers and determining their liability, maintaining tax accounts, processing quarterly tax and wage reports, collecting delinquent reports and taxes, refunding overpayments, auditing employer records for compliance, determining each employer's tax rate according to past experience with unemployment, and maintaining records of workers' wages as a basis for future benefit payments.

The benefit payment function includes taking and processing claims for benefits, determining entitlement to benefits based on past employment, determining questions of disqualification involving reasons for unemployment or failure to accept work, determining each week the claimant's eligibility for benefits, issuing benefit payments, preventing, detecting and recovering overpayments, including those due to fraud, and conducting hearings on appeals by both claimants and employers. The State agencies carry on a variety of research work relating to covered employment and wages, unemployment and characteristics of the unemployed, and other problems of concern to the Federal Government and to State officials and State legislatures, relating to program development and legislation, including funding requirements of the insurance program.

Under agreements with the Secretary of Labor and subject to his regulations, the State agencies also administer locally the federally enacted programs for payments of unemployment compensation to ex-servicemen and to civilian employees of the Federal Government.

Program changes for 1966

	Changes	
	Positions	Cost
1. Workload increase due to an estimated growth in program coverage of 40,000 employers and 800,000 workers	+128	+$847,000
2. Increased costs due to 1964 changes in State laws	+86	+568,000
3. Increased costs of administration of Federal programs	+109	+721,000
4. Decrease due to reduced workloads	−344	−2,100,000
Total change	−21	+36,000

Workload increases due to growth in program coverage

Tax and wage records workloads are expected to increase because of an estimated normal growth in the number of subject employers from 2,425,000 in 1965 to 2,465,000 in 1966 and in the number of covered workers from 43,600,000 in 1965 to 44,400,000 in 1966. An additional 128 positions and $847,000 are needed for this program.

Workload statistics

[In thousands]

	1965	1966	Increase	Increase in positions
Subject employers	2,425	2,465	40	109
Wage items	141,838	146,000	4,162	19
Total	[1] (7,762)	[1] (7,890)		128

[1] Positions.

Increased costs due to changes in State laws

During 1965, $718,178 of contingency funds have been allocated to cover administrative costs due to changes in State unemployment insurance laws. In 1966, $568,000 will be needed to pay the continuing costs of administration of the following types of changes:

Changes affecting determinations of coverage of employees and employing units or of tax liability $45,000
Changes affecting computation of individual employer tax rates 124,000
Changes in wage reporting procedures 57,000
Changes in benefit eligibility conditions 342,000

Administration of Federal programs

The 1965 appropriation for benefits to ex-servicemen and Federal employees and for the attendant administrative costs allowed for 3,366,000 compensable weeks. A supplemental request has been submitted to cover benefits for the additional weeks and administrative costs will be covered out of the contingency fund.

For 1966, compensable weeks are estimated at 3,598,000, a decrease from the current 1965 estimate but an increase of 232,000 over the original appropriation. Based on experience in 1963 and 1964, the States will need funds to cover 993 positions, or 1 for every 3,600 compensable weeks, in 1966. This is an increase of 109 positions over those provided for in the current appropriation requiring an additional $721,000. These resources will become a part of the base instead of being derived from the contingency fund.

Fiscal year	Weeks compensated	Positions
1963 actual	4,329,000	1,192
1964 actual	4,197,000	1,181
1965 appropriation	3,366,000	884
1966 estimate	3,598,000	993

Decreases due to reduction in workloads

With improved economic conditions, claims related workloads are expected to decline from currently estimated levels for 1965. Initial claims, weeks claimed, and resulting benefit payments are running 3 to 4 percent below 1965 appropriation levels and are expected to decline another 3 to 4 percent in fiscal 1966. Contested claims and appeals are expected to exceed appropriation levels in 1965. In 1966 the latter workload items are expected to decline from 1965 current estimates but still remain above 1965 appropriation levels to conform more nearly with recent State experience.

The net effect of the changes in workloads is a reduction of $2,100,000 in the request.

Unemployment Insurance Workloads

[In thousands—except for number of positions]

	1963	1964	1965		Estimate
			Appropriation	Current estimate	
Initial claims	15,720	14,815	14,600	14,240	13,923
Continued claims	89,584	83,460	78,200	75,764	73,320
Benefit payments	77,671	72,350	67,500	65,500	63,200
Contested claims	5,976	5,838	4,865	5,394	5,064
Percent of total claims	5.7	5.9	5.2	6.0	5.8
Appeals	384	387	315	356	336
Positions related to workloads	17,826	16,760	15,292	15,368	14,948

Activity 2. Employment Service

1965 ..... $173,129,000
1966 234,446,000

NARRATIVE DESCRIPTION OF PROGRAM

In recent years, the United States has been undergoing a gigantic industrial and economic transformation, reflecting a rapid increase in population and labor force, business expansion, the introduction of new production techniques with accompanying changes in jobs, and widespread geographic shifts in industrial location. Increasing productivity on the farms has accelerated the movement of population from rural to urban areas.

None of these forces of change and progress is entirely new to our experience. What is new is the rate at which these changes are taking place, the magnitude of the resulting problems, and the inadequacy of already-developed institutions, practices, and legislation to deal effectively with the many faceted impact of these changes. The new problems are too difficult and too interrelated to permit quick and easy solutions.

As a nation, we have come to a recognition of the need for a new active manpower policy; we have defined the basic elements of such a policy; and we are rapidly developing a variety of approaches to it. Within the past 3 years the Congress has enacted legislation in which there are specific provisions relating to the complex manpower problems. In each of these the implementation directly involved the U.S. Employment Service and its affiliated State agencies which constitute the Federal-State employment service.

The system comprises a nationwide network of 1,900 local offices administered by the State agencies under Federal leadership with funds provided by Federal grants. Each local office operates as the manpower service center of the community and is primarily concerned with finding jobs for workers seeking employment, recruiting workers to fill employers' job openings, providing specialized services to job applicants who encounter serious difficulties in the job market, and cooperating with other agencies and local groups to resolve the manpower problems of the area. As an aid to youth, particularly those who are inexperienced and disadvantaged, Youth Opportunity Centers, of which at least one is being established in each State, provide counseling and testing services, selection and referral to educational and vocational training programs, job development, summer-time, part-time, and full-time placement, referral to the facilities of other community agencies working with youth and followup to insure adjustment to training, job, or other referral. The Youth Opportunity Centers also serve those young men turned down by selective service for educational deficiencies who are referred to the employment service. As part of the intensive services to youth, Youth Opportunity Center personnel are outstanding in the slum areas where they contact the hardcore disadvantaged youth who would not voluntarily seek the services of the Youth Opportunity Center. The local offices also carry out specialized programs in vocational and educational counseling and job development for older workers, the handicapped, members of minority groups, and workers with obsolete skills. Special attention is also given to the employment problems of veterans.

To facilitate basic operations and to provide workers and employers with a basis for making sound employment decisions, local offices gather and interpret information regarding current employment, hours, and earning data, and prepare estimates of future changes in occupational demand and supply with particular emphasis on the effects of automation, technological change, and other industrial innovations. They secure job vacancy information needed to effectively match men and jobs and prepare area employment and unemployment information for use in developing action programs and for general economic analyses. Local offices also provide job analyses, applicant testing, assistance in establishing in-plant training, and other personnel assistance to employers. They cooperate with community organizations seeking to expand employment opportunities through the formulation and execution of plans to develop the economic potentialities of the area.

The system of local employment offices provides special services to the Nation's farmers and farmworkers. In addition to recruiting and placing year-round farmworkers, local offices help farmers meet critical seasonal labor needs and help farmworkers increase their annual gainful employment by scheduling worker groups for successive seasonal jobs in different places. Local offices also organize day haul programs for youths and others not normally in the farm work force to meet peak seasonal needs. In addition to the basic placement of agricultural workers, local offices also cooperate with State and community organizations in improving the welfare of migrant workers and their families.

Program changes for 1966

	Changes	
	Positions	Cost
1. Services to youth	+5,510	+$37,000,000
2. Job vacancy information	+306	+2,280,000
3. Employment and unemployment information	+42	+281,000
4. Basic employment service operations	+958	+7,471,000
5. To place the expanded domestic farm labor program on a full-year basis		+1,680,000
Total changes	+6,816	+48,712,000

Services to youth

Today's youth face a difficult path in their search for employment. Technological change and automation have reduced the number of simple entry jobs and have created a demand for increased abilities and know-how on the part of all workers, including those just entering the labor force. In addition, the number of youth seeking employment is greater than ever, and is increasing rapidly each year. It is estimated that during fiscal year 1966, there will be approximately 6 million youth who will need the services of the public employment agencies to make a satisfactory vocational choice and adjustment to the world of work. Social and economic changes in every geographical area, social stratum, and educational level have created problems never before faced by so many of our young people. Also, many youth are now growing up without adequate education, amid hostile and squalid surroundings, in poor health, or in the face of racial or other prejudices.

The existence of this increasing number of unemployed and discouraged youth represents an enormous waste of human resources and a growing social problem. No single agency can possibly resolve all the problems. What is needed is a team of organizations that together can view the needs from all aspects, pool their knowledge and resources, and develop a comprehensive program of service. The Employment Service, through its intensive youth program, is taking the lead in a cooperative attack on the barriers that block the progress of youth toward their goal of satisfactory and permanent employment.

Such efforts are not new on the part of the Federal-State employment service system. Activities of this nature have been a part of basic operations since the inception of the system. Today such services are carried out in varying degrees in all 1,900 local offices. Of the nearly 11 million new applications for work filed in fiscal year 1964, about 3.65 million were those of youth under 22 years of age. From these, 1.53 million placements were made in nonagricultural jobs. Counseling and testing services are offered in most local offices to assist youth in analyzing their interests and potentialities and in relating these to suitable fields of work and career opportunities. Over 690,000 youth received these services in fiscal year 1964.

Many youth seeking employment have adequate training for immediate placement in starting jobs with the opportunity to move upward. However, there are many thousands who are neither trained nor ready to hold jobs. To assist these young people to become more employable, the Employment Service has, as a result of interviewing, counseling, and testing, referred many youth to training in vocational schools, on-the-job training programs, apprenticeship programs and to Manpower Development and Training Act programs.

As a special service directed primarily to serving high school seniors planning to enter the labor force upon graduation, the Employment Service has carried on cooperative programs with high schools since 1950. In fiscal year 1964, formal programs were carried on with 10,500 or about 50 percent of the high schools in the country. Of the 612,800 graduates registered from these schools, 340,000 were counseled and a total of 114,300 nonagricultural placements were made. As part of formal arrangements with many of the schools, some 55,000 current dropouts were referred to the Employment Service for counseling and placement assistance; of these, 15,000 were placed in nonagricultural jobs.

In February 1964, the Selective Service System began to inform all young men who failed the Armed Forces qualifications tests of the services available through the Employment Service. Since the beginning of the program, 50,200 of these youth sought assistance from local offices. As of December 31, 28,900 have

been counseled, 8,800 have been placed in jobs, and 1,325 have been enrolled in training. These young men are usually disadvantaged in a variety of ways and require intensive counseling and other assistance prior to being referred to training or to a job.

State and local employment service offices conduct annual campaigns to develop part-time and summer jobs for students, as well as carrying out individual job development efforts to find part-time work for students throughout the year.

The Employment Service is assisting rural youth who migrate to urban areas in orienting themselves to urban life as well as helping them to find suitable employment.

High schools conduct a variety of cooperative work programs in which the Employment Service plays an important role. In general, these programs provide supervised work experience as a supplement to school courses. The Employment Service often works with the schools by locating jobs to which the students are assigned.

To mobilize the resources of the public Employment Service to deal effectively with the mounting employment problems of youth, a nationwide network of youth opportunity centers is being established in the Employment Service system during fiscal year 1965. By the end of the year, 75 centers administered by the State agencies under Federal leadership and in accordance with prescribed standards of staffing and services, will be in operation. Each center is organized and staffed to meet the employment problems of youth in the area and with particular emphasis on the needs of the disadvantaged. A special feature of these centers is an out-reach program to seek out the disadvantaged youth most in need of service but who would not normally avail themselves of the assistance provided by the local offices.

The network of centers will—

(*a*) Be available to all youth;

(*b*) Be staffed by trained youth employment specialists who will be assisted by volunteer workers and cooperating community groups;

(*c*) Be in locations which are readily accessible to all youth;

(*d*) Provide young people with one clearly designated place to go for highly personalized services relating to job preparation and placement; and

(*e*) Be concerned with developing the employability, as well as job placement, of youth.

The youth opportunity centers are the focal points for Government and community services for youth, and are responsible for all special services provided by the Employment Service, including:

(*a*) Carrying on cooperative high school counseling and testing programs.

(*b*) Selecting youth for Government-sponsored work or training programs, including Manpower Development and Training Act, Job Corps, Neighborhood Youth Corps, and others.

(*c*) Selecting youth for vocational training.

(*d*) Developing vocational training opportunities for youth.

(*e*) Providing occupational and area labor information for vocational guidance purposes.

(*f*) Providing youth employment counseling and testing services.

(*g*) Providing services to youth rejected by Selective Service for educational deficiencies.

(*h*) Developing jobs for youth in all sectors of the economy.

(*i*) Providing placement services for all young workers in the area.

(*j*) Providing summertime and after school youth placement services.

(*k*) Providing school dropouts with training opportunities to increase their employability.

(*l*) Cooperating with and utilizing the facilities of other community services for assisting youth.

(*m*) Follow up on referrals to training or employment to insure satisfactory adjustment.

Provisions also will be made for the cost of physical examinations for disadvantaged youth when such examinations are required for referral to Manpower Development and Training Act training programs, the Job Corps or other Government-sponsored training activities. The cost of such examinations will not be allowed, however, in connection with referrals to employment or when they can be obtained through available public or private agencies.

In rural areas and smaller communities not served by youth centers, the program has been strengthened and is now carried out in local offices by a designated staff member in small offices or special units in the larger offices. These resources are utilized to provide services similar to those of the youth opportunity centers.

In fiscal year 1966, the Employment Service plans to strengthen its program of services to youth through an increase in the number of youth opportunity centers throughout the country and by staff additions in centers already in operation. In this way, specialized services for youth will be provided in the major population centers of the Nation and in those areas, both smaller communities and rural, where the number of youth and economic conditions warrant special organization.

During fiscal year 1965, 75 youth opportunity centers are being established and additional resources are being made available for improved services to youth in rural areas and small communities not served by the centers. Total youth services including youth opportunity centers are being financed from two sources of funds—regular Employment Service resources at an annual rate of $25 million and Manpower Development and Training Act funds at an annual rate of $24.5 million.

In fiscal year 1966, it is planned to finance the costs currently paid out of Manpower Development and Training Act funds and to provide for necessary expansion by means of a general fund appropriation above the legislative limitation on grants to States from the unemployment trust fund.

To maintain the present level of operations in fiscal year 1966, a general fund appropriation of $26.7 million will be required. An additional amount of $10.3 million will be needed to finance the planned expansion. During fiscal year 1966, youth opportunity centers in 63 additional metropolitan areas will be established and the staffs of the centers established in fiscal year 1965 will be built up to desirable levels.

The planned rate for implementing this program calls for a buildup from the 3,210 base positions provided from reprogramed Manpower Development and Training Act funds in 1965 to 5,510 positions which will be financed by general funds in fiscal year 1966. This will be accomplished during fiscal year 1966 at a total additional cost of $37 million. By the end of the year, the cost will be at an annual rate of $50.7 million for fiscal year 1967. The table on page Grants-12 illustrates the source of funds and application for this program.

Job vacancy information

During fiscal year 1965, $295,000 has been allocated to the States to begin this program. More comprehensive information on available job opportunities in major employment centers throughout the country is needed to help develop appropriate manpower programs to stimulate employment growth and reduce unemployment, and to improve the functioning of the job market in matching workers and unfilled jobs. An experimental program to provide such information by means of employer "job vacancy" surveys was initiated on a pilot basis in 16 metropolitan areas during fiscal year 1965 by the Bureau of Employment Security and the affiliated State employment security agencies in cooperation with the Bureau of Labor Statistics.

The "job vacancy" surveys are designed to provide detailed data on a current basis, by area, industry, and occupation, on unfilled job stations in individual establishments, and the kinds of skills needed to fill these jobs. President Johnson, in his news conference of August 8, 1964, announcing this pilot program, said that such information would be of "tremendous value in combating unemployment." A number of congressional committees have also urged within the past year a program of job vacancy information be initiated on a widespread and recurring basis.

The primary focus of the job vacancy information program is to combat the problem of unemployment. Impediments to finding employment are present even when many jobs are available. An expanded job vacancy program providing more comprehensive information on employment opportunities should result in a more effective matching of men and jobs. There were 3.4 million unemployed workers in November 1964 and 1 million of these were drawing unemployment insurance benefits. Reducing the duration of unemployment of only 10 percent of these insured unemployed by just 1 week would, among other things, save more than $3.6 million in unemployment benefit payments—benefits financed by taxes on employer payrolls.

Manpower legislation of the sixties, including the Area Redevelopment Act of 1961, the Manpower Development and Training Act of 1962, the Vocational Education Act of 1963, and the Economic Opportunties Act of 1964, requires knowledge of job opportunities in specific areas across the country. The job vacancy information program, in conjunction with other occupational information tools, will help achieve this objective. By providing a better insight into the nature of available job opportunities, the job vacancy program will assist in designing improved training programs for the retraining of workers with obsolescent skills who have been adversely affected by automation and technological change. There are many unfilled jobs at the semiskilled levels which should offer employment opportunities for the disadvantaged "poverty" groups in our society. Such information will also be useful in counseling younger workers and students and directing them to occupational choices which will provide better prospects for employment. For employers, it should assist worker recruitment and stimulate them to take an organized approach to their manpower needs.

Two experimental surveys to test the feasibility of collecting such information by occupation will be completed in each of the 16 pilot areas during fiscal year 1965. The pilot areas selected for the program included a number of very large metropolitan centers, as well as some small- and medium-size areas to assure representation in terms of geographical dispersion, industrial characteristics, and the nature of employment conditions.

The initial job vacancy reports on the experimental program in the 16 areas have already demonstrated the feasibility of the program, and the value of the information revealed. Employer response has ranged from good to excellent, reaching 80 percent or more in many areas, and at least 95 percent in three. Surveyed employers reported vacancies in a broad range of occupational classifications, including some in lower skill categories. Almost half of the vacancies were hard to fill; that is, they were vacant following a month's recruitment effort by employers. When fully analyzed, the information should provide useful clues for manpower training or retraining in occupations covering a broad occupational spectrum from semiprofessional and skilled occupations to those involving relatively simple tasks.

In view of the useful results of this work and the widespread interest and need, the Federal-State employment service system plans to initiate a quarterly job vacancy information program in 150 standard metropolitan statistical areas during the second quarter of fiscal year 1966. The areas to be covered represent about two-thirds of the country's nonfarm employment. The survey results will be used to develop additional job placement opportunities for unemployed workers. Contact with employers will be on a local basis by State and local employment service personnel, assuring prompt processing of data, personalized service to employers when requested, and local familiarity with competitive manpower developments in the area.

During fiscal year 1965, $295,000 was allocated to the States for the experimental program. The fiscal year 1966 program, covering the last three quarters of the fiscal year, will require an additional $2,280,000.

Employment and unemployment information

Interest in augmenting and improving unemployment and labor force information for States and local areas has intensified recently with the enactment of various legislative measures designed to alleviate localized pockets of unemployment and poverty. Legislation and administrative programs designed to assist areas of high unemployment have provided special preference to such areas in the award of Government contracts, in Government loans and grants for new industries and other aids. Areas eligible for assistance are identified primarily on the basis of estimates of unemployment prepared by State employment security agencies, using uniform procedures developed by the Bureau of Employment Security. It is therefore essential that the labor force and unemployment information be highly reliable as well as consistent and comparable as among States and areas. The present estimates of local unemployment are based primarily on information derived from the unemployment insurance program. The techniques used are consequently inadequate, since unemployment insurance programs vary widely because of differences in State laws, the extent of unemployment insurance covered employment differs greatly according to the industrial makeup of each area, and certain worker groups—such as new workers and those who have exhausted their unemployment insurance benefits—are excluded from the existing unemployment insurance statistics.

In fiscal year 1965, no State grant funds were appropriated for improving area unemployment estimating procedures, although some funds were made available for the Bureau of Employment Security. These were primarily for the purchase of special statistical surveys and other services from the Bureau of the Census and for the development of the needed improved techniques. The initial developmental activities will be completed in fiscal year 1965. The participation of State employment security agencies in this research will be needed in fiscal year 1966 to adapt the new techniques to local conditions and to use this information in the preparation of improved area unemployment estimates. To carry out these activities, 22 positions and $147,000 will be required in fiscal year 1966.

Employment, hours and earnings data.—Improvements in employment information for local areas are also planned through the current employment statistics program, carried on jointly by the Bureau of Labor Statistics and the Bureau of Employment Security and its affiliated State agencies. This program provides basic information on employment of wage and salary workers in nonagricultural establishments by State and for a number of the major industrial areas of the country. This information is important to the State employment security agencies in the evaluation and development of its programs and operations, as well being a valuable tool for general economic analysis. However, the program does not provide complete coverage on employment, hours, and earnings information for the trade and service sectors of the economy, nor for all standard metropolitan statistical areas.

Intensive work must be undertaken to increase the coverage of the program including the strengthening of the sample so as to provide needed additional industry and area data. With the additional funds requested for fiscal year 1966, the current employment statistics sample will be expanded to provide the additional data for the trade and service industries, and to extend the program to some 27 additional standard metropolitan statistical areas for which data are not now available. During fiscal year 1965, some $724,000 was allocated to State agencies to carry out this program. In fiscal year 1966, an additional 20 positions and $134,000 will be needed.

Basic employment service operations

Local office operations and management.—As the manpower service centers of their communities, the prime responsibility of the 1,900 local offices of the Federal-State employment service system is to find jobs for workers seeking employment and to find workers to fill employers' job openings. In doing so, the local offices provide certain direct services: taking applications from workers; seeking out job openings, and taking job orders from employers; counseling and testing when necessary; and referring qualified workers to fill jobs. All other activities are supplemental to these services and are intended only to enable the local office staff to serve workers and employers more effectively.

Local office staffs and the area and State personnel responsible for planning, direction, and control of operations are facing an increasingly difficult situation as a result of three sets of conditions. First, between 1963 and 1965, wage and salary employment rose from 56.6 million to 59.4 million, an increase of nearly 2.8 million. It is estimated that by 1966 the total increase will be more than 4 million. Second, besides the higher volume of traffic generated by that increase, additional burdens were imposed on local office staffs by a job market which is becoming more complex at an accelerating rate as the result of technological innovation, automation, changes in job content, higher skill requirements, industrial relocations and the like. Further heavy demands have resulted from the need for intensive services by major segments of the work force, especially older workers and minority groups, in addition to youth. The new programs undertaken to cope with those problems are both time consuming and demanding in terms of the professional competence needed. Third, in the face of increased demands for service, there was a net decrease of approximately 340 positions in local office staffing from 1963 to 1965. The impact of this decrease was almost exclusively in the large metropolitan centers which are also the principal centers of employment and business activity.

The consequence of this situation has been a serious dilution of staff effort in two respects, (1) usually the best qualified people are assigned to the new programs in addition to their other duties, and (2) administrative and management personnel are forced to plan and direct an increasing number of complex and interrelated activities.

This dilution of effort has had an adverse effect on basic operations, now approaching serious proportions, which is indicated by actual performance. Although the number of new applications is expected to increase, the decline in other activities has been striking. Initial counseling interviews, which increased 17 percent from 1961 to 1963, decreased 4 percent in 1964 and in 1965 are currently 3 percent below the corresponding period in 1964. Employer visits and other contacts, which are made for the purpose of determining employer needs and obtaining job orders, increased some 30 percent in 1962 over 1961 but have shown a growing rate of decrease since 1962. Specifically, the number of visits shows a cumulative decline of 23 percent from 1962 to 1964, with a further decline of 18 percent in 1965 as compared to the corresponding period in 1964. Visits to employers are a major factor in developing and maintaining sound, productive working relationships. The decrease in this activity is one of the principal reasons underlying the decrease in placements of nearly 3 percent in 1964 as compared to 1963, with a further decrease of almost 6 percent in the first quarter of 1965 compared to the same quarter of 1964.

The statistics are, however, only a partial measure of what has happened in employment service operations. The statistics measure the number of people who received service; however, they give no indication of the number of job seekers who receive little or no service beyond the acceptance of an application or who receive service inadequate for their needs. This consideration applies with particular force to the disadvantaged youth, older workers, minorities, the handicapped, and those with obsolescent skills who require intensive services, especially counseling, training, and job development in order to obtain suitable employment. Further, the statistics give no indication of the number of employers who did not receive adequate service. There is no way of estimating the number of job orders which were not placed with local offices because of previous unsatisfactory service; that service has not been satisfactory in a large number of instances may be inferred from the fact that the ratio of cancellations of job openings to openings available has increased steadily since 1962. In that year, the ratio was 19 percent; in 1964, it had risen to 21 percent and is continuing to rise in 1965.

In view of all those circumstances, increase in wage and salary employment, the demands of new programs, and the decrease in State employment service staffing and consequent adverse effects on operations, it is essential that increased resources be provided. Additional resources are required for three purposes: To restore the staff lost since 1963; to build up the staff engaged in direct operations—interviewing, counseling, selection, and referral activities—to a level more nearly commensurate with wage and salary employment; and to provide necessary administrative and management personnel. To accomplish these purposes, an additional 800 positions and $6,143,000 will be needed in fiscal year 1966.

Services to older workers.—Older workers—those 45 years of age and over—of whom veterans form a large and growing segment, constitute some 38 percent of the work force. That percentage is expected to increase. Unemployed older workers in a large number of cases encounter unusual difficulty in finding suitable employment. The two primary reasons for this are: First, the bias against age itself displayed by many employers; and second, obsolescent skills which make it impossible for them to qualify for available job openings. These factors result in unduly long periods of unemployment which in turn induce discouragement and loss of motivation to continue looking for work.

Experience has demonstrated that there are two types of services which are most effective in assisting unemployed older workers. The first of these is counseling. Currently, only about 6.5 percent of the 2 million older workers who register with the employment service receive counseling service; it is estimated that 20 to 25 percent need it. Counseling older workers has three major purposes: to guide and assist them in their job-hunting efforts; to motivate them to undertake the training they require to qualify for available jobs; and, to assist in the formation of and to guide self-help groups through which they help each other to get jobs. The second type of service needed by older workers is intensive job development activity, including development of part-time job opportunities.

For the past several years, 135 positions have been allocated to State agencies to develop programs for services to older workers and to guide and assist local office staffs in carrying them out. (A survey conducted in April 1964, indicated that the equivalent of an additional 20 positions in State offices were devoted to the development and implementation of the program.) As a result of these small numbers coupled with the limited local office staff available to serve older workers, inadequate services have been provided for this group.

It is planned in fiscal year 1966 to strengthen services to older workers in two ways: First, it is proposed to establish 33 additional area and State positions to assure more effective planning, direction, and coordination of older worker services in local offices; second, it is planned to utilize 67 positions to set up demonstration projects for older workers in selected metropolitan areas in five States to provide adequate counseling services, including assistance in job hunting, guidance in forming self-help groups and intensive job development of part-time job opportunities. The techniques developed and perfected through the demonstration projects will provide the basis for determining the future development and requirements for providing adequate service to older workers.

An additional 100 positions and $750,000 will be required in fiscal year 1966 to carry on these activities.

Minority groups.—The importance of suitable employment in improving the economic status of the Negro and other minority groups is self-evident. The Civil Rights Act, in particular, titles VI and VII, imposes new and urgent responsibilities on the employment service, requiring expanded and improved services to this applicant group.

State agency minority groups' representatives carry out such responsibilities as: (1) providing needed training to employment service staff; (2) stimulating and improving placement and counseling services to nonwhite applicants; (3) conducting educational and promotional efforts to get acceptance of nondiscriminatory employment practices; (4) determining training needs of minority group applicants, developing training activities, and stimulating nonwhite participation in them; (5) developing and maintaining working relationships with organizations promoting or enforcing fair employment practices; and (6) evaluating local office services to minority group applicants.

In the past, no specific resources have been provided for services to minority groups. A number of States, however, have recognized the urgency of the situation and have taken steps to alleviate it. A survey made in April 1964 indicated that out of current resources the States were utilizing some 31 full-time and 28 part-time positions for State and area minority groups' representatives. While it serves a highly desirable purpose, this utilization of resources represents further dilution of total effort and constitutes a drain from other programs. The program for assisting minority groups, has of course, been more effective in States with full-time minority groups' representatives, who can give the program greater attention and impetus, than it has been in other States.

An additional 50 positions and $378,000 are requested for fiscal year 1966 to enable the employment service to improve and strengthen its services to minority groups and better carry out its responsibilities under the Civil Rights Act of 1964.

Labor inventory communications system.—The labor inventory communications systems (Lincs)is the combined use of telecommunications and electronic data processing in placeent operations and is designed to increase the efficiency, timeliness, and effectiveness of recruitment, selection, and referral of workers. Telecommunications is being use for high speed exchange of job recruitment and worker characteristics information, both on an intrastate and interstate basis. The application of electronic data processing involves the use of computer systems for the fully automated storage, processing, and retrieval of this information. This serves to eliminate much of the clerical work involved in matching workers with jobs.

Initial experience gained from pilot projects conducted in California and Arizona indicates that the system is feasible. As a result of this experience, several large metropolitan areas have been included in a basic teletype network.

In order to maintain an established schedule, funds will be necessary to provide for: extending computerize storage and retrieval of applicant and job order information to several California offices now connected by teletype: merging of the telecommunication network with the electronic data processing application to form a teleprocessing circuit: modify computer programs based on multioffice experience; and provide necessary maintenance of the network.

An additional eight positions and $200,000 will required to achieve these results during fiscal year 1966.

To place the expanded domestic farm labor program on a full-year basis

Funds are requested to provide for the full-year cost of the expanded domestic farm labor program. Recruitment of domestic farmworkers must continue in fiscal year 1966 to fill the gap left by Mexican nationals who were brought into the country under Public Law 78. An additional $1,680,000 is needed for this purpose.

ACTIVITY 3. ADMINISTRATION AND MANAGEMENT

1965	$20,827,000
1966	24,637,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides the executive leadership and planning for the unemployment compensation and employment service activities in the central and local offices. It assures that the administration and management and fiscal operations of the employment security system in the State agencies are effective, efficient, and economical. It also includes such common activities which cross program lines and cannot be effectively performed by the separate services such as personnel management, fiscal services, information services, office services, and coordination with other departments in carrying out the responsibilities of the employment security agencies.

Program change for 1966

	Change	
	Positions	Cost
1. Increase for out-service training and executive development		+$2,365,000
Total change		+2,365,000
Increase for training and executive development		+2,365,000

The problem

The affiliated State employment security agencies have suffered from considerable attrition of experienced personnel, and the consequent addition of new employees lacking necessary experience. In adition, new program responsibilities have been frequently added, with no intervening time to train the staff adequately to perform them. By necessity, experienced staff have been diverted to new activities, and workload pressures have prevented their systematic training, and have prevented the training of new employees as well. Faced with constant program changes, new responsibilities, added workload, and limited financial resources, State agencies have concentrated on the preparation of procedures and forms, and have worked to smooth out operations at the expense of the training programs. Consequently, a pressing need exists for indepth training to improve employee capability in order to realize the maximum contribution of all staff members.

The extent of the problem

Most of the professional staff, involving all phases of administration and program in the employment security system in the United States have lacked adequate opportunity to acquire broader knowledge and a sharpening of skills, through comprehensive training. This relates to their regular responsibilities, and now also to the challenges of new programs, particularly the antipoverty program and responsibilities under the Civil Rights Act.

This condition exists in the State-administered governmental program which probably serves more people in this country than any other governmental program that directly affects their social and economic welfare.

What is being done now

Inservice training.—To the extent that staff time and funds permit, State agencies are setting up and conducting internal training programs. In all too many instances, these experiences provide the employees with only minimum information on the programs in which they are engaged and about the procedures which they are to follow.

Moreover, numerous new or revised training materials which the State agencies need are not being prepared because of lack of funds and staff time.

Outservice training.—Of the estimated 30,000 professional employees in the State employment security agencies in the United States, only an estimated 4.5 percent receive outservice training each year. Also, except for relatively scattered instances, these training programs have been limited to counselors.

Why the State agencies need additional money

The State agencies need additional funds for training to assure that—

1. They have comprehensive, balanced inservice training programs for all of their personnel.

2. They have the necessary technical leadership and time to direct efforts to the development, execution, and evaluation of a comprehensive, balanced training program. As of today, 15 State agencies have less than the full time of 1 professional person performing such functions, in some instances, one-third of a staff member's time.

3. Advanced inservice training is provided for State agency personnel who merit it.

4. By no means least, outservice training is arranged for all professional classes in the employment security system. By such programs they would receive broader understanding and technical knowledge from national authorities.

How the additional funds will be used

The above descriptions in regard to "The extent of the problem" are intended to set forth the total picture with all of the existing shortcomings. Obviously, they cannot all be resolved in 1 fiscal year. Therefore, the funds requested below relate to those steps which reasonably can be accomplished in fiscal year 1966.

The cost of the above undertakings for fiscal year 1966 is estimated at $2,365,000. This is broken down as follows:

1. The amount of $1,020,000 to finance out-service training programs for administrative and professional staff of State employment security agencies to enable them to gain knowledge and skills at universities and colleges which are not available in in-service training programs.

2. A total of $1 million to increase and strengthen in-service training activities in States agencies. A small portion of this fund will be allocated to provide for additional personnel to establish and carry out in-service training programs in those agencies in which there has been a demonstrated need for such additional assistance.

3. The sum of $345,000 will be allocated to State agencies for the development of new and revised training materials and for the promotion of training research and development.

ACTIVITY 4. CONTINGENCY FUND

1965	$25,000,000
1966	20,000,000

NARRATIVE DESCRIPTION OF PROGRAM

The purpose of the contingency fund is to assure that funds will be available to meet increased costs of administration resulting from changes in a State law or increases in the number of claims filed and claims paid or increased salary costs resulting from changes in State salary compensation plans which are applicable to employees of the State, generally.

Program changes for 1966

	Changes	
	Positions	Cost
1. Decrease in contingency funds	----------	−$5,000,000
Total change	----------	−5,000,000

Decrease in the estimated need for contingency funds

The $20 million requested for 1966 is $5 million below the amount appropriated for this purpose in 1965. The reduction is based on the assumption that the necessity for paying a deficit in the estimated personal services cost that occurred in fiscal year 1965 will not recur in fiscal year 1966. The language proviso which allowed this procedure in 1965 has been deleted.

The increase estimated for Federal programs administration costs of $721,000 will further reduce the need for contingency funds in fiscal year 1966.

Comparison of personal and nonpersonal services for fiscal years 1963, 1964, 1965, and 1966

[In thousands]

Category	1963 actual	1964 actual	1965 estimate	1966 estimate	Change between 1965 and 1966
Personal services cost	$307,621	$312,167	$322,144	$377,136	+$54,992
Retirement and contributions	29,095	31,456	32,395	40,516	+8,121
Total personal services cost	336,716	343,623	354,539	417,652	+63,113
Supplies	7,109	7,773	6,800	7,125	+325
Communication services	5,508	5,826	5,829	6,513	+684
Travel	7,374	6,805	7,357	8,027	+670
Printing and binding	398	531	466	622	+156
Rents and equipment	6,906	7,397	7,542	7,839	+297
Repairs and alterations of equipment	628	751	681	756	+75
Rents, premises	28,064	30,094	33,974	39,070	+5,096
Repairs and alterations, premises	646	667	451	1,051	+600
Heat, light, and water	2,983	3,114	3,193	3,303	+110
Equipment purchases	1,406	2,067	645	1,320	+675
Outservice training	100	100	100	2,400	+2,300
Executive development	20	20	20	85	+65
Miscellaneous total	5,678	6,106	6,114	6,164	+50
Subtotal	66,820	71,251	73,172	84,275	+11,103
Postage	8,817	9,149	9,125	9,453	+328
Total nonpersonal services cost	75,637	80,400	82,297	93,728	+11,431
Contingency			[1] 18,800	20,000	1,200
Total	412,353	[2] 424,023	455,636	531,380	[3] +75,744

[1] Excludes reduction of $6,200,000 provided for 1965 salary out of contingency.
[2] Totals are transcribed from State reported obligations and are subject to minor adjustments.
[3] Total increase reflects $500,000 for the farm supplemental for fiscal year 1965.

The table comparing nonpersonal services expenditures in fiscal years 1963 and 1964 with the estimates for 1965 and 1966 is explained as follows:

Supplies, $325,000

An increase of $225,000 for this item is related to services to youth and $100,000 is related to the improvement of the Employment Service.

Communication services, $684,000

An increase of $540,000 for this item is related to services to youth and $144,000 is related to the improvement of the Employment Service.

Travel, $670,000

An increase of $100,000 in this item is related to the price rise in cost of services, $450,000 is for services to youth, and $120,000 is related to the improvement of the Employment Service.

Printing and binding, $156,000

An increase of $85,000 in this item is related to services to youth and $71,000 is related to the improvement of the Employment Service.

Rents and equipment, $297,000

An increase of $147,000 in this item is needed for Project LINCS, $100,000 is related to services to youth, and $50,000 is related to the improvement of the Employment Service.

Repairs and alterations of equipment, $75,000

An increase of $50,000 in this item is for services to youth and $25,000 is related to the improvement of the Employment Service.

Rents, premises, $5,096,000

An increase of $1,726,00 in this item is for the rise in cost of renewed leases upon expiration of presently existing leases. An increase of $3 million is for expanded services to youth and $370,000 is related to the improvement of the Employment Service.

Repairs and alterations, premises, $600,000

An increase of $550,000 in this item is for services to youth and $50,000 is related to the improvement of the Employment Service.

Heat, light, and water, $110,000

An increase of $50,000 in this item is related to the additional cost incurred when new buildings are occupied and agencies assume responsibility for maintenance costs of the buildings. An increase of $50,000 is for services to youth and $10,000 is related to the improvement of the Employment Service.

Equipment purchases, $675,000

An increase of $450,000 in this item is for services to youth and $225,000 is related to the improvement of the Employment Service.

Outservice training, $2,300,000

An increase of $2,300,000 is needed for expanding the outservice training program for personnel in State agencies.

Executive development, $65,000

An increase of $65,000 in this item is needed for providing refresher executive leadership conferences for employees in the State agencies.

Miscellaneous items, $50,000

An increase of $50,000 is for the expanded youth program.

Postage costs, $328,000

Postage costs are paid according to an agreement with the Post Office Department. The 1966 workload estimates require an additional amount of $328,000 over the $9,125,000 estimated for 1965 for a total cost of $9,453,000 in fiscal year 1966.

Employees retirement contributions—Workmen's compensation, unemployment insurance contributions and group insurance

[In thousands]

	1963 actual	1964 actual	1965 estimate	1966 estimate	Change between 1965 and 1966 estimate
Employees retirement contributions:					
(a) State	$20,181	$21,472	$22,113	$27,656	+$5,543
(b) Old-age and survivors insurance	5,834	6,560	6,755	8,448	+1,693
Workmen's compensation	438	449	463	579	+116
Unemployment insurance contributions	803	922	949	1,187	+238
Group insurance	1,839	2,053	2,115	2,646	+531
Total	29,095	31,456	32,395	40,516	+8,121

NOTE.—The 1966 employment retirement contributions, workmen's compensation, unemployment insurance and group insurance costs are estimated on the same basis as that of the 1965 allocation. Since fiscal year 1962, the ratio of retirement and other fringe benefits to the personal services amount has risen from 9.5 percent in 1963 to 10.1 percent in 1964. State requests for 1965 have increased this ratio to 10.6 percent which is the basis for the 1966 request. This higher ratio is primarily caused by the adoption of group insurance plans, increases in OASI contributions, and individual State retirement plans.

Summary of new positions

	Grade	Number	Amount
ACTIVITY 2. EMPLOYMENT SERVICE			
Community relations coordinator	GS-12	1	$10,250
Employer relations coordinator	GS-12	1	10,250
Training program coordinator	GS-12	1	10,250
Supervisor testing and administrative service	GS-12	1	10,250
Supervisor intensive services	GS-12	1	10,250
Supervisor placement services	GS-12	1	10,250
Chief of testing	GS-11	1	8,050
Master counselor	GS-11	4	34,600
Supervisor apprentice information center	GS-11	1	8,650
Placement specialist	GS-9	11	79,420
Counselor	GS-9	14	101,080
Counselor intern	GS-7	8	48,400
Supervisor statistical service	GS-7	1	6,050
Supervisor test technician	GS-7	1	6,050
Youth adviser	GS-7	14	84,700
Placement assistant	GS-5	2	10,000
Clerk typist	GS-4	7	31,360
Total		70	480,460

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Amounts available for obligations

	1965	1966
Appropriation or estimate	$126,000,000	$141,000,000
Estimated supplemental	17,000,000	
Appropriation available from subsequent year	−12,000,000	−12,000,000
Appropriation available in prior year	12,000,000	12,000,000
Recovery of prior year obligations	1,053,000	1,053,000
Total fund availability or estimate	144,053,000	142,053,000

Obligations by activity

Description	Appropriation revised, 1965	Estimate, 1966	1966 change
1. Unemployment compensation for Federal employees	$55,400,000	$55,400,000	
2. Unemployment compensation for ex-servicemen	88,653,000	86,653,000	−$2,000,000
Total obligations	144,053,000	142,053,000	−2,000,000

Obligations by object

	Appropriation revised, 1965	Estimate, 1966	1966 change
13. Benefits for former personnel	$144,053,000	$142,053,000	−$2,000,000

Summary of changes

	Direct appropriations	Recovery of net prior year funds	Estimated available
1965 appropriation and recovery of prior year funds	$126,000,000	$1,053,000	$127,053,000
1965 supplemental estimate	17,000,000	----------	17,000,000
1965 appropriation, revised	143,000,000	1,053,000	144,053,000
1966 estimate	141,000,000	1,053,000	142,053,000
Total change	−2,000,000	----------	−2,000,000

Mandatory items

INCREASES

To provide for a higher average weekly benefit amount for unemployed Federal employees ..... +$2,100,000

It is estimated that the average weekly benefit amount will be $39.50 in fiscal year 1966, $1.50 higher than currently estimated for fiscal year 1965. This reflects the increases in the State unemployment maximum weekly benefit amount and the impact of the pay raise for Federal civilian employees under Public Law 88–426.

To provide for a higher average weekly benefit amount for ex-servicemen ..... +2,800,000

It is estimated that the average weekly benefit amount will be $37.75 in fiscal year 1966, $1.21 higher than estimated for fiscal year 1965. This reflects the increases in the State unemployment maximum weekly benefit amount and the impact of the pay raise for military personnel under Public Law 88–422.

DECREASES

Reduction due to lower number of weeks compensated for unemployed Federal employees ..... −100,000

Based on an assumed improvement in the economic conditions in fiscal year 1966, it is estimated there will be 1,365,000 weeks compensated compared to 1,368,000 weeks compensated in fiscal year 1965.

Reduction due to lower number of weeks compensated for ex-servicemen ..... −3,100,000

Based on an assumed improvement in the economic conditions in fiscal year 1966, it is estimated there will be 2,233,000 weeks compensated compared to 2,316,000 weeks compensated in fiscal year 1965.

Reduction in adjustment factor for supplemental and joint claims ..... −3,700,000

Based on assumption that no State unemployment insurance extended duration programs will be in effect during the last 3 quarters of fiscal year 1966. (Unemployed Federal employees, $2,000,000; ex-servicemen, −$1,700,000.)

Total changes ..... −2,000,000

ACTIVITY 1. PAYMENTS TO FEDERAL EMPLOYEES

1965	$55,400,000
1966	55,400,000

NARRATIVE DESCRIPTION OF PROGRAM

Title XV of the Social Security Act, as amended, provides for the payment of unemployment compensation of unemployed Federal employees. The program started on January 1, 1955. The claims of unemployed Federal employees are processed by State unemployment insurance agencies on the same basis as claims of other unemployed workers whose employment is covered under the State

unemployment compensation law. In Puerto Rico and the Virgin Islands benefits are paid in accordance with the provisions of the District of Columbia unemployment compensation law until December 31, 1965, when claimants in Puerto Rico will be paid under the Puerto Rico law. Under this program Federal funds are allocated to the States, which act as agents for the Federal Government, for the payment of benefits.

Changes for 1966

	1965	1966	Change
1. Increase in average weekly benefit amount	$38.00	$39.50	+$2,100,000
2. Decrease in number of weeks compensated	1,368,000	1,365,000	−100,000
3. Decrease in adjustment factor for supplemental and joint claims	1.058	1.02	−2,000,000
Total change			0

The higher average weekly benefit amount in fiscal year 1966 reflects the increases in the State unemployment insurance maximum weekly benefit amounts and the impact of the pay raise for Federal civilian personnel under Public Law 88–426.

With the anticipated improvement in economic conditions during 1966, it is expected that there will be fewer weeks compensated.

It is assumed that no State unemployment insurance extended duration programs will be in effect during the last three quarters of fiscal year 1966.

ACTIVITY 2. PAYMENTS TO EX-SERVICEMEN

1965	$88,653,000
1966	86,653,000

NARRATIVE DESCRIPTION OF PROGRAM

Public Law 848 of the 85th Congress approved August 28, 1958, amended title XV of the Social Security Act to create a permanent program of unemployment compensation for ex-servicemen to be administered similarly to the program of unemployment compensation for civilian employees of the Federal Government. A claim for benefits by an eligible ex-serviceman is processed under the unemployment insurance law of the State in which he first files his claims after his most recent release from active service.

Changes for 1966

	1965	1966	Change
1. Increase in average weekly benefit amount	$36.54	$37.75	+$2,800,000
2. Decrease in number of weeks compensated	2,316,000	2,233,000	−3,100,000
3. Decrease in adjustment factor for supplemental and joint claims	1.04	1.02	−1,700,000
Total change			−2,000,000

The higher average weekly benefit amount in fiscal year 1966 reflects the increases in the State unemployment insurance maximum weekly benefit amounts and the impact of the pay raise for military personnel under Public Law 88–422.

With the anticipated improvement in the economic conditions during 1966, it is expected that there will be fewer weeks compensated.

It is assumed that no State unemployment insurance extended duration programs will be in effect during the last three quarters of fiscal year 1966.

Average weekly insured unemployment level for UCFE and UCX programs

Month	"UCFE only" [1]		"UCX only" [2]	
	Fiscal year 1964	Fiscal year 1965	Fiscal year 1964	Fiscal year 1965
July	29,542	26,274	44,221	43,896
August	29,221	25,421	45,305	42,528
September	27,771	24,151	42,033	36,425
October	28,651	25,057	42,500	35,261
November	31,537	27,300	48,444	39,639
December	34,040	29,781	59,608	47,689
January	39,198		72,660	
February	40,427		72,353	
March	37,534		67,422	
April	31,962		57,003	
May	26,623		45,985	
June	24,854		41,540	

[1] Excludes supplemental claims with State UI programs.
[2] Excludes supplemental claims with State UI and UCFE programs.

Average weekly benefit amount for all unemployment for UCFE and UCX programs

FEDERAL EMPLOYEES

Month	Fiscal year 1961, actual	Fiscal year 1962, actual	Fiscal year 1963, actual	Fiscal year 1964, actual	Fiscal year 1965, estimated	Fiscal year 1966, estimated
July	$33.29	$33.86	$35.86	$36.55	[1] $36.42	
August	33.96	34.52	36.29	36.65	[1] 37.43	
September	33.88	34.57	36.64	37.10	[1] 37.64	
October	34.12	34.60	36.52	37.15	[1] 37.33	
November	34.01	34.64	36.43	36.97	[1] 37.85	
December	33.90	34.77	36.56	36.88	[1] 37.30	
January	34.21	35.40	36.74	36.79	38.04	
February	34.13	35.32	36.71	36.65	38.15	
March	33.91	35.28	37.07	36.33	38.26	
April	34.46	36.04	37.46	36.65	38.37	
May	34.04	36.02	36.57	36.59	38.48	
June	34.35	36.51	37.82	37.22	38.59	
Average	34.05	35.13	36.75	36.77	38.00	$39.50

EX-SERVICEMEN

July	$30.45	$30.68	$32.21	$32.81	[1] $34.97	
August	30.76	30.98	32.38	32.94	[1] 35.54	
September	30.73	31.05	32.38	32.98	[1] 35.86	
October	30.83	31.21	32.57	33.01	[1] 36.02	
November	30.96	31.39	32.70	32.45	[1] 36.56	
December	30.76	31.31	32.69	32.87	[1] 36.20	
January	31.02	31.34	32.81	33.32	36.75	
February	30.98	31.16	32.75	33.74	36.88	
March	30.92	31.31	32.75	34.00	37.00	
April	30.99	31.53	32.84	34.29	37.10	
May	31.13	31.64	32.66	34.57	37.19	
June	30.77	32.00	33.17	34.88	37.28	
Average	30.89	31.27	32.67	33.54	36.54	$37.75

[1] Actual.

Weeks compensated for unemployment compensation for unemployed Federal employees and ex-servicemen

FEDERAL EMPLOYEES

	"UCFE No. UI" fiscal year 1964, actual	"UCFE No. UI" fiscal year 1965, estimated	"UCFE No. UI" fiscal year 1966, estimated
July	110,477	[1] 101,600	
August	123,457	[1] 104,500	
September	114,309	[1] 102,900	
October	119,952	[1] 100,300	
November	111,480	[1] 103,700	
December	143,020	[1] 126,400	
Total, 1st 6 months	722,695	[1] 639,400	628,000
January	165,023	133,600	
February	157,036	130,000	
March	160,906	135,000	
April	150,373	132,000	
May	114,634	103,000	
June	110,360	95,000	
Total, 2d 6 months	858,332	728,600	737,000
Total for year	1,581,027	1,368,000	1,365,000

EX-SERVICEMEN

July	175,930	[1] 173,100	
August	183,851	[1] 172,500	
September	169,586	[1] 159,400	
October	174,088	[1] 136,400	
November	164,202	[1] 144,200	
December	230,654	[1] 188,500	
Total 1st 6 months	1,098,311	[1] 974,100	938,000
Janaury	306,748	254,900	
February	283,958	247,000	
March	280,780	249,000	
April	261,890	229,000	
May	199,939	188,000	
June	184,404	174,000	
Total 2d 6 months	1,517,719	1,341,900	1,295,000
Total for year	2,616,030	2,316,000	2,233,000

[1] Actual.

Benefits paid for unemployment compensation for unemployed Federal employees and ex-servicemen

FEDERAL EMPLOYEES

Month	Fiscal year 1964 actual	Fiscal year 1965 estimated	Fiscal year 1966 estimated
July	$4,304,537	[1] $3,911,300	
August	4,814,539	[1] 4,173,700	
September	4,508,719	[1] 4,197,000	
October	4,732,583	[1] 4,021,800	
November	4,375,473	[1] 4,201,900	
December	5,455,520	[1] 4,971,900	
Total 1st 6 months	28,191,371	[1] 25,477,600	$25,200,000
January	6,183,292	5,322,400	
February	5,862,118	5,200,000	
March	6,037,633	5,400,000	
April	5,604,257	5,300,000	
May	4,476,416	4,300,000	
June	4,547,593	4,000,000	
Total 2d 6 months	32,711,309	29,522,400	29,800,000
Total for year	60,902,680	55,000,000	55,000,000

EX-SERVICEMEN

July	6,047,673	[1] 6,296,500	
August	6,355,648	[1] 6,428,500	
September	5,837,389	[1] 6,044,600	
October	6,015,800	[1] 5,082,400	
November	5,543,829	[1] 5,366,400	
December	7,777,802	[1] 7,019,000	
Total 1st 6 months	37,578,141	[1] 36,237,400	36,300,000
January	10,412,802	9,562,600	
February	9,708,297	9,300,000	
March	9,840,760	9,600,000	
April	9,128,164	8,900,000	
May	7,251,427	7,400,000	
June	6,972,608	7,000,000	
Total 2d 6 months	53,314,058	51,762,600	49,700,000
Total for year	90,892,199	88,000,000	86,000,000

[1] Actual.

BUREAU OF APPRENTICESHIP AND TRAINING

WITNESSES

HUGH C. MURPHY, ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING
ANSEL R. CLEARY, DEPUTY ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING
RALPH E. FRENCH, ADMINISTRATIVE OFFICER, BUREAU OF APPRENTICESHIP AND TRAINING
LEO R. WERTS, ASSISTANT SECRETARY FOR ADMINISTRATION
RICHARD E. MILLER, DIRECTOR, OFFICE OF BUDGET ADMINISTRATION

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Financing:			
11	Receipts and reimbursements from: Administrative budget accounts	−43	−40	
16	Comparative transfers to other accounts	5,489	5,762	
25	Unobligated balance lapsing	11		
	New obligational authority	5,458	5,722	
	New obligational authority:			
40	Appropriations	5,460	5,541	
41	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (77 Stat. 436)	−2		
43	Appropriation (adjusted)	5,458	5,541	
44	Proposed supplemental due to civilian pay increases		181	
	Relation of obligations to expenditures:			
70	Receipts and other offsets (items 11–17)	5,446	5,722	
71	Obligations affecting expenditures	5,446	5,722	
72	Obligated balance, start or year	409	180	227
74	Obligated balance, end of year	−180	−227	
77	Adjustments in expired accounts	−28		
90	Expenditures excluding pay increase supplemental	5,647	5,500	221
91	Expenditures from civilian pay increase supplemental		175	6

Mr. FOGARTY. The committee will come to order.

We have before us the Bureau of Apprenticeship and Training.

BACKGROUND OF WITNESS

Mr. Murphy, this is your first time before the committee. Mr. Goshen retired shortly after he appeared last year. So, will you give us just a brief summary of your background before you took this position?

Mr. MURPHY. Thank you very much, Mr. Chairman and members of the committee. I am delighted to be here.

As you have said, Mr. Chairman, this is my first experience appearing before a congressional committee. This may sound a little schoolboyish, but this is quite a rare thing in my life. It is a memorable occasion.

My background briefly, Mr. Chairman. I was born and raised in the city of New York. My father was a bricklayer, so I think this will give you a realization that I was not raised on Park Avenue.

During high school and after high school, I served my apprenticeship as a bricklayer. I worked at the trade as much as I could during those depression years. I served a year in a CCC camp and I am delighted to see they have resumed that type of activity.

During the war, I served a little time in the Seabees. After the service, I came back and resumed my trade and worked in construction and then in 1946, I took an examination for an apprenticeship and training representative at the Bureau of Apprenticeship. I have been with them ever since. I have had good fortune. I guess, maybe, the good Lord was looking out for me.

I rose right up through the ranks and as you said, Mr. Chairman, in July of last year, Ed Goshen, my predecessor, retired for age and on August 1, the Secretary appointed me as Administrator of the Bureau of Apprenticeship and Training.

Mr. FOGARTY. That is an excellent background. I want the record to show that Mr. Murphy is a bricklayer and still paying his dues and that the chairman of this subcommittee is a bricklayer and still paying his dues. I do not think that should do you any harm.

Go ahead and give your statement.

Mr. MURPHY. Thank you.

GENERAL STATEMENT

In respect to our own Bureau activities, Mr. Chairman and gentlemen, we show a net increase of 15 positions and $381,800 proposed for the Bureau.

Mandatory changes include a decrease of 13 positions and an increase of $3,800. These positions are to be eliminated because pay costs and within-grade promotion costs totaling $122,500 were disallowed. The mandatory increase of $3,800 was allowed for partial pay and within-grade promotion costs.

Program changes include both increases and decreases in both positions and finances; 34 positions are to be added and 6 positions are to be eliminated for a net program increase of 28 positions. Related financial changes are an increase of $458,000 for the 34 new positions and a decrease of $80,000 associated with the 6 positions to be dropped, for a net increase of $381,800.

The Bureau of Apprenticeship and Training, "Salaries and Expenses" appropriation would be decreased 18 positions—12 for disallowances mandatory of mandatory costs and 6 for program reductions. The related financial reduction would be $78,000.

Our manpower development and on-the-job training program would be increased by the addition of 33 positions (34 new positions offset by the loss of 1 for disallowed mandatory costs). Related financial changes would be a net increase of $459,800 for this portion of our total program.

With this proposed increase, which would raise to 80 the number of positions available for our Manpower Development and Training Act—on-the-job training program, we plan to strengthen and expand our work in developing training and job opportunities for unemployed persons. Our experience during the past 2 years in working with labor and management in this program has demonstrated its effective-

ness. I believe the proposed expansion would prove to be a sound investment in skill development.

If you have any questions, I will be glad to answer them.

BUDGET REQUEST

Mr. FOGARTY. The budget schedule shows $6,283,300 for these activities in 1965 and the amount budgeted in 1966 is $6,665,100, an increase of $381,800 and 15 positions.

DIFFERENCE BETWEEN MANPOWER DEVELOPMENT AND TRAINING ACT AND REGULAR PROGRAM

What is the difference between your activities that are authorized by the Manpower Development and Training Act and your basic program?

Mr. MURPHY. May I ask Mr. Cleary's comment on it? Ansel has a good deal of experience and will have that information.

Mr. CLEARY. The primary difference is that we, with our regular program, are encouraging others to do their training and pay the cost of their training, whereas the Manpower Development and Training Act budget, we are assisting with the financing of the training costs.

APPRENTICESHIP INFORMATION CENTERS

Mr. FOGARTY. What responsibilities do you have with the apprenticeship information centers?

Mr. MURPHY. Our role, Mr. Chairman and gentlemen, is advisory and the role of assisting management and labor in a particular area to bring these into existence, these apprenticeship information centers. We have actually no role of such servicing, or staffing these centers.

Mr. FOGARTY. They are set up by the Employment Security Service?

Mr. MURPHY. Yes.

Mr. FOGARTY. How are they working out?

Mr. MURPHY. Very fine. It has not been a tremendous success right across the board, but in Chicago, I know from personal experience that it has been most successful. They are a new program so in some areas, they are a little bit slow to get off the ground. But they are, as I say, in the case of Chicago, proving eminently successful.

I might say this, Mr. Chairman, knowing your activity or construction background, or construction organizations, joint apprenticeship committees, are turning to them for service; in other words, as a device to assist them in screening the applicants for apprenticeship, to do the aptitude testing and things of that nature.

DADE COUNTY, FLA., PROGRAM

Mr. FOGARTY. What is this pilot project down in Dade County, Fla., with the Dade County Retarded Children Society, mentioned on page 52?

Mr. CLEARY. That is one of our more interesting programs, Mr. Chairman.

Mr. FOGARTY. Is this the first year we have had this?

Mr. CLEARY. This is under the Manpower Development and Training Act program.

Mr. FOGARTY. Was it on application from Dade County?

Mr. CLEARY. From the people down there, yes. They worked it out themselves.

Mr. FOGARTY. Are these trainable or educable retarded?

Mr. CLEARY. These are mentally retarded.

Mr. FOGARTY. Are they trainable or educable?

Mr. CLEARY. They are trainable. We would not put them in the program if they were not. The meat stores and unions agreed if we would train these people, they would see that they got jobs when they got trained. This is an interesting tieup, because they are using the meat supply for the Air Force. The youngsters are trained in cutting meat, packaging meat on the Air Force meat supply. Their technique of doing it, I think is interesting.

The sponsor buys a carcass from the Air Force, the trainees cut it up, prepare it, sell it back to the Air Force all this is done on the base. If it is in good shape, they pay the full price. If for some reason, it is not in good shape, there is a loss. They are doing very well.

Mr. MATTHEWS. I had not heard it. It is very interesting.

Mr. FOGARTY. It is page 52 in the justification. It says the experience gained from pilot projects operating in fiscal 1965 to meet the needs of special groups such as the Dade County, Fla., Retarded Children's Society project will be used for the extension of the program for disadvantaged groups.

Mr. MURPHY. We have another experience, I think in just the formative stages, Mr. Chairman.

In Virginia, are they not?

Mr. CLEARY. It is pretty well completed. It is just a small program, but it proves you can do something with these mentally retarded if you work with them. There is nothing really wrong with it.

Mr. FOGARTY. Tell me a little bit about it, because it is not as simple as you stated it, I would like you to know.

Mr. CLEARY. I do not know if I can give you much more detail on it. If you would like us to supply something on it, we will do it.

Mr. FOGARTY. I think you should, because, training just trainable retarded is one of the most difficult jobs in the world. To find them jobs after they have been trained is also one of the most difficult jobs in the world. It is not an easy program to carry out. When I asked you whether these retarded were educable or trainable, as you know, there is a big difference between who are educable and who are only trainable. If you have any other examples of success like in Dade County, I wish you would supply them for the record, because we are looking for good ideas in Rhode Island right now.

Mr. CLEARY. We have these two. We can supply you information on both of them.

Mr. FOGARTY. Thank you.

(The information referred to follows:)

TRAINING PROGRAMS DEVELOPED BY THE BUREAU OF APPRENTICESHIP AND TRAINING, U.S. DEPARTMENT OF LABOR, TO BENEFIT THE MENTALLY RETARDED

1. Retarded Children's Society of Dade County, Fla.: An experimental and demonstration on-the-job training project under the Manpower Development

and Training Act started in Miami, Fla., in November 1964 under sponsorship of the Retarded Children's Society of Dade County. Fifty educable retarded youth in the 17 to 21 age group are being trained as meatcutters, meat handlers, and meat wrappers.

This project will demonstrate methods and criteria for selecting youth with high potential for these occupations, methods of training the educable retarded, and methods of developing job opportunities in retail and wholesale establishments, among other objectives. Trainees will receive 40 weeks of on-the-job training in a meatcutting room provided by nearby Homestead Air Force Base. The Miami local of the Meat Cutters & Butcher Workmen's Union is supplying journeyman meatcutters to serve as instructors. Local butcher shops and chainstore meat departments made prior commitments to hire those who complete the training program. Trainees are selected with the cooperation of the Retarded Children's Society of Dade County and screened and tested jointly by the Vocational Rehabilitation Division of the Florida Department of Education, the Miami Employment Service, and the Robert Knight Training Center. The Bureau of Apprenticeship and Training, U.S. Department of Labor, developed and approved this project.

2. A second on-the-job training project in the Miami, Fla., area funded under the Manpower Development and Training Act is underway at Haven School, Inc., a private, nonprofit, residential facility for trainable retarded children. Twenty-three unemployed retarded youth between the ages of 18 and 21 are being trained in a 50-week program at the school in janitorial and food service occupations, while working there in the occupations. The trainees are not students of the school; the school is sponsoring and supervising the training while serving as the instruction and learning site.

Employers in the Miami area have agreed to hire the trainees who complete the program.

3. On Long Island, N.Y., the Human Resources Foundation and its nonprofit manufacturing arm—Abilities, Inc.—are training 90 mentally retarded and severely handicapped youth on the job in the occupations of keypunch, typing, and glass etching. Several business organizations are cooperating. The International Business Machine Corp., in conjunction with the sponsor, is experimenting with the development of a computer-based instructional program that will teach electric typewriting to retarded and disabled youth. It is supplying machines and research personnel for this purpose. The O. E. McIntyre Co., and Creative Mailing Service, Inc., are providing workload and guidance in keypunch and typing requirements for the direct mail advertising business. Franklin National Bank is providing guidance and techniques in banking skills and operations. These businesses are contributing their services at no cost to the training program. In addition, a business advisory council is serving the project by providing advice and assistance to the sponsor's professional and technical staff. A pantograph-type machine was developed for this project by the sponsor so that the retarded and disabled worker operating the glass etching machine can be more productive in the commercial production of etched glassware. Objectives of this unique training program include the developing and trying out of new skills in training the handicapped and in developing new job placement opportunities.

As individual trainees become skilled they are moved immediately into productive paid work. Some trainees have already developed to the point where their newly acquired skills have enabled them to be placed into competitive employment in outside industry. This contract under the Manpower Development and Training Act was developed by the Office of Manpower, Automation and Training and the Bureau of Apprenticeship and Training. The New York State Employment Service, and the Division of Vocational Rehabilitation are providing valuable referral, evaluative, placement, and other supportive services to the program.

4. During the summer of 1964, the Northern Virginia Association for Retarded Children sponsored an on-the-job training project to train four retarded youth in kitchen skills and facility maintenance in conjunction with a 7-week summer camp for retarded children. The four youth lived at the camp but spent full workdays as paid employees of the sponsor under the guidance and supervision of camp staff. On completion of the training project, the director stated that the trainees profited immeasurably by it. Not only did they gain in all the skills outlined in the contract training schedule, but their general attitude toward their fellow workers and their supervisors was greatly improved.

5. In another program, 30 handicapped persons, including retarded, between 16 to 21, are receiving 8 weeks of on-the-job training in the occupation of car washer and waxer. The project sponsor is the Vocational Guidance and Rehabilitation Services, Cleveland, Ohio. Seven commercial employers have agreed to hire the trainees upon completion of this program.

In addition to the above programs developed to train retarded individuals for real employment, other on-the-job training projects under the Manpower Development and Training Act, have been developed by the Bureau of Apprenticeship and Training to train people to work with and serve the retarded.

The following projects are in that category:

Sponsor and training location	Occupation	Number of trainees
1. Brainerd State School & Hospital, Minnesota	Group charge attendant	12
2. Woodbridge State School for Mentally Retarded, New Jersey.	Institutional attendant	160
3. New Jersey State Hospital	Psychiatric technician	40
4. Rainier School, Washington	Ward attendant	36
5. Dixon State School, Illinois	Nurses' aid, psychiatric	196
6. New York State Department of Mental Hygiene	Assistant cook	210
7. State Home & Training School, Colorado	Ward attendant	180

These training projects represent a small beginning in a field where much needs to be done to prepare educable retarded persons for gainful employment in private industry. There exists a great deal of interest throughout the Nation today in doing more for the retarded. Interest is centered on the need to find and develop training and employment opportunities that will maximize their latent abilities and aptitudes. We believe that many, many thousands of retarded youth and adults have a future in the field of private employment where they can get the same rates of pay as the nonretarded. We are not talking only about the most menial jobs in the whole job area. There are semiskilled occupations which the retarded can learn to perform, given the chance. The educable retarded need not face a hopeless limited existence of confinement and dependency on others.

We are joining with employers and private and public agencies in an exciting experiment that holds much promise. The Manpower Development and Training Act has nurtured new training and employment opportunities for the retarded.

Mr. FOGARTY. Mr. Matthews?

Mr. MATTHEWS. I have enjoyed your testimony. I have no questions.

Mr. FOGARTY. Mr. Duncan?

LIMITATIONS ON NUMBER OF APPRENTICESHIPS

Mr. DUNCAN. On page 48, you talk about Executive Order No. 10925, to insure that in the apprenticeship programs, admission shall be on a completely nondiscriminatory basis. Is this based on race, color, or creed?

Mr. MURPHY. Yes, Mr. Duncan.

Mr. DUNCAN. On the preceding page, you talk about the increase in your apprenticeship trend—an upward trend in registered apprentices. As I recall it, one of the criticisms I heard of the program is there are artificial limitations on the number of apprentices that can be taken in. Is this true?

Mr. MURPHY. I am sure it is not. Maybe there are isolated areas where people of short sight are perhaps doing this sort of thing. But I know this much, Congressman Duncan, the trades are aware of their responsibility and the needs for supplying skilled craftsmen.

Mr. DUNCAN. Are you able to take care of all the apprentices who apply for participation in the program?

Mr. MURPHY. No; we are not.

Mr. DUNCAN. Is this because of a limitation of funds?
Mr. MURPHY. Limitation of job opportunities.
Mr. DUNCAN. Job opportunities?
Mr. MURPHY. Yes.
Mr. DUNCAN. Do you have the funds to—you actually just administer a program? You do not actually spend money for training itself?
Mr. MURPHY. Oh, no.
Mr. FOGARTY. They promote.
Mr. MURPHY. Our program is selling, promoting, assisting industry, both management and labor, on the formulation of a training program.

VOCATIONAL TRAINING SCHOOLS

Mr. DUNCAN. We have lots of manpower programs. We have listened to lots of them here. These youngsters that come out of vocational training school are not equipped to be on-the-job journeymen, in most instances, are they?
Mr. MURPHY. No, sir.
Mr. DUNCAN. Does the vocational training that they get have any effect whatsoever on speeding them on their way?
Mr. MURPHY. In many cases it does, Congressman; yes.
Mr. DUNCAN. Is the apprenticeship training program so set up that a young man with the ability can cut down on the number of years or hours of apprenticeship he must go through to become a journeyman?
Mr. MURPHY. Many of the groups will evaluate the experience and learning acquired in this type of training and thereby decrease the term of apprenticeship. Our average terms of apprenticeship run about 4 years, give or take. They will vary, a 2-year term, 3 years, 5, 6. But on the average, many of our apprenticeship terms are 4 years. As a result, as I say, of experience when the committee evaluates the young man, they will take this learning that he has acquired into consideration and thereby shorten the term of his apprenticeship.
Mr. DUNCAN. And in experience, you include vocational training school experience?
Mr. MURPHY. Yes, sir.

THE SKILLED ARTISAN

Mr. DUNCAN. Is the day coming when we have such specialization that we shall eliminate the need for the skilled artisan?
Mr. FOGARTY. Not as far as bricklaying is concerned.
Mr. MURPHY. Thank you, Mr. Chairman.
Does that answer suffice?
Mr. DUNCAN. I don't know. From some of the people who have been working on my house, I think the time has probably long since gone by.
Mr. FOGARTY. It must be a nonunion contractor.
Mr. MURPHY. I think the apprenticeship system has been in vogue for thousands of years and I think it will continue.
Mr. FOGARTY. This is the oldest real good apprenticeship program in the country, this one. This is really on-the-job training. That is the only way you can train people. I do not care what they say about

vocational education or anything else. There is nothing that can substitute for on-the-job training.

Mr. DUNCAN. The reason I asked that last question, though, it seems to me to be more and more difficult to get an artisan who is completely equipped to do a job. Take machinists, for example. You have a hard time finding a guy any more who can handle a whole retinue of machines. You find a carpenter who can do framing, but not necessarily do cabinetwork.

Mr. FOGARTY. That has been true for decades. You have the rough carpenter and the finish carpenter. They are almost two unions. Building forms, that is the job of the so-called rough carpenter, but when you get onto the finish, that is another fellow. A rough carpenter could not do that.

Everything is in competition, of course, in the building trades. You either can do it or you cannot, and if you cannot you do not have a job.

Mr. DUNCAN. I did not realize I was going to have to take on both sides of the table at one time. I will tell you, though, I didn't expect any different answers than I am getting, either.

Mr. MURPHY. My colleagues and myself just had the delightful experience of wandering over to your new Rayburn Office Building. I presume you have been there and seen some of the magnificent craftsmanship that is displayed there. This was not built by jerry mechanics. This was built by craftsmen.

Mr. DUNCAN. They took a lot of beautiful paneling and painted it, too.

Mr. MATTHEWS. Mr. Murphy, I am so glad to hear you say something good about that building. None of my constituents do. All they do is talk about how much it cost.

Mr. MURPHY. I will say it is a magnificent building. It is beautiful.

Mr. DUNCAN. That is all.

Mr. FOGARTY. Mr. Farnum?

PROGRAMS FOR LABORERS

Mr. FARNUM. Do you have any training programs for laborers?

Mr. MURPHY. For laborers, sir? Actually, no. This has never been deemed an apprenticeable occupation.

Mr. FARNUM. I thought they started some training programs especially for those who worked in the field of plastering and even a tending brickmason, because there are many innovations in handling materials. I did not know whether there was a new program——

Mr. MURPHY. Is Congressman Farnum a bricklayer, also?

Mr. FOGARTY. I am sure he is not. But he has had a great deal of experience in the government of the State of Michigan and held some pretty responsible positions.

But the answer is "No." The common laborer doesn't need to serve an apprenticeship period like the skilled worker.

Mr. FARNUM. Have you been around where they have been plastering hard wall lately and seen the so-called hard wall plastering, where an unskilled laborer used to do it and now he has a complicated piece of machinery to run.

Mr. FOGARTY. I carried a hod myself and the union this fellow belongs to is the Brickmasons & Plasterers National Union, so the union takes both plasterers and bricklayers. He came up through the ranks, as most every building trades delegate has. That is one good thing about the building trades. Most of their delegates started down at the bottom and served their apprenticeship of 3 or 4 years and came up through the ranks.

Mr. FARNUM. Well, it happens in Michigan now that the building trades people do have a special program for the people who work as laborers, especially in plastering, to learn the new equipment and new methods of handling materials. I know this is going on. That is why I wondered if they knew about it.

Mr. MURPHY. We have not had any experience, have we, any on-the-job training for laborers?

Mr. FARNUM. I know it is not supposed to be considered skilled because of the change.

Mr. MATTHEWS. Mr. Chairman, could I interpose here that I was not a bricklayer, but I was a turpentine dipper and I propose that that is the hardest work in the world. I do not have the honor of being a bricklayer, but I was a turpentine dipper. You did not need much training for that.

Mr. FARNUM. As long as everyone is getting his background in, I will put mine on the record. I used to mix mud and carry a hod.

Mr. FOGARTY. I did, too, and I think that is the hardest work in the world, especially when you do it by hand.

As one bricklayer to another, Mr. Murphy, I think you are doing a good job. Keep up the good work.

Thank you very much.

Mr. MURPHY. Thank you.

Mr. FOGARTY. His brother is also the secretary of the International Union, Thomas Murphy.

JUSTIFICATION MATERIAL

ACTIVITY 2. APPRENTICESHIP AND TRAINING OPERATIONS

1965	$6,283,300
1966	6,665,100

Training promotion and service to industry

1965	$5,676,500
1966	5,598,500

Excludes personnel costs, Office of Financial and Management Services (1965, $45,500; 1966, $45,500).

NARRATIVE DESCRIPTION OF THE PROGRAM

The Bureau of Apprenticeship and Training engages in a variety of promotional and technical assistance activities designed to stimulate and aid industry, both management and labor, to adopt effective training policies and to plan, develop, install, and administer programs of apprenticeship and industrial training. Promotional and technical services are to be provided at national, community, and plant levels with the major portion of resources applied at the plant level where training in industry takes place. Activities are to be coordinated with those of other Federal and State agencies concerned with the development and use of manpower resources.

Field representatives work directly with individual employers, trade associations, and labor unions to bring about enlargement of existing programs, to provide assistance in improving the quality and efficiency of apprenticeship and other worker training programs, and to establish new ones. The upward trend of registered apprentices beginning in 1964 will continue with a net increase of 5,000 apprentices and an estimated total of 169,000 by the end of fiscal 1966. New apprentice registrations reflecting additional job opportunities for youth, will continue well above 50,000 annually. In 1964, 1,130 new apprenticeship programs were established; about 1,000 are expected to be obtained in each of the current and budget years. To keep journeyman abreast of changes in trade practices, provide upgrading and training to meet specific needs of other workers, assistance given industry and labor will result in the development and installation of about 1,000 short-term programs each year equal to the 1964 performance. Where industry practices permit (as in the construction industry) continued encouragement will be given to the formation of joint labor-management committees, now numbering more than 10,000, to administer apprenticeship programs, and to combine individual establishment programs within an industry and locale into areawide systems for improved program stability and more adequate Bureau servicing without increased man-year requirements. Promotion of systematic program financing and establishment of training trust funds will bring a modest increase in the number of full-time privately employed apprenticeship and training program directors, valuable multipliers of Bureau efforts.

Consistent with Executive Order 10925, promotional efforts were stepped up to assure that in federally registered apprenticeship programs the admission of young workers is on a completely nondiscriminatory basis. The program has advanced in a climate of good will and understanding. In January 1964, more specific standards and compliance requirements were published applicable to all federally registered programs. Intensive field efforts are and continue to be required to bring about acceptance and application of these standards in existing programs. All new programs federally registered subsequent to publication of the regulations contain the required standards. Revision and registration of existing programs to include an acceptable equal opportunity clause and selection procedure, currently proceeding at an annual rate of 500 programs per year, will be accelerated with development of improved procedures. Compliance audits made in the field, after a reasonable history of operations under newly adopted standards, will reach full momentum during the budget year. In advancing the program of equal opportunity in apprenticeship and training, encouragement and technical assistance is given to State apprenticeship agencies and responsible State government offices in developing State plans consistent with Federal regulations for the recognition and registration of apprenticeship programs. In the first half of fiscal 1965, 12 States had adopted State plans. It is expected by the end of the current year that the remaining 19 States with State apprenticeship agencies will cooperate in adopting acceptable State plans. As a part of the program to improve oportunities for minorities in apprenticeship, the Bureau will cooperate in the establishment of apprenticeship information centers in major metropolitan areas. Nine centers will be operational by end of the current year.

Promotional and technical services at the local plant level are supported by promotion with national trade and management associations and labor organizations to secure the adoption of policies favorable to apprenticeship, to secure the establishment of national standards and positive actions by parent organizations, and to influence affiliate local chapters and unions. National standards will be established in four additional industries in 1966. Service by national industry representatives is provided in revising existing national programs and obtaining other program advances such as the national training trust fund established for the roofing industry in the current year, and anticipated in the glazier and glassworker group during the budget year.

Research in support of field promotion and technical service is conducted. Published in the current year is the study of the relationship between apprenticeship activities and levels of unemployment. The second nationwide survey of training in American industry is programed for the budget year with survey schedules to be completed and sample to be determined by end of fiscal 1965. Advisory services to industry on basic principles applicable to apprenticeship are provided through the review of more than 3,000 apprenticeship standards annually. Outstanding programs are publicized and an information program

engaged in to create an awareness of the need for planned development of skills. In addition, program planning, policy development, direction, evaluation, and general management services are provided.

PROGRAM CHANGES FOR 1966

A program decrease of $80,000 and six positions in 1966 is related to the consolidation of manpower administration activities and appropriations.

Apprenticeship and training operations—workload statistics

	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
Accounts at end of year:	*Thousands*	*Thousands*	*Thousands*	*Thousands*
Single establishment	35.4	35.0	35.0	35.0
Multiestablishment	7.4	7.4	7.5	7.5
Registered apprentices at end of year [1]	157.1	164.0	167.0	169.0
Registered apprentices receiving training during year [1]	205.8	207.0	221.0	225.0
Apprenticeship programs initiated	1.2	1.1	1.0	1.1
Journeyman and allied industrial programs initiated	1.1	9.9	1.0	1.0
Improvements installed in apprenticeship and training programs	2.1	3.2	2.7	2.5

[1] Includes State agency registration:

	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
Apprenticeship and training coordinators employed by private funds:	*Units*	*Units*	*Units*	*Units*
At national level	44	62	68	70
At local level	271	285	297	309
Apprenticeship programs reviewed	3,227	3,100	3,000	3,000

Manpower development and training activities

1965	$606,800
1966	1,066,600

NARRATIVE DESCRIPTION OF PROGRAM

The responsibilities and principal functions of the Bureau of Apprenticeship and Training under section 204 of the Manpower Development and Training Act are to encourage and assist in the development, installation, and operation of a diverse range of on-the-job training programs by employees, public and private agencies, trade associations, labor organizations, and other industrial and community groups qualified to participate in training under the act.

On-the-job training programs under the Manpower Development and Training Act are designed to equip workers with the basic skills needed for immediate and continuing employability, to provide remedial training for underemployed workers, and to provide special training opportunities for workers from problem groups, including disadvantaged youth, handicapped, mentally retarded, minorities and hard-to-place-and-train workers. Working directly with employers, labor unions, applicant training groups, and other organizations and agencies, Bureau representatives evaluate training facilities and capabilities, prepare training plans and schedules, review and approve project proposals, negotiate training contracts, and inspect and review training in progress for compliance with standards and training contracts. Projects are approved under the Manpower Development and Training Act only when they do not result in the curtailment or replacement of existing training being conducted by the project sponsor. The Bureau arranges for the performance of similar promotional and technical services by State apprenticeship agencies entering agreements with the Department of Labor on a reimbursable basis.

Work at the plant level is supported by national level promotion and assistance to employer and labor organizations to establish national on-the-job-training contracts. Normal program supporting services are provided including management, administrative services, information, State-Federal coordination, research, and liaison.

The first Manpower Development and Training Act-on-the-job training projects were approved near the close of fiscal year 1963 after preliminary planning and development of procedures had been accomplished by a small headquarters staff. By the close of 1964, projects for 13,537 trainees had been approved. With program resources for 47 positions in the current year, the on-the-job training program has moved at a rapid pace. By midyear projects for 19,297 trainees had been approved exceeding accomplishment during the entire previous year. The cost of training a person enrolled in an on-the-job training project is substantially lower (less than one-half) than the average per-trainee cost in institutional projects. On-the-job training trainees are wageearners and training allowances are reduced or not required, and facility-instructional costs are low. Preliminary studies of more than 2,400 on-the-job training trainees show a remarkably low dropout rate and virtually all completed on-the-job training trainees retain employment. This may be attributed to good motivation of the on-the-job training trainee whose training is visibly related to his future job.

PROGRAM CHANGES FOR 1966

With the favorable experience of economy, completion, and job retention of the OJT program, a program expansion to a level of 60,000 trainees is estimated for 1966 in the Manpower Development and Training Act budget. Expansion will be both in the traditional on-the-job pattern and with increased emphasis on the needs of disadvantaged and problem group workers. While the majority of projects will continue to be sponsored by individual establishments, promotional efforts will be directed toward obtaining additional national contracts comparable to the National Tool, Die & Precision Machining Association, National Tire Dealers & Retreaders Association, American Hospital Assiocation's National Hospital, Education & Research Foundation, and multi-State company projects similar to the Remington Rand Corp. and Import Motors Co. contracts. Experience gained in pilot projects operating in fiscal 1965 to meet the needs of special groups such as the Dade County Florida Retarded Childrens' Society projects will be used for extension of the program within the disadvantaged groups and supporting occupations.

In order to achieve the level of the OJT program estimated for 1966, an increase of $458,000 and 34 positions, 28 field and 6 headquarters, are required. The 28 field positions are 22 professional and 6 clerical for project development and supervision. The six positions at the national office are for program development activities at the national and multi-State industry level, liaison with State apprenticeship agencies, and for supervision and maintenance of the overall program.

MANPOWER ADMINISTRATION

WITNESSES

STANLEY H. RUTTENBERG, MANPOWER ADMINISTRATOR
DR. JOHN P. WALSH, ACTING DEPUTY MANPOWER ADMINISTRATOR FOR PLANNING RESEARCH AND EVALUATION, ACTING DIRECTOR, OFFICE OF MANPOWER, AUTOMATION, AND TRAINING

Manpower Development and Training Activities

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	MANPOWER ADMINISTRATION			
	Personnel compensation:			
11.1	Permanent positions	117	358	132
11.5	Other personnel compensation	1	28	5
	Total personnel compensation	118	386	137
12.0	Personal benefits	9	29	10
21.0	Travel and transportation of persons		2	
23.0	Rent, communications, and utilities		3	1
24.0	Printing and reproduction		21	11
26.0	Supplies and materials		2	1
31.0	Equipment		27	
41.0	Grants, subsidies, and contributions	81,312	189,095	172,468
	Total obligations, manpower administration	81,439	189,565	172,628
	ALLOCATION TO HEALTH, EDUCATION, AND WELFARE			
	Personnel compensation:			
11.1	Permanent positions	696	1,173	1,249
11.3	Positions other than permanent	20	42	48
	Total personnel compensation	716	1,215	1,297
12.0	Personnel benefits	50	88	94
21.0	Travel and transportation of persons	111	215	219
22.0	Transportation of things		3	3
23.0	Rent, communications, and utilities	30	62	77
24.0	Printing and reproduction	17	49	68
25.1	Other services	122	404	406
26.0	Supplies and materials	10	15	15
31.0	Equipment	18	33	27
41.0	Grants, subsidies, and contributions	49,235	107,900	98,666
	Total obligation, Health, Education and Welfare	50,309	109,984	100,872
99.0	Total obligations	131,748	299,549	273,500

Personnel summary

	1964 actual	1965 estimate	1966 estimate
MANPOWER ADMINISTRATION			
Total number of permanent positions	15	70	20
Average number of all employees	15	52	20
Average GS grade	9.7	8.2	7.6
Average GS salary	$7,802	$6,975	$6,590
ALLOCATION TO HEALTH, EDUCATION, AND WELFARE			
Total number of permanent positions	100	135	146
Full-time equivalent of other positions	2	5	5
Average number of all employees	79	128	141
Average GS grade	9.3	9.4	9.1
Average GS salary	$9,086	$9,531	−$9,160

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Program by activities:			
1. Training costs and allowance payments	113,744	247,140	245,861
2. State and local services	11,148	50,325	25,433
3. Federal institutional training services	1,011	2,084	2,206
Total program costs, funded	125,903	299,549	273,500
Change in selected resources [1]	5,845		
10 Total obligations	131,748	299,549	273,500
Financing:			
16 Comparative transfers to other accounts	9,410	10,912	
21 Unobligated balance available, start of year	−13,843	−2,555	
24 Unobligated balance available, end of year	2,555		
25 Unobligated balance lapsing	121		
New obligational authority	129,992	307,906	273,500
New obligational authority:			
40 Appropriation	130,000	307,906	273,500
41 Transferred to "Operating expenses, Public Buildings Service," General Services Administration (77 Stat. 436)	−8		
43 Appropriation (adjusted)	129,992	307,906	273,500
Relation of obligations to expenditures:			
10 Total obligations	131,748	299,549	273,500
70 Receipts and other offsets (items 11-17)	9,410	10,912	
71 Obligations affecting expenditures	141,158	310,461	273,500
72 Obligated balance, start of year	4,248	35,436	135,897
74 Obligated balance, end of year	−35,436	−135,897	−236,397
90 Expenditures	109,970	210,000	173,000

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $4,827,000; 1964, $10,672,000; 1965, $10,672,000; 1966, $10,672,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Manpower Administrator, U.S. Department of Labor, January 1965 to present.

Special assistant to the Secretary of Labor, U.S. Department of Labor, January 1963 to January 1965.

Director, Department of Research, American Federation of Labor and Congress of Industrial Organizations, December 1955 to December 1962.

Director, Economic Policy Committee, AFL–CIO, 1956.

Director of the Department of Education and Research of the Congress of Industrial Organizations, September 1948 to December 1955. Associate director of research from 1939 through 1948, except for 1943–46 in the U.S. Army; CIO organizer and field representative in Ohio Valley prior to 1939 (1937–38). Assistant to director, Hull House, 1938.

Born March 19, 1917, at St. Paul, Minn.
Graduate from Massanutten Military Academy, 1933.
Received B.S. degree from the University of Pittsburgh, 1937.
Member of the board of directors of Resources for the Future, Inc., Labor Committee of the National Planning Association.
Public member, Foreign Service Selection Board, 1950.
Special adviser to the American delegation of the Fourth and Fifth International Conferences of UNESCO.
Public adviser to General Agreement on Tariffs and Trade negotiation, Geneva, 1956 and 1958.
Labor specialist, U.S. Department of State educational exchange program, October-December 1959.
Member of the Commission on Money and Credit, 1958–61.
Labor observer, special meeting of the Inter-American Economic and Social Council, Punta del Este, Uruguay, 1961.
Member of the following organizations: American Economic Association, American Statistical Association, Industrial Relations Research Association.

Mr. FOGARTY. Mr. Ruttenberg?

Mr. RUTTENBERG. Thank you very much, Mr. Chairman, Congressman Matthews. I am glad to be back again today before the committee, Mr. Chairman, and justify that part of the Manpower Administration budget which relates to the Office of the Administrator, the Office of Manpower, Automation and Training, and the Office of Financial and Management Services.

REORGANIZATION

Mr. FOGARTY. I assume you know the feeling of the committee on the proposed reorganization? If you do not, we will spell it out for you later on. But you have been around here for 2 days now and I would assume that you know the feeling.

Mr. RUTTENBERG. Mr. Chairman, may I say a word on the subject?

Mr. FOGARTY. You can say anything you want to say.

Mr. RUTTENBERG. When I became Manpower Administrator in mid-January, the proposed reorganization was one of the first items that came before me. I would like to have it understood if I might, Mr. Chairman, that I specifically said the very first day that I became the Administrator that I did not think the reorganization should go into effect—it should be put on the shelf and we should look at the many problems which were presented as a result of it.

Mr. FOGARTY. May I say, good for you.

Mr. RUTTENBERG. I have had my conversations, a considerable number of them, with my friends in the building trades. I am not a bricklayer but I was a coal miner. That was one of the great unions of America. They dropped out of the AFL–CIO—they dropped out of the CIO first and then the AFL. They were never in the AFL–CIO.

I have had discussions on reorganization with the building trade people, Mr. Haggerty. As a matter of fact, we are having another discussion next week, just so Mr. Haggerty understands exactly what my position has been on reorganization. I am meeting on Thursday morning with the Executive Committee of the Interstate Conference of Employment Security Administrators to discuss with them what the proposals are.

Mr. FOGARTY. They are not for this proposal, either.

Mr. RUTTENBERG. They are not for this proposal, nor are the skilled craftsmen and journeymen of the building trades unions, for different reasons. The Manpower Administration, as you know, came into being in February 1963, when the Under Secretary became the first Manpower Administrator jointly with being the Under Secretary. The first full-time Manpower Administrator was appointed in April 1964. The Manpower Administration has gone through two reorganizations. The important problem, Mr. Chairman, is that we have parts of the Manpower Development and Training Act that touch upon the activities of two and now three units within the Department of Labor that are over and above their regular activities. So that somehow, this has to be pulled together and that is the purpose and objective of trying to coordinate all manpower activities into one Administration.

Mr. FOGARTY. Well, there may be a question of how it ought to be pulled together. Some people think we ought to put most of this in the Department of Health, Education, and Welfare. That is receiving considerable thought right now by Members of Congress and trade organizations and people in education and training.

Mr. RUTTENBERG. The important uniqueness, and I need not tell this to you, Mr. Chairman, but the uniqueness of the Manpower Development and Training Act as distinguished from regular vocational education is that it is designed to give training to the unemployed and to pay the unemployed a training allowance while they are receiving training from the regular vocational education system.

Mr. FOGARTY. But there is a question about what you might term training and what somebody else might term education, you know. The definition of training and education has never been clear in my mind so far as the dividing line is concerned.

Mr. RUTTENBERG. There is, as you well know, Mr. Chairman, the Vocational Education in HEW and the people in the Vocational Educational System are the people who do the retraining under the Manpower Development and Training Act. We in the Department of Labor do not do any of the retraining. But the unique notion, which was the Manpower Development and Training Act activities, was having the Department of Labor identify those areas where there was need for further training and identify the individuals who should be trained, individuals who are unemployed, who are head of a household, with attachment to the labor force, and so forth.

Mr. FOGARTY. I am not going to belabor the point. As far as I am concerned, my mind is made up on the question of this reorganization of your department.

Mr. Goodwin has been here through several administrations and four or five Secretaries of Labor. The Secretaries of Labor come and go, but Mr. Goodwin stays on. I think Mr. Murphy will stay on regardless of who is Secretary tomorrow or next year or 5 years from now.

Mr. RUTTENBERG. I think that is unquestionably true.

Mr. FOGARTY. The Congress has always supported these two agencies and there is no doubt in my mind as to how the Congress will respond to this proposal. I thought I made it clear yesterday, but I am trying to make it clearer right now.

Is that clear?

Mr. RUTTENBERG. Mr. Chairman, it was quite clear to me yesterday.

Mr. FOGARTY. Let's get on with your statement. We have a lot of work to do today.

GENERAL STATEMENT

Mr. RUTTENBERG. If I might just add a brief statement, the request for these 3 offices I have mentioned is for 345 positions and $7,949,100, which is a reduction of 25 positions and $432,316 from 1965. The only program increase we requested for 1966 is eight positions and $155,500 for my office.

Six of these positions are to provide additional staff required to assist me in providing leadership and coordination of the manpower programs. Two of the positions are requested to provide staff assistance to the President's Committee on Manpower, established by Executive Order 11152 on April 15, 1964. There are also mandatory increases for pay and within-grade promotion costs of $51,500, making total increases requested of $207,000.

Offsetting these increases, however, are reductions of 33 positions and $639,316, consisting of the elimination of the OMAT field staff (28 positions and $480,800); the reduction of positions in the President's Committee on Youth Employment (4 positions and $42,300); a nonrecurring decrease of $116,216 in 1964 Manpower Development and Training Act salaries and expenses funds carried forward into 1965; and the elimination of one position in OMAT required to absorb mandatory costs which have been denied.

This summarizes the request for 1966. I shall be happy to answer any questions.

Mr. FOGARTY. You have another statement, do you not?

Mr. RUTTENBERG. Well, if we want to take up the overall Manpower Development and Training Act appropriation simultaneously——

Mr. FOGARTY. I think we will handle it that way, yes.

Mr. RUTTENBERG. I might, then, read the statement.

MANPOWER DEVELOPMENT AND TRAINING

The Manpower Development Training Act program is only 2½ years old, and in these 2½ years, the training programs have advanced at a rapid pace. During fiscal year 1963, projects were approved for almost 59,000 trainees. During fiscal year 1964, projects were approved for 128,000 trainees, and through January of this year, projects have been approved for 135,000 trainees. This makes a cumulative total to date of 322,000 trainees. In addition, experimental and demonstration projects have been approved during this same period of time to provide special service to 52,520 individuals. In fact, the program has moved so rapidly this year that funds are expected, as I indicated yesterday, to be exhausted in March, thus making it impossible to approve additional programs. In order not to halt the program at this point, a supplemental budget estimate of $103 million, as well as the regular 1966 budget estimate, is now before the committee. I discussed the supplemental estimate yesterday.

The results of the Manpower Development and Training Act program are encouraging. As of December 31, 1964, approximately 192,000 trainees have been enrolled in courses and 90,000 trainees have

completed their training. Of those who have completed training, 68,100, or 75 percent have been placed in jobs, directly or indirectly related to the training which they took.

BUDGET ESTIMATE

The 1966 "Manpower Development and Training Act" budget estimate is for $273,500,000. This estimate excludes the Department of Labor salaries and expense funds, including contractual research, related to administering the Manpower Development and Training Act program. This amount—that, plus the amount of Manpower Development and Training Act salary and expenses for the "Bureau of Employment Security and the Bureau of Apprenticeship and Training," amounts to $10,577,000 and is shown separately in another part of the budget. The only Federal salaries and expenses cost in this estimate are the Department of Health, Education, and Welfare; that is, of the $273,500,000, the only Federal salaries and expenses positions costs in this estimate are for the Department of Health, Education, and Welfare. All direct program expenses for training services and allowance payments, as well as State and local agency services, are in the Manpower Development and Training Act budget.

The 1966 estimate before the committee is based upon the existing Manpower Development and Training Act legislation and reflects the present legislative requirements that States match one-third of the costs of institutional training, and all the costs of allowance payments. The President has recommended various amendments to the Manpower Development and Training Act legislation. These proposed amendments are being considered by the Congress. If these amendments are enacted into law, the 1966 Manpower Development and Training Act budget estimate before the committee would have to be modified to reflect the effect of these amendments. But we are not discussing that here today.

The estimate of $273,500,000 for 1966 is anticipated to provide for an estimated 235,000 trainees—175,000 institutional; namely, vocational education and 60,000 on-the-job training. The estimate provides $245,861,000 for direct program costs of training and allowance payments; $25,433,000 for State and local services, for the State employment security, the State vocational education agencies, and $2,206,000 for Department of Health, Education, and Welfare administrative costs.

The increases requested for 1966 relate to a net of 11 additional positions requested for the Department of Health, Education, and Welfare to provide for expanded activities in the area of experimental and demonstration project, instructional methods and materials, and reports. In addition, there is a request for an increase of $390,000 for "State apprenticeship agencies" for expanded on-the-job training project development.

This, Mr. Chairman, very briefly summarizes the Manpower Development and Training Act budget estimate for 1966. I shall be happy to answer any questions you may have.

Mr. FOGARTY. Thank you.

REORGANIZATION

Mr. FOGARTY. Mr. Ruttenberg, perhaps I said too much yesterday and today about the reorganization that has been proposed. I don't want anything I have said to be construed as personal criticism of you. I just wanted the record abundantly clear.

Mr. RUTTENBERG. I understood fully, Mr. Chairman, and I am glad to have you state it quite specifically for the record.

Mr. FOGARTY. I am convinced that with your background, you can do a good job in this manpower training program. It is one of the most difficult jobs to handle and one of the most important. I just want to say for the record, that knowing your background, I think you can do a good job as long as you allow these other groups like the employment services and the apprenticeship training to carry on as they have before.

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

DECREASED EMPLOYMENT

Mr. FOGARTY. Now, the obligation by activity schedule shows these activities had $8,381,416 available for 1965 and are budgeted for $7,949,100 for 1966, a reduction of $432,316 and 25 positions. That is about right, is it not?

Mr. RUTTENBERG. That is right, sir.

Mr. FOGARTY. Which of your activities are budgeted for a decrease in positions?

Mr. RUTTENBERG. One is in the Office of Manpower Automation and Training as a result of the absorption of mandatory pay increase costs.

Mr. FOGARTY. Why do you say that is mandatory?

Mr. RUTTENBERG. Well, the amount of money for the pay increase to the extent of one position was disallowed by the Budget Bureau. Therefore, in order to have sufficient money to meet the pay increase cost of the coming year, one position had to be dropped.

Mr. FOGARTY. I am not finding fault with you, but I have stated for several years now that when we pass a pay act increase, we ought to put the money up to pay for it.

Mr. RUTTENBERG. I think we understand where the quarrel is on that issue.

Mr. FOGARTY. Oh, yes, I know. I just wanted you to know my position on it. It is mandatory because the Bureau of the Budget has given these orders to you?

Mr. RUTTENBERG. Yes, sir. I guess that is using the word "mandatory" in a different way than you do. I have not been before an Appropriations Committee before. I guess maybe the use of the word "mandatory" has a different connotation in your hearings than the way in which I used it. But it is an obligation which we are confronted with as a result of the Budget Bureau's action on the Department of Labor's budget.

Mr. FOGARTY. You do not have to sit back and say "Sure, I will go along." You can give your side of the story. Are you allowed to give it—did you try?

Mr. RUTTENBERG. I do not want to avoid the question, Mr. Chairman, but as you know, when this budget was prepared, back during

November and December, I was not the Manpower Administrator. I had nothing to do at all with the preparation of the background of this material. That does not mean I am not prepared to defend it.

Mr. FOGARTY. When the Bureau of the Budget says you have to absorb this or absorb that, you can still fight for what you think is right in your Department?

Mr. RUTTENBERG. That is right, sir. I think as the Secretary indicated yesterday, though, he felt bound by the request of the President to move toward economy and efficiency.

Mr. FOGARTY. You heard my answer. I said I though he gave in too easily. Other Secretaries did not bend over backward to cut out positions in their Departments. I am not saying that behind his back. I said it yesterday. I think this is one of the worst budgets I have seen for the Department of Labor, the smallest department in positions and money in the entire Government. I just can't understand this change.

Now, you have some internal adjustments—you only mentioned one position.

Mr. RUTTENBERG. Yes, I did not complete the answer. Twenty-eight other positions are being dropped—the OMAT field representatives there being 14 field directors and 14 secretaries. Those 28 positions are being dropped as a result of the overall cut of 94 positions in the Manpower Administration.

Mr. FOGARTY. Where did this cut originate, with you or with the Secretary or with the Assistant Secretary for Administration, or the Bureau of the Budget?

Mr. RUTTENBERG. I think, sir, the 94 positions in the Manpower Administration were as a result of discussions between the Secretary and the Bureau of the Budget.

Mr. FOGARTY. Well, you are a little kinder than I am. I think the Secretary volunteered these cuts. I said that. You did not say it. I do not want to get you in trouble with the Secretary.

Mr. RUTTENBERG. That does not bother me one bit, to be in trouble with the Secretary or anybody else. I have been in and around Washington for many years and in the Government for some time.

Mr. FOGARTY. I know you have.

Mr. RUTTENBERG. Not that I do not want to be Manpower Administrator, but just for the record, sir, I was drafted for the position. I am happy to have it, but I am an economist and my whole background is in the field of research and economics. I am happy, however, to get into this field.

Mr. FOGARTY. I know. I think you have a real good background, but I did not want to get you in trouble with the Secretary.

PRESIDENT'S COMMITTEE ON YOUTH EMPLOYMENT

Mr. RUTTENBERG. In addition, sir, there are four additional positions that are being dropped and those are the President's Committee on Youth Employment, which is being phased out because they filed a report in April of 1964 making specific recommendations on youth programs. Most of those youth programs have been picked up by the Bureau of Employment Security's youth centers. Therefore, it is felt no longer there is a justification for continuation of those positions in the President's Committee on Youth Employment. That will mean a gross reduction of 33——

CUT IN MANPOWER DEVELOPMENT AND TRAINING ACT POSITIONS FOR HEW

Mr. FOGARTY. Did I not bring up yesterday the cut of four in this area, in HEW?

Mr. RUTTENBERG. Those are not the same. I will be glad to talk about those. That comes under the Federal positions under the regular Manpower Development and Training Act budget. That is in relation to Congressman O'Hara's letter, which I will be glad to discuss with you, either now or when we come to that.

Mr. FOGARTY. If I do not bring it up, you bring it up. Mr. O'Hara is acting chairman of that committee now and we want to take care of this problem.

Mr. RUTTENBERG. I might say, if I can, to you, Mr. Chairman, I agree with you that it ought to be taken care of.

Mr. FOGARTY. I think we ought to restore the four positions.

Mr. RUTTENBERG. I am in agreement with that, sir. I think the Budget Bureau indicated they would be willing to accept that.

Mr. FOGARTY. I would be surprised if they did.

Mr. RUTTENBERG. There is a letter that has been sent over the Secretary's signature to Congressman O'Hara, which I will be glad to submit for the record.

(The letter follows:)

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, February 26, 1963.

Hon. JAMES G. O'HARA,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN O'HARA: This is in response to your letter of February 15, in which you expressed your concern about the reduction of four positions relating to the Manpower Development and Training Act program in the Office of the Secretary of the Department of Health, Education, and Welfare.

The budget for fiscal year 1966 for the Manpower Development and Training Act, which the Department of Labor submitted to the Bureau of the Budget, supported and included the four positions in the Office of the Secretary of Health, Education, and Welfare, which have been provided since the inception of the program. The Bureau of the Budget action on the 1966 Manpower Development and Training Act budget eliminated these four positions. When this action was communicated to the Department of Labor, this Department notified the Department of Health, Education, and Welfare of the Bureau of the Budget's action. The 1966 budget was prepared and submitted to Congress with the four positions deleted.

Since the submission of the budget to Congress, however, the Bureau of the Budget has reconsidered its earlier decision and now is allowing the positions to be provided in 1966. Thus, leadership and overall policy direction of the Manpower Development and Training Act program by the Secretary's Office in HEW will continue to be provided for.

Sincerely yours,

———— ————, *Secretary of Labor.*

PRESIDENT'S COMMITTEE ON MANPOWER

Mr. RUTTENBERG. This adds up to a total of 33 jobs lost. There are eight new positions being proposed, which makes a net reduction of 25. The eight new positions are two positions for the President's Committee on Manpower; this Committee was set up by the Executive order of the President on April 15, 1964.

Mr. FOGARTY. Who was the Executive Secretary?

Mr. RUTTENBERG. That, sir, is Dr. Garth Mangum, who used to be the staff director of Senator Clark's Select Committee on Manpower. He is a former professor at Brigham Young University.

Mr. FOGARTY. How much was that?

Mr. RUTTENBERG. That is one position and a secretary for a total of two. That is two of the eight positions. The two positions are budgeted at $34,000.

Mr. FOGARTY. Go ahead.

ASSISTANCE FOR LIAISON AND DEMONSTRATION PROJECTS

Mr. RUTTENBERG. In addition, there are six positions, one additional Assistant Manpower Administrator for Special Assignment; namely, to work with the Bureau of Apprenticeship and Training in developing on-the-job training programs and coordinating those programs in with other parts of the Manpower Administration; namely, experimental and demonstration programs.

Mr. FOGARTY. What was the other one for?

Mr. RUTTENBERG. The first position? Executive Secretary of the President's Committee on Manpower.

Mr. FOGARTY. No; the other one.

Mr. RUTTENBERG. I said Special Assistant for—I was just describing it. One involves dealing with the Bureau of Apprenticeship training and on-the-job training programs, coordinating that effort with experimental and demonstration projects. I guess about 10 percent of our on-the-job training trainees come about as a result of joint programs worked out on experimental and demonstration projects under OMAT. So these projects have to be tied together.

In addition, there are special assignments in terms of the coordinating relationships with the Office of Economic Opportunity, where under the Economic Opportunity Act, there is a committee established of Cabinet officers to advise the Director of OEO, and the Secretary is a member of that. We maintain a liaison for the staff of that Committee.

Also, liaison with the Appalachia program in terms of tying in manpower development and training programs into what Appalachia is doing, and also a coordinating activity with the Health, Education, and Welfare Department.

Then the second Assistant Administrator is a coordinator for youth activities and the Assistant Administrator for Youth would coordinate the various activities of the neighborhood youth program, which is the delegated responsibility the Department of Labor has under the Economic Opportunity Act with the youth programs of the Bureau of Employment Security and the youth opportunity centers and the specific youth training programs under the Manpower Development and Training, Act.

Then there would be an executive officer of the Manpower Administration to work on the administrative work, pulling together much of it——

Mr. FOGARTY. Would he be your special assistant?

Mr. RUTTENBERG. He would be a special assistant or executive officer to the Manpower Administrator. Then there would be three secretaries involved, which makes six positions.

RESEARCH

Mr. FOGARTY. A great deal of your activities are devoted to research. How much do you have budgeted for 1965 and for 1966 for research? Break it down by contract research and internal staff research. If you do not have that right at hand, you can supply that for the record.

Mr. RUTTENBERG. We have Mr. Walsh, who is the Acting Director for OMAT here. He can respond in detail. There is $3,872,000 for research activities; $2.1 million of this is for contract research. The rest of that is for staff research, to gather together statistics in preparation of material for the annual report of the President and Secretary, which, by the way, is due out at noon on Thursday, the annual manpower report.

Do you want some more detail?

Mr. FOGARTY. Will you see to it that the members of this committee get a copy of that report?

Mr. RUTTENBERG. Yes, sir.

OMAT FIELD OFFICES

Mr. FOGARTY. Mr. Walsh, now that your name has been mentioned—of course, we have known each other for a long time—but did you suggest that these regional OMAT people be fired?

Mr. WALSH. Hardly, Mr. Chairman. This came as a recommendation from the Bureau of the Budget, that in the 94 positions that were to be eliminated, 28 of them would have to be in the OMAT field offices.

Mr. FOGARTY. What harm is this going to do to this work, to eliminate that many positions?

Mr. WALSH. The field directors of OMAT were the arm of the OMAT for direction of its activities out in the field. The 14 offices actually monitored much of the demonstration activity that has been carried on throughout the country. They also worked with the State Governors and the like, with their manpower committees, in doing some of the planning and organization for manpower development activities. It is going to be a difficult thing to take over. It is actually a full reduction of staff. The work that they were doing will have to be absorbed by our Washington staff. We are in the process now, because it is planned to be eliminated from the budget by June 30 and we are taking steps now to have it taken over by the Washington office.

Mr. FOGARTY. How can you take over the work of these regional offices with your present staff and do a decent job?

Mr. WALSH. Well, the adjective "decent" job makes it difficult to answer.

Mr. FOGARTY. I asked it that way for a purpose. Or to do a good job?

Mr. WALSH. It is going to be difficult to maintain the level of work——

Mr. FOGARTY. Or to do the job that Congress expected you to do? You can answer it either way?

Mr. WALSH. What it means is that with an already busy staff following the directives to improve the program of Manpower Development through experimental and demonstration work, evaluating what is going on throughout the entire program, we are going to have to

add to the load of these people and spread their activities to carry it out.

Mr. FOGARTY. When you add to the load and spread their activities, you weaken the program?

Mr. WALSH. I think so; yes.

Mr. FOGARTY. I do not know about other sections of the country, but in Rhode Island, I know, they have called on your people as much as or more than any other agency I know of for help in planning some of these programs.

I think it is just, as Mr. Farnum pointed out earlier, not good economy. I think it is false economy in reducing these positions all over the country.

You are not in a position to carry out the job with this reduced personnel and do a good job, a job like Congress intended that you should do.

Mr. RUTTENBERG. I just wanted to say, sir, that the field offices of OMAT have had only one person in them; that is, the Director and a Secretary. It has been very difficult for that one person in the field, say Mr. Glasheen in Boston, who handles——

Mr. FOGARTY. He has done a real good job in New England.

Mr. RUTTENBERG (continuing). To cover the whole wide area. What has happened very frequently is that the people in the OMAT office in Washington, from the experimental and demonstration staff, have gone into the States.

Mr. FOGARTY. Yes, they have gone into Rhode Island, too. Mr. Walsh has been up there on two or three occasions and been of tremendous help.

Mr. RUTTENBERG. While we feel the loss of the people from the field office, we feel that the ability to use the Washington staff in the field will be helpful.

EARLY WARNING SYSTEMS

Mr. FOGARTY. In the plans for 1966, you speak of improving the work to be done on the "early warning systems." Will you define the term and tell us what additional activities are planned?

Mr. RUTTENBERG. Well, the term "early warning" is used in various ways. It is early warning about what new technological and automated processes might be, so that a business or a company or corporation can be aware of the kind of automation equipment or new technology or new industries resulting from research and development or scientific and technical development that may affect their industry. Early warning can also be taken to mean the next step, once you know what the technologies are, what will be the impact of those technologies upon the manpower, upon the skills and occupations of the industries and locality, geographically? Early warning can also be taken to mean where and when that there will be a big factory closed down that will throw people out of work, like for example, in December 1963, the Studebaker Corp. announced overnight that it was closing down its South Bend works and there were 8,000 people thrown on the streets. Had we had an early warning system in being, we may have anticipated that.

The Bureau of Employment Security and the Employment Service do have a reporting system on the early warning which is very

helpful. That is not part of the suggested expansion that is here. That is in the Employment Service budget. What we are talking about, early warning extension here, is one interesting research project which we are now starting and trying to experiment with, with research funds. This is to see whether it is really possible to determine once you know what the technologies are, what the specific skill and occupational needs and demands will be when the new technology is installed in the plant. Nothing could be more helpful to the manpower and training program, to the vocational education system, to the Office of Education in terms of long-range planning in education, than to know what the new skills and new educational requirement will be.

MANPOWER DEVELOPMENT AND TRAINING ACT PROPOSED LEGISLATION

Mr. FOGARTY. In manpower development and training activities, the appropriation for 1965 is $307,906,000, and a request for a supplemental of $103 million is pending. The request for 1966 is $273,500,000 based on the law as it now stands. Tell us what would be the effect on this request if the legislation proposed by the administration were enacted and the effect if the bill reported by the legislative committee were enacted.

Mr. RUTTENBERG. Yes, sir; if the legislation that has been proposed is approved and signed by the President, it would eliminate, as you know, the one-third matching in the States and would require a 10-percent matching as proposed by the legislation and that would carry with it a $140.5 million appropriation, for a total appropriation for fiscal 1966, if the legislation went through as originally submitted, of $425.5 million. As you know, however, the House subcommittee reported to the full committee the other day and changed the matching provision from 90–10 to 100-percent funding and I understand the Senate committee is considering a similar-type proposal which they are either reporting out today or tomorrow. Now, the impact that would have upon the budget would be, I cannot say at this point. But $140.5 million is the impact of the legislation proposed by the administration.

Mr. FOGARTY. What do you think it will cost?

Mr. RUTTENBERG. It would be an additional $27.3 million cost.

Mr. FOGARTY. The elimination of this 10-percent matching would cost the Federal Government over $27 million?

Mr. RUTTENBERG. That is right, if one wants to maintain the level of the Federal program as it was prior to—as it was under the basis of the legislation submitted. In other words, the total cost would be $452.8 million as against the recommended budget of $425.5 million if the legislation went through the——

TRAINEE DROPOUT AND PLACEMENT RATES

Mr. FOGARTY. According to the justifications on page 16, the trainee dropout rate through fiscal year 1964 was 27 percent. Do you have any statistics to show whether this is changing either up or down?

Mr. RUTTENBERG. On page 16, if this is page 16 of the Manpower Development and Training Act budget, and not the salary and expense—that 27 percent that we are talking about there is the difference

between 73 which is mentioned and 100, the fact that 73 percent of the people who have completed their training programs find employment and that there is 27 percent of the individuals who have completed their training who have not found employment at the point in time when the survey was made.

Mr. FOGARTY. That is a pretty good average, 73 percent who start, complete the training program.

Mr. RUTTENBERG. Yes, and I think the most recent figures seem to be pushing it closer to 75 percent of those completing who are placed.

Mr. FOGARTY. What was anticipated when this legislation was being talked about?

Mr. WALSH. Back in the early discussions with the committee as the legislation was being proposed, it was felt if we had a two-thirds ratio, it would be a good rate.

Mr. RUTTENBERG. We have another figure which happens to be almost the identical figure, 28 percent.

Mr. FOGARTY. Are we talking about the same thing, about dropouts and those that did not find a job?

Mr. RUTTENBERG. If I might explain, there are two factors here. Once people are enrolled in an institutional project, there is a rate of dropout, those not completing the training, that runs to about 28 percent. It so happens that it is 27 percent of those who complete their training are not placed in jobs; 27 percent of those who complete their training have not been placed in employment, so you get two almost identical figures measuring two different things.

If I might just illustrate with some figures, at the end of December, we had 80,000 who were enrolled in institutional projects; 22,000 dropped out. That is a 28-percent dropout rate of those in training. They just did not complete their training. Either they had gotten jobs elsewhere or the training allowance was not sufficient to hold them, or for some reason, they dropped out; 57,000 completed their training. Of those who completed their training, 15,000 were not placed in employment.

Mr. FOGARTY. The 27-percent dropout seems to me to be a real low percentage. But the 27 percent who were not placed in jobs, some people might think that is higher than it ought to be because before you start one of these programs, you have to make the determination that there is a reasonable expectation that the person trained would get a job. But that rate of those who do not is running 27 percent.

Mr. RUTTENBERG. That is right. I would judge so, because, Mr. Chairman, to make the determination which the Employment Service does of reasonable expectation of employment and to be able to come out and place 73 percent, or the figure now seems to be closer to 75 percent, which is the most recent statistics, is a pretty good record. The fact that 25 percent do not get placed presents us with a problem that we are now using some of our research money to find out the reasons that those 25 trained do not end up with jobs.

Mr. FOGARTY. Some people might think you ought to be placing 95 percent.

Mr. RUTTENBERG. I would like to be able to say we are placing 100 percent. We have to improve our program, and I think if we can keep the figures where we have them now, we would be making excellent progress.

Mr. GOODWIN. It should be pointed out, if I may say so, Mr. Chairman, in connection with this figure, there is a cutoff date on attaining this figure and some of them are placed after that cutoff date. The cutoff is 1 month, is it?

Mr. WALSH. We have an original report of 1 month and no reports after a 3-month period.

Mr. RUTTENBERG. But we are now instituting a program of having reports after 6 months, after 12 months, in order to follow up.

OCCUPATIONAL BREAKDOWN OF NUMBERS TRAINED

Mr. FOGARTY. Could you put a table in the record showing by occupation the number of persons who have completed training through fiscal year 1964?

Mr. RUTTENBERG. Yes, sir; we could put that in the record.

(The report is as follows:)

Number of trainees completing Manpower Development and Training Act training courses by occupational group and occupation (cumulative through June 30, 1964)

[INSTITUTIONAL AND OJT]

Occupational group and occupation:	*Number of trainees completing course*
Semiprofessional and technical	3,571
Nurses (refresher training)	154
Draftsmen	757
Laboratory technicians	173
Medical service occupations	1,256
Surveyors	177
Electronic technicians	173
Semiprofessional occupations	432
Other	449
Clerical and sales	12,296
Clerks, general office	957
Office machine operators	558
Secretaries	410
Stenographers and typists	8,500
Salespersons	1,084
Other	787
Service	8,047
Maids	189
Cooks	836
Waiters and waitresses	950
Kitchenworkers	167
Practical nurses	185
Hospital attendants	5,023
Janitors	331
Other	366
Agricultural	1,703
Farmhands, dairy	127
Farmhands, general farm	204
Farm machinery operators	398
Gardners	508
Other	466

Number of trainees completing Manpower Development and Training Act training courses by occupational group and occupation (cumulative through June 30, 1964)—Continued

Occupational group and occupation—Continued	*Number of trainees completing course*
Skilled	16,547
Upholsterers	166
Pressmen and plate printers	181
Boot and shoe manufacturing occupations	688
Machinists	461
Machine shop occupations	980
Sheet metal workers	227
Welders	3,436
Electricians	165
Brick and stonemasons	213
Carpenters	763
Plumbers, gas fitters	279
Bus, truck, taxi drivers	465
Motor vehicle mechanics and repairman	3,635
Other mechanical repairmen	2,268
Others	2,620
Semiskilled	14,404
Textile products, fabric occupations	2,086
General woodworking occupations	237
Boot and shoe manufacturing occupations	1,186
Machine shop occupations	3,619
Welders	494
Solderers	931
Radio manufacturing occupations	769
Aircraft building occupations	1,304
Laundering, drycleaning occupations	404
Attendants, filling stations	452
Motor vehicle mechanics and repairmen	334
Mechanics and repairmen	150
Other	2,438
Other occupations	605
Total	57,173

Based on projected approvals, it is estimated that nearly twice as many trainees will complete courses in fiscal year 1965 as in fiscal year 1964. The greatest percentage increases in trainees completing courses will occur in the semiprofessional and technical and the agricultural groups. The other groups will maintain approximately the same relative percentages.

TRAINING ALLOWANCES

Mr. FOGARTY. What are the eligibility requirements for training allowances and how is the amount for an eligible trainee established?

Mr. RUTTENBERG. The amount of the training allowance is established under the present law at the average level of the unemployment compensation benefit for the State or the benefit which the individual would be entitled to if he were drawing unemployment insurance whichever is higher. But as soon as he has exhausted his entitlement to unemployment insurance benefits at the rate higher than the average in the State, the training allowance drops to the average of the State.

The first part of the question was, What is the eligibility requirement for drawing training allowances? Under the present law the individual, in order to receive the regular training allowance, has to be a head of a household with 2 years of attachment to the labor force. If he is a youth between the ages of 16 and 21, he can draw a youth allowance which is provided under the law at a maximum of $20. In addition, there is a provision in the amendments adopted by the Congress in December 1963, that provides up to an additional $10 for a weekly allowance to be added to the weekly training allowance under certain circumstances, and there are regulations that provide how certain individuals can draw the additional $10 a week.

TRANSPORTATION AND SUBSISTENCE ALLOWANCES

Mr. FOGARTY. When are transportation and subsistence allowances paid and how are they calculated?

Mr. RUTTENBERG. Transportation and subsistence allowances are now paid, as the law now stands, to those individuals that are in a training project not in their locality. For example, for a rural worker certified in a particular training program that is being conducted in a city 50 miles away, transportation costs and subsistence can be paid to him under the present law. We do have an amendment that is pending before the Congress that carries this a step further.

Mr. FOGARTY. What is that?

Mr. RUTTENBERG. The step further is to provide transportation costs for those who commute each day. In other words, if it costs him 50 cents a round trip to get to his training course, he would be reimbursed for this out-of-pocket expense.

VALUE OF ON-THE-JOB TRAINING

Mr. FOGARTY. The on-the-job training program is only about 15 percent of the size of the institutional training program so far as cost is concerned. Would you tell us how important you feel this program is?

Mr. RUTTENBERG. We believe the on-the-job training program is terribly important and, as a matter of fact, in the budget that is before the committee now, it is proposed to go in fiscal 1965 from approximately the present level of 28,000 to 60,000 in fiscal year 1966. Institutional training programs would remain roughly the same.

ON-THE-JOB TRAINING PROGRAMS IN RHODE ISLAND

Mr. FOGARTY. I notice from the table on page 18, that the only States not having on-the-job training programs are Delaware, Idaho, Nevada, and Rhode Island. Why don't they, and especially, Rhode Island?

Mr. RUTTENBERG. I am afraid, sir, I don't have the answer to that.

Mr. CLEARY. We had one in Rhode Island, as far as I know, and it was all right.

Mr. FOGARTY. What is the statement on page 18?

Mr. RUTTENBERG. This shows, Mr. Chairman, that in the first half of fiscal 1965, there is none. That does not necessarily mean there

would not have been any prior to that. The one he is talking about came before July 1964.

Mr. CLEARY. Standish Mills, Esmond, R.I. I don't have the date.

Mr. FOGARTY. That is right next door to me.

Mr. CLEARY. The training was completed in September 1964.

Mr. FOGARTY. Why do they not have one going now?

Mr. CLEARY. I guess they got the people trained. We do not keep getting repeats all the time.

Mr. FOGARTY. You only have four States, Delaware, Idaho, Nevada, and Rhode Island without any program.

Mr. CLEARY. You mean in the State?

Mr. RUTTENBERG. This page shows four States in which we do not have any on-the-job training projects.

Mr. CLEARY. That is correct.

Mr. RUTTENBERG. The question is why those four States do not have them. If we were to get the additional funds, we plan to move from our present 28,000 trainees to 60,000 in 1966.

Mr. FOGARTY. Why does not Rhode Island have a going program?

Mr. WALSH. There were some plans underway. The programs were not firmed up completely between the labor-management groups in the areas concerned. I am quite sure there are some being developed. I am aware of your interest and concern and coming back to the point in that area about placement, we know that we are having higher placement rates under this program. So this is our concern, to move into an area of promotion to improve the activities and on-the-job training and increase the number of programs and number of trainees in them because of the real assurance we have that they will hold and keep jobs.

EXPERIMENTAL AND DEMONSTRATION PROJECTS

Mr. FOGARTY. What are "Special services" to individuals included in the same table—$8,300,000?

Mr. RUTTENBERG. Those are the programs that are now financed under the experimental and demonstration project.

Mr. FOGARTY. Why is not Rhode Island in this program?

Mr. WALSH. Again, you recall, Mr. Chairman, that there was a proposal that is now being handled as a part of the youth program that will be carried under the regular activity. It originally developed as a demonstration project. I am told now that it is being consolidated and will be operated as a regular program under the Bureau of Employment Security and part of HEW's regular program. Interestingly enough, the items that are carried in that column run a tremendous range of activities dealing with programs for migrant farm labor, Indians, and the like.

As you mentioned earlier, the program of dealing with mentally retarded, I am sure you are aware that one of the research activities that we have been engaged in under title I resulted in this little bulletin that was published on the mentally retarded and their special training needs. It is as a result of this special development, that we have moved on into a lot of promotional activities across the country, both in the field of on-the-job training, as well as in the series of about eight projects in the special services area where we have developing

programs to make it possible for mentally retarded to become employable and we are having success that is most outstanding and worthwhile.

Mr. FOGARTY. Mr. Denton?

Mr. DENTON. No questions.

Mr. FOGARTY. Mr. Matthews?

Mr. MATTHEWS. No questions, thank you.

Mr. FOGARTY. Is there anything else you would like to say?

Mr. RUTTENBERG. Nothing, Mr. Chairman, except thank you very much for the courtesy and opportunity of appearing this afternoon.

Mr. FOGARTY. We appreciate the frankness with which you have answered our questions. I think you are going to do a good job. Thank you for your testimony.

JUSTIFICATION MATERIAL

OFFICE OF THE MANPOWER ADMINISTRATOR

ACTIVITY 3. MANPOWER ADMINISTRATION OPERATIONS

1965	$8,381,416
1966	7,949,100

Office of the Manpower Administrator

1965	$306,816
1966	307,300

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for staff in the Office of the Manpower Administrator to assist him to carry out his responsibilities and to assist in the coordination and integration of youth activites.

PROGRAM CHANGES FOR 1966

The Manpower Admnistration was established by the Secretary of Labor on February 19, 1963, bringing together into a single administration the Bureau of Employment Security, the Bureau of Apprenticeship and Training, and the Office of Manpower, Automation, and Training. For fiscal 1964, when the Under Secretary of Labor was serving as the Manpower Administrator, eight positions were provided within the "Manpower development and training activities" appropriation for the Office of the Manpower Administrator.

In April 1964, a full-time Manpower Administrator was appointed and during fiscal 1965 no additional positions were provided. In order for the Manpower Administrator to effectively achieve integrated leadership, direction, and coordination of the numerous manpower programs and activities of the Department of Labor, additional staff assistance is urgently required. For 1966, six additional positions are being requested. These include an executive officer to the Manpower Administrator, and a secretary; an Assistant Manpower Administrator for Special Assignments and a secretary; and an administrative assistant and secretary to the Manpower Administrator.

In addition to the positions identified above, two positions are being requested for the President's Committee on Manpower, established by Executive Order 1152 on April 15, 1964. The positions requested would provide for the executive secretary to the committee and his secretary.

The total program increase for 1966 is eight positions and $155,500.

In addition to the program increase for 1966, there is a program decrease of four positions and $42,300 related to the consolidation of Manpower Administration activities and appropriations. The positions eliminated are in the President's Committee on Youth Employment. There also is a nonrecurring decrease of $116,216 in 1964 Manpower Development and Training Act salaries and expenses funds carried forward into 1965.

The net program decrease in 1966 is $3,016.

Office of Manpower, Automation, and Training

1965	$6,989,000
1966	6,539,200

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the overall executive direction and supervision of the Office of Manpower, Automation, and Training. The Director is also the Deputy Manpower Administrator for planning, research, and evaluation, and the Office provides overall planning and evaluation of the comprehensive manpower programs of the Department, including establishment and maintenance of statistical standards and policies. The activity provides staff support and servicing of the National Advisory Committee provided by the Manpower Development and Training Act and for other special manpower advisory committees.

The Office coordinates and provides leadership in the activities of many agencies, public and private, concerned with the motivation and development of human resources through training programs. It implements its responsibilities with respect to continuous review and appraisal of the programs approved, and in identifying and developing solutions, through experimental and demonstration programs, for the special manpower problems and needs of various groups of potential trainees. Through experimental and demonstration programs, the critical and persistent problem of disadvantaged worker groups are attacked. Special emphasis is placed on finding ways and means of alleviating the employment problems of young workers, minority groups, the culturally deprived, migratory farmworkers, severely undereducated adults, older workers, the physically and mentally handicapped and retarded, and those with language difficulties. Techniques, methodology, and solutions to problems developed through such programs are injected into the mainstream of the manpower development programs of the Nation.

The Office prepares the reports of the Secretary of Labor to Congress which the Manpower Development and Training Act requires and which specifies that the reports shall include evaluation of the training programs, number of persons trained, number and types of training activities, numbers of unemployed or underemployed persons who have secured full-time employment as a result of such training and the nature of such employment, the need for continuing such programs, and recommendations for improvement. Also provided is the direction and promotion of programs of information and communication required to achieve the purposes of the act.

The Office also provides leadership, coordination, and direction to the manpower and automation research program of the Department of Labor. It develops and plans for research and determines priorities for their conduct. It arranges for research by its own staff, by other bureaus of the Department, or by contract arrangements with other bureaus and with research organizations outside the Department. It seeks to stimulate the interest of the research community generally in manpower and automation research and to develop the Nation's research capabilities in the manpower field. It analyzes and synthesizes research results; prepares, publishes, and disseminates reports of research; and makes recommendations for new or revised manpower policies and programs based on research findings.

The research program of the Office of Manpower and Automation Research is designed to yield information which can be used in action programs to meet the objectives of reducing unemployment and meeting manpower requirements of our changing economy. Through both internal staff research and contractual research, this activity has resulted in actions affecting departmental policy and programs and legislative recommendations.

In total, $2.1 million was obligated for contractual research in 1964. Contractual research in process during the year, including work obligated in fiscal 1963, totaled $3 million. Forty new projects were negotiated and contracted in fiscal 1964 out of more than 200 research proposals processed during the year.

During fiscal 1964, a system was developed and put into effect for the publication and dissemination of the research reports delivered by contractors. The original research reports are being distributed through the Library of Congess to 90 libraries cooperating in its document expediting project. They are also being sent to the Defense Documentation Center and to research organizations and scholars.

Shortened and refined research reports are being published as monographs and are being distributed to those concerned with specific aspects of manpower study. A series of manpower-automation research memorandums are being distributed for information purposes and for policy or operational use of interested offices within the Department. This medium will enable officials to translate research findings into program actions at the earliest possible times.

The Office of Manpower, Automation, and Training has provided leadership to the coordination of manpower research in the Department through committees established for that purpose. In order to avoid duplication of manpower research, to identify gaps, and to help determine priorities for research, a consolidated inventory of the Department's manpower research was compiled for the first time through the coordinating committees. This inventory includes research recently completed, in process, and planned. The inventory will be continually updated to provide an important reference point for the coordination of departmental research.

MANPOWER REQUIREMENTS, DEVELOPMENT, AND UTILIZATION

This activity relates primarily to research concerned with the measurement and analysis of manpower demand and supply and the means for developing balance between them.

Some definite results have already been forthcoming from this relatively new research program. The following examples of the results of this research program underscore the close relationship between research and action programs.

(1) Under a research contract, the Norfolk division of Virginia State College reported that low training allowances and limitations on earnings during training were among the most important major factors influencing unemployed, unskilled workers in rejecting opportunities for Manpower Development and Training Act training. Information on the need for basic education as a prerequisite for training was another product of this study.

Representatives of the college testified before the Select Subcommittee on Labor of the Committee on Education and Labor of the House of Representatives on July 13, 1963. As a result of the findings of this group, recommendations were made for amendments to the Manpower Act. A number of these were reflected in the amendments adopted in December 1963.

The Department is preparing material to be distributed to local employment service offices so that they can be informed as to the recommendations evolving from this research project. The researcher has suggested that directors of retraining programs initiate longrange information programs designed to facilitate community understanding of retraining programs. New types of recruiting techniques were also suggested to reach uneducated and unskilled workers.

(2) The research staff of OMAT marshaled the resources of the Department of Labor and other agencies which collaborated in preparing the publication, "One-third of a Nation: A Report on Young Men Found Unqualified for Military Service," for the President's Task Force on Manpower Conservation. As a result of this research document, an action program was announced which is being developed by the agencies concerned. An unusual aspect of this research was the simultaneous completion of a research report and of the planning of an action program derived from it. This indicates the direction of the research activities of OMAT.

(3) A study, "Restoration of Youth Through Training Program," of the effects of special vocational training and personal improvement services on young prison inmates is being conducted in the Department of Correction at Riker's Island in New York under the auspices of the Staten Island Mental Health Society. This pioneering program is expected to have an impact upon correctional programs for both youth and adults throughout the United States.

Preliminary results indicate that, since their release, those young persons in this program have been involved in far fewer police and criminal actions than those who did not participate in the special program. Trainees under this program held better jobs, received more pay, worked more steadily, and gave more promise of staying out of trouble than youths who were released without this special training.

(4) Two staff studies, "The Length of Working Life for Males, 1900–60," and "Job Changing and Manpower Training," provided new information which could be used for policy determination on national and local levels. One report emphasized that, because of the many changes in the economic climate and in industrial processes which are expected to occur in the almost 43 years of average

working life of men, there is a need for continual retraining programs. The other study stresses that, because the older worker stays in a job for a longer period of time than a young worker, employers can often profit more by offering training and retraining opportunities to older workers.

(5) As a result of a research contract, comprehensive information is now available on how American workers with less than a college education receive their training. Gaps in the Nation's manpower development efforts were identified in this study which found that (*a*) only about one-half of the Nation's workers have either received substantial amounts of college education or formal vocational training; (*b*) lack of training is most pronounced among older workers, a reflection of the greater training in recent decades; (*c*) high schools are the most important single source of training, and that increased general educational attainment is basic to the increase of formal training; (*d*) the overwhelming majority of workers who had formal training used it in their present or a past job; (*e*) formal training significantly reduces the risk of unemployment for workers who have little formal education; (*f*) our vocational guidance programs need to be strengthened; and (*g*) consideration must be given to improving our vocational education and apprenticeship training programs. The results of this study are already influencing plans and programs for education and vocational training throughout the United States.

Plans for 1966

The early results of research contributed to the formulation of the active manpower policy which highlighted the President's manpower report of 1964. The basic elements of this program are the development of the abilities of our people, the creation of jobs, and the matching of people and jobs. The research plans for 1966 will be directed toward implementing these objectives.

Emphasis will be given to research concerned with special groups in our labor force such as youth, women, older workers, and disadvantaged minorities. The special educational and training needs of these groups will be studied; means will be sought to identify new and growing areas of employment; and improved means will be examined for bringing and keeping workers and jobs together, including research on counseling, placement service, and the mobility of workers.

By 1966, it is also hoped that the results of current research will provide guidance and direction to new areas requiring research. The research program is based upon the recognition that economic developments may also require some modifications of current plans which may call for new research programs.

AUTOMATION AND TECHNOLOGICAL CHANGE

Under this activity, internal staff research and a contractual research program are concerned with automation and technological developments and their effects on manpower. The results of its research are published in various forms, and recommendations based on its research findings contribute to departmental policy, programs, and legislative recommendations.

The following are examples of staff and contract research projects of this activity:

(1) In a contract research report, "Managment Decisions to Automate," which was prepared by Stanford Research Institute, it was pointed out that the major factor affecting the decision to automate appears to be cost reduction, particularly reductions resulting from increased labor productivity. This report also suggests that new forms of automation spread slowly, although they can spread rapidly when they solve major industrywide problems.

(2) Another research report, "A Study of Manpower Requirements for Technical Information Support Personnel," prepared by Auerbach Corp., stressed that technical writing, drafting, reproduction, and other technical information support employment will increase nearly 50 percent by 1970 in the communications equipment industry. This growth rate parallels the estimated expansion of total employment in the industry; it will not increase at a much greater rate than overall employment in the industry, as was believed earlier by some observers of trends in the communications equipment field.

(3) Also in fiscal 1964, an annotated bibliography on the social and economic implications of automation and technological change was prepared at the request of the Holland committee as a committee print for the hearings on the Automation Commission bill. This was accomplished as part of the expanding program of this office for the collection and dissemination of information on automation and technology to interested persons and organizations for program planning and policy decisions.

Plans for 1966

In order to improve the work being done in the Department on "early warning systems," an attempt will be made to systematize the contributions and effects of new plants in industry upon employment as well as job content. Further exploration will be made of the effects of automation upon job requirements, education, and training of workers.

Two areas of research which are expected to be stressed as a result of the President's active manpower policy are job generation resulting from technological change and declines in employment caused by the introduction of technological innovations.

Additional work will be undertaken in fiscal 1966 to ascertain the probable rates of penetration of technological innovations. The effects of automation on working conditions, earnings, and methods of wage payment, and the impact of technological change on specific groups within the labor force, by age, occupation, or other characteristics, are among the other areas of research which are expected to have high priority.

PROGRAM CHANGES FOR 1966

A reduction of 28 positions and $480,800 in 1966 is related to the consolidation of manpower administration activities and appropriations.

Office of Financial and Management Services

1965	$1,085,600
1966	1,102,600

Includes personnel costs, Bureau of Employment Security, salaries and expenses (1965, $95,000; 1966, $95,000).

Includes personnel costs, Bureau of Apprenticeship and Training, salaries and expenses (1965, $45,500; 1966, $45,500).

NARRATIVE DESCRIPTION OF PROGRAM

The Office of Financial and Management Services provides administrative staff support to the Manpower Administrator to assist him in the achievement of an integrated, national manpower program. It also furnishes administrative and staff support services to the Office of Manpower, Automation, and Training in the budget, fiscal, management, and administrative services areas, and provides centralized personnel services to all organizations of the Manpower Administration.

The Office is responsible for administration of contracts entered into under the provision of the Manpower Development and Training Act, including the processing, fiscal control, review, and audit of these contracts. Under the provisions of the act, contracts are made in three basic areas: (1) research contracts; (2) contracts with employers and other organizations for providing on-the-job training; and (3) contracts for experimental and demonstration projects.

The Office is responsible for the development, execution, and control of the Manpower Development and Training Act appropriation, and for providing for the apportionment and control of funds among the States.

PROGRAM CHANGES FOR 1966

None.

Distribution of field staff

	1965			1966		
	Professional	Clerical	Total	Professional	Clerical	Total
EMPLOYMENT SECURITY OPERATIONS						
Atlanta, Ga.	25	13	38	25	12	37
Boston, Mass.	21	9	30	22	9	31
Chambersburg, Pa.	23	15	38	22	14	36
Chicago, Ill.	21	9	30	21	9	30
Cleveland, Ohio	22	11	33	21	11	32
Dallas, Tex.	25	11	36	26	11	37
Denver, Colo.	19	8	27	20	8	28
Kansas City, Mo.	21	8	29	22	8	30
New York, N.Y.	24	11	35	25	10	35
San Francisco, Calif.	28	13	41	27	12	39
Seattle, Wash.	19	8	27	20	8	28
Subtotal	248	116	364	251	112	363
Veterans' Employment Service	77	52	129	52	37	89
Federal auditors (State operations)	19	----------	19	19	----------	19
Subtotal	344	168	512	322	149	471
APPRENTICESHIP AND TRAINING OPERATIONS						
Atlanta, Ga.	28	22	50	28	21	49
Boston, Mass.	20	15	35	20	15	35
Chambersburg, Pa.	37	27	64	38	27	65
Chicago, Ill.	30	22	52	33	23	56
Cleveland, Ohio	30	22	52	32	23	55
Dallas, Tex.	27	20	47	29	21	50
Denver, Colo.	15	10	25	15	10	25
Kansas City, Mo.	18	13	31	20	13	33
Minneapolis, Minn.	15	10	25	15	10	25
New York, N.Y.	25	16	41	26	16	42
San Francisco, Calif.	20	13	33	21	12	33
Seattle, Wash.	16	13	29	16	12	28
Subtotal	281	203	484	293	203	496
MANPOWER ADMINISTRATION OPERATIONS						
Boston, Mass.	1	1	2	----------	----------	----------
New York, N.Y.	1	1	2	----------	----------	----------
Pittsburgh, Pa.	1	1	2	----------	----------	----------
District of Columbia	1	1	2	----------	----------	----------
Atlanta, Ga.	1	1	2	----------	----------	----------
Cleveland, Ohio	1	1	2	----------	----------	----------
Detroit, Mich.	1	1	2	----------	----------	----------
Chicago, Ill.	1	1	2	----------	----------	----------
Kansas City, Mo.	1	1	2	----------	----------	----------
Dallas, Tex.	1	1	2	----------	----------	----------
Denver, Colo.	1	1	2	----------	----------	----------
Los Angeles, Calif.	1	1	2	----------	----------	----------
San Francisco, Calif.	1	1	2	----------	----------	----------
Seattle, Wash.	1	1	2	----------	----------	----------
Subtotal	14	14	28	----------	----------	----------
Total	639	385	1,024	615	352	967

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, $21,596,600

The estimate of $21,596,600 for 1966 provides $21,508,030 for 2,307 permanent full-time positions and 2,203.1 net man-years of employment of which $59,500 represents cost of 5.5 man-years of intermittent employment, including the equivalent of 3 man-years for services of consultants.

The increase of $406,950 over 1965 provides a net increase of $89,950 for an additional 10.5 man-years of employment, $12,400 for mandatory pay increase costs and $304,600 for mandatory within-grade promotion costs.

Personnel benefits, $1,617,400

The estimate of $1,617,400 for 1966 is based upon personnel compensation and represents the cost of retirement, insurance, FICA, health benefits, and incentive awards. Compared to 1965, this is an increase of $33,950, of which $23,700 relates to mandatory pay and within-grade increases.

Travel and transportation of persons, $1,846,300

The estimate for 1966 provides for per diem, mileage, and transportation costs for an estimated 48,735 travel days, for field and departmental travel, and for travel of consultants. The estimated breakdown is as follows:

	1965	1966	Change
Subsistence per diem	$765,800	$779,800	+$14,000
Mileage and transportation costs	956,700	974,200	+17,500
All other transportation costs	90,700	92,300	+1,600
Total	1,813,200	1,846,300	+33,100

Transportation of things, $63,800

Compared to 1965, the estimate provides for a net increase of $2,100. The estimated breakdown is as follows:

	1965	1966	Change
Shipments of publications, exhibits, supplies, and materials	$46,700	$45,000	−$1,700
Movements of household goods	15,000	18,800	+3,800
Total	61,700	63,800	+2,100

Rent, communications, and utilities, $944,400

The estimate of $944,400 provides for communications and rental of office space as follows:

	1965	1966	Change
Rental of space	$179,160	$228,560	+$49,400
Communication services, including telephone toll calls, GSA telecommunications, teletype, and telegrams	253,490	251,990	−1,500
Paid official mail	78,550	78,550	
Working capital fund	382,700	385,300	+2,600
Total	893,900	944,400	+50,500

Printing and reproduction, $622,500

The estimate of $622,500 for this object provides for a net program increase of $9,000, for which the breakdown is as follows:

	1965	1966	Change
Forms and schedules	$40,000	$40,000	
Envelopes and letterheads	17,000	17,000	
Publications and reports	202,400	226,400	+$24,000
Reproduction services	108,700	93,700	−15,000
Working capital fund	245,400	245,400	
Total	613,500	622,500	+9,000

Other services, $4,768,800

The estimate of $4,768,800 for 1966 provides for a net increase of $232,584, for which the breakdown is as follows:

	1965	1966	Change
Contractual research (Manpower Development and Training Act)	$2,100,000	$2,100,000	
Program contractual services	280,000	555,000	+$275,000
Presidential committees	105,300	109,300	+4,000
Nationwide training projects and evaluation studies	585,000	535,000	−50,000
Machine tabulations, ADP, accounting and auditing services	628,200	763,200	+135,000
State merit system	115,800	115,800	
Miscellaneous services, including moving, maintenance, machine repairs, expenses of employee training, etc	194,700	189,800	−4,900
Working capital fund	390,600	400,700	+10,100
Nonrecurring services of other agencies (FBI)	20,400		−20,400
Nonrecurring fiscal year 1964 unobligated balance carried forward	116,216		−116,216
Total	4,536,216	4,768,800	+232,584

Supplies and materials, $349,700

The estimate provides an increase of $6,200 over 1965, for which the breakdown is as follows:

	1965	1966	Change
Desk top supplies, subscriptions, envelopes, and duplicating supplies	$89,200	$91,900	+$2,700
Working capital fund	254,300	257,800	+3,500
Total	343,500	349,700	+6,200

Equipment, $133,500

The estimate is a net increase of $800 over 1965 and will provide for the following:

	1965	1966	Change
Replacement of wornout equipment	$114,400	$103,100	−$11,300
Equipment for new positions	18,300	30,400	+12,100
Total	132,700	133,500	+800

Grants, subsidies, and contributions, $165,000

These funds, an increase of $67,000, will be granted to local offices of State employment agencies to carry out their responsibilities under farm labor contractor registration activities.

Summary of new positions

	Grade	Number	Amount
ACTIVITY 1. EMPLOYMENT SECURITY OPERATIONS			
Departmental:			
Chief of Division	GS–15	1	$16,460
Labor economist	GS–14	1	14,170
Employment Service adviser	do	1	14,170
Labor economist	GS–13	1	12,075
Statistician	do	1	12,075
Labor economist	GS–12	2	20,500
Do	GS–11	2	17,300
Do	GS–9	3	21,660
Statistical clerk	GS–7	1	6,050
Do	GS–6	2	11,010
Secretary	do	1	5,505
Statistical clerk	GS–5	1	5,000
Secretary	do	3	15,000
Clerk stenographer	GS–4	2	8,960
Subtotal		22	179,935
Field: Labor economist	GS–11	11	95,150
Total		33	275,085
ACTIVITY 2. APPRENTICESHIP AND TRAINING OPERATIONS			
Departmental:			
Budget analyst	GS–13	1	12,075
Industrial training adviser	GS–13	1	12,075
National industry specialist	GS–12	1	10,250
Secretary	GS–5	2	10,000
Clerk	do	1	5,000
Subtotal		6	49,400
Field:			
Manpower development specialist	GS–12	22	225,500
Secretary	GS–5	6	30,000
Subtotal		28	255,500
Total		34	304,900
ACTIVITY 3. MANPOWER ADMINISTRATION OPERATIONS			
Departmental:			
Executive Secretary	GS–17	1	21,445
Assistant Manpower Administrator	do	1	21,445
Manpower officer	GS–14	1	14,170
Administrative assistant	GS–13	1	12,075
Secretary	GS–9	1	7,220
Do	GS–8	2	13,260
Do	GS–7	1	6,050
Total		8	95,665
Grand total		75	675,650

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Amounts available for obligation

	1965	1966
Appropriation or estimate	$307,906,000	$273,500,000
Estimated program supplemental	103,094,000	----------
Appropriation available from prior year	2,554,712	----------
Comparative transfer to Manpower Administration, salaries and expenses	−10,911,416	----------
Total fund availability or estimate	402,643,296	273,500,000

Obligations by activity

Description	Appropriation available from prior year	Appropriation revised, 1965		Supplemental estimate, 1965		Total fund availability, 1965		Estimate, 1966		Change	
		Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Activity 1. Training and allowance payments	$2,140,259	.....	$245,000,000	.....	$95,594,000	.....	$342,734,259	.....	$245,861,000	.....	−$96,873,259
Activity 2. State and local services	25,237	70	50,300,000	.....	7,500,000	70	57,825,237	20	25,433,000	−50	−32,392,237
(1) State employment security agencies	.....	[3] 70	42,000,000	.....	7,500,000	[3] 70	49,500,000	[3] 20	19,300,000	−50	−30,200,000
(2) State vocational education agencies	15,619	.....	7,900,000	.....	.....	.....	7,915,619	.....	5,333,000	.....	−2,582,619
(3) State apprenticeship agencies	9,618	.....	400,000	.....	.....	.....	409,618	.....	800,000	.....	+390,382
Activity 3. Federal institutional training services	49,800	135	2,034,000	.....	.....	135	2,083,800	146	2,206,000	+11	+122,200
Total	[1] 2,215,296	205	[2] 297,334,000	.....	103,094,000	205	402,643,296	166	273,500,000	−39	−129,143,296

[1] Excludes comparative transfer to "Manpower Administration, salaries and expenses," $339,416.

[2] Excludes comparative transfer to "Manpower Administration, salaries and expenses," $10,572,000.

[3] Represents positions in the U.S. Employment Service for the District of Columbia.

Obligations by object

		Appropriation revised, 1965	Estimate, 1966	1966 change
	Total number of permanent positions	205	166	−39
	Positions other than permanent	5	5	
	Average number of all employees	180	161	−19
11	Personnel compensation	$1,600,930	$1,434,285	−$166,645
12	Personnel benefits	117,090	104,420	−12,670
21	Travel and transportation of persons	216,700	219,320	+2,620
22	Transportation of things	3,000	3,000	
23	Rent, communications, and utilities	65,295	78,025	+12,730
24	Printing and reproduction	70,150	78,500	+8,350
25	Other services	403,940	406,005	+2,065
26	Supplies and materials	16,635	15,780	−855
31	Equipment	60,060	26,665	−33,395
41	Grants, subsidies, and contributions	400,089,496	271,134,000	−128,955,496
	Total obligations	402,643,296	273,500,000	−129,143,296

Summary of changes

1965 appropriation	$307,906,000
Estimated program supplemental	103,094,000
Appropriation available from prior year	2,554,712
Comparative transfer to "Manpower administration, salaries and expenses"	−10,911,416
1965 estimated fund availability	402,643,296
1966 estimate	273,500,000
Total change	−129,143,296

MANDATORY ITEMS

Increases:	
Net pay increase costs in 1966 (Public Law 88–426)	+300
Net within-grade promotion costs	+22,400

PROGRAM ITEMS

Increases:	
To provide for additional experimental and demonstration projects, for the development of instructional methods and materials, and for reports and analyses in the Department of Health, Education, and Welfare (15 positions, $97,630; nonlabor, $69,870)	+167,500
Decreases:	
Elimination of staff in the Office of the Secretary of Health, Education, and Welfare previously funded from this appropriation (4 positions, $51,700; nonlabor, $16,300)	−68,000
Decrease in the Federal direct program costs and State and local service costs related to the provision of the act requiring State matching of costs after July 1, 1965. States are required to match ⅓ of the cost of institutional training, ⅓ of the cost of allowance payments, and ⅓ of the State vocational education agency costs. In 1966 the training and allowance costs and the State and local service costs are estimated at $368,294,000, of which the States' share is $97,000,000 and the Federal share is $271,294,000. The 1965 costs for these activities, which were 100 percent federally financed, were $400,559,496	−129,265,496
Total change	−129,143,296

Mandatory changes for 1966

INCREASES

Pay increase costs	+$300
Net additional cost of pay increase for current year (base) staff pursant to Public Law 88-426:	
Personnel compensation	5,700
Personnel benefits	400
	6,100
Absorption of a portion of above increases for pay costs	−5,800
Within-grade promotion costs	+22,400
1966 net additional cost of within-grade promotions effective on only a part year basis for base staff in 1965	+10,700
Personnel compensation	11,233
Deduct lapse	−393
Deduct savings due to turnover	−886
Personnel benefits	746
Net cost of within-grade promotions becoming effective during 1966	+18,100
Personnel compensation	19,026
Deduct lapse	−666
Deduct savings due to turnover	−1,522
Personnel benefits	1,262
Absorption of a portion of above increases	−6,400

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Mandatory changes:								
Pay increase costs						$6,100		$6,100
Absorption of disallowed pay costs						−5,800		−5,800
Net pay increase costs						300		300
Within-grade promotion costs						30,100		30,100
Absorption of disallowed within-grade promotion costs						−7,700		−7,700
Net within-grade costs						22,400		22,400
Total						22,700		22,700

ACTIVITY 1.—TRAINING COSTS AND ALLOWANCE PAYMENTS

1965	$342,734,259
1966	245,861,000

NARRATIVE DESCRIPTION OF PROGRAM

The main thrust of the Manpower Development and Training Act (MDTA) is that unemployed and underemployed persons who cannot obtain full-time jobs with their present skills, or who are working below their occupational

potential, should be afforded an opportunity, through provision of occupational training and maintenance allowances, to equip themselves with new and improved skills that provide reasonable assurance of employment.

The principal functions of the Secretary of Labor under title II are to identify local occupational training needs, to counsel and select persons for training, to pay training and other allowances, to provide counseling and placement services after training, and to encourage and assist in the adoption of a broad and diverse range of on-the-job training programs. The Secretary of Labor refers persons selected for institutional-type training to the Secretary of Health, Education, and Welfare, who is responsible for seeing that curriculums, instructors, and facilities are provided to equip the trainees for the occupations for which they are to be prepared. When training is completed, the Secretary of Labor is also responsible for assisting the trainees to find jobs and for the conduct of followup studies to determine whether or not the programs have met the occupational needs of the trainees.

THE 1963 AND 1964 PROGRAM EXPERIENCE

By the end of fiscal year 1964, the Manpower Development and Training Act program had been in operation for 22 months. Some 4,250 projects had been approved to train over 187,000 individuals during this period. About 80 percent of the projects and over 90 percent of the trainees, 171,000, were approved for institutional-type training while 16,000 were approved for on-the-job training. Projects were approved in all 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands.

Institutional project approvals were widely distributed among the States, with the largest number of individuals approved in New York (13,193), California (12,748), and Illinois (11,399). In each of 12 States, over 5,000 trainees had been approved. These States accounted for over 50 percent of all institutional trainees approved through June 1964.

On-the-job training programs had been approved in somewhat fewer States. Puerto Rico, Illinois, and California accounted for better than one-third of the total number of individuals approved for such training. Eleven States and Puerto Rico, each with 300 or more trainees, accounted for over three-fourths of total approvals.

In addition to occupational training, the act also authorized the conduct of experimental and demonstration projects. These projects are designed primarily to test techniques by which members of disadvantaged groups may be prepared for specific occupational training through special counseling, testing, work orientation and literacy training. Sixty-four projects were approved through June 1964 to provide special services and/or training to over 31,000 individuals in 20 States and the District of Columbia. Over two-thirds of the individuals involved in this program lived in New York, California, Indiana, Illinois, and the District of Columbia.

Occupations approved for training range from semiprofessional and technical jobs, involving relatively high skill levels, to sales and production-line jobs requiring little training. Training was approved for over 700 different occupations identified in the "Dictionary of Occupational Titles." The occupations for which the greatest number of trainees have been approved are licensed practical nurse, stenographer, clerk-typist, nurses aid, automobile mechanic, general machine operator, and welder.

Institutional courses range in duration from 2 weeks, the minimum allowed under the act, to 64 weeks. Over two-thirds of the courses fall within a range of from 12 to 51 weeks; about 20 percent have a length of 11 weeks or less, while over 11 percent are 52 weeks long. OJT projects are shorter, on the average, than institutional ones. Four-fifths of the OJT projects fall within a range of from 2 to 31 weeks, although one project in Washington for fur dressers has a duration of 78 weeks.

From August 1962 through June 1964, it cost an average of $1,325 per trainee in an institutional project. Training allowances accounted for $670 of this amount; the remainder was used to cover the expenses of instruction and materials. Individuals eligible for regular (adult) training allowances received an average of $35.50 per week. Allowance payments ranged, however, from $22 to $43, since the amount of the training allowance depends upon the average weekly unemployment compensation payment in the State where the trainee resides.

The cost of training a person enrolled in an OJT project was considerably lower, only $500, of which $90 was obligated for training allowances and $410 for instructional and other expenses. Average costs are lower for the OJT program for two reasons: OJT trainees receive wages paid by the employer; and, their training allowance is reduced by this amount. The cost of instruction for an institutional project includes the purchase of equipment, tools, and other necessary items. This is not the case with many OJT projects where much of the material is already available on the employer's premises.

About 100,000 trainees had enrolled in Manpower Development and Training Act institutional projects by the end of fiscal year 1964. Several factors account for the smaller number of trainees enrolled compared to the number approved. In many projects, relatively large numbers of people are approved for training. These projects are divided into small sections to insure that each trainee gets the benefit of individual instruction, and sections are not always run consecutively. It also takes time after the project has been approved to test and select the individuals to be trained and to obtain instructors, training facilities, and equipment. Further, lack of funds to approve projects from mid-January to early June, when a supplemental appropriation became available, caused many projects to be delayed in being funded. Of nearly 130,000 training slots approved during fiscal 1964, more than 46,000 were approved after June 9. Virtually none of these projects were initiated before the end of the year.

Social and economic characteristics

Data are now available on the social and economic characteristics of nearly 90,000 trainees who were enrolled in Manpower Development and Training Act institutional projects through the end of fiscal year 1964, or over a period of 22 months beginning in September 1963.

Sex

About two-fifths of these enrollees were women—the same proportion that women constituted of the total unemployed in 1963. During the 2 fiscal years the proportion of female enrollees increased. At the end of fiscal year 1963, women represented 36 percent of the total; during fiscal year 1964, they accounted for 41 percent. A major factor in the increase appears to be the continuing demand for workers trained in white-collar occupations, particularly those in the clerical, sales, and service fields, where a high proportion of women are normally employed.

Color

Over one-fourth of the total number of trainees who had enrolled in the program by the end of fiscal year 1964 were nonwhite. This indicates considerable success of the Manpower Development and Training Act in reaching minority groups, since nonwhite workers represented only 11 percent of the labor force while 23 percent of those enrolled in fiscal 1963 were nonwhite. The number increased to 28 percent in fiscal 1964.

About 47 percent of the nonwhites enrolled over the 22-month period had less than 12 years of schooling compared with 43 percent for their white counterparts. Manpower Development and Training Act training is also reaching the long-term-unemployed minority worker. One out of every three unemployed nonwhite workers was jobless for 15 weeks or longer in 1963. Half of the nonwhite Manpower Development and Training Act enrollees were among the long-term unemployed prior to entering training.

Age

The majority of enrollees, almost 60 percent, are in the prime age group, 22–44 years old. A little more than two-fifths of all unemployed persons in 1963 fell into this age group. On the other hand, older workers (those aged 45 and over), who comprised 27 percent of the unemployed in 1963, accounted for only 11 percent of all Manpower Development and Training Act enrollees.

The problem of unemployed youth has become increasingly acute over the past few years. Unemployment statistics for calendar years 1962 and 1963 amply demonstrate this point. In 1962, youths under 22 years of age accounted for 28 percent of the total unemployed. In 1963, this age group comprised over 31 percent of the total. To help meet this growing problem, a large number of special youth projects have been initiated under the Manpower Development and Training Act to provide inexperienced youth with the specific occupational training needed to obtain jobs.

By the end of fiscal year 1964, youth accounted for slightly more than 30 percent of the cumulative number of trainees enrolled in the program over the 22-month period. The proportion of young people in the 2 fiscal years increased substantially, from one-fourth of the total enrolled in 1963 to one-third in fiscal 1964. For male youth, the increase was from 24 to 34 percent of the total males enrolled. The increase of youth enrolled in the program was probably due in part to the 1963 amendments to the act which allowed considerably more young people to receive special youth training allowances than was permissible under the original act.

Family head

About three-fifths of all Manpower Development and Training Act trainees enrolled during the 2 fiscal years were head of a family or household, while family heads represented only two-fifths of the total unemployed in 1963. The higher proportion among Manpower Development and Training Act trainees is probably due in part to the eligibility requirements for receiving regular training allowances under the act.

The percentage of Manpower Development and Training Act trainees falling into this category actually declined over the 2 fiscal years. Sixty-three percent of those enrolled in fiscal year 1963 were head of a family or household. During fiscal year 1964, this percentage decreased to 54 percent of the total enrolled. Especially significant was the decline over the 2 years in the number of males who were head of a family or household. Three-fourths of all males fell into this group in fiscal 1963 compared with two-thirds in fiscal 1964. The decline can probably be attributed to the increase in the proportion of male youth enrolled in the program, since many of these young men presumably have no family responsibilities.

Education

Manpower Development and Training Act trainees are relatively well educated when compared with the unemployed in 1963. About 55 percent of those enrolled in the program had completed 12 or more years of schooling while better than 60 percent of the unemployed in calendar year 1963 had not finished high school. The high proportion of young people enrolled in the program was a significant factor in raising the average educational level of all Manpower Development and Training Act trainees, since three out of five of these youths had completed or gone beyond high school.

At the other end of the scale, about 53 percent of the older workers enrolled in Manpower Development and Training Act courses had less than 12 years of schooling. Very few trainees (4 percent) had less than 8 years of education; the comparable proportion among the unemployed in 1963 was one-fifth. The large proportion of high school graduates enrolled in the program reflects the fact that many undereducated persons fail to get aptitude scores high enough to qualify for training under the act. One of the 1963 amendments to the act should help overcome this difficulty by providing for payment of an additional 20 weeks of training allowances to cover an initial period of literacy or preoccupational training.

Work experience

The rise in the number of youth enrolled in the program had other pronounced effects. Better than one-fourth of the trainees enrolled during both fiscal years had less than 3 years' work experience. The change in this category was rather large from one fiscal year to the next. About 20 percent of the trainees enrolled in fiscal 1963 had less than 3 years' work experience prior to enrollment while 30 percent of those enrolled during fiscal year 1964 fell into this group. The increase of those with less than 3 years' work experience was reflected in several categories—males and females, whites and nonwhites. There was a decrease of 5 percentage points (from 32 to 27 percent) over the 2 years of those with 10 or more years' work experience prior to entering training.

Allowances

Better than half of all trainees (56 percent) enrolled in Manpower Development and Training Act programs through June 1964 qualified for a regular training allowance. There was a marked change over the two fiscal years in the percent of enrollees who were eligible to receive this type of allowance payment. In fiscal year 1963, 62 percent of all trainees were eligible to receive a regular training allowance, while in fiscal year 1964, only 53 percent were eligible. The

drop can be attributed in part to two factors: the increase in the percentage of women enrolled in the program, since many women cannot qualify for a regular allowance because they are not heads of families or have limited work experience; and, the increase in the proportion of youth enrolled in the program, many of whom cannot qualify for a regular allowance for the same reasons as women.

Length of unemployment

The Manpower Development and Training Act has been particularly successful in providing job retraining opportunities to the very long-term unemployed—those out of work for 27 or more weeks. About 13 percent of all unemployed workers in 1963 fell into this category. Almost 30 percent of Manpower Development and Training Act enrollees had not worked for 27 or more weeks prior to entering training, or better than twice the percentage that this group constituted of the total unemployed in 1963. The program has been successful also in meeting the needs of the long-term unemployed, those who have been jobless for 15 weeks or more. Better than two-fifths of all Manpower Development and Training Act trainees were in this category; in 1963 around one-fourth of all unemployed workers fell into this group.

Most workers find jobs

Of the 70,400 persons who had originally enrolled in projects which were completed by the end of June 1964, 51,500, or 73 percent, successfully completed their training. Of those who completed their course of instruction, 37,500, or 73 percent, had found employment. The others were either unemployed, awaiting referral to jobs, or could not be located. Almost 90 percent of those who had jobs were working in fields directly related to their training.

THE 1965 PROGRAM

The training program has moved at a very rapid pace during fiscal 1965. The States have maintained a steady flow of new project development since July 1, and during the first 6 months of the fiscal year projects were approved to provide training to 132,569 unemployed or underemployed persons. Approximately 5,000 more trainees were approved during the first half of fiscal 1965 than were approved during all of fiscal 1964. Trainees in institutional projects developed during the first half of fiscal 1965 were approximately 1,000 less than the number of institutional trainees approved during all of fiscal 1964, while almost 6,000 more trainees in on-the-job training programs were approved during the first half of fiscal 1965 than were approved during fiscal 1964.

As of January 1, 1965, $224.5 of the $245 million presently appropriated for these direct program expenses during fiscal 1965 has been committed. This includes $52.7 million to cover allowance payments being made to individuals enrolled in training courses approved during fiscal 1964 which were not financable from the 1964 appropriation, and $172.2 million for fiscal 1965 expenses of projects approved since July 1, 1964. To complete the estimated total costs for these 1965 projects, there is a $25.8 million commitment to cover allowance payments made after June 30, 1965.

It is presently estimated that all available funds will be committed by March 1965. The Department is requesting for early approval a supplemental appropriation for the full additional $103,094,000 in order to continue the program during the remainder of fiscal 1965.

A summary by State of the total costs of projects approved from July 1, 1964 through December 31, 1964 is presented in the following table:

Manpower Development and Training Activities, 1965 Program

Number of persons served and estimated costs of projects approved July 1, 1964, through Dec. 31, 1964

State or possession	Trainees		Special services to individuals [1]	Estimated cost by activity				
	Institutional training	On-the-job training		Total	Institutional training	On-the-job training	Allowance payments	Special services to individuals [1]
Total	113,272	19,297	19,420	$197,980,857	$82,147,526	$11,027,930	$96,488,931	$8,316,470
Alabama	350	60	235	746,341	419,485	68,075	133,447	125,334
Alaska	81	45		319,221	164,081	12,381	142,759	
Arizona	905	322		1,919,532	993,202	268,449	657,881	
Arkansas	671	51		822,537	370,126	19,714	432,697	
California	13,806	1,942	3,850	24,133,664	8,950,849	1,305,248	12,354,030	1,523,537
Colorado	1,243	360	670	3,228,682	857,194	220,695	1,313,698	837,095
Connecticut	2,827	364	640	2,556,690	1,095,402	316,144	782,705	362,439
Delaware	72			44,769	17,009		27,760	
District of Columbia	537	68	240	1,219,952	239,872	151,195	400,468	428,417
Florida	3,340	165	400	4,326,270	1,965,416	202,689	1,873,936	284,209
Georgia	1,091	350	125	1,706,173	840,316	57,737	789,330	18,790
Guam	85			222,857	146,457		76,400	
Hawaii	280	25		477,800	177,559	13,013	287,228	
Idaho	305			377,222	183,460		193,762	
Illinois	7,245	1,496	2,570	13,361,816	5,904,961	942,820	5,019,498	1,434,537
Indiana	2,911	556		7,289,367	3,252,615	302,006	3,687,746	47,000
Iowa	780	171		1,802,252	808,083	96,511	897,658	
Kansas	1,235	70		2,864,463	1,224,237	13,714	1,626,512	
Kentucky	1,777	240	125	2,647,824	911,807	99,934	1,617,293	18,790
Louisiana	905	1,120		2,451,271	901,605	327,397	1,222,269	
Maine	1,088	25		1,354,015	723,772	2,185	608,058	
Maryland	1,531	116	1,000	3,097,221	1,134,165	102,584	1,666,398	194,074
Massachusetts	5,221	423	100	7,973,369	3,390,937	274,528	4,090,779	217,125
Michigan	6,297	481		14,467,872	7,043,384	257,974	7,101,459	65,075
Minnesota	4,984	292		8,798,334	3,942,196	109,003	4,747,135	
Mississippi		700		914,177		522,642	391,535	
Missouri	3,457	46		4,987,168	1,761,072	45,530	3,173,303	7,263
Montana	313	10		444,398	220,107	1,487	222,804	
Nebraska	1,507	31		2,923,756	1,253,201	7,294	1,663,261	
Nevada	422			700,570	306,199		394,371	
New Hampshire	503	129		451,233	232,299	39,797	179,137	
New Jersey	963	865	800	2,132,637	511,720	580,852	695,060	345,005
New Mexico	438	20		484,787	185,925	10,623	288,239	
New York	13,072	3,151	720	20,459,647	9,823,282	1,834,849	8,170,008	631,508
North Carolina	2,976	1,127	4,325	5,187,173	2,005,477	405,037	1,759,860	1,016,799
North Dakota	287	132		896,336	203,720	67,970	624,646	

See footnote at end of table.

Manpower Development and Training Activities, 1965 Program

Number of persons served and estimated costs of projects approved July 1, 1964, through Dec. 31, 1964—Continued

State or possession	Trainees		Special services to individuals [1]	Estimated cost by activity				
	Institutional training	On-the-job training		Total	Institutional training	On-the-job training	Allowance payments	Special services to individuals [1]
Ohio	5,036	700		$7,532,384	$2,858,308	$527,902	$4,146,174	
Oklahoma	301	75		644,888	190,531	81,959	372,398	
Oregon	2,177	56		2,993,642	1,389,626	50,829	1,553,187	
Pennsylvania	6,077	593	2,160	14,809,859	5,175,957	393,091	8,865,368	$375,443
Puerto Rico	2,214	552		2,024,576	811,124	121,198	1,092,254	
Rhode Island	514			748,351	426,607		321,744	
South Carolina	1,060	12	125	2,410,849	1,415,825	7,500	976,234	11,290
South Dakota	169	127		553,349	106,570	16,213	430,566	
Tennessee	975	409	525	2,031,564	741,236	225,094	943,849	121,385
Texas	1,870	762		3,236,503	1,264,502	270,325	1,701,676	
Utah	371	100		1,037,862	356,431	107,307	574,124	
Vermont	273	50	100	442,679	110,797	25,000	152,870	154,012
Virginia	1,743	131	125	2,168,295	814,852	99,353	1,234,002	20,088
Virgin Islands	103			66,043	38,156		27,887	
Washington	3,278	490	500	3,722,624	1,709,249	207,242	1,749,933	56,200
West Virginia	487	60	125	973,389	320,712	58,699	572,923	21,055
Wisconsin	3,003	172		4,550,678	2,140,759	146,339	2,263,580	
Wyoming	122	15		261,946	55,092	9,822	197,032	

[1] Research, experimental, and demonstration projects.

PROGRAM CHANGES FOR 1966

Beginning on July 1, 1965, the Manpower Development and Training Act program will be operated on a combined Federal-State financing basis. Section 203(d) of the act, as amended, provides that the States shall bear 33⅓ percent of the amount of training allowances, and section 231 provides that the States shall be paid 66⅔ percent of the cost of carrying out the agreements to provide vocational training.

The requirements regarding one-third matching by the States, however, does not apply to all components of the Manpower Development and Training Act program. It applies only to training allowances and to the costs related to providing institutional training under agreements with the States. The on-the-job training program, the experimental and demonstration projects, and the transportation and subsistence payments all are outside the State matching requirement, and thus are 100 percent federally financed.

The 1966 Manpower Development and Training Act program appropriation requested is $273,500,000. Of this total the funds programed for the direct program costs of training and allowance payments are $245,861,000. Under this program level the States are projected to provide State funds of $94,334,000, making a total direct program level of $340,195,000 for an estimated 235,000 trainees.

Institutional training

The 1966 program is estimated to provide 175,000 trainees to receive occupational training through institutional training arrangements. Experience to date has indicated that approximately two-thirds of the trainees would be eligible for training allowances. Of the number receiving allowances, 25 percent would be authorized under the act to be paid to youth.

The estimated 175,000 trainees to be provided institutional training are to be trained at an estimated average cost of $1,700, including the cost of training allowances and transportation and subsistence payments. This average cost reflects an anticipated average duration of 35 weeks of training. The Federal costs of the institutional program are estimated at $204,661,000 and State matching at $93,334,000.

On-the-job training

The 1966 on-the-job training program is projected at a level of 60,000 trainees. The program level planned for 1966 reflects the interest expressed by the House Committee on Education and Labor that this program be emphasized and expanded.

The on-the-job training program is estimated to cost an average of $570 per trainee. The substantially lower average per trainee cost in the on-the-job training program as compared with institutional training results because trainees are employees of private employers and allowance costs are nominal. Allowances are paid only during periods of preliminary or related training of a nonproductive character. Similarly, training costs are limited to the additional costs which the employer experiences in order to execute the training. Preliminary studies of completed on-the-job training projects indicate that few trainees drop out of these programs and the vast majority of trainees obtain employment upon completion of the training.

Since the State matching requirement applies only to the cost of allowance payments, the State funds to be provided are estimated at $1 million and Federal costs at $33,200,000.

Experimental and demonstration projects

For 1966 a sum of $8 million is planned for these projects. No State matching is required for these projects.

The direct program projected for 1965, which has been described above, is set forth in summary form on the following table. It is emphasized that this represents assumed distributions of costs and relative emphasis among programs. It is important to recognize that adjustments in this design may be necessary and desirable as the program develops during the budget year.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES ESTIMATED 1966 PROGRAM

Training and allowance costs

[Dollars in thousands]

	Trainees	Total cost	Federal cost	State cost
Institutional training	175,000	$297,995	$204,661	$93,334
Training costs		140,000	93,333	46,667
Allowance costs		140,000	93,333	46,667
Transportation and subsistence costs		17,995	17,995	
On-the-job training	60,000	34,200	33,200	1,000
Training costs		31,200	31,200	
Allowance costs		3,000	2,000	1,000
Experimental and demonstration projects		8,000	8,000	
Total, training and allowance costs	235,000	340,195	245,861	94,334

ACTIVITY 2. STATE AND LOCAL SERVICES

1965 ..... $57,825,237
1966 25,433,000

NARRATIVE DESCRIPTION OF PROGRAM

Occupational training under Public Law 87–415 is predicated upon these basic requirements: (1) determination of occupations in which there is a need for workers; (2) careful selection of persons to be trained so that they may become eligible for occupational placement once trained; (3) provision of the kind and amount of training which fills the gap between a trainee's aptitudes and current occupational capabilities and his potential placement in the occupation for which he is receiving training; and, finally, (4) reasonable expectation of placing the graduate trainee in a suitable job.

Training programs are closely identified with communities, and it is here in large degree that training programs are planned, developed, and operated, providing training to local residents with expectations of employment in their own home towns. Where circumstances warrant, training programs may take on broader geographic coverage, reaching several communities, or even across State borders to become regional or, conceivably, national in scope. The focal point for the development and administration of training programs is the State, and it is for these reasons that the Secretary of Labor has entered into agreements with State employment security and State apprenticeship agencies and the Secretary of Health, Education, and Welfare with State vocational education agencies. These agencies perform the services described below.

ACTIVITY 2. (a) STATE EMPLOYMENT SECURITY AGENCIES

1965 ..... $49,500,000
1966 19,300,000

State employment security agencies (and their local offices) are responsible for: (1) determining the occupations in which there is a need for training; (2) essential screening application taking and/or counseling of individuals prior to their taking training; (3) selecting and referring to training of individuals, including tests; (4) determining entitlements and making training allowances and subsistence payments to persons who are eligible for such payments under the act; (5) placement of individuals after training, including followup. In the administration of the program the State agencies provide continuing technical services to their local offices and carry on program review and evaluation. They work in close cooperation with their counterpart State vocational education agencies in the promulgation, development and review of all institutional training projects and with State apprenticeship agencies relative to on-the-job training projects and, within their area of responsibility, recommend them for Federal review and approval.

PROGRAM CHANGES FOR 1966

During fiscal year 1966, funds no longer are being budgeted in this account for the selection and referral of youth to training projects nor are funds being provided for specialized services for disadvantaged youth through youth opportunity centers. The costs of these services are anticipated to be provided through the appropriation, "Grants to States for unemployment compensation and Employment Service administration." For these reasons there is a net reduction of $30,200,000 in 1966 from the 1965 level.

The following amounts are included for the State employment security agencies. These costs are 100 percent federally financed.

Selection, referral and placement	$8,800,000
Payment of trainee allowances	5,000,000
State supervision	5,500,000
Total	19,300,000

ACTIVITY 2. (b) STATE VOCATIONAL EDUCATION AGENCIES

1965	$7,915,619
1966	5,333,000

State vocational agencies, under agreements entered into with the Secretary of Health, Education, and Welfare, provide institutional training, utilizing public education agencies or institutions wherever possible. If these facilities are not adequate, however, State agencies make necessary arrangements with private educational or training institutions.

The public vocational education system is a basic component of the total program. Once the occupations have been identified by the local public employment office as being suitable for training, the local education agency will determine what local resources there are for conducting the training courses. This requires an examination to determine the degree to which public facilities, i.e., buildings, space, equipment, tools, and supplies are available, and what additional is needed. It includes a determination of the institutional personnel required, and where they may be recruited.

After these determinations have been made, local school officials make an estimate of the additional costs required for conducting training in the selected occupations. This information, together with labor market data supplied by the local employment office, is embodied in a training proposal to be reviewed and approved at higher administrative levels.

After approval, the local school officials get the instructional program underway, developing courses of study where necessary and bringing instructors and facilities together. Individuals selected and referred by the employment offices are enrolled and instructed by the schools. School officials submit reports of attendance and performance on each trainee to the local and/or State employment security offices, on the basis of which weekly training allowances are paid. As training proceeds, there is constant interchange of information between the education facilities and employment service agencies to insure that trainable persons are being selected and that the curriculum and instructional program are providing job-related skills, including basic education needed by trainees with educational handicaps.

The State vocational education agency is responsible for administering the training program on a statewide basis. It provides local education officials information on the procedures to be followed in getting programs started, and technical assistance in formulating training proposals and executing them after approval. The State education agency, together with the State employment security agency, reviews all training programs proposed or undertaken in the State to insure conformity with standards prescribed in the act.

PROGRAM CHANGES FOR 1966

The total amount estimated to be made available for State vocational education agencies in 1966 is $8 million. However, because the costs of these agencies are related to the costs of institutional training under section 231 of the act, these costs must be matched by the States. The States' share of the 1966 costs are $2,667,000, while the Federal cost is $5,333,000, a reduction of $2,578,619 from 1965.

ACTIVITY 2. (c) STATE APPRENTICESHIP AGENCIES

1965	$409,618
1966	800,000

Section 204 of the act provides that "The Secretary of Labor shall encourage, develop, and secure the adoption of programs for on-the-job training needed to equip persons selected for training with the appropriate skills." The same section also states that the Secretary shall, to the maximum extent possible, secure the adoption by the States and other agencies and organizations of on-the-job training programs. Section 206 authorizes the Secretary to utilize the services of appropriate State agencies for the purpose of achieving the training objectives of the act and to make payments to such agencies for expenses incurred for the development and administration of training programs.

The participation of State apprenticeship agencies in the promotion, development, and servicing of on-the-job training programs has been sought by inviting them to enter into agreements with the Secretary of Labor. Agreements have already been made with California, Connecticut, Hawaii, Louisiana, New York, Oregon, Puerto Rico, and Wisconsin.

PROGRAM CHANGES FOR 1966

The increased on-the-job training planned for 1966, as described under the 1966 program under activity 1, contemplates an increased role for State apprenticeship agencies. The estimated funds required for these agencies in 1966 is $800,000, an increase of $390,382 over 1965. The expenses of State apprenticeship agencies are 100 percent federally financed.

Activity 3. Federal institutional training services

1965	$2,083,800
1966	2,206,000

NARRATIVE DESCRIPTION OF PROGRAM

Under the provisions of the "Manpower Development and Training Act of 1962," the Secretary of Health, Education, and Welfare is responsible for providing institutional training and retraining to individuals whose skills have been rendered obsolete by forces not under their control and arising from dislocations in the economy due to automation, foreign competition, relocation of industries, shifts in market demands, and other changes in the economy and to individuals to develop skills for new positions which are or will be in demand.

The Department of Health, Education, and Welfare cooperates with the Labor Department in carrying out the provisions of the Manpower Development and Training Act. The Secretary of Health, Education, and Welfare submits a separate report of the activities of his Department under title II of the act, together with recommendations regarding continuation and improvement of the program. The Under Secretary provides overall policy direction, coordination of departmental activities under the act, and liaison at the policy level with other departments and agencies. The Office of the General Counsel furnishes necessary legal services. The Office of Education directs program operation and management. Specifically, through its field staff, the Office helps States develop training programs, providing assistance in areas such as selection of courses of study; planning, organizing, and developing training standards for programs and instructors; preparing training plans and program procedures; designing course outlines; evaluating course content and the relationship of training to job opportunities; planning inservice training programs; tying program plans to manpower utilization surveys and expected effects of changing technology on the labor force; coordinating State activities with those of the Department of Labor. In addition, the Office prepares and issues procedural guides, instructions, and application forms to implement policies established by the Under Secretary; provides assistance to State departments of vocational education in planning and financing their programs; contracts with public or private educational agencies to conduct training activities where them State is unable to do so; offers guidance on improvement of curriculum and methods in training and retraining programs.

PROGRAM CHANGES FOR 1966

Continuing emphasis on programs for special youth groups and adults with severe educational handicaps makes it necessary to request an increase of 15 positions for the Office of Education for fiscal year 1966.

Experimental and demonstration projects

The importance of experimental and demonstration projects in the Manpower Development and Training Act program is reflected in H.R. Report 861, dated October 13, 1963, in which the House Committee on Labor and Education reports encouraging findings related to the unique and critically important contributions being made by experimental and demonstration projects.

As more of the hard-core unemployed are reached in Manpower Development and Training Act programs, more diverse and difficult situations arise and more experimental work in counseling, testing, remedial instructions, and vocational education is needed.

Approximately 35,000 persons have received some special services through experimental and demonstration projects to date under the Manpower Development and Training Act. These 35,000 persons have included youth and adults from slum areas in large cities; migrant farm youth; and individuals with physical, mental, and social handicaps.

Although much activity is going on in experimentation and demonstration projects, only a small percentage of the unemployed youth and adults that should be involved in such projects are being reached.

The present staff of one professional and one part-time clerical person cannot perform the necessary services of development, review, consultation, approval, and evaluation required in such projects. To work with the Department of Labor in reviewing the backlog of projects submitted, and to work with State staffs in developing proposals, six additional positions—four professional and two clerical—are requested.

This professional staff will work with the State vocational education agencies in developing programs to serve more of the hard-core unemployed under the Manpower Development and Training Act. It will assist in the review and appraisal of projects and assist in expediting all projects developed in cooperation and with the approval of the State vocational education agency.

It will evaluate the training efforts in such projects and report the findings for use in other programs and reports pertaining to Manpower Development and Training Act activities.

Development of instructional media, methods, and materials

The development of occupational training programs to meet the needs of youth and adults with social, economic, educational, and other handicaps requires an expanded program of curriculum research and development.

The present staff member assigned to this area has been involved in contractual commitments for curriculum development in traditional occupations required to implement the programs in the areas projected for training by the Department of Labor. With the passage of the amendments to the act, the emphasis in fiscal year 1966 will be on new and emerging occupations and basic occupational training. Development of the new instruction media will require an instructional media specialist. The specialist will concentrate on working with contractors in contract administration for development of formats for curriculum guides and other instructional materials. He will also work with State staffs in developing new instructional programs and implementing the use of new instructional media.

Reports and analysis

As the cumulative data on programs increase, the demand for statistical and descriptive reports increase. Frequent requests for reports are received from the White House, the Secetary, the Under Secretary, and other governmental agencies. In addition, reports must be made to State and local vocational education agencies to improve the quality of new programs being planned by them. The paucity of staff has frequently required training program specialists to interrupt their work to prepare reports which could more effectively be handled by lower grade staff. For this activity three additional positions, two professional and one clerical, are requested.

Administrative services

To provide the essential services required to process the increased volume of project forms, handle the extra clerical duties and the related activities will require an additional five positions, one professional and four clerical.

The program increase for the additional 15 positions is $167,500. This increase, however, is offset by a decrease of four positions and $68,000 resulting from the elimination of the positions in the Office of the Secretary. The net program increase, therefore, is $99,500.

Distribution of field staff

Supervising offices	1965			1966		
	Professional	Clerical	Total	Professional	Clerical	Total
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE						
Atlanta	3	2	5	3	2	5
Boston	3	2	5	3	2	5
Charlottesville, Va	3	2	5	3	2	5
Chicago	4	3	7	4	3	7
Dallas	3	2	5	3	2	5
Denver	3	2	5	3	2	5
Kansas City, Mo	3	3	6	3	3	6
New York City	5	4	9	5	4	9
San Francisco	4	3	7	4	3	7
Total, HEW	31	23	54	31	23	54

EXPLANATION OF ESTIMATE BY OBJECT

Personal compensation, $1,434,285

The composite estimate of $1,434,285 for 1966 provides $1,377,425 for 166 permanent full-time positions and 155.3 net man-years of employment; and $48,360 for 5.3 man-years of intermittent employment, including the equivalent of 4.3 man-years for services of consultants and $8,500 for overtime and holiday pay.

The net decrease of $166,645 represents a program increase of $61,155 in the Department of Health, Education, and Welfare for a net increase of 11 additional positions, and 10 man-years, and $21,100 for mandatory increases due to within-grade promotions and pay raise annualization; and a decrease of 50 positions and $248,900 in the U.S. Employment Service for the District of Columbia.

Personnel benefits, $104,420

The composite estimate of $104,420 for 1966 is based upon personnel compensation and represents the cost of retirement, insurance, Federal Insurance Contributions Act, and health benefits.

The net decrease of $12,670 represents a program increase in the Department of Health, Education, and Welfare of $4,430 and $1,600 related to mandatory pay costs; and a decrease of $18,700 in the U.S. Employment Service for the District of Columbia.

Travel and transportation of persons, $219,320

The net increase of $2,620 represents a program increase of $4,320 in the Department of Health, Education, and Welfare, relating to three additional departmental positions involving travel; and a decrease of $1,700 in the U.S. Employment Service for the District of Columbia.

The composite estimate for 1966 provides for per diem, mileage and transportation costs for 31 field and 31 departmental travel and for travel of consultants. The estimated breakdown is as follows:

	1965	1966	Change
Subsistence per diem	$87,575	$89,333	$1,758
Mileage and transportation costs	129,125	129,987	+862
Total	216,700	219,320	+2,620

Transportation of things, $3,000

The composite estimate is $3,000, the same as 1965, and provides for movement of household goods.

Rent, communications, and utilities, $78,025

The net increase of $12,730 represents a program increase of $14,730 in the Department of Health, Education, and Welfare; and a decrease of $2,000 in the U.S. Employment Service for the District of Columbia.

The composite estimate for this object provides for communications and rental of office space as follows:

	1965	1966	Change
Rental of space	$21,120	$32,495	+$11,375
Communications services, including telephone toll calls, GSA telecommunications, teletype, and telegrams	23,250	22,900	−350
Paid official mail	20,925	22,630	+11,705
Total	65,295	78,025	+12,730

Printing and reproduction, $78,500

The net increase of $8,350 represents a program increase of $18,850 in the Department of Health, Education, and Welfare; and a decrease of $10,500 in the U.S. Employment Service for the District of Columbia.

The composite estimate of $78,500 for this object provides for an increase of $8,350 for which the breakdown is as follows:

	1965	1966	Change
Printing	$55,200	$64,900	+$9,700
Duplicating	14,950	13,600	−1,350
Total	70,150	78,500	+8,350

Other services, $406,005

The composite estimate of $406,005 includes $18,175 for health services, procurement, machine repair, and miscellaneous expenses; $375,000 for contracts for the development of curriculum guides; and $12,830 for payroll services and alteration of space.

Supplies and materials, $15,780

The net decrease of $855 represents a program increase of $145 in the Department of Health, Education, and Welfare for desk top supplies, subscriptions, and envelopes and duplicating supplies; and a decrease of $1,000 in the U.S. Employment Service for the District of Columbia.

Equipment, $26,665

The net decrease of $33,395 represents a program increase of $10,125 for the 11 new positions in the Department of Health, Education, and Welfare, offset by a decrease of $16,320 which reflects nonrecurring equipment purchases on new positions added in 1965, and a decrease of $27,200 in the U.S. Employment Service for the District of Columbia.

Grants, subsidies, and contributions, $271,134,000

The estimate of $271,134,000 for 1966 to cover training costs and trainee allowances and accompanying State and local services to implement training projects, represents a decrease of $128,955,496 in this object class due to the requirement that States match one-third of the institutional training costs and training allowances in 1966.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

ACTIVITY 3. FEDERAL INSTITUTIONAL TRAINING SERVICES

Summary of new positions

	Grade	Number	Amount
Departmental:			
Industrial sociologist	GS-13	1	$12,075
Guidance and counseling specialist	GS-12	1	10,250
Rural sociologist	GS-12	1	10,250
Instructional media specialist	GS-12	1	10,250
Research assistant	GS-11	1	8,650
Report analyst	GS-9	1	7,220
Budget and fiscal analyst	GS-9	1	7,220
Programer	GS-7	1	6,050
Secretary	GS-5	2	10,000
Clerk-typist	GS-3	3	12,015
Duplicating clerk	GS-3	1	4,005
Messenger	GS-2	1	3,680
Total		15	101,665

LABOR-MANAGEMENT RELATIONS

WITNESSES

JOHN F. GENTRY, ACTING DEPUTY ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS

FRANK M. KLEILER, DIRECTOR, OFFICE OF LABOR-MANAGEMENT AND WELFARE-PENSION REPORTS

HUGH W. BRADLEY, DIRECTOR, OFFICE OF VETERANS' REEMPLOYMENT RIGHTS

LABOR-MANAGEMENT SERVICES ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	5,974	6,582	6,571
11.3	Positions other than permanent	34	94	94
11.5	Other personnel compensation	69	22	22
	Total personnel compensation	6,077	6,698	6,687
12.0	Personnel benefits	445	504	505
21.0	Travel and transportation of persons	451	519	509
22.0	Transportation of things	21	20	21
23.0	Rent, communications, and utilities	241	244	248
24.0	Printing and reproduction	114	139	163
25.1	Other services	84	87	88
25.2	Services of other agencies	365	230	229
26.0	Supplies and materials	131	118	121
31.0	Equipment	61	5	9
99.0	Total obligations	7,990	8,564	8,580

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	736	714	701
Full-time equivalent of other positions	7	11	11
Average number of all employees	695	708	693
Average GS grade	9.1	9.2	9.2
Average GS salary	$8,826	$9,399	$9,568

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Program by activities:			
1. Employee-management relations services	134	188	318
2. Labor-management policy development	125	256	261
3. Administration of reporting and disclosure laws:			
(a) Reports analysis, interpretations, and compliance	2,772	2,841	2,834
(b) Field services	3,382	3,676	3,540
4. Promotion of compliance and assistance to veterans	766	821	832
5. Executive direction and administrative services	728	782	795
Total program costs, funded	7,907	8,564	8,580
Change in selected resources [1]	83		
10 Total obligations	7,990	8,564	8,580
Financing:			
16 Comparative transfers from other accounts	−783	−821	
25 Unobligated balance lapsing	292		
New obligational authority	7,499	7,743	8,580
New obligational authority:			
40 Appropriation	7,450	7,502	8,580
41 Transferred to "Operating expenses, Public Buildings Service," General Services Administration (77 Stat. 436)	−1		
42 Transferred from "Salaries and expenses, Office of the Secretary" (77 Stat. 224)	50		
43 Appropriation (adjusted)	7,499	7,502	8,580
44 Proposed supplemental due to civilian pay increases		241	
Relation of obligations to expenditures:			
10 Total obligations	7,990	8,564	8,580
70 Receipts and other offsets (items 11-17)	−783	−821	
71 Obligations affecting expenditures	7,207	7,743	8,580
72 Obligated balance, start of year		371	562
74 Obligated balance, end of year	−371	−562	−715
90 Expenditures excluding pay increase supplemental	6,836	7,318	8,420
91 Expenditures from civilian pay increase supplemental		234	7

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $54,000; 1964, $137,000; 1965, $137,000; 1966, $137,000.

Bureau of Veterans' Reemployment Rights

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Financing:			
16	Comparative transfers to other accounts	783	821	
25	Unobligated balance lapsing	1		
	New obligational authority	784	821	
	New obligational authority:			
40	Appropriation	784	791	
44	Proposed supplemental due to civilian pay increases		30	
	Relation of obligations to expenditures:			
70	Receipts and other offsets (items 11-17)	783	821	
71	Obligations affecting expenditures	783	821	
72	Obligated balance, start of year	50	70	73
74	Obligated balance, end of year	−70	−73	
77	Adjustments in expired accounts	−7		
90	Expenditures excluding pay increase supplemental	756	789	72
91	Expenditures from civilian pay increase supplemental		29	1

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

John N. Gentry, Acting Deputy Assistant Secretary

Born: May 16, 1930.

Education: Graduate of the University of Maryland and Georgetown University Law School (District of Columbia bar).

Experience: Acting Deputy Assistant Secretary since September 1964; assistant to the Chairman, Presidential Railroad Commission, 1961; executive secretary, Presidential Railroad Marine Workers Commission (New York tugboat dispute) 1962; staff of the Assistant Secretary of Labor for Labor-Management Relations, 1963.

Mr. Fogarty. The next item is Labor-Management Services Administration. Who is going to justify that appropriation?

Mr. Gentry. I will, sir. My name is John N. Gentry and I am appearing for Assistant Secretary of Labor Reynolds.

Mr. Fogarty. Where is he?

Mr. Gentry. He is in Galveston on the longshore dispute.

Mr. Fogarty. All right.

Mr. Gentry. I want to start off by expressing Assistant Secretary Reynolds' regrets. He thought that he would be here in time but, unfortunately, he has not been able to make it and he asked us to proceed without him.

General Statement

The statement that I have is the statement of the Assistant Secretary, James J. Reynolds.

Mr. Fogarty. We will put the statement in the record.

(The statement follows:)

Statement by James J. Reynolds, Assistant Secretary of Labor

The Labor-Management Services Administration (LMSA) has been delegated the authority and responsibility for performing all of the labor-management functions vested in the Secretary of Labor.

The total appropriation request for fiscal year 1966 is for $8,580,000—a net increase of $16,000 over 1965. This amount includes the appropriation for

the Office of Veterans' Reemployment Rights (formerly BVRR) which was merged into the LMSA during the past year.

The increase in the total appropriation arises from mandatory pay increases and within-grade promotion costs, offset by a net decrease resulting from program changes.

Total position requests for the combined LMSA operation is 701. This represents a decrease of 13 over 1965 and continues a downward trend in total employment in the labor-management area started 3 years ago.

Briefly, the principal program activities of each of the offices within the LMSA may be summarized as follows:

EMPLOYEE-MANAGEMENT RELATIONS SERVICES

The Office of Employee-Management Relations Services is intended to serve as a staff arm to the Administrator, LMSA and to the Secretary of Labor in the discharge of a variety of activities in the labor-management area.

Activities performed by this Office include handling requests for technical assistance and advice from labor, management, the mediation services, and other Government agencies to deal with specific labor-management problems; carrying out the Department's responsibilities delegated by Executive orders and legislation (e.g. Executive Order 10988 relating to employee-management cooperation in the Federal service and the Urban Mass Transportation Act of 1964); liaison and consultation with the National Labor Relations Board, the Federal Mediation and Conciliation Service, and the National Mediation Board; and technical staff support to the Secretary, the Assistant Secretary for Labor-Management Relations and special ad hoc boards and commissions (e.g. the President's Longshore Panel) in handling critical dispute situations at the request of the President.

At the present time the Department of Labor has neither the personnel or funds adequate to meet its current responsibilities in this area. Moreover, as our economy becomes more complex, and as problems associated with technological change more prevalent, the Department is increasingly called upon for assistance in connection with attendant labor-management problems. It is essential that the Department be provided the necessary personnel to discharge its responsibilities in this critically important area.

Permanent staffing for this activity in fiscal year 1965 was disapproved by the Congress. However, an appropriation of $150,000 was provided for the use of labor-management consultants and for other temporary expenses incurred in connection with specific labor-management problems. For 1966 the appropriation request is for $317,500 and 14 positions. The total increase over the comparable appropriation for 1965 is $129,500.

LABOR-MANAGEMENT POLICY DEVELOPMENT

This office is the research and policy development arm of the Department in the labor-management area. Principal activities involve research and analysis of various aspects of the Labor-Management Reporting and Disclosure Act (LMRDA) and the Welfare and Pension Plans Disclosure Act (WPPDA). In addition, other elements of Federal policy in the labor-management relations field are reviewed for the guidance of the Secretary, the President, and the Congress.

Research relating to the LMRDA is concentrated primarily on those areas of the statute raising complex administrative and interpretative problems. For example, the section of the statute dealing with the election of union officers gives rise to a host of questions relating to existing election procedures among unions. Analysis is currently underway or planned to determine prevailing practices with respect to a number of aspects of union electoral procedures including officer nominations, convention representation, delegate elections, election appeals system and the like.

The increasing interest in the welfare-pension plans field requires a continuing program of research and analysis to assist the Office of Labor-Mangement and Welfare-Pension Reports in its administration of the Welfare and Pension Plans Disclosure Act. The report of the President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs recommended further study of a number of problems in this field, some of which have a direct bearing on the administration and effectiveness of the WPPDA. At the present time a task force composed of representatives of the Office of Policy Development and the Office of Labor-Management and Welfare-Pension

Reports is conducting a joint review of research requirements relating to the WPPDA.

The current authorized staff for this office is 18 positions. The 1966 request is for the same number of positions and a total appropriation of $260,500 (an increase of $4,600 over 1965).

ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS

The Office of Labor-Management and Welfare-Pension Reports (LMWP) performs Department of Labor functions relating to the administration and enforcement of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act, with legal advice and services supplied by the Solicitor of Labor.

The major areas of operation within the LMWP include the receipt, examination, filing, disclosure, and analysis (including financial auditing) of the approximately 225,000 reports received annually; development of interpretations, regulations, and administrative rulings relating to the two statutes; a technical assistance program designed to promote voluntary compliance; and a nationwide compliance program, operating principally from field offices, to investigate complaints and possible violations of the statutes.

Compliance with the requirements of these two statutes continues at a high rate, due in large measure to the combined efforts of the technical assistance and investigative staff of the LMWP. The Department continues to encourage voluntary compliance with these statutes and to a substantial degree these efforts are met with a spirit of cooperation on the part of labor organization officers, pension and welfare plans administrators, and other interested parties.

The Office is experiencing a marked increase in the complexity of investigations under the Labor-Management Reporting and Disclosure Act. No significant enforcement problems have arisen in the administration of the WPPDA; however, a large number of complaints or protests continue to be received which cannot be remedied by the Federal Government under existing statutory provisions. These complaints are principally from pension plan participants or their beneficiaries who suddenly find they are ineligible or unable to receive their expected pension benefits.

The total budget request for this Office is $6,500,700. This represents a reduction of $141,600 and 20 positions over the 1965 appropriation. Improved and more efficient operations, however, are expected to permit the Office to maintain approximately the same level of activity in 1966 as in 1965.

PROMOTION OF COMPLIANCE AND ASSISTANCE TO VETERANS

In March 1964 the Bureau of Veterans' Reemployment Rights was transferred into the LMSA and redesignated as the Office of Veterans' Reemployment Rights. We are proposing the consolidation of the appropriation for this activity within the total appropriation for the LMSA.

The functions of the Office are to provide assistance in reemployment rights matters to ex-servicemen, reservists, and members of the National Guard and to promote employer compliance with the reemployment rights provisions of the Universal Military Training and Service Act.

During the past year new procedures have been developed for alerting employers to their statutory obligations with respect to returning servicemen. This procedure, together with improved Department of Labor-Department of Defense procedures for informing ex-servicemen of their rights, will provide improved services to veterans in reemployment rights matters. The improved procedures have permitted limited initial staff reductions and further reductions may be possible.

The appropriation request for 1966 is for $832,400, an increase of $11,700 over 1965. Permanent employment has been reduced from 73 to 69.

EXECUTIVE DIRECTION AND ADMINISTRATIVE SERVICES

The final budget activity within the Labor-Management Services Administration relates to the Office of the Administrator and the overall administrative and management activities (personnel, budget, fiscal, management analysis, "housekeeping") necessary to support the various program offices of the Administration. The total appropriation request is $668,900, an $11,800 increase over 1965. Permanent positions remain unchanged at 73.

This concludes a general summary of activities within the Labor-Management Services Administration. I wish to emphasize that in developing this budget

we have been most mindful of the need to present a program which would meet the Department's responsibilities in the labor-management relations area and at the same time would give effect to the President's request for a careful and prudent review of program and budget requirements.

This budget represents a carefully considered and balanced program in the labor-management area. The total appropriation for the Administration has been increased by only $16,000 over 1965 and for the third straight year we have reduced the overall number of positions. New jobs have been requested in only one activity—the Office of Employee-Management Relations Services—because in the judgment of the Secretary it is essential that the Department be provided the necessary staff resources to discharge adequately its responsibilities in this important area.

REDUCED EMPLOYMENT

Mr. FOGARTY. The funds available for these activities in 1965 total $8,564,000, and the request for 1966 is $8,580,000, an increase of $16,000 which falls considerably short of covering increased costs; so you have a net reduction of 13 positions.

Mr. GENTRY. Yes.

Mr. FOGARTY. I thought that was one of the most important activities in the Department, and here you are asking for an increase of $16,000 which does not even cover the increased costs. Have you also made a downward revision of the positions that Congress authorized for 1965?

Mr. GENTRY. We have made a downward revision.

Mr. FOGARTY. 1965?

Mr. GENTRY. Yes, in terms of the reporting—the administration of the two disclosure laws. We have asked for an increase in positions in connection with one office, the Office of Employee-Management Relations Services.

INTERNAL ADJUSTMENTS IN BUDGET

Mr. FOGARTY. You have some internal adjustments which permit an increase of 128,500 and 11 positions for Employee-Management Relations Services?

Mr. GENTRY. That's right.

Mr. FOGARTY. Place a summary explanation of these internal adjustments in the record.

(The requested information follows:)

The increases and internal adjustments proposed in the 1966 appropriation request for the Labor-Management Services Administration are summarized as follows:

	Positions	Amount
1. Increase to provide for the Office of Employee-Management Relations Services (14 positions, $317,500) adjusted by transfer to this office of Executive Order 10988 functions (3 positions, $39,000) and contingency funds for "improving climate of labor-management relations" ($150,000)	+11	+$128,500
2. Increase to provide 1965 mandatory costs (annualization of 1964 salary increase, within-grade promotions, and compensation fund contribution)	----------	+132,800
3. Reduction of 4 positions in the Office of Veterans' Reemployment Rights and adjustment of funds between object classes to adequately provide for nonpersonal service costs and requirements of new procedures in this program	−4	----------
4. Reduction of 20 positions in Office of Labor-Management and Welfare-Pension Reports, reflecting mandatory absorption of a portion of salary increase costs under Public Law 88-426, partial absorption of within-grade promotion costs, and adjustments in several program areas due to shifts of emphasis, workload requirements, and increased productivity and efficiency	−20	−245,300
Net change	−13	+16,000

EMPLOYEE-MANAGEMENT RELATIONS SERVICES

Mr. FOGARTY. What are these services?

Mr. GENTRY. The Office of Employee-Management Relations Services has been established to take care of those responsibilities of the Secretary or Administrator which are required—in part, by the Executive order and, in part, by legislation and, in part, by other demands upon the Department is called upon to service representatives, labor, management, with respect to a variety of problems.

Mr. FOGARTY. You mean like the dock strike?

Mr. GENTRY. That is a good example. We had to conduct studies in 10 ports, running all the way from Boston down through the Atlantic and gulf to Galveston, Tex. This document that I have here as an example is the study for the port of Philadelphia. These studies required the use not only of personnel within the Department, existing personnel, to collect and tabulate the statistics but in addition to that, we had to collate this information and put it into a meaningful document which would be of use to the parties. As you know, the findings of the Secretary with respect to each of these ports in no small part contributed to the resolution of some of the manpower problems in the longshore industry. Unfortunately, it was accompanied by a strike which you are all very familiar with. The basic solution to some of these problems that have plagued employers and the unions can only be brought about by assistance which is now not available anywhere in the Federal Government——

RELATION TO THE MEDIATION AND CONCILIATION SERVICE

Mr. FOGARTY. You mean the Mediation and Conciliation Service could not handle this?

Mr. GENTRY. Not in my judgment.

Mr. FOGARTY. Why should they not be eliminated, the Mediation and Conciliation Service, and let the Secretary or Assistant Secretary and your Department of Labor people handle all of these disputes. It seems to me since Mr. Goldberg became Secretary of Labor, the Department of Labor is jumping into these strikes all over the country.

Mr. GENTRY. There are literally thousands of disputes which come up every year, and the Mediation Service finds it necessary to get involved in them. The disputes that the Department of Labor gets involved in, in my judgment, are very small in number. They are only those in which, in almost all cases, the regular mediation procedures have been exhausted, there is no further statutory relief available, and at the direction of the President, the Secretary becomes personally involved and he sometimes, through delegation, will ask the Assistant Secretary in the labor-management area to become involved.

Mr. FOGARTY. This does not seem right to me, though.

Mr. GENTRY. I think a very important point that has to be made, though, is we are not talking about mediation, we are talking about the development of background information and study in such matters as labor force characteristics, job security arrangements, and protection of employees.

Mr. FOGARTY. Does not the Mediation and Conciliation Service do some of this?

Mr. GENTRY. Not to my knowledge.

Mr. FOGARTY. We have been hearing for 10 or 15 years about how much money they are spending on the prevention of strikes.

Mr. GENTRY. As I understand the preventive mediation function, it is for the Mediation Service to attempt to step in, in advance of critical disputes which they feel are going to be on the horizon in the near future and try to assist the parties in the normal manner in which they do assist them, that is, through mediation. I cannot speak for that agency, but I do not think that they take the position that they can develop the technical studies—let me give you one example.

Mr. FOGARTY. They do not agree with you, let me say that. Now, you go ahead.

Mr. GENTRY. That's perfectly all right. Last year, the Mediation Service approached our office and said that since we were considering the establishment of an Office of Employee-Management Relation Services that they had a proposal they would like to make to us. They pointed out that that was in the field, mediators increasingly come across situations where the parties say, "We are very interested in this business of establishing a human relations committee like they have in the steel industry or meat packing or other industries where the parties sit down across the table, not at the contract deadline but well in advance of the contract expiration date and talk about their problems." The sort of problems you have in our present economy where technological change often means cutting jobs.

Mr. FOGARTY. Did you say cutting jobs?

Mr. GENTRY. The elimination of jobs.

Mr. FOGARTY. Who is going to mediate the cutting of jobs in the Department of Labor under this budget?

Mr. GENTRY. I don't know.

Mr. FOGARTY. Do you think some outside agency ought to look into that?

Mr. GENTRY. It would be a unique role for an outside agency to undertake. But to get back to the business of Mediation Service, they said it would be very helpful for our people "if you in the Labor Department could develop a guide as to how to do this—a how-to-do-it kit on what should be done in establishing these committees. What are we supposed to tell the parties when they say, how many members should we have, how often should they meet? What should the agenda be?" This is one of the things which we had hoped to do and one of the things which I submit they suggested to us and is something which will be very useful for their own purposes. The Mediation Service is not equipped to do studies. And again, I said, I am not speaking for that agency.

Mr. FOGARTY. They will be surprised when they find out that you think they are not equipped to conduct studies like that.

Mr. GENTRY. I would be surprised if they were surprised.

Mr. FOGARTY. Let us see what they have to say about that.

Are these employee-management relation services, proposed under this increase, any different from those proposed under the increase Congress disallowed last year?

RESPONSIBILITIES UNDER URBAN MASS TRANSPORTATION ACT

Mr. GENTRY. They are essentially the same, sir, with one exception. Last year Congress enacted the Urban Mass Transportation Act and section 10(c) of that act provides certain responsibilities that the Secretary of Labor has to carry out, assuring that fair and equitable arrangements are made to protect any employees who are adversely affected by any capital grant or loan or demonstration project which is provided under the act. To that extent, this is a new function that is in the Department which we have not had before. The other activities which are included within this area are of the same character as the ones which we submitted last year.

Mr. FOGARTY. Is that the point that you are making on page 10 of your justification about new legislation?

Mr. GENTRY. Yes, sir.

Mr. FOGARTY. And the Executive order?

Mr. GENTRY. The Executive order refers to Executive Order 10988, the Federal employment cooperation program within the Department of Labor. Again, the Secretary has certain responsibilities in this area, including the appointment of advisory arbitrators and in assisting all Government agencies and their employees in facilitating the implementation of meaningful labor-management relation programs in the Federal Government.

DISCLOSURE LAWS

Mr. FOGARTY. Would you briefly explain the work you are doing under the disclosure laws that you administer. This accounts for about 75 percent of your appropriation.

Mr. GENTRY. I think anything over and above the statement in the record, Mr. Fogarty, if you don't mind, I would like to ask Mr. Kleiler to respond to.

Mr. KLEILER. My name is Frank M. Kleiler and I am Director, Office of Labor-Management and Welfare-Pension Reports. We handle Labor Department functions under these two laws—the Landrum-Griffin Act and the Welfare and Pension Plans Disclosure Act. We plan for 1966 about the same level of activity with 20 fewer persons.

Mr. FOGARTY. How do you do that?

Mr. KLEILER. We are becoming more efficient as we get more experienced.

Mr. FOGARTY. How many jobs do you have overall?

Mr. KLEILER. 547.

Mr. FOGARTY. Could you cut out a hundred instead of 20?

Mr. KLEILER. These are judgments that we have to make within the framework and guidelines that we have received. All I can say is that the level of activity projected for 1966, with minor adjustments here and there, would be approximately the same as we are carrying on at present.

Mr. FOGARTY. What about your backlog?

Mr. KLEILER. At the present, we have no substantial backlog of complaints. Maybe it takes us too long to investigate some of them. As to the backlog of paper processing, yes, that is always with us, but we are becoming more current every day.

Mr. FOGARTY. When are you going to become current, with decreasing staff to do the job?

Mr. KLEILER. Let me put it this way. We are now in the position where, within about 2 months after the filing deadlines for most unions, we are aware if there is a delinquency. I think that is a sufficient level of currency. We can't be up to date on April 1 when the union should have had the report in on March 31. These are the gaps we are talking about—How much is the tolerable margin?

Mr. FOGARTY. What is that percentage again?

Mr. KLEILER. I said that I would consider it tolerable if within 2 months after the union report is due, we knew whether we had it.

Mr. FOGARTY. Why do you not get it down to 1 month?

Mr. KLEILER. It is a matter of whether we want to staff up to the extent that we can handle everything the moment it comes in. To do that you would have a lot of downtime, people waiting around for papers to come in.

Mr. FOGARTY. Do you think you have sufficient resources to assure reasonably good compliance?

Mr. KLEILER. Yes, sir; I think we are getting reasonably good compliance.

Mr. FOGARTY. Have you had any complaints from any source in the past year about compliance problems?

Mr. KLEILER. Yes, sir; we have complaints.

Mr. FOGARTY. You are still satisfied with the progress you are making?

Mr. KLEILER. The people who initiate complaints with us and want us to investigate them are never satisfied we are doing a good enough job. And the people about whom we investigate complaints feel that we are overzealous. That is one of the facts of life we have to live with. The nature of the operation is that we have lots of dissatisfied cutomers, both ways, and we are in the law enforcement business and I am reconciled to that.

Mr. FOGARTY. We used to hear the same complaints about the National Labor Relations Board. But we think they have done a pretty good job in ironing out some of these complaints from both sides.

Mr. KLEILER. I think we have been diligent in the investigating of complaints. I was merely telling you that on both sides there are people who wish we were less intensive.

Mr. FOGARTY. We had the the same trouble with the National Labor Relations Board between employees and employer groups. But we gradually cut down on their backlog, and the complaints. I think they have done a reasonably good job. I don't know how you are going to do a good job with the attitude you are taking.

Mr. KLEILER. If you are talking about complaints about delay, I didn't mean to imply we are having any substantial complaints about delays.

ELECTION COMPLAINTS

Mr. FOGARTY. Your justifications on page 30 indicate that the complaints in the elections category continued to increase during 1964. How does this affect your workload?

Mr. KLEILER. The election complaints are a relatively small portion of the workload, and all we can do is rely on past experience. As you undoubtedly are aware, there are probably about 18,000 unions which conduct elections every year. Some of them conduct every 3 years,

some every 5 years, depending on whether they are locals or internationals. We are getting remarkably few complaints. We do not get too many complaints in this area. We do know that the overwhelming majority of national unions, since the enactment of the Landrum-Griffin Act, have amended their constitutions and bylaws prescribing the procedures for locals to follow, as well as the nationals, to bring them into compliance with the law and the complaints we are getting, less than 200 a year, do not amount to a major portion of our workload.

Mr. FOGARTY. Does it have to be a major portion to get excited about it, or do you more or less set aside these complaints?

Mr. KLEILER. No, we are handling all of the election complaints promptly. As a matter of fact, we are required by the statute to process them in 60 days—either get to court or conclude there is no violation affecting the outcome of the election.

Mr. GENTRY. In election cases, the basis for the initial work of the Department is on the basis of a complaint. For example, a member of a union complains because he feels that he was unreasonably deprived of the opportunity to be a candidate for office. He complains to the Department of Labor and the Department investigates. There are more complaints, probably because these people are more aware of the protection they are afforded under the statute. So they are coming to the Department of Labor more often to complain.

Mr. FOGARTY. So the complaints are increasing?

Mr. GENTRY. Increasing moderately.

Mr. KLEILER. From 147 in fiscal 1964 to 175 estimated for fiscal 1965. The election investigations amount to less than 10 percent of our investigative workload. I am speaking only of the investigative workload.

VETERANS' REEMPLOYMENT RIGHTS

Mr. FOGARTY. The veterans' reemployment rights budget shows a small decrease in positions from 73 to 69. Is this workload going down?

Mr. GENTRY. The reduction in positions is based on new procedures which have been established during the year and Mr. Bradley might want to address himself to these.

Mr. FOGARTY. You talk about these on page 36.

What is the status of the backlog of work?

Mr. BRADLEY. The backlog of complaint cases has come down to about 1,000 and with present staff, we believe by the first half of fiscal year 1966, that we will have it down to around 500, which is a 2 months' lag, which is about as low as you can ever get your backlog. This has been due, Mr. Chairman, to new procedures we began to put into effect about this time last year, with the military services. They are not completely implemented. The Army has yet to issue instructions but most of the larger separation points are already operating. We contact both the serviceman and the employer at the time of release, through a sort of automated procedure. We ask the employer to inform us if the serviceman applies for reemployment, and it is denied, giving his reasons.

Through this procedure the number of our complaint cases is decreasing but we are doing a large volume of work on what we now call promotion of compliance reviews, where the employer will tele-

phone us. They will say they have our letter and did not intend to take Joe back, what is this? Is this law still on the statute books and so forth. We give them the information they need and we are relieved from having a complaint type case that requires investigation and travel and so forth. So the caseload is going down. We can't be sure yet until the full procedure is implemented but we think it may even go down a little lower for 1966 and 1967, and we are trying to gear our personnel to fit the actual workload.

Mr. FOGARTY. Did you recommend this reduction of four positions?

Mr. BRADLEY. I didn't recommend a reduction because at the time this budget request was being formulated early last fall, it was too early to appraise our changed procedures. We did not realize that it was going to have the effect it is having. As of today I would recommend the reduction of the four positions.

Mr. FOGARTY. Maybe you could have made it eight instead of four.

Mr. BRADLEY. We possibly could. If we can, we will, provided the result of the study we are now making indicates that the workload is going down and the backlog is reduced to as low as we can get it. We are making a study now on the time involved in handling complaint cases. When that information is received and evaluated and when we find that we can expect to receive a given number of cases and each professional employee can handle say, about two a week, then we would gear our personnel to what the requirements are.

OUTLOOK FOR WORKLOAD IN FUTURE YEARS

Mr. FOGARTY. What do you foresee 2 years from now, or 4 years from now, as far as personnel is concerned, provided we don't get into another war?

Mr. BRADLEY. I would say—if we don't call up the reservists in Vietnam or have some other emergency coming up—if things stay pretty steady, I believe that over the next 3-year period, we will be able to make further reductions in the personnel and carry on a very effective program.

Mr. FOGARTY. Are the service organizations satisfied?

Mr. BRADLEY. With respect to the present reductions, they are satisfied.

Mr. FOGARTY. They are?

Mr. BRADLEY. Yes.

Mr. GENTRY. The question about what may happen in the future in this area depends upon the current Department of Defense or interagency study of the draft situation. They have been reviewing it for some time.

Mr. FOGARTY. Mr. Denton?

TRANSFER OF VETERANS REEMPLOYMENT RIGHTS

Mr. DENTON. When did you transfer the Veterans Reemployment Rights over to the Labor-Management Relations Division?

Mr. GENTRY. Just about a year ago, Mr. Denton.

Mr. DENTON. Did it work out satisfactorily?

Mr. GENTRY. It seems to be working very well. It has one advantage, I think—there is one point that I think we can take full advan-

tage of now that we have not been able to before. That is, we have a fairly experienced administrative management office within the Labor-Management Services Administration, and I think that it has been Mr. Bradley's experience that this has provided him with more counsel in terms of personnel problems, financial management and things of this nature.

Mr. BRADLEY. It relieves us of a lot of housekeeping activities that we didn't really have the personnel to handle in a smaller bureau such as ours.

UNION ELECTIONS

Mr. DENTON. You talked about election and I presume that is election to union office.

Mr. GENTRY. Yes.

Mr. DENTON. What jurisdiction do you actually exercise there?

Mr. GENTRY. The jurisdiction is under title IV of the Labor-Management Reporting and Disclosure Act.

Mr. DENTON. How far do you go?

Mr. KLEILER. Section 401 of the act prescribes the minimum standards for the conduct of elections of union officers, and they vary, depending whether they are locals or internationals. Section 402(a) of the act provides that if there is a member of a union that believes the act has been violated, he brings this complaint to the Department of Labor after he has invoked his remedies within the union and either gotten a final decision and a turndown or has invoked these remedies under the constitution and bylaws and has pursued them for 3 months within the union without obtaining the final answer. Thereafter he can come to the Department of Labor. We are then required by the law to investigate and determine if, in fact, the law has been violated. Thereafter, bring a case to a Federal district court within 60 days, asking to have the election set aside if, in our judgment, the violations which we found would have affected the outcome.

ENFORCEMENT OF REPORTING AND DISCLOSURE REQUIREMENTS

Mr. DENTON. Under the Labor-Management Reporting Act, do you have any enforcement power?

Mr. KLEILER. Yes, quite a bit. Under certain sections.

Mr. DENTON. They were given to you under a later act, were they not?

Mr. KLEILER. The 1959 act has not been amended. We are speaking of labor-management?

Mr. DENTON. Yes.

Mr. KLEILER. We have enforcement powers with respect to title II, title III.

Mr. DENTON. That does not mean anything to me. What is that?

Mr. KLEILER. We have enforcement powers with respect to the reporting requirements, with respect to the trusteeship requirements, with respect to the election requirements and on certain other matters.

Mr. DENTON. At one time there was a request that you have enough money to look over these reports, or these records, to see if there was a violation. Do you do that in all cases now?

Mr. KLEILER. We examine only a small percentage of the union records themselves, that is the records in the union office to back up the

reports. We are examining all of the reports that are submitted to the Department.

Mr. DENTON. What about the Welfare and Pension Plans Disclosure Act? Do you have any enforcement power there?

Mr. KLEILER. We have enforcement powers, but very limited investigative powers. Under the Welfare and Pension Plans Disclosure Act—in contrast to the Landrum-Griffin Act, we have a rather narrow power of investigation and the act does not contemplate that we open an investigation unless we have reasonable cause to believe that the investigation would disclose a violation of the act.

Mr. DENTON. That is both the pension plan of the employer and the pension plan of the employee, that you regulate?

Mr. KLEILER. We don't regulate.

Mr. DENTON. But you administer?

Mr. KLEILER. Yes; with respect to them.

Mr. DENTON. I think that is all.

Mr. FOGARTY. Thank you, gentlemen.

JUSTIFICATION MATERIAL

Amounts available for obligation

	1965	1966
Appropriation or estimate:		
Labor-Management Services Administration	$7,502,000	$8,580,000
Bureau of Veterans' Reemployment Rights	791,000	
Proposed supplemental due to pay increase (Public Law 88-426):		
Labor-Management Services Administration	241,300	
Bureau of Veterans' Reemployment Rights	29,700	
Appropriation or estimate, revised	8,564,000	8,580,000

Obligations by activity

Description	Appropriation revised, 1965		Estimate 1966		1966 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Employee-management relations services	3	$188,000	14	$317,500	+11	+$129,500
2. Labor-management policy development	18	255,900	18	260,500		+4,600
3. Administration of reporting and disclosure laws	547	6,642,300	527	6,500,700	−20	−141,600
4. Promotion of compliance and assistance to veterans	73	820,700	69	832,400	−4	+11,700
5. Executive direction and administrative services	73	657,100	73	668,900		+11,800
Total obligations	714	8,564,000	701	8,580,000	−13	+16,000

Obligations by object

	Appropriation revised, 1965	Estimate, 1966	1966 change
Total number of permanent positions	714	701	−13
Positions other than permanent	11	11	
Average number of all employees	708	693	−15
11 Personnel compensation	$6,698,300	$6,686,822	−$11,478
12 Personnel benefits	503,500	504,778	+1,278
21 Travel and transportation of persons	519,000	509,400	−9,600
22 Transportation of things	19,500	21,500	+2,000
23 Rent, communications, and utilities	243,700	247,600	+3,900
24 Printing and reproduction	139,500	162,700	+23,200
25 Other services	87,000	87,700	+700
Services of other agencies	230,000	229,000	−1,000
26 Supplies and materials	118,400	121,400	+3,000
31 Equipment	5,100	9,100	+4,000
Total obligations	8,564,000	8,580,000	+16,000
Working capital fund items included above	356,900	350,200	−6,700

Summary of changes

1965 appropriation:	
Labor-Management Services Administration	$7,502,000
Bureau of Veterans' Reemployment Rights	791,000
Subtotal	8,293,000
Estimated supplemental for pay increases:	
Labor-Management Services Administration	241,300
Bureau of Veterans' Reemployment Rights	29,700
Subtotal	271,000
1965 appropriation (comparatively adjusted)	8,564,000
1966 estimate	8,580,000
Total change	+16,000

MANDATORY ITEMS

Increases:	
Net pay increase costs in 1966 (Public Law 88-426)	+3,500
Net within-grade promotion costs	+100,000
To increase the level of contribution to the Federal Employees' Compensation Fund	+3,000

PROGRAM ITEMS

Increase:	
Additional funds are proposed to carry out the programs and functions of the Office of Employee-Management Relations Services; includes proposed merger of Federal Employee-Management Relations functions into this activity. Allows reassignment of 1 position from Federal Employee-Management Relations activities to Industrial Relations Services activities (11 new positions, $108,200 personal services; nonlabor, $20,300)	+128,500

Summary of changes—Continued

PROGRAM ITEMS—continued

Item	*1965*	*1966*	*Change*
Industrial Relation Service	0	12	+12
Federal Employee-Management Relations	3	2	−1
Total	3	14	+11

Decrease:		
Economies in operating methods and improvements in manpower utilization coupled with adjustment of emphasis among the various compliance functions in the Administration of Reporting and Disclosure Laws (17 positions, $198,100 personal services; nonlabor, $20,900)		−$219,000
To reflect increased productivity and efficiency resulting from new methods of operations in promotion of compliance and assistance to veterans. A reduction of 4 positions is proposed. The funds related to these positions, however, are proposed to be reallocated to nonpersonal service costs in order to meet requirements unmet in recent years and to restore a normal operating level in certain object classes		
Total change		+16,000

Mandatory changes for 1966

INCREASES

Pay increase costs		+$3,500
Net additional cost of pay increase for current year (base) staff pursuant to Public Law 88–426.		
Personnel compensation	$3,256	
Personnel benefits	244	
	3,500	
Within-grade promotion costs		+100,000
1966 net additional cost of within-grade promotions effective on only a part-year basis for base staff in 1965	+$51,300	
Personnel compensation	$49,452	
Deduct lapse	−1,731	
Personnel benefits	3,579	
Net cost	51,300	
Net cost of within-grade promotions becoming effective during 1966	+75,000	
Personnel compensation	$72,297	
Deduct lapse	−2,530	
Personnel benefits	5,233	
Net cost	75,000	
Absorption of a portion of above increases (reduction 3 positions; $26,300 personal services)	−26,300	
To finance a net increase in contributions to the Federal Employees' Compensation Fund, reflecting a rise in cost and incidence of benefits payments made to civilian employees of the United States for injuries of an accidental nature sustained in the performance of duty		+3,000

Labor-Management Services Administration

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Activity 5		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Mandatory changes:												
Net pay increase costs		$14		$188		$2,600		$382		$316		$3,500
Within-grade promotion costs		986		4,412		101,100		11,318		8,484		126,300
Absorption of disallowed within-grade costs					−3	−26,300					−3	−26,300
Net within-grade costs		986		4,412		74,800		11,318		8,484		100,000
Contributions to Federal Employees Compensation Fund (+ or −)										+3,000		+3,000
Total		1,000		4,600	−3	77,400		11,700		11,800	−3	106,500

Program changes by activity

Object classification	Activity 1		Activity 2		Activity 3		Activity 4		Activity 5		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation	+11	+$102,470		−$50	−17	−$190,978	−4	−$26,000		−$350	−10	−$114,908
12 Personnel benefits		+5,730		+450		−7,122		−1,300		+550		−1,692
21 Travel and transportation of persons		+7,500				−22,200		+5,100				−9,600
22 Transportation of things		+2,000										+2,000
23 Rent, communications, and utilities		+2,700						+1,300		−100		+3,900
24 Printing and reproduction		+2,100				+5,600		+15,500				+23,200
25 Other services		+2,300		−400		−4,300		+2,090				−400
26 Supplies and materials		+1,700						+1,400		−100		+3,000
31 Equipment		+2,000						+2,000				+4,000
Total	+11	+128,500			−17	−219,000	−4				−10	−90,500

ACTIVITY 1. EMPLOYEE-MANAGEMENT RELATIONS SERVICES

1965	$188,000
1966	317,500

NARRATIVE DESCRIPTION OF PROGRAM

The present-day labor-management relations scene is confronted with a host of complex problems, quite dissimilar to such usual and traditional matters of interest as wages, hours, and working conditions, with which the institution of collective bargaining must cope. The advent of accelerated automation and technological change, in a period also characterized by a high and persistent rate of unemployed labor, thrusts upon the Government an increasing obligation to provide such assistance as may be required and requested by employers and employees in the resolution of their mutual problems. In addition, new legislation and Executive orders have substantially broadened the role of the Secretary of Labor and the Department in the labor-management relations field in recent years. Major responsibilities of the Secretary in this area have been delegated to the Labor-Management Services Administration.

The Division of Industrial Relations Services has been established within the Labor-Management Services Administration under this activity to discharge the Secretary's operational responsibilities in the labor-management relations field. Principal areas of activity of this Division include the following:

1. Technical, statistical, or advisory assistance will be provided upon request to labor, management, the mediation services, and other Government agencies for dealing with specific labor-management relations problems through the provision of staff expertise and assistance from within the Labor-Management Services Administration or other units in the Department. In addition, experience gained through consideration of specific problems will be used to develop information which will have more general application to similar problems in other industries. For example, the recent involvement of the mediation services and the Department of Labor in several critical labor-management situations having labor force and job security implications (e.g., railroads and longshoring) have demonstrated the need for basic technical information (such as employment trends in the industry, characteristics of the work force and employee security arrangements developed in other industries) in order to assess adequately the impact on the productivity of the industry and the welfare of its employees. Far too often, however, the Department has discovered that while the parties may possess or have ready access to the technical quantitative information needed to consider a problem, they have not used such information because of its application or technical inability to relate it to the problem. The Labor-Management Services Administration intends to develop technical tools and other materials for use by labor and management indicating how statistical and other data which form a part of the basic records of the parties can be used in connection with problems having serious manpower, labor force and collective bargaining implications.

2. Legislation and Executive orders have placed upon the Department of Labor coordinate responsibilities with other Government agencies with respect to problems in the field of labor-management relations. For example, the Urban Mass Transportation Act of 1964 provides for a program of Federal loans and partial grants to assist States and localities in financing the capital facilities and equipment needed to extend and improve comprehensively planned urban mass transportation systems, which may be operated publicly or privately. Section 10(c) of this act provides that as a condition of receiving any Federal assistance pursuant thereto fair and equitable arrangements shall be made to protect the interests of employees who may be adversely affected by activities resulting from such assistance. The act provides that the Secretary of Labor is responsible for determining that the conditions imposed meet the standards of employee protection outlined in the act.

In carrying out its responsibilities under this statute, the Department of Labor will be required to undertake the following types of activities: organizational planning for the receipt, handling, review, and approval of employee protection plans; preparation of instructions and guides to prospective applicants to assist them in meeting the statutory requirements; development of appropriate rules and regulations; consideration of standards and criteria for appropriate employee protective conditions; review of applications; meeting with representatives of labor, management, and local public authorities for the purpose of assisting them in satisfying the statutory requirements; and rendering such specialized service

to the Administrator, Housing and Home Finance Administration, as circumstances may require to assure statutory compliance.

The Secretary's responsibilities under the Urban Mass Transportation Act will be discharged by the Division of Industrial Relations Services. Other significant interagency activities in which the Administrator of the Labor-Management Services Administration represents the Secretary and for which technical and specialized staff assistance is required, include the President's Maritime Advisory Committee, the Grievance Committee on Cargo Preference, the Interagency Committee on Transportation Mergers, and the President's Advisory Committee on Labor-Management Policy.

3. The complexity of present-day collective bargaining problems often precludes hasty solutions in the face of contract or work stoppage deadlines. In many situations advanced planning by the parties, in consultation with the mediation services, is essential in order to develop solutions consistent with the interests of the parties and national labor policy. In cooperation with the mediation services and other Government agencies, the Labor-Management Services Administration will develop industry forecasts of impending labor-management problems and situations of a critical nature with sufficient leadtime to provide technical data or other information for use in resolving such problems. In addition, detailed technical analyses will be developed (in collaboration with other units of the Department) of key industries in the economy. Such analyses will include study of labor force requirements, employment trends, current or potential impact of technological changes, adjustment procedures, and the labor-management relations mechanics for adjusting to changes.

4. Notwithstanding existing statutory procedures, and the effective roles of the mediation agencies, certain critical national emergency disputes require the involvement of the President (and, in his behalf, the Secretary of Labor). Liaison with the mediation and other Government agencies and technical staff assistance will be provided by the Labor-Management Services Administration in such critical dispute situations. Technical staff support, as required, will be provided to ad hoc boards and commissions established to deal with specific labor-management relations situations (e.g., the Special Longshore Board) and to a variety of requests from labor, management, and other Government agencies for advice and assistance on matters of a labor-management relations character. The services of outside consultants will be retained by the Labor-Management Services Administration at the discretion of the President or the Secretary to provide advice and assistance with respect to critical labor-management situations (e.g., railroads and longshoring).

Permanent staffing of the Division of Industrial Relations Services, through reprograming other labor-management activities, was disapproved by the Congress for fiscal year 1965. An appropriation of $150,000 was provided for the retention of labor-management consultants and for other temporary and short-term expenses to assist the Department in connection with specific labor-management problems. In the absence of permanent full-time staff, however, it has been impossible to initiate and implement the plans described above for continuing any long-range programs.

The Division of Federal Employee-Management Relations performs the functions of the Secretary under section II of Executive Order 10988 which include (1) the examination and handling of agency or employee organization requests for the nomination of arbitrators in cases involving appropriateness of units for the purpose of exclusive recognition or questions as to majority status determinations and in appropriate cases makes such nominations, and (2) the rendering of such assistance as may be appropriate to Federal agencies in connection with advisory decisions or determinations.

Since issuance of Executive Order 10988, the Division of Federal Employee-Management Relations has processed over 100 requests for the nomination of arbitrators and approximately 50 arbitral decisions have been rendered (some involving the consolidation of 2 or more cases). The Division issues a continuing series of rules, regulations, and advisory opinions designed to assist Government agencies and employee organizations in the effective implementation of the requirements of the order. In appropriate instances reports, interpretative bulletins, and procedural guides are prepared to inform interested parties of significant decisions, amendments to existing rules and regulations, and related matters. Activities of the Division also call for a continuing program of assistance to Government agencies and employee organizations in their training and education programs, and the periodic review of rules and regulations pertaining to the Executive order.

The broadening awareness and interest in Executive Order 10988 has been further stimulated by the authorization for institution of dues checkoff procedures. This among other factors, will give rise to increased organizational activities at Federal Government installations and a continuing need for Labor Department consideration of requests for the appointment of advisory arbitrators; the development of appropriate policy, rules and regulations; advice and assistance to agencies and unions regarding problems involving appropriate units, majority status, and the standards and codes; and advisory and technical services with regard to the implementation and administration of Executive Order 10988 in accordance with sound principles and practices for meaningful, constructive employee-management relations.

PROGRAM CHANGES FOR 1966

The proposed changes for 1966 include an increase of 11 positions and ($128,500), and a reprograming of one position from Executive Order 10988 functions to the other activities proposed. Thus, a total of 12 positions are being requested for the Division of Industrial Relations Services. These permanent positions and other resources are necessary for the development and implementation of the program plans outlined in items 1 through 4 of the narrative description, including provision of continuing facility for execution of the Department's responsibilities in connection with the Urban Mass Transportation Act.

ACTIVITY 2. LABOR-MANAGEMENT POLICY DEVELOPMENT

1965	$255,900
1966	260,500

NARRATIVE DESCRIPTION OF PROGRAM

The Department's responsibilities in the critically sensitive area of labor-management relations include the review, consideration, and development of appropriate policies, through legislative proposals or administrative actions (1) to strengthen labor-management relationships and democratic collective bargaining in an environment relatively free of industrial conflict and (2) to protect the interests of members of labor organizations and the recipients and beneficiaries of privately administered employee pension and welfare funds. This review must be a continuing process so that determinations as to appropriate action will be premised upon a complete background review and in-depth consideration of alternative courses of action which take into account significant developments and rapidly changing circumstances in these dynamic areas.

In the past, the major thrust of activities in the Office of Labor-Management Policy Development has been related to an examination of various aspects of the labor-management and welfare pension reporting and disclosure laws. However, the ultimate goal of the Office is to review other aspects of Federal policy in the labor-management relations field for the guidance of the President, the Secretary, and the Congress. Completion in the current year of the planned staffing as authorized by the 1965 budget will contribute to the initiation of many of the following specific program plans:

1. This Office together with the Office of Labor-Management and Welfare-Pension Reports is currently engaged in a review of both reporting and disclosure acts with the objective of developing a series of study proposals to assess the performance and effectiveness of these statutes, together with a general review of legislative and administrative problems or impediments encountered in the course of their administration. Areas subject to examination by the task force include the reporting, finanical, and administrative procedures of labor organizations; union trusteeships; the election of union officers; bonding of union officials and employees; standards of conduct for union officials; safeguards and protections of the personal rights of union members; bonding of pension and welfare plan administrators; and the reporting of pension and welfare plan activities. Following completion of the task force review, an order of priority for study projects will be assigned and appropriate research undertaken. The Office also engages in a continuing review of specific aspects of union constitutions in response to requests from the Office of the Solicitor and Office of Labor-Management and Welfare-Pension Reports.

2. Policy development will include an examination of existing legislative and administrative policy in the field of labor-management relations. Additionally, an examination will be undertaken of legislative proposals in the maritime field,

proposed or existing legislation as it affects specific industries (e.g. transportation, atomic energy, utilities, and other national interest industries), and the role of Federal regulatory agencies and their administrative policies with respect to labor-management relations matters.

3. A review will be undertaken of various public and private policies affecting labor-management relations such as the "wage-price guideposts" and the arrangements which might be made to promote compliance with the guidepost restraints; privately negotiated arrangements affecting seniority, mobility, and employee displacement; labor policies under Government contract or procurement procedures; employer or union strike insurance plans; and the effects of industrywide bargaining practices.

4. In cooperation with the Office of Employee-Management Relations Services, studies relating to Executive Order 10988 (Federal employee management cooperation) will be undertaken to review and assess such matters as size and types of recognized bargaining units, the extent of union organization in the Federal Government, substance and effect of advisory arbitration decisions, and changes in collective bargaining agreements and patterns.

5. Exploration has been undertaken to provide a cooperative arrangement with other labor agencies for the exchange of research materials and the development of labor-management research programs within the Department based upon a review of the needs of these agencies and consideration of their suggestions of areas of research meriting priority treatment.

PROGRAM CHANGES FOR 1966

None.

ACTIVITY 3. ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS

1965	$6,642,300
1966	6,500,700

This activity consists of the Office of Labor-Management and Welfare-Pension Reports which performs all Department of Labor functions in the administration of the Labor-Management Reporting and Disclosure Act and Welfare-Pension Plan Disclosure Act. The operations of this Office are categorized and described below in six major areas.

REPORTS AND DISCLOSURE

Narrative description of the program

The Division of Reports and Analysis comprises this subactivity and includes the functions of control, processing, examination, and coding of reports filed under the Labor-Management Reporting and Disclosure Act and Welfare-Pension Plan Disclosure Act; comprehensive analyses and financial audits of reports; administering the disclosure provisions of the acts, including functional direction of the field in this regard; conduct a statistical program; and replying to inquiries on the provisions of the two acts.

The close of fiscal year 1964 saw completion of organizational adjustments necessitated by merger of the Bureau of Labor-Management Reports and the Office of Welfare and Pension Plans in August 1963. As noted in fiscal year 1965 budget presentation, these moves involved bringing together in a single unit and coordinating all procedures and operational steps related to the intake, examination, and analysis of reports received under both the Labor-Management Reporting and Disclosure Act and Welfare-Pension Plan Disclosure Act.

In addition, action was taken to put into operation the revised programs for automating the basic check of reports reflecting the financial operations of labor organizations for the reporting year 1963, the majority of which were filed with the Office by May 1964.

During fiscal year 1965, plans are being developed looking to the adoption of a companion automated procedure covering welfare and pension plan financial reports. The results of these actions will be reflected during fiscal years 1965 and 1966 in a better quality of examination with somewhat less expenditure of time and, at the same time, the program will provide more precise information on which particular reports should be subjected to intensive analysis and audit.

Workload data

	Fiscal year 1964 actual	Fiscal year 1965 estimate	Fiscal year 1966 estimate
A. Reports received (total)	219,330	224,950	228,000
1. Registration type reports (organization reports LM-1 plan descriptions D-1 and D-1 amendments)	34,400	39,500	42,500
2. Annual reports (financial reports LM-2, LM-3, and amended and terminal reports; financial reports D-2; and informational reports D-3)	183,510	184,000	184,000
3. Special reports (trusteeship; union officer and employee; employer; labor relations consultant)	1,420	1,450	1,500
B. Summary examinations (total)	200,330	173,950	177,000
1. Registration type reports (organization reports LM-1; plan descriptions D-1 and D-1 amendments)	35,970	39,500	42,500
2. Annual reports (financial reports LM-2; LM-3, and amended and terminal reports; financial reports D-2)	163,035	133,000	133,000
3. Special reports (trusteeship; union officer and employee; employer; labor relations consultant)	1,325	1,450	1,500
C. Desk audits	2,425	2,000	2,200
D. Detailed analyses	1,370	1,400	1,400
E. Deficiency and delinquency notices mailed	31,615	22,200	22,200
(*a*) Deficiency notices	9,715	9,700	9,700
(*b*) Delinquency notices	21,900	12,500	12,500
F. Disclosure activities:			
Number of reporting entities with respect to whom disclosure is made	42,785	45,000	47,500
Number of pages reproduced for sale	73,650	77,000	82,500
Number of visitors	3,295	3,350	3,400
G. Correspondence (total)	29,015	25,000	25,000
Composed replies	14,015	10,000	10,000
Form and checklist letters (other than delinquency and efficiency notices)	15,000	15,000	15,000

A. Reports received

As shown in the table above, over 219,000 reports were received during fiscal year 1964 under the two acts. It is expected that the figure will increase in fiscal year 1965 to almost 225,000 and again in fiscal year 1966 to 228,000, reflecting primarily the reporting by newly established welfare and pension plans.

B. Summary examination

During the fiscal year 1965, increased emphasis will be placed on the automated processing of financial reports received from labor organizations.

This operation is the culmination of several years of effort to devise, program, and put into operation a comprehensive system covering examination and reports analysis activities.

Utilization of electronic computers in verifying, cross-checking, and comparing related figures and entries contained in these reports will permit more rapid and more comprehensive examination. At the same time, it will be possible to identify reports containing serious discrepancies and inconsistencies. These reports will be subjected to further analysis and audit, and be referred for field investigation when such action appears warranted.

In addition, the program of examining the 75,000 welfare and pension plan financial reports will be continued through fiscal year 1965, concurrent with the development of an automated program to be installed in fiscal year 1966 for these reports.

Aside from the financial reports, the staff will be required to examine 40,000 registration-type reports and amendments, and almost 1,500 special reports from employers, labor consultants, union officers and employees, or dealing with trusteeships.

It is expected that some 174,000 reports will receive summary examination in fiscal year 1965 and 177,000 in fiscal year 1966.

C. Desk audits

Through the adoption of improved methods and procedures it was possible to complete 2,400 desk audits and reviews in fiscal year 1964—2,000 of which in-

volved forms LM–2 and D–2 financial reports. Form LM–2 calls for a considerable degree of detailed information on labor organizations in contrast to the simpler, one-page report LM–3 required from the smaller unions having less than $30,000 in receipts annually. Similarly, the detailed form D–2 must be filed only by welfare and pension plans having 100 or more participants; smaller plans need not file financial data as a result of the 1962 amendments to the Welfare-Pension Plan Disclosure Act.

In addition, a sample of approximately 400 forms LM–3 was also checked by the audit staff to determine the need for professional review in this size group.

On the basis of the 1964 experience, the estimate for fiscal year 1965 has been revised to provide for 2,000 desk audits, 900 of the LM–2 and 1,100 of the D–2 variety. LM–3 reports will be referred to the audit staff only in special circumstances indicating that professional handling is needed. For the fiscal year 1966 the number of desk audits will be increased to 2,200—800 on LM–2 reports of labor organizations and 1,400 on D–2 reports of welfare and pension plans.

During both 1965 and 1966, the desk audit program will continue to be very carefully coordinated with the field financial investigation program in order to achieve greater overall efficiency.

D. Technical analysis

Continued attention and review will be given to the special reports received from employers, consultants, union officers and employees, and those reporting on trusteed locals.

As noted in the tabulation above, 1,450 such reports will be reviewed and professionally analyzed in fiscal year 1965 and 1,500 in fiscal year 1966.

The analysis staff will also handle referrals from the examining units which require professional skills and ability, in addition to matters referred from the field or received through correspondence involving technical and complex questions relating to the two acts.

E. Deficiency and delinquency notices and letters

(*a*) *Deficiencies.*—As in previous years, the office notified labor organizations and plan administrators of "on the face" and other deficiencies in their reports as discovered during summary examination.

During fiscal year 1964, 3,600 such mailings related to the Welfare-Pension Plan Disclosure Act and 6,100 to the Labor-Management, Reporting and Disclosure Act. This workload should hold at approximately the same level in 1965 and 1966.

(*b*) *Delinquencies.*—In each year since the effective date of the Labor-Management Reporting and Disclosure Act, a significant portion of the effort of the national office has been expended in corresponding with unions regarding real or apparent failures to file required reports. As a result of these efforts by the former Bureau of Labor-Management Reports, and now the Office of Labor-Management and Welfare-Pension Reports, the incidence of delinquencies by labor organizations has been reduced in each succeeding year. Reports filed in the fiscal year 1964 will be processed primarily in fiscal year 1965. It is anticipated that there will be approximately 2,500 delinquencies, mostly on the part of small local unions or unions which have ceased operation. As in previous years, the national office will seek the cooperation of the parent labor organizations in assuring filing compliance through technical assistance programs, followed by correspondence or field visits where necessary.

With respect to the Welfare-Pension Plan Disclosure Act financial reports, the number of delinquencies has run consistently between 15,000 and 20,000 a year. The mail program of notifying plan administrators of their delinquencies has resulted each year in a very large volume of reply correspondence which creates a serious workload at all levels of the organization. Responses to over 17,000 notices on fiscal year 1962 delinquencies required preparation of over 5,000 "tailored" letters in reply—some of which resulted in additional correspondence. A backlog of about 1,000 letters requiring tailored replies, exists at present.

To eliminate continuous "peaking" and backlog building in the future, henceforth, notices will be sent first to funded plans and the larger insured plans which have failed to report. It is expected that this selective program will involve the mailing of some 12,500 notices in 1965, in contrast to the 17,000 mailed during 1964. To the extent that staff becomes available, delinquency notices will be mailed to other categories of delinquent plans after the top priorities have been disposed of.

In 1965 and 1966 it is expected that a total of 22,000 delinquency and deficiency notices will be mailed, under both acts.

F. Disclosure activities

Activity in the disclosure area is expected to increase somewhat in fiscal year 1965 over 1964, and again in fiscal year 1966, reflecting increasing interest by all segments of the public, plan participants, other Government agencies, and other interested groups. This trend will continue, particularly with respect to welfare and pension plans, as their number and size become increasingly larger.

Plans are also being developed to publish a Register of Reporting Pension Plans. The register will cover all active plans which have filed reports under the Welfare-Pension Plan Disclosure Act as of July 1, 1965. Most of the preliminary work, including the examination of reports, will be accomplished during fiscal year 1965 with the actual printing being accomplished in fisal year 1966. Although the publishing of such a register is deemed imperative, it is likely to result, in fiscal year 1967 and subsequent years, in a marked increase in the number of requests to examine reports and for copies of reports and will increase the workload for this phase of the disclosure activities.

The issuance of such a register will make it possible for plan participants, labor unions, administrators, Government agencies, and other persons interested in the status and operations of pension plans to identify easily particular reports which they wish to examine. It will do in the pension plan area what has already been done in the Labor-Management Reporting and Disclosure Act field through the issuance of the Register of Reporting Labor Organizations.

G. Correspondence

During fiscal year 1964 over 14,000 replies were composed to letters raising substantive questions of interpretation of provisions of the two acts and questions of reporting requirements. Of these, approximately 4,600 were the result of inquiries originating entirely from outside the office; the remaining 9,400 were received in reply to deficiency and delinquency letters and notices. It is expected that this total workload will drop to approximately 10,000 a year, reflecting the reduction in the number of delinquency notices to be mailed from approximately 22,000 in 1964 to 12,500 in 1965 and 1966.

H. Statistical program

This activity will be continued at approximately the current level in 1965 and 1966. Operating statistics for use in planning the work of this division, as well as in connection with the overall program of the office will be developed.

Statistical analysis, tabulations, reports, and other presentations will be prepared reflecting information and data contained in reports filed under both the Welfare-Pension Plan Disclosure Act and the Labor-Management Reporting and Disclosure Act.

REGULATIONS AND ADMINISTRATIVE RULINGS

Narrative description of program

The Division of Regulations and Administrative Rulings comprises this subactivity and performs the interpretative and regulatory functions and activities for the office; advises the Director on matters of broad policy and program; develops long-range goals for the office; recommends policy and program changes where appropriate; performs the necessary administrative research in connection with the foregoing; and maintains liaison with the Office of the Solicitor for purposes of obtaining legal advice or approval of interpretative and regulatory actions as required.

Workload data

	1964 actual	1965 estimate	1966 estimate
A. Action on requests for variation on reports and exemptions on bonding	35	75	70
B. Administrative rulings	700	650	600
C. Regulations	5	4	5
D. Interpretative bulletins	2	4	7
E. Major problem reviews	15	20	20

A. Request for variation on reports and exemptions on bonding

Requests for variation from the reporting requirements (sec. 5, Welfare-Pension Plan Disclosure Act) and petitions for bonding exemptions (sec. 13, Welfare-Pension Plan Disclosure Act), are included in this activity. An intensive program at the end of fiscal year 1964 reduced the backlog in variation cases, and the division has remained current in the handling of this type of cases during fiscal year 1964. Although the number of requests for bonding exemptions has approximated that projected in the 1965 budget, action on such requests has been severely restricted due to continuing efforts to develop (1) a satisfactory technique for determining what constitutes "financial responsibility," and (2) a sound administrative policy respecting the use of deductible insurance. The sharp increase reflected for fiscal year 1965 assumes these difficulties will be resolved in the near future. The fiscal year 1966 slight drop reflects an increased workload, but the anticipated reduction of backlog.

B. Administrative rulings

Administrative rulings are prepared, with the advice of the Solicitor where appropriate, in the form of (1) letters to labor organizations and their officers and members, plan administrators, employers, employer associations, Members of Congress, Federal and State agencies, and the public generally, and (2) memoranda to other units of the Labor-Management Services Administration and the Office of the Solicitor in connection with their operations. It should be noted that the workload classification "Administrative rulings," used herein, is considerably less broad than its counterpart in the 1965 budget request, "Interpretations." The latter included the clearance of letters prepared by other office entities, personal inquiries, and telephone inquiries, none of which are included in the present classification "Administrative rulings."

These interpretative positions deal with every area of the acts, and vary widely in degree of complexity. Although the number of inquiries is decreasing because of greater exposure to and understanding of the acts, the inquiries are generally becoming more complex. The division is currently involved in a program designed to clarify interpretative positions which will, at least in part, be completed during fiscal year 1966. Specifically, we are developing interpretative monographs jointly with the Office of the Solicitor, to clarify office positions on a number of key sections of the Labor-Management Reporting and Disclosure Act, with particular emphasis on reporting aspects of the act. These may be issued to the public as interpretative bulletins (see D below). It is anticipated that all requests for interpretations will be handled on a current basis during fiscal year 1966. The continued reduction in workload reflects the decreased number of rulings as understanding of basic positions becomes more widespread. However, as noted above, questions submitted are becoming increasingly more complex and difficult to answer, necessitating more professional staff time per unit.

C. Regulations

With respect to Welfare-Pension Plan Disclosure Act, it will be necessary to promulgate new regulations concerning the revised reporting forms (D–1, D–2, and D–3), now undergoing extensive modification. With respect to the granting or denial of reporting variations, regulation is the only means available to the Secretary for granting or denying a formal petition for variation. Regulations respecting the submission of plan documents are expected to be completed during fiscal year 1965. Regulations necessary to carry out the provisions respecting exemption from bonding, particularly with respect to the term "financial responsibility," are expected in the near future.

With respect to the Labor-Management Reporting and Disclosure Act regulations, the complex regulation dealing with the removal of local union officers has recently been promulgated. A regulation dealing with the rerunning of union elections was recently published, and consideration is presently being given to the promulgation of a regulation dealing with the definition of the term "trust in which a labor organization is interested."

D. Interpretative bulletins

It is anticipated that the office will make substantial use of interpretative bulletins to inform the public of their obligations under the acts, and to clarify the meaning of the statutes, where necessary. Existing interpretative bulletins will be revised and expanded in the light of experience in administering the two acts.

During fiscal year 1964, an interpretative bulletin was issued respecting records retention requirements pursuant to the Welfare-Pension Plan Disclosure Act. During fiscal year 1965 and fiscal year 1966, work will be undertaken on interpretative bulletins under the Welfare-Pension Plan Disclosure Act dealing with the merger and termination of plans, employee beneficiary associations, territorial jurisdiction, conflict of interest situations, and good faith defense as related to reliance on the opinions of the Secretary.

During fiscal year 1964 a revision of an interpretative bulletin was issued respecting the meaning of the term "State or local central body" under the Labor-Management Reporting and Disclosure Act. During fiscal year 1965 and fiscal year 1966, work will be undertaken on interpretative bulletins under the Labor-Management Reporting and Disclosure Act respecting the criteria used in classifying a labor organization, employer reporting, consultant reporting, labor organization reporting, and elections.

E. Major problem reviews

This activity includes special projects requiring in-depth analysis in matters affecting the acts and related areas, internally generated projects designed to aid the Director and staff in providing more meaningful interpretations under the acts, and in-depth analyses of advisable amendments to the acts in connection with legislative proposals. The number of such projects undertaken cannot fairly represent office workload in this area inasmuch as the time devoted to "units" within this area may range from a few hours on certain legislative recommendations to several months of professional staff time on the more complex problems undertaken.

Examples of the types of problems it is anticipated will be undertaken or completed in the Welfare-Pension Plan Disclosure Act field are analyses of plans covering self-employed individuals; the necessary inclusions which constitute an "adequate summary" of a plan under the act; profit-sharing plans, with a view to delineating specifically those which are covered by the act; and the legislative history of the provisions respecting simplified reports.

Examples of the types of complex problems which will be undertaken or completed in the Labor-Management Reporting and Disclosure Act field are analyses of sub-units and intermediate bodies to determine their status under the Labor-Management Reporting and Disclosure Act; the employer as a member or officer of a union; the forms of supervision and control in the application of trusteeships; the manner in which funds of a welfare or pension plan covered by both the Welfare-Pension Plan Disclosure Act and the Labor-Management Reporting and Disclosure Act should be reported; effect of membership classifications on voting and the right to hold office; reasonableness of restrictions on eligibility for union office; and the impact on the act of a tax court decision that payment by a labor organization of the legal fees of its officers constitutes income.

It should be noted that a significant percentage of division effort is directed to matters not susceptible of measurement. Staff members gather and analyze knowledge and experience respecting the principles and practices in the trade union movement and among other persons involved in the field of labor relations in order to assist the Director in making necessary policy decisions and interpretations. The division also is responsible for the development and maintenance of staff manuals of regulatory and interpretative materials used by the field as a principal guide in the enforcement of the two acts. During fiscal year 1965 and fiscal year 1966 extensive revisions of the Labor-Management Reporting and Disclosure Act manual will be undertaken, and a Welfare-Pension Plan Disclosure Act manual will be developed.

TECHNICAL ASSISTANCE

Narrative description of program

The Division of Technical Assistance has primary responsibility for all educational work directed to effecting voluntary compliance with the Labor-Management Reporting and Disclosure Act and the Welfare-Pension Plan Disclosure Act. The division develops methods of informing organizations and individuals of the requirements of the acts. It prepares publications and other technical aids.

The division exercises functional supervision over the technical assistance activities of the field staff. National office technical assistance staff members perform such technical assistance assignments as cannot be delegated to the field offices.

Workload data

Program	Fiscal year 1964 (actual)	Fiscal year 1965 (revised estimate)	Fiscal year 1966 (estimate)
A. Inquiries	69,670	73,000	80,000
B. Group technical assistance conventions and meetings	221	210	200
Labor-Management Reporting and Disclosure Act clinics	284	200	175
Welfare-Pension Plan Disclosure Act clinics	71	75	75
C. Contacts	6,947	8,100	8,000
D. Publications:			
Welfare-Pension Plan Disclosure Act	4	10	10
Labor-Management Reporting and Disclosure Act	8	10	10

The above workload table represents, except for inquiries, the technical assistance activities of the Office of Labor-Management and Welfare-Pension Reports, for both national offices and the field. The inquiries figures represent only the field workload.

A. Inquiries

The inquiries program in the field represents requests for information or public disclosure of reports. There is no control over the volume of these requests which in fiscal year 1964 increased 30 percent with the addition of the Welfare-Pension Plan Disclosure Act to the scope of the field offices' responsibilities. It is assumed that there will be a continuing rise in this activity through 1966 due to increased public awareness of the field organization now servicing both the Labor-Management Reporting and Disclosure Act and the Welfare-Pension Plan Disclosure Act clientele and the introduction in fiscal year 1966 of the revised D–2 reporting forms.

B. Group technical assistance

Group technical assistance is divided into three categories: conventions and meetings, Labor-Management Reporting and Disclosure Act clinics, and Welfare-Pension Plan Disclosure Act clinics. Convention services include displays, publications, a compliance officer to answer questions, and occasionally a speaker. Office of Labor-Management and Welfare-Pension Reports personnel are regularly invited to attend meetings of union or employer groups to explain aspects of both acts to those who have rights and responsibilities under the laws. It is estimated that this activity will continue at about the same level in fiscal year 1966 as in fiscal year 1965.

The Labor-Management Reporting and Disclosure Act clinics are designed to give basic instruction to union officers in order to eliminate the most common technical errors in reporting and the most common unintentional violations of the election provisions. This objective has been largely attained, and the emphasis is now being directed to more specialized areas, such as clinics to correct recurring reporting errors common to the locals of the same international union. It is anticipated that this activity will decrease both in fiscal year 1965 and in fiscal year 1966. All Labor-Management Reporting and Disclosure Act clinics are prepared and conducted by field personnel.

The Welfare-Pension Plan Disclosure Act clinics are held for the purpose of explaining the coverage, reporting and bonding requirements of the act. The number of such clinics is being maintained at a low level until the introduction of the revised Welfare-Pension Plan Disclosure Act reporting forms anticipated sometime late in the fiscal year 1966.

C. Contacts

The contact program consists of individual meetings with key persons subject to the acts to discuss particular items and problems with them. These contacts are planned and initiated by Office of Labor-Management and Welfare-Pension Reports personnel, as opposed to inquiries which are unsolicited. The increase in fiscal year 1965 results from time saved on the reduced Labor-Management Reporting and Disclosure Act clinic program being shifted in part to the contact program.

D. Publications

All technical assistance publications are prepared by the division. These are informational publications which briefly describe the laws in simple, nontechnical

language. There are also instructional publications which explain the laws in detail, giving specific example of actions which are in compliance or in violation of the laws, and which provide the individual with guidelines to use in compliance. This includes revisions, reissues, new publications and Spanish translations. It is expected that the level of this activity in fiscal year 1966 will continue at the fiscal year 1965 projection.

The Technical Assistance Division also provides professional and clerical staff required for the Advisory Council on Employee Welfare and Pension Plans established by the Welfare-Pension Plan Disclosure Act.

COMPLIANCE OPERATIONS

Narrative description of program

Compliance operations activities are directed and administered by the Division of Compliance Operations in the national office through 5 regional, 24 area, and 11 resident offices. The objective of the Office of Labor-Management and Welfare-Pension Reports is attainment of a maximum degree of voluntary compliance with the Labor-Management Reporting and Disclosure Act and the Welfare-Pension Plans Disclosure Act, as amended. Civil litigation is initiated in cases where voluntary compliance is not achieved and criminal litigation is initiated only in cases involving willful violations. In either situation investigation is a prerequisite and is the major effort of the Division of Compliance Operations. Basically, the investigative work is conducted by compliance officers in the field. On-the-scene guidance and supervision is rendered, as required, by regional and national office supervisors.

Division staffing at the national office is held to a minimum by the assignment of especially skilled professionals to specific parts of the program where the greatest effectiveness results from their specialized abilities.

Workload data

	1964 actual	1965 estimate	1966 estimate
PROGRAMS			
I. LMRDA [1] investigations:	*Units*	*Units*	*Units*
A. National investigations (field)	11	9	7
B. National investigations (national office) [2]	110	90	90
C. Election investigations	147	175	175
D. Election reruns	35	55	60
E. Financial investigations	510	905	765
F. Reports followup	571	500	250
G. Basic investigations	2,116	2,140	2,000
II. WPPDA [3] investigations:			
H. Preliminary investigations (national office) [4]	1,238	1,500	1,500
I. Reports followup	152	790	800
J. Financial investigations	17	30	50
III. General:			
K. Prosecutive support	141	150	150

[1] Labor-Management Reporting and Disclosure Act.
[2] Includes broad interstate investigations into alleged unlawful labor-management relationships and special investigations in support of the Labor-Management Services Administration.
[3] Welfare-Pension Plan Disclosure Act.
[4] Includes investigatory analyses of plans and reports to determine existence and nature of probable cause for field inquiry, the utilization of the certification procedure prescribed by the act, and final evaluation of issues not resolved thereby.

Estimates shown above for fiscal year 1965 reflect revisions in some programs which were suggested by actual experience in fiscal year 1964. In part, these revisions result from continuing efforts to reevaluate operating techniques in terms of the most efficient deployment of resources. During the fiscal year just ended selected new approaches and techniques were field tested. Those proving to have merit are being tested further in the current fiscal year as the perfecting process continues. One such modification is that of streamlining the procedures used in the financial investigations program (Labor-Management Reporting and Disclosure Act). Another is eliciting the cooperation of parent bodies in the reports followup program (Labor-Management Reporting and Disclosure Act). A small portion of the large potential workload not reachable with available resources is being reached as a result of these refinements. This potential lies

chiefly in the effective administration of the Welfare-Pension Plan Disclosure Act. It is believed that workload projections in this budget represent a reasonable balance of compliance effort in the Labor-Management Reporting and Disclosure Act under current conditions. Such a level under the Welfare-Pension Plan Disclosure Act is not yet definable but experience thus far indicates the advisability of progressively expanding compliance efforts in this area to the extent that necessary resources can be made available.

I. LABOR-MANAGEMENT REPORTING AND DISCLOSURE ACT INVESTIGATIONS

A–B. National investigations

This program is best described as in-depth investigations into labor-management relationships within a particular sphere of industry wherein possible unlawful practices are recognized. This includes the acquisition and correlation of material and information essential to a full understanding of the total picture in a given set of circumstances. Results from this program cannot be measured alone in terms of the successful prosecutions for established willful violations which it has accomplished. Results from the program include the disclosure, through required reports, of conflict of interest transactions and the cessation of such relationships and practices, both having beneficial returns to rank and file union members. Investigations under this program are becoming increasingly complex because of the interstate and nationwide character of a large number of recognized situations. Also realized is the fact that such broad undertakings can best be performed by the highly skilled investigators assigned to the national office. The above work table reflects past and predicted workloads of both field and national office staffing for this program.

C. Elections

Complaints in this category continued to increase moderately in fiscal 1964. Statutory provisions requiring the exhaustion of internal remedies before complaints can be formally received by the Office of Labor-Management and Welfare-Pension Reports, insure against the making of unnecessary investigations. However, experience in this program during the past year was characterized by an unprecedented number of cases requiring interpretation of both statutory and union constitutional provisions. The demands for additional investigative work were met by the utilization of new techniques and the refinement of others. The increased workload in fiscal year 1965 and fiscal year 1966 is expected to be accomplished within the total present allocation, due to productivity increases realized from continued revisions in techniques and increased proficiency.

D. Election reruns

Increased activity in supervising election reruns can be expected to flow from the greater number of election cases going to litigation as well as from the upward trend of reruns voluntarily agreed to by labor organizations when defects in original elections are brought to their attention.

E. Financial investigations

Annual financial reports were received from approximately 51,000 labor organizations in fiscal year 1964. These reports become available for examination by the public when filed and disclosure of their contents is required by law.

In order to insure the accuracy of these reports, a sample of them is subject to verification each year. These reports verification examinations occasionally uncover willful violations of the Labor-Management Reporting and Disclosure Act and often uncover nonwillful violations which are corrected by voluntary action of the union officers.

Perhaps the most valuable return from the program, although not measurable, is the deterrent effect produced from the verification, annually, of a small but carefully selected sample of the reports filed. Maximum deterrence is achieved through selecting reports by type of organization, by geographic location, and by level of monetary receipts, and by utilizing automatic data process screening and desk audit techniques. Under current conditions, it is believed that this program can be effected with a somewhat smaller total number of investigations by changing the mix.

F. Reports followup

The program is designed to obtain compliance with the reporting provisions of the LMRDA by persons and organizations who through ignorance, mistake, or nonwillful dereliction do not comply initially. Efforts to reduce this program's

workload by utilizing correspondence and securing the assistance of parent organizations have been successful. Such assistance plus the gradual education of habitual delinquents is expected to effect the workload reduction projected for fiscal year 1966.

G. Basic investigations

This program provides for the investigation of all alleged violations of the Labor-Management Reporting and Disclosure Act which are subject to enforcement by the Secretary except those involved in labor organization elections. A slightly lower trend of complaint intake is anticipated in fiscal year 1966. This trend will be balanced in fiscal year 1965 by reduction of existing backlog which will result in more timely servicing of complaints.

II. WELFARE-PENSION PLAN DISCLOSURE ACT INVESTIGATIONS

Experience during the past year has demonstrated the wisdom of dividing the Welfare-Pension Plan Disclosure Act work into three categories as shown in the above work table.

H. Preliminary investigations

The Welfare-Pension Plan Disclosure Act activity at the National Office consists of preliminary investigation, analysis, and evaluation which by terms of the statute are prerequisite to field investigations. Also is included the National Office compliance work necessary to processing delinquent Welfare-Pension Plan Disclosure Act cases prior to fieldwork. This activity will be continued in fiscal year 1966 at the same level as in fiscal year 1965.

I. Reports followup

This program consists of obtaining plan descriptions and financial reports from plans known to exist and which are subject to the act's reporting provisions. The absence of an organization structure comparable to that of labor unions subject to the Labor-Management Reporting and Disclosure Act, and the greater variety of factors that inhibit accurate judgments in the application of coverage and exemption provisions of the Welfare-Pension Plan Disclosure Act, distinguish this program class from program F, its parallel under the Labor-Management Reporting and Disclosure Act.

J. Financial investigations

Work under this program consists of financial report verification where, after CPA certification, there remains probable cause to believe that falsification has occurred. The complexity of the financial structure of these plans makes necessary the allocation of considerably more time per case than for delinquency-type investigations. Program estimates for fiscal year 1966, as in past years, are limited by National Office capacity to prepare these cases for field investigation.

III. GENERAL

K. Prosecutive support

This program is designed to provide support in litigation matters as they progress through the appropriate channels to final trial in the courts. Examples are pretrial conferences, recontact of witnesses, assembly and processing of physical evidence, and grand jury and court appearances. It is anticipated that workload in fiscal year 1966 will remain at approximately the same rate as fiscal year 1965.

FIELD SERVICES

Narrative description of program

The major activities of the field establishment of the Office of Labor-Management and Welfare-Pension Reports have been described in preceding sections detailing compliance operations and technical assistance.

An important function under this subactivity is that of employee development. The Office of Labor-Management and Welfare-Pension Reports conducts a continuing critical appraisal of procedures and operating techniques. The task of employee development is a continuing one. It begins with formal indoctrination of new employees. Vacancies in the field investigating staff are filled by trainees at the Federal entrance level. Their indoctrination is followed by on-the-job training while working with experienced compliance officers. Field investigative staffs are schooled in newly introduced techniques and procedures in group training sessions as required. In-service refresher sessions are held at

the National Office on selected subjects and for selected students. Complementing these direct efforts are correspondence courses on the history of the labor movement and on union accounting. The former has been available to compliance officers for some time. The accounting course was introduced in October 1964. This course has been designed to augment on-the-job training of nonaccountant compliance officers. It is expected to enable achievement of our goal of every field investigator possessing sufficient skill to perform financial investigations, thereby affording the maximum flexibility in work assignment and travel commitments.

The merging with the Office of Welfare and Pension Plans in August 1963 presented an immediate problem of training for both field and National Office staffs. While not entirely completed in fiscal year 1964, the progress made now provides a complement of professionals in each field establishment who have a working knowledge of both acts. It is anticipated that training activity can be contained within the allocations provided for fiscal 1966.

ADMINISTRATION

Narrative description of program

Overall executive direction is supplied by a Director, Deputy Director, special assistant to the Director, and secretarial and clerical assistance. Divisions chiefs, responsible to the Director, provide inline direction and coordination to functions assigned to them.

Program changes for 1966

A reduction of 20 positions (17 of which represent program reductions and 3 of which represent the absorption of mandatory costs) and $219,000 is reflected for fiscal year 1966. This reduction will have little effect on program operations since revised operating procedures, increased proficiency, and selectivity in expenditure of resources will enable the continuation of substantially the same workload as fiscal year 1965.

ACTIVITY 4. PROMOTION OF COMPLIANCE AND ASSISTANCE TO VETERANS

1965	$820,700
1966	832,400

This activity consists of the Office of Veterans' Reemployment Rights, which was established March 13, 1964, when the former Bureau of Veterans' Reemployment Rights was transferred to and made a part of the Labor-Management Services Administration.

NARRATIVE DESCRIPTION OF PROGRAM

The primary functions of the Office are to provide direct assistance in connection with the reemployment rights of ex-servicemen, reservists, and members of the National Guard and to promote employer compliance with the reemployment provisions of the Universal Military Training and Service Act.

The primary objectives are:

1. To promote a better understanding of the reemployment program by alerting ex-servicemen and employers to their rights and obligations provided in the law.
2. To prevent to the extent possible, through emphasis on disclosure and promotion of compliance, complaints and disputes from arising.
3. To provide prompt and effective action on all complaints requiring investigation and negotiation.
4. To provide prompt and effective processing of cases for referral to the Department of Justice.

Improved Department of Labor-Department of Defense procedures for alerting ex-servicemen to their rights and to the conditions of eligibility they must meet are now being put into effect by each branch of the armed services.

New procedures for alerting employers to their obligations have been adopted by the Office. These involve mechanized mailing of information by the National Office which will make more of the time of field personnel available for difficult case handling.

New and improved procedures for ascertaining potential violations have been adopted which reduce the paperwork heretofore required in the disclosure aspects of the program.

A field operations handbook on investigations has been prepared in cooperation with the Solicitor's Office, and is now in use as an aid to improving the quality of complaint case work.

A legal guide and case digest analyzing some 600 court decisions has been developed and issued to field representatives of the Office, regional attorneys of the Office of the Solicitor, and U.S. attorneys. The availability and use of this material is expected to contribute to improving the quality and expediting the handling of cases for litigation.

Experience with the new procedure is limited to only 4 months and is not considered a valid base for authoritative projection since all branches of the Armed Forces have not yet issued appropriate directives. However, based on fragmentary information developed to date and assuming that the Armed Forces will continue to release approximately 500,000 servicemen a year, it is estimated that the annual workload will approximate 200,000 information items, 7,500 compliance reviews, 1,500 compliance cases and 2,500 complaint cases when the new procedures have been fully implemented. A time study of complaint case handling was begun last fall. Although the results will not be known for several months, it appears at the moment that the Office will require one professional employee in the field to promptly and effectively handle from initiation to completion each eight complaint cases received a month, or about two cases per week. If this estimate is confirmed by the time study, the professional staff requested for 1966 can be expected to handle to completion each year about 2,500 complaint cases, in addition to their other duties. Professional positions in the field for 1966 have, therefore, been reduced from 28 to 24 and we are confident that this staff will be able to provide adequate service throughout the fiscal year.

Since this program was brought under the Labor-Management Services Administration "umbrella" late in fiscal year 1964, efforts to provide administrative management assistance to the Office of Veterans' Reemployment Rights have involved development of operating plans and a financial program for 1965 to implement the new procedures and revised programs set forth in the 1965 budget. Out of these efforts grew an awareness that the financial structure delineated in the approved budget was incapable of supporting the planned program. For example, the operating program was geared to effective employment in 76 permanent positions carried forward from the prior year, plus some temporary and intermittent employment, while funds originally programed for personal services could support only about 68 man-years. Such an unrealistic lapse rate in an organization of this size could not be supported or continued.

Examination of the recent budget history of this organization disclosed a variety of factors which produced the current circumstances. This relatively small function had been budgeted at a fairly stable level over the years until fiscal year 1964 when there was authorized an increase of 11 permanent positions. The inevitable accumulation of increasing cost factors over the past 2 to 3 years (e.g., the several recent salary increases, within-grade promotions, and increased cost of centralized services) had been at least partially absorbed in the budgets for the years in question. The administrative adjustments made necessary by these absorptions are reflected largely in the excessive spread that now prevails between permanent positions and net man-years of employment.

The data reflected in the 1965 column of this budget estimate are the details of a revised financial plan developed to correct the foregoing imbalance and place the Office on a sound budget basis. Essentially the plan is one of adjusting various categories of expense to make as much money as possible available for personal services.

Wherever possible, planned and needed purchases will be deferred, printing will be postponed or held to the minimum necessary to furnish materials to the program, and travel will be curtailed to the extent practicable.

The resulting operating plan for 1965 allows about 71 man-years of employment against the 73 permanent positions—a still unrealistic lapse particularly in the light of current employment of 72, but anticipated turnover and enforced delay in filling essential field vacancies (1-man field offices) will permit such a lapse this year. The allocation of funds for all nonlabor objects of expense have been pared to levels estimated to meet the conditions stated above. The variable costs of some services and of printing, as well as the inability to project materials requirements accurately at this early stage of a redesigned program, are pertinent factors gaging the validity of these tight estimates. Every effort must be and will be made to carry out the most effective program possible with the limited resources available.

PROGRAM CHANGES FOR 1966

Program plans call for the elimination of four professional positions in the field. This reduction is made possible by increased efficiency and improved administrative procedures outlined above. The saving realized is being reallocated to nonpersonal service costs in order to restore a normal operating level.

ACTIVITY 5. EXECUTIVE DIRECTION AND ADMINISTRATIVE SERVICES

1965	$657,100
1966	668,900

Secretary's Order No. 24–63 dated August 8, 1963, effective August 21, 1963, established a Labor-Management Services Administration and delegated authority and assigned responsibility for labor-management programs.

OFFICE OF THE ADMINISTRATOR

The Administrator has been delegated the authority and assigned the responsibility, by the Secretary of Labor, to perform functions of the Secretary in the labor-management area, and to provide functional supervision and coordination to all Department programs and activities in the labor-management relations field. The Administrator provides overall direction and coordination of the programs of the several offices in the Labor-Management Services Administration and, in all, assures an integrated, balanced, and comprehensive labor-management relations program.

OFFICE OF ADMINISTRATION AND MANAGEMENT

Narrative description of program

This office provides the Administrator and office directors with advice and assistance on matters pertaining to the effective management of program operations; and performs the budget, financial management, personnel management, program and organizational review and evaluation activities, and administrative services functions for the Labor-Management Services Administration.

The principal actions necessitated by the establishment of the Labor-Management Services Administration, including merging of the functions now performed by the Office of Labor-Management and Welfare-Pension Reports, have been accomplished and the major problems resolved. During fiscal years 1965 and 1966, emphasis will be on completion of major programs initiated in fiscal year 1964 such as preparation of current and accurate position descriptions throughout the new Administration, completion and revision as necessary of written performance requirements for all positions, and development of a revised comprehensive personnel management program, including expanded employee utilization, training, and employee-management relations activities and a regular program of classification surveys for all organizational units. Additionally, major efforts in fiscal years 1965 and 1966 will be directed to aiding in the development, application, and operation of the Department's program budget-management system within the Labor-Management Services Administration and to significant studies throughout the program areas and in the Office of Administration and Management, to evaluate and improve operations from both the organizational and methods and procedures standpoints. All of these functions will place continuing heavy demands on the personnel resources of the budget, financial, personnel, and management analysis activities which currently maintain an adequate level of performance of the continuing basic service and support functions for all units of the Labor-Management Services Administration.

Program changes for 1966

None.

Office of Labor-Management and Welfare Pension Reports

Distribution of field staff

	1965			1966		
	Professional	Clerical	Total	Professional	Clerical	Total
REGIONAL OFFICES						
I. New York	3	3	6	3	3	6
II. Atlanta	3	3	6	3	3	6
III. Chicago	3	2	5	3	2	5
IV. Kansas City	3	2	5	3	2	5
V. San Francisco	3	2	5	3	2	5
Total, regional offices	15	12	27	15	12	27
AREA OFFICES						
Region I:						
New York	22	5	27	20	5	25
Boston	14	3	17	12	2	14
Newark	8	2	10	8	2	10
Philadelphia	9	2	11	9	2	11
Washington, D.C.	8	2	10	7	2	9
Buffalo	7	2	9	7	2	9
Pittsburgh	8	2	10	8	2	10
Region II:						
Atlanta	6	2	8	5	1	6
Nashville	5	2	7	5	1	6
Miami	6	1	7	4	1	5
Santurce, P.R.	3	1	4	3	1	4
Region III:						
Chicago	18	5	23	18	5	23
Minneapolis	4	1	5	4	1	5
Detroit	11	2	13	10	2	12
Cleveland	12	3	15	12	3	15
Region IV:						
Kansas City	7	2	9	7	2	9
Denver	3	1	4	3	1	4
St. Louis	7	1	8	7	1	8
Dallas	7	2	9	6	1	7
New Orleans	5	1	6	4	1	5
Region V:						
San Francisco	10	3	13	9	3	12
Honolulu	1	1	2	1	1	2
Seattle	7	3	10	7	3	10
Los Angeles	9	3	12	9	3	12
Total, area offices	197	52	249	185	48	233
Grand total	212	64	276	200	60	260

OFFICE OF VETERANS' REEMPLOYMENT RIGHTS

Distribution of field staff

Field offices	1965			1966		
	Professional	Clerical	Total	Professional	Clerical	Total
Atlanta, Ga.	2	2	4	1	2	3
Boston, Mass.	1	2	3	1	2	3
Chambersburg, Pa.	2	2	4	1	2	3
Chicago, Ill.	2	2	4	1	2	3
Cleveland, Ohio	2	2	4	2	2	4
Columbia, S.C.	1	1	2	1	1	2
Dallas, Tex.	2	2	4	2	2	4
Denver, Colo.	1	1	2	1	1	2
Detroit Mich.	1	2	3	1	2	3
District of Columbia	1	2	3	1	2	3
Indianapolis, Ind.	1	1	2	1	1	2
Kansas City, Mo.	2	2	4	2	2	4
Los Angeles, Calif.	1	1	2	1	1	2
Louisville, Ky.	1	1	2	1	1	2
Minneapolis, Minn.	1	1	2	1	1	2
New Orleans, La.	1	1	2	1	1	2
New York, N.Y.	3	4	7	3	4	7
San Francisco, Calif.	2	2	4	1	2	3
Seattle, Wash.	1	1	2	1	1	2
Total	28	32	60	24	32	56

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, $6,686,822

The estimate will provide 701 full-time positions of which 316 are assigned to the field service and 385 to the departmental service. The man-year equivalent of these positions will be 681.5. In addition, there will be 11 man-year of temporary employment. The total estimate includes net increases in mandatory costs on current year staff totaling $94,460 and a net increase of 11 positions amounting to $102,470 requested for the Office of Employee-Management Relations Services.

The 1966 estimate is distributed as follows:

Activity	Positions	Amount
1. Employee-management relations services	14	$186,600
2. Labor-management policy development	18	196,250
3. Administration of reporting and disclosure laws	527	5,140,422
4. Promotion of compliance and assistance to veterans	69	626,900
5. Executive direction and administrative services	73	536,650
Total	701	6,686,822

Specific program requirements for the positions are set forth in the activity justifications.

Personnel benefits, $504,778

The estimate is based upon personnel compensation. The 1966 estimate is distributed as follows:

Civil service retirement fund	$427,778
Employee group life insurance	21,800
Employee health benefits	39,500
Federal Insurance Contributions Act	3,500
Incentive awards program	8,000
Employee injury compensation benefits	4,200
Total	504,778

Travel and transportation of persons, $509,400

The estimate provides for per diem, mileage, and related transportation costs for 86 departmental and 228 field travelers. The following table shows the derivation of these costs:

	1965 estimate	1966 estimate	Change
Number of travelers	320	314	−6
Number of days traveled	14,829	14,554	−275
Estimated cost	$519,000	$509,400	−$9,600

The estimated number and cost of travel days by activity for fiscal year 1966 are as follows:

Activity	Days	Amount
1. Employee-management relations services	1,143	$40,000
2. Labor-management policy development	272	9,500
3. Administration of reporting and disclosure laws	11,294	395,300
4. Promotion of compliance and assistance to veterans	1,717	60,100
5. Executive direction and administrative services	128	4,500
Total	14,554	509,400

The net decrease of travel cost in fiscal year 1966 represents a decrease due to the reduction of the number of positions in the Office of Labor-Management and Welfare Pension Reports which is offset, in part, by an increase to provide for the new employees in the Office of Employee-Management Relations Services and an increase necessary to restore travel to a normal operation in the Office of Veterans' Reemployment Rights.

Transportation of things, $21,500

The estimate provides for the movement of household goods for 16 employees at an experience factor of $675 per move; and for the shipment of supplies, equipment, reporting forms, technical assistance and educational exhibits and informational materials to field installations. The estimate provides for the following:

	1965 estimate	1966 estimate	Change
Number of household moves	14	16	+2
Cost of household moves	$9,450	$11,000	+$1,550
Other transportation costs	10,050	10,500	+450
Total	19,500	21,500	+2,000

The increase in estimated household moves is due to relocations resulting from changes in workload distributions and staff assignments.

Rent, communications, and utilities, $247,600

The estimate provides for departmental and field communications costs, postage, and rental of equipment.

	1965 estimate	1966 estimate	Change
Working capital fund	$71,800	$70,200	−$1,600
Federal telecommunication services	20,000	20,000	----------
Field telephone costs	56,500	62,000	+5,500
Postage	70,600	70,600	----------
Rental of equipment	24,800	24,800	----------
Total	243,700	247,600	+3,900

The net increase of $3,900 will provide communication costs for the additional positions requested for activity 1 and restore communication costs to normal operating levels for the Office of Veterans' Reemployment Rights.

Printing and reproduction, $162,700

The estimate provides for the printing of rules, regulations and interpretative material, new or revised technical assistance pamphlets, informational and educational materials, and publication of special reports and research studies.

	1965 estimate	1966 estimate	Change
Working capital fund	$88,350	$86,800	−$1,550
Other printing	51,150	75,900	+24,750
Total	139,500	162,700	+23,200

The increased estimate will provide funds for the printing of revised handbook and new reporting forms, including reprinting of materials to reflect the change in organization. This includes the replacement of stationery and envelopes carrying former organization titles. The estimate also provides increased funds for printing of new technical assistance material.

Other services, $316,700

The estimate provides for advances and reimbursements to other organizations and agencies for services performed, training services, and other miscellaneous services.

	1965 estimate	1966 estimate	Change
Working capital fund	$130,450	$128,000	−$2,450
Contract data processing services:			
BLS	91,800	91,800	
Other	2,500	2,500	
Training services under Government Employees' Training Act	5,600	5,600	
Miscellaneous contractual services	86,750	88,800	+2,050
Total	317,100	316,700	−400

The small decrease in other contractual services provides for increased level of operations in Office of Employee-Management Relations Services and the Office of Veterans' Reemployment Rights, offset by a decrease in contractual services costs for the Office of Labor-Management and Welfare Pension Reports.

Supplies and materials, $121,400

The estimate is based upon experience to date and provides mainly for the usual desktop and office supplies required by program operation and support services.

	1965 estimate	1966 estimate	Change
Positions	714	701	−13
Working capital fund	$66,315	$65,200	−$1,115
Other supply costs	52,085	56,200	+4,115
Total	118,400	121,400	+3,000

The increase in other supply costs provides for supplies for the increased level of operations in the Office of Employee-Management Relations Services and the Office of Veterans' Reemployment Rights.

Equipment, $9,100

The estimate provides for equipment replacement for base staff and $2,000 for the requested new positions in the Office of Employee-Management Relations Services.

	1965 estimate	1966 estimate	Change
Positions	714	701	−13
Equipment costs, total	$5,100	$9,100	+$4,000

The increase of $4,000 includes $2,000 for the new industrial relations program, and $2,000 for equipment replacement for base staff in the Office of Veterans' Reemployment Rights.

Summary of new positions

	Grade	Number	Amount
ACTIVITY 1. EMPLOYEE-MANAGEMENT RELATIONS SERVICES			
Director	GS-16	1	$18,935
Chief of Division	GS-15	1	16,460
Industrial relations specialist	GS-14	3	42,510
Do	GS-13	1	12,075
Do	GS-12	1	10,250
Secretary	GS-7	1	6,050
Do	GS-6	1	5,505
Do	GS-5	2	10,000
Total		11	121,785

WOMEN'S BUREAU

WITNESS

MRS. MARY DUBLIN KEYSERLING, DIRECTOR, WOMEN'S BUREAU

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	564	594	642
11.3	Positions other than permanent	6		
	Total personnel compensation	570	594	642
12.0	Personnel benefits	40	44	48
21.0	Travel and transportation of persons	29	31	38
22.0	Transportation of things	2	1	1
23.0	Rent, communications, and utilities	21	25	27
24.0	Printing and reproduction	85	56	57
25.1	Other services	13	27	26
25.2	Services of other agencies	5	5	5
26.0	Supplies and materials	5	15	15
31.0	Equipment	8	1	1
99.0	Total obligations	778	799	860

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	84	75	76
Full-time equivalent of other positions	1	0	0
Average number of all employees	72	69	72
Average GS grade	8.6	8.4	8.5
Average GS salary	$8,216	$8,658	$8,867

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Program by activities:			
	1. Advancement of women's employment opportunities and status	682	761	822
	2. President's Commission on the Status of Women	92		
	3. Interdepartmental Committee and Citizens' Advisory Council on the Status of Women		38	38
	Total program costs funded	774	799	860
	Change in selected resources [1]	4		
10	Total obligations	778	799	860
	Financing:			
25	Unobligated balance lapsing	5		
	New obligational authority	784	799	860
	New obligational authority:			
40	Appropriation	785	772	860
41	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (77 Stat. 436)	−1		
43	Appropriation (adjusted)	784	772	860
44	Proposed supplemental due to civilian pay increases		27	
	Relation of obligations to expenditures:			
71	Total obligations (affecting expenditures)	778	799	860
72	Obligated balance, start of year	89	56	59
74	Obligated balance, end of year	−56	−59	−64
90	Expenditures excluding pay increase supplemental	812	770	854
91	Expenditures from civilian pay increase supplemental		26	1

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $4,000; 1964, $8,000; 1965, $8,000; 1966, $8,000.

Mr. FOGARTY. We will take up the Women's Bureau. Who is going to justify the Women's Bureau appropriation?

Mrs. KEYSERLING. I am, Congressman Fogarty.

Mr. FOGARTY. Do you have a statement for the committee, Mrs. Keyserling?

Mrs. KEYSERLING. Yes; I do.

Mr. FOGARTY. Before you start, would you tell us a little about your background. I know who you are, but we should have it in the record.

BIOGRAPHY OF MRS. KEYSERLING

Mrs. KEYSERLING. I have been with the Women's Bureau since last April. I was appointed just a year ago by President Johnson.

I am an economist, actively working in this field since 1930. I did my undergraduate work in economics at Barnard College, my graduate work at the London School of Economics and at Columbia University. I taught economics and statistics for 5 years at Sarah Lawrence

College. I was then director of the National Consumers League. I came to Washington in 1941 and my first job was with the House of Representatives for a year and a half, where I ran hearings for the House Committee on Defense Migration. I then was asked by Mrs. Roosevelt to work with her, which I did as a member of her staff for about a year and then went as an economist to the Foreign Economics Administration where I served as chief of the Liberated Areas Division.

Then, between 1946 and 1952 I was with the Department of Commerce and served as chief of the International Economic Analysis Division of that Department.

For the next 11 years I was associate director of the Conference on Economic Progress, a national research organization concerned with the broad range of problems of the American economy and I was also associated with my husband in our practice as economic consultants.

Mr. FOGARTY. That is a very good background.

You go right ahead now.

GENERAL STATEMENT

Mrs. KEYSERLING. We have prepared our statement which I believe you have before you.

Mr. FOGARTY. Yes; I have your statement.

Mrs. KEYSERLING. I should like, if I might, not to follow this statement in its precise detail, but to talk a little more generally.

Mr. FOGARTY. We will put the statement in the record and you go ahead.

Mrs. KEYSERLING. Fine.

(The statement referred to follows:)

STATEMENT BY MRS. MARY DUBLIN KEYSERLING, DIRECTOR, WOMEN'S BUREAU

The request for 1966 is $860,000, a net increase of $60,800 and one position over the revised 1965 estimate. The change includes a total increase of $70,300 and two positions—$12,500 for within-grade promotion costs, $400 for pay increase costs, $15,000 to finance a higher rate of average employment, and $42,400 for the Director and her secretary and related costs. Decreases total $9,500 and one position related to partial absorption of within-grade promotion costs.

The estimate includes $821,500 for the regular programs and services of the Women's Bureau and $38,500 for the work of the Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council on the Status of Women.

Long-range and general goals

The Women's Bureau's continuing goal is to promote the welfare of all wage-earning women and to encourage the realistic preparation of women and girls to meet foreseeable manpower needs. Today, 45 percent of women aged 18–64 are in the labor force and women represent 35 percent of American workers. The problems and needs of the 9 out of 10 American girls and women who will work at some time in their lives are the special concern of this Bureau. The program for 1966 will emphasize the Bureau's coordinating role within the Federal Government as a focal point of informed concern, policy advice, and leadership; a national clearinghouse and assembly point for information relating to women workers; and as a source of technical assistance and consultative services for the increasing number of National, State, and local groups concerned with maximizing the contribution of women to our society and with improving their working conditions. The Bureau will provide advisory services on matters pertaining to women's economic opportunities, including education and training, to their employment conditions, and to their civil and political status.

Economic and legal status of women

The Bureau will assemble, analyze, and distribute the rapidly growing volume of data relating to the economic status of women and on the nature, significance, and implications of current and emerging trends; and State and Federal labor laws and their administration as they relate to women workers and on women's civil and political status. The Bureau, to meet the greatly increased demands for information and service, will continue to supplement its resources by stimulating other organizations, public and private, to undertake studies relating to the improvement of the economic and social position of women.

Groups requesting technical assistance and consultative services

The Women's Bureau provides technical assistance and consultative services to Governors' commissions on the status of women, State departments of labor, national women's organizations, unions, employers, and other State and local groups interested in improving women's economic, civil, and political status, and in women's labor laws and their administration. The Bureau furnishes similar consultative and technical services to the specialized international agencies and U.S. delegates at international conferences. The regional offices of the Bureau bring its programs and services to the State and community levels.

PRIORITIES FOR FISCAL 1966

Highest priority will be given to efforts to assist especially the disadvantaged women; to work relating to the counseling, education, and training of girls and women; and to the betterment of women's conditions of employment through improved labor legislation.

The Bureau will intensify and expand its efforts to improve the economic status of women, particularly in the low-wage industry and service jobs where they are not protected by State or Federal legislation, for women heads of families, and for unemployed women. The increased interest engendered by the State commissions on the status of women in achieving these and other goals has led to a growing volume of requests for Women's Bureau assistance.

Special materials

Up-to-date basic study materials will be prepared such as kits of materials on minimum wage and on equal pay for use of State groups, including analysis of recent trends in such legislation, how they relate to the war on poverty, and how such legislation helps workers, employers, the consumer, and the public. The Bureau is being called on increasingly to give technical assistance in the drafting and amendment of legislation relating to the economic, political and civil status of women.

Private household employment

The Bureau is giving special emphasis to efforts to upgrade the status of private household employment, an especially disadvantaged occupation in which more than a million and a half women are employed, and to expand job opportunities in this field through the encouragement of improved training facilities, recruitment and placement techniques. Toward these ends a cooperative project has been developed with 15 national organizations.

Subprofessional job opportunities

Special emphasis will be given by the Bureau to the preparation of materials relating to job and training opportunities for subprofessional workers in the health, recreation, and social work fields, among others, particularly designed to meet the needs of women with only a year or two of education beyond high school.

Continuing education, vocational counseling and guidance, training

Improved vocational counseling, education, training and retraining is an important aspect of the Department's manpower program and the recommendations of the President's Commission on the Status of Women stressed the paramount importance of continuing education and vocational counseling and guidance for girls and women of all ages. Therefore, the Women's Bureau will continue to strengthen and extend its work in this area by providing more supporting material and technical assistance to private and public organizations and by efforts to improve public understanding of existing needs. A series of regional conferences, in cooperation with the U.S. Office of Education, are planned to stimulate improved approaches to counseling.

High school girls and mature women

Continuing its cooperation with private and public youth-serving agencies, the Bureau will prepare materials for high school girls to provide a realistic picture of their future dual role as homemakers and participants in the world of work, and to spell out employment opportunities at various levels of educational attainment and the requirements for these occupations. With over one-half of the women aged 45 to 54 in the labor force in 1964—many reentering after a decade or two devoted to homemaking—mature women need fuller information about continuing education, training, and job opportunities.

FIELD OPERATIONS

The Bureau's five regional directors bring the Bureau's programs and services to the State and local levels, with the assistance of the headquarters office in program direction, technical advice and assistance, and resource and information materials. Through its regional directors the Bureau will give priority to its contacts with appropriate public and private agencies to stimulate realistic educational and action programs on the part of such groups.

STATE COMMISSION ON THE STATUS OF WOMEN

A new dimension in the Bureau's work to advance the position of women has resulted from the appointment of 39 State commissions on the status of women. Your States are all represented in this activity.

The State commissions look to the Women's Bureau as their primary resource for program assistance, speakers, technical advice, informational and special materials, and reports of action and progress in the other States, as they analyze special problems of women at the State level and recommend or undertake action programs. The Bureau's regional directors have assisted many Governors' offices in planning the commissions, they participate with the commissions in planning State conferences, and assist in the development of recommendations and reports. High priority will be given to promoting the establishment of commissions in States where they have not yet been set up.

It is expected that the work of the commissions will continue for some time. In most instances where the commissions have presented their first reports, the Governors have requested them to continue their studies and formulation of recommendations. Bills have been introduced in many legislatures to give them continuing support. They afford a unique opportunity for the achievement of objectives the Bureau has promoted since its inception.

INTERDEPARTMENTAL COMMITTEE ON THE STATUS OF WOMEN AND CITIZENS' ADVISORY COUNCIL ON THE STATUS OF WOMEN

I welcome the opportunity to present the budget request of $38,500 for the work of the Committee and the Council for 1966. The Committee coordinates information on programs, activities, and progress in the Federal service related to the advancement of women and stimulates cooperation at the Federal, State, and local governmental levels, and among Governors' commissions on the status of women. It encourages needed research, and works with the Citizens' Advisory Council on the Status of Women. The Citizens' Advisory Council advises and assists the Committee in carrying out its functions, recommending action to accelerate progress. The Council evaluates new developments in this field; it suggests and stimulates action on the part of private institutions, organizations, and individuals directed toward the improvement of women's status.

The Women's Bureau provides a continuous flow of information and technical assistance to both bodies.

The Secretariat

The Secretariat, comprised of one professional staff member and one secretary, maintains liaison with agencies on the Committee, and secures progress reports, data, and results of studies needed by the Committee and the Council; prepares agenda and arranges for meetings; follows up on recommendations of the Committee and the Council; and keeps Council and Committee members informed between meetings of significant and relevant developments in both Federal and non-Federal spheres of activity. The Secretariat prepares the initial draft of the annual report and other staff papers.

First annual report

The first progress report of the Interdepartmental Committee and Citizens' Advisory Council was transmitted to the President on October 12, 1964. It reviewed the wide range of advances relating to the status of women achieved during the first year following the submission of "American Women," the report of the President's Commission on the Status of Women.

CONCLUSION

Mr. Chairman, I appreciate this opportunity to discuss the work of and the budget estimate for 1966 for the Women's Bureau. I shall be glad to answer any questions.

PURPOSE OF BUREAU

Mrs. KEYSERLING. We, in the Women's Bureau, feel that the Bureau has never been as challenged as it is today. As you know, it has been in existence for some 44 years. Its purpose is to promote the welfare of wage-earning women. We have had an extraordinary change in the life of the Nation as far as working women are concerned. Since 1940, the number of women in the labor force has more than doubled. This is the basis of our growing challenge in the Women's Bureau. The doubling of the number of women in the labor force during the last 25 years poses a great range of problems that are of concern and interest to us.

Our function is to serve, as you know, as the central source of information on the employment of women, on occupational trends, the way in which their skills are utilized, the need for womanpower, problems relating to guidance and training, legislation affecting women, not only the conditions of work and hours and wages, but their civil and political status. We work with all of the national organizations that are concerned with the changing picture, as far as women are concerned, and we are the central source of service to some 39 State commissions on the status of women.

TREND IN EMPLOYMENT OF WOMEN

We feel very strongly as we look at the picture, that despite the fact the number of women in the labor force has doubled, that as a national resource, the skills of women—a great national resource—are really greatly underutilized. This is detrimental to women, it is detrimental to a society that wants to make full use of the talents of all of its people. We see this in many of our studies. In fact, women are somewhat more crowded today than they were before World War II, in the lesser skilled, less rewarding, and less rewarded fields. We are a much larger percentage of those in the clerical occupations, and in the service occupations, and we constitute a smaller proportion of those in the professions. So we see the need for a good deal of increased concentration on the part of the Bureau and all agencies interested in the utilization of women's skills, in a better job being done with respect to the counseling and guidance of young women about to enter the labor force and mature women planing to return to work. We especially feel the need for expansion of training facilities.

It is interesting that the increase in the labor force, as far as women are concerned, has taken place hardly at all among our young people. The number of young women in the labor force—those aged 18 to 34—

is about what it was before the war. Making allowance for population growth, numbers have just about kept pace. But we have had a doubling of the number of women aged 35 to 44, a tripling of the number of women 45 to 54, and a three and a half fold increase on the part of women 55 to 64 in the labor force over the past 24 years. These women are coming back, many of them with very good educational backgrounds, but without sufficiently upgraded skills to make it possible for them to begin to contribute to the maximum. This is a great challenge to us in the Bureau.

PROGRAM NEEDS

We see the need for better guidance, better training, for adjustments in our educational institutions to meet this changing pattern of women's participation in the labor force. We see the need for helping women face their futures more realistically and our publications are geared to this.

All over the country we find developing a unique new interest in the changing role of women in our labor force.

PRESIDENT'S COMMISSION REPORT

You know that in December of 1961, President Kennedy appointed a Presidential Commission on the Status of Women to review in depth the whole position of women in our society, not only in relation to employment but in terms of their contribution to the home, and the community, all phases of legislative problems, education and training, volunteer service—the whole gamut of women's needs and interests. The Commission reported to the President in October 1963 and the report, "American Women" set in motion a great deal of progress as far as women's status is concerned in our society. None of us could have anticipated the full range of what was to be accomplished. We now have 39 State commissions on the status of women throughout the country. There is an excellent one in your State, Mr. Chairman. We face the prospect of perhaps six more within the next few weeks. I would judge we will have 50 State commissions before very long. These commissions are doing an extraordinarily interesting, impressive, and constructive job throughout the country. The commissions are interesting literally thousands of people—experts, lay people, leaders in the schools and colleges, in all of our institutions in the problems which women confront, and in ways in which women can contribute more fully to every aspect of our national life. A great deal of our work today in the Women's Bureau is geared to providing the essential service that these commissions need as they raise questions, for instance, with respect to the inadequacy of legislation affecting women in the States, outmoded property laws, jury service laws, inadequacy of or absence of minimum wage and equal pay laws, and so on down the line.

I think there has never been a time when the interest and need for information has been so great on the part of our national organizations. They too look to the Bureau for technical assistance and consultation.

We have participated as joint sponsors of some 17 State conferences on the status of women held this past fiscal year throughout the United

States, which have focused on the changing picture as to needs, or ways in which we can advance the interests of women in education, in employment and legislation and in other ways.

SUMMARY OF BUDGET

Mr. FOGARTY. The appropriation for 1965, including the proposed pay supplemental, is $799,200, and the request for 1966 is $860,000, an increase of $60,800, and one additional position. The increase is to fill the position of Director and a secretary, with a partially offsetting reduction of one position elsewhere in the Bureau; is that right?

Mrs. KEYSERLING. That is correct.

STATE COMMISSIONS ON STATUS OF WOMEN

Mr. FOGARTY. On page 13, you say:

> A new dimension in the Bureau's work to advance the position of women has come as a result of the work of the President's Commission on the Status of Women and the appointment of 36 State commissions which has followed.

What is this new dimension?

Mrs. KEYSERLING. This should be 39, not 36. They are increasing so rapidly we can't keep up with them.

The new dimension is the fact that 39 groups of people—of outstanding leaders in these States—are now deeply concerned with the utilization of women in the labor force, their educational and other needs, with ways in which they can make a larger contribution.

Mr. FOGARTY. Just what do these State commissions do? In my State, what have they done?

Mrs. KEYSERLING. They set up a series of committees to study women's position in every phase of society. In your State your commission has set up a committee on women in employment: What are the trends? How are they employed? They have committees on civil and political rights and on labor and social legislation. You have some of the best legislation with respect to women in the country. Nevertheless, they look at it to see where the gaps are, what the needs are. This is true in each State. They have committees on education and home and community life.

We have 30 States with minimum wage laws in operation. In other States the commissions are deeply concerned with the enactment of such legislation—not just for women alone, but for men as well as women. This is largely because they see we still have a million of our wage earners in the United States earning less than 50 cents an hour. We have 12 million earning less than $1.50 an hour. A large number of these wage earners are women and, of course, the great bulk of them are in intrastate occupations.

The commissions are concerned with education, reviewing the services of educational institutions in the States. To what extent, for instance, are they establishing part-time study opportunities for mature women thinking of coming back in the labor force? Our commissions feel strongly there is a need for expanded facilities for continuing education.

Are we doing as much as we should to provide constructive opportunites for women in volunteer service? Many of the commissions have recommended the setting up of central bureaus for placement

of volunteers. Agencies using volunteers are being encouraged to make fuller use of the talents available. The commissions have a committee, almost universally, on civil and political status, reviewing laws relating to property, jury service, and so on.

Mr. FOGARTY. I think that is pretty good. What has happened to these 11 States who do not have any commissions?

Mrs. KEYSERLING. We haven't had enough staff in the Women's Bureau to help put them all on the road.

Mr. FOGARTY. You mean here, in this request?

Mrs. KEYSERLING. No; I mean in the past.

Mr. FOGARTY. For 1965?

Mrs. KEYSERLING. We now have five regional directors.

Mr. FOGARTY. The Bureau of the Budget cut this appropriation last year.

Mrs. KEYSERLING. It was cut.

Mr. FOGARTY. By six or seven positions below 1964.

Mrs. KEYSERLING. We have five regional directors. If there had been 6, 7 or 8, I think we would have had 50 commissions long ago. They were instrumental in helping to bring women's organizations together as they prepared to call on the Governors asking them to take the steps that have led to the establishment of these commissions. We hope a commission will be established very shortly in Texas.

Mr. FOGARTY. You mean they do not have one down there?

Mrs. KEYSERLING. Isn't it surprising?

We hope they are going to be with us very soon, and we expect California will have a commission within the next few weeks.

Mr. FOGARTY. I am surprised they do not have one.

Mrs. KEYSERLING. Virginia was the next to last one—South Carolina was the last State to establish a commission.

Maryland still has to act. Governor Tawes has indicated his interest. So that if Texas and Maryland establish commissions, every State in the South, southeast, along the entire middle Atlantic seaboard will have commissions. Connecticut hasn't as yet appointed one.

Mr. FOGARTY. They have not? They have a good Governor up there, too. I am surprised at that.

Mrs. KEYSERLING. Ohio still has to be added.

We hope to come back next year saying all 50 States have commissions.

Mr. FOGARTY. Do the States put up any money?

Mrs. KEYSERLING. It varies very much. In some cases, varying amounts have been allotted from Governors' funds and the legislatures, in several cases, have appropriated funds. In Illinois and Massachusetts, $10,000 was approved.

RHODE ISLAND COMMISSION

Mr. FOGARTY. Did Rhode Island put up any money?

Mrs. KEYSERLING. In Rhode Island? I think—I will have to check this.

Mr. FOGARTY. You can supply it for the record.

(The requested information follows:)

No funds were appropriated, but Governor Chafee appointed Mrs. Margaret F. Ackroyd, chief of the division of women and children, department of labor, executive vice chairman and her office is providing staff services for the commission.

Mrs. KEYSERLING. Almost all of the States have supplied service in kind. In some cases, funds are available for printing. North Carolina has issued, for instance, a particularly attractive report.

Mr. FOGARTY. If that is the best one, please send us a copy of it.

Mrs. KEYSERLING. We will be happy to do so.

We have brought, if you would like them, summaries of the recommendations of the first 11 commissions that have reported.

Mr. FOGARTY. Yes; but send us the entire North Carolina report.

Mrs. KEYSERLING. I would like to submit the North Carolina report. I am sorry I do not have it with me.

Commissions have been provided services and assistance in kind. I don't believe in Rhode Island there was a legislative enactment of funds. There is a point that I think would interest you, Congressman. It was intended originally when the reports of these State commissions were made, that, as in the case of the President's Commission, the State commission would then go out of business. We have been very interested to see that the Governors have been so impressed by the work done, that they have asked in all cases but two that the Commission continue their work.

Mr. FOGARTY. I think many gains have been made since you arrived on the scene in Washington as far as the Women's Bureau is concerned.

You remember a former chairman of this committee, 18 or 19 years ago, used to tell the story that whenever he went back to his district in Wisconsin to make a speech to women's groups, he would ask, "all of you who can tell me one worthwhile thing that the Women's Bureau in the Department of Labor has done raise your hand." He never got a hand raised in 10 years out there. That was his story, and that was prior to 1948.

Mrs. KEYSERLING. I would be amazed if any Congressman could report that. We were asked to speak at a meeting 10 days ago in Texas and 2,000 women turned out. They were that interested.

Mr. FOGARTY. And they do not have any commission?

Mrs. KEYSERLING. I hope they will have. When you get 2,000 women coming to a meeting in Houston you can anticipate they soon will have one.

Mr. FOGARTY. I am surprised that Texas does not have one.

Mrs. KEYSERLING. We had two sets of meetings, the interest was so great.

INTERDEPARTMENTAL COMMITTEE

Mr. FOGARTY. The Interdepartmental Committee on the Status of Women was established a little over a year ago. Tell us who is on this committee and what it has accomplished.

Mrs. KEYSERLING. When the President's Commission on the Status of Women submitted its report in October of 1963, the President then, by Executive order, set up two bodies to continue the work. One was the Interdepartmental Committee on the Status of Women, the Chair-

man of which Secretary of Labor W. Willard Wirtz. Mrs. Peterson served as Executive Vice Chairman in the past. Secretary Rusk serves for the Department of State. Secretary McNamara is a member of the committee; the Attorney General is a member of the committee; the Secretary of Agriculture; the Secretary of Commerce; the Secretary of Health, Education, and Welfare, and the Chairman of the U.S. Civil Service Commission. The Committee has met twice a year since it was set up. This group takes its assignment with the utmost degree of seriousness. It has sought to use its every good office to implement the recommendations of the Commission on the Status of Women as far as the Federal service is concerned.

Mr. FOGARTY. You know, Mrs. Keyserling, I never saw an interdepartmental committee yet, in 19 years on this committee worth very much.

Mrs. KEYSERLING. If I may say so, I cannot tell you how impressive is the interest and work of this group.

Mr. FOGARTY. I would expect you to say that. I am just giving you my impressions.

Mrs. KEYSERLING. I could give you very objective evidence of the extraordinary interest and effort of this Committee to advance the interests of women in the Federal service. You know there was a Presidential directive resulting from the Commission's work that all hiring in the Federal service be made on the basis of merit, and that these jobs not be posted as "woman wanted" or "man wanted." A recent report gives clear evidence of the seriousness of the effort to advance the position of women in the Federal service. Of the last 40,000 jobs that were filled, there were only 35 jobs for which qualifications included reference to the sex of the applicant.

Mr. FOGARTY. How would you feel about the President appointing a man to the Women's Bureau?

Mrs. KEYSERLING. If he could find a man with experience sufficient to make him an outstanding person in the field, I think it would be splendid. We are trying to fill our positions strictly in terms of merit and qualifications.

Mr. FOGARTY. Are you?

Mr. KEYSERLING. The most recent person appointed in the Bureau is a man. We have several now serving as professional members of our staff.

CITIZENS' ADVISORY COUNCIL

Mr. FOGARTY. The Citizens' Advisory Council on the Status of Women was established at the same time as the Interdepartmental Committee. Will you give us the same information on the membership and accomplishments during the last year?

Mrs. Keyserling. Yes. The Citizens' Advisory Council was the citizens' group set up. It is under the chairmanship of Miss Margaret Hickey. This council brings together outstanding leaders outside of the field of government to consider the ways in which private groups and national organizations throughout the country can work together to help implement the recommendations of the President's Commission and advance the status of women. The group includes many outstanding representatives of women's organizations, of labor, business, and public interest groups.

Mr. Fogarty. You can put the list in the record.

Mrs. Keyserling. We will be glad to do that.

(The information referred to follows:)

CITIZENS' ADVISORY COUNCIL ON THE STATUS OF WOMEN

Chairman: Miss Margaret Hickey, senior editor, Ladies' Home Journal.
Mrs. Ellen Boddy, civic leader.
Dr. Mary I. Bunting, member, Atomic Energy Commission.
Mrs. Mary E. Callahan, member, executive board, International Union of Electrical, Radio & Machine Workers, AFL–CIO.
Dr. Henry David, head, Office of Science Resources Planning, National Science Foundation.
Mrs. Anna Halsted, civic leader.
Miss Dorothy Height, president, National Council of Negro Women.
Mrs. Viola H. Hymes, member, Minneapolis School Board, chairman, Governor's Commission on the Status of Women for Minnesota:
Dr. Cynthia C. Wedel, assistant general secretary, National Council of Churches.
Mr. William F. Schnitzler, secretary-treasurer, AFL–CIO.
Dr. Caroline Ware, member, Committee for Trade Negotiations; member, Consumer Advisory Council.
Mr. Maurice Lazarus, chairman of the board, Wm. Filene's Sons Co.
Dr. Richard A. Lester, professor of economics, Princeton University.
Miss Margaret Mealey, executive director, National Council of Catholic Women.
Mr. Norman Nicholson, vice president and administrative assistant to Edgar F. Kaiser, Kaiser Industries Corp.
Miss Marguerite Rawalt, Assistant Division Director, Internal Revenue Service; former president, National Federation of Business & Professional Women's Clubs.
Mrs. Mary Roebling, president and chairman of the board, Trenton Trust Co.

PROGRESS REPORT

Mr. Fogarty. Do you have any specific accomplishments that bear that out?

Mrs. Keyserling. Yes; I think we can mention a good many accomplishments. Perhaps to bear this out we can submit for the record a document which was prepared——

Mr. Fogarty. I assume that. We will put it in the record.

Mrs. Keyserling. All right, I would like to do that. This is a progress report prepared by the Interdepartmental Committee and Citizens' Advisory Council jointly on the many advances achieved in the first year following the submission of the recommendations of the President's Commission.

Mr. Fogarty. We will put it in the record.

(The material referred to follows:)

PROGRESS REPORT



on the

STATUS OF WOMEN

October 11, 1963

through

October 10, 1964

First Annual Report of Interdepartmental Committee
and Citizens' Advisory Council on the Status of Women

INTERDEPARTMENTAL COMMITTEE ON THE STATUS OF WOMEN

Secretary of Labor W. Willard Wirtz, Chairman

Assistant Secretary of Labor Esther Peterson, Executive Vice-Chairman

Honorable Dean Rusk
Secretary of State

Honorable Orville L. Freeman
Secretary of Agriculture

Honorable Robert S. McNamara
Secretary of Defense

Honorable Luther H. Hodges
Secretary of Commerce

Honorable Nicholas de B. Katzenbach
Acting Attorney General

Honorable Anthony J. Celebrezze
Secretary of Health, Education, and Welfare

Honorable John W. Macy, Jr.
Chairman
U.S. Civil Service Commission

CITIZENS' ADVISORY COUNCIL ON THE STATUS OF WOMEN

Miss Margaret Hickey, Chairman
Senior Editor
Ladies' Home Journal

Mrs. Ellen Boddy
Civic Leader

Dr. Mary I. Bunting
Member, Atomic Energy Commission

Mrs. Mary E. Callahan
Member, Executive Board
International Union of Electrical, Radio, and Machine Workers, AFL-CIO

Dr. Henry David
Head, Office of Science Resources Planning
National Science Foundation

Mrs. Anna Halsted
Civic Leader

Miss Dorothy Height
President
National Council of Negro Women

Mrs. Viola H. Hymes
Member, Minneapolis School Board, Chairman Governor's Commission on the Status of Women for Minnesota
Former President, National Council of Jewish Women

Dr. Cynthia C. Wedel
Assistant General Secretary
National Council of Churches

Mr. William F. Schnitzler
Secretary-Treasurer, AFL-CIO

Dr. Caroline Ware
Member, Committee for Trade Negotiations
Member, Consumer Advisory Council

Mr. Maurice Lazarus
Chairman of the Board
Wm. Filene's Sons Co.

Dr. Richard A. Lester
Professor of Economics
Princeton University

Miss Margaret Mealey
Executive Director
National Council of Catholic Women

Mr. Norman Nicholson
Vice President and Administrative Assistant to Edgar F. Kaiser
Kaiser Industries Corp.

Miss Marguerite Rawalt
Assistant Division Director
Internal Revenue Service
Former President, National Federation of Business and Professional Women's Clubs

Mrs. Mary Roebling
President and Chairman of the Board
Trenton Trust Company

Mrs. Catherine East, Executive Secretary

LETTER OF TRANSMITTAL

Washington, D. C.
October 12, 1964

Dear Mr. President:

When the report of the President's Commission on the Status of Women was presented to President Kennedy on October 11, 1963, you shared with us generously in the occasion which you had done so much to make possible.

On behalf of the Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council on the Status of Women, we are honored to submit to you this first annual report, in accordance with Executive Order 11126. The advances made by women during the past year, which have exceeded the expectations of the most optimistic among us, are highlighted in the Introduction and detailed in the Report.

In addition to our appreciation of your great leadership in making possible the gains of the past year, we wish also to thank the Congress of the United States, the Governors and the legislatures of the States where so much progress has been made, and the many private organizations and citizens who have so vigorously accepted the "Invitation to Action" of American Women.

Sincerely,

W. Willard Wirtz

W. Willard Wirtz
Chairman
Interdepartmental Committee
on the Status of Women

Margaret Hickey

Margaret Hickey
Chairman
Citizens' Advisory Council
on the Status of Women

INTRODUCTION

No year since passage of the Nineteenth Amendment in 1920 can be compared to the period October 1963 to October 1964, in terms of new opportunities offered to women.

Most intangible of the advances, but permeating all others, is the new climate--increased awareness of women's frequently unused potential and of women's needs, accompanied by expectations of greater accomplishment and contribution.

The new climate can be attributed in no small measure to the large audience of American Women, the report of the President's Commission on the Status of Women. It evoked widespread interest not only in this country but also abroad. It has been translated into Italian, Japanese, and Swedish. Denmark has established its own Commission.

The tangible advances fall in several categories.

President Johnson's publicly announced search for highly qualified women for appointment to responsible Federal positions has provided both an example for other employers and an inspiration to girls and women. To reach a common understanding on methods and procedures for locating and recommending qualified women, the Citizens' Advisory Council on the Status of Women sponsored a meeting with top officials in the Government and women's organization leaders.

The equal employment opportunity provisions of the Civil Rights Act of 1964 prohibit discrimination on the basis of sex, as well as discrimination on the basis of race, color, religion, and national origin.

Emphasis during the past year on improving the status of disadvantaged girls and women has been evidenced by the provision for opportunities for young women as well as young men in the job corps and other programs under the Economic Opportunity Act of 1964.

President Johnson has said, "no problems can be met and no progress can be made by Washington alone." Acting on this shared conviction, women's organizations and others have worked for establishment of Governors' Commissions. Their efforts, with

the assistance of the Regional Directors of the Women's Bureau, have been successful in 33 States. The Governor's Commission of the State of Washington has already made a report, and the Governor, through a new Commission, has provided for follow-through on its recommendations. The Delaware Commission has made an interim report. Interim reports and recommendations for legislative action will be made by a number of Commissions in time for consideration by State legislatures in 1965.

A Conference of Governors' Commissions was sponsored in June of this year by the Federal Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council.

The State Commissions are involving countless citizens throughout the United States not only in a review of what is needed to serve women better but also in a search for ways in which women can serve to help build the Great Society.

PROGRESS REPORT ON THE STATUS OF WOMEN
OCTOBER 11, 1963 THROUGH OCTOBER 10, 1964

I. FEDERAL ADVANCES--EXECUTIVE AND LEGISLATIVE

ESTABLISHMENT OF THE INTERDEPARTMENTAL COMMITTEE AND THE CITIZENS' ADVISORY COUNCIL ON THE STATUS OF WOMEN

> Throughout this report the Commission has considered women in the context of the total American society, not as a group apart and not as a group whose progress can be secured separately. It is, therefore, recommended that Federal action taken as a result of the Commission's proposals become operative through regular and existing Federal Government structure.*

The President's Commission on the Status of Women recommended the establishment of machinery for purposes of followup on its proposals. Within less than a month after receiving its report, President Kennedy, on November 1, 1963, established the Interdepartmental Committee and the Citizens' Advisory Council on the Status of Women. Their functions, as recommended by the Commission, are leadership, coordination, stimulation of other groups, and reporting of progress to the President.

FEDERAL EMPLOYMENT AS A SHOWCASE

> Where the Federal Government is itself the employer, its hiring and promotion practices can become a showcase for equal employment opportunity without discrimination of any kind.*

Between January 1 and October 2, 1964, 68 new appointments of women to important Government posts had been announced by President Johnson; in addition, the executive agencies had appointed 311 and promoted 1,231 others at salary levels of $10,000 and above. Of the 22 top women in the executive branch, 13 were appointed during this period.

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* American Women, p. 53 and p. 31.

One woman was named Assistant to the President. Two were appointed to serve abroad as American Ambassadors, bringing to eight the number of women ever to hold the rank of Ambassador or Minister. Four became Assistant or Deputy Assistant Secretaries, in Agriculture, Defense, and State. Four were named to Federal Commissions--Atomic Energy, Civil Rights, Federal Trade, and Interstate Commerce--and one to the Board of Directors of the Export-Import Bank.

At the request of the Interdepartmental Committee a survey of men and women in positions at $10,000 and above was conducted by the Civil Service Commission. On the basis of the findings and inspection reports, the Committee is working out a system of regular progress reports with emphasis on field installations.

A top official of the Civil Service Commission, representing the Interdepartmental Committee and the Chairman of the Civil Service Commission, was designated to discuss the President's program with organizations of Federal officials and community leaders in 12 large centers of Federal employment outside Washington.

Other developments in the Federal service:

— The percentage of women in the entering classes of Foreign Service Officer advanced to 12 percent in 1964 from 9 percent in 1963.

— The Federal Employees Health Benefits Act was amended, with the leadership of the Civil Service Commission, so that married women pay the same premium as married men for health insurance for themselves and their families (Public Law 88-284).

— More married women employed overseas were eligible for quarters allowances and travel allowances for their husbands and dependents under revised regulations of the State and Defense Departments.

— By administrative action, the Department of Defense is applying the minimum wage provisions of the Fair Labor Standards Act to certain nonappropriated fund activities, such as PX's, commissaries, officers' clubs, and laundries where large numbers of women are employed.

PRIVATE EMPLOYMENT

> Equal opportunity for women in hiring, training, and promotion should be the governing principle in private employment.*

The Civil Rights Act of 1964, Title VII, prohibits discrimination because of race, color, religion, sex, or national origin by employers, labor unions, and employment agencies. The Act applies to all phases of employment in industries affecting interstate or foreign commerce. Enforcement of the nondiscrimination requirements for employers and unions becomes effective July 2, 1965, for those with 100 or more workers; coverage will be extended each year until July 2, 1968, when employers and unions with 25 or more workers will be covered. Enforcement for all employment agencies becomes effective July 2, 1965.

On June 11, 1964, the date on which the Equal Pay Act of 1963 became generally effective, an Equal Pay Conference was sponsored by the National Committee for Equal Pay and the Labor Department. During the year, the Wage and Hour and Public Contracts Divisions of the Department of Labor held training sessions throughout the country to ensure that enforcement personnel were fully informed of the provisions of the new Act. Numerous conferences of employers and unions and speeches before civic groups and service clubs aided in securing understanding and compliance. Regional Directors of the Women's Bureau have worked closely with enforcement officials in the field.

Selection of apprentices in Federal apprenticeship and training programs must be made on the basis of qualifications alone without regard to nonobjective factors, including sex; Rules and Regulations on this subject were issued by the Secretary of Labor effective January 17, 1964.

Publications of the Women's Bureau of the Department of Labor stressed conditions among disadvantaged women:

— "Negro Women Workers in 1960," an analytical bulletin based on census data, indicated that the gap

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* American Women, p. 30.

between income and earnings of Negro and white women workers had not lessened in spite of the continued shift of Negro women from low- and semi-skilled work into clerical, sales, and professional occupations, and the unemployment rates of nonwhite women workers continue to be much higher than those of white women workers. Some of the data in this bulletin were summarized in a fact sheet, "Current Data on Nonwhite Women Workers."

— Short papers on "Women in Poverty" and "Who Are the Disadvantaged Girls 16-21 Years Old?" were prepared for use of the President's Task Force on the War Against Poverty.

— Fact sheets covering statistical, legislative and other information were prepared for a consultation on improving the status and working conditions of private-household workers.

"Women Workers," a series of reports on employment of women by States, prepared by the Women's Bureau, has been available to Governors' Commissions on the Status of Women and to others.

EDUCATION, TRAINING, AND COUNSELING

> The Commission has given great weight to educational needs of mature women, but nothing it can recommend to meet the special needs of women is of greater importance than improvement in the quality of early education available to all of the Nation's youth.*

The Economic Opportunity Act of 1964 included women in the Job Corps as well as the other programs of that Act. The Interdepartmental Committee and the Citizens' Advisory Council will concern themselves with insuring that there is adequate participation by women in all these programs.

Developments in Federal support of education which have a bearing on the expansion of opportunities for women include:

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* American Women, p. 9.

— The guidance services authorized by the National Defense Education Act have been greatly strengthened, and extended to June 30, 1968, by the 1963 and 1964 Amendments. Coverage now includes junior high and elementary schools, public junior colleges, and public technical institutes. The authorized appropriation of $24 million for fiscal year 1965 would be an increase of $9 million over fiscal year 1963. The number of fellowships authorized under the Act was increased to 3,000 in fiscal year 1965 from 1,500 in fiscal year 1964. For 1966 the number authorized is 6,000; for 1967 and 1968, 7,500 each.

— The legislative base for vocational education supported by the Federal Government was modernized by Public Law 88-210; $806 million in matching grants to States for expanded vocational educational programs was authorized for the first five years (program made permanent); in the year ending June 1963, about 4.3 million students were enrolled in such programs. For work-study programs in experimental residential schools $150 million was authorized.

— The Higher Education Facilities Act of 1964 authorized $1.2 billion aid for construction in fiscal years 1964, 1965, and 1966.

— The Health Professions Educational Assistance Act of 1963 authorized $175 million for construction of medical education facilities over a 3-year period, plus $61 million for loans to students entering medical schools during fiscal years 1964, 1965, and 1966.

— The Library Services and Construction Act of 1964 expanded Federal aid to help raise the level of public library services in urban as well as rural areas of our Nation. For fiscal year 1965, $55 million was appropriated.

— The Nurse Training Act of 1964 authorized a $90 million, 4-year construction program for nursing schools; a $58 million, 5-year program to improve and expand training programs; an $85 million, 5-year student loan program.

— 42 percent of all student borrowers under the National Defense Education Act in fiscal year 1963 were women; in 1961, 37 percent. Almost 91,000 women students were

awarded loans or fellowships in fiscal year 1963. By law these funds are available only to full-time students.

— Women constituted 36.3 percent of enrollment in Manpower Development and Training Act courses between mid-1962, when training began, and June 30, 1964. About one-half of the women were training for secretary, typist, bookkeeper, accounting clerk, key-punch operator, and tabulating machine operator jobs. One-fifth were preparing for jobs in health service occupations, such as practical nurse or nurse aid. Women enrolled in courses under the Area Redevelopment Act between November 1961 and June 30, 1964, account for 47 percent of the total.

— The wife of an unemployed man may now be paid a training allowance while she is taking training under the Manpower Development and Training Act. Prior to the enactment of Public Law 88-214 on December 19, 1963, only heads of families and youths were eligible for allowances.

— The increase in junior colleges continues, with an estimated 15 to 20 new institutions opening this fall; between 20 and 25 new junior colleges opened in 1963, making a total of about 670.

Curriculum guides for training management aides in public housing projects, visiting homemakers, hotel and motel housekeeping aides, clothing maintenance specialists, companions to the elderly, family dinner service specialists, homemaker's assistants, and supervised food service workers were prepared and distributed by the Office of Education.

In connection with counseling and career planning, the Women's Bureau:

— Held a consultation with national youth-serving organizations on helping young women prepare for the dual role of homemaker and paid worker that most of them will fulfill.

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— Met with six State directors of guidance and staff of the Office of Education to discuss special aspects of vocational counseling for girls and to plan for regional and subsequent State conferences.

— Published three bulletins: "Women Telephone Workers and Changing Technology," "Job Horizons for College Women in the 1960's," and "Clerical Occupations for Women--Today and Tomorrow."

Training of counselor aides and youth advisors for employment by State agencies and other youth guidance activities was satisfactorily completed by 1,739 trainees, including 804 women. The training was provided by the Bureau of Employment Security of the Department of Labor through 27 colleges and universities, and the Women's Bureau furnished the training centers with guidance publications, including American Women.

The Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (P. L. 88-164) authorized a total of $329 million over a 5-year period to provide grants for (a) construction of research centers and public or nonprofit treatment facilities related to mental retardation; (b) construction and establishment of comprehensive community mental health centers; and (c) training of teachers of handicapped children.

HOME AND COMMUNITY

> Women can do a far more effective job as mothers and homemakers when communities provide appropriate resources and when they know how to use such resources for health, education, safety, recreation, child care, and counseling.*

Interest in day care services has been stimulated by the grants to the States authorized by the 1962 Amendments to the Social Security Act.

— 46 States submitted plans to utilize all of the $4 million available in 1964; Congress appropriated the same amount for these grants for fiscal year 1965. Examples among projects being financed are

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* American Women, p. 18.

day care centers for babies of very young parents who are receiving training under the Manpower Development and Training Act, day care centers for mentally retarded children, and a day care center where mothers attend with their children to learn better methods of child care and to learn homemaking skills.

— Four regional meetings and a meeting of State Day Care Advisory Committees held by the Welfare Administration, Department of Health, Education, and Welfare, promoted implementation of the Public Welfare Amendments of 1962 (Public Law 87-543), including the amendment authorizing grants for child care services.

— "Determining Fees for Day Care Services," a pamphlet for use of those planning day care services, was prepared and distributed by the Welfare Administration.

Tax deductions for child care were liberalized by Public Law 88-272. The joint income level above which deductions are not allowable was raised from $4,500 to $6,000. The new law permits deduction of up to $600 for one dependent and up to $900 for two or more dependents; $600 was the maximum deductible under previous law, without regard to the number of dependents. Definition of a dependent child, formerly confined to those under 12, was raised 1 year. The law also made provision for deduction when the wife is incapacitated.

The following facts evidence progress in homemaker services:

— The number of programs grew from 208 to 303 between October 1961 and October 1963, and the number of families served from 5,400 in October 1961 to 9,000 in October 1963.

— A National Conference on Homemaker Services, called by the National Council on Homemaker Services in April 1964 with staff services provided by the Welfare Administration, was attended by 800 persons.

— Financial and/or technical assistance are available to the States through five units of the Department of Health, Education, and Welfare. "Homemaker Service: A Community Resource," describing various kinds of assistance available from the Department is being distributed by the Office of the Assistant Secretary for Legislation.

Experiments in improving welfare administration include:

— A "concerted services" approach to welfare needs has been initiated in selected housing projects under a task force of Department of Health, Education, and Welfare and Housing and Home Finance Agency specialists. It brings together within ready access all the services needed by residents of the housing projects, including welfare services, education in home and money management, and the upgrading of skills of mothers in low-income families.

— Five States are trying out new methods of keeping teenagers in school until they are employable. West Virginia has received a project grant to study the relative effectiveness of various methods of keeping them in school.

The Cooperative Extension Service of the Department of Agriculture is concentrating its efforts on "hard-to-reach" families in both rural and urban areas. Pilot projects with low-income families have been begun in Hartford, Connecticut; Providence, Rhode Island; Boston, Massachusetts; Kanawha County, West Virginia; Lee County, South Carolina; Lane County, Oregon; and four counties in Alabama. Major emphasis is placed on helping families raise their aspirations and restore their self-respect, and improve their level of living by learning skills in money management, housekeeping, child care and in clothing, home and food management. The Chicago, Illinois, and St. Louis and Kansas City, Missouri, programs have been expanded. These projects are supported by the land-grant institutions and are substantially financed by funds from county and city governments.

The Maternal and Child Health and Mental Retardation Planning Amendments of 1963 (Public Law 88-156) provided for expansion and strengthening of maternal and child health and crippled children services, including a 5-year project grant program for comprehensive maternity care to high-risk, low-income mothers and a 5-year grant program for research relating to maternal and child health.

Twenty-nine women's organizations participated in a workshop on Unmarried Parents and Out of Wedlock Children held in Washington, D.C., in February, staffed by the Welfare Administration and sponsored by the National Association on Service to Unmarried Parents. The purpose was to enlist the cooperation of women's organizations in the development of services to deal more effectively with the social problems of unwed mothers. A similar workshop was held in Boston in October 1964.

Consumer protection was increased by:

— appointment of an Assistant to the President for Consumer Affairs.

— promulgation of regulations by the Food and Drug Administration to require adequate preclinical testing of experimental drugs before they are used on people.

— enactment of legislation to prohibit the registration of pesticides before they are approved for safety by the Department of Agriculture.

— creation of a National Commission on Food Marketing to study how well the food distribution system serves consumers.

— enactment of full disclosure legislation for "over-the-counter" securities.

II. DISTRIBUTION OF AMERICAN WOMEN

In the year since publication of American Women, newspapers, magazines, publications of women's groups, professional society journals, and newsletters have given it great public visibility.

— 83,000 copies have been distributed. Copies were made available to members of the National Association of Women Deans and Counselors and to members of the American Personnel and Guidance Association.

— A summary of American Women, prepared by the Office of the Assistant Secretary for Legislation of the Department of Health, Education, and Welfare, went to 8,700 readers, through reprints and publication in "Health, Education, and Welfare Indicators;" over 21,000 copies have been distributed of three other publications relating directly to Commission recommendations: Goals for Community Services; Education for Home, Health, and Family; and Homemaker Service: A Community Resource.

— Translations have appeared in Italian, Japanese, and Swedish.

— Overseas, American Women has been distributed to American Embassies, United States Information Service libraries, and to the wives of American Ambassadors. For American Embassy wives, the report has proved not only a valuable source of information on the role of women and their status in the United States, but also a stimulus to informative discussion with local women in both industrialized and developing societies. The Department of State and other agencies regularly provide copies of American Women to visiting women leaders from abroad who find it useful to their understanding of the United States.

— Charles Scribner's Sons of New York plans to publish in the spring of 1965 a hardback and a paperback edition with a critique by Margaret Mead. In addition to American Women, edited and abridged material from each of the Commission's Committee reports will be included.

The publications of women's organizations have continuously publicized the ideas and recommendations of American Women. The programs of these organizations are a major means of implementation of the recommendations.

The reports of the seven Committees and a report of the four consultations held by the President's Commission on the Status of Women, published during the year, have proved very useful to the State Commissions, their committees, and to women's organizations.

III. ADVANCES IN THE STATES--LEGISLATION

MINIMUM WAGE AND EQUAL PAY LEGISLATION

> State legislation, applicable to both men and women, should be enacted, or strengthened and extended to all types of employment, to provide minimum wage levels approximating the minimum under Federal law and to require premium pay at the rate of at least time and a half for overtime.
>
> State laws should establish the principle of equal pay for comparable work.*

Several States took action with respect to their minimum wage and equal pay legislation:

- Michigan enacted a minimum wage law, the 36th jurisdiction to do so. The Michigan law, which will go into effect on January 1, 1965, sets a statutory rate of $1.00 an hour applicable to men and women and provides for two step increases to $1.25 an hour by 1967.

- Massachusetts and South Dakota increased the statutory rate of their minimum wage laws.

- Missouri's equal pay law became effective on October 13, 1963, making a total of 24 States with equal pay laws.

A revised model equal pay bill was discussed by an advisory group of State labor department officials convened by the Women's Bureau. Kits of items helpful to groups considering the need for equal pay laws have been distributed to State Commissions, women's groups, and others.

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* American Women, pp. 36, 37.

Improvement of State minimum wage administration was the subject of a national conference of State minimum wage administrators, sponsored by the Women's Bureau and the Labor Standards Bureau in November 1963. With an advisory committee that will participate in developing guidelines, the Women's Bureau and the Bureau of Labor Statistics are preparing for use under minimum wage laws a cost-of-living budget for a self-supporting woman worker.

More than 30 minimum wage orders were revised upward in eight jurisdictions, including 13 orders in California establishing a rate of $1.30 an hour.

CIVIL AND POLITICAL RIGHTS

> State legislatures and other groups concerned with the improvement of State statutes affecting family law and personal and property rights of married women. . . should move to eliminate laws which impose legal disabilities on women.*

Hawaii's new employment practices law, effective January 1, 1964, prohibits discrimination on the basis of race, sex, age, religion, color, or ancestry.

A number of State legislatures have worked toward the removal of discriminatory provisions in family and property laws:

— A wife's conveyance of her real estate may now be made without written consent of her husband in Texas and North Carolina. In only 3 States is such consent still required--Alabama, Florida, and Indiana.

— The right to control their separate real and personal property was given to married women by the State of Texas. There is now no State in which the husband has control over the wife's separate personal property, although vestiges of control over the wife's real property still remain in some States.

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* American Women, p. 47.

State summaries of civil and political rights of women were brought up to date by the Women's Bureau on an accelerated schedule in order to meet the needs of State Commissions and groups seeking establishment of State Commissions.

LEGAL RESEARCH AND ANALYSIS

> The Commission found that in several areas, legal research and analysis are essential before firm proposals for reform can be recommended.*

Permitting husbands and wives to sue each other in tort is the subject of an investigation by the Judicial Committee of the Massachusetts Legislature, which has also authorized a study of certain matters relating to parents and guardians.

A study relating to the removal of minority disabilities of married minors between 18 and 21 was requested from the Virginia State Bar and the Virginia State Bar Association by a joint resolution of the Virginia Legislature.

A study of marriage and divorce laws, family support, and family disintegration is one of the functions of a State Family Council for Home and Family created by the Wisconsin Legislature.

ADVANCES IN THE STATES--GOVERNORS' COMMISSIONS

> We invite response to our recommendations by citizen initiative exercised in many ways--through individual inventiveness, voluntary agencies, community cooperation, commercial enterprise, corporate policy, foundation support, governmental action at various levels.*

A great upsurge of interest followed the "Invitation to Action" of American Women. The establishment of 26 State Commissions in the year following is one of the most significant and potentially far-reaching results of the responses of the press, women's groups, universities, unions, and Federal and State legislators. These, with the seven previously established, brings the total to 33.

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* American Women, p. 48 and p. 2.

The Statewide conferences which paved the way in many States for Commissions and the public meetings, conferences, and seminars sponsored and participated in by the Commissions have concentrated attention on where each State stands in meeting the goals of American Women.

Almost all of the Commissions have appointed committees to review State needs in the basic areas studied by the seven committees of the President's Commission. They are holding meetings and hearings directed toward the formulation of recommendations to meet the major problems women confront. Projects and special interests of the Commissions are as diverse as the characteristics of the States they serve.

One Commission is actively seeking to establish a pilot child care program using public school facilities and the services of teenagers for part of the staff. Another is planning a television series to raise the level of understanding, aspiration, and effectiveness of women who suffer from various kinds of deprivation.

The Governor of at least one State has established a policy of nondiscrimination in State employment at the urging of his Commission. A Working Code for Household Employment has been developed by a Commission and is now in use. Health and recreation services have been studied in one State. Effective help in securing enactment of a long-sought minimum wage bill was given by another Commission. Many State Commissions are making recommendations for legislation, with minimum wage and equal pay the most popular items. Several Commissions are studying State educational facilities and employer and employee attitudes on employment of women.

Recent developments and plans indicate that in a number of States the Governor's Commission will become a continuing institution, with the purpose of actively working for the goals established by the initial studies.

A list of the States with Commissions, the name of the Governor, and the name of the Chairman of the Commission appears on the inside of the back cover.

A table with selected information about each State Commission follows.

GOVERNORS' COMMISSIONS ON THE STATUS OF WOMEN

Selected Information

STATE	NO. OF MEMBERS (NO. OF MEN IN PARENTHESES)	COMMITTEES	DATE ESTABLISHED AND HOW	FILING DATE FOR REPORT
Alabama	26 (11)	Education Home & Community Private Employment Public Employment Social & Labor Legislation Political & Legal Rights & Responsibilities	June 1963 Executive Order	Final Report February 1965
Arkansas	22 (6)	Education New & Expanded Services Protective Labor Legislation Social Insurance & Taxes	January 1964 Proclamation	Final Report November 1964
Delaware	21 (5)	Education Home & Community Private Employment & Labor Standards Public Employment Civil & Political Rights Tax Structure Health & Recreation	December 1963 Executive Order	Interim Report Filed July 1964

Florida	27		Education Women as Volunteer Workers New & Expanded Services Public & Private Employment Labor Standards Civil & Political Rights Social Insurance & Taxes Legislative Program	June 1964 Executive Order	Final Report April 1965
Georgia	116		Education & Counseling Home & Community Women in Employment Women Under the Law	July 1964 Executive Order	Final Report November 1964
Hawaii	30	(5)	Education & Counseling Home & Community Employment Policies & Practices Under State Contracts Labor Standards Legal Rights Insurance & Tax Laws	May 1964 Executive Order	Final Report February 1966
Illinois	18	(6)	Education Home & Community Public & Private Employment Protective Legislation Legal Rights	August 1963 Legislation	Final Report Not later than March 1, 1965
Indiana	33	(4)	Education Home & Community Labor Legislation Civil & Political Rights	September 1963 Administrative Action	December 1964

GOVERNORS' COMMISSION ON THE STATUS OF WOMEN--Continued

STATE	NO. OF MEMBERS (NO. OF MEN IN PARENTHESES)	COMMITTEES	DATE ESTABLISHED AND HOW	FILING DATE FOR REPORT
Iowa	25 (3)	Educational Needs of Women New & Expanded Services Employment Practices State Labor Laws Legal Treatment	October 1963 Administrative Action	Interim Report October 1964
[illegible]cky	Not named	Not determined	April 1964 Executive Order	
Maine	25	Education Home & Community Public Employment Private Employment Labor & Social Legislation Political & Legal Rights	January 1964 Administrative Action	Final Report November 1964
Massachusetts	25 (4)	Not established yet	May 1964 Legislation	December 1964
Michigan	25	Education Home & Community Public Employment Private Employment Social & Labor Legislation Civil & Political Rights	August 1962 Executive Order	Final Report October 1964

Minnesota	46 (9)	Education Home & Community Employment Opportunities Civil & Political Rights	October 1963 Executive Order	Interim Report November 1964 Final Report July 1965
Mississippi	20 Provided by law-- none appointed yet	Not determined	May 1964 Legislation	Final Report January 1965
Missouri	27	Women & Education Women in the Home & Community Women at Work Women as Citizens	March 1964 Executive Order	Tentatively December 1964
Nebraska	36 (5)	Education & Counseling Home & Community Women in Employment Labor Standards Women Under the Law Security of Basic Income Women as Citizens	February 1964 Administrative Action	Not set
Nevada	8 (4)	Education Expanded Services Employment Policies & Practices Protective Legislation Civil & Political Rights Social Insurance & Taxes Public Information	April 1964 Proclamation	Preliminary Report December 1964
New Hampshire	18	Education Employment Practices Social & Political Rights	October 1963 Executive Order	Final Report October 1964

GOVERNORS' COMMISSIONS ON THE STATUS OF WOMEN--Continued

STATE	NO. OF MEMBERS (NO. OF MEN IN PARENTHESES)	COMMITTEES	DATE ESTABLISHED AND HOW	FILING DATE FOR REPORT
New Jersey	19 (4)	Education & Counseling Home & Community Women in Employment	April 1964 Administrative Action	Not set
New York (Committee on Education & Employment of Women)	14 (5)	Education Employment Policies Register of Women Law on Civil Service	December 1963 Administrative	Final Report end of 1964
North Carolina	17 (5)	Education & Training Volunteer Organizations & Expanded Services Family & Welfare Services Employment Policies Protective Labor Legislation Civil & Political Rights Citizen Participation Social Insurance & Taxes	October 1963 Executive Order	Final Report January 1965
North Dakota	13 (4)	Education Home & Community Federal & State Employment Private Employment Civil & Political Rights Protective Labor Legislation Social Insurance & Taxes	December 1963 Administrative Action	Final Report December 1964

Oklahoma	25	Education Home & Community Rights Private Employment Protective Labor Legislation Civil & Political Rights Social Insurance & Taxes	January 1964 Executive Order	November 1964
Oregon	19 (4)	Education Home & Community Employment Protective Labor Legislation Civil & Political Rights Social Insurance & Taxes	August 1964 Proclamation	Not set
Pennsylvania	20 (7)	Education Employment Legal & Political Status	June 1964 Proclamation	Final Report July 1965
South Dakota	13	Education New & Expanded Services Employment Policies & Practices (State, County, & Private) Political & Civil Rights	July 1963 Administrative Action	December 1964
Tennessee	15	Education Employment Practices Under Government Contracts & State Labor Laws Legal Treatment State Social Insurance & Tax Laws	August 1963 Executive Order	Final Report December 1964

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GOVERNORS' COMMISSIONS ON THE STATUS OF WOMEN--Continued

STATE	NO. OF MEMBERS (NO. OF MEN IN PARENTHESES)	COMMITTEES	DATE ESTABLISHED AND HOW	FILING DATE FOR REPORT
Utah (Committee on the Status of Women)	25 (1)	Employment Community Services Family Services Political & Civil Responsibilities Legal & Tax Status	February 1964 Proclamation	Final Report December 1964
Vermont	Not appointed	Not determined	July 1964	None
Washington (Continuing Commission for followthrough)	41 (8)	Education Legal Rights Employment Policies & Practices Community Volunteer Citizen Employed Woman & Her Family Women in Government Legislative Action Public Relations Research Coordinating	July 11, 1964 Executive Order	None
Washington (Original study Commission)	29 (8)	Education Legal Rights Employment Policies Family & Employed Women Expanded Services Women as Citizens--Volunteers	February 1963 Executive Order	December 1963

West Virginia	27 (7)	Education Women as Volunteers Expanded Programs to Help Women as Wives, Mothers, & Workers Family & Employed Women Employment Policies & Practices Labor Laws Legal Rights	March 1964 Proclamation	November 1964
Wisconsin	34 (8)	Education & Counseling Family & Community Life Employment: Public & Private Legal Rights & Protection Citizen Participation	May 1964 Executive Action	Interim Report October 1964 Final Report March 1965

PUBLICATIONS REFERRED TO IN THE TEXT

One copy may be secured free from the Department preparing the publication, except that publications of the President's Commission on the Status of Women may be ordered from the Department of Labor, Women's Bureau. Quantity supplies must be ordered at the prices shown from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Publications for which no price is listed may be obtained only from the Department listed.

U.S. Department of Labor, Women's Bureau:

An Equal Pay Packet for Voluntary Organizations. 1964. No Charge.
Clerical Occupations for Women--Today and Tomorrow. Bull. 289. 1964. In press.
Job Horizons for College Women in the 1960's. Bull. 288. 1964. 30 cents.
Negro Women Workers in 1960. Bull. 287. 1963. 30 cents.
Who Are the Disadvantaged Girls 16-21 Years Old? 1964. No charge.
Women in Poverty. 1964. No charge.
Women Private-Household Workers, Fact Sheet. 1964. No charge.
Women Telephone Workers and Changing Technology. Bull. 286. 1963. 25 cents.
Women Workers, 1960. (By State) 1963-64. No charge.

U.S. Department of Health, Education, and Welfare, Office of Assistant Secretary for Legislation:

Goals for Community Services: Planning for Community Needs in Health, Education, and Welfare. 1963. 15 cents.
Education for Home, Health, and Family. 1963. No charge.
Homemaker Service: A Community Resource. 1964. No charge.

U.S. Department of Health, Education, and Welfare, Office of Education:

A Suggested Training Program--
Management Aide in Low-Rent Public Housing Projects. OE-87001. 1964. 20 cents.
The Visiting Homemaker. OE-87002. 1964. 20 cents.
Hotel and Motel Housekeeping Aide. OE-87003. 1964. 20 cents.
Supervised Food Service Workers. OE-87004. 1964. 20 cents.
Clothing Maintenance Specialist. OE-87005. 1964. 20 cents.
Companion to an Elderly Person. OE-87006. 1964. 20 cents.
Family Dinner Service Specialist. OE-87007. 1964. 20 cents.
The Homemaker's Assistant. OE-87008. 1964. 20 cents.

U.S. Department of Health, Education, and Welfare, Welfare Administration:

Determining Fees for Day Care Services. Revised 1964. 15 cents.

President's Commission on the Status of Women:

American Women. Report of the Commission. 1963. $1.25.
Reports of the Committees on--
Civil and Political Rights. 1963. 55 cents.
Education. 1963. 50 cents.
Federal Employment. 1963. $1.50.
Home and Community. 1963. 35 cents.
Private Employment. 1963. 40 cents.
Protective Labor Legislation. 1963. 30 cents.
Social Insurance and Taxes. 1963. 55 cents.
Report on Four Consultations: Private Employment Opportunities, New Patterns in Volunteer Work, Portrayal of Women by the Mass Media, Problems of Negro Women. 1963. 35 cents.

Governors' Commissions on the Status of Women

State	Governor	Chairman
Alabama	Hon. George C. Wallace	Dr. Minnie C. Miles
Arkansas	Hon. Orval E. Faubus	Mrs. Charlotte Gardner
Delaware	Hon. Elbert N. Carvel	Mrs. Rosella T. Humes
Florida	Hon. Farris Bryant	Mrs. Aleene Kidd
Georgia	Hon. Carl E. Sanders	Mrs. Mamie K. Taylor
Hawaii	Hon. John A. Burns	Mrs. Mary Ellen Swanton
Illinois	Hon. Otto Kerner	Rep. Esther Saperstein
Indiana	Hon. Matthew E. Welsh	Dr. Eunice C. Roberts
Iowa	Hon. Harold E. Hughes	Dr. Marguerite Scruggs
Kentucky	Hon. Edward T. Breathitt, Jr.	Miss Chloe Gifford
Maine	Hon. John H. Reed	Dr. Madelyn Dyer
Massachusetts	Hon. Endicott Peabody	To be announced
Michigan	Hon. George W. Romney	Mrs. Paul G. Goebel
Minnesota	Hon. Karl F. Rolvaag	Mrs. Charles Hymes
Mississippi	Hon. Paul B. Johnson	To be announced
Missouri	Hon. John M. Dalton	Dr. Blanche Dow
Nebraska	Hon. Frank B. Morrison	Miss Sarah J. Cunningham
Nevada	Hon. Grant Sawyer	Mrs. Hope Roberts
New Hampshire	Hon. John W. King	Miss Margaret E. Normandin
New Jersey	Hon. Richard J. Hughes	Mrs. Doris Hubatka
New York*	Hon. Nelson A. Rockefeller	Mrs. Oswald B. Lord
North Carolina	Hon. Terry Sanford	Dr. Ann Scott
North Dakota	Hon. William L. Guy	Miss Dagny Olsa (Act.)
Oklahoma	Hon. Henry Bellmon	Mrs. Ettamae Reed
Oregon	Hon. Mark O. Hatfield	Mrs. Gertrude Hauk Farris (Act
Pennsylvania	Hon. William W. Scranton	Mrs. Betsy P. Meyers
South Dakota	Hon. Archie Gubbrud	Miss Ima Crisman
Tennessee	Hon. Frank G. Clement	Miss Flora Rawls
Utah	Hon. George D. Clyde	Mrs. Edith S. Shaw
Vermont	Hon. Philip H. Hoff	Mrs. Raymond Stark
Washington	Hon. Albert D. Rosellini	Mrs. Mildred Dunn
West Virginia	Hon. William W. Barron	Mrs. John Scott
Wisconsin	Hon. John W. Reynolds	Mrs. Kathryn F. Clarenbach

*Committee on Education and Employment

Mrs. KEYSERLING. The report summarizes the advances that can be pointed to as achieved during the past year.

The two groups together invited the representatives from all of the State commissions to meet in Washington last June. They will hold another such conference this summer. They make possible, through the secretariat that serves these two bodies, the exchange of information among the 39 State commissions. The secretariat has prepared summary reports on the recommendations of all of the commissions that have been submitted to date. These are being circulated so that your commission in Rhode Island can benefit from the work that has been done in North Carolina or in Delaware or in the State of Washington. We provide through the Citizens' Advisory Council and the Interdepartmental Committee a service to the State commissions for the exchange of ideas and information to help strengthen their work. The two groups serve as general prodders and educators to stimulate growing nationwide interest in the improvement of the status of women.

PUBLICATIONS

Mr. FOGARTY. That is what you need and I think that is good. Do you have any surveys that have been made during the past year that you think would be worthwhile mentioning? Just the more impressive ones?

Mrs. KEYSERLING. I think you would be particularly interested in this publication entitled "Job Horizons for College Women." This is a bulletin that is widely used by college students throughout the country. It gives them an idea of what their job opportunities and prospects are. It emphasizes the growing importance of training.

Mr. FOGARTY. That is a good idea.

Mrs. KEYSERLING. We have a similar publication——

Mr. FOGARTY. How do these become available?

Mrs. KEYSERLING. Through the GPO.

Mr. FOGARTY. Do the colleges order them?

Mrs. KEYSERLING. In huge quantities. Our bulletin on job opportunities for high school graduates is one of the alltime bestsellers.

Mr. FOGARTY. I thought we were trying to get kids to go to college and not get them out of high school to get a job.

Mrs. KEYSERLING. It is true that if you don't go on to college, you can be sure that your job opportunities are very much less. We emphasize the importance of college education. One thing we are doing in addition is to do a good deal of distribution of processed materials. This is a way of getting information out to the public in a form that is inexpensive but entirely readable and useful. This is one such bulletin I think will meet with great interest all over the country: "Trends in Educational Attainments of Women."

Mr. FOGARTY. Trends in educational attainment of women.

Mrs. KEYSERLING. That's right; it relates education to labor force participation. I think you might find table 1 on page 10 of particular interest; we do. It bears on just what you have been saying about the importance of trying to get our youngsters to stay in college. As you see, the higher the education of a woman, the more likely she is to be in the labor force and the better is her job opportunity. The fact is that earnings increase rapidly with each year of added education.

It might be of interest to you to see that among our women in their middle years, 45 to 54——

Mr. FOGARTY. Let's put this table on page 10 in the record at this point.

(The table referred to follows:)

TABLE 1.—*Labor force participation rates of women by age and years of school completed, March 1962 (women 18 years of age and over)*

Years of school completed	Percent of population in the labor force										
	Total, 18 years and over	18 to 19 years	20 to 24 years	25 to 34 years	35 to 44 years	45 to 54 years	55 to 64 years	65 years and over	Total for ages		
									18 to 64	18 to 24	35 to 64
Total	38.1	46.2	45.0	36.7	44.1	49.9	38.8	10.7	43.0	45.4	44.7
Elementary school:											
Less than 8 years [1]	24.6	[2] 31.5	27.9	28.8	38.9	39.8	30.0	7.2	34.4	28.8	35.6
Less than 5 years [1]	19.5	[2] 15.0	18.3	27.4	35.4	37.7	26.6	5.2	31.0	[2] 17.5	32.1
5 to 7 years	27.8	[2] 36.8	31.0	29.6	40.7	40.4	32.1	8.9	36.0	32.5	37.2
8 years	30.1	[2] 38.2	31.7	32.3	41.3	44.9	33.6	9.9	38.2	32.9	39.6
High school:											
1 to 3 years	37.8	30.6	34.8	35.2	43.9	47.3	40.7	16.5	40.0	33.1	44.4
4 years	43.2	57.8	48.9	36.3	44.4	53.4	43.7	12.1	45.3	52.0	47.2
College:											
1 to 3 years	41.8	40.3	44.8	38.6	41.9	54.7	46.5	16.4	44.5	43.7	47.2
4 years	53.9	[2] 50.0	79.3	46.8	52.2	68.0	58.7	16.6	57.5	78.9	59.1
5 years or more	69.3	----------	[2] 79.4	60.4	74.5	80.5	81.4	[2] 22.1	73.8	[2] 79.4	78.4
Median school years completed	12.2	12.4	12.5	12.4	12.3	12.1	10.7	9.0	----------	----------	----------

[1] Includes women reporting no school completed.
[2] Base is less than 100,000.
[3] Base is less than 10,000.

Source: U.S. Department of Labor, Bureau of Labor Statistics: Educational Attainment of Workers, March 1962, Special Labor Force Report No. 30.

Mrs. KEYSERLING. The table shows that 68 percent of our college graduates aged 45 to 54 are now in the labor force. This is a recent development relatively few seem aware of.

Mr. FOGARTY. That is right.

Mrs. KEYSERLING. 81 percent of women in their middle years who have had 5 or more years of higher education are now in the labor force.

EFFICIENCY OF MIDDLE AGE WOMEN

Mr. FOGARTY. Do you think women in the middle age group—what do you call middle age?

Mrs. KEYSERLING. I am using 45 to 54.

Mr. FOGARTY. Do you think they are as efficient and as good workers as younger women, say, in their early twenties?

Mrs. KEYSERLING. In many ways superior.

Mr. FOGARTY. The Women's Bureau made a study on this a few years ago and their study showed that in clerical work and stenography, that those between 40 and 50 were more dependable than the ones just out of school.

Mrs. KEYSERLING. I think this is often true. The turnover is less, absenteeism is less. Many mature women take their jobs more seriously. The income they earn may be of greater importance to them as a contribution to their families. What brings them into the labor force has a more serious motivation.

Mr. FOGARTY. I have forgotten just how long ago it was; 8 or 9 years ago.

NURSE SHORTAGE

Have you been doing any work in the last year on the nurse shortage? Any study on nursing problems?

Mrs. KEYSERLING. Yes. We are very aware of the acute shortage in nursing. We have quite a number of pages in "Job Horizons for College Women" on nursing as an occupation. One of the things that we give a good deal of attention to with respect to the shortage situation in such fields as nursing, social work, and teaching, is to stimulate a greater interest in the use of mature women who are eager to go back on a part-time basis. We think that if there were greater use of the part-time services of women, we could considerably augment the availability of people in many of the shortage professions.

SCHOOLS FOR SOCIAL WORKERS

Mr. FOGARTY. What do you think about the situation with regard to the schools of social work? We were told 1,200 or 1,500 applied this year and just could not get in. There just is not the room. We do not have the teachers or the facilities to teach.

Mrs. KEYSERLING. I think we are very much aware of the lack of facilities in many of these fields; also in the graduate schools. We are very much aware of the degree to which many competent women are turned down when they apply for general graduate training—not just in the specialized professional schools. I think that the work of the State commissions on the status of women will make a contribution to this problem. They are calling attention to the problems that exist when adequate training facilities are lacking. They are stimu-

lating the universities and colleges to think through the need to expand facilities for continuing education and training opportunities, especially for mature women. I think we have need for many more studies than we have made in this area.

Mr. FOGARTY. I think so, too.

WORKING WOMEN

What is your philosophy about women who work for a living? You have to distinguish between those who work who are not married and those who are married and have children and those whose families are grown up and away from home.

You have worked all your life, I believe. Do you have any children?

Mrs. KEYSERLING. No, I don't. Mrs. Hilton, our deputy director, who is with me, however, has raised three lovely, talented children and has managed to combine very successfully the raising of a wonderful family and the making of a very real contribution to her profession. An increasing number of women are doing this.

Mr. FOGARTY. What do you think about women working?

Mrs. KEYSERLING. Well, I would say——

Mr. FOGARTY. Especially if they are married and have two or three children at home?

Mrs. KEYSERLING. I think that whether a person works or not in a democratic society should be left to the free choice of the individual. Society should provide employment opportunities to all those who want to contribute of their skills. I think that an overwhelming proportion of the women who work today are doing so out of what they regard to be economic necessity.

Today we have about 5 million women who are working who are single women. They are working to support themselves. These are largely young women. Only a relatively small percent of women today don't marry. The chances of women marrying have increased in recent years.

Another 5 million are widowed, separated, or divorced. It is clear why they work. Between 14 and 15 million are members of husband-and-wife families and, why a large portion of these women work I think is also very clearly related to economic factors. I think most women with young children; that is, children under 6; prefer not to work. We see this when we look at the figures. If you take the families where the husband's income is less than $3,000, and there are children under 6—29 percent of the wives are working. Clearly this is due to economic necessity. This is two and a half times the labor force participation rate of women in families where the husband's income puts the family into the comfortable category.

In other words, the figures show very clearly that where the children are young, it is the rare woman who works as a matter of choice.

NEED FOR DAY CARE CENTERS

Mr. FOGARTY. What do you think about the establishment of day care centers all over the country?

Mrs. KEYSERLING. I think it is an imperative need in the country.

Mr. FOGARTY. Do you think that encourages women with children to go out and find a job and get rid of their kids for awhile?

Mrs. KEYSERLING. I do not think it encourages them. As I have said, 29 percent of the mothers of young children in families where the husband's income is less than $3,000 are now working. A large number of these children are not adequately cared for. Since these women are now in the labor force, I don't see how a responsible society can just neglect the needs of these children. All too many are being neglected now. There isn't a day when one doesn't read some tragic story in the press of children burned or injured because they are not properly cared for where the mother is at work.

Mr. FOGARTY. Left at home?

Mrs. KEYSERLING. Yes. When left at home.

Mr. FOGARTY. I think that is all the questions that I have. Is there anything else you want to leave with the committee or say?

Mrs. KEYSERLING. I think there might be a few other reports of ours that might be of interest to you for the record.

Mr. FOGARTY. I think it would be best for you, when you get back, to pick out the three or four best ones and send one to each member of the committee.

Mrs. KEYSERLING. Thank you very much.

JUSTIFICATION MATERIAL

Amounts available for obligation

	1965	1966
Appropriation or estimate	$772,000	$860,000
Proposed supplemental due to pay increase (Public Law 88-426)	27,200	
Appropriation or estimate, revised	799,200	860,000

Obligations by activity

Description	Appropriation revised, 1965		Estimate, 1966		1966 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Advancement of women's employment opportunities and status	73	$761,075	74	$821,500	+1	+$60,425
2. Interdepartmental Committee and Citizens' Advisory Council on the Status of Women	2	38,125	2	38,500		+375
Total obligations	75	799,200	76	860,000	+1	60,800

Obligations by object

	Appropriation revised, 1965	Estimate, 1966	1966 change
Total number of permanent positions	75	76	+1
Average number of all employees	69	72	+3
11 Personnel compensation	$594,000	$641,745	+$47,745
12 Personnel benefits	44,400	47,705	+3,305
21 Travel and transportation of persons	30,550	38,450	+7,900
22 Transportation of things	1,050	1,050	
23 Rent, communications, and utilities	25,150	26,975	+1,825
24 Printing and reproduction	55,700	55,700	
25 Other services	27,045	27,070	+25
Services of other agencies	5,330	5,330	
26 Supplies and materials	14,875	14,875	
31 Equipment	1,100	1,100	
Total obligations	799,200	860,000	+60,800
Working capital fund items included above	(63,795)	(63,820)	(+25)

Summary of changes

1965 appropriation	$772,000
Proposed supplemental due to pay increase (Public Law 88–426)	+27,200
1965 appropriation, revised	799,200
1966 estimate	860,000
Total change	+60,800

MANDATORY ITEMS

Increases:	
Net pay increase costs in 1966 (Public Law 88–426)	+400
Net within-grade promotion costs	+3,000

PROGRAM ITEMS

Increases:	
New appointment of Director, secretary, and related costs, 2 positions; $32,675 personal services; $9,725 nonlabor costs	+42,400
To finance a higher rate of average employment	+15,000
Total change	+60,800

Mandatory changes for 1966

INCREASES

Pay increase costs		+$400
Net additional costs of pay increase for current-year (base) staff pursuant to Public Law 88–426:		
Personnel compensation	$350	
Personnel benefits	25	
Payments to other accounts for services involving salaries	25	
Total	400	

Within-grade promotion costs		+3,000
1966 net additional cost of within-grade promotions effective on only a part-year basis for base staff in 1965		+7,100
Personnel compensation	$6,794	
Deduct lapse	−194	
Personnel benefits	500	
Net cost	7,100	
Net cost of within-grade promotions becoming effective during 1966		+5,400
Personnel compensation	$5,148	
Deduct lapse	−148	
Personnel benefits	400	
Net cost	5,400	
Absorption of a portion of above increases (reduction 1 position; $9,500 personal services)		−9,500

Women's Bureau

Mandatory changes by activity

Type of change	Activity 1		Activity		Total	
	Positions	Amount	Positions	Amount	Positions	Amount
Mandatory changes:						
Pay increase costs		$400				$400
Absorption of disallowed pay costs						
Net pay increase costs		400				400
Within-grade promotion costs		11,950		$550		12,500
Absorption of disallowed within-grade costs	−1	−9,325		−175	−1	−9,500
Net within-grade costs		2,625		375		3,000
Total	−1	3,025		375	−1	3,400

Program changes by activity

Object classification	Activity 1		Activity		Total	
	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation	2	$44,395			2	$44,395
12 Personnel benefits		3,280				3,280
21 Travel and transportation of persons		7,900				7,900
22 Transportation of things						
23 Rent, communications, and utilities		1,825				1,825
24 Printing and reproduction						
25 Other services						
26 Supplies and materials						
31 Equipment						
Total	2	57,400			2	57,400

Activity 1. Advancement of Women's Employment Opportunities and Status

1965	$761,075
1966	821,500

NARRATIVE DESCRIPTION OF PROGRAM

The long-range continuing goal of the Women's Bureau is to promote the welfare of all wage-earning women and to encourage the realistic preparation of women and girls to meet oncoming manpower needs. Today, 44 percent of women aged 18 to 64 are in the labor force and women represent over one-third of the workers in the United States. The problems and needs of the 9 out of 10 American girls and women who will work at some time in their lives—needs which reflect the changing pattern of women's lives and their responsibilities as homemakers, citizens, and workers—are the special concern of this Bureau.

General goals for fiscal 1966

The Women's Bureau program for fiscal 1966 will emphasize its coordinating role within the Federal Government as a focal point of informed concern, policy advice, and leadership; a national clearinghouse and assembly point for information relating to women workers; and as a source of technical assistance and consultative services for the increasing number of National, State, and local groups concerned with maximizing the contribution of women to our society and with improving their working conditions.

The Bureau provides advisory services to the Secretary of Labor, the Assistant Secretary for Labor Standards, bureaus, and offices of this Department, and to other Government agencies and officials and others on matters pertaining to women's economic opportunities, including education and training, to their employment conditions, and to their civil and political status.

It assembles and analyzes the rapidly growing volume of statistical and nonstatistical data relating to the economic status of women in order to provide information on the nature, significance, and implications of current and emerging trends, and to make available the essential facts and highlight the areas of major current concern. Factual information on State and Federal labor laws and their administration as they relate to women workers and on women's civil and political status is collected on a continuing basis and developments are analyzed. This material on women's economic and legal status is made available for distribution. Bulletins, pamphlets, leaflets, processed materials and articles for professional journals and periodicals are prepared. The Women's Bureau will as it has in the past seek to supplement its resources by stimulating other organizations both inside and outside the Federal Government to undertake projects and studies which relate to the improvement of the economic and social position of women. In view of the greatly increased demands for information and service, the Bureau will seek increasingly to call upon such groups for this type of assistance to supplement services rendered by Bureau staff.

The Women's Bureau is a service bureau and the instrument through which its expertise and information becomes effective is technical assistance and consultative services. These are given to State departments of labor, Governors' commissions on the status of women, national women's organizations, unions, employers, and State and local groups interested in improving women's economic, civil, and political status, and in women's labor laws and their administration. The Bureau furnishes consultative services and prepares technical reports on various aspects of women's legal and economic status and employment questions for specialized international agencies and for use of U.S. delegates at international conferences such as ILO and Status of Women Commission of U.N. Staff participated as technical advisers at the 1964 ILO Conference and the meeting of the Status of Women Commission of the U.N. in addition to preparing technical reports for Conference use.

The regional offices carry out Bureau programs at the State and community level, making available information, technical assistance, and consultative services to State and community organizations and agencies.

Priorities

Among the substantive areas which will be emphasized in the continuing program of the Women's Bureau during fiscal 1966, highest priority will be given to efforts to assist the millions of disadvantaged women, many of them from minority groups who work in low-wage occupations, and to work relating to the counseling, education, and training of girls and women with the purpose of helping them prepare realistically for participation in the economic world of the middle and late 1960's, and to the betterment of their conditions of employment through improved labor legislation.

The Bureau will seek to intensify and expand its efforts to improve the economic status of women, particularly those workers in the low-wage industry and service jobs who are not protected by State and Federal legislation, women heads of families, and unemployed women. Many of these women are working, but at very low wages. An estimated 6.5 million working women, or about one-quarter of those employed, have no minimum wage protection under either Federal or State law. The extension and improvement of State minimum wage and equal pay laws is basic as a first line of attack on their problems. The increased interest engendered by the State commissions on the status of women in achieving these, among other, legislative goals has lead to a growing volume of requests for more technical assistance from the Women's Bureau.

The Bureau will emphasize its educational and cooperative work with Governors' commissions on the status of women, women's organizations, and other volunteer groups, State labor department officials, and others to help in every way to promote public understanding of the need for extension and improvement of labor legislation and its more effective administration, and other means aimed at lifting the economic status of women in disadvantaged occupations.

Illustrations of work to be undertaken include the preparation of up-to-date basic study materials for the use of groups who request and need technical material to use in their promotion of new or expanded State minimum wage and equal pay legislation. New types of educational materials, including kits of materials on minimum wage and on equal pay, will be prepared for use of State groups dealing with such subjects as the need for such laws, how they relate to the war on poverty, new trends in State legislation, how various States have progressed, and how such legislation helps employers, the consumer, and the public. The increasing volume of requests for such material attests to the need, and the Women's Bureau seeks to meet that need insofar as its resources permit. Coupled with the supplying of informational material is the technical assistance which the Bureau is being called on more and more to supply in helping to draft proposed laws or amendments in the light of other States' successful experience.

Private-household employment, one of the most disadvantaged occupations with over 2 million women workers will be given increased attention in the Bureau's 1966 program. A cooperative project with interested private groups was initiated in fiscal 1965 to determine how the national and local organizations and the Women's Bureau could most effectively work together to find ways to dignify the status and improve the employment conditions in this occupation and provide employers with better trained service. In 1966 an intensive program of public education will be undertaken involving the preparation of special material, which the national groups will assist in collecting and disseminating in consultation and cooperation with community groups in a variety of ways.

Continuing education, vocational counseling, and guidance training

Developing the abilities of our people through improved vocational counseling, education, training and retraining is an important aspect of the Department's manpower program. The recommendations of the President's Commission on the Status of Women stressed the paramount importance of continuing education and vocational counseling and guidance for girls and women of all ages. In its 1966 program the Women's Bureau will continue to strengthen and extend its work in this area primarily by providing more supporting material and technical assistance to private and public organizations and by efforts to improve public understanding of existing needs. In cooperation with the U.S. Office of Education, the Bureau plans to reach more of the guidance and counseling personnel at State and local levels and through regional and State conferences and by wider distribution of occupational information and requirements will assist in guidance of girls in secondary schools in terms of current and prospective job demands. This means continuing and expanding close cosultative relationships with public and private agencies—serving not only as a resource to guidance counselors and teachers in the schools, but to program directors of youth-serving agencies; and to educational institutions and community organizations concerned with the training, employment, and reemployment of mature women.

Continuing its cooperation with private and public youth-serving agencies, the Women's Bureau will prepare leaflets for high school girls designed (*a*)

to provide a realistic picture of their future dual role as homemakers and participants in the world of work; and (*b*) to spell out employment opportunities at various levels of educational attainment and the requirements for success in these occupations. Through cooperation with youth-serving agencies and the school counselors, the widest possible dissemination of this information is expected.

With about one-half of the women aged 45–54 years in the labor force in 1963—many reentering after a decade or two devoted to homemaking—mature women need fuller information about training opportunities, possibilities for continuing education and help with job-finding techniques. The Women's Bureau will provide leaflets on counseling resources and continuing education programs suitable for mature women. The bulletin on "what a community can do to train mature women for jobs" will be revised and updated. The Women's Bureau will also provide technical and advisory services to the increasing number of schools, colleges, and alumnae associations developing programs to serve the career preparation needs of mature women.

The growing demand for subprofessional workers to help meet the critical shortage of professionals in the health field, engineering, recreation and social work—among others—offers a new developing field of employment opportunities for women with a year or two of education beyond high school. The growth of junior colleges also calls for more specific information on career opportunities for graduates of these institutions. The Women's Bureau will prepare a bulletin covering the employment outlook, training requirements, job content, and earnings in the most important occupations in the subprofessional field which will help to meet this demand.

The Bureau's five regional directors carry out the Bureau plans and programs at the State and local levels, and depend upon the headquarters office for program direction, technical advice and assistance, and resource and information materials. In 1966, the Bureau, through its regional directors will continue to give priority to its contacts with appropriate public and private agencies to stimulate realistic educational and action programs on the part of such groups. The regional staff is the field arm of the Bureau, but the effectiveness of its functioning depends on the informational materials, the technical advice and policy formulation of the Washington office. This involves the special contribution of every division of the Bureau. As the regional directors continue to receive heavy demands for help, so does the demand on the technical staff of the Bureau in its various program fields increase and new ways to meet these requests are constantly being explored and adopted.

State commissions on the status of women

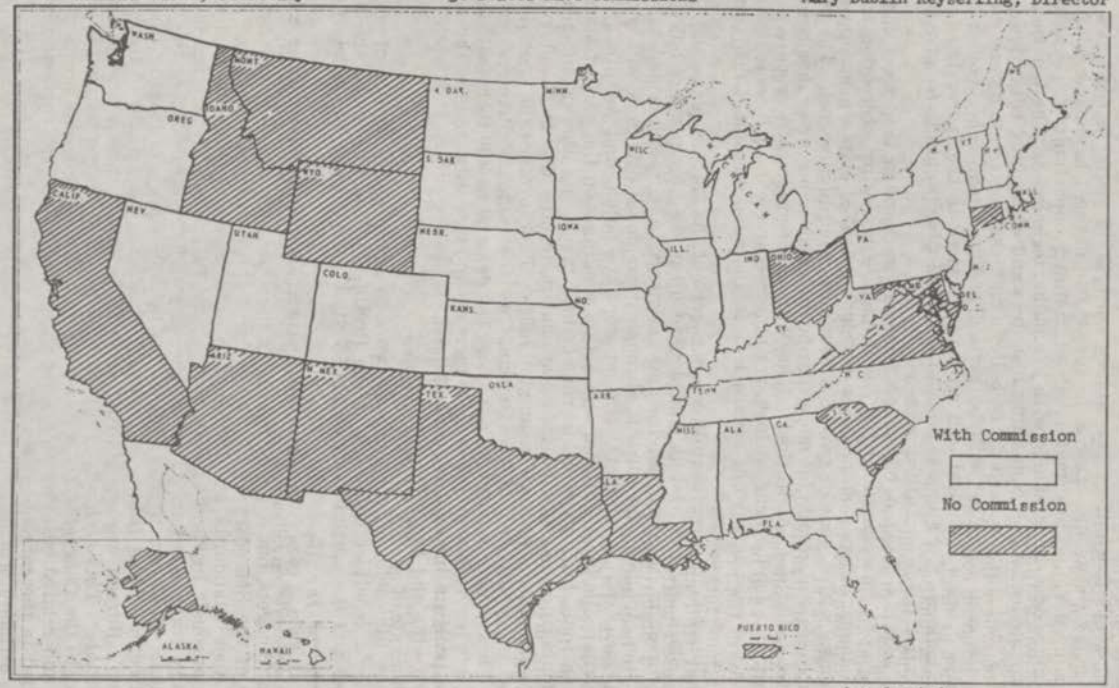
A new dimension in the Bureau's work to advance the position of women has come as a result of the work of the President's Commission on the Status of Women and the appointment of the 36 State commissions which has followed.*

*Attachment I shows the States with commissions and the States where commissions have not yet been established.

GOVERNORS' COMMISSIONS
ON THE STATUS OF WOMEN
January 1, 1965
36 States Have Commissions

UNITED STATES DEPARTMENT OF LABOR
W. WILLARD WIRTZ, Secretary

Women's Bureau
Mary Dublin Keyserling, Director



(WB 65-140)

The State commissions look to the Women's Bureau as a resource for program assistance, speakers, technical advice, information and special materials as they analyze special problems of women at the State level and undertake public education. It is on this service to the ongoing commissions that a major thrust of the Bureau's technical and consultative assistance is focused. To help provide this assistance the Bureau has established a clearinghouse service to collect and distribute to the State commissions reports of action and progress on a nationwide basis, to help inform them and others of developments in other States, and of pertinent publications of Federal agencies and private organizations and institutions dealing with the status of women. At the same time high priority must be given to advising and consulting on the organization of such commissions in States where they have not yet been set up.

The program concerns of these State commissions include needed labor legislation such as minimum wage and equal pay, problems of civil and political status, the educational and counseling needs of women in the State, employment policies, and home and community services. The Governors' offices have relied heavily on the regional directors in planning for their commissions. The commissions when appointed have turned constantly to the Bureau for continuing advisory and consultant services, for materials, and for participation in meetings and in the development of reports. With 36 commissions now functioning and others in process of organization, it is expected that virtually all if not all of the 50 States may well have commissions by the middle of fiscal 1966, with a consequent increase in the demand for Bureau services. Many of the commissions are now in the process of preparing their reports to the Governor with recommendations for action which will in turn require extensive service from the regional staff and also from the technical staff of the Washington office on specialized matters. In most instances to date where commissions have submitted a first report they have been asked to continue their studies and seek means to help implement their preliminary recommendations.

The work of the commissions affords a truly unique opportunity to advance the objectives which the Women's Bureau has sought to achieve over the years. For the Bureau to be unable to provide the assistance they so acutely need at this juncture would be to miss an opportunity which has never existed before and which may not long remain.

PROGRAM CHANGES FOR 1966

The program increase of $42,400 provides for the salary and related costs of the Director and her secretary. The estimate also provides $15,000 to finance a higher rate of average employment.

EXPLANATION OF INCREASES

Director of the Womens' Bureau

The positions of the Director and Secretary were carried in previous Women's Bureau budgets, but dropped from it in fiscal year 1964 with the transfer to the Office of the Secretary of the financing of the position of Assistant Secretary for Labor Standards and Director of the Women's Bureau, positions held simultaneously by the former Director, Mrs. Peterson. The secretarial position was also transferred at the same time, as well as related costs of the Director's position. However, in recognition of the importance of having the position of Director of the Bureau filled on a full-time basis, a new Director of the Women's Bureau was appointed by the President, by and with the consent of the Senate. This action was taken after the 1965 budget estimates were submitted to the Congress. Therefore, the cost of financing this position, a secretary, and related costs of $7,900 for travel and $1,825 for communications are included in the current estimates.

The estimate provides for two positions, $32,675, and nonlabor costs of $9,725.

Rate of average employment

Employment in the Women's Bureau is now more stable than in the recent past and this fact has contributed substantially to the efficiency of its operation. In the last calendar year, the Bureau had no turnover in professional positions and relatively little in clerical personnel. When the Bureau had separations of clerical employees, replacements were made quickly since with a small staff and a heavy workload there is little flexibility to permit temporary staff adjustments to take care of such situations. The Women's Bureau budget for fiscal year 1965 is predicated on a lapse of 5.7 man-years.

To achieve this in practice, the Bureau was unable to fill its 73 budgeted positions but could fill only 68 positions at any one time. The amount of $15,000 to finance a higher rate of average employment, which is included in the 1966 budget, would reduce the lapse to 4 man-years in fiscal year 1966—a figure which more realistically reflects the prevailing situation.

ACTIVITY 2. INTERDEPARTMENTAL COMMITTEE AND CITIZENS' ADVISORY COUNCIL ON THE STATUS OF WOMEN

1965	$38,125
1966	38,500

NARRATIVE DESCRIPTION OF PROGRAM

The Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council established by Executive Order (Nov. 1, 1963) designated the Secretary of Labor as chairman of the Committee and the Director of the Women's Bureau as executive vice chairman.

The Interdepartmental Committee on the Status of Women

The Committee maintains a continuing review of Federal department activities in advancing women's opportunities. It reviews and evaluates the recommendations of the PCSW in the light of priorities in developing programs. It coordinates information on programs and activities and progress related to the advancement of women and stimulates cooperation among the Federal departments and agencies, State and local governments, Governors' commissions on the status of women, and public and private organizations. It encourages needed research and reports annually to the President on progress made in meeting the goals set by the commission. The first progress report was transmitted to the President on October 12, 1964.

The Citizens' Advisory Council on the Status of Women

The Citizens' Advisory Council with broadly representative membership, advises and assists the Committee in carrying out its functions and recommends to the Committee action to accelerate progress. The Council considers the effect of new developments in this field and suggests and stimulates action on the part of private institutions, organizations, and individuals working for improvement of conditions of special concern to women. It reviews and evaluates progress of such organizations.

The Secretariat

The Secretariat has overall responsibility for liaison with agencies on the Committee, including the securing of progress reports, data, and results of studies needed by the Committee and the Council. After consultation with the Chairman and the Executive Vice Chairman of the Committee and the Chairman of the Council, the Secretariat prepares agenda and makes other arrangements for meetings. The Secretariat follows up on progress on recommendations of the Committee and the Council which involve action by Federal agencies and sees to it that Council and Committee members are kept informed between meetings of significant and relevant developments in both Federal and non-Federal spheres of activity. The Secretariat prepares the initial draft of the annual report and other staff papers of a general nature.

PROGRAM CHANGES FOR 1966

None.

Distribution of field staff

Regional offices	1965			1966		
	Professional	Clerical	Total	Professional	Clerical	Total
Atlanta, Ga	1	1	2	1	1	2
Boston, Mass	1	1	2	1	1	2
Chicago, Ill	1	1	2	1	1	2
Dallas, Tex	1	1	2	1	1	2
San Francisco, Calif	1	1	2	1	1	2
Total field staff	5	5	10	5	5	10

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, $641,745

This estimate provides for 76 full-time positions or 72.0 man-years. Of this, 62.3 man-years and $553,745 are allocated for departmental and 9.7 man-years and $88,000 for field compensation. For the total personnel compensation there is a net increase of one position and $47,745; an increase of two positions and $30,395 for Director and Secretary in activity I; an increase of $350 net additional cost of pay increase for current year staff; an increase of $3,000 toward within-grade promotion costs; $14,000 to finance a higher rate of average employment; and a decrease of one position in activity I to absorb a portion of the net cost of within-grade promotions.

Personnel benefits, $47,705

This estimate is based upon total personnel compensation and provides for the Bureau's contribution to employees' group life insurance, retirement fund, employees' health benefits fund, and the employer's contribution under the Federal Insurance Contributions Act as follows:

Employees' group life insurance	$2,800
Civil service retirement	41,000
Employees' health benefits	3,500
Federal Insurance Contributions Act taxes	405
Total	47,705

This represents a total increase of $3,305. It provides $2,280 for increased costs of personnel benefits for the two new positons requested, $25 for mandatory increases relating to the pay raise, and $1,000 for a higher rate of average employment.

Travel and transportation of persons, $38,450

This estimate represents an increase of $7,900 in 1966 for the cost of travel for the Bureau Director. The budget provides for per diem and transportation costs of 16 Women's Bureau staff members including 5 regional directors, and $6,900 for the cost of travel of 17 members and staff of the Citizens' Advisory Council on the Status of Women. The estimate provides for:

	1965	1966	Change
Number of staff travelers	15	16	+1
Number of days traveled	825	925	+100
Estimated cost	$30,550	$38,450	+$7,900

Transportation of things, $1,050

This estimate provides for the cost of expressage and shipment of exhibits and publications to conferences, meetings, and field staff. No change is requested for 1966. The budget is as follows:

1965	$1,050
1966	1,050
Change	------

Rent, communications, and utilities, $26,975

This estimate is based on past experience and represents an increase of $1,825 in 1966 for communications services for both departmental and field activities. While related to the funding of the Director's office, it also covers increases in

Federal Telecommunications Systems rates and increased activity throughout the Bureau. The budget provides for the following:

	1965	1966	Change
Paid official mail	$6,600	$6,600	
Telephone service	5,850	7,675	+$1,825
Working capital fund	12,200	12,200	
Teletype service	500	500	
Total	25,150	26,975	+1,825

Printing and reproduction, $55,700

This estimate represents no change in 1966. The budget provides for the following:

	1965	1966	Change
Publications	$36,900	$36,900	
Forms and job printing	1,600	1,600	
Working capital fund	17,200	17,200	
Total	55,700	55,700	

Other services, $32,400

This estimate represents an increase of $25 in 1966, which reflects a mandatory increase of the annualization of the pay raise costs for the working capital fund. The budget provides for the following:

	1965	1966	Change
Security investigations	$400	$400	
Repairs to office machinery, equipment, and other miscellaneous services	5,550	5,550	
Working capital fund	21,495	21,520	+$25
Services of other agencies	4,930	4,930	
Total	32,375	32,400	+25

Supplies and materials, $14,875

This estimate represents no change in 1966. The budget provides:

	1965	1966	Change
Subscriptions	$200	$200	
Duplicating supplies	150	150	
Envelopes and letterheads	450	450	
Desk top supplies	1,175	1,175	
Working capital fund	12,900	12,900	
Total	14,875	14,875	

Equipment, $1,100

This estimate provides for the replacement of office machines and equipment which are beyond economical repair and/or not available from surplus stock. This estimate represents no change in 1966. The budget is as follows:

1965	$1,100
1966	1,100
Change	------

Summary of new positions

	Grade	Number	Amount
ACTIVITY 1. OFFICE OF THE DIRECTOR			
Director	GS-17	1	$22,195
Secretary	GS-9	1	8,200
Total		2	30,395

BUREAU OF LABOR STANDARDS

WITNESSES

GEORGE BROWN, DEPUTY DIRECTOR, BUREAU OF LABOR STANDARDS

C. D. NAGLE, CHIEF, DIVISION OF OPERATIONS, OFFICE OF OCCUPATIONAL SAFETY

Salaries and Expenses

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	2,346	2,498	2,448
11.3	Positions other than permanent	2	2	2
11.5	Other personnel compensation	3	3	3
	Total personnel compensation	2,351	2,503	2,453
12.0	Personnel benefits	170	183	183
21.0	Travel and transportation of persons	167	195	195
22.0	Transportation of things	6	16	16
23.0	Rent, communications, and utilities	95	89	87
24.0	Printing and reproduction	155	161	147
25.1	Other services	64	13	45
25.2	Services of other agencies	107	131	103
26.0	Supplies and materials	52	38	37
31.0	Equipment	9	16	16
99.0	Total obligations	3,176	3,345	3,282

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	281	282	269
Full-time equivalent of other positions	1	1	1
Average number of all employees	276	269	257
Average GS grade	9.2	9.2	9.2
Average GS salary	$8,767	$9,360	$9,453

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Program by activities:			
1. Improving State labor legislation	312	302	339
2. Improving conditions of migratory workers	113	123	108
3. Reducing industrial accidents	1,843	1,924	1,924
4. Protecting young workers	335	365	269
5. Promoting employment of the handicapped	303	362	365
6. Administration and management services	270	269	277
10 Total program costs, funded—obligations	3,176	3,345	3,282
Financing:			
16 Comparative transfers to other accounts	294	330	
New obligational authority	3,470	3,675	3,282
New obligational authority:			
40 Appropriation	3,470	3,556	3,282
44 Proposed supplemental due to civilian pay increases		119	
Relation of obligations to expenditures:			
10 Total obligations	3,176	3,345	3,282
70 Receipts and other offsets (items 11-17)	294	330	
71 Obligations affecting expenditures	3,470	3,675	3,282
72 Obligated balance, start of year	656	332	350
74 Obligated balance, end of year	−332	−350	−360
77 Adjustments in expired accounts	−25		
90 Expenditures excluding pay increase supplemental	3,769	3,543	3,267
31 Expenditures from civilian pay increase supplemental		114	5

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

GEORGE T. BROWN

Deputy Director, Bureau of Labor Standards.

Born: September 4, 1907.

Education: Ph. D. in economics, Johns Hopkins University, 1934.

Experience: Present position since April, 1961. Served as assistant to George Meany, president of the AFL-CIO, from 1953 until his appointment to the Bureau of Labor Standards. Prior to that time he held several executive positions in government and labor unions. Mr. Brown was Assistant Professor of Economics at Catholic University from 1937 to 1942.

Mr. FOGARTY. Who is going to justify the appropriation request for the Bureau of Labor Standards?

Mr. BROWN. I will, sir.

Mr. FOGARTY. Go ahead, Mr. Brown.

Mr. BROWN. I should like to read excerpts from the statement of Mr. Bortz, the Director.

Mr. FOGARTY. We will put the statement of Mr. Bortz in at this point.

(The statement referred to follows:)

STATEMENT BY NELSON M. BORTZ, DIRECTOR, BUREAU OF LABOR STANDARDS

The request for 1966 is for $3,172,000—a net reduction of $172,700 and 19 positions below the revised 1965 estimate of $3,344,700 and 282 positions. The change includes an increase of $94,200: $30,000 for studies concerned with workmen's compensation protection because of radiation injuries; $14,600 for pay increase costs; $45,800 for within-grade promotions; and $3,800 for increased payments to the Federal employees' insurance compensation fund.

Decreases total $266,900: $31,900 and four positions for partial absorption of pay increase and within-grade costs; $28,000 for Department of Labor share of Federal Radiation Council financing; nine positions and $97,000 for youth activities to be absorbed by the Manpower Administration; and an overall reduction of $110,000 and six additional positions.

The President's budget contained an undistributed reduction for the wage and labor standards area of $811,000. This was an offering by the Secretary of Labor to the President in keeping with the administration's desire for economy and efficiency. The press of time did not allow for distribution of this amount by appropriation account.

Subsequently, the Secretary of Labor did make the distribution of the $811,000 and 40 positions). This particular appropriation was reduced $110,000 and six positions, as stated above. The reduction will be accomplished by elimination of funds for the President's Committee on Migratory Labor, which has been deactivated, consolidation of field safety offices, and a decrease in travel and printing funds.

Broadly described, the Bureau's activities proceed along two major lines:

Improvement in labor legislation—State and Federal—through developmental, promotional, and technical services; and

Advancement, on both the Federal and State level, of worker safety as a technical and engineering center, and statutory responsibility for the enforcement and reduction of injuries to workers employed in certain maritime industries and in the Federal service.

These programs take on added significance as the Nation seeks to improve levels of living, safeguard manpower resources, and extend to our steadily expanding work force adequate labor standards, effectively enforced and periodically strengthened.

IMPROVING CONDITIONS OF THE WAGE EARNER

This includes those activities devoted to improving State labor legislation, protecting young workers, and improving the living and working conditions of domestic migratory agricultural workers.

State labor standards

At the present time, servicing of requests from States is an extensive activity, with 47 State legislatures meeting in regular session. It is anticipated that 3,500 labor bills will be introduced and that 600 of them will be enacted into law during 1965.

Last year, although fewer than half the legislatures met in regular session, some 2,400 labor bills were introduced. More than 300 of them were enacted into law, some as a result of the more than 1,500 technical services given to all States, the District of Columbia, and Puerto Rico.

Evidence of the heavy increase of requests for the Bureau's technical services is reflected in the help given to Georgia, Hawaii, California, Idaho, Delaware, Illinois, Iowa, Kentucky, Maryland, New York, Oregon, North Dakota, Pennsylvania, Rhode Island, Utah, and Wisconsin in various fields of labor law, including minimum wage, child labor, labor relations, and workmen's compensation.

In 1966, the Bureau will continue to emphasize statewide seminars, sponsored by the State labor agencies, to improve labor standards, in the field of minimum wage, wage payment and wage collection, occupational safety and health, and workmen's compensation.

As regards workmen's compensation, the Bureau has continued to give special emphasis to efforts to improve this oldest of the Nation's social insurance programs. In addition to assisting the Council of State Governments in preparing suggested language for a State workmen's compensation and rehabilitation law, and cooperating with the Atomic Energy Commission on studies concerning radiation injuries under workmen's compensation, the Bureau provided many States with technical assistance to strengthen their laws and administration.

The need to protect workers exposed to radiation hazards has highlighted serious gaps in workmen's compensation laws. In furtherance of its program in this important field, the Bureau, in its only proposal for new funds, is asking for $30,000 for joint matching with the Atomic Energy Commission for studies in this area, particularly relating to the difficult problem of proof of causal relationship. Studies under joint auspices of the Commission and the Department have been initiated on recordkeeping, State experience in the processing of radiation exposure cases, and methods of improving Federal-State cooperation. Just recently—January 25–26—a workshop conference of approximately 100 experts discussed the progress of these studies.

Migratory workers

During the past decade the Bureau has regularly provided services to State migratory labor committees: 26 such committees were serviced in 1963. Following assistance given in Michigan, a new State committee was established. Some 38 States were given 500 technical services in connection with the Bureau's program to improve the living and working conditions of migratory agricultural workers and their families.

With the enactment last year of the Farm Labor Contractor Registration Act, increased emphasis will be directed in fiscal 1966 to encourage coordination with the State laws in this field, and to the development of sound standards for the guidance of States considering the enactment of complementing legislation.

As attention is focused on the need to extend to agricultural workers the same protections afforded other workers, increased assistance will be given to States and interested groups. The supporting role of the Bureau in working cooperatively with State labor agencies, State migratory labor committees, the newly established Office of Economic Opportunity, civic and church groups, will continue as in the past.

Youth standards

Adequate safeguards that preclude too early employment of youth and encourage maximum educational preparation for work are bulwarks of a progressing and increasingly technological society. Within this concept and principle, the Bureau develops both regulatory and advisory standards to protect and improve job conditions of young workers with due regard for their safety, health, education, and well-being. These activities include:

The determination of occupations too hazardous for minors under 18 and the development where needed of hazardous occupations orders.

The promotion of safety for minors who are paid farmworkers; for those outside the scope of Federal coverage; for those enrolled in school shops and laboratory courses; for those in youth institutions; and for participants in employment programs for disadvantaged youth.

Surveillance of child labor regulation No. 3, which governs the limited employment of minors 14 and 15 years old under the Fair Labor Standards Act, and the maintenance of cooperative agreements whereby the State employment certificates are accepted as proof of age under the act.

Advancement of advisory labor standards for young workers in school-work programs, Neighborhood Youth Corps and Job Corps, sheltered workshops, institutions, and agriculture.

During the past year, hazardous occupations order No. 10, slaughtering, meatpacking, and rendering, was amended to include meatpatty forming machines. An investigation was begun of highway and street construction hazards for youth employment, and a program was inaugurated to promote occupational safety training for youth in institutions. Data were compiled on job accidents to young workers upon reports from some 28 cooperating States.

Prospectively, the program of the Bureau will concentrate upon the protective standards aspect of safeguarding the employment of youth on a part- or full-time basis. These activities include matters of appropriate job entry ages, safety, school-work programs, and problems of on-the-job adjustment. Certain functions, linked to the Department's manpower activities, will be performed elsewhere in the Department.

REDUCING INDUSTRIAL ACCIDENTS

Accidents—on the job—and off the job—are far too frequent and shockingly wasteful both in terms of manpower and costs. Although primarily concerned with industrial injuries, the Department cooperates in safety programs of broad public interest.

Maritime

Maritime injuries are decreasing. The injury rate in longshoring for 1960 was 131.8 disabling injuries per million man-hours worked; the 1963 rate was 100.7. The shipyard rate in 1960 was 39.3; in 1963, 28.7.

As a result of these reductions, many companies have reported insurance rebate savings in longshore ranging from $6,000 to as high as $220,000. One shipyard company reported insurance savings of $445,000.

During 1964, the Bureau inspected 17,000 longshore and 7,000 shipyard operations and issued 2,900 violation notices. To date, 18 enforcement actions have

been initiated. Staff personnel trained 24,000 industry personnel, and made about 10,000 contacts to provide special safety services and advice to employers and unions.

Federal employees

Unfortunately, Federal agency injury rates have not reflected overall improvement in recent years. The 1963 rate remained at 7.9 for the second year and is virtually unchanged from a decade ago. Meanwhile, the cost of injuries moves steadily upward.

Alerted by the Secretary of Labor to this waste of manpower, money, and materials, President Johnson on February 16 launched mission SAFETY–70, calling upon all Federal departments and agencies to take steps to reduce their injury frequency and their costs 30 percent by 1970. This reduction would save 200 lives, 45,000 injuries, and $250 million. It is practical, since more than 50 percent of Federal employees work in agencies which have frequently rates below the SAFETY–70 target. We are currently working with all Federal agencies here and in the field in implementing the President's directive.

During 1964, the Bureau gave 190 specialized safety services to officials of Federal installations; conducted 143 supervisory courses for 3,980 Federal employees and 12 special sessions for 872 specially selected employees of certain agencies.

State, industry, and union safety

The 1963 accident-frequency rate for manufacturing was 12.1, up slightly from 11.9 in 1962.

The Bureau, in 1964, trained State safety employeees and private industrial groups and gave engineering consultative services in 42 States. About 5,300 State people were trained in 151 30-hour courses. The Bureau also conducted 70 courses in the construction industry sponsored by the Associated General Contractors and the States. Currently, the Bureau is developing an instructor's guide on construction safety for national distribution.

National and international unions received 429 training courses/sessions for 17,042 members. An AFL–CIO institute and a special institute for the international operating engineers were conducted. Union training services are being stepped up to educate local labor groups in their responsible role toward the safety of their membership.

Technical and research services

The Bureau is also planning to increase the number of technical manuals and training courses to be made available to States for their programs; emphasize the adoption and use of safety standards by State regulatory bodies and assist States to upgrade those in existence.

The Bureau holds membership on 43 technical committees and 3 standards boards of the American Standards Association and through these meetings and review of technical papers a consensus among industry, labor, and public agencies is reached in terms of appropriate standards to be followed in the practice of job safety.

Analytical research continued on State safety codes, comparing their adequacy in relation to ASA standards. To date, 20 code comparisons have been completed and distributed. Twenty States have adopted improved safety and health legislation in the past several years.

BUDGET REDUCTION

Mr. FOGARTY. The funds available for 1965 total $3,344,700 and the request for 1966 is $3,172,000, a reduction of $172,700 and 19 positions.

Mr. BROWN. Right.

Mr. FOGARTY. This is one of the biggest reductions I have seen in years in the Bureau of Labor Standards, is it not?

Mr. BROWN. I don't know historically. Just about.

Mr. FOGARTY. Historically it is not the biggest, I can tell you that. I remember 1947.

Mr. BROWN. I have heard stories about that.

WORKMEN'S COMPENSATION STUDIES

Mr. FOGARTY. The only increase or new activity is to conduct a study relating to workmen's compensation of workers injured as a result of exposure to radiation hazards, for which you are planning to spend $30,000.

Tell us about the need for such a study.

Mr. BROWN. In 1964, the Department of Labor and the AEC faced up to some workmen's compensation problems that were highlighted in the testimony of the then Secretary of Labor Goldberg when he appeared before the House committee holding hearings on the Zelenko bill. At his suggestion, a joint staff research committee from the AEC and the Department of Labor was formed. The two agencies got together a joint fund—$30,000 apiece—or $60,000 and looked into some areas where there are problems in workmen's compensation. We picked out three areas, recordkeeping, State experience in processing radiation exposure cases, and methods of improving Federal-State cooperation.

Everybody talks about the necessity for developing an effective system of keeping records of ionizing radiation injuries, but nobody does much about it. We thought we would make a study of it to see how an effective system could be developed and that study is now on the way.

Mr. FOGARTY. I notice that there are no additional positions budgeted for this. How will it be done and who will do it?

Mr. BROWN. The first three studies were contracted out. Woodward & Fondiller, a consulting firm in the area of workmen's compensation—we called upon them and gave them the contract after consulting with other possible bidders, to make this study of the development of an effective workmen's compensation recordkeeping system.

The other two programs we have underway are—we let a contract to Professor O'Toole of Georgetown University to look into precisely how the State workmen's compensation agencies are administering workmen's compensation cases arising from ionizing radiation and he is now engaged in that contract.

A third contract we let to the University of Wisconsin to determine ways and means by which the Federal Government might speed up the improvement of workmen's compensation standards, by assisting the States, and that contract has been completed. We had a workshop on it last week—I am sorry—the last week in January. We had 100 experts from labor, management, and the insurance industry: all came for 2 days to examine the proposals of this particular study.

Now, for the next year we have suggested to the AEC the possibility of continuing this joint-fund approach. This very day a letter came to the Bureau from AEC which shows that the AEC is interested and is willing to continue this approach with a $30,000 contribution to the joint fund formed in 1964.

Mr. FOGARTY. By contract or with your own people?

Mr. BROWN. I think this would have to be done on the outside, because the area we are looking forward to for 1966 is a study of causal relations in radiation injuries. And believe me, this is a complicated one. I can illustrate it by this example: When a man is injured by radiation, it can show up in the form of disease and there is no doubt in anybody's mind that the radiation caused the disease. But, the difficulty arises when that very same disease also could have been caused by nonradiation conditions. The problem, therefore, is: Yes, the man is injured; yes, he was exposed to radiation; but, he might have gotten the disease from some other source. Therefore, we say these are delayed nonspecific sources of injury.

PRESIDENT'S COMMITTEE ON MIGRATORY LABOR

Mr. FOGARTY. I notice here a reduction of two positions and $18,200 due to elimination of funds for the President's Committee on Migratory Labor. Is the Committee being eliminated or is it being financed elsewhere? Did you say this has been eliminated, in your statement?

Mr. BROWN. It was deactivated.

Mr. FOGARTY. What is the difference?

Mr. BROWN. It is not functioning. I never heard or saw any formal action that said the Committee no longer existed.

Mr. FOGARTY. What does "deactivate" mean?

Mr. BROWN. It is not active. It may be in existence; no meetings are called. It doesn't preclude the possibility that a meeting would be called.

Mr. FOGARTY. Do you have any people assigned to this, any dollars budgeted for it, if someone decides to reactivate it?

Mr. BROWN. At the present time, is there any provision? Not in 1966.

Mr. FOGARTY. I would say it is wiped out, not just deactivated.

REDUCTION IN SAFETY ACTIVITIES

I was very surprised to see this cut of $49,700 and three positions in your safety activities. This is one of the things that the Bureau of Labor Standards—one of the reasons they stayed in business a few years ago. Who made this cut? Did you recommend it?

Mr. BROWN. We followed the guidance of the Secretary.

Mr. FOGARTY. Did he recommend it?

Mr. BROWN. Not specifically.

Mr. FOGARTY. Who did?

Mr. BROWN. The way we accepted the guidance of the Secretary, we made the decision.

Mr. FOGARTY. You people—maybe not you, but your predecessors—used to come in and justify this appropriation on the grounds that these activities in safety save money.

Mr. BROWN. They do, as a matter of fact, and can I quote to you?

Mr. FOGARTY. But you are going to cut down $50,000 and three positions in an area where you can make money. It does not make sense to me at all. Tell us how you save money through these activities.

Mr. BROWN. Well, we know that during this past year many companies have reported an insurance rebate savings in longshoring; for example, ranging from $6,000 to as high as $220,000. One shipyard company reported insurance savings of $445,000. In addition to that——

Mr. FOGARTY. For what reason? Did you train some of these inspectors and put on a workshop in this area, or what?

Mr. BROWN. For safety activities in this field; yes, in the maritime field.

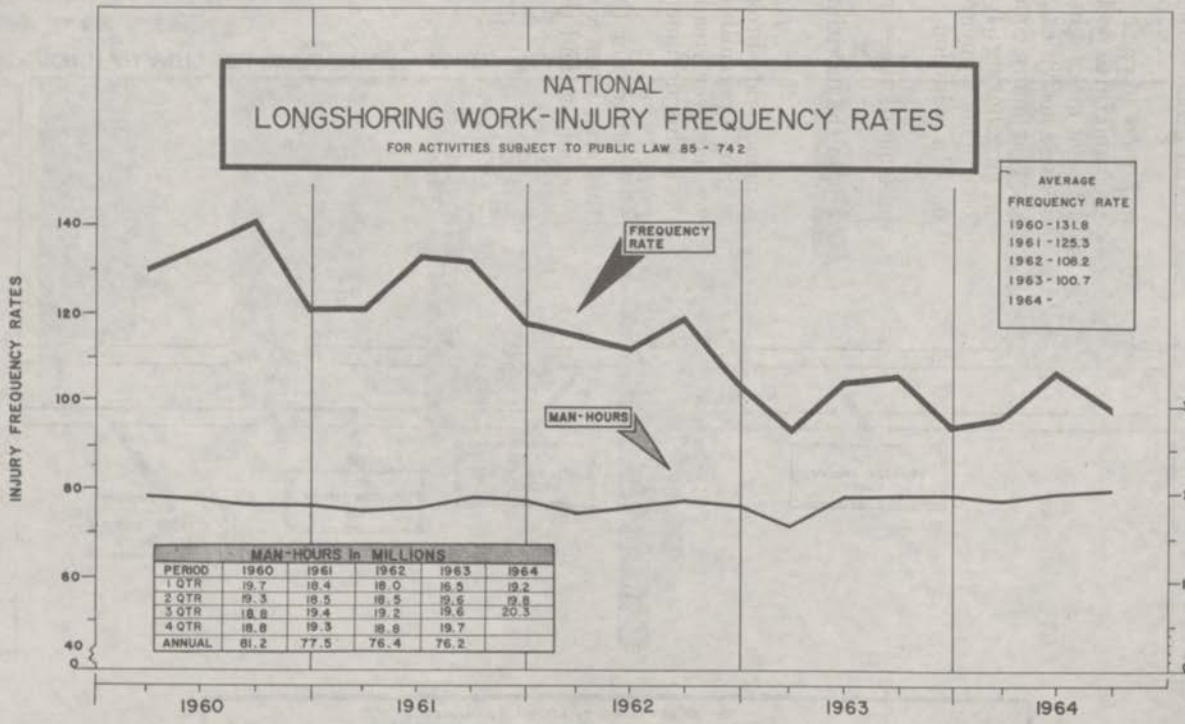
Mr. FOGARTY. Go ahead.

Mr. BROWN. In 1964, for the first time, the frequency rate broke 100; it was 96.8. In 1960 there was 131.8 disabling injuries per million man-hours worked; in 1963 it was 100.7. So there has been steady improvement, if you measure it by frequency rate. This document gives the whole picture of our 1964 safety program.

Mr. FOGARTY. I think that is all to the good and I cannot for the world understand why you are cutting down in this area when you have all these good things to say about it. I cannot understand the Secretary making this decision, or whoever made it.

We will place these charts in the record.

(The charts referred to follow:)



MAN-HOURS in MILLIONS					
PERIOD	1960	1961	1962	1963	1964
1 QTR	19.7	18.4	18.0	18.5	19.2
2 QTR	19.3	18.5	18.5	19.5	19.8
3 QTR	18.8	19.4	19.2	19.6	20.3
4 QTR	18.8	19.3	18.8	19.7	
ANNUAL	81.2	77.5	76.4	76.2	

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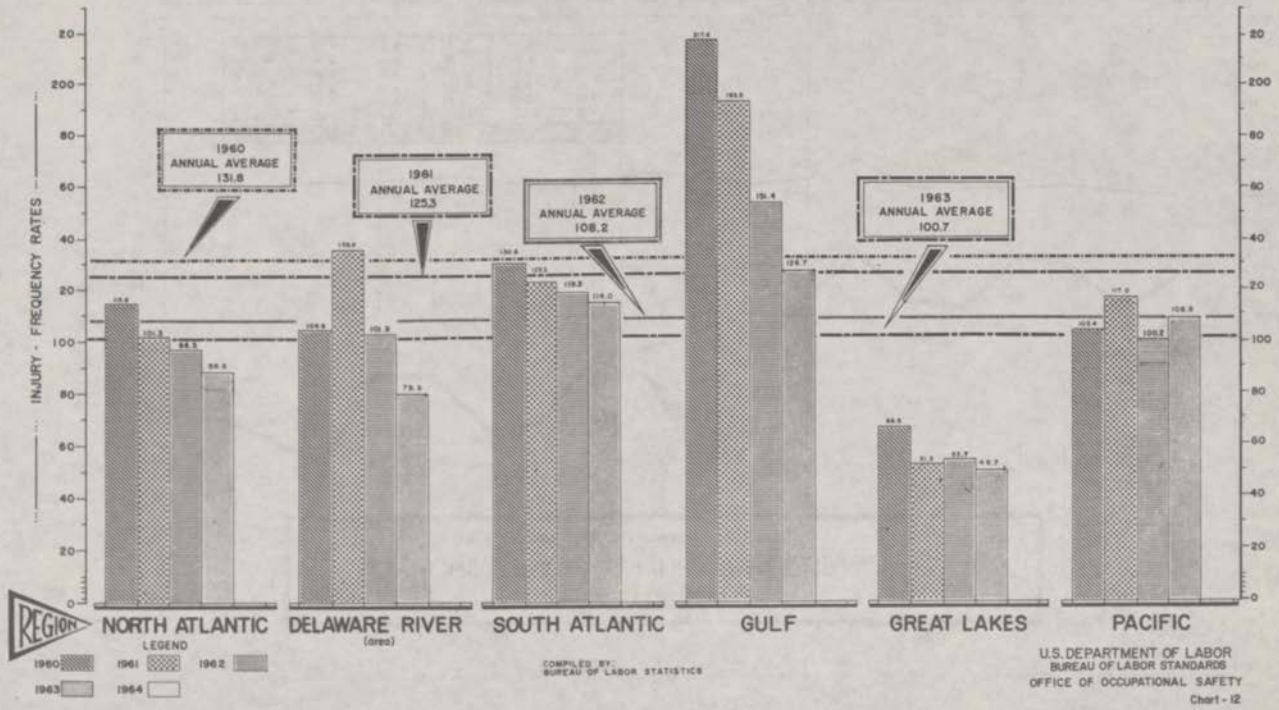
U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

CHART 16

REGIONAL DISTRIBUTION of ANNUAL INJURY EXPERIENCE

LONGSHORING WORK-INJURY FREQUENCY RATES

FOR ACTIVITIES SUBJECT TO PUBLIC LAW 85-742



COMPILED BY BUREAU OF LABOR STATISTICS

U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
Chart - 12

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MARITIME
WORK INJURY DATA @
Reported Under Public Law 85-742

	LONGSHORING PROGRAM								
	FREQUENCY RATE					SEVERITY RATE			
DISTRICTS	1960	1961	1962	1963	1964*	1960	1961	1962	1963
NATIONAL TOTAL	131.8	125.3	108.2	100.7	100.1	7,583	7,616	7,849	6,872
Boston-Prov.	94.4	91.9	88.8	112.3	73.9	2,303	7,586	8,941	6,036
New York	117.9	102.2	97.1	86.7	89.2	7,944	6,426	7,254	6,354
Philadelphia	104.6	136.6	101.9	79.9	93.4	7,174	6,507	7,679	5,480
Baltimore	105.1	108.2	111.3	106.9	104.9	11,865	17,543	15,904	12,486
Norfolk	121.3	109.7	108.4	98.5	115.2	5,814	6,491	8,910	9,239
Savannah	168.7	142.8	149.1	134.6	152.0	13,129	9,187	9,052	9,450
Jacksonville+	161.8	156.9	133.2	146.7	153.4	9,123	3,990	13,669	5,354
Ft. Lauderdale	xx	xx	79.1	84.0	90.3	xx	xx	3,492	4,815
New Orleans	102.6	97.4	82.3	77.6	78.0	8,796	6,933	9,565	8,287
Mobile	164.5	157.2	150.3	163.6	133.8	9,826	5,480	9,416	9,203
Galveston	371.9	339.1	232.1	197.8	185.9	18,438	19,156	12,515	6,898
Houston	381.0	336.6	252.2	180.0	193.3	16,963	17,980	18,855	10,771
Cleveland+	67.3	41.6	33.5	35.9	34.8	3,227	1,657	1,327	2,523
Detroit	xx	xx	73.6	36.9	37.8	xx	xx	2,725	8,412
St. Louis	xx	xx	31.0	15.9	24.3	xx	xx	1,252	828
Chicago+	66.0	58.8	73.8	79.4	76.8	8,194	12,670	1,890	5,409
San Francisco+	97.0	111.0	101.5	113.8	86.5	5,574	7,715	5,555	5,826
Long Beach	121.1	135.1	129.7	143.3	135.8	4,686	5,010	5,569	7,370
Seattle	88.7	103.5	93.0	98.1	92.5	6,079	3,593	6,307	6,242
Portland	112.6	126.1	101.8	98.0	103.0	5,157	7,482	6,503	4,495
Honolulu	50.4	62.4	55.9	66.8	71.6	5,040	3,532	2,332	2,246
Injuries	10,701	9,710	8,265	7,676	5,982				
Man-hours≠	81,197	77,486	76,367	76,216	59,751				

@ See technical notes on page 4.
* Nine-month year to date.
+ Based on LSB districts of 1960 and 1961.
xx Insufficient or no data reported.
≠ Man-hours in thousands.

TECHNICAL NOTES

For

MARITIME
WORK INJURY DATA
Reported Under Public Law 85-742

TECHNICAL NOTES:

The injury frequency and severity rates shown in these tabulations are for activities subject to the Longshoremen's and Harbor Workers' Compensation Act collected under provisions of Public Law 85-742. These data are based on only the reported ship-board exposure and do not include work performed in shoreside environments.

ASA Standard Z16.1 is used as the work-injury reporting criteria and rates are those compiled by the Bureau of Labor Statistics.

The injury frequency rate is the average number of disabling work injuries for each million employee-hours worked.

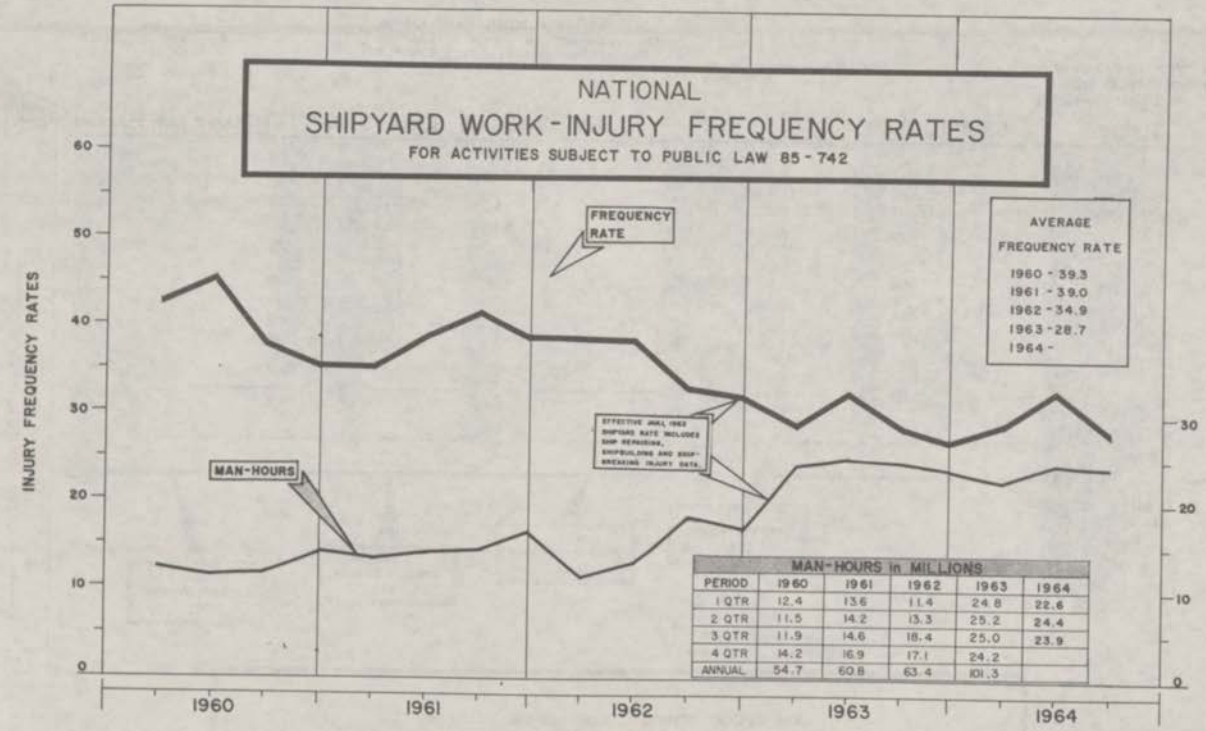
The severity rate is the average number of days of disability resulting from disabling work injuries, for each million employee-hours worked.

1960 longshore figures include railroad man-hours under the Act.

1961 adjusted totals exclude railroad hours that were reported under longshoring hours and re-assigned to other harbor work category.

1962 data are reported under revised geographical and statistical boundaries due to establishment of additional LSB districts.

1963 "shipyard" classification was established. It combines all ship repairing, shipbuilding, and shipbreaking activities reported under the Act.



MAN-HOURS in MILLIONS					
PERIOD	1960	1961	1962	1963	1964
1 QTR	12.4	13.6	11.4	24.8	22.6
2 QTR	11.5	14.2	13.3	25.2	24.4
3 QTR	11.9	14.6	18.4	25.0	23.9
4 QTR	14.2	16.9	17.1	24.2	
ANNUAL	54.7	60.8	63.4	101.3	

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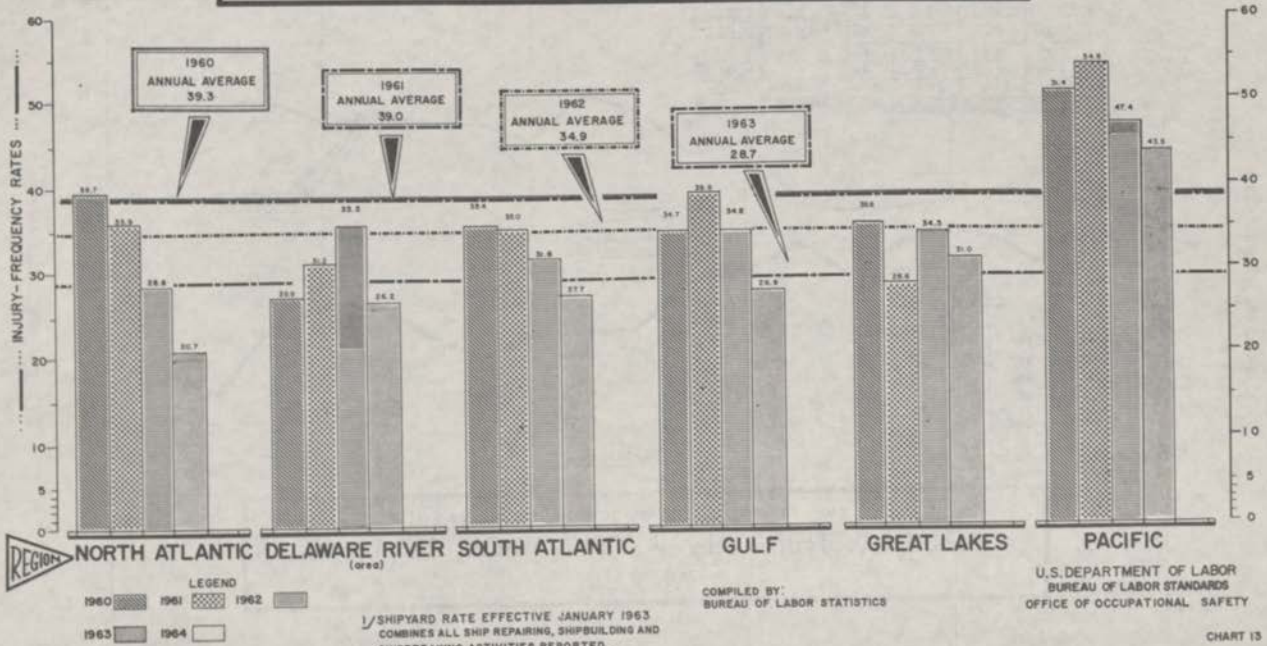
U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

CHART 17

REGIONAL DISTRIBUTION of ANNUAL INJURY EXPERIENCE

SHIPYARD [1/] WORK-INJURY FREQUENCY RATES

FOR ACTIVITIES SUBJECT TO PUBLIC LAW 85-742



[1/] SHIPYARD RATE EFFECTIVE JANUARY 1963 COMBINES ALL SHIP REPAIRING, SHIPBUILDING AND SHIPBREAKING ACTIVITIES REPORTED.

COMPILED BY: BUREAU OF LABOR STATISTICS

U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

CHART 13

MARITIME
WORK INJURY DATA @
REPORTED UNDER PUBLIC LAW 85-742

	SHIPYARD PROGRAM								
	FREQUENCY RATE					SEVERITY RATE			
DISTRICTS	1960	1961	1962	1963	1964*	1960	1961	1962	1963
NATIONAL TOTAL	39.3	39.0	34.9	28.7	29.8	3,411	2,750	3,392	2,549
Boston-Prov.	51.6	27.0	21.0	12.9	10.0	4,209	1,219	1,125	482
New York	40.9	39.3	30.1	30.9	30.5	2,214	3,509	1,692	1,752
Philadelphia	26.9	31.2	35.5	26.2	31.9	481	763	1,061	1,667
Baltimore	10.6	11.1	12.2	13.7	12.0	2,778	1,360	3,439	611
Norfolk	24.0	30.5	29.9	23.0	24.6	2,085	1,383	1,577	937
Savannah	41.9	26.1	29.7	39.5	38.4	1,619	2,421	5,831	1,894
Jacksonville+	84.1	75.0	58.8	55.7	66.6	15,418	3,268	4,825	5,239
Ft. Lauderdale	xx	xx	31.1	32.2	22.7	xx	xx	478	1,711
New Orleans	40.2	35.6	35.1	32.2	26.0	1,433	2,702	1,231	5,328
Mobile	26.0	30.8	25.8	14.7	17.7	7,293	8,147	3,715	622
Galveston	45.2	39.8	34.5	25.0	23.0	8,256	5,117	2,968	4,720
Houston	34.1	68.0	60.7	64.0	53.9	1,590	2,633	9,325	4,174
Cleveland+	27.5	20.8	19.3	20.0	21.2	5,569	740	336	514
Detroit	xx	xx	31.7	22.7	16.5	xx	xx	13,290	896
St. Louis	xx	xx	50.5	46.8	61.2	xx	xx	8,677	24,990
Chicago+	43.6	35.1	39.5	37.3	42.4	832	2,834	10,113	1,820
San Francisco+	39.3	35.6	30.5	25.3	23.5	2,148	4,502	3,855	6,729
Long Beach	34.7	39.4	37.8	27.9	38.0	1,615	1,147	3,254	1,306
Seattle	73.8	79.7	74.8	53.4	39.4	7,738	2,923	5,840	2,885
Portland	89.5	90.9	62.8	89.9	88.1	7,876	5,010	11,059	5,900
Honolulu	174.3	7.8	40.3	90.9	98.2	2,592	8,803	1,204	2,315
Injuries	2,148	2,372	2,197	2,908	2,131				
Man-hours#	54,666	60,752	63,012	101,291	71,392				

@ See technical notes on page 4.
* Nine-month year to-date.
+ Based on LSB districts of 1960 and 1961.
xx Insufficient or no data reported.
Man-hours in thousands.

OFFICE OF OCCUPATIONAL SAFETY

FIELD PROGRAM ACTIVITIES - MARITIME PROGRAM

FISCAL YEAR 1964

LONGSHORING	FUNCTIONS	SHIPYARD				OTHER HARBOR WORK
		TOTAL	Ship Repair *	Shipbuilding *	Shipbreaking *	
178,000	Number of Ship Arrivals *					
	Number of Shipyard Jobs **		60,000	2,135	100	
178,000	Inspection Volume (100%)	74,600	60,000	14,000	600	
17,066	Number of Ships Inspected	7,047	4,637	2,320	90	128
9.6%	Inspection Performance	9.4%	7.7%	16.6%	15%	@
1,326	Violations Issued	1,642	810	802	30	57
7,222	Contacts: Promotional-Consultative	2,912	1,881	941	90	123
3,375	Recommendations Made	1,137	551	551	35	32
746	Number of Establishments Reporting Under the Act	535	474	54	7	124
106,000	Number of Employees Subject to the Act	80,000	---	---	---	18,000

TRAINING AND EDUCATIONAL ACTIVITY	LONGSHORING	SHIPYARD	OTHER HARBOR WORK
Training Sessions Presented	561	339	2
Number in Attendance	16,929	7,870	2
Safety Meetings (Participation)	505	266	6
Number in Attendance	12,631	4,230	229
Safety, Technical & Educational Publications Distributed	45,363	17,470	324

* Estimate
** Estimate - Under the Act
@ Area of jurisdiction lacks clear definition

BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

ECONOMIC FACTORS

SAFETY AND HEALTH ADMINISTRATION OF PUBLIC LAW 85-742

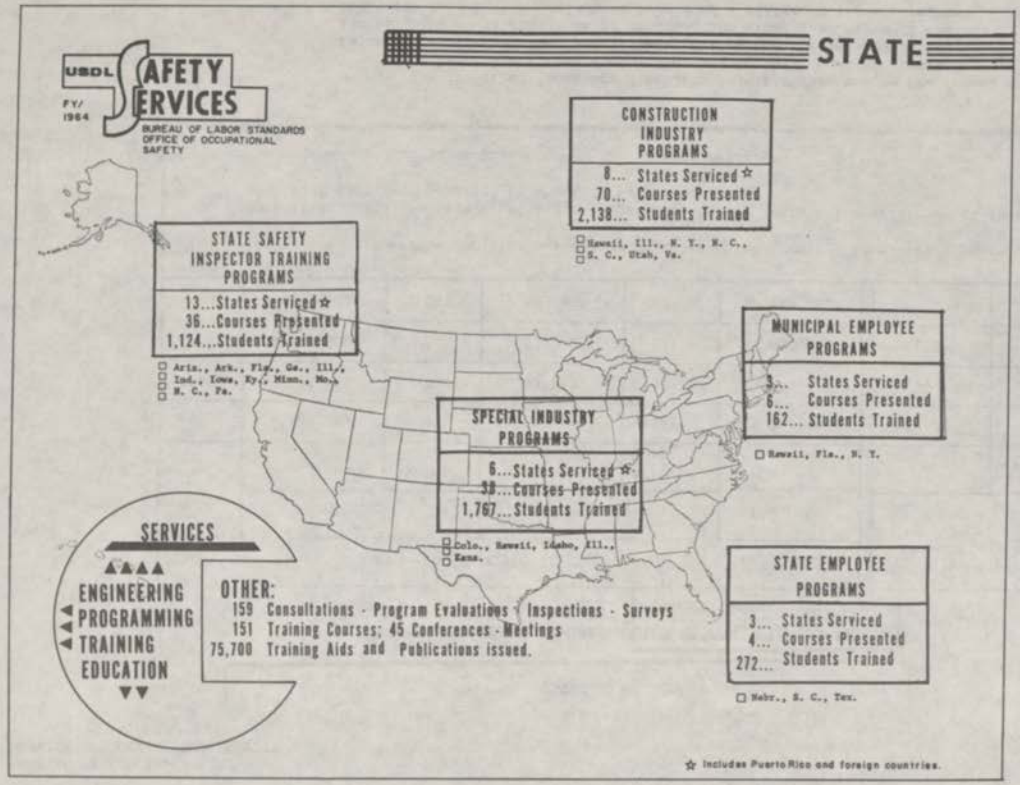
YEAR	COMPENSATION COSTS @				TOTAL # COSTS	INJURIES Reported To BLS	
	LONGSHORE	Average Cost	SHIPYARD	Average Cost		Longshore	Shipyard
1960	$ 8,885,537	$ 774	$2,855,833	$881	$11,741,370	10,701	2,148
1961	10,180,469	820	2,951,183	912	13,131,652	9,710	2,372
1962	9,638,980	864	3,058,705	831	12,697,685	8,265	2,197
1963	11,171,902	1,062	3,676,956	827	14,848,858	7,676	2,908**

@ Based on cases closed by BEC (including some injuries which occurred in previous years).

Compensation costs continue to rise due in part to amended legislation effective in July 1961 that increased benefits by about 30 percent.

** Includes the expanded jurisdiction under the Calbeck decision.

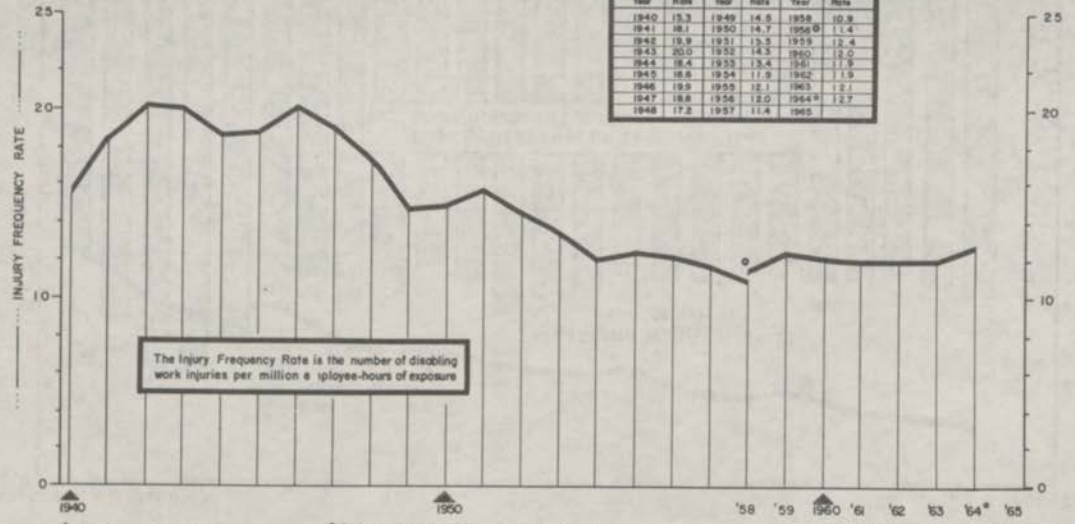
○ The number of longshore disabling injuries reported to the Bureau of Labor Statistics during 1960 was 10,701. Had the reported injuries remained at this yearly level during the three-year period, 1961-63, the additional cost of compensation alone (exclusive of medical cost) for this period could have been over 6 million dollars more, had all the claims for such injuries been closed within the three-year period.


USDL
SAFETY SERVICES
FY/ 1964
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
STATE
CONSTRUCTION INDUSTRY PROGRAMS
8... States Serviced ☆
70... Courses Presented
2,138... Students Trained
Hawaii, Ill., N. Y., N. C., S. C., Utah, Va.
STATE SAFETY INSPECTOR TRAINING PROGRAMS
13...States Serviced ☆
36...Courses Presented
1,124...Students Trained
Ariz., Ark., Fla., Ga., Ill., Ind., Iowa, Ky., Minn., Mo., N. C., Pa.
MUNICIPAL EMPLOYEE PROGRAMS
3... States Serviced
6... Courses Presented
162... Students Trained
Hawaii, Fla., N. Y.
SPECIAL INDUSTRY PROGRAMS
6...States Serviced ☆
33...Courses Presented
1,767...Students Trained
Colo., Hawaii, Idaho, Ill., Kans.
SERVICES
ENGINEERING
PROGRAMMING
TRAINING
EDUCATION
OTHER:
159 Consultations - Program Evaluations - Inspections - Surveys
151 Training Courses; 45 Conferences - Meetings
75,700 Training Aids and Publications issued.
STATE EMPLOYEE PROGRAMS
3... States Serviced
4... Courses Presented
272... Students Trained
Nebr., S. C., Tex.
☆ Includes Puerto Rico and foreign countries.

INJURY FREQUENCY RATES IN MANUFACTURING

1940 to date

INJURY FREQUENCY RATES IN MANUFACTURING 1940 to date					
Year	Rate	Year	Rate	Year	Rate
1940	15.3	1949	14.8	1958	10.8
1941	18.1	1950	14.7	1956@	11.4
1942	19.9	1951	13.5	1959	12.4
1943	20.0	1952	14.3	1960	12.0
1944	18.4	1953	13.4	1961	11.9
1945	18.6	1954	11.9	1962	11.9
1946	19.9	1955	12.1	1963	12.1
1947	18.8	1956	12.0	1964*	12.7
1948	17.2	1957	11.4	1965	



*preliminary - nine-month figure

SOURCE: BUREAU OF LABOR STATISTICS

@ Series revised for 1958 and subsequent years.

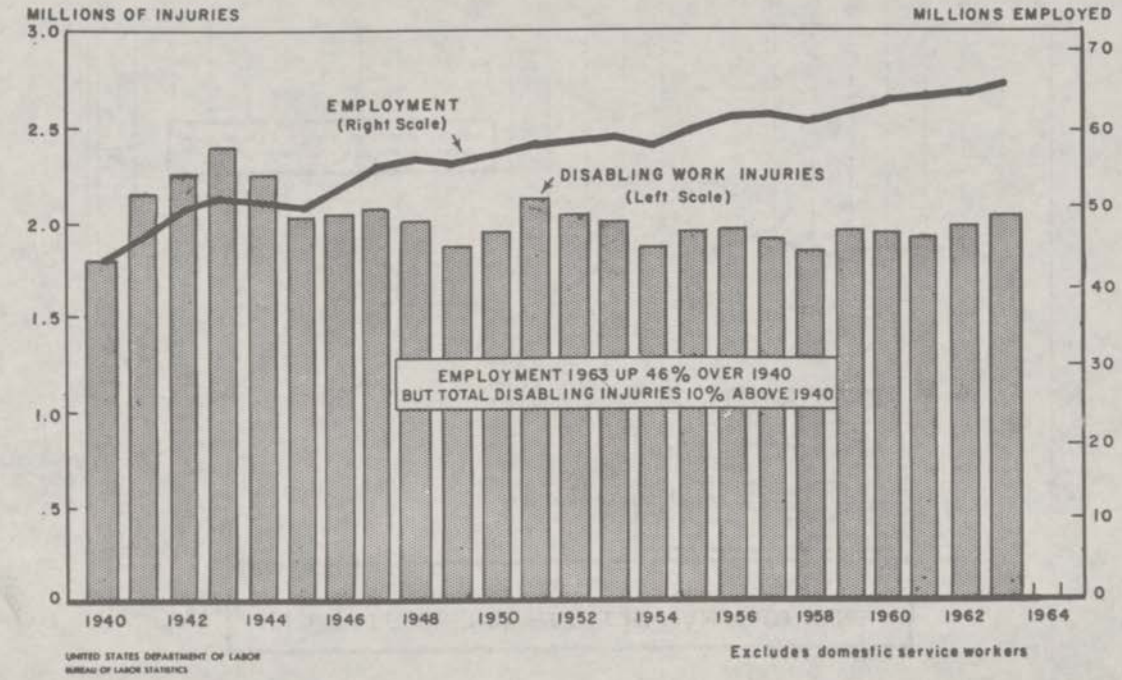
U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

CHART 14

DISABLING WORK INJURIES

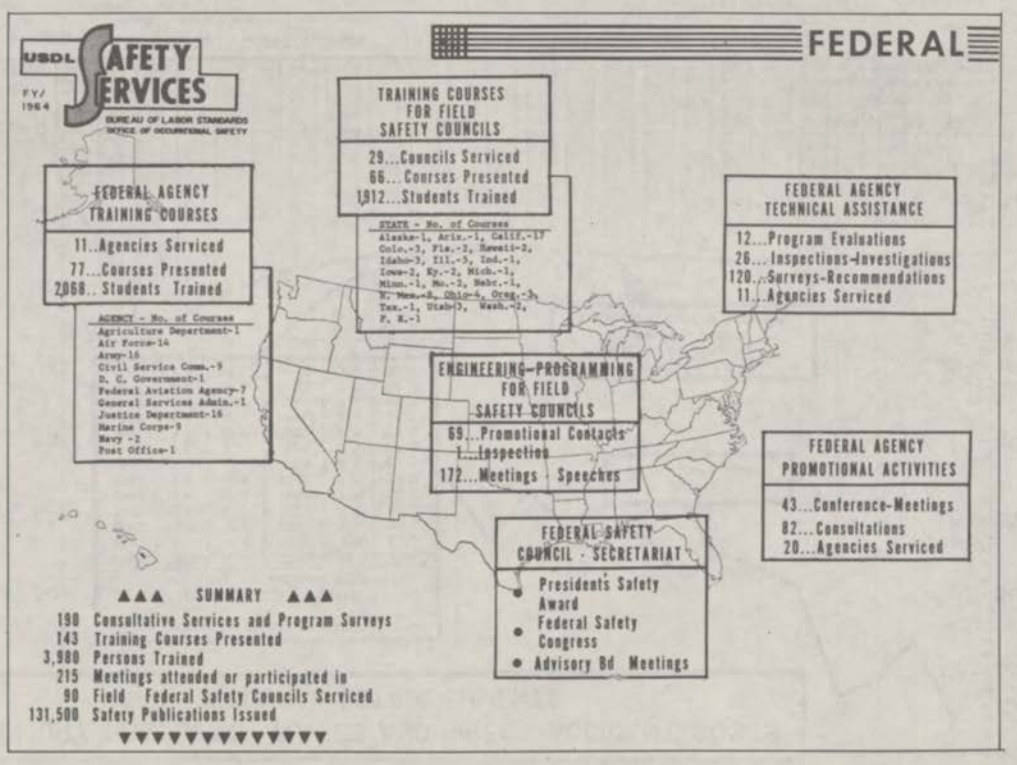
RELATED TO EMPLOYMENT

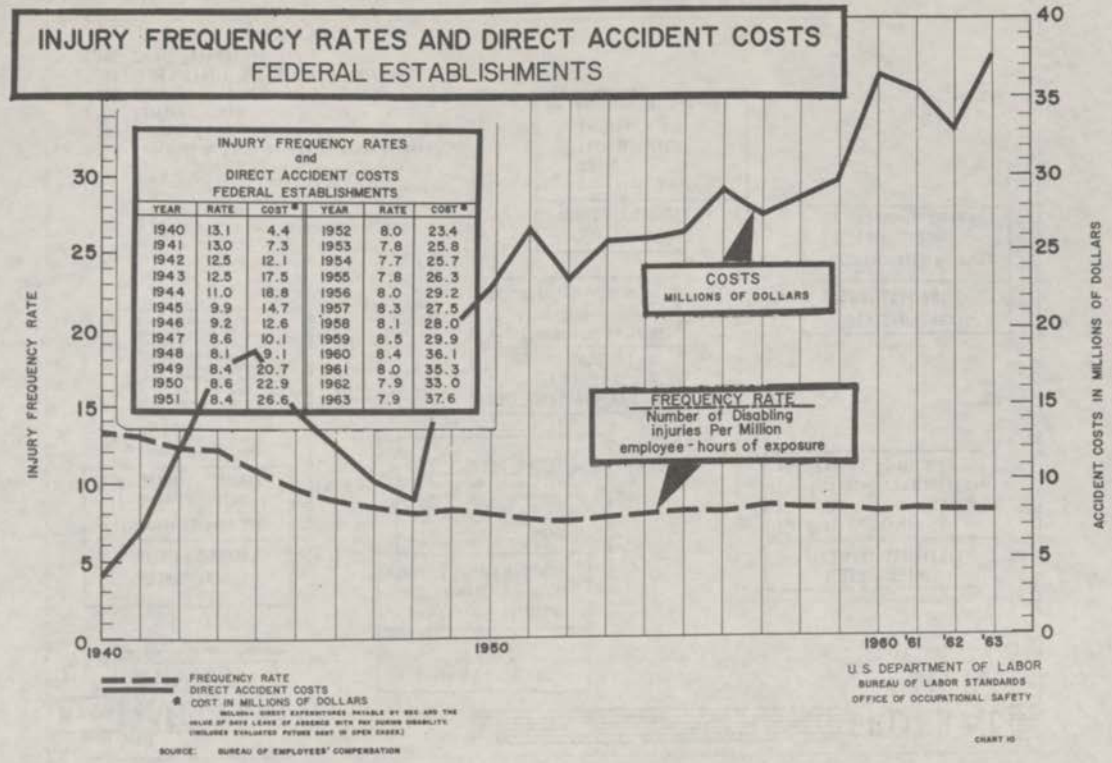
1940 TO 1963



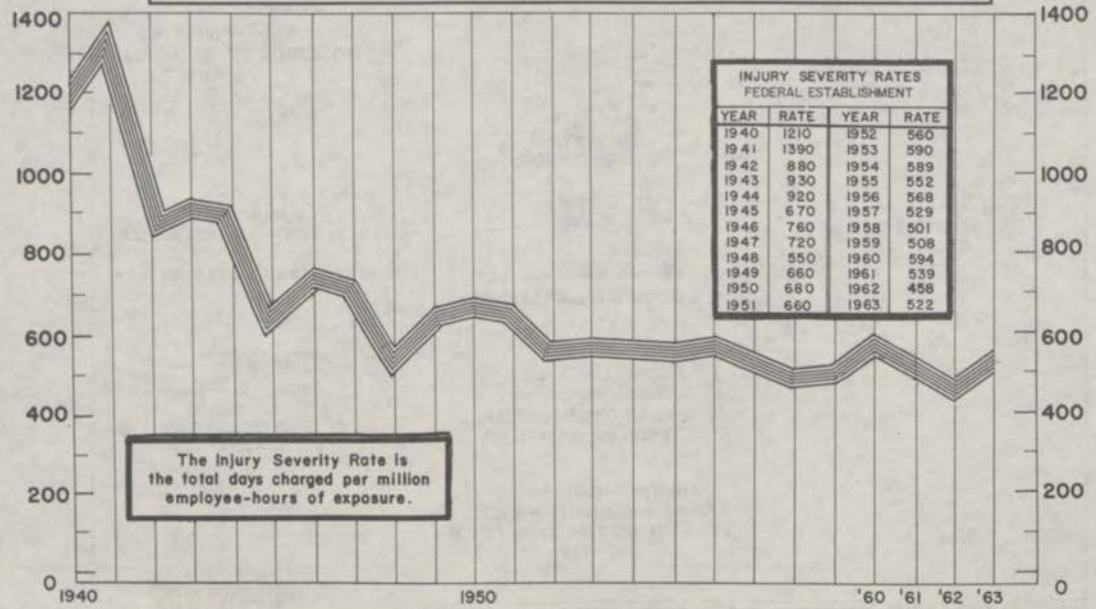
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

Excludes domestic service workers


USDL SAFETY SERVICES
FY/ 1964
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
FEDERAL
FEDERAL AGENCY TRAINING COURSES
11..Agencies Serviced
77...Courses Presented
2,068..Students Trained
AGENCY - No. of Courses
Agriculture Department-1
Air Force-14
Army-16
Civil Service Comm.-9
D. C. Government-1
Federal Aviation Agency-7
General Services Admin.-1
Justice Department-16
Marine Corps-9
Navy -2
Post Office-1
TRAINING COURSES FOR FIELD SAFETY COUNCILS
29...Councils Serviced
66...Courses Presented
1,912...Students Trained
STATE - No. of Courses
Alaska-1, Ariz.-1, Calif.-17
Colo.-3, Fla.-2, Hawaii-2,
Idaho-3, Ill.-5, Ind.-1,
Iowa-2, Ky.-2, Mich.-1,
Minn.-1, Mo.-2, Nebr.-1,
N. Mex.-8, Ohio-4, Oreg.-3,
Tex.-1, Utah-3, Wash.-2,
P. R.-1
FEDERAL AGENCY TECHNICAL ASSISTANCE
12...Program Evaluations
26...Inspections-Investigations
120..Surveys-Recommendations
11..Agencies Serviced
ENGINEERING-PROGRAMMING FOR FIELD SAFETY COUNCILS
69...Promotional Contacts
1...Inspection
172...Meetings - Speeches
FEDERAL AGENCY PROMOTIONAL ACTIVITIES
43...Conference-Meetings
82...Consultations
20...Agencies Serviced
FEDERAL SAFETY COUNCIL - SECRETARIAT
• Presidents Safety Award
• Federal Safety Congress
• Advisory Bd Meetings
▲▲▲ SUMMARY ▲▲▲
190 Consultative Services and Program Surveys
143 Training Courses Presented
3,980 Persons Trained
215 Meetings attended or participated in
90 Field Federal Safety Councils Serviced
131,500 Safety Publications Issued
▼▼▼▼▼▼▼▼▼▼▼▼▼


INJURY FREQUENCY RATES AND DIRECT ACCIDENT COSTS
FEDERAL ESTABLISHMENTS
INJURY FREQUENCY RATES
and
DIRECT ACCIDENT COSTS
FEDERAL ESTABLISHMENTS
YEAR RATE COST* YEAR RATE COST*
1940 13.1 4.4 1952 8.0 23.4
1941 13.0 7.3 1953 7.8 25.8
1942 12.5 12.1 1954 7.7 25.7
1943 12.5 17.5 1955 7.8 26.3
1944 11.0 18.8 1956 8.0 29.2
1945 9.9 14.7 1957 8.3 27.5
1946 9.2 12.6 1958 8.1 28.0
1947 8.6 10.1 1959 8.5 29.9
1948 8.1 9.1 1960 8.4 36.1
1949 8.4 20.7 1961 8.0 35.3
1950 8.6 22.9 1962 7.9 33.0
1951 8.4 26.6 1963 7.9 37.6
COSTS
MILLIONS OF DOLLARS
FREQUENCY RATE
Number of Disabling injuries Per Million employee - hours of exposure
INJURY FREQUENCY RATE
ACCIDENT COSTS IN MILLIONS OF DOLLARS
0
5
10
15
20
25
30
35
40
1940
1950
1960 '61 '62 '63
FREQUENCY RATE
DIRECT ACCIDENT COSTS
* COST IN MILLIONS OF DOLLARS
SOURCE: BUREAU OF EMPLOYEES' COMPENSATION
U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

INJURY SEVERITY RATES IN FEDERAL ESTABLISHMENTS

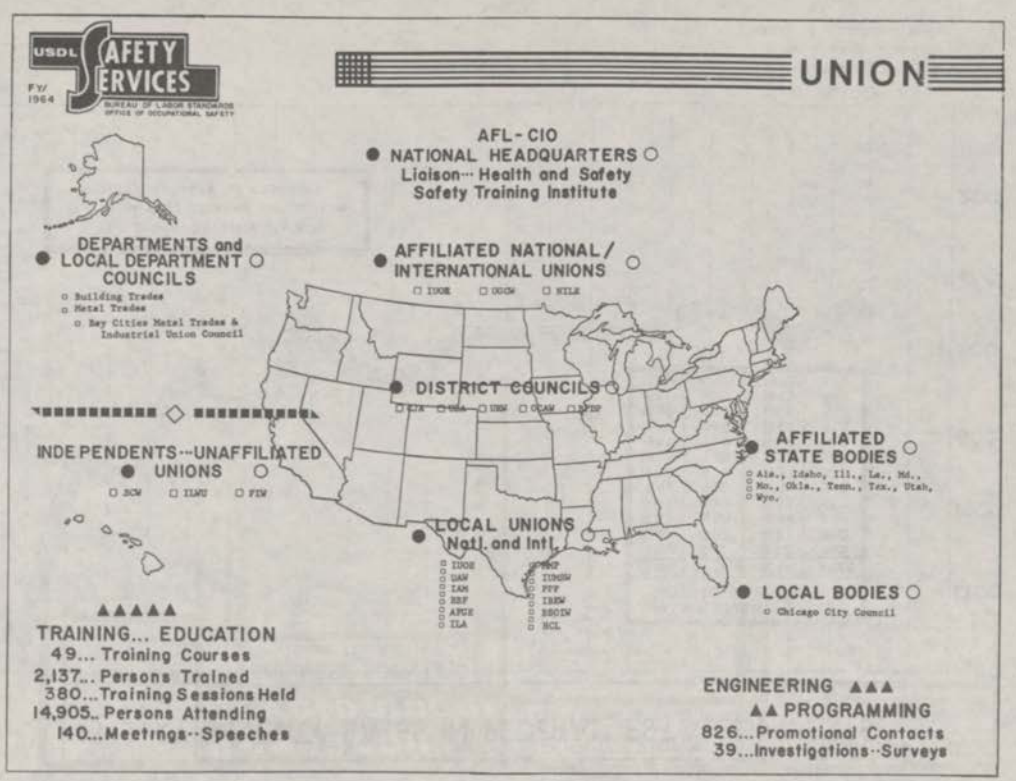


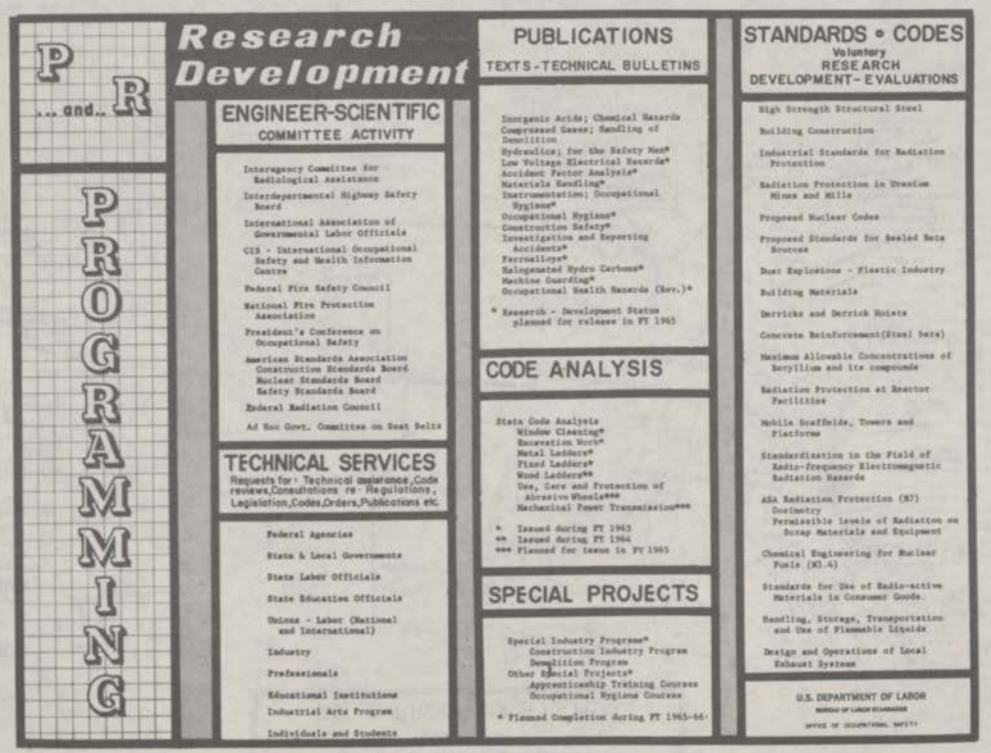
INJURY SEVERITY RATES
FEDERAL ESTABLISHMENT

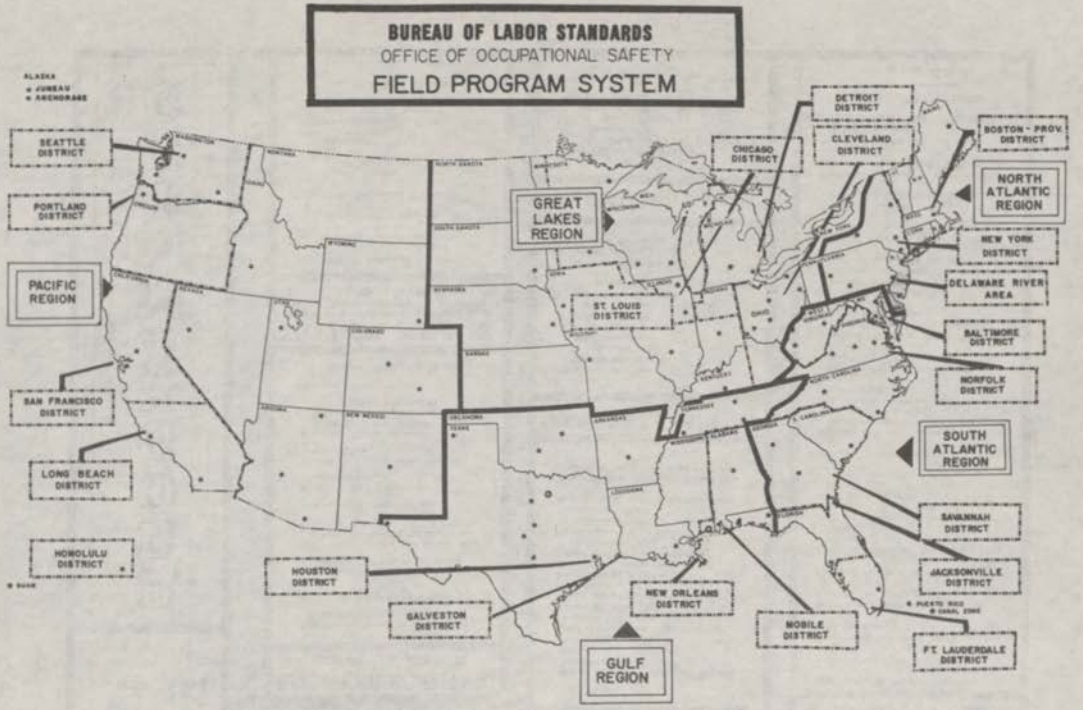
YEAR	RATE	YEAR	RATE
1940	1210	1952	560
1941	1390	1953	590
1942	880	1954	589
1943	930	1955	552
1944	920	1956	568
1945	670	1957	529
1946	760	1958	501
1947	720	1959	508
1948	550	1960	594
1949	660	1961	539
1950	680	1962	458
1951	660	1963	522

Data Source: BUREAU OF EMPLOYEES' COMPENSATION

U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY


USDL SAFETY SERVICES
FY 1964
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
UNION
AFL-CIO
NATIONAL HEADQUARTERS
Liaison··· Health and Safety
Safety Training Institute
DEPARTMENTS and
LOCAL DEPARTMENT
COUNCILS
Building Trades
Metal Trades
Key Cities Metal Trades & Industrial Union Council
AFFILIATED NATIONAL / INTERNATIONAL UNIONS
IUOE
UGCW
MTLE
DISTRICT COUNCILS
UBC
UMW
UCAW
INDEPENDENTS···UNAFFILIATED
UNIONS
SCM
ILWU
FIW
AFFILIATED
STATE BODIES
Ala., Idaho, Ill., La., Md., Mo., Okla., Tenn., Tex., Utah, Wyo.
LOCAL UNIONS
Natl. and Intl.
IUOE
UAW
IAM
RSF
AFGE
ILA
IBEW
IUMSW
FTF
IBEW
RSOIW
NCL
LOCAL BODIES
Chicago City Council
TRAINING... EDUCATION
49... Training Courses
2,137... Persons Trained
380... Training Sessions Held
14,905.. Persons Attending
140... Meetings··Speeches
ENGINEERING
PROGRAMMING
826... Promotional Contacts
39... Investigations··Surveys


P ... and .. R
PROGRAMING
Research Development
ENGINEER-SCIENTIFIC COMMITTEE ACTIVITY
Interagency Committee for Radiological Assistance
Interdepartmental Highway Safety Board
International Association of Governmental Labor Officials
CIS - International Occupational Safety and Health Information Centre
Federal Fire Safety Council
National Fire Protection Association
President's Conference on Occupational Safety
American Standards Association
Construction Standards Board
Nuclear Standards Board
Safety Standards Board
Federal Radiation Council
Ad Hoc Govt. Committee on Seat Belts
TECHNICAL SERVICES
Requests for: Technical assistance, Code reviews, Consultations re: Regulations, Legislation, Codes, Orders, Publications etc.
Federal Agencies
State & Local Governments
State Labor Officials
State Education Officials
Unions - Labor (National and International)
Industry
Professionals
Educational Institutions
Industrial Arts Program
Individuals and Students
PUBLICATIONS
TEXTS - TECHNICAL BULLETINS
Inorganic Acids; Chemical Hazards
Compressed Gases; Handling of
Demolition
Hydraulics; for the Safety Man*
Low Voltage Electrical Hazards*
Accident Factor Analysis*
Materials Handling*
Instrumentation; Occupational Hygiene*
Occupational Hygiene*
Construction Safety*
Investigation and Reporting Accidents*
Ferroalloys*
Halogenated Hydro Carbons*
Machine Guarding*
Occupational Health Hazards (Rev.)*
* Research - Development Status planned for release in FY 1965
CODE ANALYSIS
State Code Analysis
Window Cleaning*
Excavation Work*
Metal Ladders*
Fixed Ladders*
Wood Ladders**
Use, Care and Protection of Abrasive Wheels***
Mechanical Power Transmission***
* Issued during FY 1963
** Issued during FY 1964
*** Planned for issue in FY 1965
SPECIAL PROJECTS
Special Industry Programs*
Construction Industry Program
Demolition Program
Other Special Projects*
Apprenticeship Training Courses
Occupational Hygiene Courses
* Planned Completion during FY 1965-66
STANDARDS • CODES
Voluntary
RESEARCH
DEVELOPMENT - EVALUATIONS
High Strength Structural Steel
Building Construction
Industrial Standards for Radiation Protection
Radiation Protection in Uranium Mines and Mills
Proposed Nuclear Codes
Proposed Standards for Sealed Beta Sources
Dust Explosions - Plastic Industry
Building Materials
Derricks and Derrick Hoists
Concrete Reinforcement (Steel bars)
Maximum Allowable Concentrations of Beryllium and its compounds
Radiation Protection at Reactor Facilities
Mobile Scaffolds, Towers and Platforms
Standardization in the Field of Radio-frequency Electromagnetic Radiation Hazards
ASA Radiation Protection (N7)
Dosimetry
Permissible levels of Radiation on Scrap Materials and Equipment
Chemical Engineering for Nuclear Fuels (N5.4)
Standards for Use of Radio-active Materials in Consumer Goods
Handling, Storage, Transportation and Use of Flammable Liquids
Design and Operations of Local Exhaust Systems
U.S. DEPARTMENT OF LABOR



U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

MARITIME SAFETY LAWS

Mr. FOGARTY. Tell us what has been done with regard to enforcement actions you have taken under the maritime safety laws.

Mr. BROWN. We believe our enforcement starts with our inspections. Out of these go the notices to the parties.

Mr. FOGARTY. What was that?

Mr. BROWN. We think our enforcement activities start with inspection of the projects, whether it is longshoremen or shipyards. The next step is to hand out inspection notices.

RECENT INCREASE IN INJURY RATE

Mr. FOGARTY. Before you go any further, in this press release issued by the Secretary, USDL, 64980, regarding estimated work injuries for 1964, it says work injuries for 1964 totaled 2,050,000, about 30,000 more than 1963, and deaths resulting from work injuries in 1964 remain the same as for the previous year. With these work injuries going up 30,000 more, here you are cutting back in the Safety Division. Does that really make sense to you?

Mr. BROWN. I think you know the answer, Mr. Chairman.

EFFECT ON WORKLOAD OF CALBECK DECISION

Mr. FOGARTY. At the same time you are cutting back in personnel, you are having to assume additional workload under the *Calbeck* decision of the Supreme Court. Tell us about how much this increased your workload and how you are going to take care of it under this budget.

Mr. BROWN. May I have Mr. Nagle reply?

Mr. NAGLE. The *Calbeck* decision gave us additional man-hours to inspect in the new construction in the large shipyards. It is a problem that we have had to face for years, but we have been going into these yards and we couldn't get on the new ships because they didn't come under our jurisdiction. What we are actually faced here with is a tremendous increase in man-hours, but it hasn't spread over our area of coverage too much because normally we go into the yards anyway. So we feel that we can absorb most of this particular increase, even though it is a tremendous increase in man-hours.

Mr. FOGARTY. Do you think you can absorb all this?

Mr. NAGLE. Let's say we are going to absorb it because we have to. We are making progress in this area. The shipyards that are reporting to us we feel we have to.

Mr. FOGARTY. I would think the realistic thing would be to come in for additional positions and funds because of this. I hope if you are here next year that you can report that you have this under control and did not need any more personnel or any more funds, that you could do it with your existing personnel.

Mr. NAGEL. I hope we can report a continuing reduction in the injury rate.

Mr. FOGARTY. If there is not a continuing reduction, I would not come back if I were you.

Mr. NAGLE. That is a good point.

Mr. FOGARTY. Mr. Duncan?

Mr. DUNCAN. Is this a typographical error on page 1 in the third paragraph, second sentence? It says there was an offering—was the word "sacrificial" left out before "offering?" That is all.

Mr. FOGARTY. Thank you very much, and now we will hear Mr. Russell.

JUSTIFICATION MATERIAL

Amounts available for obligation

	1965	1966
Appropriation or estimate	$3,556,000	$3,172,000
Proposed supplemental due to pay increase (Public Law 88-426)	118,600	
Comparative transfer to Bureau of Employment Security, Manpower Administration	−329,900	
Appropriation or estimate, revised	3,344,700	3,172,000

Obligations by activity

Description	Appropriation revised, 1965		Estimate, 1966		1966 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Improving State labor legislation	25	$301,800	25	$339,400		+$37,600
2. Improving conditions of migratory workers	11	123,300	8	89,300	−3	−34,000
3. Reducing industrial accidents	162	1,923,700	157	1,874,500	−5	−49,200
4. Protecting young workers	30	364,500	19	227,100	−11	−137,400
5. Promoting employment of the handicapped	28	362,000	28	364,500		+2,500
6. Administration and management services	26	269,400	26	277,200		+7,800
Total obligations	282	3,344,700	263	3,172,000	−19	−172,700

Obligations by object

	Appropriation revised, 1965	Estimate, 1966	1966 change
Total number of permanent positions	282	263	−19
Positions other than permanent	1		−1
Average number of all employees	268	251	−17
11 Personnel compensation	$2,503,000	$2,405,500	−$97,500
12 Personnel benefits	182,600	177,000	−5,600
21 Travel and transportation of persons	194,700	165,700	−29,000
22 Transportation of things	16,000	13,500	−2,500
23 Rent, communications, and utilities	89,100	87,100	−2,000
24 Printing and reproduction	161,100	122,500	−38,600
25 Other services	12,800	42,800	+30,000
Services of other agencies	131,700	105,700	−26,000
26 Supplies and materials	37,800	37,300	−500
31 Equipment	15,900	14,900	−1,000
Total obligations	3,344,700	3,172,000	−172,700
Working capital fund items included above	(148,100)	(146,400)	(−1,700)

Summary of changes

1965 appropriation	$3,556,000
Proposed supplemental due to pay increase (Public Law 88–426)	118,600
Comparative transfer to Bureau of Employment Security	−329,900
1965 appropriation, revised	3,344,700
1966 estimate	3,172,000
Total change	−172,700

MANDATORY ITEMS

Increases:	
Net pay increase costs in 1966 (Public Law 88–426)	+600
Net within-grade promotion costs	+27,900
To increase the level of contributions to the Federal employees' compensation fund	+3,800

PROGRAM ITEMS

Increases: To conduct a study directed toward adequate protection under workmen's compensation of workers injured as a result of exposure to radiation hazards (nonlabor costs)	+30,000
Decreases:	
To eliminate Department of Labor share of financing of Federal Radiation Council (nonlabor)	−28,000
To eliminate funds for the President's Committee on Migratory Labor (2 positions, $18,200)	−18,200
To transfer part of "Youth function" to the Manpower Administration ($97,000) and further decrease Bureau "Youth activities" ($42,100) (10 positions, $97,400; nonlabor, $41,700)	−139,100
To reduce "Safety" activity (3 positions $22,400; nonlabor $27,300)	−49,700
Total change	−172,700

Mandatory changes for 1966

INCREASES

Pay increase costs		+$600
Net additional cost of pay increase for current year (base) staff pursuant to Public Law 88–426:		
Personnel compensation	$11,500	
Personnel benefits	1,100	
Payments to other accounts for services involving salaries	2,000	
Total	14,600	
Absorption of a portion of above increases for pay costs (reduction 1 position; $12,000 personnel compensation; $2,000 payment to other accounts)	−14,000	
Within-grade promotion costs		+27,900
1966 net additional cost of within-grade promotions effective on only a part-year basis for base staff in 1965	+$21,500	
Personnel compensation	22,839	
Deduct lapse	−839	
Deduct savings due to turnover	−1,900	
Personnel benefits	1,400	
Net cost	21,500	
Net cost of within-grade promotions becoming effective during 1966	+24,300	
Personnel compensation	25,917	
Deduct lapse	−1,017	
Deduct savings due to turnover	−2,300	
Personnel benefits	1,700	
Net cost	24,300	
Absorption of a portion of above increases (reduction 3 positions; $17,900 personnel compensation)	−17,900	
To finance a net increase in contributions to the Federal employees' compensation fund, reflecting a rise in cost and incidence of benefits payments made to civilian employees of the United States for injuries of an accidental nature sustained in the performance of duty		+3,800

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Activity 5		Activity 6		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
MANDATORY CHANGES														
Pay increase costs		$1,200		$500		$8,900		$1,400		$700		$1,900		$14,600
Absorption of disallowed pay costs			−1	−14,000									−1	−14,000
Net pay increase costs		1,200	−1	−13,500		8,900		1,400		700		1,900	−1	600
Within-grade promotion costs		6,400		1,300		27,500		4,000		4,500		2,100		45,800
Absorption of disallowed within-grade promotion costs				−3,600	−2	−7,900	−1	−3,700		−2,700			−3	−17,900
Net within-grade promotion costs		6,400		−2,300	−2	19,600	−1	300		1,800		2,100	−3	27,900
Contribution to FEC Fund												3,800		3,800
Total		7,600	−1	−15,800	−2	28,500	−1	1,700		2,500		7,800	−4	32,300

Program changes by activity

Object classification	Activity 1		Activity 2		Activity 3		Activity 4		Activity 5		Activity 6		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation			−2	−$17,000	−3	−$22,400	−10	−$90,400		−$7,500			−15	−$122,300
12 Personnel benefits				−1,200		−3,300		−7,000		+400				−11,100
21 Travel and transportation of persons						−14,000		−15,000						−29,000
22 Transportation of things								−2,500						−2,500
23 Rent, communications, and utilities								−2,000						−2,000
24 Printing and reproduction						−10,000		−21,700		−6,900				−38,600
25 Other services		+$30,000				−28,000								+2,000
26 Supplies and materials								−500						−500
31 Equipment										−1,000				−1,000
Total		+30,000	−2	−18,200	−3	−77,700	−10	−139,100					−15	−205,000

Activity 1. Improving State Labor Legislation

1965	$301,800
1966	339,400

NARRATIVE DESCRIPTION OF PROGRAM

The core of the Bureau's program of improved working conditions is its assistance to the States in developing better labor laws, more effective administration, and other measures to achieve this objective. The Bureau serves as a national resource for technical information on all types of labor law and administrative techniques; reviews changing developments, appraises State experience as a basis for development of new or improved standards for giving advisory technical assistance to State labor departments and others; aids in the elimination of duplication of labor law administration by promoting and servicing cooperative State agreements under which the States perform specified activities required by Federal law.

ACCOMPLISHMENTS IN 1964

Fewer than half the State legislatures met in regular session in 1964, but about 2,400 bills were introduced in the labor law field and more than 300 of these were enacted into law, some as a result of the more than 1,500 technical services given by the Bureau.

The Bureau continued to give special emphasis to its workmen's compensation program; considerable progress was made on the comprehensive study of the administrative practices and procedures of workmen's compensation agencies. The Bureau participated with the Subcommittee of the Council of State Governments on the preparation of suggested language for a workmen's compensation and rehabilitation law; encouraged and promoted statewide seminars on rehabilitation; cooperated closely with rehabilitation organizations in conferences designed to provide a better understanding of the relationship between workmen's compensation and rehabilitation.

Also, the Bureau promoted regional conferences of State labor commissioners and statewide seminars on State labor legislation as a means of improving labor laws and programs and increasing the public awareness of the need for such legislation.

Major bulletins published included Federal labor laws and programs, State workmen's compensation laws, a map series of coverage of agricultural workers under State and Federal labor laws, and an inspection manual to serve as a guide to State labor agencies. In addition, 14 fact sheets summarizing various types of labor law were revised.

PLANS FOR 1965

The servicing of requests in connection with the consideration of labor legislation by State legislatures will be a major activity, with 47 legislatures meeting in 1965. The Bureau will receive an estimated 3,500 labor bills to be introduced and summarize or review at least 1,000 of them. It is estimated that about 600 will be enacted into law.

In addition, the Bureau, in cooperation with State labor departments, is participating in a series of seminars with leading labor, business, and civic groups, as well as universities, concerned with the improvement of labor standards for workers in industry and agriculture and with special emphasis on State wage and hour laws; is seeking to improve the organization and administration of State labor agencies and will provide orientation for new labor commissioners and training courses for inspectors. The Bureau is also developing a comprehensive manual of sound administrative procedures as a guide to the States in administering their workmen's compensative laws. Particular emphasis is being given to State legislation assuring workers the right to organize and bargain collectively, prohibition of age discrimination in employment, development and adoption of sound child-labor standards as an aid in improving the qualifications of youth for employment, and in the field of consumer credit, particularly garnishment laws, small-loan regulations, and debt consolidation.

Significant bulletins to be published include a study of the administrative organization of State workmen's compensation agencies, revision of the bulletins on State child labor standards, and a map series on wage payment and wage collection laws.

PROGRAM CHANGES FOR 1966

The Bureau will continue the program and activities for 1965 with special emphasis on the strengthening of State labor agencies, statewide seminars on labor standards, regional conferences with State labor agency personnel to discuss problems of administration and enforcement, and studies and surveys on the experience and recommended practices in the administration of State labor laws.

Bulletins to be prepared will include those on State labor relations acts and regulation of private employment agencies.

Proposed workmen's compensation study

The growing use of nuclear atomic energy for peacetime purposes has focused attention on the special needs for workmen's compensation protection for workers exposed to radiation hazards and has highlighted serious gaps in workmen's compensation laws. Exposure to ionizing radiation from nuclear sources has been alleged to cause a wide variety of disabilities to American workers. This is borne out by records of State workmen's compensation programs and the Federal Bureau of Employees' Compensation.

As a part of its program in this field, the Bureau is requesting $30,000, for joint funding with the Atomic Energy Commission, for a study of proof and disproof of causal relations between exposure to radiation and injuries to workers. This study is to be concerned generally with the phrase referring to injuries or illnesses "arising out of and in the course of" employment that is found in the great majority of the workmen's compensation acts, and is to deal specifically with the "arising out of" portion that has been construed to refer to causal origin. The study will examine in depth the methods or procedures followed by workmen's compensation agencies in determining whether there is or can be proven to exist a causal relationship between the exposure to ionizing radiation or to other potential sources as noxious substances and a disease. It will be directed particularly to cases involving latent-developing diseases such as leukemia, cancer, and beryllosis.

An analysis is needed of the experience of the States, the Federal Government, and such foreign governments that maintain a system of work-injury reporting suitable for this study. The records of both the workmen's compensation agency and the decisions handed down by the courts in each jurisdiction should be examined and the records involving latent diseases (except silicosis and other pneumocotic diseases) individually summarized. The study will obtain detailed information in the following subject areas:

(*a*) Basic identifying data of worker and employer.
(*b*) Nature of the exposure.
(*c*) Source and extent of the exposure and the basis of measurement.
(*d*) Clinical findings.
(*e*) Prognosis.
(*f*) Disposition of the claim and the authority's reasoning.
(*g*) Contractor's summary and evaluation of the case.

The results of this study will indicate the extent to which injured workers in such cases are able to meet adequately the difficult problem of proof of causal relationship and will include recommendations as to changes needed in the laws and procedures to assure a just decision in such cases.

Occupational radiation injury to wage earners involves not only radionuclide and atomic reactor workers but radiologists and others working with X-rays, radium, and fluoroscopes. Notwithstanding many effective and comprehensive safety programs, the possibility of radiation injury is increasing because of the expanding use of atomic energy and the lack of detailed information based upon actual experience and exposure. Such use by medical institutions, physicians, colleges, industrial firms, etc., increased by 43 percent between the period 1957 and 1963. The proposed study would continue studies now being conducted under several contracts with nongovernmental technical groups in the field of workmen's compensation and the problems raised by radiation injuries.

The Bureau will issue bids for contracts for the study to research foundations, educational institutions, and private research persons and, after consideration of all proposals, select the one that appears to be most advantageous to the Government. The study will require approximately 12 months.

Workload statistics

	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
Technical assistance on labor law and administration:				
States [1] given technical assistance	52	52	52	52
Technical assistance or services given	1,300	1,600	1,600	1,800
Nontechnical services given	800	950	1,000	1,000
States given personal consultation	50	44	45	45
Number of States in which technical assistance was given on:				
Workmen's compensation	39	31	31	35
Child labor	49	39	39	40
Wages and hours	41	38	38	40
Safety and health	24	25	25	25
Industrial relations	19	14	14	20
Private employment agencies	----------	25	25	25
Migratory labor	49	38	38	40
Discrimination	----------	9	0	15
Number of conferences participated in or attended	----------	339	339	350
Legislative councils or official State committees serviced	40	19	19	25
State labor legislation:				
State bills and acts received, recorded, indexed, and progress followed through the legislatures	3,300	2,400	3,500	2,400
Bills reviewed or summarized	1,025	500	1,000	500
Acts passed	550	325	600	300
International:				
Reports prepared	18	9	9	15
Foreign officials and groups referred to Division for training conferences on labor laws and administration	18	18	18	20
Federal bills reviewed and appraised	37	20	20	30

[1] For purposes of this table, "State" includes the District of Columbia and Puerto Rico.

Activity 2. Improving Conditions of Migratory Workers

1965	$123,300
1966	89,300

NARRATIVE DESCRIPTION OF PROGRAM

The Bureau's program includes the promotion of State migratory labor committees and advising them on effective programs and plans of action; the development and promotion of sound standards to improve the working and living conditions of agricultural workers; participation in workshops and conferences studying problems of migrants; and giving guidance to State agencies and community groups in organizing, planning, coordinating, and carrying out programs for migrants and their families.

ACCOMPLISHMENTS IN 1964

The Bureau gave services to the 27 previously existing State committees and was instrumental in the establishment of an additional committee in Michigan.

The Bureau gave more than 500 services in 38 States, including assistance in the organization of a community council in Florida, in the formation of a regional migratory committee for Wisconsin, served as a consultant to the California Migrant Ministry, the Illinois Citizens Committee on Migratory Labor, and the Missouri Five County Migrant Labor Committee.

PLANS FOR 1965

The Bureau is continuing its work with State officials, legislative commissions, labor groups, and civic and church organizations in translating acceptable standards for improved working conditions into State law and practice; assisting in the organization of State migratory labor committees and planning their programs. These activities are directed toward general improvement by legislation and other means in housing, transportation, health, day care, education (of both children and adults), worship services, recreation, citizenship, and community acceptance.

PROGRAM CHANGES FOR 1966

The President's Committee on Migratory Labor is eliminated in the 1966 request, but Bureau activities will be continued at generally the same level but with emphasis upon encouraging appropriate State legislation providing permanent protection of working conditions or migrants and agricultural workers generally. As in the past, aid will be provided to State migratory committees and community groups and to the efforts of other Federal programs designed to improve the economic and physical welfare of migrant and agricultural workers and their families.

Workload statistics

	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
States given technical assistance	49	38	40	40
State migratory labor committees serviced	27	26	28	28

NARRATIVE DESCRIPTION OF PROGRAM

The Bureau carries out safety promotional and inspectional activities in the maritime industries; provides consultative services to all Federal agencies and serves as secretariat of the Federal Safety Council; provides engineering consultation and training services for personnel of private industry, State governments, municipal, public, and labor organizations; and conducts research directed toward establishment of safety standards and codes.

Accident frequency rates

	Maritime		Manufacturing	Federal
	Ship repair	Longshore		
1963	28.7	100.7	12.1	7.9
1962	34.9	108.2	11.9	7.9
1961	39.0	125.3	11.9	8.0
1960	39.3	131.8	12.0	8.4

ACTIVITY 3. REDUCING INDUSTRIAL ACCIDENTS

1965	$1,923,700
1966	1,875,500

ACCOMPLISHMENTS IN 1965

Maritime safety

Longshore industry

An estimated savings in accident costs equal to 80 percent of the Bureau's annual maritime safety budget has been realized by the industry in Texas. In 1960, the injury compensation rate was $22.27 per $100 of payroll. In 1964, the Texas Workmen's Compensation Board lowered the rate to $17. Based on a $20 million payroll, this represents an annual savings of $1 million to the Texas longshore industry. Concurrent with the cost reduction, the injury frequency rate was reduced from 381 to the current rate of 185.

This is illustrative of reports received from field offices concerning monetary savings and improvements in operations since enactment of maritime safety requirements in 1958. Many companies have reported rebates from their workmen's compensation premiums, with individual amounts ranging from $6,000 to as high as $220,000.

In 1964, more than 16,000 longshore operations were inspected by Bureau staff. with more than 1,200 violation notices issued. Five enforcement actions were initiated which resulted in cease-and-desist orders and injunctions against employers guilty of continuing and repeated violations. More than 6,000 promotional and consultative contacts were made with management, and early 12,000 individuals attended training sessions sponsored by either employers or longshore unions.

Shipyard industry

More than 7,000 shipyard operations were inspected and more than 1,500 violation notices were issued. Twelve enforcement actions were initiated. Near-

ly 3,000 promotional and consultative contacts were made; and more than 10,000 persons attended training classes.

The 1962 Supreme Court *Calbeck* decision extended Federal jurisdiction in shipyards to include shipbuilding and other activities on navigable waters and also included shipbreaking and certain other harbor work activities. On April 24, 1964, amended regulations covering the expanded *Calbeck* jurisdiction became effective. The regulations were promulgated only after two informal drafts had been circulated to the industry for review and comment and a public hearing held. This added 37 million man-hours of work to Federal regulatory authority which the Bureau is seeking to absorb.

Federal safety services

Bureau staff made 190 engineering and programing contacts with officials of Federal installations, conducted 148 supervisory safety training courses for 3,980 Federal employees and 12 special training courses for certain agencies in which 782 specially selected employees participated. More than 130,000 safety training aids were supplied to employees. Also, continuous service and technical help were provided to the approximately 100 individual field Federal safety councils.

Services to States

The Bureau continued to provide engineering consultation and training services for State government personnel, as well as those in private industry, and municipal and public organizations.

Training and technical consultations services

The Bureau provided 68 engineering and 91 programing services to the various States. A total of 5,295 persons from various States participated in 151 formalized training courses of 30 hours each.

Special programs

Training and consultative programs were continued with the States and the chapters of the Associated General Contractors Association. An instructors guide for construction "Planning for Safety on the Job Site" is in preparation for national distribution and use.

Labor safety services

The Bureau presented 429 training courses for national and international unions with 17,041 representatives in attendance. The safety institute sponsored by the AFL–CIO was again conducted in Washington. A separate institute was conducted for 32 officials of the International Operating Engineers.

Research and development

Safety standards and codes

Membership was maintained on 43 technical committees and 3 standards boards of the American Standards Association. Staff members attended 31 meetings and cast 41 letter ballots, and reviewed 20 technical documents concerning committee reports and proposed standards. Bureau representatives participated in the adoption of the convention concerning "Hygiene in Commerce and Offices" at the 48th session of the International Labor Organization, and participated in the tripartite meeting of the food and drink industry held in Geneva in December 1963.

Performance safety standards

In response to recent interest, the Bureau is studying the feasibility of performance rather than engineering or specification standards for the use of safety regulatory agencies. A performance standard sets a level of safety control to be met with the employer determining his own method of meeting it under the standards. Use of performance safety standards as guides to be followed would allow more flexibility and ingenuity in adapting new technology to the protection of workers. During the past year, the State of Delaware, working with the Bureau, promulgated this type of performance standards for the construction industry.

State code comparison

Research was continued on existing State safety codes, making detailed analyses to measure the adequacy of existing State safety codes. During 1964, 3 additional code comparisons were developed and distributed, bringing to a total

20 completed and distributed. In 1961–62, 20 State legislatures passed and Governors approved health and safety legislation.

Councils and boards

The Bureau maintained active participation in the work of the Federal Radiation Council, served on the Nuclear Standards Board, Construction Safety Board, and the Safety Standards Board of the American Standards Association, the Federal Interdepartmental Highway Safety Board, and the President's Committee on Traffic Safety.

Publications

At the end of 1964, 18 bulletins in the Safety in Industry series were available. As of June 1964, 480,000 copies had been printed and used in training and educational activities. The Government Printing Office had sold almost 100,000 since 1960.

CIS program

The Bureau, as one of the 3 national centers in the United States for the International Occupational Safety and Health Information Center (CIS), ILO, abstracted 63 pieces of Federal, State, or safety standards-setting literature for this international cooperative project.

President's Conference on Occupational Safety

The Bureau organized and conducted the Ninth Biennial President's Conference in June 1964. President Johnson and Secretary Wirtz appeared before some 3,000 delegates to "enlist the natural leadership in each worker, farmer, teacher, or businessman" to devise voluntary action to reduce the Nation's continuing annual toll of 14,000 occupational deaths and 2 million disabling injuries estimated to cost $5 billion.

PLANS FOR 1965

Maritime safety

Comments on the first draft of the revised Safety and Health Regulations for Longshoring are being reviewed, to determine whether a second draft should be prepared for distribution to the industry before a public hearing is held.

In cooperation with the Shipbuilders Council, a 20-minute colored slide of flammable and toxic accidental incidents produced by the Bureau is being distributed and presented throughout the country. It will also be made available for purchase so that shipyards can help train their own people in this area.

Services to States

Work is now in progress to develop a detailed training course in construction safety covering more than 20 separate subjects in basic construction trades and operations.

A cooperative program with the Agency for International Development is in process which will upgrade existing training and program materials for domestic use while making available materials for international distribution. This includes revising and developing more than 15 instructor's guides, sets of visual aids, and student handouts.

A study of the safety problems in the ever-increasing areas of trades and services safety is being initiated. Special bulletins and training materials will be developed for these programs.

PROGRAM CHANGES FOR 1966

Funds for financing the Federal Radiation Council activities are eliminated ($28,000) as well as three positions at $49,700.

Activities related to the enforcement and advancement of maritime safety will continue at existing levels with emphasis upon further reduction of accidents and injuries to workers. The cooperation of management and labor organizations will be sought, both coastwide as well as portwide, in efforts to develop greater joint interest and concern in observance of regulations and safe work performance. Similarly, consultative, technical and training service to States, labor, industry, and Federal agencies will stress concentration upon high-hazard operations and activities.

Workload statistics

	Actual, 1964	Estimate, 1965	Estimate, 1966
STATE SAFETY SERVICES			
Consultative and engineering services	159	165	172
State employee programs	5	6	7
Training and educational services:			
Training courses: [1]			
State personnel:			
Number of courses	44	46	48
Students	1,068	1,111	1,115
Private industry personnel: [2]			
Number of courses	82	85	89
Students	3,130	3,255	3,385
State, private industry personnel, and public employees:			
Number of courses	13	13	13
Students	640	666	693
Construction association:			
Number of courses	12	13	14
Students	457	475	494
Total courses	163	170	177
Total students	5,295	5,507	5,728
Training sessions: [3]			
Number of sessions	3	4	5
Number of attendance	168	173	180
Number of training aid issued	131,819	137,092	142,576
FEDERAL SAFETY SERVICE			
Consultative and engineering services	190	182	175
Training and educational services:			
Training courses: [1]			
Number of courses	143	148	153
Number of students	3,980	4,140	4,300
Training sessions: [3]			
Number of sessions	12	13	14
Number of attendance	872	900	936
Safety meetings attended or participated in	196	200	210
Number in attendance	3,435	3,500	3,600
Number of training aids issued	131,495	126,235	121,186
Federal safety councils' services	90	90	90
LABOR UNION SAFETY SERVICES [1]			
Consultative and promotional contacts	896	900	904
Training and educational services:			
Training courses: [1]			
Number of courses	49	51	53
Number of students	2,137	2,222	2,311
Training sessions: [2] [4]			
Number of sessions	420	437	454
Number of attendance	14,904	15,500	16,120
Number of training aids issued	30,911	32,147	33,433
Technical assistance and consultation:			
Technical problems handled:			
Federal	19	19	18
State (municipal)	36	37	38
Industry	53	55	57
Foreign	13	13	13
Individuals	45	45	45
Unions	12	13	14
Requests for publications:			
Federal	863	863	863
State (municipal)	295	307	319
Industry	1,127	1,172	1,219
Foreign	48	48	48
Individuals	183	190	198
Unions	55	57	59
American Standards Association:			
Representation on technical committees and boards	46	48	50
Standard letter ballots	41	43	45
Meetings attended	31	32	33
National Safety Council: Technical data sheet ballots	3	3	3
International Labor Office:			
Position papers	2	2	2
Technical reviews	8	8	8
Publications processed:			
Bulletins and pamphlets developed	6	7	8
Articles	6	7	8
Codes:			
Code comparisons (State codes w/national standards)	3	2	1
Model codes developed	1	2	3
Abstracts: Laws, standards, and literature (CIS)	63	65	68
Federal Radiation Council: Meetings attended (technical contribution)	15	16	17

[1] Formalized training, course hours ranging from 6 to 30 hours.
[2] Under sponsorship of State labor departments.
[3] Training period was less than 6 hours' duration.
[4] Includes some maritime activity.

	Actual, 1964			Estimate, 1965			Estimate, 1966		
	Longshore	Shipyard	Other harbor work	Longshore	Shipyard	Other harbor work	Longshore	Shipyard	Other harbor work
Consultations	7,222	2,912	125	7,511	3,028	125	7,811	3,149	125
Evaluation surveys	273	137	5	284	142	5	295	148	5
Accident investigations	355	162	22	369	168	22	384	173	22
Complaint investigations	177	74	3	170	71	3	163	68	3
Ships inspected	17,066	7,047	128	17,749	7,329	128	18,459	7,622	128
Cargo gear certification survey	5,428	----	----	5,645	----	----	5,871	----	----
Violations:									
Employers cited	1,326	1,642	57	1,273	1,576	57	1,222	1,513	57
Immediately corrected	1,122	1,277	27	1,167	1,328	27	1,214	1,330	27
Recommendations:									
Made	3,375	1,137	32	3,510	1,183	32	3,650	1,184	32
Accepted or implemented	2,874	933	24	2,989	933	24	3,109	933	24
Training and educational services:									
Training sessions: [2]									
Number sessions	561	339	2	635	353	2	660	367	2
Number in attendance	16,929	7,870	2	17,606	8,185	2	18,310	8,512	2
Training courses: [1] [3]									
Number courses	71	18	----	74	19	----	77	20	----
Number students	2,520	657	----	2,621	683	----	2,726	708	----
Safety meetings:									
Number of meetings	505	266	6	525	266	6	546	266	6
Number of attendance	12,631	4,230	229	13,136	4,399	229	13,661	4,495	229
Number safety publications distributed	45,363	17,470	324	47,178	18,169	324	49,065	18,896	324

[1] Formalized training, course hours ranging from 6 to 30 hours.
[2] Training period was less than 6 hours' duration.
[3] These maritime courses are made up of 3 or more sessions of related topics. The number of sessions and attendance is included in the above figures.

Activity 4. Protecting Young Workers

1965	$364,500
1966	277,100

NARRATIVE DESCRIPTION OF PROGRAM

This includes the development of regulatory standards for young workers employed under the child-labor provisions of the Fair Labor Standards Act. In addition, advisory standards are formulated to improve the working conditions of young workers with due regard for their safety, health, education, and well-being.

The Bureau analyzes occupations which may be too hazardous for minors under 18 and develops, where needed, hazardous-occupations orders under the Fair Labor Standards Act. It also promotes safety for minors who are paid farmworkers, for those outside the scope of Federal coverage, for students enrolled in school shop and laboratory courses, for those in youth institutions, and for participants in employment programs for disadvantaged youth.

Cooperative agreements are made with the States whereby State employment certificates are accepted as proof of age under the Fair Labor Standards Act. The Bureau also keeps current Child Labor Regulation No. 3, which governs the limited employment of minors 14 and 15 years old under the Fair Labor Standards Act.

The Bureau also develops and promotes improved advisory labor standards for young workers in school-work programs, sheltered workshops, institutions, and agriculture.

Secretary Order No. 2–64, issued January 13, 1964, established a manpower program for youth, and Order No. 19–64 transferred certain youth activities from the Bureau of Labor Standards to the Bureau of Employment Security. The activities remaining in the Bureau of Labor Standards are those that are standards setting in character.

ACCOMPLISHMENTS IN 1964

The Bureau further amended Hazardous-Occupations Order No. 10 to include meat patty-forming machines and began an investigation of highway and street construction to determine feasibility of an order. In consultation with leading

farm organizations, a safety leaflet for youth employed in agriculture was produced. A comparison of State hazardous-occupations prohibitions with Federal orders was prepared to assist the States in reevaluating their prohibitions affecting 16- and 17-year-olds. A program to promote occupational safety training for youth in institutions was inaugurated.

Emphasis was placed on better understanding of the employment certification program. A new publication, Employment Certificates, was distributed to 360 trade associations whose employer-members hire young workers, and they in turn distributed the publication or reproduced it in their trade journals.

The relationship between the disadvantages of youth and their future employability was studied and demonstration projects, career days, and programs on labor standards and working conditions for youth in depressed areas, halfway houses, and sheltered workshops was conducted.

PLANS FOR 1965

Working through the Office of Education, the Bureau sent publications to State directors of vocational guidance and to counselors in all large school systems. In addition, announcements of Bureau child-labor publications have been placed in educational and personnel professional journals. A survey of occupations in the service industries is being made to determine whether some jobs can be opened to 14- and 15-year-olds under Child Labor Regulation No. 3.

Renewed emphasis was placed on improving supervisory standards and the relationships of young workers to employers, fellow workers, and to their jobs. A cooperative relationship was worked out with the Bureau of Indian Affairs leading to training of teachers and counselors of Indian youth on the nature and content of labor standards. A new kind of career day was developed, specifically aimed at disadvantaged youth. A leaflet was prepared to promote good supervisory standards and improve working conditions for farmworkers, including youth in day-haul programs. Guidelines and supervisory standards are being developed for improving supervision of young workers, including deprived and disadvantaged employed youth, young workers engaged in schoolwork programs and sheltered workshops, youth living in institutions, including halfway houses, and those working in agriculture. Cooperative programs are being developed to enlist the support of national organizations and trade and professional groups in promoting these guidelines and standards.

PROGRAM CHANGES FOR 1966

The 1966 estimate provides a reduction of 10 positions at $139,100, with the function of 9 of these positions transferred to the Manpower Administration. The activities remaining with the Bureau are directed toward development and promotion of advisory labor standards for young workers in schoolwork programs, sheltered workshops, institutions, and agriculture. The Bureau will also emphasize safety promotional programs for employed youth, and development of hazardous occupations orders without unnecessarily restricting youth employment opportunities will be continued. The Bureau's cooperative agreements with the States will be continued with special emphasis on simplifying certificate forms and procedures where possible. A survey of schoolwork programs will be conducted in conjunction with the study of occupations in the service industries to determine whether carefully safeguarded changes may be made in Regulation No. 3 to permit youths 14 and 15 to acquire suitable work experience in connection with schooling.

Workload statistics

	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
Services to:				
National organizations	620	954	1,000	500
Federal and congressional	1,731	2,006	2,000	1,400
Other	2,446	6,940	6,900	4,200

ACTIVITY 5. PROMOTING EMPLOYMENT OF THE HANDICAPPED

1965	$362,000
1966	364,500

NARRATIVE DESCRIPTION OF PROGRAM

Services are provided for the President's Committee on Employment of the Handicapped, which develops and stimulates interest in employment of the mentally and physically handicapped through work with Federal agencies, State Governors' committees and committee member organizations, and cooperates with a variety of organizations working in the international field.

Three broad areas of cooperation and service of the President's Committee include (1) services to and liaison with State Governors' committees; (2) services to and liaison with Federal departments and agencies; (3) work with Committee volunteer members and member organizations, either individually or through standing committees of special groupings such as veterans, women, employers, labor, etc.

ACCOMPLISHMENTS IN 1964

1. Service to States

Governors' committees were encouraged to step up activities in behalf of mentally restored and mentally retarded persons. Results: 3 years ago, 6 committees were active in these fields; today 27.

The arts and crafts program of the women's committee was highlighted at the 1964 annual meeting, so that visitors would study the impact of displaying unique and artistically designed work by qualified handicapped craftsmen.

Governors' committees have been encouraged to form women's committees and to enlist the active support of women's organizations in the hire-the-handicapped program. So far, 25 committees have moved vigorously in this direction.

In cooperation with the National Society for Crippled Children and Adults, the President's Committee has continued to furnish speakers, materials, and exhibits to Governors' committees, to enable them to play an aggressive role in the elimination of architectural barriers against the handicapped. As a result of this backing, several Governor's committees took the lead in encouraging State legislatures to enact legislation requiring public buildings to be accessible to the handicapped.

The AFL–CIO and the Disabled American Veterans again sponsored an "Ability Counts" writing contest for high school students. Several hundred thousand entries were received from 49 States. All State first place winners were brought to Washington by the sponsors, and the five national winners received their cash awards (donated by DAV) directly from the President.

2. Services to Federal Government

The President's Committee, in cooperation with the National Association for Mental Health, sponsored a three-part seminar in the job potentials of the mentally restored for top executives of Labor, HEW, Agriculture, Commerce, VA, and CSC.

The Committee took part in the plan recently adopted to open certain Federal jobs to the qualified mentally retarded.

3. Services to members

The Committee cooperated with the VA in a study of the job experiences of 1,400 former mental patients and with the National Association for Retarded Children in drafting guidelines for the new awards program for the employer of the year in the field of the retarded.

Through Committee initiative, a landmark was achieved when the Department of Defense and the General Services Administration agreed to issue a statement encouraging Government contractors to consider sheltered workshops for subcontract work whenever possible.

PLANS FOR 1965

1. Services to States

A new plan is being undertaken this fiscal year to provide greater staff services in depth to State and local committees, emphasizing "shirt sleeve" planning rather than staff visits for the purpose of formal speeches and meetings. The Nation has been divided into five areas, and a top staff person will help each

area with organizational matters, operating problems, promotional activities, etc., in the various States.

2. Services to Federal Government

President's Committee staff members are stepping up contracts with Federal departments and agencies to assure that the handicapped have the opportunity to participate fully in such new Federal programs as the Economic Opportunity Act of 1964.

A plan of operation for a new Agriculture Committee now is being developed. In this, the President's Committee is bringing together the Departments of Agriculture, Labor, and HEW, to study methods of furthering rehabilitation and job-placement services of those handicapped in agricultural settings. The plan of operation will be tested in two States before it is adopted nationally.

The Committee is cooperating with the Civil Service Commission in a plan of encouraging visits to sheltered workshops for the retarded by top officials of Federal agencies, and is working with the Commission in a new plan to conduct seminars for Federal agency executives on employment of the mentally restored, in cities across the United States.

3. Services to members

We are cooperating with the NARC and the Labor Department in a $50,000 experimental program of helping selected communities develop plans for expanding opportunities for the retarded.

We are working with the International Association of Laryngectomees to develop criteria for employment of laryngectomees and are developing a permanent plaque for listing of physicians who have received the annual physician's award for display at meetings of the medical committee and the American Medical Association Occupational Health Congress.

PROGRAM CHANGES FOR 1966

No program changes are requested. Printing funds are being reduced by $7,900 to enable the Committee to finance the four new positions budgeted for 8 months only in the current fiscal year. The Committee will emphasize the following:

1. Services to States

The President's Committee will assist Governors' committees in developing employer seminars in various industrial cities so that employers can obtain firsthand exposure to the abilities of the handicapped.

The Committee will prepare special employer-oriented material for the States on various categories of serious handicaps: blindness, epilepsy, heart conditions, etc., as a method of overcoming employer resistance.

2. Services to Federal Government

The President's Committee will prepare for the Civil Service Commission pamphlets and flyers for Federal supervisory personnel, urging job opportunities for the mentally restored, blind, epileptic, etc.

The Committee will continue to give leadership to the new Agriculture Committee and will propose ways of expanding job opportunities for the handicapped in agricultural settings, and will continue to promote the program of encouraging visits to sheltered workshops for the retarded by top Government officials.

3. Services to members

The Committee will request the assistance of the National Association for Retarded Children in preparing a picture book portraying the wide range of jobs held by the mentally retarded. Photographs are available through the Kennedy Foundation, and efforts will be made to obtain similar photographs portraying the mentally restored, for a companion book on jobs held by ex-mental patients.

Great emphasis will be placed on the arts and crafts project of the women's committee, to encourage the development of this area by handicapped persons, and greater stress will be placed on the employment problems of the severely handicapped.

Workload statistics

	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
Travel: States visited	35	41	40	42
Awards and contests:				
States participating in Ability Counts Contest	45	49	49	50
Awards (President's trophy, merit awards, citations, etc.)	215	284	294	310
Meetings:				
Annual meeting attendance	1,800	2,000	2,000	2,000
Number of regional meetings	3	3	0	0
Attendance at regional meetings	800	1,400	0	0
Public information:				
Performance mazagine:				
Number of issues	9	9	12	12
Distribution	120,000	135,000	312,000	320,000
Newsletters (3):				
Number of issues	30	36	36	36
Distribution	40,000	186,480	190,800	193,800
Publications:				
Number developed	40	50	55	60
Distribution	1,725,000	2,000,000	3,000,000	3,200,000
Magazine articles:				
Number	12	14	17	22
Reader impressions	8,000,000	8,750,000	9,400,000	10,000,000
Radio-TV:				
Number of programs and spots	180,000	182,000	183,000	184,000
Listener-viewer impressions	190,000,000	192,000,000	193,000,000	194,000,000
Dollar value of donated time	$2,750,000	$2,850,000	$3,000,000	$4,000,000
Exhibits displayed at national conventions, trade fairs, and State fairs	14	16	20	22
Viewer impressions	4,000,000	4,200,000	4,500,000	5,000,000

Activity 6. Administration and Management Services

1965	$269,400
1966	277,200

NARRATIVE DESCRIPTION OF PROGRAM

Overall program planning and policy development are provided, as well as all administrative and management services for the Bureau.

PROGRAM CHANGES FOR 1966

None.

WORKLOAD STATISTICS

None.

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, $2,405,500

The estimate provides for 263 full-time positions, or 251 man-years for oversea differential for employees stationed in Hawaii, and for the 1 additional day of pay in 1966.

Mandatory increases of $54,200 are included for pay increases and within-grade promotions, offset by reduction of four positions at $28,600 to absorb part of total cost. In addition, program reductions are made as follows: Activity 2, 2 positions at $17,000; activity 3, 3 positions at $23,200; activity 4, 10 positions at $90,400.

Personnel benefits, $177,000

The estimate provides for all costs for retirement contributions, social security, life and health insurance, and employees' injury compensation fund.

Mandatory increases of $4,200 are included for pay increases and within-grade promotions, offset by reduction of $3,300 for the four positions eliminated to absorb part of this cost, and $3,800 for increase in payments to the Federal employees' injury compensation fund. Decreases of $10,700 are related to the 15 positions eliminated.

Travel and transportation of persons, $165,700

	1965	1966	Change
Number of travelers	150	145	−5
Number of days traveled	6,490	5,925	−565
Estimated cost	$194,700	$165,700	−$29,000

Transportation of things, $13,500

	1965	1966	Change
Shipment of posters, publications, and exhibits	$12,000	$9,500	−$2,500
Official station transfers	4,000	4,000	

Rent, communications, and utilities, $87,100

	1965	1966	Change
Paid official mail	$26,800	$26,000	−$800
Telephone rental	32,200	32,200	
Working capital fund	30,100	28,900	−1,200

Printing and reproduction, $122,500

	1965	1966	Change
Forms and schedules	$10,000	$8,000	−$2,000
Government Printing Office:			
Offset reproduction	15,000	10,000	−5,000
Printing	107,300	75,700	−31,600
Working capital fund	28,800	28,800	

Other services, $148,500

	1965	1966	Change
Federal Radiation Council	$26,000		−$26,000
Visual services	10,000	$10,000	
BLS statistical tabulations	26,200	26,200	
Servicing equipment	4,900	4,900	
Working capital fund	69,800	69,800	
Workmen's compensation study		30,000	+30,000
Miscellaneous	7,600	7,600	

Supplies and materials, $37,300

	1965	1966	Change
Desk-top supplies	$8,400	$8,400	
Envelopes and letterheads	3,000	3,000	
Subscriptions	7,000	7,000	
Working capital fund	19,400	18,900	−$500

Equipment, $14,900

	1965	1966	Change
Equipping new positions	$1,000		−$1,000
NEPH filmstrips	2,000	$2,000	
Books	5,000	5,000	
Miscellaneous	7,900	7,900	

Distribution of field staff

	1965			1966		
	Professional	Clerical	Total	Professional	Clerical	Total
Atlanta, Ga	1	1	2	1	1	2
Baltimore, Md	7	4	11	7	4	11
Boston, Mass	1	1	2	1	1	2
Chicago, Ill	7	4	11	7	4	11
Cleveland, Ohio	1	1	2	2	1	3
Dallas, Tex	1	1	2	1	1	2
Detroit, Mich	1	1	2			
Fort Lauderdale, Fla	1	1	2			
Galveston, Tex	2	1	3	2	1	3
Honolulu, Hawaii	1	1	2	1	1	2
Houston, Tex	3	1	4	3	1	4
Jacksonville, Fla	2	1	3	2	1	3
Kansas City, Mo	1	1	2	1	1	2
Long Beach, Calif	2	1	3	2	1	3
Mobile, Ala	2	1	3	2	1	3
New Orleans, La	7	4	11	7	4	11
New York, N.Y	13	6	19	13	6	19
Norfolk, Va	2	1	3	2	1	3
Philadelphia, Pa	2	1	3	2	1	3
Portland, Oreg	2	1	3	2	1	3
Providence, R.I	1		1	1		1
San Francisco, Calif	9	4	13	9	4	13
Savannah, Ga	1	1	2	1	1	2
Seattle, Wash	4	2	6	4	2	6
St. Louis, Mo	2	1	3	2	1	3
Total field staff	76	42	118	75	40	115

SUMMARY OF NEW POSITIONS

None.

PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

WITNESSES

HAROLD RUSSELL, CHAIRMAN

Mr. FOGARTY. Mr. Russell, are you going to justify your appropriation request?

Mr. RUSSELL. Yes; I also have Mr. McCahill here.

Mr. FOGARTY. We will put your statement in the record, Mr. Russell.

(Statement of Mr. Russell follows:)

REMARKS OF HAROLD RUSSELL, CHAIRMAN, THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

It is a great privilege and a high responsibility to appear before you for the first time as the volunteer chairman of the President's Committee, following such great leaders as the late Gen. Mel Maas and the late Adm. Ross McIntire.

You have my summary report before you of deeds done and plans laid. Neither I nor the staff are complacent, nor are the Governors' committees, the Federal agencies nor the volunteer committee members with whom we work. We are all aware that the recent congressional action for the mentally restored and the mentally retarded has increased both our responsibility and our opportunity for service. Congressional action in the vital fields of heart, cancer, and stroke will likewise require an increase in our educational, informational, and promotional activities. Additional Presidential Commissions on cerebral palsy, epilepsy, blindness, deafness, and paralysis no doubt will be followed by necessary congressional action.

All this is good, because it puts the spotlight on public problems that have too long been kept in the shadow. However, unless there is a corresponding improvement in public and employer attitudes toward these severely disabled people once they have been made ready for work, we may well have raised a building without a roof. There must be a fair chance at a job for these people after their heroic efforts to rehabilitate themselves. I can't give you any fixed percentage, but success in rehabilitation depends a great deal upon motivation. I know from my own experience that many of the less severely wounded or injured failed when their motivation was not as strong as the terribly handicapped who succeeded.

Just as an informed public is essential to jobs for the handicapped, so also is a climate of acceptance essential to the personal well-being of the disabled person making his way back. Every time a seriously handicapped person sees or reads of a similarly disabled person doing well on a job, just so often does his pulse quicken and his pace along the rehabilitation road increase in tempo. Conversely, when the handicapped see that their fellow peers are not getting jobs, are not given an opportunity, spirits droop and resolution slakens in even the toughest. That is why we do not foresee any decrease in our work, but rather a great increase in our day-to-day, month-to-month public relations efforts in all media and through all organizations. Any other course would be unworthy of a volunteer group bearing the President's name and commissioned by Congress to do a job.

In brief summary of the recent past, only six Governors' committees are not involved with the mentally handicapped today, only four of the States failed to enter the annual high school writing contest sponsored by the DAV and the AFL–CIO, half of the States have increased involvement of women's groups, and there is increasing clamor for a national high school poster contest.

Within the Federal family I am sure you are familiar with the good news that more than 300 retarded persons have successfully been employed by agencies here and in the field. We have helped sponsor a seminar for top Federal executives in cooperation with the Civil Service Commission and the National Association for Mental Health. The Commission is planning similar regional seminars to stress the positive gains in hiring qualified restored mental patients. The Commission is also working with us and with Governors' committees to bring Federal executives into sheltered workshops to see for themselves the retarded and the severely handicapped at work. And, GSA and the Defense Department have responded to our suggestion that sheltered workshops be considered for subcontracts where possible. With the full support of Secretary Freeman, a new ad hoc committee will make plans for the handicapped in an agricultural setting.

Among committee members, we are working closely with the National Association for Retarded Children to increase employment opportunities for the retarded through employer awards and other projects. We will work with educators to open more jobs to the trained handicapped in the country's schools. We are proud of the veterans organizations now working with us and the Veteran' Employment Service to promote jobs for disabled veterans through action at the post level. The work of our women's committee the past year is almost beyond belief; a film on arts and crafts and an arts and crafts exhibit in Washington, one planned for Atlantic City's boardwalk, a design contest in schools and colleges to discover quality articles easy for the homebound handicapped to make and sell, a 2-year contest with thousands of the General Federation of Women's Clubs, and a successfully completed pilot training course for women volunteers to provide speakers and volunteers to make employer contacts.

We take no undue credit for any of this, but rather indicate that ours has been the role of bringing volunteers and profesionals together to look at problems, to point out needs, to work with them toward possible solutions and to provide promotional ammunition and staff guidance in a complex and amazing variety of activities, including elimination of architectural barriers. All of these efforts are aimed at creating a greater climate of acceptance for the qualified handicapped worker. In all of this we are full partners with the Vocational Rehabilitation Administration, the Bureau of Employment Security, the Civil Service Commission, and the Veterans' Administration.

The greatest need for the immediate future would appear to be definitive pamphlets, booklets, filmstrips, and motion pictures on specific severe disabilities so as to give employers the confidence to hire the severely handicapped. This includes the same kind specialized treatment and emphasis for the cerebral palsied, the epileptics, the deaf, the blind, and the paralyzed that we utilized effectively for the mentally retarded and mentally restored. We shall continue

our efforts for the retarded and restored. In all these cases, we shall work with the specific organizations serving the various severe disability groups as well as with employers, and the general public.

BUDGET REQUEST

Mr. FOGARTY. The appropriation for 1965, including a supplemental appropriation of $40,000, is $362,000 and the request is for $364,500, an increase of $2,500 which will partially cover increased costs. That is about all.

Mr. RUSSELL. That is right.

Mr. FOGARTY. You are not getting anywhere in this budget, are you?

Mr. RUSSELL. No, we were cut down about $20,000 last year. Our workload is increased. We have the mentally retarded and restored. We have a workload which is getting bigger. As a volunteer chairman I appreciate how much the staff is doing. We can't begin to tackle part of this work.

Last year we asked for a supplemental of about $60,000. We asked for $5,000 increase in pay and within grade this year and we received approximately $2,500 of that.

Mr. FOGARTY. In other words, your request for 1966 definitely will not cover increased costs. You are going downhill.

Mr. RUSSELL. Yes, sir.

REGIONAL MEETINGS DISCONTINUED

Mr. FOGARTY. I notice on page 30 that you have discontinued the practice of holding regional meetings. Why is that? I thought you had some good regional meetings.

Mr. RUSSELL. We found out that we were reaching the same people all the time. We have the same people attending the meetings. By going into the individual States, the trouble States, we can reach more people. We felt we could reach fresh and new people who weren't acquainted with the message and program. So that was one of the reasons and, I think, it was a fairly valid reason.

Mr. FOGARTY. You are satisfied with it?

Mr. RUSSELL. Yes, sir, I am.

Mr. FOGARTY. Mr. Duncan?

Mr. DUNCAN. No questions.

Mr. MCCAHILL. On the regional meetings, it was a matter of decision. We had them for about 4 or 5 years and we found that a number of the State committees weren't coming up fast enough. The regional committee meetings including the one in Oregon were wonderful things. We can't do everything. We are trying now, under Mr. Russell's instructions, to make an effort to work with some of the weaker States.

EMPLOYMENT OF THE MENTALLY HANDICAPPED

I would like to suggest that you might like to look over something which we brought along. As you know, this is urgent, both you and Senator Hill moved us into the field of mentally retarded and mentally restored and we had a survey made recently of the actions of the various States and at the time you asked about it.

Mr. FOGARTY. We will put it in the record.
(The material referred to follows:)

THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED,
WASHINGTON, D.C.

Survey of Governors' committees activities in the field of the mentally handicapped

Key	Replies	
	Yes	No
Question A: Does your Governor's committee have a subcommittee on the mentally handicapped?	17	35
Question B: Is your Governor's committee active in other State committees or programs for the mentally restored and/or the mentally retarded?	29	11
Question C: Are officials of your State mental health and mental retardation associations on the Governor's committee?	34	16
Question D: Has your Governor's committee been involved in any specific projects concerning jobs for the mentally handicapped?	26	25
Question E: Has the subject of jobs for the mentally handicapped been covered at meetings of your Governor's and mayors' committees?	36	16

	Question A	Question B	Question C	Question D	Question E
Alabama	No	Governor's committee member, chairman of Subcommittee on Placement Services of Vocational Rehabilitation Commission on Mental Retardation.	Yes	No	No.
Alaska	do	No	No	do	Do.
Arkansas	Yes	Working with mental retardation task force on employment and rehabilitation.	do	(1) Acting executive commissioner participated in Institute for the Mentally Retarded at Henderson State Teachers College. (2) Cooperating with ES and DVR in a special program for placement of the mentally restored. (3) Recent meeting featured a panel of employers discussing employment of the mentally handicapped and their contributions to business.	Yes.
California	Subcommittee on Mental Health.	Cooperating with Study Commission on Retardation.	Yes	No	Do.
Colorado	Yes	Working with Colorado Association for Retarded Children. Governor's committee chairman and secretary, members of Industrial Services Advisory Board, Fort Logan Mental Health Center.	do	(1) Working with Colorado Civil Service Commission to adopt State program of employment of the mentally handicapped similar to Federal program. Denver Mayor's Committee has met with its mayor to work out program at local level. (2) Also working with sheltered workshop at Fort Logan Mental Health Center in securing contracts for small packaging, assembly, and secretarial jobs. (3) Cooperating with workshop for the retarded at Denver Goodwill Industries.	Rehabilitation and employment of the psychiatric patient theme of Governor's committee annual dinner last fall.
Connecticut	do	Secretary-member of Governor's retardation planning project.	do	(1) Sponsored 2 special meetings—1 devoted to State program for the retarded; the other a discussion of problems of the restored. Both preliminary to all-agency meeting called to recommend to the Governor a State program for employment of the mentally handicapped. (2) Planning a mid-March seminar on retardation. Top executives and personnel directors to be invited. (3) Governor's committee cooperating in the work of the Governor's Task Force on Placement of Retardates.	Yes.
Delaware	do	Chairman-member of all the Governor's advisory committees on mental health and retardation.	do	(1) Engaged in cooperative efforts with Delaware ARC, OCI and JOB. (2) Cooperating in developing more high school work-study groups.	No.

	Question A	Question B	Question C	Question D	Question E
District of Columbia	No	Secretary is chairman of District of Columbia Jaycee mental health and mental retardation project.	No	No	No.
Florida	do	No	Yes	Several Governor's Committee members active in project for jobs for the mentally handicapped.	Yes.
Georgia	do		do	No	Do.
Hawaii	do	No	Retardation only.	do	Special luncheon-meeting and tour arranged at a sheltered workshop for the restored.
Idaho	Yes	Chairman of Governor's Committee Mental Health Subcommittee also chairman of Mental Health Planning Commission.	Yes	Yes	Governor's Committee members met with mental hospital social workers to effect better referral system between institution and employment service.
Illinois	No	Secretary on Governor's Council on Retardation; also serves on Subcommittee on Education, Training, and Placement.	No	No	No.
Indiana	do	Secretary-member of Mental Health Planning Commission and Interdepartmental Committee on Retardation.	Yes	Evaluating State merit system program	Yes.
Iowa	do	No	do	No	No.
Kansas	do	do	do	do	Yes.
Kentucky	Yes	do	do	Now working on a Manpower Development and Training Act project for the retarded with the Laundry Association in Louisville.	Do.
Louisiana	No	Secretary on State mental retardation planning council.	do	Supported by the Governor, the committee has launched a new program promoting hiring of the retarded under State civil service. Steps are: (1) a special Governor's Committee Study Commission determines jobs suitable for the retarded; (2) the appropriate State agency director is asked to cooperate; (3) the study commission has prepared an agreement for use by the agency when hiring a retardate; (4) ES and VR services are available to the agency. The State superintendent of buildings is now engaged in a pilot project.	No.
Maine	do	Representative on Advisory Committee on Mental Health, Maine Rehabilitation Association.	Yes	No	Do.

Maryland	Yes		No	Coordinator and adviser to Baltimore Citizens Committee formed to contact local employers regarding jobs for the retarded. Initial contact being made through luncheon-meetings with speakers.	Yes.
Massachusetts	do	Yes	Yes	Yes	Do.
Michigan	No	No	No	No	No.
Minnesota	Yes	Secretary on Task Force on Employment and Education of Governor's Council on Retardation. Consultant, After-Care Committee, Mental Health Planning Council.	Mental health only.	Working with Department of Public Welfare in drawing up job development for the mentally restored.	Yes.
Mississippi	do	Governor's committee representative on Retardation Planning Council.	Yes	Encouraging all State agencies to reevaluate jobs to determine how many retardates can be hired.	Do.
Missouri	do		Mental health only.	No	Do.
Montana	No	Secretary on Governor's Council on Mental Health and Retardation. Participating in survey on the retarded being conducted by Board of Health's State Planning Commission.	No	do	No.
Nebraska [1]	Yes	Active in Governor's Interagency Advisory Committee on Retardation; Nebraska Task Force Planning for Mental Health.	Yes	do	Do.
Nevada	do	Secretary on State planning commission for Mental Health; on executive board, State planning committee for retardation.	do	(1) Participated in special publicity programs. (2) Promoted job development and have undertaken special educational efforts. (3) Participating in study to determine suitable jobs for the mentally retarded. (4) Encouraging plans for incorporating into the State personnel system a 700-hour law for employees of the restored similar to Federal civil service provision.	Yes.
New Hampshire	No	Yes	No	No	No.
New Jersey	do	No	do	Yes	Yes.
New Mexico	No	Secretary on Governor's Interagency Planning Commission on Retardation which is evaluating employment service activities for the retarded.	Yes	Governor's committee, Federal coordinator's subcommittee, urging all Federal agencies in the State to hire at least 1 additional retardate during 1965.	Do.
New York	No			(1) Sponsored CSC study of work-experience of former mental patients. (2) Sponsored meeting with State personnel officials and board members, committee on mental health.	Do.
North Carolina	Yes	Participating in organizing workshops.	Yes	Yes	Do.

[1] Governor's committee being reorganized.

	Question A	Question B	Question C	Question D	Question E
North Dakota	No	Active in coordinating council of agencies for the mentally handicapped.	Yes	Participating in the development of experimental projects for the retarded under the Manpower Development and Training Act.	Yes.
Ohio	do	No	No	For the last 8 years, Governor's committee, has worked with rehabilitation counselors and placement people at the Columbus State School in training and placement of the retarded; 1 project involved the training of selected retardates in cafeteria work in the student union at Ohio State University. After completion of training period, several were placed in cafeterias and restaurants in the area.	Mayors' committees only.
Oklahoma	No subcommittee but special emphasis is being given the mentally handicapped.	Member, special Governor's committee studying needs for the mentally ill, mentally restored and retarded. Report to be presented during current session of the legislature.	Yes	(1) Hosted statewide meeting of Federal coordinators. Group toured Oklahoma City Goodwill Industries to see retarded at work. (2) Encouraged food service manager at Tinker Air Force Base to hire the retarded and restored in food service jobs. Several placements have resulted. (3) Working with Oklahoma City Goodwill Industries, Governor's committee obtained janitorial supplies and equipment for training retardates and the mentally restored in janitorial services. Also cooperated in obtaining equipment for training the mentally handicapped as dishwashers, kitchen help, busboys and tray girls. Trainees placed with members of the Oklahoma City Branch, American Culinary Association.	No.
Oregon	Yes	Representative on State interagency commission on retardation and State mental health planning board.	do	Have asked the Governor to establish a State coordinator program patterned after the Federal one.	Yes.
Pennsylvania	No	Yes	do	Have participated in employer panels on the mentally restored at the Coatesville Veterans' Administration Hospital.	Do.
Puerto Rico (no report).					
Rhode Island	No		Yes	No	Yes.
South Carolina	do	Chairman and Secretary on Governor's Interagency Study Council on Mental Retardation Planning.	No	do	Do.
South Dakota	do	No	Yes	do	Do.

Tennessee	do		do	Working on the volunteer State vocational training centers research and demonstration project. Project involves 10 training centers in nonmetropolitan cities concerned primarily with the retarded and the restored.	Do.
Texas	do	Representative on State mental health planning commission; State mental retardation planning study; Texas Mental Health Association.	No	No	Do.
Utah	do	Representative on State mental retardation planning grant commission.	Yes	With ES and DVR conducted job surveys at military bases and post offices in area to determine jobs which could be filled by the retarded and the restored. Survey has been completed but no placements have been made to date due to lack of openings.	Do.
Vermont	do		No	No	No.
Virgin Islands	do	Secretary-member of Governor's Committee on Human Resources responsible for community mental health planning.		Working closely with DVR in establishing workshops for the handicapped with special emphasis on services to the mentally handicapped.	Yes.
Virginia	do		Yes	No	Do.
Washington	do	No	do	do	Do.
West Virginia	Yes	do	do	do	Do.
Wisconsin	No		No	do	No.
Wyoming	do		do	do	Do.

Mr. FOGARTY. Thank you, Mr. Russell.
Next is Wage and Hour Division.

WAGE AND HOUR DIVISION

WITNESSES

CLARENCE T. LUNDQUIST, ADMINISTRATOR

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	14,166	15,669	15,842
11.3	Positions other than permanent	44	62	44
11.5	Other personnel compensation	64	59	59
	Total personnel compensation	14,274	15,791	15,944
12.0	Personnel benefits	1,079	1,187	1,196
21.0	Travel and transportation of persons	1,282	1,410	1,394
22.0	Transportation of things	55	65	65
23.0	Rent, communications, and utilities	425	397	397
24.0	Printing and reproduction	247	188	188
25.1	Other services	105	64	64
25.2	Services of other agencies	1,457	1,686	1,629
26.0	Supplies and materials	110	124	124
31.0	Equipment	86	79	79
99.0	Total obligations	19,119	20,992	21,081

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	1,839	1,866	1,828
Full-time equivalent of other positions	7	8	7
Average number of all employees	1,774	1,814	1,775
Average GS grade	9.2	9.5	9.5
Average GS salary	$8,264	$8,893	$8,914

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Program by activities:			
	1. Enforcement	15,872	17,116	17,368
	2. Wage determinations and regulations	1,015	1,113	1,042
	3. Research and legislative analysis	1,496	1,975	1,893
	4. Administration and management services	772	796	778
	Total program costs, funded	19,155	21,000	21,081
	Changes in selected resources [1]	−36	−8	
10	Total obligations	19,119	20,992	21,081
	Financing:			
11	Receipts and reimbursements from: Administrative budget accounts	−35	−40	−41
16	Comparative transfers to other accounts	59		
25	Unobligated balance lapsing	136		
	New obligational authority	19,279	20,952	21,040
	New obligational authority:			
40	Appropriation	19,300	20,378	21,040
41	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (77 Stat. 436)	−21		
43	Appropriation (adjusted)	19,279	20,378	21,040
44	Proposed supplemental due to civilian pay increases		574	
	Relation of obligations to expenditures:			
10	Total obligations	19,119	20,992	21,081
70	Receipts and other offsets (items 11–17)	24	−40	−41
71	Obligations affecting expenditures	19,143	20,952	21,040
72	Obligated balance, start of year	1,524	719	1,170
74	Obligated balance, end of year	−719	−1,170	−1,195
77	Adjustments in expired accounts	−22		
90	Expenditures excluding pay increase supplemental	19,926	19,959	20,983
91	Expenditures from civilian pay increase supplemental		542	32

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $69,000; 1964, $33,000; 1965, $25,000; 1966, $25,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS, CLARENCE T. LUNDQUIST, ADMINISTRATOR, WAGE AND HOUR AND PUBLIC CONTRACTS DIVISION

Born: January 3, 1909.

Education: B.S. in economics, University of Illinois, 1932; 25 hours of graduate study in economics, Northwestern University, 1932–35; LL.B., Georgetown University, 1944.

Experience: Appointed Administrator in June 1958, after serving almost 3 years as Deputy Administrator. From 1949 to 1955 he was with the Defense Department working on review, evaluation, and formulation of legislative proposals affecting that agency. His experience prior to 1949, going back to 1938, was mainly in the Wage and Hour and Public Contracts Divisions, where he was responsible for evaluating the performance of the Divisions' field organization. From 1935 to 1938 he was primarily a field representative (economist) for the Bureau of Labor Statistics.

General Statement

Mr. Fogarty. Do you have a statement, Mr. Lundquist?

Mr. Lundquist. I have a statement.

Mr. Fogarty. We will put it in the record and you may give us a summary.

(The statement follows:)

STATEMENT BY CLARENCE T. LUNDQUIST, ADMINISTRATOR, WAGE AND HOUR DIVISION

Mr. Chairman and members of the committee, WHPC's request for fiscal year 1966 is $20,405,000 which provides for 66 fewer positions and $547,000 less than our revised estimate for 1965 including the proposed supplemental due to pay increases under Public Law 88–426.

The President's budget contained an undistributed reduction for the wage and labor standards area of $811,000. This was an offering by the Secretary of Labor to the President in keeping with the administration's desire for economy and efficiency. The press of time did not allow for distribution of this amount by appropriation account.

Subsequently, the Secretary of Labor did make the distribution of the $811,000 (and 40 positions). This particular appropriation was reduced by $635,000 and 28 positions. The reduction will be accomplished through a decrease of $200,000 in the total amount allocated for studies of the economic effects of the acts administered by the Wage and Hour Division, and a decrease of $435,000 and 28 positions in the amount allocated for the enforcement program. It is anticipated that the effects of the reductions reflected in our estimates will be offset for the most part by increases in productivity which will enable us to continue our existing programs at approximately the current level.

Other program decrease items shown in this request include a $35,500 reduction in industry committee costs for the Puerto Rican wage order program and an additional reduction of $92,000 and four positions for economic effects studies under the provisions of the Fair Labor Standards Act. Although increases of $7,000 and $41,600 are requested for pay increases pursuant to Public Law 88–426 and within-grade promotions, a reduction of an additional 34 positions at an estimated cost of $296,000 was required to absorb the major part of increased costs for such purposes in 1966. An increase of $170,000 is requested to provide for the full-year cost of regulated investigator promotions authorized in 1965. A decrease of $3,100 is shown in the level of contributions to the Federal employees' compensation fund.

ENFORCEMENT PROGRAM

Several changes in the provisions of the Fair Labor Standards Act will take place in 1966. The 1961 amendments to the Fair Labor Standards Act became effective September 3, 1961, and provided for an extension of coverage to some 200,000 large retail and service establishments and other firms, principally construction, employing some 3.6 million workers. Effective September 3, 1965, the minimum wage for these employees will increase from $1.15 to $1.25 and at the same time they become entitled to the payment of at least time and one-half the regular rate of pay after 40 hours work in a work week instead of after 42 hours as has been required since September 1964. With these changes, all covered and nonexempt employees will be under the same minimum wage and overtime standards. Continuation of a vigorous enforcement program is essential to insure that workers are actually paid in accordance with the minimum standards established by the Fair Labor Standards Act.

Since June 11, 1964, the general effective date of the Equal Pay Act of 1963 which amended the Fair Labor Standards Act, each of our investigations has required a determination of the equal pay compliance status of the firm investigated. Our experience to date indicates no extensive noncompliance with the statutory provisions.

In order to determine the effectiveness of our enforcement program, we are conducting in 1965 and 1966 a compliance survey similar to the one that was made in 1956 and 1957. The survey is designed to show the extent of current noncompliance with the Lair Labor Standards Act and to provide data which will aid us in our enforcement activities. This data should be available before next year's hearing before this committee.

WAGE DETERMINATIONS PROGRAM

The minimum wage rates in all industries in Puerto Rico will be reviewed in 1965 by industry committees under the biennial review program. In 1966, industry committees will be appointed to review rates in the Virgin Islands, American Samoa, and six industries in Puerto Rico.

Unfavorable court decisions resulted in the curtailment of the wage determinations program under the Walsh-Healey Public Contracts Act in 1964 and

1965. In view of the adverse decisions, new types of procedures and different approaches to making determinations are being developed. The wage determinations program is planned at a level of six determinations in 1966.

ECONOMIC STUDIES

As required under section 4(d) of the Fair Labor Standards Act the program of studies of the economic effects of the 1961 amendments to the act will be continued in 1966. A series of studies of the effects of wage determinations issued under the Walsh-Healey Public Contracts Act has been initiated and will be completed in 1966. Other research will be undertaken to provide a basis for developing legislative recommendations, to assist in the solution of administrative problems arising in the course of investigations and for the purpose of revising interpretations and regulations.

GENERAL COMMENT

In summary, with the reductions in positions and funds included in WHPC's budget request for 1966, our anticipated program results can only be realized through further increases in productivity, resulting from greater efficiencies in manpower utilization and improved procedures. We intend to strive to attain such improvements. We will effectively and efficiently carry out our program responsibilities with the resources to be provided in the budget request.

SUMMARY OF BUDGET

Mr. LUNDQUIST. Our request for fiscal year 1966 is $20,405,000 which provides for 66 fewer positions and $547,000 less than our revised estimate for 1965, including the proposed supplemental due to pay increases under Public Law 88–426. Part of the reduction was as a result of an offering by the Secretary of Labor to the President in keeping with the administration's desire for economy and efficiency. Absorption of part of the costs for within-grade promotions and employee pay increase accounts for most of the remaining reductions.

In spite of the reductions, Mr. Chairman, in our budget request we do anticipate that we will be able to continue most of our existing programs at approximately the same level. Under the biennial review program there will be, in fact, a reduction in the number of industry committee meetings to be held in 1966 in Puerto Rico. However, this is because all industries are being reviewed this year.

COMPLIANCE SURVEY

In addition, a very important survey, a compliance survey is being made which will give us an idea of how we are currently conducting our enforcement program and it will give us a basis for comparing with the compliance survey which was made in 1956 and 1957. The extent of noncompliance will be visualized in this survey and it is the survey's design to provide data which will aid us in carrying out our enforcement program.

ABILITY TO CARRY OUT AN EFFECTIVE ENFORCEMENT PROGRAM

We will have some changes in the Fair Labor Standards Act which become effective in September and, at that time, all covered and nonexempt employees will be under the same minimum wage; that is, $1.25 and a 40-hour-overtime standard. We believe sincerely, Mr. Chairman, that we will effectively and efficiently carry out a vigorous enforcement program with the funds we are requesting in order to

insure that workers are paid in accordance with the minimum standard under the act.

Mr. FOGARTY. You know what? I don't believe you.

Mr. LUNDQUIST. Mr. Chairman——

Mr. FOGARTY. I know the problems you have and you are trying to be a good fellow and support the budget and all that, but I just do not believe that you can carry out a good, effective enforcement program under this budget.

The appropriation for 1965, including the pay supplemental, is $20,952,000 and the request for 1966 is $20,405,000, a reduction of $547,000 and 66 positions; is that right?

Mr. LUNDQUIST. That's correct.

Mr. FOGARTY. That is not quite as bad as it looks at first since $292,000 of the reduction is for nonrecurring work in connection with the economic effects studies ordered by the act. But you are actually reducing your already inadequate enforcement staff by 28 positions; is that right?

Mr. LUNDQUIST. Mr. Chairman, it is actually 35 positions.

Mr. FOGARTY. Thirty-five; that is worse than I thought.

REDUCTION IN ORIGINAL REQUEST

Compared to this budget of $20,405,000, what was your original request to the Department?

Mr. LUNDQUIST. The original request to the Department involved 1,866 positions and $21,428,000.

Mr. FOGARTY. Will you give us the complete breakdown of those additional positions that you asked for and did not get?

Mr. LUNDQUIST. Well, the number of positions would remain the same as the previous year. What we did in that budget would provide for the same number of positions with increases for the within-grade promotions, the investigator promotions and the pay raises, and the decreases for Federal employee compensation funds and the reduction in the Industry Committee meetings in 1966 which is a natural phenomenon due to the fact that the review in Puerto Rico is a biennial program.

WORKLOAD TREND

Mr. FOGARTY. Changes that add to your workload are still taking place each year and will take place in 1966; is that right?

Mr. LUNDQUIST. The minimum in the so-called retail area will go up from $1.15 to $1.25 in September. This is not an increase in coverage. However, it is a change in our workload.

Mr. FOGARTY. What part of your workload is going down?

Mr. LUNDQUIST. What part?

Mr. FOGARTY. What part of your workload is going down?

Mr. LUNDQUIST. Well, that is a difficult question to answer when you say what part of the workload. We hope to make as many investigations, perhaps we will be making some fewer investigations, but our findings in the investigations that we are making are going up.

INVESTIGATIONS COVERAGE

Mr. FOGARTY. But if you made as many investigations as you did last year, that is nothing to brag about. How many establishments are covered under the law?

Mr. LUNDQUIST. About 1,100,000 establishments.

Mr. FOGARTY. How many are you going to visit in 1965?

Mr. LUNDQUIST. In 1965 we expect to visit somewhat over 55,000.

Mr. FOGARTY. How many businesses that are covered do you expect will go into business and then out again during the year?

Mr. LUNDQUIST. 50,000 roughly come into business each year.

Mr. FOGARTY. What percentage of the business establishments are visited?

Mr. LUNDQUIST. About 55,000 visits of 1,100,000 establishments, would be about 5 percent. But, as you know, we look for the firms that are in violation.

Mr. FOGARTY. I know, but you cannot even keep up with the ones who are the worst that come in and then go out of business during the first year of operation. Many of them are in violation. You do not know because you do not have a chance to visit them.

Mr. LUNDQUIST. Many of them are.

Mr. FOGARTY. Only on complaint; is that not right? You do not visit all of them.

Mr. LUNDQUIST. No; we don't.

Mr. FOGARTY. Do you visit 10 percent of them?

Mr. LUNDQUIST. I suspect that would be pretty close to that figure.

Mr. FOGARTY. That is pretty small.

Mr. LUNDQUIST. I don't have an accurate estimate.

IMPACT OF THE EQUAL PAY ACT

Mr. FOGARTY. How has the equal pay legislation affected your workload.

Mr. LUNDQUIST. Mr. Chairman, the Equal Pay Act has not resulted in a substantial increase in our workload. As you know, the budget last year did provide for 27 additional positions.

Mr. FOGARTY. Is that what you asked for?

Mr. LUNDQUIST. Yes.

Mr. FOGARTY. Is that what you asked the Department for?

Mr. LUNDQUIST. I believe we asked the Department for 37; I would have to look.

Mr. FOGARTY. You did not get what you asked for?

Mr. LUNDQUIST. No; we did not. It was slightly less. But our workload has not been a really great one because the investigative activities have been integrated with the wage-hour investigations, so each one of these investigations that we have made, and we have made 26,000 in this fiscal year so far; that is, the first half, each one has involved an equal pay investigation. The findings of violations have not been great. I would be happy, Mr. Fogarty, to put in the record a copy of a letter which I submitted to Congresswoman Green just a couple days ago in response to her request, if you desire it.

Mr. FOGARTY. I thought you asked for more positions. Last year you said you asked for 50 investigative-type people. Then the De-

partment cut you down to 27—no—the Department asked for 37 and the Bureau of the Budget cut you down to 27?

Mr. LUNDQUIST. Yes.

Mr. FOGARTY. Is that right?

Mr. LUNDQUIST. Yes.

Mr. FOGARTY. That is what you said last year.

Mr. LUNDQUIST. Yes, the record there is better than my memory.

Mr. FOGARTY. This thing is really deteriorating, the Wage and Hour Divsion. It is going down every year.

Mr. LUNDQUIST. We think we are doing a better job, Mr. Chairman. Our findings are going up. The first half of this fiscal year we have findings which indicate that $37 million in back wages were found due and I will be happy to put that in the record.

Mr. FOGARTY. That must indicate violations are going up, too, and that is why you ought to have more people. If you had more people you could collect more back wages due individuals.

Mr. LUNDQUIST. No, we think—to the best of our ability directing our effort to the firms that are in violation, and we think we are doing that—but I will add, also, that we are making this compliance survey this year which will give us, we believe, a better basis for ascertaining the extent to which we are finding the violations that are actually occurring.

ENFORCEMENT STATISTICS

Mr. FOGARTY. This table on page 12 of the justifications sets forth your enforcement statistics: Amount of underpayment, 1963, $49,110,626; 1964, $59,709,000; 1965, $60 million; 1966, $61 million. Minimum wages underpaid: 1963, $18,910,000; 1964, $24,209,000; 1965, $24,500,000; 1966, $25 million. Overtime underpaid: 1963, $30 million; 1964, $35 million; 1965, $35 million; 1966, $36 million.

I would be willing to bet you any amount of money you want to bet, if you had more investigators that these figures would be much higher. The amount of payment agreed to was $20 million in 1963, $22 million in 1964, $23 million in 1965, and $23 million in 1966.

I think we can do a much better job. I think there are many people who are not getting what they should and if you had more investigators you could see to it that the people who are working for a living at least would be getting what they ought to in minimum wage and overtime provisions of the law. The number of employees that you found were underpaid, paid less than minimum wage rate, was 165,000 in 1963, 203,000 in 1964, 210,000 in 1965, and 215,000 in 1966.

If you had a larger organization these figures would be obsolete. I think a better job can be done overall, all down the line. Those of us who come from New England and places like that just are convinced that you can do a much better job if you concentrated in some of these other States that do not have the safeguards or organized labor that we have in the more industrial States in the country.

Mr. LUNDQUIST. We certainly want to do that and we have allocated our staff to a greater extent in the other areas of the country where the rates and State minimum wage rates are not as high as New England. It is important to recognize in our authorization, 1964, we

had 980 investigators authorized. In 1966, this year, along with the admitted budget cuts, we are going to have 989 investigator positions allocated. We are redirecting, to the best of our ability, in the administrative area positions out of administrative areas into the enforcement areas.

Mr. FOGARTY. I think you ought to have 2,000 positions instead of 989. If I was in your job I am sure I could use those additional positions to good advantage and enforce the law a lot better.

Mr. LUNDQUIST. I hope we have a better understanding of that next year when we talk to you.

Mr. FOGARTY. I am not complaining about you. I told the Secretary this is the worst budget I have seen in many years for the Department of Labor. Here they are cutting back in the enforcement of the wage-and-hour law, labor-management activities, and personnel for manpower training and increasing the Bureau of Labor Statistics. It is almost like a chamber of commerce budget as far as I am concerned. But I am not going to blame you for it.

Mr. Duncan?

Mr. DUNCAN. No questions.

Mr. FOGARTY. Is there anything else you want to say?

Mr. LUNDQUIST. Nothing, Mr. Chairman.

Mr. FOGARTY. Thank you.

JUSTIFICATION MATERIAL

Amounts available for obligation

	1965	1966
Appropriation or estimate	$20,378,000	$20,405,000
Proposed supplemental due to pay increase (Public Law 88-426)	+574,000	
Appropriation or estimate, revised	20,952,000	20,405,000

Obligations by activity

Description	Appropriation revised, 1965		Estimate, 1966		1966 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Enforcement	1,610	$17,108,000	1,561	$16,932,600	−49	−$175,400
2. Wage determinations and regulations	96	1,113,300	89	1,042,500	−7	−70,800
3. Research and legislative analysis	74	1,975,200	68	1,692,900	−6	−282,300
4. Administration and management services	86	755,500	82	737,000	−4	−18,500
Total obligations	1,866	20,952,000	1,800	20,405,000	−66	−547,000

Obligations by objects

	Appropriation revised, 1965	Estimate, 1966	1966 change
Total number of permanent positions	1,866	1,800	−66
Positions other than permanent	8	7	−1
Average number of all employees	1,814	1,747	−67
11 Personnel compensation	$15,790,700	$15,702,500	−$88,200
12 Personnel benefits	1,186,600	1,177,700	−8,900
21 Travel and transportation of persons	1,410,400	1,293,500	−116,900
22 Transportation of things	65,000	55,000	−10,000
23 Rent, communications, and utilities	397,400	397,400	
24 Printing and reproduction	188,300	168,300	−20,000
25 Other services	63,600	63,600	
Services of other agencies	1,646,700	1,378,700	−268,000
26 Supplies and materials	124,300	114,300	−10,000
31 Equipment	79,000	54,000	−25,000
Total obligations	20,952,000	20,405,000	−547,000
Working capital fund items included above	(486,900)	(469,900)	(−17,000)

Summary of changes

1965 appropriation	$20,378,000
Proposed supplemental due to pay increase (Public Law 88–426)	+574,000
1965 appropriation, revised	20,952,000
1966 estimate	20,405,000
Total change	−547,000

MANDATORY ITEMS

Increases:	
Net pay increase costs in 1966 (Public Law 88–426)	+7,000
Net within-grade promotion costs	+41,600
To provide for full-year cost of regulated investigator promotions authorized in 1965	+170,000
Decreases: To reduce the level of contributions to the Federal employees' compensation fund	−3,100

PROGRAM ITEMS

Decreases:	
To reduce costs of industry committee members because of a reduction in the number of industry committee meetings planned for fiscal year 1966, $18,600 personal services; $16,900 nonlabor costs	−35,500
To reduce funds for economic effects studies under the provisions of the Fair Labor Standards Act, 4 positions, $31,600 personal services; $260,400 nonlabor costs	−292,000
To reduce the program for enforcement, 28 positions, $241,800 personal services; $193,200 nonlabor costs	−435,000
Total change	−547,000

Mandatory changes for 1966

Increases:		
Pay increase costs		+$7,000
Net additional cost of pay increase for current year (base) staff pursuant to Public Law 88-426:		
Personnel compensation	$65,700	
Personnel benefits	4,900	
Total	70,600	
Absorption of a portion of above increases for pay costs (reduction 9 positions; $63,600 personal services)	−63,600	
Within-grade promotion costs		+41,600
1966 net additional cost of within-grade promotions effective on only a part-year basis for base staff in 1965		+132,000
Personnel compensation	$152,126	
Deduct lapse	−5,026	
Deduct savings due to turnover	−24,300	
Personnel benefits	9,200	
Net cost	132,000	
Net cost of within-grade promotions becoming effective during 1966		+142,000
Personnel compensation	$163,857	
Deduct lapse	−5,557	
Deduct savings due to turnover	−26,200	
Personnel benefits	9,900	
Net cost	142,000	
Absorption of a portion of above increases (reduction 25 positions; $232,400 personal services)		−232,400
To provide for regulated investigator promotions		+170,000
Personnel compensation	$175,430	
Deduct lapse	−17,230	
Personnel benefits	11,800	
Net cost	170,000	
Decreases:		
To reduce the level of contributions to the Federal employees' compensation fund		−3,100

Wage and Hour Division

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
MANDATORY CHANGES										
Pay increase costs		59,200		4,000		3,000		4,400		70,600
Absorption of disallowed pay costs	−9	−53,300		−3,600		−2,700		−4,000	−9	−63,600
Net pay increase costs		5,900		400		300		400		7,000
Within-grade promotion costs		214,200		26,200		18,100		15,500		274,000
Absorption of disallowed within-grade costs	−12	−127,400	−7	−61,900	−2	−8,700	−4	−34,400	−25	−232,400
Net within-grade costs		86,800		−35,700		9,400		−18,900		41,600
Regulated investigator promotions		170,000								170,000
Contributions to FEC fund (+ or −)		−3,100								−3,100
Total	−21	259,600	−7	−35,300	−2	9,700	−4	−18,500	−34	215,500

Program changes by activity

Object classification	Activity 1		Activity 2		Activity 3		Activity 4		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation	−28	−241,800		−18,600	−4	−31,600			−32	−292,000
12 Personnel benefits		−18,200				−2,400				−20,600
21 Travel and transportation of persons		−100,000		−16,900						−116,900
22 Transportation of things		−10,000								−10,000
23 Rent, communications, and utilities										
24 Printing and reproduction		−20,000								−20,000
25 Other services		−10,000				−258,000				−268,000
26 Supplies and materials		−10,000								−10,000
31 Equipment		−25,000								−25,000
Total	−28	−435,000		−35,500	−4	−292,000			−32	−762,500

ACTIVITY 1. ENFORCEMENT

1965	$17,108,000
1966	16,932,600

NARRATIVE DESCRIPTION OF PROGRAM

The Wage and Hour Division administers the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act to obtain compliance with minimum standards respecting wages, hours, equal pay, child labor, and other conditions of employment required by these statutes. The Fair Labor Standards Act applies to employees engaged in interstate commerce or in the production of goods for interstate commerce, and to employees of certain large enterprises so engaged. The Walsh-Healey Public Contracts Act supplies to certain Government procurement contracts in excess of $10,000. Information media are used extensively to minimize unintentional violations; and investigations are made to assist workers in recovering wages unlawfully withheld and employers in meeting legal requirements.

PROGRAM CHANGES FOR 1966

A decrease of 28 positions and $435,000 results from a reduction in the enforcement program.

WORKLOAD STATISTICS

The 1961 amendments became effective September 3, 1961, and provided for an extension of coverage to some 200,000 large retail and service establishments and other firms, principally construction, employing some 3.6 million workers. For employment previously covered, the minimum wage was raised from $1 per hour to $1.15 per hour and to $1.25 per hour as of September 3, 1963. For newly covered employment, a minimum wage of $1 per hour was established. This became $1.15 per hour as of September 3, 1964, and will become $1.25 per hour as of September 3, 1965. Newly covered employees became subject to a 44-hour maximum workweek standard for overtime purposes on September 3, 1963, a 42-hour standards a year later, and a 40-hour standard will become effective on September 3, 1965. Thus, all covered and nonexempt employees will be on the same minimum wage and overtime basis as of September 3, 1965.

The following table shows by fiscal year the progressive changes in minimum wage and overtime standards resulting from the 1961 amendments to the Fair Labor Standards Act.

Fiscal year	Previously covered minimum wage	Newly covered	
		Minimum wage	Overtime standard (hours)
1962	$1.15	$1.00	None
1963	1.15	1.00	None
1964	1.25	1.00	44
1965	1.25	1.15	42
1966	1.25	1.25	40

As a result of the $1.25 minimum wage standard effective September 3, 1963, about 2.6 million workers in a covered work force of approximately 28 million were given wage increases. About 565,000 newly covered employees were entitled to wage increases amounting to some $115 million as of September 3, 1964. Additional wage increases will be due September 3, 1965.

The Equal Pay Act of 1963, which amended the Fair Labor Standards Act, generally became effective as of June 11, 1964. The equal pay provisions are applicable to the 28 million employees covered by the Fair Labor Standards Act of whom some 8 million are women. Enforcement of the equal pay provisions is fully integrated with the enforcement of other provisons of the act.

Investigation results, fiscal years 1963 and 1964, and estimated results for fiscal years 1965 and 1966

	Actual—		Estimated—	
	1963	1964	1965	1966
Total number of establishments investigated	54,331	56,370	58,000	59,000
Covered employees in investigated establishments	1,892,023	1,710,850	1,800,000	1,900,000
Amount of underpayments	$49,110,626	$59,709,484	$60,000,000	$61,000,000
Minimum wages	$18,910,822	$24,209,632	$24,500,000	$25,000,000
Overtime	$30,199,804	$35,499,852	$35,500,000	$36,000,000
Amount of payment agreed to	$20,170,103	$22,733,910	$23,000,000	$23,500,000
Number of employees underpaid:				
Paid at less than minimum wage rate	165,350	203,513	210,000	215,000
Not paid full overtime compensation	210,769	237,180	245,000	250,000
Number of employees whom employers agreed to pay	176,260	189,048	195,000	200,000
Number of minors illegally employed	17,341	21,006	22,000	23,000
Agriculture	6,926	7,972	8,500	9,000
Nonagriculture	10,415	13,034	13,500	14,000
Complaints received	18,932	23,120	23,500	24,000
Litigation filed	1,607	1,642	1,650	1,675

In fiscal year 1964, the number of investigations and findings of noncompliance again showed a substantial increase over the previous fiscal year reflecting application of higher standards under the 1961 amendments. Additionally, enforcement results reflect increased productivity. With regard to the amount of payment agreed to, 70 percent of the employers in establishments where monetary violations were disclosed agreed to pay to 52 percent of the employees who were entitled to back wages, 38 percent of the total amount of back wages found due.

In fiscal years 1965 and 1966 only a modest further increase in investigation results has been projected for the following reasons:

(1) The integration of enforcement of the Equal Pay Act with the general enforcement program in addition to investigation of complaints in this area, will require a determination of the equal pay compliance status of every firm investigated, making necessary an increased expenditure of time where experience to date indicates that statistically measurable results will not be proportionate to findings in investigations generally.

(2) The survey planned for fiscal years 1965 and 1966, to determine the general level of compliance, will require that a large number of establishments be selected for investigation on a sampling basis to insure statistical validity. The usual programing of investigations is on the basis that violations are occuring or that there is a probability of violations in the establishment visited.

The increased enforcement program results anticipated in fiscal years 1965 and 1966 can only be realized through further increases in productivity, resulting from greater efficiencies in manpower utilization and investigative techniques.

Activity 2. Wage Determinations and Regulations

1965	$1,113,300
1966	1,042,500

Narrative description of program

Special minimum wage rates are established by industry committees for Puerto Rico, the Virgin Islands, and American Samoa. Regulations are formulated governing the employment at special minimum wage rates of learners, student learners, student-workers, full-time students, apprentices, and messengers, and of handicapped workers in regular commercial industries and sheltered workshops. Special minimum wage certificates are issued for learners, student-workers, and full-time students in new retail establishments and in retail establishments asserting unusual conditions. Determinations are made of prevailing minimum wages and rulings are issued concerning the applicability of the Public Contracts Act and the prevailing minimum wage determinations.

PROGRAM CHANGES FOR 1966

A decrease of $35,500 results from a reduction in the number of industry committee meetings planned for fiscal year 1966.

WORKLOAD STATISTICS

A. Wage order program

During fiscal year 1964, one industry committee met to review the minimum wage rates in the Virgin Islands and a second to review the rates in American Samoa. There were also four industry committee meetings held in Puerto Rico to establish minimum wage rates in lieu of a rate 25 percent above the level in effect at the time of enactment of the 1961 amendments. In fiscal year 1965, all industries in Puerto Rico will be reviewed under the biennial review program. In fiscal year 1966, industry committees will be appointed to review the rates in seven industries in the Virgin Islands and five industries in American Samoa. Two committees will be appointed to review the rates in six industries in Puerto Rico.

	1963	1964	1965	1966
Industry committee meetings in Puerto Rico	12	5	10	2
Industries reviewed in Puerto Rico	29	9	31	6
Industries reviewed in Virgin Islands	0	[1] 7	0	[1] 7
Industries reviewed in American Samoa	0	[1] 5	0	[1] 5
Economic reports prepared	20	8	31	29

[1] All industries reviewed by 1 committee.

B. Special minimum wage program

In fiscal year 1964, a special survey was made of 2,000 establishments holding full-time student certificates to provide a basis for review of the regulations. This survey was conducted by adding questions to the applications for renewal of the certificates expiring March 31, 1964. As a result of this review, the conclusion was reached that no major change is required in the regulations at this time, but that a new application form and closer scrutiny of the applications were appropriate. In fiscal year 1965, the procedures and standards in handling new applications for full-time students are being developed, including a more detailed review of applications with the objective of more effectively insuring that certificates are granted only when the terms of the regulations are met and where needed to prevent curtailment of employment opportunities in accordance with the statutory requirements. During fiscal year 1964, 3,069 full-time student certificates authorizing part-time employment were issued to stores which at the time of application employed 127,518 workers including 10,047 full-time students. This level of certification is expected to increase in fiscal years 1965 and 1966 as a result of the increase in the minimum wage to $1.25 for newly covered types of employment.

There were 1,891 learner certificates issued in fiscal year 1964 authorizing the employment of 46,574 workers. There were 140 applications denied. In fiscal year 1965, the learner regulations will be reviewed with consideration being given to changes in the supplemental regulations for the knitted wear, hosiery, and glove industries. This review will include conferences with representatives of employers and unions. The level of applications for learner certificates is expected to continue in fiscal years 1965 and 1966; however, it is anticipated that fewer certificates will be issued in view of the proposed changes in regulations.

	1963	1964	1965	1966
Applications for learner certificates	2,279	2,031	2,000	2,000
Applications for full-time student certificates	2,903	3,376	3,600	3,600
Learner certificates issued	1,922	1,891	1,700	1,700
Full-time student certificates issued	2,639	3,069	3,300	3,300

C. Public contracts wage determinations program

In fiscal year 1964, extensive research was devoted to the selection of industries for inclusion in the determination program in the near future, with particular emphasis on industries characterized by a large volume of Government procurement. Pertinent data were developed for each four-digit manufacturing industry, and reports were prepared anlayzing the suitability for determination proceedings of the automobile and automotive equipment, aircraft, and shipbuilding groups. Panel conferences were held for the soap and related products, flour and related products, metal business furniture, and power, distribution and speciality transformers industries. A hearing was held on a proposed omnibus determination raising to $1.25 an hour all rates below that amount, and the determination was issued. Final determinations were issued for the conveyors and conveying equipment, engines, and turbines and the battery industries.

Unfavorable court decisions by the U.S. District Court for the District of Columbia and the Court of Appeals for the District of Columbia in the case of *Baldor Electric Co.* v. *Wirtz* resulted in some curtailment of WHPC's minimum wage determination program during fiscal year 1964. The issue involved was the confidentiality of wage data supplied by companies to the Government. The court of appeals held that the plaintiffs had a right to examine data underlying summary minimum wage tabulations, particularly when there was evidence of the submission of erroneous information by some respondents through misunderstandings of the language of the wage questionnaire. Shortly after the close of the fiscal year, an appeal was filed by the Department from the decision of the U.S. District Court of the District of Columbia in *Barber-Colman Co.* v. *Wirtz*. In this case, the minimum wage determination for the machine tools industry was held invalid on the ground that the PCA does not authorize separate determinations for different categories of workers in an industry. In fiscal year 1965, it is planned that wage determination proceedings will be initiated for four industries. In view of the adverse decisions, new types of wage survey procedures and different approaches to making determinations are being developed. The new procedures proposed by the Department will be discussed with representatives of interested management and union groups before final decisions are made.

In fiscal year 1966, wage determination proceedings will be initiated in six industries. Panel conferences will be held, wage surveys conducted, public hearings held and final determination issued for five industries.

	1963	1964	1965	1966
Wage determination proceedings initiated	6	4	4	6
Public hearings	3	1	----	6
Determinations issued	6	4	----	5

D. Regulations and interpretations under the Fair Labor Standards Act

In fiscal year 1964, an interpretative bulletin on the new equal pay law was issued, following a public hearing and extensive conferences with representatives of management and unions and with other interested parties. However, the bulletin was necessarily of a general nature, in view of our lack of experience under the statute which became effective in June 1964, and much filling in remains to be done.

Proposed regulations governing the administration of section 13(b)(11) of the act, providing an exemption for certain drivers and drivers' helpers paid on a trip-rate or other delivery payment plan basis, were published. Following extensive consultation with representatives of employers and unions, a hearing was held on the status of driver-salesmen as outside salesmen under the section 13(a)(1) exemption of the act. This problem arose as a result of extending enterprise coverage and maximum hours' application to driver-salesmen not individually engaged in covered activities. After extensive hearings and consultation with representatives of employers and employees an interpretative bulletin was issued on the application of the overtime exemption for certain high-paid commission employees in retailing. Complex problems concerning the application of overtime payments to newly covered employees in the retail industry continued to be submitted for consideration. Substantive changes were also made during the year in the interpretative bulletins on employees of motor carriers (pt. 782) and petroleum jobbers (pt. 794), to the recordkeeping regulations (pt. 516) and to regulations authorizing the use of established basic rates of pay for overtime purposes (pt. 548).

In fiscal years 1965 and 1966, interpretative supplements to the equal pay bulletin will be issued as opinions are developed with respect to interpretative problems now being worked on and additional problems expected to arise as a result of enforcement experience and increased awareness by emloyers and unions of the equal pay requirements. Comments on the section 13(b)(11) proposal will be analyzed, and further conferences with unions and employers held, and a final regulation will be issued. The record of the hearing on driver-salesmen will be analyzed and recommendations developed regarding changes in the regulations, part 541, or in the interpretation of them. In cooperation with the Solicitor's Office, solutions will be developed with respect to a number of problems involving enterprise coverage, and a comprehensive interpretative bulletin on both individual and enterprise coverage will be issued. Clarifying revisions of part 778, the bulletin on overtime compensation, will be published. Extensive revisions will be made in part 779, the interpretative bulletin on retail and service trades.

In addition, in fiscal year 1966, the current program for review of seasonal industry determinations will be completed. An interpretative bulletin on minimum wages will be developed. The need for such a bulletin was made apparent by experience in developing interpretations of the Equal Pay Act. Part 531, on deductions from pay for facilities furnished employees, will be revised to reflect interpretations of the equal pay provisions.

ACTIVITY 3. RESEARCH AND LEGISLATIVE ANALYSIS

1965	$1,975,200
1966	1,692,900

NARRATIVE DESCRIPTION OF PROGRAM

This activity is concerned with planning and conducting economic research and analysis on the effects of the wage, hour, and equal pay provisions of the Fair Labor Standards Act and the Public Contracts Act, providing advice on economic and legislative matters in connection with the administration of these acts, and conducting statistical and analysis programs connected with enforcement activities.

PROGRAM CHANGES IN 1966

A decrease of four positions and $292,000 results from a reduction in funds for economic effects studies under the provisions of the Fair Labor Standards Act.

WORKLOAD STATISTICS

Fair Labor Standards Act

Section 4(d) of the Fair Labor Standards Act requires the Secretary of Labor to submit annually to the Congress a report including an evaluation and appraisal of the minimum wages established by the act and recommendations for further legislation in connection with matters covered by the act. The studies undertaken in accordance with the requirements of section 4(d) of the act involve obtaining information on wages, hours, and employment for a base period prior to the effective date of changes in the provisions of the act, and obtaining corresponding information at several predetermined intervals after the effective date.

In fiscal years 1965 and 1966, a compliance survey is being conducted in order to determine the effectiveness of the enforcement program. The last such survey was made in 1956–57 based on a statistical sample which resulted in a reorientation of the Division's investigation programing procedures. Since 1956–57 there have been changes in both the economic picture and in the Fair Labor Standards Act; therefore, in order to estimate the extent of current noncompliance and obtain the maximum efficient use of investigators the new survey has been undertaken. The current survey is more comprehensive than the 1956–57 survey, since it will include all covered industries except transportation.

A nationwide survey of the effects of the $1.25 minimum wage in manufacturing and wholesaling has been conducted in fiscal year 1965.

To study the effects of the 44-hour workweek standard in retail trade which became effective in September 1963, as well as the possible effects of the $1.15 minimum wage rate which became effective in September 1964, a nationwide survey of hours and earnings in retail trade was conducted in fiscal year 1965. A nationwide survey of retail trade to measure the effects of the $1.15 minimum wage and 42-hour workweek standard will be conducted in 1965 and 1966. In

addition, the studies of areas sharply affected by the minimum wages which became effective in September 1963 will be continued. Surveys of earnings and employment in nonmetropolitan areas of the South and North-Central regions and in small metropolitan areas of the South will be made in fiscal years 1965 and 1966.

The 1961 amendments to the Fair Labor Standards Act specifically exempted hospitals or institutions which are primarily engaged in care of the sick, the aged, and the mentally ill or defective, who reside on the premises of such institutions. In 1965, based on special tabulations of 1963 survey data, WHPC has prepared comprehensive estimates of the effects of extending coverage to nongovernmental hospitals, for the United States, the 4 major regions, and the 15 selected metropolitan areas. A survey is now underway to obtain data of employment, wages, and hours of work in nursing homes to enable WHPC to prepare estimates of the effects of extending coverage to nursing homes in the United States, the four major regions, and in selected metropolitan areas.

A survey of hours of work of motor carrier employees will be conducted by WHPC during fiscal year 1965. The data will be incorporated in a report to the Congress with legislative recommendations for modifying the overtime exemption for such employees.

Pilot studies will be conducted in fiscal year 1965 to (1) collect data on the type and hours of work performed by personnel of engineering firms for whom exemption from the minimum wage and overtime provisions are claimed, to determine whether the exemption claimed is valid; (2) determine hours of work, earnings data, and types of work performed by special purpose flight personnel in order to determine whether the 13(b)(3) exemption from the overtime provisions should be applicable to these employees; and (3) determine the effects, if any, of the minimum wage provisions of the Fair Labor Standards Act on the employment opportunities of youth. Full studies for the above will be conducted in 1966 if the results of the pilot studies indicate that they are warranted and feasible.

Research projects are regularly undertaken to obtain economic data and information for use by the Office of the Solicitor in 12 to 16 litigation cases a year. These involve the coverage and exemption provisions of the act. During fiscal year 1964, economic data was compiled for 16 cases involving the following provisions of the Fair Labor Standards Act and Walsh-Healey Public Contracts Act:

(*a*) Questions of coverage under the Fair Labor Standards Act.

(*b*) The section 13(a)(2) retail and service exemption.

(*c*) The section 3(s)(3) exemption involving interstate aspects of the dairy industry in Texas and enterprise coverage.

(*d*) Application of the section 13(a)(22) exemption for the transportation of fruits and vegetables.

(*e*) Coverage of contracts for hauling and crating services involving the furnishing of packing materials under the Public Contracts Act.

(*f*) Constitutionality of the assertion of enterprise coverage.

Economic data are being compiled for use in reviewing seasonal determinations made under section 7(b)(3) which provide an exemption from the overtime provisions of the Fair Labor Standards Act for industries determined to be of a seasonal nature. Economic data have been compiled on the seasonality in five industries in fiscal year 1964. Studies are contemplated during fiscal year 1965 on seasonality in three industries—landscape contracting, storage of nursery stock, and decorative greens.

Under section 4(e) of the Fair Labor Standards Act, studies are conducted for commodities in which there is reason to believe that competition of foreign producers in U.S. markets or in markets abroad, or both, has resulted or is likely to result in increased unemployment in the United States. In fiscal year 1965 a study is being completed for the jewelry and silverware industry. Studies in additional industries will be undertaken in fiscal years 1965 and 1966 as may be found necessary.

Special economic studies will be made in fiscal year 1965 in major industries in which there is reason to believe that women are employed in the same occupations as men but at lower wage rates to determine whether these rates are in violation of the equal pay provisions of the Fair Labor Standards Act. These studies will have two objectives: (1) to determine the effects of the amendments on wages and employment and ways in which employers adjusted to the equal pay requirements, and (2) to obtain data for use in developing equal pay standards and interpretations. Union contracts, seniority systems, merit systems, incentive systems, and other factors will be studied. Data also will be obtained

on the effects brought about by exempting for the equal pay provisions certain types of employees such as executive, administrative, and professional employees. Field surveys will be conducted as may be found necessary.

Other research is undertaken to assist in the solution of administrative problems arising in the course of investigations and for the purpose of revising interpretations and regulations. Approximately five to seven such studies will be made each year.

Walsh-Healey Public Contracts Act

WHPC is conducting a series of studies of the effects of wage determinations issued under the Walsh-Healey Public Contracts Act designed to obtain data on wages and bidding practices in the industries studied and on the extent to which changes in wage structures and bidding practices are related to prevailing minimum wage determinations. Studies are being conducted in fiscal year 1965 in two industries, the office, computing and accounting machine industry, and the manifold business forms industry. Surveys will be conducted in fiscal year 1965 for two or three labor market areas to determine the indirect effects of Public Contracts Act wage determinations on wages in the localities. Effects studies are planned for three additional industries to be initiated in 1965 and completed in 1966.

ACTIVITY 4. ADMINISTRATION AND MANAGEMENT SERVICES

1965	$755,500
1966	737,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for planning, program evaluation, policy determination, administration direction and necessary management services.

PROGRAM CHANGES FOR 1966

None.

Distribution of field staff

Supervising offices	1965			1966		
	Professional	Clerical	Total	Professional	Clerical	Total
Atlanta, Ga.	141	36	177	141	36	177
Birmingham, Ala.	104	30	134	102	30	132
Boston, Mass.	68	22	90	60	22	82
Chambersburg, Pa.	95	28	123	90	28	118
Chicago, Ill.	101	28	129	96	28	124
Cleveland, Ohio	88	26	114	84	26	110
Dallas, Tex.	139	38	177	137	37	174
Kansas City, Mo.	91	26	117	89	26	115
Nashville, Tenn.	121	32	153	121	30	151
New York City, N.Y.	111	34	145	103	31	134
San Francisco, Calif.	126	31	157	126	31	157
Santurce, P.R.	27	13	40	25	13	38
Total, field staff	1,212	344	1,556	1,174	338	1,512

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, $15,702,500

This estimate provides for 1,800 full-time positions or 1,740.4 net man-years, and 7 man-years of intermittent employment. Of this, 1,466.6 man-years and $13,209,300 are allocated to field personnel compensation and 273.8 man-years and $2,493,200 for departmental. The net decrease of $88,200 from 1965 results from an increase of $6,900 for pay increases under Public Law 88–426, an increase of $158,200 for regulated investigator promotions, an increase of $38,700 for within-grade promotions, a decrease of $18,600 for payments to industry committee members, a decrease of $31,600 in funds for economic effects studies under the provisions of the Fair Labor Standards Act, and a decrease of $241,800 for reduction in the enforcement program.

Personnel benefits, $1,177,700

This estimate is based on personnel compensation. A net decrease of $8,900 from 1965 results from an increase of $100 for pay increases under Public Law 88–426, an increase of $11,800 for full-year costs of regulated investigator promotions, an increase of $2,900 for within-grade promotions, a decrease of $2,400 in funds for economic effects studies under the provisions of the Fair Labor Standards Act, a decrease of $3,100 for contributions to Federal employees' compensation fund and a decrease of $18,200 for reduction in the enforcement program. This estimate covers the following benefits:

Contribution to the CSC retirement fund	$1,014,000
Employees' group life insurance	52,300
Employees' health benefits	103,200
Contribution under the Federal Insurance Contribution Act	800
Contribution to Federal employees' compensation fund	7,400
Total	1,177,700

Travel and transportation of persons, $1,293,500

This estimate provides for per diem, mileage, parking fees, and transportation costs for industry committee members, administrative officials, investigators, and field office supervisors. The decrease of $116,900 from 1965 results from a decrease of $16,900 in travel for industry committee members and a decrease of $100,000 for reduction in the enforcement program.

	1965	1966	Change
Per diem costs	$632,800	$600,400	−$32,400
Mileage costs	617,200	542,200	−75,000
All other transportation costs	160,400	150,900	−9,500
Total	1,410,400	1,293,500	−116,900

Transportation of things, $55,000

The decrease of $10,000 from 1965 results from reduction in the enforcement program. This estimate provides for the moving of household goods of 70 employees at a rate based on past experience of $400 per move, and $27,000 for shipment of supplies, printed material, and equipment to field installations.

	1965	1966	Change
Movement of household goods	$38,000	$28,000	−$10,000
Shipment of supplies and material	27,000	27,000	
Total	65,000	55,000	−10,000

Rent, communications, and utilities, $397,400

This estimate provides for the following:

	1965	1966	Change
Paid official mail	$146,100	$106,100	−$40,000
Telephone services	140,100	180,100	+40,000
Teletype services	5,200	5,200	
Rent and utility services	24,900	24,900	
Working capital fund	81,100	81,100	
Total	397,400	397,400	

Printing and reproduction, $168,300

The decrease of $20,000 from 1965 results from reduction in the enforcement program. This estimate provides for the following:

	1965	1966	Change
Publications	$71,000	$58,000	−$13,000
Forms and schedules	14,600	14,600	
Other reproduction services	9,000	9,000	
Working capital fund	93,700	86,700	−7,000
Total	188,300	168,300	−20,000

Other services, $1,442,300

The decrease of $268,000 from 1965 results from a decrease of $258,000 in economic effects studies under the provisions of the Fair Labor Standards Act and a decrease of $10,000 in working capital fund costs for reduction in the enforcement program. This estimate provides for the following:

	1965	1966	Change
Bureau of Labor Statistics for tabulation of investigator statistics	$39,500	$39,500	
Bureau of Labor Statistics for wage surveys related to economic effects of the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act	787,200	803,800	+$16,600
Bureau of Labor Statistics for wage surveys in connection with Walsh-Healy wage determinations program	118,200	118,200	
Surveys to provide a basis for developing legislative recommendations and to study the economic effects of the acts administered by the Wage and Hour Division	396,800	152,200	−244,600
Bureau of Census and other agencies for special tabulations related to covered establishments	60,000	30,000	−30,000
Security investigations	4,200	4,200	
Repairs to office machines and equipment	15,600	15,600	
Miscellaneous other services	48,000	48,000	
Working capital fund	240,800	230,800	−10,000
Total	1,710,300	1,442,300	−268,000

Supplies and materials, $114,300

The decrease of $10,000 from 1965 results from reduction in the enforcement program. This estimate provides for the following:

	1965	1966	Change
Desk top supplies	$53,000	$43,000	−$10,000
Working capital fund	71,300	71,300	
Total	124,300	114,300	−10,000

Equipment, $54,000

The decrease of $25,000 from 1965 results from reduction in the enforcement program. This estimate provides for the following:

	1965	1966	Change
Equipment	$66,000	$41,000	−$25,000
Subscriptions to reference materials	13,000	13,000	
Total	79,000	54,000	−25,000

SUMMARY OF NEW POSITIONS

None.

WEDNESDAY, MARCH 3, 1965.

BUREAU OF EMPLOYEES' COMPENSATION

WITNESSES

THOMAS A. TINSLEY, DIRECTOR

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Direct obligations:			
	Personnel compensation:			
11.1	Permanent positions	3,331	3,525	3,451
11.4	Special personal service payments	116	141	142
11.5	Other personnel compensation	13	9	9
	Total personnel compensation	3,460	3,675	3,602
12.0	Personnel benefits	293	311	316
21.0	Travel and transportation of persons	111	111	107
22.0	Transportation of things	7	4	4
23.0	Rent, communications, and utilities	107	123	123
24.0	Printing and reproduction	41	51	51
25.1	Other services	96	95	102
26.0	Supplies and materials	38	46	47
31.0	Equipment	10	14	18
	Total direct obligations	4,163	4,430	4,370
	Reimbursable obligations:			
11.1	Personnel compensation: Permanent positions	50	50	58
12.0	Personnel benefits	4	4	4
21.0	Travel and transportation of persons	4	6	6
23.0	Rent, communications, and utilities	1	1	1
26.0	Supplies and materials	1	1	1
	Total reimbursable obligations	60	62	70
99.0	Total obligations	4,223	4,492	4,440

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	539	528	507
Full-time equivalent of other positions	2	0	0
Average number of employees	516	509	488
Average GS grade	6.6	6.6	6.6
Average GS salary	$6,620	$7,083	$7,109

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Program by activities:			
	Direct program:			
	1. Disposition of compensation claims:			
	(a) Federal employees	2,901	3,026	2,981
	(b) Longshoremen and harbor workers	1,018	1,124	1,106
	(c) Administration and management services	213	261	258
	(d) Administration of War Claims Act	23	24	25
	Total direct program costs, funded	4,155	4,435	4,370
	Change in selected resources [1]	8	−5	
	Total direct obligations	4,163	4,430	4,370
	Reimbursable program:			
	2. Administration of longshoremen's rehabilitation program (total reimbursable program costs funded—obligations)	60	62	70
10	Total obligations	4,223	4,492	4,440
	Financing:			
13	Receipts and reimbursements from: Trust fund accounts (annual appropriation act):			
	Current authorization	−60	−60	−70
	Proposed increase in authorization due to civilian pay increase		−2	
16	Comparative transfers to other accounts	111	104	
25	Unobligated balance lapsing	1		
	New obligational authority	4,275	4,534	4,370
	New obligational authority:			
40	Appropriation	4,275	4,368	4,370
44	Proposed supplemental due to civilian pay increases		162	
	Proposed supplemental due to military pay increases		4	
	Relation of obligations to expenditures:			
10	Total obligations	4,223	4,492	4,440
70	Receipts and other offsets (items 11-17)	51	42	−70
71	Obligations affecting expenditures	4,274	4,534	4,370
72	Obligated balance, start of year	337	237	58
74	Obligated balance, end of year	−237	−58	−74
77	Adjustments in expired accounts	−5		
90	Expenditures excluding pay increase supplemental	4,369	4,553	4,348
91	Expenditures from civilian pay increase supplemental		156	6
	Expenditures from military pay increase supplemental		4	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders: 1963, $1,000; 1964, $9,000; 1965, $4,000; 1966, $4,000.

Employees' Compensation Claims and Expenses

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Program by activities:			
	1. Federal civilian employees benefits	54,338	57,532	60,216
	2. Armed Forces reservists benefits	16,098	14,400	14,000
	3. War Claims Act benefits	547	555	550
	4. Other benefits	1,011	1,013	1,510
10	Total program costs, funded—obligations (object class 42.0)	71,994	73,500	76,276
	Financing:			
11	Receipts and reimbursements from: Administrative budget accounts	−13,162	−20,850	−26,670
25	Unobligated balance lapsing	6		
40	New obligational authority (appropriation)	58,838	52,650	49,606
	Relation of obligations to expenditures:			
10	Total obligations	71,994	73,500	76,276
70	Receipts and other offsets (items 11-17)	−13,162	−20,850	−26,670
71	Obligations affecting expenditures	58,832	52,650	49,606
72	Obligated balance, start of year	33	54	2,179
74	Obligated balance, end of year	−54	−2,179	−6,789
90	Expenditures	58,812	50,525	44,996

Mr. Fogarty. The subcommittee will come to order.

We will now take up the Bureau of Employees' Compensation.

Mr. Tinsley, this is the first time you have testified on this appropriation?

Mr. Tinsley. That is correct.

Background of Mr. Tinsley

Mr. Fogarty. Do you want to give us some of your background? I know who you are, but give it to us for the record, please.

Mr. Tinsley. I am a native of Pennsylvania. I am a graduate of the University of Scranton in that State, and hold a master's degree in public administration from the American University here in Washington. I served in World War II in the Navy. I entered Government service in 1948 and have held a number of positions in various organizational units and phases of the Federal compensation program since that time.

Prior to my present appointment I was Deputy Director of the Bureau for several years and before that I as an Assistant Director.

General Statement

Mr. Fogarty. All right, go ahead, Mr. Tinsley.

You have a statement?

Mr. Tinsley. I have submitted a prepared statement to the committee.

Mr. Fogarty. Your statement will be inserted in the record.

(The document referred to follows:)

STATEMENT BY THOMAS A. TINSLEY, DIRECTOR, BUREAU OF EMPLOYEES' COMPENSATION

The budget estimates for appropriations for the Bureau of Employees' Compensation for fiscal year 1966 follows the submission of prior years. It proposes two appropriations, one for the cost of administration of the several Federal workmen's compensation laws and the other for benefits payable from the employees' compensation fund.

SALARIES AND EXPENSES

This budget estimate proposes a direct appropriation of $4,311,000 for administration of the Bureau's programs and an authorization to transfer $63,000 from the trust fund created by section 44 of the Longshoremen's and Harbor Workers' Compensation Act.

This reflects an overall decrease of $118,150 below funds for the current fiscal year. It also provides for a reduction of 27 positions. This represents a decrease of $189,200 which is offset by a net increase of $48,000 for other program items and $23,050 for mandatory items.

The President's budget contained an undistributed reduction for the wage and labor standards area of $811,000. This was an offering by the Secretary of Labor to the President in keeping with the administration's desire for economy and efficiency. The press of time did not allow for distribution of this amount by appropriation account.

Subsequently, the Secretary of Labor did make the distribution of the $811,000 (and 40 positions). This particular appropriation was reduced $66,000 and six positions. The reduction will be accomplished by a slight increase in productivity and a more stringent control over expenditures in nonpersonal services.

FEDERAL EMPLOYEES' COMPENSATION ACT PROGRAM

The Federal Employees' Compensation Act provides workmen's compensation coverage to over 2.5 million employees of the Federal Government, including officers and employees of the District of Columbia (except members of the Police and Fire Departments); members of Civil Air Patrol; members of Reserve Officer's Training Corps while in training; Peace Corps volunteers and enrollees in the Job Corps and various other groups to whom the act has been extended from time to time. It is estimated that approximately 112,000 injuries will be reported in 1966. This program is administered by the Bureau through nine of its district offices within the continental limits of the United States and its office in the State of Hawaii.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT PROGRAM

This act was enacted in 1927 and provides workmen's compensation benefits for employees of private maritime employment engaged in loading and unloading, and repairing vessels of the navigable waters of the United States. It was subsequently extended to certain other private employments within Federal jurisdiction. These include all private employment in the District of Columbia, employees of Government contractors employed at defense bases or engaged in public works outside the continental United States; private employees working on the Outer Continental Shelf in the exploration and development of natural resources; employees of post exchanges and other nonappropriated fund instrumentalities of the Department of Defense; employees of contractors on certain projects outside the United States financed and approved under the Mutual Security Act; and employees of the Red Cross and similar organizations associated with the Armed Forces outside the United States.

The Supreme Court, in its decision on June 4, 1962, held that provisions of the Longshoremen's and Harbor Workers' Compensation Act covered employees engaged in new ship construction work while a vessel is upon the navigable waters of the United States (including any drydock or marine railway).

Liability for the payment of compensation benefits under this program rests upon the employer and the only expense to the Federal Government is for the administration of the program. The employer must insure his liability for the

payment of compensation benefits with an insurance carrier authorized by Bureau to write such insurance or by meeting requirements of the Bureau to qualify as a self-insurer. The administration of this program is completely decentralized. Operations are conducted through 13 district field offices. The program relating to employments in the District of Columbia is administered through a local district office, and the cost of administration is paid from funds appropriated to the District government and transferred to the Bureau.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT REHABILITATION PROGRAM

The transfer of $63,000 from the trust fund created by section 44 of the Longshoremen's Compensation Act is used in connection with the rehabilitation of permanently disabled beneficiaries of this act. The fund is made up of sums paid by employers in certain fatal cases and from fines, penalties, and interest on invested surplus. The Bureau does not operate a vocational training program of its own and the amount requested is for the services of seven employees to aid in arranging the rehabilitation of seriously disabled employees through cooperation with State facilities.

WAR CLAIMS ACT

This is a liquidating program under which benefits are being paid to American citizens who were captured or detained by the Japaneses during World War II in the Philippine Islands.

BUDGET REQUEST

Mr. TINSLEY. Mr. Chairman, I believe my statement summarizes the various programs we administer and also the significant items contained in the budget request. I will let the statement speak for itself.

Briefly, it shows that an estimate of $4,374,000 for the salary and expense appropriation, which is $118,150 below the current year appropriation.

The compensation fund estimate is for $76,276,000, which is $2,776,000 above the current year appropriation for that fund. Those are the two major changes in the budget and I will be pleased to answer any questions you may have.

SALARIES AND EXPENSES

REDUCTION IN PERSONNEL

Mr. FOGARTY. The funds available for 1965 total $4,492,150 and the request for 1966 is $4,374,000, a reduction of $118,150, and 27 positions?

Mr. TINSLEY. That is correct.

Mr. FOGARTY. In my opinion what makes this even worse is that you are going to have to start a program for the economic opportunity program.

Mr. TINSLEY. That is correct.

Mr. FOGARTY. How much will be involved in that?

Mr. TINSLEY. We anticipate that we would need six positions to handle that program. It will result, we expect, in a half-million-dollar increase in the compensation fund.

Mr. FOGARTY. So actually you are cutting about 33 positions?

Mr. TINSLEY. That is correct, considering the exchanges that took place. It would be roughly 33.

Mr. FOGARTY. This is one of the worst cuts you have ever had.

Mr. TINSLEY. In recent years, that is right, Mr. Chairman.

I would probably have to go back to 1948 and see what it was there.

Mr. FOGARTY. 1947 and 1948 were kind of lean years for all the departments, but I have never seen a cut like this.

Where are you going to cut out these positions?

Mr. TINSLEY. It will be somewhat across the board. We will reduce some claim examining positions. We will probably reduce a few vouchers examining positions, and review some other areas where we feel we can improve the procedures and possibly gain some increases in productivity. We will then proceed to make a determination as to exactly which positions.

Mr. FOGARTY. Do you really think it will be possible to do as good a job with this increased workload and reduced staff? In the first place, you are following in the footsteps of one of the finest administrators this program has ever had. That is going to be difficult, but to begin running this program now with a cut of 33 jobs, on top of that, I don't know how you are going to do it in the next year.

Mr. TINSLEY. Well, we are going to do our best.

Mr. FOGARTY. That is what you are supposed to do, I know. I don't think you can do a good job with this kind of appropriation.

Mr. TINSLEY. We are going to do everything we can. We are hopeful we can make some improvements both in procedures and in terms of finding some ways that will enable us to increase production in certain areas.

I can assure you that if, despite our efforts, we find that the service is deteriorating or we are falling back, I would be the first one to seek more funds if I feel that is the only answer.

Mr. FOGARTY. This agency has always been on the conservative side ever since I have known it. It is one of the most conservative in the entire Department.

Mr. TINSLEY. That is true.

GUARD SERVICE IN NEW YORK

It is a small item, but what is the reason for your assuming the $7,000 cost of GSA guard service in New York?

Mr. TINSLEY. That particular office has had problems in terms of the clientele it deals with—that is how we refer to them—this involves claimants and others who visit that office in connection with the longshoremen's and harbor workers' program. We have had threats against members of the staff up there, a few minor incidents in the office, the people up there are somewhat fearful. We are not in a Federal building, therefore there is no guard service in the building.

The city police have taken time to come in, as we might expect, as a result of these incidents. This is usually after the fact. In terms of protection of our own office staff, we feel we need this guard present at all times.

COMPENSATION FUND

Mr. FOGARTY. For your fund the appropriation for 1965 was $52,650,000, and the request for 1966 is $49,606,000, a reduction of $3,044,000; however, transfers from other Government agencies under Public Law 86–76 increase $5,820,000, from $20,850,000 to $26,670,000, for a net increase of $2,776,000 in the total budget; is that right?

Mr. TINSLEY. That is about right.

Mr. FOGARTY. As I understand it, most of the increase is due to the increases in benefits as a result of the Pay Act of 1964, increased cost of medical care, and the program for the Office of Economic Opportunity. Does that about cover it?

Mr. TINSLEY. That is correct. Also this increase in medical care in part results from the closing of two Public Health Service hospitals which they anticipate closing this year. The hospitals, I believe, are in Chicago and Memphis.

Mr. FOGARTY. How much would that be?

Mr. TINSLEY. That would be $1,076,000. I believe that is the estimate.

Mr. FOGARTY. I notice on page 15 you estimate that the Senate will be charged a little more than the House. Why do you anticipate more injuries on the Senate side?

Mr. TINSLEY. I am not sure, Mr. Chairman, that that reflects more injuries in the Senate than the House. They vary because of the possibility of medical costs and other things.

As I recall, both items are small. I don't know how many injuries occur in the Senate or the House. I would have to check the records.

Mr. FOGARTY. Mr. Mathews, do you have any questions?

Mr. MATHEWS. No questions.

Mr. FOGARTY. Mr. Shriver?

Mr. SHRIVER. No questions.

Mr. FOGARTY. This is a very conservative budget. I feel sorry for you with this cut of 33 positions and following Mr. McCauley. You are going to have a rough time, even though you have been in the Bureau quite a while, to keep the program from slipping. I am sure you know your job and will do your best.

Mr. TINSLEY. Thank you, Mr. Chairman.

Mr. FOGARTY. Thank you very much, Mr. Tinsley.

JUSTIFICATION MATERIAL

SALARIES AND EXPENSES, BUREAU OF EMPLOYEES' COMPENSATION

Amounts available for obligation

	1965	1966
Appropriation or estimate	$4,368,000	$4,311,000
Proposed supplemental due to pay increase (Public Law 88-426 and Public Law 88-422)	168,300	
Authorized transfers or reimbursements: From longshore trust fund, Public Law 87-290	60,000	63,000
Comparative transfer to Office of the Secretary	−120,150	
Comparative transfer from Office of the Secretary	16,000	
Total fund availability or estimate, revised	4,492,150	4,374,000

Obligations by activity

Description	Appropriation revised, 1965		Estimate, 1966		1966 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Disposition of compensation claims:						
(a) Federal employees	375	$3,020,795	354	$2,906,691	−21	−$114,104
(b) Longshoremen and harbor workers	41	1,124,270	110	1,120,989	−4	−3,281
(c) Administration and management	28	260,900	26	258,370	−2	−2,530
(d) Administration of War Claims Act	4	24,085	4	24,950		+865
Total direct obligations	521	4,430,050	494	4,311,000	−27	−119,050
2. Administration of Longshoremen's rehabilitation program	7	62,100	7	63,000		+900
Total direct and authorized obligations	528	4,492,150	501	4,374,000	−27	−118,150

Obligations by object

	Appropriation revised, 1965	Estimate, 1966	1966 change
Total number of permanent positions	528	501	−27
Average number of all employees	509	482	−27
11 Personnel compensation	$3,725,501	$3,610,606	−$114,895
12 Personnel benefits	314,449	316,564	+2,115
21 Travel and transportation of persons	116,720	102,320	−14,400
22 Transportation of things	4,200	4,200	
23 Rent, communications, and utilities	123,430	123,655	+225
24 Printing and reproduction	50,925	51,925	+1,000
25 Other services	95,700	102,700	+7,000
26 Supplies and materials	46,775	47,225	+450
31 Equipment	14,450	14,805	+355
Total obligations	4,492,150	4,374,000	−118,150
Deduct: From transfers authorized from longshore trust fund by Public Law 87-290	62,100	63,000	+900
Total direct obligations	4,430,050	4,311,000	−119,050
Working capital fund items included above	(121,100)	(121,100)	(----------)

Summary of changes

	Direct appropriation	Authorizations by transfers	Estimated available
1965 appropriation or transfer	$4,368,000	$60,000	$4,428,000
Proposed supplemental due to pay increase (Public Law 88-426 and 88-422)	166,200	2,100	168,300
Comparative transfer from Office of the Secretary	16,000		16,000
Comparative transfer to Office of the Secretary	−120,150		−120,150
1965 appropriation or transfer, revised	4,430,050	62,100	4,492,150
1966 estimate	4,311,000	63,000	4,374,000
Total change	−119,050	+900	−118,150
Mandatory items:			
Increases:			
Net pay increase cost in 1966 (Public Law 88-426)			+1,610
Net within-grade promotion cost			+23,525
Decreases: To reduce the level of contributions to the Federal employees' compensation fund			−2,085
Program items:			
Increases:			
To initiate the program for the Economic Opportunity Act, Public Law 88-452, approved Aug. 20, 1964, 6 positions; $31,970 personal services; $9,030 nonlabor costs			+41,000
To provide funds for reimbursement to General Services Administration for guard service in the New York office			+7,000
Decreases: A reduction of 22 positions is reflected in the Federal employees' activity for increased productivity; $167,800 is for personal services and $21,400 for nonlabor costs			−189,200
Total change			−118,150

Mandatory changes for 1966

Increases:	
Pay increase cost	+$1,610
Net additional cost of pay increase for current year (base) staff pursuant to Public Law 88-426:	
Personnel compensation	17,926
Personnel benefits	1,264
Total	19,190
Absorption of a portion of above increases for pay costs (reduction 3 positions, $17,580 personal services)	−17,580
Within-grade promotion costs	+23,525
1966 net additional cost of within-grade promotions effective on only a part-year basis for base staff in 1965	+28,225
Personnel compensation	27,696
Deduct lapse	−543
Deduct savings due to turnover	−1,002
Personnel benefits	2,074
Net cost	+28,225
Net cost of within-grade promotions becoming effective during 1966	40,905
Personnel compensation	40,043
Deduct lapse	−684
Deduct savings due to turnover	−1,455
Personnel benefits	3,001
Net cost	+40,905
Absorption of a portion of above increases (reduction 6 positions; $45,605 personal services)	−45,605
Decreases: To reduce the level of contributions to the Federal employees' compensation fund	−2,085

Mandatory changes by activity

Type of change	Activity 1a		Activity 1b		Activity 1c		Activity 1d		Activity 2		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Mandatory changes:												
Pay increase costs		$15,168		$2,056		$1,760		$110		$96		$19,190
Absorption of disallowed pay costs	−2	−11,850			−1	−5,730					−3	−17,580
Net pay increase costs		3,318		2,056		−3,970		110		96		1,610
Within-grade promotion costs		46,263		17,288		4,620		155		804		69,130
Absorption of disallowed within-grade promotion costs	−2	−11,254	−3	−22,951	−1	−11,400					−6	−45,605
Net within-grade costs		35,009		−5,663		−6,780		155		804		23,525
Contributions to FEC fund (+ or −)		−8,269		+6,184								−2,085
Total	−4	30,058	−3	+2,577	−2	−10,750		265		900	−9	23,050

Program changes by activity

Object classification	Activity 1a		Activity 1b		Activity 1c		Activity 1d		Activity 2		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation	−17	−$122,697	−1	−$11,683		$7,821		$568			−18	−$125,991
12 Personnel benefits		−9,095		−1,175		399		32				−9,839
21 Travel and transportation of persons		−14,400										−14,400
22 Transportation of things												
23 Rent, communications, and utilities		225										225
24 Printing and reproduction		1,000										1,000
25 Other services				7,000								7,000
26 Supplies and materials		450										450
31 Equipment		355										355
Total	−17	−144,162	−1	−5,858		8,220		600			−18	−141,200

ACTIVITY 1. DISPOSITION OF COMPENSATION CLAIMS

(a) Federal employees

1965	$3,020,795
1966	2,906,691

NARRATIVE DESCRIPTION OF PROGRAM

This program covers the administration of the Federal Employees' Compensation Act of September 7, 1916, as amended, and is applicable to civilian employees of the U.S. Government who sustain injury or death while in the performance of duty (including war-risk hazards). This act has been extended from time to time, with and without limitations, to other groups which include or have at times included the following: Employees of the government of the District of Columbia (except members of the Police and Fire Departments); persons employed on various Federal emergency relief work projects; members of Military Reserve Forces in time of peace; commissioned officers of the U.S. Public Health Service; Federal student nurses; enrollees in the Civilian Conservation Corps; members of the Civilian Air Patrol; members of the Reserve Officers' Training Corps of the Army; the Peace Corps; enrollees in the Job Corps; and Volunteers in Service to America, falling within the purview as Government employees, as defined in the Economic Opportunity Act of 1964, and others.

PROGRAM CHANGES FOR 1966

The program increase for this activity includes $41,000 for six new positions to handle the processing and adjudication of claims arising under title I, part A, of Public Law 88-452, 88th Congress, approved August 20, 1964, the Economic Opportunity Act of 1964.

In establishing the Job Corps, the law specifically states that enrollees for the purposes of the administration of the Federal Employees' Compensation Act will be deemed "civil employees" as defined in section 40 of such act (5 U.S.C. 790) and the provisions thereof shall apply except where specific exceptions (Public Law 88-452, sec. 106 (2)(A)) have been defined. Compensation for disability will not begin to accrue until the day following the date on which the enrollment of the injured enrollee is terminated. The provisions stated above have been made applicable to the "Volunteers in Service to America" as established in section 603(d) of the act.

Funds for payment of claims arising under this act have been requested in the "Employees' compensation claims and expenses" appropriation for fiscal year 1966.

An increase in productivity has been reflected in a decrease of 22 positions and $189,200.

To provide for a uniform-lapse rate, one additional position has been reduced for the administration of this activity.

Workload statistics—Federal Employees' Compensation Act

TABLE SHOWING ACTUAL AND ESTIMATED NUMBER OF OPEN CASES ON HAND

	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
Open cases, start of year:				
Long-term continuing cases	19,803	20,225	20,525	20,800
Other than long-term continuing cases	23,701	23,609	24,953	25,000
Total	43,504	43,834	45,748	45,800
Add new injuries reported	109,213	109,623	110,400	112,000
Add reopened cases	25,264	29,596	29,000	29,000
Total cases for year	177,981	183,053	184,878	186,800
Cases closed	134,147	137,575	139,078	140,300
Open cases, end of year:				
Long-term continuing cases	20,225	20,525	20,800	21,000
Other than long-term continuing cases	23,609	24,953	25,000	25,500
Total	43,834	45,478	45,800	46,500

TABLE OF SIGNIFICANT CASELOAD DATA AND COSTS

Total cases for year [1]	177,981	183,053	184,878	186,800
Deduct no time lost cases reported [2]	58,254	66,848	67,488	68,180
Active cases for year [3]	119,727	116,205	117,390	118,620
Long-term cases, start of period [4]	19,803	20,225	20,525	20,800
Other than long-term cases [5]	99,924	95,980	96,865	97,820
Cost of compensation benefits expressed in thousands of dollars	$68,135	$71,944	$73,500	[6] $76,276

TABLE SHOWING NUMBER OF CLAIMS RECEIVED AND INVESTIGATIONS COMPLETED

New claims received	13,109	13,379	13,500	13,700
Long-term continuing cases	20,225	20,525	20,800	21,000
Claims subject to investigation	33,334	33,904	34,300	34,700
Investigations completed	1,631	1,888	1,900	2,000
Percent investigations completed to claims subject to investigations	4.9	5.5	5.5	5.7

[1] Includes open cases at start of year, plus new injuries reported, and reopened cases.
[2] No time lost cases are cases requiring little adjudicating action other than payment of medical expense.
[3] This is the volume of cases which require initial or continuing claims action effecting all operating segments of the organization in this activity.
[4] These are the long-term disability and death cases carried forward each year for continued servicing and payment of compensation.
[5] Cases in this group are in various stages of adjudication during the year. They consist of approved cases receiving medical and compensation benefits for relatively short periods of time, those requiring development in order to make final decisions, disapproved cases in which an appeal has been filed, previously closed cases which have been reopened for any one of numerous reasons, etc.

Ratio of administrative costs to compensation benefits

	Benefit cost	Administrative cost	Ratio
Fiscal year:			*Percent*
1962	$63,995,330	$2,857,333	4.5
1963	68,134,584	2,939,154	4.3
1964	71,994,147	3,122,000	4.3
1965	[1] 73,500,000	[1] 3,281,695	[1] 4.5
1966	[1] 76,276,000	[1] 3,165,061	[1] 4.2

[1] Estimated.

Federal Employees' Compensation Act—Vocational rehabilitation, workload statistics

	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
1. Cases reviewed for rehabilitation services	4,720	4,258	4,300	4,375
2. Cases selected for development of rehabilitation services	2,724	1,137	1,200	1,275
3. Services provided:				
(a) Placed in employment without training	167	243	250	275
(b) Training in progress	92	115	125	135
(c) Training completed	53	90	100	125
(1) Placed in employment after training	53	90	100	125
(d) Cases being developed	1,359	804	850	875

Geographical distribution of injuries reported, fiscal year 1963, and Federal employment as of Dec. 31, 1962

	Employment	Percent	Injuries reported	Percent
Maine	16,936	.68	361	.33
New Hampshire	3,983	.16	391	.36
Vermont	3,024	.12	186	.17
Massachusetts	64,815	2.59	3,798	3.48
Connecticut	15,174	.61	1,250	1.14
Rhode Island	12,419	.49	482	.44
Region 1, Boston	116,351	4.65	6,468	5.92
New York	183,635	7.33	12,070	11.05
New Jersey	56,741	2.27	3,701	3.39
Pennsylvania	133,288	5.32	4,142	3.79
Delaware	3,543	.14	230	.21
Regions 2 and 3, New York	377,207	15.06	20,143	18.44
Maryland	49,159	1.96	1,797	1.64
Virginia	70,659	2.82	2,988	2.74
North Carolina	30,029	1.20	1,293	1.18
District of Columbia	255,366	10.20	5,784	5.30
Outside continental United States	167,877	6.71	1,716	1.57
Regions 4 and 5, Washington, D.C.	573,090	22.89	13,578	12.43
South Carolina	24,167	.96	687	.63
Georgia	60,609	2.42	2,103	1.92
Florida	51,233	2.05	2,933	2.69
Region 6, Jacksonville	136,009	5.43	5,723	5.24
Arkansas	15,138	.60	612	.56
Alabama	62,783	2.51	2,194	2.01
Mississippi	16,905	.68	952	.87
Louisiana	24,648	.98	935	.86
Texas	119,850	4.79	5,257	4.81
Regions 7 and 8, New Orleans	239,324	9.56	9,950	9.11
Michigan	45,620	1.82	2,208	2.02
Indiana	33,054	1.32	1,472	1.35
Ohio	92,937	3.71	3,945	3.61
West Virginia	11,450	.46	410	.37
Kentucky	29,939	1.20	1,504	1.38
Tennessee	36,413	1.45	1,884	1.73
Region 9, Cleveland	249,413	9.96	11,423	10.46
Illinois	103,087	4.12	4,743	4.34
Wisconsin	21,200	.85	1,080	.99
Minnesota	26,040	1.04	1,509	1.38
Iowa	16,321	.65	877	.80
Missouri	52,546	2.09	2,061	1.89
North Dakota	6,521	.26	279	.26
South Dakota	9,632	.38	400	.37
Nebraska	15,522	.62	595	.54
Kansas	20,531	.82	840	.77
Oklahoma	44,727	1.79	1,875	1.72
Region 10, Chicago	316,127	12.62	14,259	13.06
California	250,833	10.02	12,827	11.74
Nevada	6,827	.27	489	.45
Utah	29,509	1.18	1,230	1.13
Colorado	36,498	1.46	2,315	2.12
Arizona	22,394	.89	1,442	1.32
New Mexico	24,849	.99	1,424	1.30
Region 13, San Francisco	370,910	14.81	19,727	18.06
Washington	47,044	1.88	2,226	2.04
Oregon	21,140	.84	1,963	1.80
Montana	9,962	.40	919	.84
Idaho	7,021	.28	830	.76
Wyoming	5,110	.20	447	.41
Alaska	13,272	.53	1,072	.98
Region 14, Seattle	103,549	4.13	7,457	6.83
Hawaii 15	22,217	.89	485	.45
Grand total	2,504,197	100.00	109,213	100.00

Geographical distribution of injuries reported, fiscal year 1964, and Federal employment as of Mar. 31, 1964

	Employment	Percent	Injuries reported	Percent
Maine	16,335	0.66	408	0.37
New Hampshire	4,304	.17	538	.50
Vermont	3,043	.12	169	.15
Massachusetts	63,572	2.55	4,214	3.84
Connecticut	15,275	.61	1,195	1.09
Rhode Island	12,431	.49	469	.43
Region 1, Boston	114,960	4.62	6,993	6.38
New York	181,086	7.27	11,992	10.94
New Jersey	54,772	2.20	3,318	3.03
Pennsylvania	131,314	5.27	4,125	3.76
Delaware	3,612	.15	226	.21
Regions 2 and 3, New York	370,784	14.89	19,661	17.94
Maryland	49,673	1.99	2,104	1.92
Virginia	70,054	2.81	3,056	2.79
North Carolina	30,333	1.22	1,380	1.26
District of Columbia	263,994	10.60	6,016	5.49
Outside continental United States	167,157	6.71	2,170	1.97
Regions 4 and 5, Washington, D.C.	581,211	23.34	14,726	13.43
South Carolina	23,573	.95	860	.78
Georgia	60,226	2.42	2,046	1.87
Florida	52,673	2.12	3,087	2.82
Region 6, Jacksonville	136,472	5.48	5,993	5.47
Arkansas	15,272	.61	668	.61
Alabama	61,403	2.47	2,219	2.02
Mississippi	17,168	.69	930	.85
Louisiana	24,478	.98	957	.87
Texas	120,512	4.84	4,914	4.48
Regions 7 and 8, New Orleans	238,833	9.58	9,688	8.84
Michigan	44,455	1.79	2,140	1.95
Indiana	33,145	1.33	1,524	1.39
Ohio	92,751	3.72	3,897	3.55
West Virginia	11,529	.46	374	.34
Kentucky	27,617	1.11	1,230	1.12
Tennessee	34,312	1.38	2,157	1.97
Region 9, Cleveland	243,809	9.79	11,322	10.33
Illinois	100,778	4.05	4,477	4.08
Wisconsin	21,185	.85	1,019	.93
Minnesota	26,139	1.05	1,486	1.36
Iowa	16,066	.65	875	.80
Missouri	52,592	2.11	2,349	2.14
North Dakota	6,720	.27	254	.23
South Dakota	9,248	.37	433	.39
Nebraska	15,288	.61	637	.58
Kansas	19,620	.79	858	.78
Oklahoma	44,719	1.80	1,697	1.55
Region 10, Chicago	312,355	12.54	14,085	12.85
California	247,683	9.95	12,892	11.76
Nevada	6,941	.28	463	.42
Utah	28,988	1.16	1,210	1.10
Colorado	35,863	1.44	2,218	2.02
Arizona	22,791	.92	1,447	1.32
New Mexico	24,753	.99	1,464	1.34
Region 13, San Francisco	367,019	14.74	19,694	17.96
Washington	45,777	1.84	2,258	2.06
Oregon	21,502	.86	1,771	1.62
Montana	9,906	.40	811	.74
Idaho	6,865	.28	756	.69
Wyoming	5,233	.21	453	.41
Alaska	13,294	.53	992	.90
Region 14, Seattle	102,577	4.12	7,041	6.42
Hawaii 15	22,335	.90	420	.38
Grand total	2,490,355	100.00	109,623	100.00

(b) Longshoremen and harbor workers

1965	$1,124,270
1966	1,120,989

NARRATIVE DESCRIPTION OF PROGRAM

This program covers the administration of the Longshoremen's and Harbor Workers' Compensation Act of March 4, 1927, as amended, which provides workmen's compensation benefits for employees of private employers who are engaged in certain maritime employments and other employments to which the law has been extended. The latter include private employment at military, air, and naval bases acquired by the United States from foreign countries and on lands occupied or used by the United States for military or naval purposes outside the continental United States; employees in the service of contractors with the United States engaged in public works including contracts under certain provisions of the Mutual Security Act; persons outside the continental United States providing welfare or similar services for the benefit of the Armed Forces; certain private employments on the Outer Continental Shelf; and civilian employees of nonappropriated fund instrumentalities (exchanges, motion picture services, etc.) under the jurisdiction of the Armed Forces. In addition to administering the benefit provisions of this act, the Bureau (*a*) makes studies of the causes of accidents, (*b*) determines the authority of insurance carriers to write workmen's compensation insurance under the several laws, (*c*) the authorization of employers as self-insurers under such laws, and (*d*) provides rehabilitation services for permanently disabled employees.

Also, the Bureau administers the War Hazards Compensation Act of December 2, 1942, as amended, which is applicable to certain private employees outside the continental limits of the United States, including (*a*) employees of contractors with the United States, (*b*) persons rendering service to the United States under personal service contracts, (*c*) employees of nonappropriated fund instrumentalities, and (*d*) employees providing welfare or similar services for the benefit of the Armed Forces. This act prescribes workmen's compensation benefits for injuries and death due to war risk hazards, and benefits for persons detained by an enemy.

The Longshoremen's and Harbor Workers' Compensation Act authorizes the Bureau to provide necessary vocational rehabilitation services, including prosthetic devices, to permanently injured employees.

PROGRAM CHANGES FOR 1966

An increase of $7,000 will provide for reimbursement to General Services Administration for guard service which will provide security protection to employees located in a non-Federal building.

To provide for a uniform lapse rate, one additional position has been reduced for the administration of this activity.

Workload statistics—Longshoremen's and Harbor Workers' Compensation Act and extensions

Item	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
Caseloads:				
Time lost and fatal cases reported	16,805	17,825	18,500	18,900
No time lost cases reported	63,269	67,399	71,500	71,800
Total new injuries reported	80,074	85,224	90,000	90,700
Reopened cases	5,736	5,823	5,900	6,000
Active cases, end of year	21,203	23,634	24,500	24,750
Other data:				
Formal hearings	370	377	385	400
Informal conferences and personal interviews	33,344	33,120	33,200	33,200
Number of employees:				
Departmental	10	8	8	8
Field	99	110	106	102
Total	109	118	114	110

(c) *Administration and management services*

1965	$260,900
1966	258,370

NARRATIVE DESCRIPTION OF PROGRAM

Included in this activity is overall direction of the Bureau, program administration provided by the Director, the rendering of final decisions in respect to individual claims when the right to compensation may be in doubt or an important issue is raised, and all administrative management services.

PROGRAM CHANGES FOR 1966

The adjustment of $8,220 is to achieve a more equitable distribution among the subactivities.

WORKLOAD STATISTICS

None.

(d) *Administration of War Claims Act*

1965	$24,085
1966	24,950

NARRATIVE DESCRIPTION OF PROGRAM

This program covers the administration of certain sections of the War Claims Act of 1948 pertaining to: (a) Claims of employees of certain contractors with the United States (principally contractors' employees employed on certain Pacific islands who were captured by the Japanese Government) for wages due such employees under their contracts of employment during the period of detention and compensation for disability and death caused by a war risk hazard; and (b) claims of civilian American citizens for benefits payable under the War Claims Act on account of injury, disability, or death occasioned by reason of capture or detention by the Japanese Government at Midway, Guam, Wake Island, the Philippine Islands, and territories and possessions of the United States attacked or invaded by the Japanese Government.

PROGRAM CHANGES FOR 1966

The adjustment of $600 is to achieve a more equitable distribution among the subactivities.

WORKLOAD STATISTICS—WAR CLAIMS ACTIVITIES

The number of active cases involving long-term injuries will continue at a relatively high rate because of the serious nature of the disabilities incurred by the beneficiaries during their long period of internment in prisoner-of-war camps (or in hiding from the enemy) and require continued or repeated medical care and administrative handling.

Civilian American citizens

Number of	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
New injuries reported	40	8	----------	----------
Long-term cases	217	176	180	175
Active cases, end of year	254	184	180	175
Compensation and medical payments	3,350	3,144	3,500	3,482

Employees of Government contractors

	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
Number of:				
Long-term cases	162	151	150	150
Active cases, end of year	162	151	150	150
Compensation and medical payments	2,139	1,896	2,130	2,126

ACTIVITY 2. ADMINISTRATION OF LONGSHOREMEN'S REHABILITATION PROGRAM

1965	$62,100
1966	63,000

NARRATIVE DESCRIPTION OF PROGRAM

The Longshoremen's and Harbor Workers' Compensation Act authorizes the Bureau to provide necessary vocational rehabilitation services, including prosthetic devices, to permanently injured employees. Funds for the administration of the program are derived from the trust fund created by section 44 of the Longshoremen's Act in such amounts as may be authorized in annual appropriations of the Department of Labor. The fund was established for payment of compensation in second injury cases and certain other benefits. It must be maintained at a level to provide an adequate reserve to cover potential liabilities for such benefits.

PROGRAM CHANGES FOR 1966

None.

Workload statistics

	Actual, 1963	Actual, 1964	Estimate, 1965	Estimate, 1966
1. Cases reviewed for rehabilitation services	1,429	1,460	1,500	1,525
2. Cases selected for development of rehabilitation needs	605	516	550	575
3. Services provided:				
(a) Placed in employment without training	69	60	70	80
(b) Training in progress	24	27	30	35
(c) Training completed	27	20	25	30
(1) Placed in employment after training	27	20	25	30
(d) Cases being developed	458	278	300	325

Distribution of field staff

District offices	1965			1966		
	Professional	Clerical	Total	Professional	Clerical	Total
Boston	10	18	28	9	16	25
New York	21	65	86	19	61	80
Philadelphia	2	3	5	2	3	5
Baltimore	2	3	5	2	3	5
Washington, D.C.	13	30	43	12	33	45
Norfolk	2	2	4	2	2	4
Jacksonville	10	20	30	9	19	28
New Orleans	13	32	45	13	29	42
Galveston	4	7	11	4	7	11
Cleveland	12	26	38	11	24	35
Chicago	13	31	44	12	30	42
San Francisco	22	51	73	22	47	69
Seattle	13	20	33	12	19	31
Honolulu	3	4	7	3	4	7
Total field staff	140	312	452	132	297	429

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, $3,610,606

The net decrease of 27 positions and $114,895 includes a reduction of 33 positions to absorb the increased pay cost, within-grade promotion costs, increased productivity for current workload and to provide for a more uniform lapse rate and an increase of 6 new positions to handle the increased workload anticipated under the "Antipoverty benefits" Public Law 88-452, approved August 20, 1964.

Personnel benefits, $316,564

The increase of $2,115 includes $2,230 for six new positions plus the mandatory costs for base staff covering annualization of pay increases, within-grade promotions, and reimbursements to other agencies for services performed offset by a reduction of present staff due to increased productivity for current workload.

Travel and transportation of persons, $102,320

The increased cost of investigating cases for the proposed new program is offset by increased productivity for a net decrease.

	1965	1966	Change
Number of travelers	82	78	−4
Number of days traveled	3,850	3,349	−501
Estimated cost	$116,720	$102,320	−$14,400

Transportation of things, $4,200

There is no anticipated increase in this category over fiscal year 1965.

1965	$4,200
1966	4,200
Change	

Rent, communications, and utilities, $123,655

The increase of $225 is requested for the new program proposed.

	1965	1966	Change
Reimbursement to the Post Office for mailing privileges	$32,000	$32,000	
Rental of mechanical tabulating equipment	17,400	17,400	
Other rental	13,500	13,500	
Telephone rental, telegraph, and teletype	38,130	38,355	+$225
Working capital fund	22,400	22,400	
Total	123,430	123,655	+225

Printing and reproduction, $51,925

The increase of $1,000 is for the printing of forms for the proposed new program.

	1965	1966	Change
Administrative claims forms supplied to Government establishments	$16,000	$17,000	+$1,000
Letterheads and miscellaneous forms	5,325	5,325	
Working capital fund	29,600	29,600	
Total	50,925	51,925	+1,000

Other services, $102,700

The $7,000 anticipated increase in this category over fiscal year 1965 is to provide guard service in a non-Federal building.

	1965	1966	Change
Stenographic reporting services	$35,500	$35,500	
Miscellaneous repairs and services	14,100	21,100	+$7,000
Centralized departmental services	46,100	46,100	
Total	95,700	102,700	+7,000

Supplies and materials, $47,225

The increase of $450 is requested for six new employees.

	1965	1966	Change
Desk top and miscellaneous supplies	$23,775	$24,225	+$450
Working capital fund	23,000	23,000	
Total	46,775	47,225	+450

Equipment, $14,805

The estimated increase of $3,755 for the six new employees will be offset by a reduction of $3,400 due to reduction of present staff.

	1965	1966	Change
Office machines	$6,800	$7,155	+$355
Furniture	6,650	6,650	
Books	1,000	1,000	
Total	14,450	14,805	+355

Summary of new positions

	Grade	Number	Amount
Federal employees:			
Claims examiner	GS-9	2	$14,440
Voucher examiner	GS-5	1	5,000
Benefit payment roll clerk	GS-5	1	5,000
Clerk-stenographer	GS-4	1	4,480
Clerk-typist	GS-3	1	4,005
Total		6	32,925

EMPLOYEES' COMPENSATION CLAIMS AND EXPENSES

Amounts available for obligation

	1965	1966
Appropriation or estimate	$52,650,000	$49,606,000
Authorized transfers or reimbursements: Other Government agencies (Public Law 86-767)	20,850,000	26,670,000
Total fund availability or estimate	73,500,000	76,276,000

Obligations by activity

	Appropriation revised, 1965	Estimate, 1966	1966 change
Description:			
1. Federal civilian employees benefits	$36,682,000	$33,546,000	−$3,136,000
2. Armed Forces reservists benefits	14,400,000	14,000,000	−400,000
3. War Claims Act benefits	555,000	550,000	−5,000
4. Other benefits	1,013,000	1,510,000	+497,000
Total direct obligations	52,650,000	49,606,000	−3,044,000
1. Federal civilian employee benefits financed by reimbursements	20,850,000	26,670,000	+5,820,000
Total, direct and authorized obligations	73,500,000	76,276,000	+2,776,000

Amounts available for obligation

	1965	1966	Change
Appropriation or estimate	$52,650,000	$49,606,000	−$3,044,000
Authorized transfers and reimbursements	20,850,000	26,670,000	+5,820,000
Total fund availability or estimate	73,500,000	76,276,000	+2,776,000

Obligations by activity

Description	Appropriation revised, 1965	Estimate, 1966	1966 change
1. Federal civilian employees benefits:			
Direct appropriation	$36,682,000	$33,546,000	−$3,136,000
Reimbursements	20,850,000	26,670,000	+5,820,000
Subtotal	57,532,000	60,216,000	+2,684,000
2. Armed forces reservists benefits	14,400,000	14,000,000	−400,000
3. War claims act benefits	555,000	550,000	−5,000
4. Other benefits	1,013,000	1,510,000	+497,000
Total direct and authorized obligations	73,500,000	76,276,000	+2,776,000

Obligations by object

	Appropriation revised, 1965	Estimate, 1966	1966 change
Object classification:			
42 Insurance claims and indemnities	$73,500,000	$76,276,000	+$2,776,000
Deduct:			
Reimbursements from other agencies	20,850,000	26,670,000	+5,820,000
Total direct obligations	52,650,000	49,606,000	−3,044,000

Summary of changes

	Direct appropriation	Authorizations by transfer	Estimated available
1965 appropriation or transfer	$52,650,000	$20,850,000	$73,500,000
1966 estimate	49,606,000	26,670,000	76,276,000
Total change	−3,044,000	+5,820,000	+2,776,000
Mandatory items:			
Federal civilian employee benefits: Increase to be recovered from Federal agencies for injuries or deaths to their employees occurring after Dec. 1, 1960, as provided by sec. 209 of Public Law 86-767 approved Sept. 13, 1960, amending sec. 35 of the Federal Employees' Compensation Act (5 U.S.C. 785)	−5,820,000	+5,820,000	
Federal civilian employees benefits: Increase in benefits for this activity are attributed to (*a*) increased compensation payments due to the enactment of Government Employees' Salary Reform Act of 1964, Public Law 88-426 approved Aug. 14, 1964; (*b*) increasing costs of medical treatment; and (*c*) the additional cost resulting from closing 2 PHS hospitals requiring use of private medical facilities for treatment	+2,684,000		+2,684,000
Armed Forces reservists benefits: This activity reflects a continuing decrease in benefits for injury or death of members of the Reserve components of the Armed Forces, which legislation was repealed by Public Law 881, approved Aug. 1, 1956	−400,000		−400,000
War Claims Act benefits: A slight decrease is anticipated	−5,000		−5,000
Other benefits: The various activities in this group reflect a decrease of $3,000 on programs of a liquidating nature and an increase of $500,000 for antipoverty benefits	+497,000		+497,000
Total change	−3,044,000	+5,820,000	+2,776,000

Activity 1. Federal Civilian Employees' Benefits

1965	$57,532,000
1966	60,216,000

Narrative description of program

This act authorizes payment of benefits to civilian employees of the United States disabled as a result of injuries sustained while in the performance of duty, and to dependents of employees who die as the result of such injuries. Certain of those benefits are payable during the lifetime of the beneficiary, and the principal annual cost is for permanent disability and death compensation for which liability was incurred in prior years. Expenditures from this fund for temporary disability and for medical care are directly influenced by changes in the number of new cases received within the current and preceding year. Other factors influencing the costs are increases in number of civilian employees, increases in wages on which compensation is based, the severity and frequency of injuries, and the increased cost of medical expense. The estimate for 1966 for this activity is $60,216,000 or an increase of $2,684,000 over the estimated cost for fiscal year 1965 in the amount of $57,532,000.

Public Law 86-767 entitled "Federal Employees' Compensation Act Amendments of 1960," in addition to providing increased benefits for injured employees and their dependents, amended section 35 of the act to provide that other Government agencies reimburse the compensation fund for costs incurred due to injuries or deaths occurring after December 1, 1960. The Bureau must provide each agency, prior to August 15 each year, with a statement of such costs. Each agency is then required to include in its annual budget a request for appropriation in an amount equal to such costs. Sums appropriated pursuant to such requests shall, within 30 days after they become available, be deposited to the credit of the compensation fund.

Changes for 1966

It is estimated that benefit costs will increase $2,684,000 for this activity over the estimated requirements for 1965. Reimbursements to the compensation fund by other agencies will total $26,670,000, an increase of $5,820,000 over 1965

costs. The overall net change is a decrease of $3,136,000 in the direct appropriation for this program.

Increases in this activity are due in part to enactment of the "Government Employees' Salary Reform Act of 1964," Public Law 88–426 approved August 14, 1964. Except to the extent provided in subsections (b) and (c) of section 501, this act and the increases in compensation are effective on the first day of the first pay period which begins on or after July 1, 1964. The increases provided under the law represent an average increase in salaries of approximately 4 percent. Based on this increase it is estimated that approximately $1,200,000 will be required to cover increased compensation benefits during fiscal year 1966. This estimate compares with experience during 1964 when $2,800,000 was appropriated to cover an increase of 11 percent in salaries provided under Public Law 87–793, Postal Service and Federal Employees' Salary Act of 1962.

This increase includes the additional cost in the amount of $1,076,000 for private medical facilities resulting from closing two PHS hospitals in Chicago and Memphis.

The medical expenses under this activity have increased substantially over the past 4 years. In 1963 there was a 6.5-percent increase in benefits. In 1964 there was a 9.1-percent increase; 6 percent of which was due to increased workload and 3.1 percent due to increase in medical costs. It is estimated that in 1965 the increase in costs will be 3.7 percent. Based on this trend it is anticipated that medical costs will increase approximately 3.7 percent in fiscal year 1966 or $408,000 above the estimate for 1965.

Disbursements made in 1964 under Public Law 86–767, "Chargeback Plan," for injuries and deaths occurring after December 1, 1960, total $26,670,000. The appropriation request for fiscal year 1966 has, therefore, been reduced by this amount in anticipation of the repayment of that sum by the agencies involved.

Activity 2. Armed Forces Reservists Benefits

1965	$14,400,000
1966	14,000,000

NARRATIVE DESCRIPTION OF PROGRAM

For a number of years the benefits of the Federal Employees' Compensation Act were extended for the injury or death of members of the Reserve components of the Armed Forces occurring in line of duty when on active duty or when engaged in authorized training in time of peace. Public Law 881, approved August 1, 1956, repealed legislation providing compensation for reservists in respect to casualties occurring after December 31, 1956. It is anticipated that payments under this activity will continue to decrease each year as the recipients of these benefits remarry and dependent children become of age.

CHANGES FOR 1966

The estimate for 1966 is $14 million or a decrease of $400,000 from the 1965 estimate. This compares with experience in 1963 of $14,924,760; 1964, $14,833,827; and 1965 estimate of $14,400,000.

Activity 3. War Claims Act Benefits

1965	$555,000
1966	550,000

NARRATIVE DESCRIPTION OF PROGRAM

Benefits for claims arising under sections 4(c) and 5(f) of the War Claims Act of 1948 covers employees of Government contractors and civilian American citizens who were captured by the Imperial Japanese Government. Costs during the current fiscal year under sections 4(c) and 5(f) are estimated to be $555,000.

CHANGES FOR 1966

It is estimated that no new claims will be received under this activity and that benefits will terminate in a few cases resulting in a net decrease of $5,000 over the current fiscal year costs. This compares with experience in 1963 of $551,911; 1964, $546,535; and 1965 estimate of $555,000.

ACTIVITY 4. OTHER BENEFITS

1965	$1,013,000
1966	1,510,000

NARRATIVE DESCRIPTION OF PROGRAM

Civil Air Patrol.—Benefits were extended to volunteer members of the Civil Air Patrol under Public Law 955 (70 Stat. 980). This act was approved August 3, 1956, and payments for the past year totaled $50,437. It is estimated that costs for 1965 and 1966 will be about $61,000.

Reserve Officers' Training Corps.—Under Public Law 879 (70 Stat. 806) approved August 1, 1956, the Federal Employees' Compensation Act was extended to cover members of the ROTC of the Army, Navy, and Air Force engaged in flight instruction; while traveling to or from a training camp or cruise; and while attending a training camp or cruise. Costs for this program during the past 3 years were: 1962, $16,252; 1963, $9,239; and 1964, $5,160. Since the yearly costs of some of these fringe acts are extremely difficult to anticipate it is felt that the estimate of $10,000 for 1965 and 1966 is conservative.

Relief work employees.—The cost for benefits extended to employees on Federal relief work projects in operation from 1933 to 1940 is expected to cost $750,000 based on the liquidating nature of the program.

Employees of Government contractors.—The Compensation Act, as amended December 12, 1942, makes provision for the payment of certain war-risk benefits, including the payment of disability compensation to employees captured by the enemy and death benefits to dependents of employees who died as a result of enemy action. Costs for this program during the past year totaled $66,213 and consisted principally of medical expenses. The estimates for 1965 and 1966 are $64,000 and $62,000 since no new cases are anticipated.

Civilian war benefits.—Benefits extended under this program to certain defense workers injured prior to April 30, 1945, or to their dependents in case of death, are estimated at $27,000 for 1966. Costs during the past year totaled $30,351 and estimate for 1965 is $28,000.

Maritime war-risk benefits.—Public Law 86–233 approved September 8, 1959, "transferred from the Department of Commerce to the Department of Labor, certain functions in respect of insurance benefits and disability payments to seamen for World War II service-connected injuries, death, or disability, and for other purposes." The act directed that payment of such benefits be made from the employees' compensation fund established under the Federal Employees' Compensation Act of September 7, 1916, as amended (5 U.S.C. 751, 785). The cost for 1964 totaled $104,098. It is estimated that $100,000 will be required in 1965 and 1966.

Antipoverty benefits.—Title I, part A of Public Law 88–452 approved August 20, 1964, the Economic Opportunity Act provides that enrollees under said act shall be deemed civil employees of the United States for the purpose of the administration of the Federal Employees' Compensation Act. The act directs that payment for disability shall not begin to accrue until the day following the date on which the enrollment of the injured enrollee is terminated from the corps. The anticipated number of enrollees under this program is 40,000. The estimated rate of disabling injuries is 4 percent or 1,600 additional cases to be reported to the Bureau. Of these cases 80 percent will be covered by enrollment and 20 percent or 320 cases will be assumed liabilities under the compensation fund. Since most of these cases are not expected to be long-term continuing cases it is estimated there will be approximately 10 payments per year per case or 3,200 payments with an average unit cost of $156 per payment. The average unit cost is based on a two-thirds rate of $1,800 salary, plus medical and other related expenses.

CHANGES FOR 1966

An increase of $497,000 in "Other benefits" is anticipated for 1965, $500,000 for antipoverty benefits and various increases and decreases in the other benefits

with a net overall decrease of $3,000. The table below reflects the changes for each segment under the activity "Other benefits."

Program	1964	1965	1966	Change
Civilian Air Patrol	$50,437	$61,000	$61,000	
Reserve Officers Training Corps	5,160	10,000	10,000	
Relief work employees	754,741	750,000	750,000	
Employees of Government contractors	66,213	64,000	62,000	−$2,000
Civilian war benefits	30,351	28,000	27,000	−1,000
Maritime war risk benefits	104,098	100,000	100,000	
Antipoverty benefits			500,000	+500,000
Total	1,011,000	1,013,000	1,510,000	+497,000

BUREAU OF EMPLOYEES' COMPENSATION—REIMBURSEMENT TO EMPLOYEES' COMPENSATION FUND IN ACCORDANCE WITH PUBLIC LAW 86-767

Activity 1. Federal civilian employees benefits

Department or agency	*Fiscal year 1966*
Department of Agriculture	$1,298,923
Department of Commerce	227,625
Department of Defense	50,951
Office of Civil Defense	5,017
General Supply Centers	77,396
Department of the Air Force	3,358,881
Department of the Army	3,092,076
Corps of Engineers civil functions	231,068
National Cemeteries and Ryukyu Islands Civil Administration	8,165
Department of the Navy	4,260,929
U.S. Marines	210,538
Department of Health, Education, and Welfare	299,101
Department of Interior	944,321
Department of Justice	220,232
Department of Labor	38,080
Department of State	33,265
Department of Treasury	205,574
Internal Revenue Service	207,224
Post Office Department	7,797,865
Agency for International Development	44,189
American Battle Monuments Commission	9
Atomic Energy Commission	24,334
Architect of the Capitol	19,627
Bureau of the Budget	10
Civil Aeronautics Board	5,660
Civil Service Commission	8,407
Export-Import Bank of Washington	318
Farm Credit Administration	94
Federal Aviation Agency	355,635
Federal Communications Commissions	3,846
Federal Home Loan Bank Board	23,781
Federal Power Commission	10
Federal Maritime Commission	66
Federal Mediation and Conciliation Service	90
Federal Reserve System	632
Federal Trade Commission	406
General Accounting Office	6,860
General Services Administration	306,928
Government Printing Office	61,858
Housing and Home Finance Agency	47,189
International Boundry and Water Commission	5,132
Interstate Commerce Commission	6,395
Library of Congress	7,729
National Aeronautics and Space Administration	164,396
National Capital Housing Authority	3,653
National Capital Transportation Agency	1,643

National Labor Relations Board	10,976
National Science Foundation	92
Office of Emergency Planning	106
Peace Corps	79,307
Railroad Retirement Board	919
St. Lawrence Seaway Development Corporation	4,576
Selective Service System	14,529
Securities and Exchange Commission	15,282
Small Business Administration	15,239
Smithsonian Institution	4,361
National Gallery of Art	1,397
National Zoological Park	3,311
Soldiers' Home	1,342
Tennessee Valley Authority	1,154,891
The White House Office	17
U.S. Courts	574
U.S. House of Representatives	881
U.S. Information Agency	17,931
U.S. Senate	960
Veterans' Administration	1,646,277
Veterans' Canteen Service	7,995
Virgin Islands Corporation	22,785
Total	26,669,876
Rounded	26,670,000

BUREAU OF LABOR STATISTICS

WITNESSES

EWAN CLAGUE, COMMISSIONER
ROBERT J. MYERS, DEPUTY COMMISSIONER

Salaries and Expenses

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	9,200	10,210	11,030
11.3	Positions other than permenant	195	232	232
11.5	Other personnel compensation	120	148	150
	Total personnel compensation	9,515	10,589	11,412
12.0	Personnel benefits	697	781	840
21.0	Travel and transportation of persons	668	755	863
22.0	Transportation of things	15	20	20
23.0	Rent, communications, and utilities	705	760	908
24.0	Printing and reproduction	375	365	370
25.1	Other services	1,241	1,313	1,479
25.2	Services of other agencies	2,917	3,848	4,532
26.0	Supplies and materials	21	22	24
31.0	Equipment	185	90	154
42.0	Insurance claims and indemnities	4		
99.0	Total obligations	16,343	18,542	20,601

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	1,299	1,331	1,420
Full-time equivalent of other positions	46	55	55
Average number of all employees	1,263	1,320	1,405
Average GS grade	7.8	7.9	7.9
Average GS salary	$7,546	$8,110	$8,197

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Program by activities:			
1. Manpower and employment statistics	6,256	7,464	8,726
2. Prices and cost of living	2,447	2,854	3,103
3. Wages and industrial relations	2,865	3,017	3,528
4. Productivity and technological development	639	730	741
5. Industrial hazards	340	341	345
6. Foreign labor conditions	404	406	413
7. Program staff services	1,463	1,644	1,630
8. Administrative and management services	1,812	2,176	2,115
Total program costs, funded	16,226	18,632	20,601
Change in selected resources [1]	117	−90	
10 Total obligations	16,343	18,542	20,601
Financing:			
25 Unobligated balance lapsing	2		
New obligational authority	16,345	18,542	20,601
New obligational authority:			
40 Appropriation	16,345	17,925	20,601
44 Proposed supplemental due to civilian pay increases		617	
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures)	16,343	18,542	20,601
72 Obligated balance, start of year	1,079	828	1,755
74 Obligated balance, end of year	−828	−1,755	−3,191
77 Adjustments in expired accounts	−15		
90 Expenditures excluding pay increase supplemental	16,580	17,017	19,146
91 Expenditures from civilian pay increase supplemental		598	19

[1] Selected resources as of June 30 are as follows: Unpaid, undelivered orders, 1963, $73,000; 1964, $190,000; 1965, $100,000; 1966, $100,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

EWAN CLAGUE, COMMISSIONER OF LABOR STATISTICS

Born: December 27, 1896.

Education: B.A. in political science and economics, University of Washington, 1917; M.A. in political science and economics, University of Washington, 1921; Ph. D. in economics, University of Wisconsin, 1926.

Experience: Serving his fifth presidential appointment as Commissioner of Labor Statistics. For a 1-year period, from 1954 to 1955, he served as Special Assistant to the Secretary of Labor pending presidential and Senate action. Before his appointment as Commissioner in 1946, Mr. Clague had served for 6 years as Director and Associate Director of the Bureau of Employment Security. He was Associate Director and then Director of the Bureau of Research and Statistics, Social Security Board, from 1936 to 1940. His previous experience included 5 years as professor and director of social research with the Pennsylvania School of Social Work.

Mr. FOGARTY. We will now take up the Bureau of Labor Statistics. Are you ready Mr. Clague?

Mr. CLAGUE. Yes, sir.

Mr. Chairman, this is my 30th year appearing before this committee. In 1936 it was for the Social Security Board.

Mr. FOGARTY. You ought to know something about statistics then.

Mr. CLAGUE. Yes, sir, I hope I do.

Mr. FOGARTY. Go right ahead.

GENERAL STATEMENT

Mr. CLAGUE. Mr. Chairman, I have a statement which I would like to file for the record.

Mr. FOGARTY. Very well, your statement will be inserted in the record.

(The document referred to follows:)

STATEMENT BY EWAN CLAGUE, COMMISSIONER OF BUREAU OF LABOR STATISTICS

In the discharge of its responsibilities to the Nation's wage and salaried workers, the Department of Labor needs as much insight as possible into their economic and social position in the economy. The work of the Bureau of Labor Statistics continued during the past year to be used extensively for the guidance of operating programs within the Department, and for the development of new policies and programs. Additionally, the basic statistics we compile on broad and critical areas in our economy were widely utilized by other Government agencies and by the Congress. They continued to be used by labor and management in collective bargaining and in the settlement of industrial disputes.

I want to discuss certain extensions of our work that the President has proposed in his budget. I can assure you that these proposals were given the most careful scrutiny, both within the Department of Labor and at the Bureau of the Budget. Taken together, they will yield highly significant results in three important areas of public concern—employment, prices, and wages. Without exception, the proposals now before you should enable the Government to act more surely on a variety of issues affecting the general welfare and its own operations. I should like to discuss these proposals briefly in the sequence in which they are found in the budget submission.

Manpower statistics.—In fiscal 1964 and 1965 the Congress approved funds for the first two steps of a carefully formulated program to improve our measurement of unemployment. I am sure that I do not have to dwell on the importance of this undertaking. We are now completing our research on methods for improving the concepts of employment and unemployment used in our monthly labor force survey. The results of this research, which is based upon intensive interviews during the past year with a supplementary panel of 8,750 households, are now being analyzed. On the basis of this study, we expect to develop improved procedures for sharpening the measurement of unemployment. Beginning in July, we propose to test these new procedures with a full panel of 17,500 households in a series of regular monthly collections. A sample of this size, which will have been selected by the end of this fiscal year, is required to provide valid results.

The test of the revised concepts will be conducted parallel with the present survey. During the test period, in other words, the official statistics of employment and unemployment will continue to be based upon the 35,000 household sample, using present procedures. We will thus be able to observe the effect on our unemployment estimates of the use of the revised and old methods. When the results of the new procedures have been thoroughly established, and are ready for official adoption, the supplementary panel of households will be added to the present sample, yielding a 50-percent expansion in sample size. This augmented sample—52,500 households—will strengthen the reliability of the monthly estimates, particularliy for small groups such as teenagers or older workers, and will provide a better basis for special inquiries into labor force characteristics and experience.

The second direction in which we propose to expand our manpower work relates to our monthly survey of employment, hours, and earnings based on employer reports. Here again we are requesting support for the third phase of a carefully planned program of improvement. In fiscal 1966, we would

direct our effort particularly toward improvement of our national data for trade and service industries. These are the industries among which opportunities for employment are growing most rapidly. We need better and more detailed information than we now possess on trends in employment, hours, and earnings in these expanding sectors. In addition to improvement in these national series, we would propose to develop employment, hours, and earnings series in 33 additional metropolitan areas.

In recent years, there has been wide interest in the development of information on job vacancies. We now have little systematic information on the demand for labor. The Bureau has been exploring the difficult technical problems that must be solved if an effective system of job vacancy statistics is to be established. In cooperation with the Bureau of Employment Security, we are now engaged in a series of pilot studies of job vacancy reporting. The joint sponsorship of these pilot studies reflects the twofold interest of the Department in job vacancy data: (1) for the more effective placement of idle workers in vacant jobs; and (2) the development of general statistics providing insight into the demand for labor.

Present indications are that this pilot work will establish the feasibility of a job vacancy reporting system. It is proposed that such a program be launched on a regular quarterly basis in 150 metropolitan areas. The data would be collected through State employment security agencies. The BLS would provide technical assistance in all aspects of survey planning and would review the quality of the survey results. The Bureau would also analyze the data for the light they throw on the nature of the demand for labor, and would develop procedures for surveys outside of the metropolitan areas.

Price statistics.—In the field of prices, the additional work proposed is needed by the Department and by various other agenices of the Government for the more effective administration of our economic policies.

We propose work required for the updating of the widely used standard family budgets developed by the Bureau. The present budgets are outmoded in terms of the bundle of goods and services that enter into them. The modernization of several types of standard budgets is proposed for fiscal 1966, with the necessary pricing to be done in the following year. These budgets have many policy applications at Federal, State, and local levels, for measuring place-to-place differences in living costs, for the analysis of the relationship of poverty to unemployment and low wages, and for the more effective conduct of welfare programs generally.

We propose also to push forward without development of a system of wholesale price indexes on an industry-by-industry basis. This work was begun in fiscal 1963. We have completed indexes for approximately 60 manufacturing industries, which we are publishing this year. The maintenance of these indexes on a current basis requires all our present resources. Our request for fiscal 1966 is to enable us to provide indexes for additional industries of major importance in manufacturing. The organization of wholesale price indexes along industry lines is essential for insight into the relationship of prices and wages. They are needed for use in the development of productivity indexes for individual industries, in our analyses of economic growth, and in the construction of the national economic accounts.

The budget request also contains provision for work in two other price areas. The first involves the beginning of a systematic study of the prices of goods that enter importantly into international trade. We need such comparative price data in connection with actions to improve the balance of international payments, as well as for the formulation of U.S. policy in international trade negotiations, in which the Department of Labor plays an important part.

Finally, we propose to begin the systematic compilation of prices paid by governments. Altogether, governmental purchases in the United States (Federal, State, and local) represent a major source of demand for goods in the economy. Information on the trend of prices paid by Government is not available. Such information would be useful for comparing Government prices and market prices. It would also help to improve the estimates of the Government component in gross national product. In fiscal 1966, we would begin the development of indexes of prices paid by the Federal Government, with attention first devoted to purchases made by the General Services Administration.

Wage statistics.—We are proposing additional resources for work on two important programs in the field of wages.

The Salary Reform Act of 1962 (sec. 503) gave the Bureau of Labor Statistics responsibility for conducting an annual survey of salaries of white-collar per-

sonnel in private industry. The results of this study are used in the appraisal of salary structure for Federal white-collar employees. The significance of this is emphasized by the fact that the salaries of approximately 1.7 million Federal employees are involved. It clearly is in the interest of the Government that this study should continue to conform to the highest statistical standards, and that it take fully into account the policy decisions made by the administrative agencies with respect to its occupational, industrial, and geographic coverage.

In 1964 the administration appointed two groups of experts to review survey procedures and the application of survey data to salary policy. With respect to the survey itself, the administration has accepted a number of recommendations on the scope and technical character of the study. We are requesting funds to put into effect these recommendations, which are acceptable to the Bureau of Labor Statistics. The recommendations include extension of the survey to nonmetropolitan areas; improvement in the sample of firms within metropolitan areas in order to take account of the growth of such areas; some additions to the list of occupations for which salary data are obtained; and the adoption of several improvements of a technical nature to assure maintenance of the highest standards in the conduct of this important study. We are also proposing to explore the problems involved in the development of salary data by occupation for State and local government employees. The State and local government sector of the economy, which contains about 7.5 million employees, is not now within the scope of the survey. Of course, a decision to include such employees would have to be made by the administration and the Congress.

The second proposal relating to wages is in the highly important area of employer expenditures for fringe bentfits. Such expenditures are increasing at a significant rate, and our limited knowledge of their quantitative importance is a major deficiency in statistical data on wages and salaries. More extensive data are needed for accurate measurement of wage levels; for appraisal of changes in worker well-being; for analysis of problems of economic stability, including the impact of wage changes on prices; for use in estimates of national income; and for many other purposes.

The present proposal would enable us to extend substantially our limited program of studies of fringe benefit expenditures in major sectors of American industry, and to prepare estimates on a current basis of the cost of fringe-benefit provisions agreed to in major collective-bargaining settlements.

Mr. CLAGUE. Mr. Chairman, I would like the opportunity to say a few words in general about my program.

Mr. FOGARTY. Very well, you may proceed.

HISTORY OF BUREAU

Mr. CLAGUE. I would like to say a few words about the Bureau itself. In January of 1965 we completed 80 years as a continuing organization. We were created by an act of Congress in 1884, and the first Commissioner was appointed in January 1885.

You might be interested to know that the term of this office is 4 years from date of appointment, and it is subject to reconfirmation each time the term runs out.

The first Commissioner served five terms of 4 years each, and in my present job, which I have been in now since 1946, I am also in my fifth term, having been appointed by President Truman twice, by President Eisenhower twice, and by President Kennedy in 1963.

While this is a Presidential appointment, it is a nonpolitical office.

I am only Commissioner No. 6 appointed in 80 years. I am a career civil servant myself, having come into the Government through a civil service list.

I would like to point out one other thing in connection with our Bureau. Congress has called on us periodically for work to be done since the early days when Commissioner Wright was the Commissioner.

At that time, Congress said he should conduct special studies, make special reports, and report annually to Congress on his work.

As time developed, these special studies were turned into continuing statistical series. As you well know, these became unemployment statistics, prices, and cost-of-living statistics, wage statistics, and so forth. Yet Congress still continues to call on us, as I would like to point out as I go through my statement.

A good deal of our work now has been conducted in response to specific legislation. I am presenting here some items in the three major fields of work that the Bureau conducts. One is employment and unemployment; the first three items in my list relate to that general field.

I want to emphasize the importance of those three items: employment and unemployment statistics, establishment statistics; that is, reports from employers; and job vacancy statistics. I would like to speak briefly to those three.

UNEMPLOYMENT AND EMPLOYMENT STATISTICS

With respect to unemployment and employment statistics, we are engaged in a program of testing and checking the questions asked and the way people answer these questions. This program was undertaken in response to criticisms we had several years ago. Our proposal for the next fiscal year is a continuation of that testing so that we can develop and test the new procedures that we consider to be necessary for the improvement of the series.

I want to show the importance of the single figure of the unemployment rate which is being used as a guide by the Government itself in connection with a good many economic policies. The tax cut last year was certainly connected with the unemployment rate, and what will be proposed by the administration next summer will turn up on what that rate will be. It is a little below 5 percent now; the way it behaves during the next 6 months may determine what the Congress does next summer on the tax cut or on other policies.

I am trying to emphasize the point that a great deal of money rides on these figures which is why we want to try to keep them as accurate as possible. This testing is an exceedingly valuable process and should end up with a set of improved statistics.

In the meantime we are obtaining additional information on the characteristics of unemployed workers. For instance, the youth program, the Manpower Development and Training Act program, and others are based on our statistics which show that the rate of unemployment of youth is averaging about 15 percent. The Negro youth unemployment rate is still higher. We publish the rates for adult men and women separately from the young workers' rates under age 20.

JOB VACANCY STATISTICS

Job vacancy statistics is an attempt to see if there can't be some way of getting an economic picture of the demand for labor. All this classification of the unemployed is a classification of the supply of labor and we are proceeding to develop that further. But we have never had in this country any comprehensive set of figures on the characteristics of the demand for labor, what job openings there are,

and how these relate to the unemployed. If we have structural unemployment in this country, it means that the kind of jobs that employers are trying to fill are not the kind of jobs the unemployed are able to perform. In that case, we can justify the programs for developing the unemployed so that they can take these jobs. That essentially is what we in the Department of Labor think is the case.

Our proposals in this connection are that we will do the statistical work in collaboration with what the Bureau of Employment Security will do in collecting the figures on job vacancies. Our responsibility is to work up the samples of firms, check the responses of employers to the question as to what is the job vacancy, test whether they can respond effectively by mail to the question as to whether there is a vacancy existing.

In this way we hope in a number of areas next year to build up a picture of both the demand and supply of labor in each locality.

PRICES AND COST OF LIVING

The second major program which we are presenting relates to prices and the cost of living. The next four items are on that subject. The largest of those items is the research on a standard family budget. I think the chairman probably remembers that this budget was first proposed by this committee, I believe in 1942. There was a good deal of controversy about the price index, and this committee said they would like to see a family budget expressed in dollars, what it costs a family to live. They instructed the Bureau to proceed with it.

In my first year as Commissioner it was my good fortune to release that set of figures when it was produced in 1946 or 1947. We chose a four-person family, man and wife and two children. We estimated the standard budget required for a modest but adequate standard of living.

That budget has been continued off and on and was last brought up to date in 1959, but then discontinued because we didn't have the resources to keep it up. However, we were engaged from 1959 to 1964 in revising the Consumer Price Index. In that project we examined the annual expenditures of 14,000 families in 1960 and 1961.

That wealth of information is now available. We are coming in here requesting the funds to plow through that information and develop standards by which we would arrive at the cost of a four-person family budget in a variety of cities in this country.

We would also include in that program an elderly couple's budget for two people in retirement.

The industry sector price index is in wholesale prices. Funds were provided to us 2 years ago to begin this work. We are asking for additional funds to enable us to put the prices that businessmen charge into industry groupings, so that we would have industry price indexes say, for the steel industry—which we have already. We would like to expand that program to cover additional industries, so that when there is a discussion of wages and prices in an industry we can show the whole picture.

The other two are small items. One relates to international price comparisons. Our Department has responsibility for deciding the ef-

fect of international trade agreements on unemployment in this country. One of the facts needed is the price relationship that exists between commodities abroad and those produced here.

The last item relates to the prices paid by Government. There is an annual expenditure of $120 billion by Federal, State, and local governments combined. There is no continuing price index in that field. That program is primarily designed to help out in developing a better gross national product; it would also make it possible to test the effectiveness of Government purchasing, whether by competitive bidding or by general purchases in the market.

That is a small item of three positions which will enable us to try to develop an index in connection with the purchases of the General Services Administration.

WAGES AND SALARIES

The third program (two items) relates to wages and salaries. In 1962, as you know, the Congress passed a law providing that Federal salaries would be based upon the pay in comparable jobs in private industry, in comparable occupations in private industry.

We have been producing these figures annually. We are in the field now with the survey for 1965.

This program consists of two separate studies, one a survey in 80 metropolitan areas, which covers blue-collar occupations of skilled and manual workers and white-collar occupations of a clerical character. The other is a national salary survey, which relates to salaries of higher level occupations. We are proposing here to extend that survey to additional areas. There have been 30 new metropolitan areas designated since our choice of the original 80 areas, and we propose to add a small sample of them, so that we may have a representative coverage of the metropolitan areas in this country.

We also are going to add a few more occupations in our list, and finally, we want to select a new sample of firms in the larger cities, in which there have been considerable changes since we made our first selection a number of years ago.

The tabulations we get out of this survey will be supplied to the administration and to the advisory committees working on the whole problem of Federal salaries.

FRINGE BENEFITS

Finally, the last item is a study of employer expenditures on fringe benefits. It has been very clear in recent years that a good many collective bargaining settlements have been based on fringes rather than regular cash settlements. For example, in the steel settlement in 1962, and again in 1963, there was no increase in cash wages but a substantial amount in fringe benefits.

For many years we have supplied employers and labor unions with what the fringes are, that is, what they consist of. We publish those facts in a continuing monthly publication covering major settlements reached each month. Once a year we publish a bulletin. We tabulate the number of days of paid leave, the scope of retirement benefits, the supplementary employment benefits, the kind of health benefits, and so on.

The question is now, can these be qualified by putting them in dollar terms or in cents per hour, so that one can get a picture of the total package, both cash and fringe benefits? We propose to extend this work to individual manufacturing industries, 25 or 30 industries, in the coming year.

I think this represents a general summary of my request, Mr. Chairman. I will be glad to answer any questions.

STATISTICS ON EMPLOYMENT AND UNEMPLOYMENT

Mr. FOGARTY. We went into quite a bit of detail yesterday with the employment services request for more funds to gather statistics on employment and unemployment and also on a new job vacancy program.

What are your relations with them?

Mr. CLAGUE. Yes, the Secretary of Labor asked us to handle it from a statistical and sampling point of view. The Employment Service has always had—by the way, I might remind the committee that I spent 6 years as Director of the Bureau of Employment Security, so I am very familiar with their work. In World War II, I was the head of the Federal-State employment security system. The Bureau of Employment Security now regularly reports job orders received through the U.S. Employment Service. The employment offices have orders in their files. They fill them when they can and report the occupations represented. But that doesn't represent the total number of vacancies that exist in a community.

For example, one of the studies we in BLS recently made in our testing program consisted of probing questions as to what the unemployed do to look for work. When we collect the unemployment figures we ask whether each person—14 years of age and over—worked last week. This is not a forecast, it is not even the present situation. It is what was done last week, a factual statistic.

One question is, Did you look for work last week? If so, they are asked when they last worked, how long they have been out of work, and so on. Questions have been raised as to whether we are missing some of the truly unemployed; the criticism from the opposite side of the fence is that we are tabulating a lot of unemployed who were not really looking for work.

What we are doing in our testing program is checking to see if we can't get sharper pictures of the people, finding out if they are really looking for work or if we are missing any genuinely unemployed. We are asking the question, What have you done to look for work? About 30 percent indicated they were registered in the local employment office. Nearly 40 percent indicated they had gone directly to employers, they might not have been registered with the local office. Some 12 percent said they had answered newspaper ads; and there were small percentages of other answers.

What I am getting at is the fact the Employment Service doesn't have all the job vacancies existing in the country, not by any means.

What the Secretary instructed us to do was to have the Employment Service use their local offices to go out and visit a representative list of employers in the locality. Each employer will be asked to

supply a list of his vacancies, as we have defined a vacancy. We tried to define it so that it is a meaningful term.

Our BLS job is to analyze the results from a statistical point of view, building up the data to represent all the employers in the community. It wouldn't pay to spend money visiting every employer; by sampling methods we can produce sound figures for the local area by collecting information from a small group.

What the BES has found already is that there are a great many vacancies with small employers, most of them with small employees. Large employers frequently have seniority lists through union agreements, so if they have a vacancy, they may simply send word for a former employee to return. That doesn't mean that large firms don't sometimes place orders with the Employment Service. But I will say that many of these larger firms are not using the Employment Service.

The Secretary's primary purpose is to fill vacancies, so he told the Employment Service to ask some of these employers whether they would be willing to place a job for these vacancies, and thereby aid the Employment Service in its placements.

At the same time we in BLS are to test ways and means of getting this information more cheaply, if possible. Could we get it by mail without visits, after once visiting the employer and getting a report from him? Can the mail responses be made effective, quarter after quarter?

Our plan is to check this quarterly report from the employer and hope that he will continue to send us accurate figures over an extended period.

So ours is a statistical job; that is what we are requesting these funds for.

JOB VACANCY STATISTICS

Mr. FOGARTY. I thought you once said you didn't think it was possible to get good statistics on job vacancies. That would be a very difficult job to do, I believe you said.

Mr. CLAGUE. Yes; I did. We tried it once before and came away discouraged. As a matter of fact, I began this one with a certain amount of skepticism, but one very important thing has happened which is very significant.

I thought most employers would not respond; that they wouldn't be bothered. There are really two problems: One is, how to define a vacancy? That has to be defined carefully; for example, is the job now open or are they recruiting for someone next May? I could give other illustrations. One problem was whether we could write a definition to which an employer could respond accurately. The other question was, would employers respond? I think Mr. Goodwin told you that some employer groups have made vigorous representations against the responding to the questionnaire from the Employment Office. They have complained that they don't want to be badgered by the Employment Office trying to get placements. I don't know whether Mr. Goodwin told you that the response has been very good. The response rate has ranged as high as 92, 95, or 96 percent.

Mr. FOGARTY. In selected areas?

Mr. CLAGUE. Yes; in selected areas, and the results differed somewhat by different areas, Mr. Chairman. I forget what the percentage was in Providence but I think we did not manage it quite right in Providence. I think the response rate was smaller than in some other places. What I want to say is that I am really astonished at the extent to which employers responded to this request and our checking so far indicates that they are responding accurately. I am much more hopeful that this can be done, especially since we can do it on a sampling basis, area by area, testing in different parts of the country.

This will be a chance to find out what the demand and supply for labor is like in cities like Milwaukee, Providence, Wichita, and other cities. We are presenting this program with the hope that it can be done successfully.

ACTION BY THE BUREAU OF THE BUDGET

Mr. FOGARTY. Now the appropriations of 1965, including the proposed pay supplemental, is $18,542,000, and the request for 1966 is $20,601,000, or an increase of $2,059,000 and 89 positions.

Are there quite a few statisticians in the Bureau of the Budget?

Mr. CLAGUE. There is an Office of Statistical Standards in the Bureau of the Budget which reviews and coordinates the statistical work. Under the Federal Reports Act of 1942 they have authority to decide whether questionnaires can be asked of any private industry, private citizens, or anybody else.

They check up on our asking of questions. They are to approve our asking questions of the general public.

Mr. FOGARTY. That is not quite the reason I asked. The reason I asked the question was because in recent years they have even added things to your budget that you didn't ask for, haven't they?

Mr. CLAGUE. No; I don't think I often have had that good fortune. They have sometimes put in items in our budget which had been discussed earlier but which might not be in the final request of the Secretary. But, in general, the answer is "No," they don't have very much effect on our budget.

Mr. FOGARTY. Did they add anything this year?

Mr. CLAGUE. Let me explain that. I ask the Secretary for a good many things that I don't get. We have a discussion with the Secretary.

Mr. FOGARTY. I think you are his favorite. He is giving you 89 positions and cutting out hundreds of others in the Department. It looks to me as though you are the favorite this year.

Mr. CLAGUE. I don't like to have my budget put up against all the others. I hope that we in the Bureau are not in competition with other bureaus of the Department for these jobs. I hope that I can justify our positions here on their merits. I am in no position to judge what is happening to the others.

Let me say, however, in general that we talk about a good many items which I would like to get; and I have requested much more originally than I ever succeed in getting, to the Bureau of the Budget, and the Bureau of the Budget, in this case, cut me to some extent.

I asked in one form or another for all the items we have here.

INCREASE FOR EMPLOYMENT AND UNEMPLOYMENT STATISTICS

Mr. FOGARTY. Your biggest increase is the $699,500 and 15 positions to expand employment and unemployment statistics. How much are you currently spending on these activities?

Mr. CLAGUE. The base cost of this particular activity is not right as it is show in my written statement. We neglected to include the additional amount that we are spending on this testing program. The base cost should be $3,161,000.

Let me make clear that the continuing employment and unemployment figures, which are coming out tomorrow for the month of February, have not been disturbed by all of this testing. No changes have been made that will disturb the continuity of this regular series.

Mr. FOGARTY. What are the figures for tomorrow?

Mr. CLAGUE. I don't get them until this afternoon. If the committee would like, I would be glad to come down tomorrow morning——

Mr. FOGARTY. No, they come out tomorrow, so I thought you might have them.

Mr. CLAGUE. We rush them out fast, so that they won't leak to the public. I will get them late this afternoon when I go back to my office and we will release them tomorrow.

May I emphasize that this $3,161,000 includes the testing program as well as the regular series. Our program is to check some of our procedures through the independent sample. Eventually we plan to add the two together so that in subsequent fiscal years we would have 52,000 families in our regular continuing series.

NEED FOR TESTING WORK

Mr. FOGARTY. What are the weak spots that you intend to strengthen with this increase and how serious would it be if you had to continue at the current level?

Mr. CLAGUE. It would be very serious if we could not finish up this testing work, the work we are proposing now for the next fiscal year. We want to run these two samples side by side, the regular sample and the new test sample. We want to test out, to debug these new procedures, and at the end of the year put into regular operation these that prove out.

It would be a great deal of lost work if we do not continue that program for the coming fiscal year. In 1967, I hope to come before you with the whole 52,000 as the regular sample. If a cut is made in that year, it might force us back to the 35,000. We will overlap the two samples in fiscal 1966 to make sure that we have a continuing series. I think it would be advantageous to continue the whole 52,000, but I am not defending that at this time.

INCREASE FOR ESTABLISHMENT STATISTICS PROGRAM

Mr. FOGARTY. Would you tell us what the "Establishment statistics program" is and why you need an increase of $129,000 for it?

Mr. CLAGUE. This is statistics based on reports from employers and governments. That is the second series we get out each month. The one coming out tomorrow is the report from the families, the households. The other report comes from about 125,000 employers, as well

as Federal, State, and local governments. These statistics show employment for 300 or 400 industries, the average hours worked per week in each industry, and the average hourly and weekly earnings of the workings.

This is a Federal-State cooperative program which we conduct in cooperation with the Bureau of Employment Security and the State agencies.

From a single report form we get National, State, and local area statistics. We in the BLS produce the statistics for the automobile industry, the steel industry, and more than 300 other industries for the Nation as a whole. The State agencies use the figures from this report form for their State and local areas. At the present time we have such statistics for all 50 States, and for nearly 150 areas.

We are proposing two things for next year. You will notice that this money is to be spent in States or for other nonlabor items. We have no additional positions; we are simply expanding the number of employer reports. We would have employment, hours of work and earnings reports for 33 new local areas.

The second thing we want to get is a richer sample and a better representation of the hours and earnings in wholesale and retail trade and in the service industries such as hotels, restaurants, and other industries of that sort.

These are the industries in which jobs are growing fastest in this country, but the ones on which we have the least information. We are well supplied in mining, manufacturing, and other industries, but we would like to get more data on actual hours of work and actual earnings in these service industries.

NEW PROGRAMS

Mr. FOGARTY. Now, you are asking funds to start three new programs, one in standard budget research—$125,000; two, international price comparisions—$40,000; and three, prices paid by governments, —$35,000.

Tell us for each of these why it is important to start and about what we can expect in the way of expanded cost in the next year or two if they are started.

STANDARD BUDGET RESEARCH

Mr. CLAGUE. Yes. The standard budget research is, of course, one of our favorites. We have wanted to get this work underway. In the coming fiscal year we would work over the figures that we have now in our records on family spending, by different sizes of families, under different living conditions, with different incomes. From those data we plan to work up the list of items that would make up a standard budget, a four-person standard family budget.

That involves analyzing a great many details concerning clothing, shoes, ties, housing, furniture, et cetera. We would do that this year. In the following year we would price this budget by going into the stores and getting price quotations to apply to the budget items and quantities.

Some of our prices that we get for the Consumer Price Index are useful for that purpose; but some are not, because these are special budgets and require special types of quantities and qualities.

So in fiscal 1966 we would develop the budgets, and there would be an expansion in fiscal 1967, when we would price the budgets.

We would stop at that point, unless we decided to continue with different size families. The budgets we have compiled in the past relate to a four-person family and an elderly couple. We would make up the budgets in the coming year, pricing and indexing them in the following year.

Then it would depend—the Women's Bureau is very eager for us to prepare a budget for a single person, particularly a single woman. That is a budget used frequently for women, determining minimum wages and for other purposes for women in the States. We have not been able to include that in this proposal here. We want to get started on the basic four-person family. In a subsequent year we may want to come back to you with a proposal to compile a budget for a single person.

Then another question has been raised about doing something with a larger family such as six persons instead of four persons. I would say that we don't have a definite plan for that yet. If we get this basic budget, we will be satisfied for the present.

There is one other point. There are two kinds of budgets, one is a minimum standard and the other a modest but adequate standard budget, the one we have always had.

The minimum standard budget would be useful in connection with the poverty program, as the proposal for working on such a budget has been discussed within the Government itself.

INTERNATIONAL PRICE COMPARISONS

Mr. FOGARTY. What about the next two, what about international price comparison?

Mr. CLAGUE. What we propose is to obtain from American companies abroad and from our commercial attachés the prices in foreign countries of some of the commodities moving a good deal in international trade. We were proposing to start with the metal and machinery products. There has been a lot of debate about steel prices and other prices. We are planning to start with machinery prices instead of shifting, for example, to textiles, poultry—poultry is a very crucial product.

This project would be a start to see how much we can gather in a year's time and how much use it would be in solving some of these trade problems.

PRICES PAID BY GOVERNMENTS

Next, prices paid by governments. As I indicated, the Defense Department spent, literally billions of dollars in purchasing goods, many of which correspond to products in regular trade. This is an area of demand in which we have never had any satisfactory pricing.

In World War II the Bureau did considerable work in this field, in cooperation with the Defense Department, in order to test their buying against the open market. Nothing has been done since.

This is a project in which the Bureau of the Budget is interested. It is a matter all Government is interested in, because it would help answer the question of how the Federal Government is making out in connection with the prices it pays.

We are planning to start small and with GSA itself, which is purchasing a great many small commodities from ordinary market sources. Whether we would push it further in subsequent years, Mr. Chairman, I don't know. It would depend a great deal on our experience with it.

You might call it experimental.

NATIONAL SURVEY OF WHITE-COLLAR PAY SCALES

Mr. FOGARTY. Here is a familiar one—the national survey of professional, administrative, technical, and clerical pay. You are requesting an increase of $332,000 and 25 positions. This would just about double this program, wouldn't it?

Mr. CLAGUE. No, it would not, because I am sorry to say that the figure shown as a base cost is not quite the right figure. That relates only to the professional and administrative and technical survey, not to the clerical survey.

I am sorry to say that I can't separate those costs for you now, but let me explain the difference. There are two kinds of surveys we have been doing in this field. One was the survey of community wages started back in 1959. That is a survey of about 75 occupations in 80 areas throughout the country. That gives us statistics on many kinds of occupations, including 19 clerical positions which are used, now being used in connection with the Federal Salary Pay Act.

That act, which was passed in 1962, provided that the Bureau of Labor Statistics should be the agency collecting information for that purpose. Those clerical occupations come from the surveys that we make throughout the year in the 80 cities.

The second survey is a nationwide survey of salaries of professional administrative, and technical positions. That would be the GS–7's GS–10's, GS–12's, and so on up through GS–15. We don't handle the supergrades in our comparisons. We include attorneys, accountants, mathematicians, engineers, and so on.

Now in connection with this base cost figure we are showing the figure relating to the professional, technical, and administrative only, and that is this $345,000 figure.

However, some of the basic cost of this program comes from our larger survey, which costs about $800,000, that is, the survey in the 80 cities. We rely to some extent on that survey which indicates that we are not substantially expanding.

I would be glad to put the details in the record.

BUREAU OF THE BUDGET ACTION

Mr. FOGARTY. Did you request this increase of the Bureau of the Budget?

Mr. CLAGUE. Yes.

Mr. FOGARTY. You did?

Mr. CLAGUE. Well, this increase comes about because there has been—let me go back a step further.

Mr. FOGARTY. I asked you did you request this of the Bureau of the Budget?

Mr. CLAGUE. I guess the answer is "Yes and no."

Mr. FOGARTY. I thought that would be an easy one to answer. What does "yes and no" mean?

Mr. CLAGUE. Let me put it this way; the Bureau of the Budget has had two committees studying this whole Federal salary policy and its operations. One of them was a committee on statistics which surveyed and made recommendations concerning the way we were conducting our studies and made suggestions for changes in those studies.

Their recommendations were directed at us in our work. They had a second committee, a panel of experts from important industries, which looked into the wage-setting salary process. We don't determine what salaries are decided on, the Civil Service Commission and other Government agencies are responsible for presenting the administration's proposals to Congress.

When the statistical committee made its report, they pointed out certain shortcomings in our work, and recommended that we should take account of these. I put in a request to the Bureau of the Budget for the purpose of expanding our work in order to take account of these recommendations. Just as an example, let me cite you two or three, they recommended——

Mr. FOGARTY. I don't care about their recommendations.

Mr. CLAGUE. What I wanted to say was that we wanted to expand our work in certain areas. They recommended that we improve our method of collecting the information and we responded by putting in a budget request for that purpose. The Bureau of the Budget was also interested in having us obtain additional information to meet other needs and they asked us to undertake that.

The combination represents the two of us.

Mr. FOGARTY. Did the Bureau of the Budget add more than you asked for?

Mr. CLAGUE. Yes—well, they didn't add more than we asked for next year, but added more in the current operations.

Mr. FOGARTY. How much?

Mr. CLAGUE. They added $168,000; the Bureau of the Budget added that much work as far as the program was concerned, but didn't supply that much money. We have been undergoing cuts during the fiscal year; they removed some of those to enable us to do the work we are now doing.

Mr. FOGARTY. Who forced the cuts on you?

Mr. CLAGUE. I don't know from where they reached us.

Mr. FOGARTY. I am talking about this year, 1965.

Mr. CLAGUE. Well, it comes down from the Bureau of the Budget, certain absorptions we are required to make.

(The additional details referred to earlier follow:)

SUBSEQUENT INFORMATION SUBMITTED BY THE DEPARTMENT OF LABOR RE BASE COST OF THE ANNUAL NATIONWIDE SURVEY OF SALARIES OF PROFESSIONAL, ADMINISTRATIVE, TECHNICAL, AND CLERICAL PAY

For the past 15 years, the Bureau has conducted a program of community wage surveys. These are cross-industry surveys of wages and salaries of selected blue-collar and office clerical occupations in metropolitan areas throughout the country. Down to 1960, and except during the Korean emergency, when the data were used for wage stabilization purposes, the areas surveyed annually numbered about 20 major areas

For fiscal 1960, the Bureau requested and received funds (1) to expand this program to sample of 80 standard metropolitan areas from the then existing 188 standard metropolitan areas throughout the country, and (2) to initiate a survey of professional, administrative, and technical salaries.

The basic reason for the 1960 expansion was to provide salary data for appraisal of the Federal white-collar salary structure (through grade 15).

To aid in the operation of the Federal pay comparability principle, the Bureau combines in a single report to the President and to the Congress the results of the surveys of clerical occupations in the 80 areas and those of the nationwide salary survey of professional, administrative, and technical occupations. Our 1964 report is Bulletin No. 1422, National Survey of Professional, Administrative, Technical, and Clerical Pay, February–March 1964. The base cost of $345,000 shown in my budget justification and presented in my oral testimony relates only to the nationwide salary survey and excludes the salary data on clerical type people.

However, as I pointed out during the course of my testimony, all of the clerical occupations come from the 80-area community wage surveys. Therefore, there should be added into the base some part of the cost of the community wage surveys, which amounts to somewhat more than $800,000 a year.

In October 1962, the Congress passed the Federal Pay Act, in which section 503 reads as follows:

"SEC. 503. In order to give effect to the policy stated in section 502, the President: (1) shall direct such agency or agencies, as he deems appropriate, to prepare and submit to him annually a report which compares the rates of salary fixed by statute for Federal employees with the rates of salary paid for the same levels of work in private enterprise as determined on the basis of appropriate annual surveys conducted by the Bureau of Labor Statistics, and, after seeking the views of such employee organizations as he deems appropriate and in such manner as he may provide, (2) shall report annually to the Congress (*a*) this comparison of Federal and private enterprise salary rates and (*b*) such recommendations for revision of statutory salary schedules, salary structures, and compensation policy, as he deems advisable."

Thus the act specifically places on the Bureau of Labor Statistics the responsibility of making "appropriate annual surveys." It places on the President the responsibility for making actual pay recommendations to the Congress based on reports from "such agency or agencies, as he deems appropriate." It is my responsibility as Commissioner of Labor Statistics to decide on the characteristics of such surveys and on the steps which must be taken to maintain them as professionally reliable and statistically sound. I have testified annually before the House Post Office and Civil Service Committee concerning the statistical methods used and the reliability of the data.

The salary levels involved in a total white-collar Federal payroll of about $12 billion covering more than 1.6 million employees in the executive and legislative branches a year are dependent upon these surveys.

Mr. FOGARTY. Mr. Mathews, do you have any questions?

YOUTH UNEMPLOYMENT

Mr. MATHEWS. Mr. Clague, I was very much interested in the figure you gave for the unemployed youth. As I recall, you said about 15 percent of the unemployment could be charged to youth. What criteria do you use in your terminology of youth, first of all, what age level?

Mr. CLAGUE. Let me correct the figure, Mr. Mathews.

Mr. MATHEWS. All right, sir.

Mr. CLAGUE. What I said was the unemployment rate of youth was about 15 percent.

Mr. MATHEWS. I see, the unemployment rate of youth was about 15 percent?

Mr. CLAGUE. That is right.

Mr. MATHEWS. What age?

Mr. CLAGUE. Ages 14 through 19; but the number at age 14 is relatively small. Age 15 is not too large. A great many are in the age group 16 to 19.

Mr. MATHEWS. Excuse me, now, for not having any more knowledge about this matter, but this is my first year on the committee and the thought occurred to me that, say, the age of 14 would be considered pretty young to say they are unemployed if they don't have a regular job.

Would these children be outside of the families?

Mr. CLAGUE. No, they more likely would be in families, youngsters seeking work in the summer, youngsters aged 14 and 15 do get work permits and seek work.

The number of employed in age group 14 would be very small in the total of 4 million unemployed. My guess is that it would be about 50,000. We have had this age grouping for a long time and don't like to change it.

I think that some 350,000 youngsters age 14 are working, often would be part-time work while going to school. They might be working as newsboys. We count as employed anybody working for pay and doing any type of work; that is, for any kind of pay, even for an hour. So a newsboy would be considered as employed.

We count as employed any unpaid family worker who works at least 15 hours a week. That might mean a boy helping his father on a farm for 2 days without pay. He would be counted as employed.

When one of those youngsters would be looking for work—a family worker might not be looking for work, but a newsboy might be—and he would be classified as unemployed but he does not influence the unemployment figure very much.

Mr. MATHEWS. The reason I am asking these questions is because I think so often in our affluent society we see a grim aspect and we have statistics that prove we need corrective action in many areas. As I say—excuse me because I am just a first-year man—but I am really shocked to think that we consider a 14- or 15-year-old kid who is staying at home, who had a job selling newspapers or working on the farm, I am shocked when we can not get work that we consider him to be part of the Nation's unemployed work force.

I always assumed, as a father, that I have a responsibility for my children until they leave me.

I think our definition of unemployment is pretty broad. It would seem to reflect a sort of poverty situation, a miserable situation, economic deprivation that maybe doesn't exist when we look upon these young people in terms of the family relationship.

Mr. CLAGUE. Let me make it clear, this is intended to be an economic statistic. I make this speech many times.

This is designed to measure the extent to which there is available labor in the country, workers presumably able and willing to work.

Mr. MATHEWS. I see.

Mr. CLAGUE. This is not, as such, a statistic of poverty at all. After all, a millionaire could be unemployed and might be looking for work, and certainly some corporation vice presidents could be classified as looking for work.

It is true long-term unemployment for full-time industrial workers and commercial workers, long-term unemployment for heads of families, that makes an important contribution to poverty.

You are right. A lot of youngsters when they come out of school in June, look for work in the summer. If they don't get it, they are

not going to starve; but they represent available labor supply and that is what this statistic is designed to measure.

It is not a test of poverty as such; but in order to meet this argument, which is a valid argument to make, as to what is the composition of unemployment, I ask for these funds in order to have a chance to sort them out.

We show also a statistic of the heads of families, how many of them are unemployed, and what their unemployment rate is. We show these figures to make the total picture. The rate of unemployment of that group is now 15.2 percent; and we know how many they are in the total number of unemployed.

We also show separately the unemployment rate for adult men 20 years of age and over; and the most recent figure was 3.5 percent. We show separately the rate for women.

Then these teenagers are grouped together so that you can subtract the group from the total unemployed. Among the 4 million unemployed in January 1965, there were 800,000 teenagers. Some were graduates from high school, age 18, looking for permanent work. Some were 16 and 17; some were school dropouts looking for a permanent job. They are beginners and a great many are unable to find jobs.

What we are trying to do with these unemployment figures is to classify them so that you can break up the overall figure of 5 percent and show it in all its parts. In that way you can interpret it appropriately.

Another question we ask is how many unemployed are looking for part-time work. The answer in December was that about one-fifth were looking for a part-time job, not a full-time job. Those wouldn't be the father in the family, they would more likely be teenagers.

Mr. MATTHEWS. I find no fault with the excellent work you are doing. In fact, I have been very much impressed but I really think there may be a misuse of your findings on the part of people like I am who are not as informed as they should be.

STATISTICAL DETERMINATION OF DEPRESSED AREAS

One reason I am so interested in this is I have been concerned as to how we use statistics to prove an area is a poor area.

You have nothing to do with this, I realize, Mr. Clague, but they told me, for example, in figuring the counties in my State of Florida that would be eligible for the area redevelopment program, they used certain criteria. As I understand it, they would take the number of unemployed, the number of unemployed laborers, for example, as one of the criteria.

The way it worked out, would you believe me, Dade County, the gold coast of Florida, was considered one of the depressed areas, and imperial Polk County—I don't know how well you know Florida—imperial Polk, the heart of the citrus area, was considered depressed.

Manatee County, Fla., where I would say the per capita income of the people would be three times as much as other counties in Florida was considered depressed. I know you don't have anything to do with this, but frankly, when you said 15 percent of the youth were unemployed, my reaction was, "Gee, we are in one bad shape." But I

find on interpreting these figures as you have said, this refers to the availability of unemployed youth between the ages of 15 and 19.

Mr. CLAGUE. Between 14 and 19. But you can almost forget the 14.

Mr. MATTHEWS. You said there were only about 50,000?

Mr. CLAGUE. Yes.

Mr. MATTHEWS. These statistics are made available month by month?

Mr. CLAGUE. Yes; every month.

Mr. MATTHEWS. You indicated other things were considered, such as seasonability of employment.

I started teaching school when I was 19. I had a brother who taught when he was 18. He was only paid 9 months of the year, and 3 months, theoretically, he was unemployed. He was supposed to get enough in 9 months to take care of the other 3 months.

Thank you very much.

I would only say please don't use figures to indicate unemployment when this ought not to be done. I don't believe you do, but I get disturbed about the situation in America today when I look on the bulletin boards at some of the questionable statistics of unemployment that appear.

Mr. CLAGUE. May I take a moment to answer a point in connection with that. We, in our Bureau, took the census of 1960, which gives a lot of local information that we can't get in the small sample that we take every month, and we tabulated the data for local census tracts. We compared the unemployment rate by census tract, which is about 5,000 to 10,000 people in a homogeneous district, with the incomes and level of education.

Then we sketched the results on a map showing the tracts of low income and high unemployment in black, with high income and low unemployment in outline only. We sent the results to many Congressmen. In nearly every big city there are sore spots of great unemployment, while in other tracts there is not even a shadow. These sore spots are concealed in the general averages.

I don't know about the counties you are speaking of; I am not that familiar with that section of Florida. I wonder if perhaps some industry closed down. In that event the overall unemployment might not be large, but there would be an effect. You could have a pocket of unemployment even with a less than a 6-percent unemployment rate

Mr. MATTHEWS. I don't argue with those statistics, but my point is that if imperial Polk County, Fla., imperial Polk County, is a depressed area, I will eat all of this table here. The average citizen just can't understand why Federal largess should go to imperial Polk County and a lot of their people complained about being considered in a depressed area. This was a year or so ago, and they just don't understand why that county should be in that category when they can see many other counties where the average income is just 30 percent of what it is in that county.

The problem is, of course, in the criteria and not in honesty and integrity of the statistics.

Thank you, Mr. Clague.

Mr. FOGARTY. Mr. Shriver, do you have any questions?

Mr. SHRIVER. Who does determine whether an area is depressed? What agency determines this?

Mr. CLAGUE. That is the Bureau of Employment Security through its local employment offices. They work up the estimates of the local unemployment rates.

Of course, they have available to them all the unemployed drawing unemployment compensation. That is an actual count.

Then, they make estimates as to how many noncovered workers there might be, how many young people entering the labor force who have not yet found a job. Some of these might be registered in the employment office. They also try to estimate the number of domestic servants and other such groups. They arrive at estimates which on the whole seem pretty good to me.

Sometimes they have to make informed guesses as to these uninsured groups. From such estimates they arrive at the rate of unemployment in that community.

They have another good set of figures; the reports of employment from establishments I mentioned earlier. In every big city they get figures from most of the large employers and a good representation from small employers so the estimate of employment in the city in industrial and commercial establishments is very good.

Mr. SHRIVER. Then there are many other agencies in the Department of Labor that do statistical work other than yours?

Mr. CLAGUE. Yes, this cooperative program on establishment of statistics is a joint venture between us and the Bureau of Employment Security. We use the same report form. They use it for State and local statistics, and we use it for national statistics.

Mr. SHRIVER. I agree with Mr. Mathews about determination of depressed areas. I looked at the map in the lobby of the House of Representatives, the Speaker's lobby. Right in the middle of my State is a county that I know as one of the most affluent in the State. I think it is going to be in my district.

It would be possible to arrange your boundaries to include the largess, as you were talking about, Mr. Mathews, if a person is so inclined.

MINIMUM ADEQUATE INCOME

You mentioned the kind of budgets in connection with determination of poverty. How is this determination now made in connection with Government?

Mr. CLAGUE. If you mean the four-person and elderly couple——

Mr. SHRIVER. No, that is not what I mean.

Mr. CLAGUE. You mean the minimum budget which we are asking for here which is close to a poverty budget. The question is when you can really call a family poor.

They might be below the modest but adequate standard, which is a good substantial figure; but the minimum adequate budget is at a much lower level.

So far they have been talking about $3,000.

Mr. SHRIVER. Is that income?

Mr. CLAGUE. Yes.

Mr. SHRIVER. Not taking into consideration any other factors.

People own their homes, for instance, and they don't have to pay rent; they do not consider such factors as that?

Mr. CLAGUE. They would have to take account of that, but no work has been done so far of a kind that would be comparable to what we in BLS have done in the past. So far homeownership has not been taken into account in defining poverty.

Mr. SHRIVER. You are not planning to do this?

Mr. CLAGUE. No; you can see this falls under Mr. Shriver's field, the general poverty program. We are not in that field as such. So we have not done anything on that as yet.

Mr. SHRIVER. There isn't any statistical agency in that program?

Mr. CLAGUE. Well, they use the statistics from other agencies as much as they can. The census produces statistics of income periodically and they use those data.

Mr. Myers points out they do have money for research but so far I believe they are working on this general level. With the approach they are making at the present time, I think they set the standards so low that unquestionably they are getting poverty-striken people. But they will need a more refined statistic later on.

I have the impression they have used $2,000 to get started in order to make sure that they would have the right group of people to get the program going. They will have to arrive at some conclusion, as you mentioned, on how to more sharply define the people who are below the poverty level.

SURVEY OF FRINGE BENEFITS

Mr. SHRIVER. I was glad to hear you say in your statement that you were extending the area of employer expenditures for fringe benefits. How much did you intend to do this fiscal year in this connection? You mentioned a certain number of industries to be included.

Mr. CLAGUE. With the money which was supplied by you a number of years ago, we started a small program in this field. We first got the funds in fiscal 1960 and surveyed fringe benefits in manufacturing.

The next year we surveyed mining and the following year finance, insurance, and real estate. Then we were back in manufacturing again in 1962. We wanted to put manufacturing on a 3-year cycle basis. We thought then that this might be often enough to find out what was happening.

I should mention that every year we tabulate the number of paid holidays, number of weeks of vacation by length of service, and a variety of other fringe items. This project is to get the value of fringes, to quantify those items, showing how much each amounts to in cents per hour.

In 1962, in the survey of manufacturing, we estimated that on the average such expenditures amounted to about 58 cents an hour per worker. So these expenditures are quite substantial.

What we want to do in the next year is to break down manufacturing as a whole into 25 or 30 industries. For example, we would like to take steel, as such, automobiles, as such, et cetera. We plan to conduct this kind of survey every other year in the future.

Then in alternate years we propose making a cross industry survey in which we include the professional, administrative, technical, and clerical employees as well as manual workers. That is a survey of fringes in relation to workers in private industry, including the kinds of occupations, both white collar and manual, that are represented in the Federal service.

The big argument now on Federal pay, which will come up again this year, is whether Federal fringes are better generally than private fringes.

That is the fund we have been provided with to make a survey for helping to answer that question.

We did the survey last year, covering calendar year 1963, and are producing the report this spring. It will be made available soon to the Congress, and the administration; and later this year it will be printed for labor, management, and the general public.

Fringes of salaried Federal employees in comparable occupations to private industry will undoubtedly be used in discussions about Federal pay. I don't know exactly what our report will show, as yet, but it will show whether or not our fringes as a whole are worth about the same amount as those in private industry.

DEPARTMENT OF COMMERCE STATISTICS

Mr. FOGARTY. Mr. Duncan, do you have any questions?

Mr. DUNCAN. Does the Commerce Department put out wholesale and retail prices?

Mr. CLAGUE. No; they reproduce what we put out. You will find our data appearing in the Survey of Current Business.

Mr. DUNCAN. So their source of data and statistics is the Bureau of Labor statistics?

Mr. CLAGUE. That is right; we are the collecting agency for both retail and wholesale prices.

DATA COLLECTION TECHNIQUES

Mr. DUNCAN. You say you have a 35,000 household sample on which you collect your statistics on employment and unemployment. Do you use the same 35,000 household figures all the time?

Mr. CLAGUE. No; that is a sample chosen by scientific methods by the Bureau of the Census. This is a cooperative effort between us and the Bureau of the Census. We are responsible for analysis, interpretation, and publication—they collect and tabulate the information. They select the households for visiting. Having selected a household, they continue with it for 4 months, after which the household is dropped. Then in a year, they go back to the same households, for another period of 4 months. Then the household is permanently dropped.

This means that a family stays in the sample for 4 months, goes off for 8 months, and then goes back again for 4 months. However, there is some change every month. One group of families is started in January, and then continued in February, March, and April. In February another group is started so there is some turnover every month.

Mr. DUNCAN. Is that 35,000 per month?

Mr. CLAGUE. Yes.

Mr. DUNCAN. There are 35,000 households sampled every month?

Mr. CLAGUE. Yes.

DETERMINATION OF THE UNEMPLOYED

Mr. DUNCAN. Going back to Mr. Matthews' question, if somebody hasn't a job; really isn't in the labor market, isn't really looking for work, you don't jot them down as unemployed, do you?

Mr. CLAGUE. No; the agent goes in and says he wants to interview the family. He asks if anybody in the household worked last week. He then asks if anyone looked for work last week.

Mr. DUNCAN. If the procedure is not as you say, if you come by my house, I will fill your statistics out. I have seven of those little beggars in my house who are unemployed.

Mr. CLAGUE. Are they looking for work?

Mr DUNCAN. I am the only one, I think, looking for work.

How about all these other agencies looking for these different types of statistics, do you use the same firms?

Mr. CLAGUE. No, we use different samples.

VOLUNTARY DATA

Mr. DUNCAN. Let me ask you another question. Is every business firm in the country required to report these statistics to you?

Mr. CLAGUE. No, every statistic we collect is voluntary. We just have to go in and plead for them.

Let me modify my statement. All large firms such as General Motors and United States Steel, would surely have some of their many establishments represented in the statistics. The smaller firms would be changed from sample to sample. The reports are voluntary. In all our samples we have to appeal to the employer or other respondent to give us the information. We get refusals from time to time, but we have had very few studies fail because of poor response.

Mr. DUNCAN. There are no procedures then for compulsory returns as in the census?

Mr. CLAGUE. No, there is nothing compulsory.

OMNIBUS FORM

Mr. DUNCAN. One of the questions I get asked is about the number of Government forms they have to fill out. That leads to my next question. Can employment, accident, pricing, fringe benefits, can all these go on one form or does a different form have to be filled out by these people for these different categories?

Mr. CLAGUE. It would be a different form, a different interview. Sometimes we have to visit the firm to get the information. Take the collection of prices for the Consumer Price Index, that is done by our agents who visit the retail stores. You don't want too much on one form, it means too much of a burden. An employer gets accustomed to filling out a particular form. For example, we have very few refusals to fill out our form on employment, hours, and earnings. Every employer keeps a record of hours and earnings by the week, 2 weeks, or by the month. He can fill our form in routinely, month after month. As a matter of fact, the form has all 12 months printed on it, so that he gets the same form back the next month. He can see what he reported last month and report the comparable figures for the next month.

If a form has to go to a different representative in the firm for more information, there can be difficulty. It is better to get the data in smaller pieces on separate forms than it is to combine everything on one omnibus form.

UNEMPLOYMENT STATISTICS

Mr. DUNCAN. Your statistics on unemployment compensation, that is out of your own Bureau?

Mr. CLAGUE. Yes, those are the unemployment beneficiaries reported by the States.

Mr. DUNCAN. Statistically do you weight these answers any way for inaccuracies? For instance, if somebody came around and asked me about a budget, I wouldn't have any idea what we spend on doctor bills. Most of these people must be guessing.

Mr. CLAGUE. They do. But you would be surprised at the number of families who keep budgets. If they don't we try to get them to reconstruct their expenditures, that is, how much they spent on what. This sometimes takes a couple of days. Sometimes we run into families who keep wonderful records and are proud to show them. Other families say they have no idea as to how they spend their money. But if they are willing to cooperate, we work with them.

We first get the expenditures. We always check these against income. The income, allowing for savings or borrowing, must approximately equal the expenditures.

We ask if they bought a car this year and they sometimes answer, "No, the year before." We ask if they bought a TV this year; if so, how much did they pay for it. They may say that we will have to go to the store to find out. We sometimes do go to the store to verify what they paid.

Unless the information checks out, we discard the report.

Mr. DUNCAN. Thank you, Mr. Clague.

Mr. CLAGUE. I would like to answer one further question. My deputy reminds me about the food expenditures. We ask the family for 2 weeks to keep a detailed record of everything they bought, everyone in the family. In that way we are able to obtain information on small items like salt and pepper.

Mr. FOGARTY. Mr. Farum, do you have any questions?

PURCHASES BY GOVERNMENT

Mr. FARNUM. Do you propose a systematic survey of purchases made by governments, Federal, State, and local because of the impact they have on the economy as such. Could you tell me why you are starting this in 1966 and why it should not have been started in 1956?

Mr. CLAGUE. As I said, it was actually done in World War II, when the Government was very much interested in finding out how its procurement matched general market prices. Several times since there has been talk of doing it, but no effort was made. This time the proposal we made was accepted, to start with a sample of Federal procurement. We have been doing some exploratory work on our own recently. This is an attempt to start with GSA, which does a good deal of current procurement.

We think the Department of Defense would be interested, although we are not yet tackling hardware, such as weapons. This project is in the nature of an exploration to get a good picture of Government purchases and the effect on prices, whether they are paying more than the market or less.

Mr. FARNUM. Have you written any States or local governments to find out whether or not they are collecting local information in the area?

Mr. CLAGUE. I don't believe so. I can correct that in the record. If they are, I am not aware of it.

Mr. FARNUM. Thank you, Mr. Chairman.

Mr. FOGART. Is there anything else you want to say, Mr. Clague?

Mr. CLAGUE. No, thank you, Mr. Chairman.

Mr. FOGARTY. Thank you very much, Mr. Clague.

JUSTIFICATION MATERIAL

Amounts available for obligation

	1965	1966
Appropriation or estimate	$17,925,000	$20,601,000
Proposed supplemental due to pay increase (Public Law 88-426)	617,000	
Appropriation or estimate, revised	18,542,000	20,601,000

Obligations by activity

Description	Appropriation revised, 1965		Estimate, 1966		1966 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Manpower and employment	368	$7,502,900	408	$8,725,700	+40	+$1,222,800
2. Prices and cost of living	281	2,832,800	297	3,103,300	+16	+270,500
3. Wages and industrial relations	289	3,018,900	324	3,527,800	+35	+508,900
4. Measurement of productivity	70	729,400	70	741,100		+11,700
5. Industrial hazards	41	341,300	41	344,600		+3,300
6. Foreign labor conditions	39	404,800	39	412,700		+7,900
7. Program staff services	126	1,610,000	125	1,630,500	−1	+20,500
8. Administration and management services	117	2,101,900	116	2,115,300	−1	+13,400
Total obligations	1,331	18,542,000	1,420	20,601,000	+89	+2,059,000

Obligations by object

	Appropriation revised, 1965	Estimate, 1966	1966 change
Total number of permanent positions	1,331	1,420	+89
Positions other than permanent	55	55	
Average number of all employees	1,320	1,405	+85
11 Personnel compensation	$10,588,600	$11,412,500	+$823,900
12 Personnel benefits	780,900	839,600	+58,700
21 Travel and transportation of persons	754,900	863,100	+108,200
22 Transportation of things	20,000	20,000	
23 Rent, communications, and utilities	760,100	908,000	+147,900
24 Printing and reproduction	365,100	370,400	+5,300
25 Other services	1,312,600	1,479,000	+166,400
Services of other agencies	3,848,500	4,530,600	+682,100
26 Supplies and materials	21,300	23,800	+2,500
31 Equipment	90,000	154,000	+64,000
Total obligations	18,542,000	20,601,000	+2,059,000
Working capital fund items included above	(932,000)	(998,500)	(+66,500)

Summary of changes

1965 appropriation	$17,925,000
Proposed supplemental due to pay increase (Public Law 88-426)	+617,000
1965 appropriation (revised)	18,542,000
1966 estimate	20,601,000
Total change	+2,059,000

MANDATORY ITEMS

Increases:	
Net pay increase costs in 1966 (Public Law 88-426)	+14,500
Net within-grade promotion costs	+110,000
Payments to States for increased State employee salary rates in connection with the cooperative employment statistics and labor turnover statistics program	+70,000
Decreases:	
To reduce the level of contributions to the Federal employees' compensation fund	−3,000
Nonrecurring printing cost of Occupational Outlook Handbook	−30,000

PROGRAM ITEMS

Increases:	
To expand employment and unemployment statistics (15 positions, $125,800; nonlabor, $573,700)	+699,500
To expand establishment statistics program (nonlabor, $129,000)	+129,000
To expand job vacancy statistics (30 positions, $217,000; nonlabor, $113,000)	+330,000
To initiate standard budget research (8 positions, $48,200; nonlabor, $76,800)	+125,000
To expand industry sector price indexes (5 positions, $30,400; nonlabor, $26,600)	+57,000
To initiate international price comparisons (4 positions, $27,600; nonlabor, $12,400)	+40,000
To initiate prices paid by governments (3 positions, $22,700; nonlabor, $12,300)	+35,000
To expand national survey of professional, administrative, technical, and clerical pay (25 positions, $188,300; nonlabor, $143,700)	+332,000
To expand studies of employer expenditures for fringe benefits (14 positions, $101,100; nonlabor, $48,900)	+150,000
Total change	+2,059,000

Mandatory changes for 1966

Increases:		
Pay increase costs		+$14,500
Net additional cost of pay increase for current year (base) staff pursuant to Public Law 88-426:		
Personnel compensation	$48,500	
Personnel benefits	3,400	
Payments to other accounts for services involving salaries		
Net cost	51,900	
Absorption of a portion of above increases for pay costs (reduction, 5 positions; $37,400 personal services)	−37,400	
Within-grade promotion costs		+110,000
1966 net additional cost of within-grade promotions effective on only a part-year basis for staff in 1965		+90,600
Personnel compensation	$97,300	
Deduct lapse	−3,900	
Deduct savings due to turnover	−9,000	
Personnel benefits	6,200	
Net cost	90,600	
Net cost of within-grade promotions becoming effective during 1966		+103,100
Personnel compensation	$110,000	
Deduct lapse	−4,400	
Deduct savings due to turnover	−10,300	
Personnel benefits	7,200	
Net cost	103,100	
Absorption of a portion of above increase (reduction, 10 positions; $83,700 personal services)		−83,700
Payments to States for increased salary rates in connection with the cooperative employment statistics and labor turnover statistics program		+70,000
Decreases: To reduce the level of contributions to the Federal employees' compensation fund, indicating a decline in the cost and incidence of benefit payments made to civilian employees of the United States for injuries of an accidental nature sustained in the performance of duty		−3,000

Bureau of Labor Statistics

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Activity 5		Activity 6		Activity 7		Activity 8		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Mandatory changes:																		
Pay increase costs	.....	$13,300	.....	$10,300	.....	$10,100	.....	$3,100	.....	$1,500	.....	$1,600	.....	$5,800	.....	$6,200	.....	$51,900
Absorption of disallowed pay costs	−1	−10,600	−1	−7,500	−1	−6,000	.....	−2,400	.....	−1,100	.....	−1,200	−1	−4,500	−1	−4,100	−5	−37,400
Net pay increase costs	−1	2,700	−1	2,800	−1	4,100	.....	700	.....	400	.....	400	−1	1,300	−1	2,100	−5	14,500
Within-grade promotion costs	.....	50,000	.....	38,100	.....	47,800	.....	11,600	.....	3,000	.....	7,900	.....	20,200	.....	15,100	.....	193,700
Absorption of disallowed within-grade costs	−4	−28,400	−3	−27,400	−3	−25,000	.....	−600	.....	−100	.....	−400	.....	−1,000	.....	−800	−10	−83,700
Net within-grade costs	−4	21,600	−3	10,700	−3	22,800	.....	11,000	.....	2,900	.....	7,500	.....	19,200	.....	14,300	−10	110,000
Payments to States	.....	70,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	70,000
Contributions to FEC fund (+ or −)	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	−3,000	.....	−3,000
Nonrecurring printing cost of Occupational Outlook Handbook	.....	−30,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	−30,000
Total	−5	64,300	−4	13,500	−4	26,900	.....	11,700	.....	3,300	.....	7,900	−1	20,500	−1	13,400	−15	161,500

Program changes by activity

Object classification	Activity 1		Activity 2		Activity 3		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation	45	$319,400	20	$119,700	39	$268,900	104	$708,000
12 Personnel benefits	.....	23,400	.....	9,200	.....	20,500	.....	53,100
21 Travel and transportation of persons	.....	30,800	.....	3,400	.....	74,000	.....	108,200
23 Rent, communications, and utilities	.....	61,100	.....	62,100	.....	24,700	.....	147,900
24 Printing and reproduction	.....	24,200	.....	8,400	.....	2,700	.....	35,300
25 Other services	.....	666,800	.....	39,700	.....	72,000	.....	778,500
26 Supplies and materials	.....	1,100	.....	500	.....	900	.....	2,500
31 Equipment	.....	31,700	.....	14,000	.....	18,300	.....	64,000
Total	45	1,158,500	20	257,000	39	482,000	104	1,897,500

Activity 1. Manpower and Employment

1965	$7,502,900
1966	8,725,700

Narrative description of program

Provides for collection, publication, and analysis of monthly statistics on the labor force, employment and unemployment, hours of work, earnings, and labor turnover, in cooperation with the States and with the Bureau of the Census. Also provided are statistics on employment of scientific and technical personnel and studies of manpower and occupational outlook.

With funds appropriated by the Congress in fiscal years 1964 and 1965, a program of systematic and orderly improvement of the scope and reliability of these statistics has been initiated. This work includes testing to improve the concepts of employment and unemployment, expansion of data regarding employment, unemployment, hours and earnings, and the development of two new programs—employment statistics by occupation and job vacancy statistics. These proposals are based on the Department's needs for information in connection with its manpower and related programs.

Monthly labor force survey

Data are obtained from a national sample of 35,000 households each month and published together with analytical text. Supplementary surveys are also conducted in conjunction with the regular survey, providing an average of 10 special reports a year. Long- and short-term labor force projections by age, sex, and race, and studies of the relation of labor force activity rates to economic conditions are prepared as a basis for manpower policy. To improve the measurement of unemployment and to test new concepts, experimental studies are conducted with a national sample of 8,750 households interviewed each month.

Employment, hours, earnings, and labor turnover statistics

Approximately 166,000 reports are collected from establishments each month, of which 125,000 relate to employment, man-hours, and payrolls, and 41,000 relate to labor turnover. Monthly estimates of employment are published for 367 industries; hours and earnings data for 323 industries; labor turnover statistics for 224 industries. In cooperation with State agencies, monthly data on employment, hours, and earnings are published for each State and 145 local areas. Labor turnover statistics are published for all States and 116 local areas. In order to strengthen estimates of employment and hours, an additional 10,000 establishments were added to the regular monthly sample of payroll statistics in fiscal 1965.

Two major annual publications are issued each year, one providing all national series from 1909 forward and the other providing all State and area series from the beginning date of each series forward.

Occupational employment statistics

Surveys of approximately 14,000 industrial establishments, 1,750 State government agencies, and 8,200 local government units are made by mail questionnaire to obtain employment data for scientific, technical, and professional personnel by occupation and function. Personal interviews are made where necessary to obtain cooperation from companies and cooperating agencies and to assist them in providing the data required. Research is carried on to develop a comprehensive program of occupational employment statistics.

Manpower and occupational outlook

This involves preparation of the Occupational Outlook Handbook covering about 700 occupations and 30 major industries, and requiring approximately 600 interviews annually with employers, unions, and professional societies. The program also includes preparation of the Occupational Outlook Quarterly—four issues during the year.

Job vacancy statistics

Experimental research and pilot feasibility studies are underway in cooperation with the Bureau of Employment Security and State employment security agencies. This developmental work is aimed at the eventual establishment of a large-scale survey program for the periodic collection of job vacancy statistics.

PROGRAM CHANGES FOR 1966

Improvement of employment and unemployment statistics

This project represents the third step in a considered program to improve this most vital system of economic data by sharpening the measurement of unemployment and strengthening the entire set of employment and unemployment data.

Funds previously approved by Congress for fiscal 1964 and 1965 will enable the BLS to complete its program of research on methods for sharpening the concept of unemployment and the labor force. To avoid distorting the regular monthly statistics based on a 35,000 household sample, this research is being done with a supplementary panel of 8,750 households.

The next step in the plan will be to run a larger scale test—in the framework of a regular monthly collection program—of the improvements in definitions and procedures developed by the present research. To develop a large enough sample to provide valid results, the research panel of 8,750 households will be doubled to 17,500. The additional 8,750 households are being selected in this fiscal year, to be ready to start operation in fiscal 1966. Additional funds are now requested to include these extra 8,750 households in the survey through fiscal 1966, so that the full panel of 17,500 households can be used.

The testing on the panel of 17,500 households will be conducted parallel with the present survey of 35,000 households on which the official statistics would continue to be published, using present procedures. This will provide an overlap and permit an orderly transition from the old to the new. Thereafter, as soon as possible, the new procedures will be adopted for the regular monthly program and the 17,500 households will be added to the 35,000 to give a 50-percent expansion in sample size and strengthen the reliability of the monthly estimates. The 52,500 household sample would continue on the basis of the increases appropriated in fiscal years 1964 and 1965 and that requested for 1966.

This expansion will also make possible an increase in the number of special surveys that can be conducted. At present, many important inquiries on the labor force cannot be undertaken because of the limitations on the amount of information that can be asked from a single household. With a larger sample, reliable subsamples can be drawn for special purposes—e.g., detailed inquiries, on such issues as extent of underemployment or overtime work, or to determine the desire for training among the long-term unemployed.

Total additional cost: $699,500 of which $483,800 will be transferred to the Bureau of the Census (15 positions, $125,800; nonlabor, $573,700). Base cost is $1,832,000.

Expansion of establishment statistics program

There is a continuing need for strengthening and extending the set of economic statistics derived from direct reports from employers. This informa-

tion on employment, hours, earnings, and labor turnover is not only used directly as a guide to changing economic conditions but is also a key ingredient in the computation of productivity indexes, national income data, and the Federal Reserve Board index of industrial production.

This proposal represents the third phase of a scheduled 5-year program designed to increase the scope of these statistics on employment, hours, and earnings in terms of industrial and geographical detail, to effect technical improvements through research, and to provide greater technical assistance to cooperating State agencies. The Congress appropiated funds in fiscal year 1964 and 1965 to initiate this program.

For 1966 the following steps are proposed: (1) Development of employment, hours, and earnings series in 33 additional standard metropolitan statistical areas; (2) development, publication, and maintenance of national hours and earnings series for additional nonmanufacturing industries.

To make these improvements possible, it will be necessary to expand the employment, hours, and earnings sample by 10,000 establishment reports, primarily in trade and service industries, to improve national estimates and strengthen the area sample.

Total additional cost: $129,000 of which $96,400 will be paid to cooperating States (nonlabor $129,000). Base cost is $2,449,000 of which $824,000 will be paid to cooperating States.

Job vacancy statistics

A major gap in the statistical program for evaluating changes in employment and unemployment is reliable data on job vacancies. Such data, by pinpointing available job openings, would facilitate a better matching of available jobs with unemployed workers. Such statistics, together with other information on the demand for labor by occupation, would also improve the certainty that Government-financed training programs are directed toward preparing the unemployed for needed skills and jobs. Finally, by providing insight on the short-run demand for labor, such a program would add a new dimension to the analysis of unemployment.

The need for a statistical program on job vacancies has been emphasized in recent years by Government officials, prominent businessmen, and distinguished economists concerned with reducing unemployment.

A pilot program to determine how to collect reliable data is being conducted jointly in fiscal year 1965 by the Department of Labor's Bureau of Employment Security and the Bureau of Labor Statistics, with the cooperation of State employment security agencies. Surveys of job vacancies are being made for 2 months of the year in 16 standard metropolitan statistical areas of varying sizes, geographical regions, employment conditions, and industrial characteristics. For each area, job vacancy data covering all nonagricultural employment are being compiled by occupation. It is expected that the results and experience gained through this pilot program will enable the Bureau to initiate a large-scale job vacancy survey program covering 150 standard metropolitan statistical areas in 1966. These surveys of job vacancies would be conducted quarterly for each area by the State employment security agencies under the administration of the Bureau of Employment Security with the technical collaboration of the Bureau of Labor Statistics.

In this combined program, the Bureau of Labor Statistics will be responsible for the following functions:

1. Technical assistance in conducting the job vacancy surveys and in planning and developing the survey procedures, forms, instructions, including those relating to followup response analysis surveys.
2. Technical review of the quality of job vacancy reporting, based upon response analysis surveys.
3. Analysis of the data shown by the surveys in relation to the changing composition of employment and unemployment.
4. Development of sampling and procedures for a comprehensive job vacancy data system covering those parts of the Nation not included in the 150 area program.

Total additional cost: $330,000 (30 positions, $217,000; nonlabor, $113,000). Base cost is $50,000.

ACTIVITY 2. PRICES AND COST OF LIVING

1965	$2,832,800
1966	3,103,300

NARRATIVE DESCRIPTION OF PROGRAM

Provides for collection and analysis of data on consumer prices and preparation of the Consumer Price Index for the United States, and local indexes for major metropolitan areas and four smaller cities in Alaska; for pricing of industrial and agricultural products and publication of wholesale price indexes, monthly, weekly, and daily; for development of industry-sector price indexes; for research on standard budgets; and for price and index number research.

Consumer prices

Compilation and publication of the Consumer Price Index monthly, based on price quotations on about 400 consumer items obtained mostly by personal visits to about 1,750 food stores, 17,000 other types of retail establishments, and 40,000 tenants located in 56 metropolitan areas and smaller cities with separate indexes for 28 component groups and subgroups, and for 20 special groups, also separate indexes for 23 individual metropolitan areas (5 monthly and 18 quarterly).

Computation and publication of U.S. item indexes for nearly 400 individual items, and of average prices of individual foods and fuels for the United States and for each of 12 largest metropolitan areas.

Computation and publication of time-to-time indexes for four Alaskan cities and place-to-place comparisons of living costs with Seattle, semiannually.

Industrial prices

Compilation and publication of the Wholesale Price Index monthly, based on about 7,000 price quotations obtained each month by mail from industry and from Government agencies and trade publications, with separate average price and index details for 2,600 products and product groupings, and indexes for 27 special groupings, 34 groupings by stage of processing, and 8 groupings by durability of product; preparation of annual analytical and statistical bulletin; preparation of special reports on primary market price developments requested by the Council of Economic Advisers and other Government agencies.

Compilation and publication of the weekly Wholesale Price Index based on an abbreviated list of about 215 items with price quotations from about 520 sources; also, a daily spot market index based on 34 individual specifications for price-sensitive commodities, with separate indexes for 6 special groupings.

Industry-sector price indexes

Compilation and publication of monthly industrial output price indexes for each of about 60 SIC 4-digit industries (out of a total of 525 manufacturing, mining, and agricultural industries), using essentially the same data as those obtained for the Wholesale Price Index; and continuation of developmental work on additional indexes.

Standard budget research

A number of basic tabulations required in planning the revision of the food and clothing components of the budgets will be made.

Limited consultation and technical assistance will continue to be given to public and private agencies at the Federal, State, and local levels in the use of standard budgets for planning and administering assistance programs of various kinds, and in developing assistance standards.

Price and index number research

Research projects generally fall into two classes: (1) Review of basic concepts, and development of guiding principles for measurement of price levels and price changes under varying economic and market situations and in different conceptual frameworks, and (2) improving existing measurement techniques or developing new techniques to apply the guiding principles to index numbers and other price measurements. Studies planned for fiscal 1966, specifically, will evaluate the validity of various techniques in measuring the effects on retail prices of various market phenomena, such as quality differences and quality changes, transition from old to new items, differences in choice of brands and package sizes, and changes in channels of distribution.

Standard budget research

The standard budgets developed by the BLS, such as the city worker's family budget, serve many exceedingly useful purposes, including the provision of basic standards (*a*) for making place-to-place comparisons of the cost of living and evaluating allowances based thereon; (*b*) measuring the adequacy of minimum wages, unemployment compensation, and social security benefits; (*c*) evaluating the impact of taxes; (*d*) determining eligibility for college scholarships; and (*e*) measuring poverty and determining needs for public assistance and the amount of assistance required.

Various congressional committees concerned with the aged, migratory workers, and other groups with difficult employment or living problems have indicated deep interest in these data. These committees include the House Committee on Labor and Education and the Senate Committee on Labor and Public Welfare. Local community welfare councils have also urged additional work. Many business firms use standard budget data as a guide to setting salaries and expenses for employees located in different parts of the country. Labor unions have expressed a strong continuing interest in these data.

Basic data needed for the updating of standard budgets in fiscal year 1966 can be obtained from the survey of consumer expenditures in 1960–61, which was conducted primarily for revision of the Consumer Price Index. For the preparation of standard budgets, however, these data will require extensive analyses. In 1966, the specific quantities of goods and services—e.g., beef roasts, men's suits, and doctors' visits—that should go into the budgets will be determined. In the following fiscal year, it will be necessary to expand the project to provide for collecting the price data needed to compute the current costs of the budgets in dollars and cents. Total additional cost: $125,000 (eight positions, $48,200; nonlabor, $76,800). Base cost is $50,000.

Industry-sector price indexes

The questions that arise with respect to price stability often refer to particular industries. Productivity, employment, wages, and production are measured regularly by industries or economic sectors. Among the major economic statistics, price measurements alone are the only one not available regularly by industry.

There is an urgent need for a set of price indexes organized on an industry-sector basis for use in estimating the gross national product by industry and sector of origin, in the BLS studies of economic growth, in measuring productivity, and for a variety of other purposes.

The BLS was provided $100,000 2 years ago to begin developmental work on this new index system. With these funds, the structure of the index system has been worked out and indexes have been constructed for about 60 manufacturing industries utilizing basic price data originally assembled for the Wholesale Price Index. These indexes will be published soon and maintained in the future.

For fiscal 1966, funds are requested to develop and maintain industry-sector output price indexes for about 15 additional industries, such as electronics, shipbuilding, aircraft, and industrial services, for which data are nonexistent or seriously inadequate at present. Development of techniques for compiling price indexes for such industries will be exceedingly difficult because of the complicated and nonstandard nature of their products. Subsequent expansion of this project will be necessary to develop and maintain indexes representing all important manufacturing, mining, and agricultural industries. Total additional cost: $57,000 (five positions, $30,400; nonlabor, $26,600). Base cost is: $100,000.

International price comparisons

The freedom of the United States to follow expansionary economic policies for full employment and faster economic growth is restricted by our balance-of-payments problem. We know that a permanent solution to this problem depends to a considerable extent upon greater competitiveness of U.S. products in foreign and domestic markets. However, information has not been assembled which will tell us currently how much reduction in our price level relating to other countries is needed to bring the required improvement in our balance of trade, or whether our competitive position is improving or becoming worse. Changes in our competitive position become apparent only after shifts in trade have taken place, too late to prevent adverse effects on our balance of payments.

In addition, the Department of Labor needs information on international price comparisons in connection with the development of its specific recommendations on tariff and other trade negotiations as they might affect employment in the United States.

This project is proposed to begin assembling data on a small scale in 1966 that will permit comparisons of prices in the United States and other important producing countries on products that are important in international trade. Metals and machinery products would be studied first, because they bulk large in our trade with other countries, and information about them is believed to be more readily available. Subsequently, this project should be expanded to cover textiles, poultry and many other important commodities. Total cost: $40,000 (four positions, $27,600; nonlabor, $12,400).

Prices paid by governments

Governments (Federal, State, and local) are very important buyers in the U.S. economy. Their purchases total over $120 billion annually, nearly 20 percent of the gross national product. Part of their purchases are made through normal commercial market channels at market prices, except that applicable direct taxes usually are excluded. To a much larger extent, however, governments buy unique products, or standard products at special prices which result from competitive bidding.

There is, at present, no systematic compilation of prices paid by governments. This significant statistical gap affects the measurement of output of the economy (gross national product) in constant dollars. It also means that executive agencies and legislative committees lack a reliable yardstick for determining needs for additional funds justified on the basis of rising prices.

In 1966, it is proposed to begin the development of indexes of prices paid by the Federal Government, starting with purchases made by the General Services Administration. Subsequently, this project should be extended to cover procurement by other agencies, such as the Department of Defense, Atomic Energy Commission, National Aeronautics and Space Administration, etc. Total cost: $35,000 (three positions, $22,700; nonlabor, $12,300).

ACTIVITY 3. WAGES AND INDUSTRIAL RELATIONS

1965	$3,018,900
1966	3,527,800

NARRATIVE DESCRIPTION OF PROGRAM

The collection and analysis of basic data on wages and salaries by occupation, and on supplementary employee benefits for major labor markets and industries, selected professional, administrative, and technical jobs on a nationwide basis, and union scales for selected industries; monthly reports on changes in wages and related benefits; the preparation of wage or salary indexes and wage chronologies for selected occupational and industrial groups; and surveys of employer expenditures on fringe benefits, and of the composition of payroll hours for selected sectors of the economy.

The maintenance of a representative file of collective bargaining agreements for public use; detailed studies of the provisions of labor management agreements; analytical studies of health, insurance, pension and other types of employee benefit plans; reports on the structure, membership, and activities of American trade unions; and monthly and detailed annual statistics on work stoppages.

Occupational wages—Labor market wage studies

Collection of data from 12,000 establishments in 82 labor markets in the United States to yield averages and distributions of wage and salary rates; indexes for selected occupations; and work schedules and supplementary benefits. Personal visits are made to approximately 9,000 establishments annually; data for the remainder are obtained by mail questionnaire.

Occupational wages—Industry studies

Collection of data by personal visit from approximately 4,000 establishments in selected industries to yield averages and distributions of wage rates, work schedules and supplementary benefits. Approximately 50 manufacturing and 20 nonmanufacturing industries are surveyed on a regular recurring basis—mostly on a 5-year cycle.

Occupational wages—Professional, administrative, and technical pay

Collection of data by personal visit from 1,750 establishments to yield averages and distributions of salaries for about 75 occupation work level categories.

Union wage scales

Collection of data by mail and personal visit from 3,750 local unions to yield averages and distributions of union scales of wages and hours for 68 selected cities in 4 industries, and the collection of data quarterly by mail questionnaire from 700 local unions for 7 building trades in 100 cities.

Current wage developments

Data on wage changes are obtained from secondary sources for major situations, supplemented by mail questionnaires sent quarterly to approximately 3,400 small establishments. The monthly report analyzes individual settlements affecting 1,000 or more workers; the quarterly and annual statistical summaries present data for these settlements and separate summaries are prepared representing all situations in manufacturing. In addition, three national indexes of wage and salary changes are maintained.

Wage chronologies

Data are obtained from secondary sources or by mail inquiry to maintain on a current basis an historical record of the terms of settlement in approximately 40 key collective bargaining situations. This record, showing amounts and characteristics of changes in wages and related benefits and plant practices, is brought up to date at the beginning of each new contract term.

Employer expenditures on fringe benefits

Collection of data primarily by mail questionnaire supplemented by personal visit interviews in selected sectors of the economy. These surveys yield data on percent of payroll and cents per hour paid by employers for leave, premium pay, legally required payments, and private welfare plans, and on the ratio of paid leave hours to total hours paid for. Surveys completed cover manufacturing, mining, finance, insurance, real estate, and transportation.

Public file of collective bargaining agreements

Copies of approximately 5,000 collective bargaining agreements are maintained on a current basis.

Studies of the provisions of labor-management agreements

Annually, three to five reports are issued. Each report analyzes in depth selected provisions and their prevalence.

Studies of health, insurance, pension, and other employee benefit plans

Annually, three to five reports are issued covering selected plans or all plans. Reports may be digests of plan provisions, prevalence studies, detailed analyses of selected provisions, or studies of administrative or financial characteristics.

Studies of the structure, membership, and activities of American trade unions

Biennially mail questionnaires are sent to 250 national and international unions and State federations to obtain data for the Directory of National and International Unions and a study of union membership. As resources permit, studies may be conducted on the structure and activities of trade unions.

Work stoppages

Annually, approximately 7,500 mail questionnaires are sent to employers and unions for work stoppage information, from leads obtained from a variety of sources. Reports analyzing all strikes and lockouts affecting six or more workers and lasting more than one shift are issued monthly and annually. Industry studies and special analytical articles are also prepared.

PROGRAM CHANGES FOR 1966

Extension and improvement of the national survey of professional, administrative, technical, and clerical pay

The Federal Salary Reform Act of 1962 requires the Bureau of Labor Statistics to make an annual survey of salaries in private industry for use in making comparisons with Federal salary rates.

In view of the critical importance of this study, early in 1964 two groups of experts were requested by the administration to review the survey procedures

and the methods by which recommendations on Federal salaries are subsequently developed. The reports submitted by these groups, the Survey & Research Corp., and the Advisory Panel on Review of the Federal Salary Comparability Process, included recommendations regarding the scope and character of the survey. A number of these recommendations for improvement in the representativeness and accuracy of the survey have been accepted. The Department of Labor regards these recommendations as highly desirable improvements in terms of the major purpose for which the survey was designed.

The following improvements are proposed for fiscal 1966 in the survey program:

Additions to the list of occupations.—Developmental work was initiated in fiscal 1965 to prepare and test definitions for additional occupations that will improve the usefulness of the survey for salary comparison purposes. Additional funds are needed in fiscal 1966 to incorporate the results of this developmental work in the regular survey.

Extension of geographic coverage.—At the present time, the survey is limited to metropolitan areas. The current sample of 80 standard metropolitan statistical areas was drawn at a time when the total of such areas was 188. Extension of the survey has been recommended to include the following:

1. Establishments in nonmetropolitan areas.
2. Establishments to represent the 30 metropolitan areas created since the original sample was drawn.
3. Additional establishments in metropolitan areas already represented in the sample where the areas have been redefined to include additional counties.

The additional establishment visits required for fiscal 1966 will total 1,275.

Lowering the minimum size in selected industry divisions.—About 275 additional establishments should be surveyed in order to lower the minimum size of establishment from 250 to 100 in wholesale trade, public utilities, and services, and to 50 in the finance division. Establishments of this comparatively small size in these industry divisions employ, in the aggregate, large numbers of white-collar workers in occupations covered by the survey.

Selection of new sample of establishments.—A major technical problem in connection with the survey is to maintain the strict probability nature of the establishment sample. This is highly important in terms of the accuracy of the salary data. For this reason, the sample should be revised continually to account for new establishments and changes in the distribution of establishments by size and industry. It is proposed that sample revision be spread over a 3-year period so that estimates of year-to-year salary changes are not too drastically disturbed. At the end of the 3-year period, means of maintaining the unbiased and efficient status of the sample will be in effect, so that the yearly renewal of the sample will require much less than a one-third replacement.

In the preparation of the salary estimates, a supplementary set based on sample members common to both years will be made. This will permit an evaluation of the changes due to differences in the samples as distinguished from year-to-year trends.

Quality control statistical program.—An enlarged program of statistical quality control and response analysis will be introduced, which involves checking a sample of survey schedules to determine accuracy and consistency in reporting. This will provide the basis for any improvements that may be needed in survey practices and for evaluation of variability in the survey data arising from problems of interviewing and reporting. Visits to about 300 establishments a year will be required, as well as an analysis of data already collected.

Developmental work to extend survey to State and local governments.—Developmental work is proposed during fiscal 1966 on the question of the development of salary data by occupation in the State-local government sector of the economy. This developmental work will require visits to about 350 carefully selected political subdivisions (States, counties, and municipalities) to provide a reasonably good basis for judging (1) the feasibility of alternative survey plans, and (2) the type of sampling design needed. Total additional cost: $332,000, (25 positions $188,300; nonlabor $143,700). Base cost is $345,000.

Employer expenditures for fringe benefits

The Department of Labor needs to expand its present program in this area for two purposes: (1) to extend substantially knowledge of the level and trend of employer expenditures on fringe benefits in major sectors of American industry; and (2) to prepare estimates, on a current basis, of the cost of fringe

benefit provisions incorporated in major collective bargaining settlements. Both types of information are required for the adequate measurement of changes in labor compensation, and for appraisal of wage-price behavior in the American economy.

The need for the project arises from the fact that in recent years fringe benefits have become highly significant and largely unmeasured components of labor compensation and labor costs. Moreover, employer expenditures on such benefits continue to expand through collective bargaining and employer personnel action. Virtually all newly negotiated collective bargaining agreements establish new or liberalized supplementary benefits. Measurement of wage levels and wage changes is deficient in the absence of quantitative data on fringe benefit costs.

The Department of Labor needs these data in its appraisal of the economic well-being of the working population, in its analysis of wage developments, and for other purposes. Other governmental users include the Council of Economic Advisers, particularly in relation to the wage-price guideposts, and the Department of Commerce, for its work on our national accounts. The Congress has given legislative recognition to the importance of fringe benefits by amending the Davis-Bacon Act (Public Law 88-349) to provide for the inclusion of the value of such benefits in prevailing wage determinations, and by authorizing a special study of fringe benefit expenditures for white-collar personnel in private industry for use in examining Federal Government employee benefits and practices.

For fiscal 1966, two programs are proposed:

1. An expanded national program of studies of fringe-benefit expenditures leading to regular publication of data for production and nonproduction workers in the manufacturing and nonmanufacturing sectors, and for specific industries within these sectors having significant national interest.

2. An annual report on the value of major collective bargaining settlements, including the cost of both wage increases and of changes in supplementary benefits. A distribution of such settlements would be prepared indicating their range and concentration. The estimates of the value of "package" settlements would be based primarily on data available to the Labor Department, supplemented by direct contacts with the parties to settlements when necessary. Total additional cost: $150,000 (14 positions $101,100; nonlabor $48,900). Base cost is $200,000.

ACTIVITY 4. MEASUREMENT OF PRODUCTIVITY

1965	$729,400
1966	741,100

NARRATIVE DESCRIPTION OF PROGRAM

Preparation and analysis of indexes of productivity for the private economy, agriculture, manufacturing, and nonmanufacturing. Extension and development of indexes of individual industries in manufacturing and nonmanufacturing, with analysis of trends and factors affecting productivity, such as technological advances. Analysis of the relationship of output per man-hour to unit labor and nonlabor costs for the private economy and for the nonagricultural sector. Studies of automation and other technological changes within industries, as well as across industry lines. Studies of the displacement of workers resulting from the effects of technological change. Development of up-to-date information on labor requirements for selected types of construction.

Industry productivity measures

The preparation of annual extensions and analysis of indexes of output per man-hour for 21 selected industries in manufacturing, mining, transportation, and public utilities, and the introduction of measures for 4 additional industries. Analysis includes examination of data on industry capital expenditures, technological change, and other factors affecting productivity. Feasibility studies of secondary data sources for 10 to 15 additional large industries to determine if new index series can be initiated.

Productivity indexes for the economy and major sectors

Preparation of output-per-man-hour measures for the total economy and for the major sectors, agriculture, nonagriculture, manufacturing, and nonmanufacturing. Data are analyzed for trends and for the effects of employment shifts

between various sectors. Information on investment and technological changes, energy consumption, and other factors relating to productivity movements is analyzed.

Comparisons of output per man-hour, labor and nonlabor payments, prices and costs

Development of indexes of employee compensation per unit of output, nonlabor payments per unit of output, and prices for nonagricultural sector of the economy. Work is being undertaken to prepare separate indexes for the manufacturing and nonmanufacturing components.

Construction labor requirements

Program provides measures of total man-hours per unit or dollar volume of various types of construction activities. It covers the labor required on the site of construction and in the manufacture of building materials. Measures are provided in terms of totals and by occupation for on-site labor. In addition, data on the types and quantity of materials used are developed. The current program provides measures for college housing, sewage disposal plants, and schools. Data will cover 10 college housing projects, 80 sewage disposal projects, and 30 school projects. Payrolls for all projects are tabulated for hours of work and on-site wages for each prime contractor and an average of 15 subcontractors on each project.

To estimate offsite labor requirements, data on materials used are collected from approximately 500 contractors on the 120 projects. Material requirements are translated into labor requirements. Special tabulations are being prepared on labor requirements for Federal public works programs and on other Federal construction projects, Bureau of Reclamation and the Bureau of Public Roads.

Studies in automatic technology

Series of studies covering impact and outlook of major technological changes. One series analyzes developments in major industries, covering nature, extent, and possible rate of introduction of important technological changes, implications for productivity, production, employment, occupational requirements, and labor relations. Reports are being prepared for foundries, electric power, textiles, steel, and transportation. A summary report covering technological developments in 36 major industries is being updated and extended. The second series involves studies of key technological innovations that affect various industries. Reports are being prepared on numerical control of machine tools, and on use of electronic computers in insurance industry.

Case studies are made of adjustments to technological change at individual plants. Current program involves two case studies of adjustment and a report covering five case studies of displacement.

PROGRAM CHANGES FOR 1966

None.

ACTIVITY 5. INDUSTRIAL HAZARDS

1965	$341,300
1966	344,600

NARRATIVE DESCRIPTION OF PROGRAM

Collection and publication of data on incidence and severity of work injuries in the United States; the economic losses to workers, employers, and the public arising from those injuries. Twelve States cooperate in the collection of injury-rate data through joint Federal-State surveys. In the other States data are collected through direct-mail contacts with employers.

The program also includes a series of special one-time statistical studies of the incidence and causes of work injuries in selected high-hazard industries.

Injury-rate statistics

Quarterly survey: Collection and processing of quarterly reports from approximately 15,000 establishments providing tabulations of monthly, quarterly, and year-to-date work-injury frequency rates for 138 manufacturing industry classifications.

Annual survey: Collection and processing of annual reports from approximately 110,000 establishments providing tabulations of annual work-injury frequency and severity measures for 490 manufacturing and 135 nonmanufacturing industry classifications.

National work-injury estimates: As a collateral product of the above activities, and from secondary sources, compile estimates of the national volume of disabling work injuries in type-of-disability details, by industry division, and of total days of disability resulting from the work injuries.

Services to cooperating States: Provide technical service including staff training and review of procedures to insure uniformity in the survey operations of the 12 cooperating States.

Special studies

Includes the initiation in each fiscal year of a new special study in great detail of the incidence and causes of accidents in a single selected high-hazard industry. Collection of injury incidence data is by mail, involving contacts with aproximately 7,500 establishments. Accident-cause data are collected in field visits to a selected sample of approximately 250 to 400 establishments. Reports on each study are prepared and released in the following fiscal year.

PROGRAM CHANGES FOR 1966

None.

ACTIVITY 6. FOREIGN LABOR CONDITIONS

1965	$404,800
1966	412,700

NARRATIVE DESCRIPTION OF PROGRAM

Collection, analysis, and dissemination of statistics and other information on labor conditions in foreign countries and international labor developments. Special attention is given to matters pertaining to U.S. participation in international agencies, especially the ILO; tariff and trade problems; situations in underdeveloped countries; and other significant activities for U.S. policies and operations. The program includes analysis of employment, unemployment, wages, labor cost, prices, productivity, labor legislation and standards, trade union activities, and labor-management relations.

Labor developments abroad

Twelve monthly issues of this periodical are to be published, totaling 420 pages. Each issue includes 6 to 14 annotated statistical tables.

Directory of labor organizations

Publication of 22 digests (and 17 briefer narratives) covering labor in Western Hemisphere countries for the "Directory of Labor Organizations, Western Hemisphere." The directory is a joint product of BLS and the Bureau of International Labor Affairs. Twenty-seven digests of labor in European countries will also be prepared for the "Directory of Labor Organizations, Europe."

General inquiries and research papers

Research inquiries from other Government agencies and the public on labor law, industrial relations, and other aspects of labor in foreign countries are being received at a rate which will total about 600 to 700 for the year. In addition, at the specific request of policy officers, special research papers, bibliographies, and reports on aspects of labor abroad are prepared as required.

International comparisons

Research and analysis are conducted for the comparison of trends, and the absolute level, of labor cost per unit of output as well as per unit of labor input. Special attention is given to comparing manufacturing industries and industry groups in other industrial countries with those in the United States. In addition, a comparative study is being made of minutes of worktime of nonagricultural employees required to buy food and other significant consumer items in the principal nations of each continent. Work will continue on international comparisons of manpower policies and on rates of unemployment in seven principal foreign countries adjusted for comparability with the United States. Special attention is being devoted to foreign experience with the uses of job vacancy statistics.

International comparisons of manpower, unemployment, and job vacancies

One article in the Monthly Labor Review or elsewhere is planned for fiscal year 1965 presenting estimates of unemployment as a percentage of the labor force in seven principal foreign countries adjusted for comparability to the United States for 1963. The Bureau also expects to issue one or more publications in fiscal year 1965 on uses of job vacancy statistics in the principal industrial countries.

PROGRAM CHANGES FOR 1966

None.

ACTIVITY 7. PROGRAM STAFF SERVICES

1965	$1,610,000
1966	1,630,500

NARRATIVE DESCRIPTION OF PROGRAM

Statistical standards

Establishes Bureau policies for the maintenance of statistical standards and improvement of statistical methodology.

Labor economics

Prepares special economic reports for the Commissioner, the Office of the Secretary, the Council of Economic Advisers, and other Government agencies; coordinates Bureau research and reporters involving several divisions.

Economic growth

The major objective of the program of the interagency economic growth project is to provide a more comprehensive and integrated framework than has previously been available for analyzing some of the implications of longrun economic growth for employment opportunities, as well as for other important economic problem areas.

Work is continuing on the development of projections of output and employment in considerable industry detail (85 industries), under alternative assumptions of the rate and patterns of growth of the economy. This work is based, in large part, on the new 1958 input-output table being developed by the Office of Business Economics, U.S. Department of Commerce. Other cooperating agencies are the Council of Economic Advisers, Bureau of the Budget, U.S. Department of Agriculture, and Bureau of Mines.

Publication services and correspondence

Plans the publications program of the Bureau; edits and approves all publications and releases; maintains a central Bureau inquiry service; and reviews official correspondence.

Field administration

Regional offices: Directs and supervises the regional office and program operations within the region; answers inquiries and requests for BLS data.

PROGRAM CHANGES FOR 1966

None.

ACTIVITY 8. ADMINISTRATION AND MANAGEMENT SERVICES

1965	$2,101,900
1966	2,115,300

NARRATIVE DESCRIPTION OF PROGRAM

Office of the Commissioner

Determines overall Bureau policy and program administration by the Commissioner, the Deputy Commissioner, the Associate Commissioners, and their immediate assistants.

Field administration

Central office: Directs and supervises the Bureau's field activities including its regional offices; coordinating these offices with operating divisions on matters of program, operating, and staffing.

Management services

Directs all Bureau matters pertaining to management planning, personnel coordination, data processing activities, fiscal operations, and service functions.

PROGRAM CHANGES FOR 1966

None.

Distribution of field staff

Regional offices	1965			1966		
	Professional	Clerical	Total	Professional	Clerical	Total
Atlanta, Ga.	33	36	69	37	36	73
Boston, Mass.	22	24	46	26	24	50
Chicago, Ill.	41	20	61	46	20	66
Cleveland, Ohio	23	11	34	28	11	39
New York, N.Y.	40	22	62	45	22	67
San Francisco, Calif.	36	27	63	42	27	69
Total field staff	195	140	335	224	140	364

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, $11,412,500

The overall estimate includes $11,030,500 for 1,349.7 man-years of permanent full-time positions of which (*a*) $8,429,200 provides for 1,003.6 man-years of departmental employment, and (*b*) $2,601,300 for 346.1 man-years of field employment. The estimate provides for mandatory increases of $115,900; $13,500 for net additional cost of pay increase for current staff due to Public Law 88–426, $54,800 for net cost of within-grade promotions becoming effective during 1966, and $47,600 for 1966 net additional cost of within-grade promotions effective only on a part-year basis for base staff in 1965. The estimate also includes $231,700 for 54.9 man-years of temporary and intermittent employment; $105,500 for overtime, holiday, and premium pay for nightwork, and $44,800 for 1 more day of pay in 1966.

Included in the estimate are program increases amounting to $708,000 which will provide for 99.2 man-years of permanent full-time positions, of which 71 are allocated to departmental employment and 28.2 to the field. Absorption of a portion of pay increase costs and within-grade promotions resulted in a reduction in base of 15 positions at $112,800. The increase includes $2,600 for 1 more day of pay in 1966.

Personnel benefits, $839,600

The estimate provides for a net increase of $58,700. An increase of $53,100 is attributable to new programs and $16,900 is for cost of pay increase for current staff due to Public Law 88–426 and for cost of within-grade promotions. The loss of 15 positions due to absorption of pay increase cost and within-grade promotion cost reduced benefits by $8,300. A further decrease of $3,000 is due to a reduction in employee injury compensation benefits. The estimate is based on approximately 7½ percent of the amount provided for net personnel compensation costs, excluding intermittent employment cost.

Civil service retirement fund (computed at 6.5 percent of full-time personal services exclusive of employees subject to the Federal Insurance Contributions Act)	$708,995
Employer's contribution under the Federal Insurance Contributions Act	9,100
Employee group life insurance	39,080
Employee health benefits	67,425
Incentive awards program	10,000
Employee injury compensation benefits	5,000
Total	839,600

Travel and transportation of persons, $863,100

The estimate provides for per diem and transportation expenses for full-time employees and mileage for intermittent employees. The net increase of $108,200 is attributable to new programs. The total estimate provides:

	1965	1966	Change
Number of travelers	557	603	+46
Number of days traveled	29,760	33,328	+3,568
Miles of intermittent travel	363,334	363,334	
Per diem, at $16	$476,160	$533,248	+$57,088
Transportation and other costs	246,040	297,152	+51,112
Intermittent travel at 9 cents per mile	32,700	32,700	
Total	754,900	863,100	+108,200

Transportation of things, $20,000

No increase is requested for 1966. The estimate, based on past experiences, provides:

	1965	1966	Change
Moving and drayage	$7,200	$7,200	
Shipment of supplies and material	12,000	12,000	
GSA motor truck rental	800	800	
Total	20,000	20,000	

Rent, communications, and utilities, $908,000

The estimate provides for an increase of $147,900 for new programs. Space rental is computed at $6 per square foot in the District of Columbia and $4 per square foot in the field offices. With a net increase of 60 positions in the District of Columbia and 29 positions in the field offices, space rental costs are estimated at $47,600. Also included is $95,400 for the rental of tabulating equipment and $4,900 for communications services. The total estimate provides for:

	1965	1966	Change
Rental of office space		$47,600	+$47,600
Rental of tabulating equipment	$454,100	549,500	+95,400
Other equipment rentals	24,000	24,000	
Paid official mailings	229,800	229,800	
Telephone, teletype, and telegraph services	52,200	57,100	+4,900
Total	760,100	908,000	147,900

Printing and reproduction, $370,400

The estimate includes a net increase of $5,300 which provides $25,500 for bulletins and reports; $9,800 for forms and schedules attributable to new programs; and a decrease of $30,000 for the printing of the Occupational Outlook Handbook which is nonrecurring in 1966. The total estimate provides for:

	1965	1966	Change
Publications	$241,200	$236,700	−$4,500
Forms and schedules	88,900	98,700	+9,800
Envelopes	25,000	25,000	
Field duplicating	10,000	10,000	
Total	365,100	370,400	+5,30

Other services, $6,009,600

The estimate for this object includes an increase of $848,500, which will provide $66,500 for increased costs of centralized departmental services; $483,800 in contractual services, and $70,000 for payments to States for increased salary rates in connection with the cooperative employment statistics and labor turnover statistics program, $96,400 to States for program increases, and $131,800 for other Bureau services. The total estimate provides for:

	1965	1966	Change
Services of other agencies:			
Payment to the Bureau of the Census for collection and tabulation of data on monthly labor force employment and unemployment and characteristics of the unemployed	$2,566,000	$3,049,800	$483,800
Special reports and tabulations from other Federal agencies in connection with the economic growth project	321,700	321,700	
Working capital fund	932,000	998,500	+66,500
Security investigations	5,100	5,100	
Miscellaneous reports	23,700	23,700	
Other Bureau services		131,800	+131,800
Total	3,848,500	4,530,600	+682,100
Other services:			
Payments to cooperative States for employment and labor turnover statistics	1,233,200	1,399,600	+166,400
Newspaper clipping services on work stoppages and strikes	13,000	13,000	
Miscellaneous special reports and tabulations	14,900	14,900	
Training program, tuition	30,000	30,000	
Office machine repairs	9,000	9,000	
Maintenance and miscellaneous services	12,500	12,500	
Total	1,312,600	1,479,000	+166,400
Total, other services	5,161,100	6,009,600	+848,500

Supplies and materials, $23,800

The estimate provides for a net increase of $2,500 for desktop supplies for program increases, computed at an experience rate of about $28 per man-year of full-time employment. Base positions are computed at approximately $18 per man-year.

	1965	1966	Change
Supplies and materials	$21,300	$23,800	$2,500

Equipment, $154,000

The estimate includes an increase of $64,000 for program increases. The increase provides $57,500 for purchase of office furniture and office machines for 89 new positions, and $6,500 for computer tapes. The cost of furniture and machines, where required, is estimated to be $700 per position adjusted to a half rate for that portion of the field staff who will be in travel status a greater part of the time. An amount of $90,000 in the base includes $80,000 for replacement of overage and beyond repair equipment in accordance with existing standards and the purchase of computer tapes for current programs; and $10,000 for new equipment.

	1965	1966	Change
Office furniture and machines and computer tapes		$64,000	+$64,000
Replacement of equipment and acquisition of additionally required computer tape	$80,000	80,000	
New equipment	10,000	10,000	
Total	90,000	154,000	+64,000

Summary of new positions

	Grade	Number	Amount
ACTIVITY 1. MANPOWER AND EMPLOYMENT			
Improvement of employment and unemployment statistics:			
Departmental:			
Senior manpower and employment specialist	GS-13	2	$24,150
Do	GS-12	2	20,500
Manpower and employment specialist	GS-11	4	34,600
Do	GS-9	2	14,440
Senior manpower and employment assistant	GS-7	1	6,050
Clerk or stenographer	GS-5	2	10,000
Portion of data processing allocated to this program:			
Digital computer programmer	GS-9	1	7,220
Machine operator	GS-4	1	4,480
Total		15	121,440
Job vacancy statistics:			
Departmental:			
Senior manpower and employment specialist	GS-15	1	16,460
Do	GS-13	2	24,150
Do	GS-12	1	10,250
Manpower and employment specialist	GS-11	2	17,300
Do	GS-9	2	14,440
Senior manpower and employment assistant	GS-7	3	18,150
Clerk or stenographer	GS-5	4	20,000
Do	GS-4	5	22,400
Field: Field representative	GS-11	6	51,900
Portion of data processing allocated to this program: Machine operator.	GS-4	4	17,920
Total		30	212,970
Total, activity 1		45	334,410
ACTIVITY 2. PRICES AND COST OF LIVING			
Standard budget research:			
Departmental:			
Senior price index or commodity specialist	GS-12	1	10,250
Price index or commodity assistant	GS-7	1	6,050
Clerk	GS-5	1	5,000
Clerk or stenographer	GS-4	3	13,440
Portion of data processing allocated to this program:			
Digital computer programmer	GS-9	1	7,220
Machine operator	GS-4	1	4,480
Total		8	46,440
Industry sector price indexes:			
Departmental:			
Price index or commodity specialist	GS-11	1	8,650
Do	GS-9	1	7,220
Clerk or stenographer	GS-4	2	8,960
Portion of data processing allocated to this program: Machine operator	GS-4	1	4,480
Total		5	29,310
International price comparisons:			
Departmental:			
Senior price index or commodity specialist	GS-14	1	14,170
Clerk	GS-4	1	4,480
Clerk or typist	GS-3	2	8,010
Total		4	26,660
Prices paid by governments:			
Departmental:			
Senior price index or commodity specialist	GS-12	1	10,250
Price index or commodity specialist	GS-9	1	7,220
Clerk	GS-4	1	4,480
Total		3	21,950
Total, activity 2		20	124,360

Summary of new positions—Continued

	Grade	Number	Amount
ACTIVITY 3. WAGES AND INDUSTRIAL RELATIONS			
Extension and improvement of the national survey of professional administrative, technical, and clerical pay:			
Departmental:			
Senior wages and industrial relations specialist	GS-14	1	$14,170
Do	GS-13	2	24,150
Senior wages and industrial relations assistant	GS-7	1	6,050
Clerk	GS-5	4	20,000
Field:			
Wages and industrial relations specialist	GS-12	1	10,250
Do	GS-11	1	8,650
Field representative	GS-9	10	72,200
Clerk	GS-5	4	20,000
Portion of data processing allocated to this program: Machine operator	GS-4	1	4,480
Total		25	179,950
Employer expenditures for fringe benefits:			
Departmental:			
Senior wages and industrial relations specialist	GS-13	1	12,075
Do	GS-12	1	10,250
Wages and industrial relations specialist	GS-9	1	7,220
Clerk	GS-5	2	10,000
Field:			
Field representative	GS-11	3	25,950
Do	GS-9	3	21,668
Clerk or stenographer	GS-4	1	4,480
Portion of data processing allocated to this program: Machine operator	GS-4	2	8,960
Total		14	100,595
Total, activity 3		39	280,545
Grand total		104	739,315

BUREAU OF INTERNATIONAL LABOR AFFAIRS

WITNESSES

HARRY WEISS, DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS

Salaries and Expenses

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	672	827	816
11.3	Positions other than permanent	12	5	5
11.5	Other personnel compensation	3	3	4
	Total personnel compensation	687	835	825
12.0	Personnel benefits	52	63	62
13.0	Benefits for former personnel			5
21.0	Travel and transportation of persons	24	68	68
23.0	Rent, communications, and utilities	22	34	34
24.0	Printing and reproduction	16	20	20
25.1	Other services	50	88	98
25.2	Services of other agencies	44	38	48
26.0	Supplies and materials	18	25	25
31.0	Equipment	10	11	19
99.0	Total obligations	923	1,182	1,204

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	78	92	90
Average number of all employees	72	86	84
Full-time equivalent of other positions	1	1	1
Average GS grade	9.5	9.5	9.4
Average GS salary	$9,520	$9,752	$9,858

Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
Program by activities:			
1. International organizations affairs	169	203	205
2. Foreign labor policy development	245	255	258
3. Labor and manpower technical services	137	176	178
4. Trade negotiation	86	300	308
5. Administration and management services	283	248	255
Total program costs, funded	920	1,182	1,204
Change in selected resources [1]	3		
10 Total obligations	923	1,182	1,204
Financing:			
16 Comparative transfer from other accounts	−81	−300	
New obligational authority	842	882	1,204
New obligational authority:			
40 Appropriation	842	856	1,204
44 Proposed supplemental due to civilian pay increases		26	
Relation of obligations to expenditures:			
10 Total obligations	923	1,182	1,204
70 Receipts and other offsets (items 11–17)	−81	−300	
71 Obligations affecting expenditures	842	882	1,204
72 Obligated balance, start of year	79	13	68
74 Obligated balance, end of year	−13	−68	−85
77 Adjustments in expired accounts	−9		
90 Expenditures excluding pay increase supplemental	899	803	1,185
91 Expenditures from civilian pay increase supplemental		24	2

[1] Selected resources as of June 30 are as follows: Unpaid, undelivered orders, 1963, $28,000 (1964 adjustments, −$7,000; 1964, $24,000; 1965, $24,000; 1966, $24,000.

Trade Adjustment Activities

Object classification

[In thousands of dollars]

	1964 actual	1965 estimate	1966 estimate
11.1 Personnel compensation: Permanent positions	36	38	
12.0 Personnel benefits	3	3	
21.0 Travel and transportation of persons	1	1	
23.0 Rent, communications, and utilities	2	1	
24.0 Printing and reproduction	3	1	
25.1 Other services	10		
26.0 Supplies and materials	3		
99.0 Total obligations	58	44	

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	5	4	0
Average number of all employees	4	4	0
Average GS grade	11.0	10.0	0
Average GS salary	$10,221	$9,859	0

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Program by activities:			
	Assistance to workers (program costs, funded)	59	51	
	Change in selected resources [1]	−1	−7	
10	Total obligations	58	44	
	Financing:			
16	Comparative transfers to other accounts	86	300	
25	Unobligated balance lapsing	6		
40	New obligational authority (appropriation)	150	344	
	Relation of obligations to expenditures:			
10	Total obligations	58	44	
70	Receipts and other offsets (items 11-17)	86	300	
71	Obligations affecting expenditures	144	344	
72	Obligated balance, start of year	23	20	56
74	Obligated balance, end of year	−20	−56	
77	Adjustments in expired accounts	−2		
90	Expenditures	145	308	56

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, $8,000; 1964, $7,000 1965, 0.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

HARRY WEISS, DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL LABOR AFFAIRS

Born: August 28, 1907.

Education: B.A. in political science, University of Pittsburgh, 1929. Ph. D. in economics, University of Wisconsin, 1933.

Experience: Named Deputy Assistant Secretary in January 1962, having served as Assistant Executive Director for the President's Advisory Committee on Labor-Management Policy since June 1961. From January 1956 until June 1962, he was the Department's Defense Mobilization Coordinator. He had previously served as Assistant Administrator of the Wage and Hour and Public Contracts Divisions since 1953. From 1950 until 1953, he was with the Wage Stabilization Board, serving for approximately 2 years of this period as Executive Director. Between 1938 and 1950 he served as Director of the Economics Branch, Director of the Wage Determinations and Exemptions Branch and Assistant Administrator of the Wage and Hour Division.

Mr. FOGARTY. Mr. Weiss, you have been around quite a long time so I think you can do a good job in Mr. Weaver's absence.

GENERAL STATEMENT

Mr. WEISS. Mr. Weaver's statement has been filed with you and I don't intend to read it or go into any details.

Mr. FOGARTY. Very well, it will be made a part of the record.

(The document referred to follows:)

STATEMENT BY GEORGE L-P WEAVER, ASSISTANT SECRETARY OF LABOR, INTERNATIONAL AFFAIRS

Our request for 1966 for international labor affairs, including trade negotiation activities previously budgeted under trade adjustment activities, totals $1,204,000 and 90 positions. On a Department-wide basis, this represents a total change of $322,500 from the 1965 revised level of $881,500. The change for 1966 of $322,500 includes mandatory items of $14,500 and a proposed transfer of $308,000 and 20 positions from the trade adjustment activities appropriation. The trade adjustment assistance appropriation for 1965 was for 25 positions and $344,000. The reduction to $308,000 has been accomplished through the elimination of the financing of the Office of Trade Adjustment Assistance and five positions in

the Manpower Administration. The reduction of $61,000 thus achieved is partially offset by an increase of $25,000 requested for machine tabulations for the Kennedy Round as requested by the Office of the Special Representative for Trade Negotiations headed by Gov. Christian A. Herter.

Negotiations at Geneva now underway require continuous analysis and policy decisions at Washington. The Trade Staff Committee now meets with great frequency for study and recommendation on specific problems coming up during negotiations. The vital factor in these decisions concerns the impact on employment resulting from expanded exports and effects on employment from import competition. Overall, the Geneva negotiations, the long-term cotton textile arrangement and the President's indication of consideration for woolen and shoe industries, portend severe and continuing workloads for our foreign economic policy staff.

The Department's activities in international labor affairs falls roughly into two broad areas—policy formulation for the labor and manpower aspects of foreign policy and participation with foreign affairs agencies in the implementation of labor and manpower aspects of foreign policy. These activities are carried out by a number of small interdependent program units.

Policy formulation for the labor and manpower aspects of foreign policy includes following labor developments abroad and analyzing and interpreting the political, economic, and social consequences to the countries and to the United States. The importance of this aspect of our work cannot be overstated. The key role of labor movements in the political life of the developing countries and of manpower in the economic development process must be reflected if our policies are to be successful.

The demands on the Department and the Bureau of International Labor Affairs is steadily increasing. As an example, the number of countries where the United States now maintains diplomatic posts has increased from 82 to 113 in the last 5 years and the number of member countries in the ILO has increased from 85 to 112 in a similar period.

Participation with foreign affairs agencies in the implementation of labor and manpower aspects of foreign policy includes the Department's responsibility in the management of the Foreign Service and especially for the Labor Attaché Corps; providing representation to the General Agreement of Tariffs and Trade (GATT), United Nations Conference on Trade and Development (UNCTAD), and the Organization for Economic Cooperation and Development (OECD); and the operation of technical and cultural exchange programs.

The Department's activity in this area is in line with the accepted principle that technical aspects of foreign policy can best be carried out by the domestic agency having the required competence. The Humphrey amendment of the Foreign Assistance Act of 1962 reinforces this concept.

Here, as in policy formulation, steadily increasing international activity particularly by the developing countries results in an increasing demand on the Bureau. Significantly in 1964, 27 Labor Ministers, national trade union federation presidents and others of similar VIP stature visited the Department of Labor.

I would like to emphasize that all the international activities of the Department of Labor are geared to U.S. foreign policy objectives. Further, our work is closely coordinated within the Department of Labor and with the agencies having primary foreign policy responsibility.

You will note that we are not requesting increased staff to meet the increasing demand of which I spoke. It is my expectation to meet this problem by better management, improved techniques, and more imaginative work by our excellent staff.

Mr. Chairman, I should be most pleased to answer any questions which you or other members of the committee might have.

Mr. Weiss. I would like to take 2 or 3 minutes to explain our overall request because there is a technical change in the method of financing the Bureau that might give a misleading picture.

Our request for 1966 is 90 positions and $1,204,000. This appears to represent, on the surface, an increase of $322,500 over the 1965 appropriations of $856,000, as adjusted to $881,500.

This adjustment is for the proposed supplemental to take care of last year's pay increase.

This proposed budget does not represent a real increase for our Bureau. That is what I would like to explain and why. This is because the proposed budget represents a shift of 20 positions and $308,000 from a separate appropriation for trade expansion activities.

In other words, it proposes to combine these two appropriations to incorporate in the budget funds made available separately last year.

The remaining five positions in that trade expansion budget and $36,000 was for trade adjustment activities, and those are being eliminated.

What we have here is consolidation of two budgets with a certain amount eliminated. This together with $14,500 for certain mandatory increases, explains the apparent increase of $322,500. The net result, in point of fact, in terms of our own Bureau, comparing 1965 with 1966, is that we have two less positions and an increase of $14,500, for certain mandatory items.

We are going in for 1966 with a proposal for substantially the same budget as for 1965.

I think perhaps it would be best now if I answered questions.

BUDGET REQUEST

Mr. FOGARTY. The justifications are not so clear this year. I don't know why you didn't, on page 3, opposite trade negotiations, put a figure in for the 1965 column. Certainly you are spending funds on that program in 1965.

Then, you say you have an overall increase of $14,500. I don't have that same figure.

This is the way it appears to me. The funds available for these activities in 1965 total $1,225,500, and the request for 1966 is $1,204,000. That shows a reduction of $21,500.

Mr. WEISS. I think if you look perhaps at page 5, the summary of changes, I think that is the best place to get the overall picture.

As you can see, the mandatory items add up to $14,500, there are three separate items.

Mr. FOGARTY. Well, I was looking at the last sentence on the page which said this would result in a net reduction of $36,000 for 1966. That is under program items. Then the other section is for mandatory items and that is an increase of $14,500. So it looks to me like the net is a decrease of $21,500.

Mr. WEISS. That $36,000 is for the trade adjustment activities which was not part of our own budget. That is why we didn't refer to it.

Mr. FOGARTY. On page 3?

Mr. WEISS. That is right.

Mr. FOGARTY. Doesn't that indicate——

Mr. WEISS. I know it is difficult to follow because of these changes, because the trade adjustment activities is being eliminated, that eliminates five jobs.

Mr. FOGARTY (continuing). What is the figure you have available for these activities in 1965? What is the total amount?

Mr. WEISS. The Bureau's activities in the trade expansion field, together with some support from BLS, total $308,000, and 20 positions. Five of those positions we have allocated to BLS for service to us and 15 positions in our own Bureau.

Mr. FOGARTY. Tell me the total amount you have in 1965.

Mr. WEISS. The total amount for 1965 was $856,000 plus the anticipated supplemental of $25,500 making an adjusted figure of $881,500, plus the $322,500. That would represent our request for 1966.

I think, Paul, you can answer this better.

Mr. PASCHKE. I think I can explain the figure of $344,000. This is the amount available to the Department overall for 1965 for the trade expansion activities. The $308,000 of that figure is being incorporated or proposed to be incorporated in our budget for 1966.

Mr. FOGARTY. It doesn't say that in the justification.

Mr. WEISS. It is rather awkward to explain, that is why I tried to give the overall picture.

Mr. FOGARTY. You will have two fewer positions in 1966 than in 1965?

Mr. WEISS. That is right.

Mr. FOGARTY. According to the justification it appears that each activity under this appropriation is being cut back a little; is that right?

Mr. WEISS. These two positions represents a cutback in our appropriation.

Mr. FOGARTY. Well, the increases you have on page 3 won't even cover increased costs; will they?

Mr. WEISS. I think they will.

Mr. FOGARTY. They are $2,300, $2,700, $1,800, and $7,700.

Mr. WEISS. I think that is the reason we have to eliminate the two positions because we weren't given enough to cover the increased costs of the pay act. We are absorbing part of it by eliminating two positions.

"KENNEDY ROUND" OF TARIFF NEGOTIATIONS

Mr. FOGARTY. I thought it was important that the activity related to trade negotiations be strengthened because of the so-called Kennedy round. Do you still consider that important?

Mr. WEISS. Yes; very important.

Mr. FOGARTY. Those negotiations will run through the major part of 1966.

Mr. WEISS. I think they would run through all of 1966 in all probability.

Mr. FOGARTY. What do you mean by the sentence on page 13, "Fiscal year 1966 will require a shift in emphasis in response to the tariff negotiations situation in Geneva"?

Mr. WEISS. We, up to the present time, have been doing a lot of preparatory work for the Kennedy round negotiations involving interagency coordinations. Now that the negotiations have started, we have to service the negotiators, what problems are they running into, what impact will it have on American imports and exports, so the character of the work shifts somewhat.

RELATIONSHIP WITH AID

Mr. FOGARTY. You have a budget of about $250,000 for foreign labor policy development, but I notice that AID has established an Office of Labor Affairs.

Are they going to take over your work?

Mr. WEISS. No, sir.

Mr. FOGARTY. How do you know?

Mr. WEISS. We have a very good working relationship with them.

Mr. FOGARTY. They have taken in a lot of territory.

Mr. WEISS. They told us that in the areas of our technical competence in our Department they intend to rely on us.

Mr. FOGARTY. Mr. Matthews, do you have any questions?

Mr. MATTHEWS. No questions, thank you, Mr. Chairman.

Mr. FOGARTY. Mr. Shriver, do you have any questions?

Mr. SHRIVER. I was wondering what AID is going to do in this area?

Mr. WEISS. The Labor Office in AID has certainly responsibilities in the internal functioning of AID. I don't know that I am able to describe them, but when they need technical assistance in manpower, labor standards, labor statistics they usually call on us for such assistance.

Mr. FOGARTY. I think AID is getting into almost everything under the sun.

INTERNATIONAL TRADE UNION DIRECTORY

Mr. SHRIVER. Does the Bureau publish the International Trade Union Directory?

Mr. WEISS. We publish a certain number of International Trade Union Directories.

Mr. SHRIVER. Does the amount involved in the publications request, as adjusted, require an increase of $4,500?

Mr. WEISS. There is an increase in 1966 of $4,500 for printing and reproduction resulting from proposed changes in financing the trade expansion function.

The trade union directories are used widely by American trade unionists going overseas. They want to know what unions are Communist-dominated. They are used by American employers operating overseas, and, of course, many agencies of Government use them extensively.

Mr. SHRIVER. I assume our industries pay or purchase them?

Mr. WEISS. Yes.

Mr. SHRIVER. Is there an item in the budget for services for other agencies?

Mr. WEISS. There is an item of $9,700 of which $5,600 is an increase for 1966 resulting from proposed changes in financing the trade expansion activity.

Mr. SHRIVER. Thank you, Mr. Chairman.

INCREASING WORKLOAD

Mr. FOGARTY. On page 3 you say:

The demands on the Department and the Bureau of International Labor Affairs is steadily increasing. As an example, the number of countries where the United States now maintains diplomatic posts has increased from 82 to 113

in the last 5 years and the number of member countries in the ILO has increased from 85 to 112 in a similar period.

First, you say the demands are steadily increasing, then you tell us there is a request for a reduction of two people in your shop.

Mr. WEISS. Perhaps it isn't very clear. What we are trying to say is our workload is increasing, but we are trying to develop more efficient ways of doing our work and think we can carry the increased workload without increasing our staff.

Mr. FOGARTY. What is the date of the meeting this year in Geneva?

Mr. WEISS. I don't recall, probably the latter part of May or early June.

Mr. FOGARTY. Thank you very much, Mr. Weiss.

JUSTIFICATION MATERIAL

Amounts available for obligation

	1965	1966
Appropriation or estimate	$856,000	$1,204,000
Proposed supplemental due to pay increase (Public Law 88-426)	25,500	
Appropriation or estimate, revised	881,500	1,204,000

Obligations by activity

Description	Appropriation revised, 1965		Estimate, 1966		1966 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. International organizations affairs:						
(a) International organizations	17	$215,300	16	$217,600	−1	+$2,300
(b) Trade negotiations			20	308,000	+20	+308,000
2. Foreign labor policy development	21	252,100	21	254,800		+2,700
3. Labor and manpower technical services	12	158,500	12	160,300		+1,800
4. Administration and management services	22	255,600	21	263,300	−1	+7,700
Total obligations	72	881,500	90	1,204,000	+18	+322,500

Obligations by object

	Appropriation revised, 1965	Estimate, 1966	1966 change
Total number of permanent positions	72	90	+18
Positions other than permanent	2	2	
Average number of all employees	67	85	+18
11 Personnel compensation	$715,200	$891,800	+$176,600
12 Personnel benefits	54,800	68,000	+13,200
13 Benefits for former personnel		4,800	+4,800
21 Travel and transportation of persons	23,500	68,500	+45,000
23 Rent, communications and utilities	19,900	33,900	+14,000
24 Printing and reproduction	16,000	20,500	+4,500
25 Other services	27,400	63,100	+35,700
Services of other agencies	4,100	9,700	+5,600
26 Supplies	20,600	24,600	+4,000
31 Equipment		19,100	+19,100
Total obligations	881,500	1,204,000	+322,500
Working capital fund items included above	(59,000)	(74,000)	(15,000)

Summary of changes

1965 appropriation	$856,000
Estimated supplemental for pay act increase (Public Law 88–426)	25,500
1965 appropriation, revised	881,500
1966 estimate	1,204,000
Total change	322,500

MANDATORY ITEMS

Increases:	
Net pay increase cost in 1966 (Public Law 88–426)	+700
Within-grade promotion costs	+9,000
Personnel benefits authorized by Public Law 87–195 providing for Government contribution (where former employee contributes his share) for employee benefits including insurance, health, and annuity contributions for former employees currently serving with international organizations	+4,800

PROGRAM ITEMS

Increases: To provide staff for responsibilities under the Trade Expansion Act of 1962 (Public Law 87–794, for rendering advice and information on proposed trade agreements and for activity on trade negotiation, tariff adjustment, and orderly marketing agreements. This activity was previously carried under a separate appropriation for trade adjustment activities. It is now proposed that the activities heretofore financed by a separate appropriation be included in the appropriation for the Bureau of International Labor Affairs. This would result in a net reduction of $36,000 for 1966 from the $344,000 available to the Department overall for 1965. (20 positions, $180,100; nonlabor, $127,900)	+308,000
Total change	+322,500

Mandatory changes for 1966

INCREASES

Pay increase costs		+700
Net additional cost of pay increase for current year (base) staff pursuant to Public Law 88–426:		
Personnel compensation	$650	
Personnel benefits	50	
Total	700	
Within-grade promotion costs		+9,000
1966 net additional cost of within-grade promotions effective on only a part year basis for base staff in 1965		+11,100
Personnel compensation	$10,700	
Deduct lapse	−374	
Personnel benefits	774	
Net cost	11,100	
Net cost of within-grade promotions becoming effective during 1966		+12,600
Personnel compensation	$12,192	
Deduct lapse	−427	
Personnel benefits	835	
Net cost	12,600	
Absorption of a portion of above increases (reduction 2 positions; $14,700 personal services)		−14,700
Former employee benefits		+4,800
To finance cost of personnel benefits authorized by Public Law 87–195 for former employees currently serving with international organizations.		

BUREAU OF INTERNATIONAL LABOR AFFAIRS

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Mandatory changes:										
Pay increase costs	------	$100	------	$200	------	$100	------	$300	------	$700
Absorption of disallowed pay costs	------	----------	------	----------	------	----------	------	----------	------	----------
Net pay increase costs	------	100	------	200	------	100	------	300	------	700
Within-grade promotion costs	------	6,460	------	5,970	------	4,400	------	6,870	------	23,700
Absorption of disallowed within-grade costs	−1	−4,260	------	−3,470	------	−2,700	−1	−4,270	−2	−14,700
Net within-grade costs	------	2,200	------	2,500	------	1,700	------	2,600	------	9,000
Contributions to benefits for former personnel	------	----------	------	----------	------	----------	------	4,800	------	4,800
Total	−1	2,300	------	2,700	------	1,800	−1	7,700	−2	14,500

Program changes by activity

Object classification	Activity 1(*b*)	
	Positions	Amount
11 Personnel compensation	20	$167,500
12 Personnel benefits	------	12,600
21 Travel and transportation of persons	------	45,000
22 Transportation of things	------	----------
23 Rent, communications, and utilities	------	14,000
24 Printing and reproduction	------	4,500
25 Other services	------	35,700
Services of other agencies	------	5,600
26 Supplies and materials	------	4,000
31 Equipment	------	19,100
Total	20	308,000

ACTIVITY 1(a). INTERNATIONAL ORGANIZATIONS' AFFAIRS

1965	$215,300
1966	217,600

NARRATIVE DESCRIPTION OF PROGRAM

This activity supplements U.S. participation in the International Labor Organization, the United Nations, the Organization for Economic Cooperation and Development, and other international organizations and foreign economic policy.

International labor organizations

The International Labor Organizations activities in standard setting, research, and technical assistance to promote economic and social development is expanding and becoming more effective. The work of the International Labor Organization supports U.S. foreign policy and approximately $10,426,000 is being contributed by the United States to the current budget. The Assistant Secretary of Labor for International Affairs is the U.S. representative on the governing body

of the International Labor Organization and heads the U.S. delegation to the annual conference. The substantive responsibility for U.S. participation is in the Bureau of International Labor Affairs. This requires a highly trained staff to carry out the preparation of position and technical papers, and effect coordination within the Department, other agencies, and with employer and worker organizations.

There were 14 other International Labor Office meetings during the past year. The Department of Labor's technicians prepared for and represented U.S. interests in most of these meetings.

Close liaison continues with Members of Congress who are actively interested in the International Labor Organization and the Assistant Secretary reports annually to the Ad Hoc Subcommittee on the International Labor Organization of the Committee on Education and Labor.

United Nations affairs

The Department contributes significantly to U.S. participation in United Nations agencies dealing with social matters by assisting in the development of U.S. policy and by representation on U.S. delegations to various meetings. For example, the Department of Labor played a particularly active role at the 20th session of the Human Rights Commission, which had under consideration draft conventions on elimination of all forms of racial discriminations and on all forms of religious intolerances. The work of the 3d Committee of the 18th General Assembly was also of special interest because of the consideration of resolutions concerning the elimination of discrimination. Another major interest centered in the 36th session of the United Nations Economic and Social Council, particularly its work in relation to refugees, human rights, the status of women, and slavery questions; preparation for a Youth Conference to be sponsored by the United Nations Educational, Scientific, and Cultural Organization; the work of United Nations Children's Fund, and of the International Maritime Consultative Organization.

Regional economic organizations

The Department has particular responsibility representing the United States in the Manpower and Social Affairs Committee of the Organization for Economic Coordination and Development, which seeks to stimulate economic growth through the international exchange of experiences among the more-developed countries. Studies on long-range manpower forecasting, improvement of employment services, and long-term unemployment among other studies being made with U.S. cooperation. Participation is also required in the meetings and work of the Economic Policy Committee and the Committee on Scientific and Technical Personnel.

United States leadership resulted in the adoption by the Office of Economic Cooperation and Development of a major policy statement entitled "Manpower Policy as a Means for the Promotion of Economic Growth." The Department acted as a host in December for the Office of Economic Cooperation and Development's international conference on "The Manpower Implications of Automation," which was attended by 300 persons and included delegations from Europe and Canada.

The activities of other regional economic organizations; such as, the United Nations Economic Commissions for Europe, the Far East, and Latin America and the Colombo Plan Organization must be kept followed and periodic staff support of U.S. interest is necessary.

International trade organizations

U.S. labor has a great stake in the free flow of world trade based on rising levels of economic activity in all countries and resulting in the continuous elevation of labor standards. The Department is, therefore, vitally concerned with the work of a number of international organizations in the field of trade and economic development. The Department was represented on the U.S. delegation to the United Nations Conference on Trade and Development (March–June 1964). Among other assignments, the Department's representative was the U.S. spokesman on the committee preparing the final act of the conference. The Department is active with the work of the newly created Trade and Development Board of the United Nations Conference on Trade and Development, the Special Committee on Preferences, and the Committee on Manufactures. A key issue is improved access to the U.S. market of manufactures from developing countries. The resolution of this question is of obvious importance in terms of U.S. employment. The U.S. delegation to the second session of the United

Nations Conference on Trade and Development will include Department personnel and is scheduled to take place during the spring of 1966.

The Department participates in the annual sessions of the contracting parties to the General Agreement on Tariffs and Trade where the international trade problems of some 60 member countries are considered on a continuing basis. The Department is spearheading a U.S. proposal for creation of a procedure for the adoption and application by the member countries of a code of fair labor standards for goods moving in international trade. Aside from its obvious social implications, a procedure to deal with the problems raised by goods produced under manifestly substandard labor conditions would tend to deal with the competitive impact on American workers of trade in such goods.

Another broad area requiring the Department's attention is the effect on employment of the numerous tariff bills introduced into Congress each year. (Among those currently under consideration are the proposed amendment to the Revised Tariff Schedules of the United States, and draft legislation to implement the Florence Agreement for the free entry of certain scientific and educational materials.) Closely related is the recent conclusion of a Canadian-United States agreement to eliminate duties on automobiles and automobile parts which the Department helped formulate. Implementing legislation will be of vital interest to the Department, as part of its effort to assure that there will be appropriate procedures to deal with possible impact on domestic employment.

Since the expansion of exports brings with it an expansion of employment opportunities, the Department, through the Bureau of International Labor Affairs, cooperates with the Department of Commerce and other agencies in the Government's export expansion drive. This requires preparing and disseminating information on the relationship of employment to exports and imports for major industry groupings.

PROGRAM CHANGES FOR 1966

None.

ACTIVITY 1(b). TRADE NEGOTIATIONS

1965	None.
1966	$308,000

This activity carries out the responsibilities assigned to the Secretary of Labor by sections 222 and 242 of title II of the Trade Expansion Act of 1962. These responsibilities are assigned to and carried out by the Bureau of International Labor Affairs and the Bureau of Labor Statistics. The Labor Department has particular responsibility for providing information on the probable effect on employment in the United States of contemplated program decisions.

The Bureau of International Labor Affairs is responsible for the conduct and coordination of all activities of the Department in connection with trade expansion, using data developed by all sections of the Department in this field. During fiscal year 1965, the Bureau of International Labor Affairs is actively participating in the Kennedy round of tariff negotiations.

The Kennedy round has now entered its intensive phase and the Department is represented on the U.S. delegation in Geneva, which is engaged in the negotiation of changes in tariffs for individual items or groups of items. These negotiations require continuous background analysis and policy decisions in Washington. A crucial element in these decisions will be evaluations of employment opportunities which might result from increased U.S. exports arising from a specific foreign duty reduction as contrasted with the possible effects on existing employment of increased import competition. Demands for support of both the Geneva group and increased Washington activity in analysis and policy recommendations will expand across the entire complex of problems in trade negotiations throughout the remainder of 1965 and a major part of 1966. The Department, acting through the Bureau, participates in the interagency Trade Staff Committee, which is meeting with great frequency to study and make detailed recommendations regarding specific negotiating problems. On the country committee level, where raw trade data are tabulated and analyzed and where face-to-face negotiations take place, the Labor Department has provided and will continue to make available representatives for consultation purposes.

The Labor Department's effort to assess the employment implications of tariff reductions on particular industries required the preparation of economic profiles of the labor force for industries which in the past have proved, or at present appear unusually sensitive to import competition. The analyses will prove valuable (*a*) in determining which items will be granted special treat-

ment; (*b*) in justifying such special treatment in meetings with our negotiating partners; (*c*) in providing background for the U.S. negotiators in evaluating and commenting on special treatment requested for their industries by other nations; (*d*) in helping to determine the amount and timing of U.S. reductions whenever exceptions are made from the general rule of a 50-percent reduction spread over 5 years; (*e*) in evaluating the reciprocity of possible settlement between the United States and its partners.

Fiscal year 1966 will require a shift in emphasis in response to the tariff negotiations situation in Geneva. Analyses and reports related to the specific negotiating situations as they may exist in Geneva and summary labor force profiles for industries which have developed particular problems during the course of negotiations will be developed. It also will be neceessary to indicate major changes which might affect the profiles prepared in 1965 and evaluate the various sets of bargaining "packages" offered in the negotiations in terms of the net impact on domestic U.S. employment.

The Bureau is directly involved in administration of the Long-Term Cotton Textile Arrangement. A five-member Interagency Textile Administrative Committee administers the arrangement on behalf of the United States, which now has entered into 15 bilateral agreements. The Bureau provides the Department's alternate and is responsible for the necessary staff work, some of which is carried out by the Bureau of Labor Statistics and other agencies. Service on the committee and directly related operations constitutes a full-time job for a senior staff member, with other staff assistance. Executive Order 11052, provides that the Department of Labor shall have a representative on the U.S. delegation to the General Agreement on Tariffs and Trade Cotton Textiles Committee which meets at least annually to review the operations of the Long-Term Cotton Textile Arrangement. In practice, this requires representation at all bilateral textile negotiations as well as the multilateral meetings of the General Agreement on Tariffs and Trade. A "major review" of the Long-Term Cotton Textile Arrangement is scheduled for December 1965. This will require very careful and extensive preparation and analysis of data and problems of various countries. In addition, as part of this preparation, there will be extensive bilateral discussions both in Washington and abroad with various countries to minimize the prospect of major changes in the Long-Term Cotton Textile Arrangement. These consultations will begin in fiscal year 1965 and continue well into fiscal year 1966. The President has indicated that problems associated with the woolen and shoe industries will receive increasing attention this fiscal year.

The President will shortly ask for legislation to implement the United States-Canada Automobile Parts Agreement which he and Prime Minister Pearson signed on January 16, 1965. An important part of such legislation will be the provision of trade adjustment assistance to firms and workers of the industry who will be dislocated or otherwise adversely affected because of impact of the agreement upon the trade patterns in specific products. The Adjustment Assistance Organization will thus also have to have personnel available on a standby basis who are familiar with the procedures of trade adjustment assistance and who will be ready to reactivate the program if the need arises as a result of the Automobile Parts Agreement.

PROGRAM CHANGES FOR 1966

The program has been reduced a net of $36,000 and 5 positions from the $344,000 and 25 positions available in 1965. The reduction has been accomplished through elimination of the financing of five positions in the Office of Trade Adjustment Assistance in the Manpower Administration which has responsibility for directing the Department's workers' adjustment assistance program. This request does not include any funds for worker readjustment assistance. However, if the Tariff Commission should make a determination of injury, the Department must be prepared to fulfill its statutory responsibilities including certification of eligibility of workers for adjustment assistance. The Department will also request supplemental funds for both administration and adjustment assistance costs whenever necessary.

The reduction has been partially offset to provide $25,000 for unbudgeted expenses of the Office of the Special Representative for Trade Negotiations (Herter Commission) in accordance with justification in that budget to assist its portion of the Kennedy round. Other agencies contributing are the Departments of State, Defense, Interior, Commerce, Agriculture, and Treasury.

ACTIVITY 2. FOREIGN LABOR POLICY DEVELOPMENT

1965	$252,100
1966	254,800

NARRATIVE DESCRIPTION OF PROGRAM

This activity involves guidance in the formulation and implementation of U.S. foreign policy in the labor and manpower areas; developing and implementing action proposals and programs for specific countries and geographic areas; and programing persons and international exhibitions.

The staff of geographic area specialists on a continuing basis materially assists the Department of State and other agencies in developing policy and programs. Included are the national policy papers which serve as the principal source of guidance for country teams and often incorporate special sections on labor policy. The number of these papers have more than doubled during the past year. Currently the Bureau has a pivotal role in the work of an interagency task force to examine and make recommendations on the labor relations of U.S. firms and civilian nondefense agencies overseas.

The recent upsurge and anticipated further expansion of U.S. activity in the labor field in Africa and Asia increase the scope and volume of responsibility of the area specialists for those regions. The American Federation of Labor and Congress of Industrial Organizations has recently created an African-American Labor Center to cover Africa as its American Institute for Free Labor Development now does Latin America.

The Agency for International Development has established an Office of Labor Affairs which reports directly to the Administrator, and it can be anticipated that increasing attention will be given to labor programs, with priority attention to Africa at this time.

The number of important trade union and labor ministry visitors to the United States as well as those of United States going abroad is increasing. Careful staff preparations are essential to continue to reap benefits for the United States. No area of activity is more effective in furthering the image of the United States and its objectives than the person-to-person contact achieved by these programs.

PROGRAM CHANGES FOR 1966

None.

ACTIVITY 3. LABOR AND MANPOWER TECHNICAL SERVICES

1965	$158,500
1966	160,300

NARRATIVE DESCRIPTION OF PROGRAM

This activity is mobilizing and making available technical knowledge and resources in the labor and manpower fields in support of the oversea programs of U.S. agencies and of international organizations.

The Department's competency in the fields of: (1) labor-management relations, (2) labor standards, (3) labor statistics, (4) manpower, and (5) labor ministry administration is mustered in support of U.S. foreign policy.

Specific activities include: (1) the inauguration within the Department of an International Technical Assistance Corps (DOLITAC) of currently employed and retired labor and manpower technicians as a reservoir of technical assistance experts for oversea employment by the foreign affairs agencies and organizations; (2) formalized training seminars for foreign leaders and experts in manpower and labor administration subject matter fields (such as the international manpower seminar administered in Washington for the Agency for International Development by the Department during the summer of 1964 and the Latin American labor administration seminar administered for the Agency for International Development by the Department in Chile during May of 1964); (3) preparation of technical manuals on specific labor and manpower topics (manpower forecasting, role of labor ministries, industrial safety, cost-of-living indexes) for oversea use in less-developed countries; (4) the recruitment and training of American technical experts for specific oversea technical assistance assignments with international agencies or organizations; (5) the planning and negotiation of contractual relationships between the Department and the Agency for International Development oversea missions to provide continuing technical assistance for foreign labor ministries and government-labor institutions (such

as the agreement between the Department and the AID mission in Taiwan); (6) the development of a series of filmstrips and training aids in the labor-manpower fields for oversea use; and (7) the stimulation of improved techniques for utilization of the U.S. Employment Service in recruiting Americans for oversea assignments with the United Nations and other international organizations.

PROGRAM CHANGES FOR 1966

None.

ACTIVITY 4. ADMINISTRATION AND MANAGEMENT SERVICES

1965	$255,600
1966	263,300

NARRATIVE DESCRIPTION OF PROGRAM

This activity concerns policy guidance and management, coordination, and direction of the Department's activities in international affairs; exercise of the Department's responsibility for overall management of the Foreign Service as provided in the Foreign Service Act of 1946; recruitment of Americans for oversea labor positions; servicing of labor officers overseas; internal management of the Bureau; and for Department-wide fiscal guidance and control in connection with international programs.

Administrative support to the Assistant Secretary was continued in connection with his responsibility for coordination and direction of the Department's activity in international affairs. Continued emphasis was given to the development and improvement of management procedures and techniques and to the improvement in both substance and volume of backstopping and support of labor officers overseas.

An issuance system was developed, coordinated, and implemented. The system provides one of the basic tools to be utilized in implementation of further improvement in procedures and methods. On a Department-wide basis, changes in fiscal relationships with the Agency for International Development were developed and implemented to provide jointly with the Agency a method for more closely relating expenditures to program execution and for providing more timely fiscal information.

PROGRAM CHANGES FOR 1966

None.

DISTRIBUTION OF FIELD STAFF

None.

EXPLANATION OF ESTIMATE BY OBJECT

Object 11 Personnel compensation, $891,800

This estimate provides for 90 positions and 85 man-years of employment. This is a change of 18 positions and 17.6 man-years, at an estimated cost of $167,500 resulting from the proposed transfer of the "Trade adjustment activity" appropriation from the Manpower Administration to this Bureau. An additional increase of $9,100 reflects allowances for pay act and within-grade promotion costs.

Object 12 Personnel benefits, $68,000

This estimate is based upon 7.5 percent of net personnel compensation, and provides for an increase of $13,200 due to proposed change in financing of the trade negotiation function. The estimate of $68,000 covers the following items:

Contribution to CSC retirement fund	$56,200
Employees' health benefits	6,000
Employees' group life insurance	4,000
Contributions under the Federal Insurance Contribution Act	1,800
Total	68,000

Object 13 Benefits for former personnel, $4,800

This amount is required to provide personnel benefits for former employees currently serving with international organizations. The estimate covers the following items:

	1965	1966	Change
Contributions to CSC retirement fund		$3,800	+$3,800
Employees group life insurance		400	+400
Employees health benefits		600	+600
Total		4,800	+4,800

Object 21 Travel and transportation of persons, $68,500

This estimate represents an increase of $45,000 in 1966 due to proposed change in financing the trade negotiations function. Of the $68,500 total, $23,500 is for domestic and international travel of area or functional specialists, consultants and experts. The additional $45,000 provides funds for (1) the sixth round of tariff negotiations in Geneva, Switzerland, now underway for members of U.S. delegation, with per diem at $15 per day for approximately 2,300 days, at a cost of $32,300, and round trip transportation air jet economy at a cost of $3,900, and (2) $8,800 for travel costs for commodity arrangements for eight bilateral conferences. The estimate includes the following:

	1965	1966	Change
Subsistence per diem	$6,600	$41,100	+$34,500
Mileage and transportation costs	13,000	23,000	+10,000
All other transportation costs	3,900	4,400	+500
Total	23,500	68,500	+45,000

Object 23 Rent, communications, and utilities, $33,900

This estimate provides for an increase of $14,000 due to proposed change in financing of the trade negotiations function.

	1965	1966	Change
Telephone rental, etc	$2,500	$2,900	+$400
Teletype and telegrams	500	800	+300
Paid official mail	1,000	1,300	+300
Rents and utilities		9,000	+9,000
Working capital fund	15,900	19,900	+4,000
Total	19,900	33,900	+14,000

Object 24 Printing and reproduction, $20,500

This estimate provides for an increase of $4,500 due to the proposed change in financing of the trade negotiations function.

	1965	1966	Change
Publication "International Labor"	$2,000	$2,600	+$600
Miscellaneous printing (pamphlets, translated materials, etc.)	2,700	3,700	+1,000
Working capital fund	11,300	14,200	+2,900
Total	16,000	20,500	+4,500

Object 25 Other services, $63,100

This estimate provides for an increase of $35,700 due to the proposed change in financing of the trade negotiations function.

	1965	1966	Change
Machine and miscellaneous repairs	$2,500	$3,800	+$1,300
Moving and storage	3,200	5,000	+1,800
Training programs	4,000	6,000	+2,000
Building maintenance and alterations	2,500	4,000	+1,500
Services to other agencies: Herter Commission		25,000	+25,000
Working capital fund	15,200	19,300	+4,100
Total	27,400	63,100	+35,700

Object 25.1 Services of other agencies, $9,700

This estimate provides for an increase of $5,600 due to proposed change in financing of the trade negotiations function.

	1965	1966	Change
Security investigations	$1,900	$6,600	+$4,700
Translations	900	1,000	+100
Health unit	1,300	2,100	+800
Total	4,100	9,700	+5,600

Object 26 Supplies and materials, $24,600

This estimate provides for an increase of $4,000 due to proposed change in financing of the trade negotiations function.

	1965	1966	Change
Subscriptions and miscellaneous supplies	$4,000	$4,000	
Working capital fund	16,600	20,600	+$4,000
Total	20,100	24,600	+4,000

Object 31 Equipment, $19,100

This estimate reflects an increase of $19,100 to provide office furnishings and equipment for 20 employees engaged in the trade negotiations function, including special equipment required for calculating and analyzing the impact of proposed tariff changes.

	1965	1966	Change
Object 31 Estimate		$19,000	+$19,100

Summary of new positions

	Grade	Number	Amount
ACTIVITY 1(B)			
Departmental:			
International economist	GS–15	1	$20,450
International economists	GS–14	2	29,320
Do	GS–13	2	24,990
Do	GS–12	1	10,605
Do	GS–11	2	17,890
Do	GS–9	2	14,930
Research assistant	GS–7	1	6,650
Secretary	GS–6	1	5,690
Statistical clerks	GS–5	2	10,330
Secretaries	GS–5	2	11,650
Clerk-stenographers	GS–4	4	18,520
Total		20	171,025

OFFICE OF THE SOLICITOR

WITNESSES

CHARLES DONAHUE, SOLICITOR OF LABOR
E. IRVING MANGER, ASSOCIATE ADMINISTRATOR
J. J. LAFRANCHISE, ADMINISTRATIVE OFFICER

Salaries and Expenses

Object classification

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Personnel compensation:			
11.1	Permanent positions	3,882	4,084	4,242
11.3	Positions other than permanent	52	52	52
11.4	Special personal service payments	5	13	13
11.5	Other personnel compensation	17	24	24
	Total personnel compensation	3,956	4,173	4,331
12.0	Personnel benefits	286	312	325
21.0	Travel and transportation of persons	95	129	154
22.0	Transportation of things	4	4	8
23.0	Rent, communications, and utilities	82	147	164
24.0	Printing and reproduction	40	144	149
25.1	Other services	44	118	130
25.2	Services of other agencies		20	20
26.0	Supplies and materials	57	114	127
31.0	Equipment	10	23	28
99.0	Total obligations	4,574	5,183	5,436

Personnel summary

	1964 actual	1965 estimate	1966 estimate
Total number of permanent positions	500	475	484
Full-time equivalent of other positions	13	12	12
Average number of all employees	471	454	462
Average GS grade	8.8	9.0	9.0
Average GS salary	$8,649	$9,338	$9,412

Program and financing

[In thousands of dollars]

		1964 actual	1965 estimate	1966 estimate
	Program by activities:			
	1. Departmental program activities:			
	(a) Litigation	533	615	630
	(b) Interpretations and opinions	622	669	655
	(c) Wage determinations	610	695	900
	(d) Legislation	442	494	505
	(e) Labor-management laws	357	365	365
	2. Field legal services (regional offices)	1,645	1,956	1,983
	3. Administration and management services	380	389	398
	Total program costs, funded	4,589	5,183	5,436
	Change in selected resources [1]	−15		
10	Total obligations	4,574	5,183	5,436
	Financing:			
13	Receipts and reimbursements from trust fund accounts:			
	Unemployment trust fund (annual appropriation act)	−127	−132	−136
	Proposed increase due to civilian pay increases		−4	
16	Comparative transfer from other accounts	−37		
25	Unobligated balance lapsing	10		
	New obligational authority	4,420	5,047	5,300
	New obligational authority:			
40	Appropriation	4,420	4,857	5,300
44	Proposed supplemental due to civilian pay increases		190	
	Relation of obligations to expenditures:			
10	Total obligations	4,574	5,183	5,436
70	Receipts and other offsets (items 11-17)	−164	−136	−136
71	Obligations affecting expenditures	4,410	5,047	5,300
72	Obligated balance, start of year	394	178	180
74	Obligated balance, end of year	−178	−180	−240
77	Adjustments in expired accounts	−10		
90	Expenditures excluding pay increase supplemental	4,616	4,861	5,234
91	Expenditures from civilian pay increase supplemental		184	6

[1] Selected resources as of June 30 are as follows: Unpaid, undelivered orders, 1963, $52,000 (1964 adjustment, −$11,000); 1964, $26,000; 1965, $26,000; 1966, $26,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

CHARLES DONAHUE, SOLICITOR OF LABOR

Born: August 14, 1912.

Education: A.B. in political science, Princeton University, 1934; LL.B., Harvard University, 1937.

Experience: Appointed Solicitor in March 1961, coming from the United Association of Plumbers & Pipefitters where he was research director. He had previously served in the Department from 1943 to 1953 as an attorney, rising to the position of Assistant Solicitor.

Mr. FOGARTY. You may proceed, Mr. Donahue.

Mr. DONAHUE. Mr. Chairman, I would like to introduce some of those with me today. To my left is Ed Friedman, Deputy Solicitor for the Department, Mr. Lafranchise, the Administrative Officer for the Office; and behind me is Irv Manger, who is the Associate Administrator in the Solicitor's Office.

GENERAL STATEMENT

I would like at the outset, with your permission, to submit for the record a statement which has been prepared and simply to say quickly in my own words what the substantial parts of our budget request are.

Mr. FOGARTY. All right. Go ahead.

(The document referred to follows:)

STATEMENT OF CHARLES DONAHUE, SOLICITOR OF LABOR

Mr. Chairman and members of the committee, I would like to summarize the 1966 budget estimate for the Office of the Solicitor. Our request for 1966 is $5,436,000, a total increase of $253,000 over the 1965 appropriation. An increase of $192,000 is requested to establish 14 new positions to handle our increased responsibilities under the fringe benefits amendments to the Davis-Bacon Act. An increase of $56,000 is requested to finance the "mandatory" items; that is, the items which cannot be avoided. The mandatory increases are for the pay raise, which must be financed for a whole year in 1966 as opposed to part of the year for 1965 ($2,650), for within-grade promotions costs ($52,504), and for an increase in contributions to the Federal employees' compensation fund ($846). Finally, a program increase of $5,000 to finance an executive development training program is included.

The fringe benefits amendments (Public Law 88-349) require the Division of Wage Determinations to include fringe benefits in the determinations of the prevailing wage rates which must be paid on Federal construction projects. The provisions were effective on September 30, 1964. We have been including fringe benefits in wage determinations on a gradually increasing basis during the 270-day period granted by the act to implement its provisions. By the beginning of next fiscal year, we will be required to include fringe benefits wherever they occur. In order to do this properly, and to insure that the amended act is properly enforced, we will need an additional 14 positions and $192,000. Some of these new employees will be involved in developing firsthand wage payment evidence involving fringe benefits. Efforts will be made to improve our contacts with employers, employer organizations, employees, employee organizations, and contracting agency field offices in order to insure their understanding of the amendments and to secure their cooperation in developing and enforcing wage determinations. Additional wage analysts will assist the present staff in reviewing wage payment evidence and extracting fringe benefits data from it. The additional analysts are necessary because of the added time it takes to review this data and determine its contents with respect to the fringe benefits provisions. Two additional positions are necessary in the Enforcement Branch in order to assist agency compliance officers in the enforcement of the new law.

There is an increase of $5,000 to improve our executive development program. We plan to send certain of our top management people to executive training programs similar to the Civil Service Commission executive seminar program at Kings Point, N.Y., management seminars of the American Management Association, and training programs at leading universities. These highly skilled professional employees rarely get an opportunity to receive the training in the purely executive and management skills necessary to perform at maximum effectiveness in the executive function.

SUMMARY OF BUDGET

Mr. DONAHUE. We have requested this year an increase in budgeted amounts. The increase amounts to $253,000, the bulk of which is some $192,000 which is for improvements and increases in wage determination in the Wage Determination Division; in short terms, increases for the administration of the Davis-Bacon provisions. There is a remaining $5,000 increase which covers the training program for executives, not the lawyers, but lawyers who have to be executives as well as lawyers, and is confined to that particular area.

The remainder of the $253,000 increase is termed "mandatory" items. That is, pay increases, in-grade promotions, items of that nature which we cannot sidestep or avoid, and which are built in, in effect, in our budget.

Our increase in connection with the Davis-Bacon Act is necessitated to a great degree by the so-called fringe benefits amendment which

the chairman is very much familiar with. They passed the House and the Senate last summer and were signed into law and became effective the 30th of September.

We have been devoting more staff to it as well as we could during the fall until we should get approved appropriations for an additional 14 positions.

We are also attempting to supplement that to some modest degree under the present budget by assuring that added staff is put in there not only for wage determining but also for the enforcement aspect of it.

One reason why we have not needed so pressingly the added staff up to this point is that we have until next June 30 to make the fringe benefits fully effective throughout the country on a graduated basis. That project is well on its way to completion, but the time that we must have them fully effective is the time we will need maximum staffing.

We believe this is perhaps a modest request, but it is our best estimate of what we most stringently need to meet the added burdens imposed on us.

INCREASE FOR WAGE DETERMINATIONS

Mr. FOGARTY. The funds available for 1965 total $5,183,000, and the request for 1966 is $5,436,000, an increase of $253,000 and nine positions?

Mr. DONAHUE. That is correct, sir.

Mr. FOGARTY. The only activity to receive more staff is that for wage determinations, an increase of 14 positions. This is because of the fringe benefit provisions of Public Law 88-349, as I understand it. This was passed last year by a substantial margin in both Houses, was it not?

Mr. DONAHUE. It was overwhelming in the House and a voice vote in the Senate.

Mr. FOGARTY. That had been in the works, I know, for a few years.

Will you give us a little more detail about how this affects your workload?

Mr. DONAHUE. The fringe benefit bill?

Mr. FOGARTY. Yes.

Mr. DONAHUE. Yes, I will, indeed.

Mr. FOGARTY. This final act was a compromise.

Mr. DONAHUE. Yes, it was quite a compromise as to exactly to what has been asked for for several years. They have been trying to tailor it to get some workable measure through and finally succeeded.

The only workload comes mostly because we have to look at the terms of collective bargaining agreements to find out what the various fringe benefits are, if and where they prevail, and that requires files to be kept, additional research to be performed. It also requires investigations in the field to ascertain what the circumstances are. There are many parts of the country like New York and Chicago where you have no doubt there is nothing but a union wage rate prevailing, and in that event it is just a matter of keeping track of what is actually negotiated there by the agreement, the terms of the agreement.

You get areas like North Carolina, South Dakota, central Missouri, where all sorts of questions arise as to what actually prevails and what are their prevailing fringe benefits.

In that event added personnel are needed to find out the facts.

Mr. Manger is here and he is directly administering the provisions and can give you added information if you wish.

Mr. FOGARTY. We were told a little while ago by Mr. Clague that the fringe benefits in manufacturing were averaging 52 or 53 cents an hour. Have you any idea what the fringe benefits are in the building trades?

Mr. DONAHUE. I could only give a guess—I would say 30 to 50 cents in the building trades.

Mr. FOGARTY. In manufacturing I know it is over 50 cents.

Mr. DONAHUE. In health and welfare benefits, vacation payments, it may be 50 cents.

Mr. MANGER. I would certainly say 50 cents is maximum for most of the trades.

WORKLOAD

Mr. FOGARTY. Now, all your other activities are either held at the 1965 level or cut back a little. Looking through the justifications, I didn't notice where the workload is going down. Did I miss something?

Mr. DONAHUE. I don't think you missed anything, but I do believe when you get to workloads in terms of interpretation of terms and opinions, for example, you run into quite a variable factor.

If someone wants to get some legal advice, I suppose there are all sorts of ways to try to give it, including a formal memorandum, an informal memorandum, or even an informal telephone conversation. There are many problems that can be handled on an informal basis with less work being put into it than otherwise, and we have been trying to proceed along those lines as much as possible, reducing our paperwork to a minimum and reducing the stenographic work to a minimum.

That will enable some saving without any cut.

EXECUTIVE DEVELOPMENT TRAINING

Mr. FOGARTY. I don't want to miss calling attention to your other program increase, which is for your executive development training program. This is spread throughout your office, and spread a little thinly, I might say.

For instance, on page 14 you say the Interpretations and Opinions Division is budgeted for a $375 increase.

Mr. DONAHUE. Yes; could I call on Mr. LaFranchise to answer that?

Mr. FOGARTY. Very well.

Mr. LAFRANCHISE. The overall executive development program for professional employees in grades 14 through 18 will be established using three primary sources for executive development. First, there will be a Civil Service Commission seminar at the U.S. Merchant Marine Academy in New York. We plan to send two employees at a cost of $900 for training in a skills and management course.

Second, there will be an executive management program at leading colleges and universities. One employee will go to the University of Chicago at a cost of $1,000. One will go to the University of Pennsylvania at a cost of $700. One will go to the University of Richmond for a cost of $700. One will go to the University of South Carolina at a cost of $450.

In addition, we plan to take advantage of the American Management Association courses and send eight employees to executive management and development courses, at a cost of $1,150.

The total cost would be $5,000. On the basis of the degree of success which is experienced in each of these programs so far as needs of the Office of the Solicitor are concerned, a decision will be made to continue the three programs with greater participation through 1966 and 1967, or use one or two of the programs also with an increase of participation during 1967.

Our goal is to develop our top executives to be better managers and eventually to develop middle managers to be good managers before assignment to top executive positions.

PUERTO RICO OFFICE

Mr. FOGARTY. Mr. Donahue, how is Mr. Marks doing down in Puerto Rico?

Mr. DONAHUE. Exceptionally well in my opinion.

Mr. FOGARTY. Does he have sufficient assistance down there? He is called on to do about everything for the Department of Labor; isn't he?

Mr. DONAHUE. Yes; he is the Department representative in Puerto Rico. I believe he is called the staff chairman. He has a variety of personal duties, of course, of a type that can't be delegated to other people on that account.

I believe he has had up until the present time what I would call an adequate staff. I think he is going to have a problem currently because he is going to lose two men. That presents a problem for us. I have experienced difficulty getting capable people in Puerto Rico permanently because they make so much money in private practice, and it is difficult to get people there on a permanent basis.

Mr. Marks has increased his workload in cases by about three times. That office was always lowest in production of any office in any region and now, I believe, it is above Boston, for example, in the caseload and amount of work produced.

Mr. FOGARTY. Mr. Mathews, do you have any questions?

Mr. MATHEWS. No questions.

I would like to say I had a communication with Mr. Donahue and Mr. Friedman in connection with wage determination on our problems in Florida, and I would like to say I very much appreciate the courteous treatment I received.

Mr. DONAHUE. The gentleman is most kind to say so. Thank you very much.

Mr. FOGARTY. Mr. Shriver, do you have any questions?

LEGISLATION SECTION

Mr. SHRIVER. I note in the obligations by activities in the justification an amount estimated for 1966 at $505,000 and 38 positions for legislation. My question is, What do those 38 people do?

Mr. DONAHUE. A lot. At least half are stenographers and secretaries, but the lawyers, putting it briefly, prepare reports in response to requests from committees of Congress on all bills that might affect the Department of Labor on which a request is made.

That is cleared through the Department. They get the views of everyone in the Department, coordinate the views for a letter for the Secretary's signature, and then it is sent to the Budget Bureau to find the relationship of our report to the program of the President.

They prepare bills, on request of Members of Congress, if that is requested. They prepare reports embodying the bills of the administration, Department of Labor, or the legislative program.

They assist congressional committees, give them technical advice and guidance to the extent it is requested as those bills proceed through the legislative process from committee hearing to, maybe, floor amendments and debate.

The people in that section, which is termed "legislation," perform other added functions, too. The first is, they prepare all legislative histories and all digests of opinions and decisions put out by the Department so that they might be readily available for future use.

Second, they also perform a decisionwriting function. A certain amount to be written and prepared, the bulk for tthe Employees Compensation Appeals Board.

The remainder are for the Wage Appeals Board under the Davis-Bacon Act and for decisions under the Walsh-Healy Public Contracts Act. The majority operate within "legislation" so that a number of employees working on legislation might also be working on these other functions, when not working on legislation.

I hope that is complete enough to satisfy the Congressman's question.

Mr. SHRIVER. Thank you.

Mr. FOGARTY. Mr. Duncan, do you have any questions?

RELATIONSHIP WITH THE SOLICITOR GENERAL

Mr. DUNCAN. What is your relationship with the Office of the Solicitor General?

Mr. DONAHUE. Well, to put it the shortest way possible, our relationships are very good but our main connection with them is simply with regard to all Supreme Court litigation.

It also has to do with litigation not arising under the Fair Labor Standards Act. The Solicitor General has the right to approve any appeals filed with the U.S. court of appeals, except Fair Labor Standards Act appeals.

He also represents the United States before the Supreme Court and we cooperate and work with him on any matters affecting the Supreme Court which are also related to the Department of Labor whether direct litigation of our own is involved or not.

Mr. DUNCAN. That is what I thought and that is why I asked the question.

On page 10 you say the Division represents the Department on appeals to higher courts. I thought the Solicitor General did.

Mr. DONAHUE. Under the Wage and Hour Act, aside from the Supreme Court, we conduct all our own litigation which is the bulk of our litigation. The Appellate Division represents us in all except the Supreme Court, and even there when the Solicitor assigns it to us for argument in court.

Mr. DUNCAN. Except for wage and hour, then I unders'and the Solicitor General controls the appeals?

Mr. DONAHUE. And to the Supreme Court under the Wage and Hour Act, the Solicitor General controls that too.

Mr. DUNCAN. As far as the actual presentation of the case to the courts, this would ordinarily be delegated to you?

Mr. DONAHUE. Normally speaking, this is true. We only had one case in the Supreme Court in the last 4 years, and certiorari has just been granted within the week.

Mr. DUNCAN. Who appoints you to your position?

Mr. DONAHUE. The President.

Mr. DUNCAN. Do you have any reports you make to the Solicitor General?

What I am getting at is does he have any control over your office?

Mr. DONAHUE. No, no control over my office. He does have control over the substance of litigation we might be involved in, as already indicated.

Mr. DUNCAN. You report then to the Secretary of Labor?

Mr. DONAHUE. Yes; that is correct.

Mr. DUNCAN. So this position is, in effect, a Solicitor General for the Department of Labor and not a Deputy Solicitor General in the Office of the Secretary?

Mr. DONAHUE. That is correct. The Office of Solicitor used to be in the Department of Justice many years ago. He was appointed by the President and then under President Franklin Roosevelt the various solicitors for the various departments were moved right into the various departments and out of the Department of Justice.

Some have changed their names to general counsel since then and there are other differences, but the decentralization has been maintained since that time in 1933, I believe it was.

Mr. DUNCAN. Thank you.

Mr. FOGARTY. Mr. Farnum, do you have any questions?

MANAGEMENT DEVELOPMENT PROGRAM

Mr. FARNUM. Yes, Mr. Chairman. Mr. LaFranchise would you read the last paragraph of your management development program?

Mr. LAFRANCHISE. Our goal is to develop our top executives to be better managers and eventually to develop middle managers to be good managers before assignment to top executive positions.

Mr. FARNUM. Are there any of the middle people going to be developed in this present training program?

Mr. LAFRANCHISE. No; not initially.

Mr. FARNUM. Why don't we develop these middle ones and those lower than them so they are good managers while in those positions, too?

Mr. LAFRANCHISE. The money is one consideration, $5,000 will not go far.

Second, let us not forget our top managers must understand what the program consists of and accept it, otherwise the middle managers will not get the benefit and be able to perform adequately.

Mr. FARNUM. Aren't there good management techniques that could be taught to people in terms of management functions, whether it relates to a specific program or not?

Mr. LAFRANCHISE. I beg your pardon?

Mr. FARNUM. I said, are there not good administrative techniques and management techniques that can be taught to people whether it relates to a specific program or not?

Mr. LAFRANCHISE. These techniques will have no relationship to specific programs. They will be general programs.

Mr. FARNUM. Then why can't you develop people who are not top management as well as develop the others in management techniques?

Mr. LAFRANCHISE. We can and we will.

Mr. DONAHUE. But not with the $5,000. You——

Mr. FARNUM. I think you also said you were going to spend $1,100 for eight people.

Mr. LAFRANCHISE. For the American Management Association courses.

Mr. FARNUM. Will that be by correspondence or travel?

Mr. LAFRANCHISE. They will go to New York.

Mr. FARNUM. Will travel and subsistence be borne from other funds?

Mr. LAFRANCHISE. They will be taken care of out of our travel expenses.

Mr. FARNUM. What is the duration of the program?

Mr. LAFRANCHISE. Usually they are 3-day sessions.

Mr. FARNUM. Thank you.

Mr. FOGARTY. Is there anything else you want to say?

Mr. DONAHUE. No, sir.

Mr. FOGARTY. Thank you very much.

That concludes our hearing on the Department of Labor budget.

JUSTIFICATION MATERIAL

Amounts available for obligation

	1965	1966
Appropriation or estimate	[1] $4,989,000	[2] $5,436,000
Proposed supplemental due to pay increase (Public Law 88-426)	[3] 194,000	
Appropriation or estimate, revised	5,183,000	5,436,000

[1] Includes $132,000 derived from "Employment Security Administration Account, Unemployment Trust Fund."

[2] Includes $136,000 to be derived from "Employment Security Administration Account, Unemployment Trust Fund."

[3] Includes $4,000 to be derived from "Employment Security Administration Account, Unemployment Trust Fund."

Obligations by activity

Description	Appropriation revised, 1965		Estimate, 1966		1966 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. (a) Litigation	53	$615,000	53	$630,000	.....	+$15,000
(b) Interpretations and opinions	59	669,000	56	655,000	−3	−14,000
(c) Wage determinations	80	695,000	94	900,000	+14	+205,000
(d) Legislation	38	494,000	38	505,000	.....	+11,000
(e) Labor-management laws	35	365,000	34	365,000	−1	.....
2. Field legal services	173	1,956,000	172	1,983,000	−1	+27,000
3. Administration and management services	37	389,000	37	398,000	.....	+9,000
Total obligations	475	5,183,000	484	5,436,000	+9	+253,000

Obligations by object

	Appropriation revised, 1965	Estimate, 1966	1966 Change
Total number of permanent positions	475	484	+9
Positions other than permanent	12	12	
Average number of all employees	454	462	+8
11 Personnel compensation	$4,172,915	$4,330,907	+$157,992
12 Personnel benefits	311,691	324,699	+13,008
21 Travel and transportation of persons	128,700	153,700	+25,000
22 Transportation of things	4,474	8,474	+4,000
23 Rent, communications, and utilities	147,040	164,190	+17,150
24 Printing and reproduction	143,574	148,574	+5,000
25 Other services	118,382	130,382	+12,000
Services of other agencies	20,000	20,000	
26 Supplies	113,650	127,200	+13,550
31 Equipment	22,574	27,874	+5,300
Total obligations	5,183,000	5,436,000	+253,000
Working capital fund items included above	(325,052)	(336,052)	(+11,000)

Summary of changes

	Regular	Trust	Total
1965 appropriation	$4,857,000	$132,000	$4,989,000
Proposed supplemental due to pay increase (Public Law 88-426)	190,000	4,000	194,000
1965 appropriation, revised	5,047,000	136,000	5,183,000
1966 estimate	5,300,000	136,000	5,436,000
To al change	+253,000		+253,000
Mandatory items:			
Increases:			
Net pay increase cost in 1966 (Public Law 88-426)			+2,650
Net within-grade promotion costs			+52,504
To increase the level of contributions to the Federal Employees' Compensation Fund			+846
Program items:			
Increases:			
To expand the wage determinations activity to provide for the administration of the fringe benefits amendments to the Davis-Bacon Act under Public Law 88-349			+192,000
To expand the training program for executive development of employees			+5,000
Total change			+253,000

Mandatory changes for 1966

INCREASES

Pay increase costs		+$2,650
Net additional cost of pay increase for current year (base) staff pursuant to Public Law 88–426:		
Personnel compensation	$2,471	
Personnel benefits	179	
Total	2,650	
Within-grade promotion costs		+52,504
1966 net additional cost of within-grade promotions effective on only a part-year basis for base staff in 1965		+27,146
Personnel compensation	$26,168	
Deduct lapse	−916	
Personnel benefits	1,894	
Net cost	27,146	
Net cost of within-grade promotions becoming effective during 1966		+73,358
Personnel compensation	$70,715	
Deduct lapse	−2,474	
Personnel benefits	5,117	
Net cost	73,358	
Absorption of a portion of above increases (reduction 5 positions; $48,000 personal services)		−48,000
To finance a net increase in contributions to the Federal Employees' Compensation Fund, reflecting a rise in cost and incidence of benefits payments made to civilian employees of the United States for injuries of an accidental nature sustained in the performance of duty		+846

Mandatory changes by activity

Type of change	Activity 1(a)		Activity 1(b)		Activity 1(c)		Activity 1(d)		Activity 1(e)		Activity 2		Activity 3		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Mandatory changes: Pay increase costs	------	$292	------	$339	------	$342	------	$324	------	$205	------	$845	------	$303	------	$2,650
Within-grade promotion costs	------	14,333	------	13,286	------	11,658	------	10,301	------	8,420	------	35,655	------	6,851	------	100,504
Absorption of disallowed within-grade costs	------	----------	−3	−28,000	------	----------	------	----------	−1	−9,000	−1	−11,000	------	----------	−5	−48,000
Net within-grade costs	------	14,333	−3	−14,714	------	11,658	------	10,301	−1	−580	−1	24,655	------	6,851	−5	52,504
Contributions to FEC fund (+ or −)	------	----------	------	----------	------	----------	------	----------	------	----------	------	----------	------	846	------	846
Total	------	14,625	−3	−14,375	------	12,000	------	10,625	−1	−375	−1	25,500	------	8,000	−5	56,000

Program changes by activity

Object classification	Activity 1(a)		Activity 1(b)		Activity 1(c)		Activity 1(d)		Activity 1(e)		Activity 2		Activity 3		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation	------	----------	------	----------	14	$107,000	------	----------	------	----------	------	----------	------	----------	14	$107,000
12 Personnel benefits	------	----------	------	----------	------	8,000	------	----------	------	----------	------	----------	------	----------	------	8,000
21 Travel and transportation of persons	------	----------	------	----------	------	25,000	------	----------	------	----------	------	----------	------	----------	------	25,000
22 Transportation of things	------	----------	------	----------	------	4,000	------	----------	------	----------	------	----------	------	----------	------	4,000
23 Rent, communications, and utilities	------	----------	------	----------	------	17,150	------	----------	------	----------	------	----------	------	----------	------	17,150
24 Printing and reproduction	------	----------	------	----------	------	5,000	------	----------	------	----------	------	----------	------	----------	------	15,000
25 Other services	------	$375	------	$375	------	8,000	------	$375	------	$375	------	$1,500	------	$1,000	------	12,000
26 Supplies and materials	------	----------	------	----------	------	13,550	------	----------	------	----------	------	----------	------	----------	------	13,550
31 Equipment	------	----------	------	----------	------	5,300	------	----------	------	----------	------	----------	------	----------	------	5,300
Total	------	375	------	375	14	193,000	------	375	------	375	------	1,500	------	1,000	14	197,000

ACTIVITY 1(a). LITIGATION

1965	$615,000
1966	630,000

Under this budget activity, which is handled entirely by the Division of Litigation, three identifiable programs have evolved. These are:

TRIAL LITIGATION

Narrative description of program

In the trial litigation program, the Division directs and supervises the enforcement of several Federal labor standards statutes through civil court actions and administrative enforcement proceedings, and is responsible for the referral to the Department of Justice of criminal cases arising under these statutes and of civil cases for the recovery of moneys administratively determined to be due the United States under the Walsh-Healey Public Contracts Act. This unit also assists the Department of Justice in defending actions brought against the Department and its officials in Federal and State courts. Other activities; such as, advice, assistance, instructions and review, preparation for trial, trial strategy, policy, legal research, motions, pleadings, and related matters totaled 16,912 in 1964.

Program changes for 1966

A program increase of $375 to improve the executive development training program is provided.

Workload statistics

	Fiscal year 1963 actual	Fiscal year 1964 actual	Fiscal year 1965 estimate	Fiscal year 1966 estimate
1. Cases considered for litigation by regional offices	8,748	8,833	8,900	8,950
2. Cases received from regional offices	1,764	2,192	2,200	2,250
3. Cases instituted	1,607	1,642	1,650	1,675
4. Cases closed	1,515	1,592	1,600	1,650
5. Cases pending in court or administrative proceeding, end of year	975	1,018	1,100	1,150
6. Wage-hour investigations	54,331	56,370	58,000	59,000
7. Back wages found due (in millions)	$49.1	$59.7	$60.0	$61.0

SUPREME COURT AND APPELLATE LITIGATION

Narrative description of program

In the Supreme Court and appellate litigation program, the Division represents the Department in cases on appeal to the higher courts where the Secretary of Labor or the Department is a party to the suit. Cases instituted under the 1961 amendments to the Fair Labor Standards Act have begun to reach the appellate stage. The estimated caseload for 1965 and 1966 reflects an increase in the number of contested cases handled, and the probability that contested cases will result in a higher proportion of appeals than in the last few years because of the many new areas of disputed interpretation opened by the amendments. The new problems arising under the amendments will probably also result in more participation in the preparation of briefs and evidence at the district court level. The anticipated increase is foreshadowed by the large number of legal opinions, miscellaneous reports, memoranda and special research projects prepared during 1963 and 1964; many of them involving potential litigation. An increase in the number of legal opinions, special research jobs, and cases reviewed for litigation is also anticipated in 1965 and 1966 in view of the complexity of the questions arising under the amendments.

	Fiscal year 1963 actual	Fiscal year 1964 actual	Fiscal year 1965 estimate	Fiscal year 1966 estimate
1. Appellate court briefs filed:				
(a) Supreme Court	2	5	7	8
(b) Circuit court of appeals	39	58	65	70
(c) Federal district courts	0	2	5	5
(d) State courts	0	0	1	1
2. Oral arguments presented	31	32	39	33
3. Appeal recommendations	80	56	70	75
4. Case analyses	0	0	40	40
5. Legal opinions, miscellaneous reports, and memoranda	295	303	330	330
6. Cases reviewed for litigation	40	50	56	56
7. Special research jobs	27	60	60	60
8. Legislative proposals reviewed	8	16	16	16
9. Cases in course of preparation at end of fiscal year	45	36	40	42
10. Pending cases in Supreme Court and appellate courts at end of fiscal year	50	30	33	35

EMPLOYEES' COMPENSATION

Narrative description of program

In the Employees' Compensation program, the Division furnishes legal representation to the Bureau of Employees' Compensation in cases involving appeals from decisions of the Bureau; defends the Deputy Commissioners of the Bureau in civil actions brought by claimants under the Longshoremen's and Harborworkers' Compensation Act; directs and supervises the enforcement of various workmen's compensation laws covering Federal employees, District of Columbia employees and all other employees working within the District of Columbia; supervises and conducts the prosecution of subrogation and third party claims involving death or injury of Federal employees; supervises and directs the enforcement of maritime safety standards under the Longshoremen's Act; and supervises the adjustment of claims against the Department under the Federal Tort Claims Act.

Workload statistics

	Fiscal year 1963 actual	Fiscal year 1964 actual	Fiscal year 1965 estimate	Fiscal year 1966 estimate
1. Longshoremen's Act litigated cases	61	82	82	82
2. 3d party tort cases under Federal Employees' Compensation Act:				
(a) Total cases processed	16,215	16,707	17,700	17,700
(b) New cases reviewed	4,067	4,089	4,100	4,100
(c) New cases accepted	3,167	3,205	3,200	3,200
(d) 3d party cases pending at the end of year	4,654	5,677	6,600	7,600
(e) Gross recovery of damages (in millions)	$3.0	$3.5	$3.7	$3.9
3. Appeals Board litigation cases:				
(a) Defenses prepared	314	354	370	385
(b) Cases presented at hearings	64	74	85	95
4. Maritime safety—Longshoremen's Act:				
(a) Administrative complaints filed	2	5	7	7
(b) Injunctive actions	1	1	2	2
(c) Recommendations for criminal prosecution	0	1	2	2
5. Federal Tort Claims Act:				
(a) Accident reports received	59	70	75	75
(b) Administrative claims field	7	15	20	20
6. Incoming correspondence (for entire activity)	16,934	18,445	19,500	20,500
7. Outgoing correspondence (for entire activity)	13,629	13,930	14,500	15,000
8. Conferences	1,271	1,995	2,000	2,000
9. Oral advices	1,393	1,717	1,800	1,900

ACTIVITY 1(b). INTERPRETATIONS AND OPINIONS

1965	$669,000
1966	$655,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity interprets and provides necessary legal services and advice with respect to statutes and programs administered by the Department and through the following bureaus and offices: Wage and Hour and Public Contracts Divisions, Bureau of Employees' Compensation; Bureau of Labor Standards; Women's Bureau; Manpower Administration; Bureau of Labor Statistics; and Office of Veterans' Reemployment Rights. This activity includes supervision of such services rendered in the regional and branch offices of the Solicitor; the drafting of regulations and interpretative bulletins and rules published in the Code of Federal Regulations; legal assistance in the planning, drafting, and implementing of Federal legislation relating to such statues and programs. Complete legal services in regard to manpower and unemployment compensation programs, including review of State laws and State plans of operation to determine their conformity with pertinent Federal law, and services in connection with litigation, are furnished to the Secretary, the Manpower Administrator, and other units of the Department. With respect to veterans' reemployment rights matters, the legal services provided include the analysis, review, and transmittal to the Department of Justice of files relating to claims of veterans who request representation by a U.S. attorney and coordination of the assistance provided by the regional offices of the Solicitor to the U.S. attorney in such cases.

The legal services provided by this activity are furnished with respect to the following statutes, among others: Fair Labor Standards Act (including the amendments made by the Equal Pay Act of 1963); Walsh-Healey Public Contracts Act; Contract Work Hours Standards Act (1962); Portal-to-Portal Act of 1947; Federal Employees' Compensation Act; Longshoremen's and Harbor Workers' Compensation Act (including the maritime safety provisions (sec. 41) added by Public Law 85-742) and related statutes, including District of Columbia Workmen's Compensation Act, Defense Base Act, War Claims Act, War Hazards Act; reemployment rights provisions of Universal Military Training and Service Act and related statutes; the Federal Unemployment Tax Act and those titles of the Social Security Act which relate to the Federal-State system of unemployment insurance and the unemployment compensation programs for Federal employees and ex-servicemen; the Wagner-Peyser Act relating to the Federal-State system of employment offices; the Farm Labor Contractor Registration Act of 1964; the provisions of the Manpower Development and Training Act of 1962, as amended, the Area Redevelopment Act, the Trade Expansion Act of 1962, the Immigration and Nationality Act, and other statutes, which relate to functions performed by the Department of Labor through the bureaus and offices mentioned above.

PROGRAM CHANGES FOR 1966

A program increase of $375 to improve the executive development training program is included.

Workload statistics

	Fiscal year 1963 actual	Fiscal year 1964 actual	Fiscal year 1965 estimate	Fiscal year 1966 estimate
Labor standards (Fair Labor Standards Act, equal pay, public contracts, child labor, workmen's compensation, safety standards):				
1. Opinions on Fair Labor Standards Act	8,322	9,106	10,500	10,500
(a) Equal Pay Act		1,948	3,000	3,000
2. Opinions on Public Contracts Act	1,402	1,699	1,600	1,600
3. Miscellaneous laws (including Contract Work Hours Standard Act)	902	1,956	2,000	2,000
4. Maritime safety interpretations (Longshoremen's and Harbor Workers' Compensation Act sec. 41, Public Law 85-742)	1,021	1,294	1,000	1,000
5. Opinions and legal memoranda to Bureau of Employees' Compensation	420	436	450	450
Manpower services and unemployment compensation:				
1. Legal review of State material including legislation, regulations, attorney general opinions, court decisions, etc	4,297	4,368	4,800	4,800
2. Federal legislation prepared or reviewed	705	878	900	975
3. Legal advice on certification of State laws for grants and tax credits	1,080	1,025	1,000	1,000
4. Legal review of Employment Security Manual and similar materials for distribution to States and regional offices	2,442	2,695	2,600	2,600
5. Memos, briefs, and other legal documents prepared	3,593	3,895	4,100	4,100
6. Informal legal opinions to administrative officials et al	9,086	9,100	9,800	9,800
7. Meetings and conferences with State officials, interested organizations, advisory committees, Members of Congress, et al	3,718	3,725	3,750	3,750
8. Legal review of memos, letters, etc., prepared by administrative officials	6,874	7,025	7,500	7,600
Veterans' reemployment rights:				
1. Conferences	750	892	900	900
2. Opinions prepared	200	212	215	215
3. Opinions postreviewed	218	237	240	240
4. Legal memoranda	32	34	40	40
5. Litigation review	111	120	120	120
6. Transmittal to Department of Justice	70	83	85	85
7. Litigation draft and review	116	120	120	120
8. Review of rejections	50	61	55	55
9. Appellate	18	20	20	20
10. Case analyses	2	4	4	4
11. Case notes	251	312	210	210
12. Legislative	27	26	30	30
13. Miscellaneous	458	515	515	525
Administrative legal services:				
1. Fair Labor Standards Act wage orders	182	187	100	100
2. Public Contracts Act wage determinations decisions	11	4	7	14
3. Federal Register documents:				
(a) Code of Federal Regulations additions and revisions	63	75	85	85
(b) Documents not subject to codification	133	140	150	160
4. Hearings:				
(a) Conducted	4	7	7	7
(b) Supervised	27	14	14	14
5. Formal opinions in administrative proceedings	38	39	40	40
6. Other written opinions interpreting the Administrative Procedure Act, the Federal Register Act, the wage orders provisions of the Fair Labor Standards Act and the Public Contracts Act, and the wage orders issued under them	77	71	80	85

Activity 1(c). Wage Determinations

1965	$695,000
1966	900,000

Narrative description of program

Wage Determinations Branch

This activity is responsible for predetermining prevailing hourly rates including fringe benefits payments as the minimums payable for laborers and mechanics employed on Federal and federally assisted construction projects subject to the Davis-Bacon Act and related prevailing wage statutes. Current project wage

data is gathered continuously as a basis for wage determinations and liaison is maintained with all parties interested in the program, such as Federal and State contracting agencies and national and local employee and employer organizations.

This activity issued 43,186 wage determinations in 1964. The estimated workload for 1965 and 1966, which is based on information furnished by the various contracting agencies within the Government, indicates increases over 1964.

Enforcement and legal services

Reorganization Plan No. 14 of 1950 provides that the Secretary of Labor shall prescribe appropriate standards, regulations, and procedures which shall be observed by these agencies, and cause to be made by the Department of Labor such investigations with respect to compliance with and enforcement of such labor standards as he deems desirable. This responsibility is also a part of the function of this activity. It entails constant liaison with the contracting and administering agencies on each enforcement case.

PROGRAM CHANGES FOR 1966

A program increase of $192,000 (14 positions, $115,000 personal services; $77,000 nonlabor) is proposed in 1966 to finance the administration of the Davis-Bacon Fringe Benefits Act (Public Law 88–349). The estimate includes eight professional and four clerical positions in the Wage Determinations Branch and two professional positions in the Enforcement Branch.

Public Law 88–349 requires the Secretary of Labor to include fringe benefits payments in the determination of prevailing wage rates which must be paid to construction workers on Federal or federally supported constructions projects. Prior to the passage of the act, only the basic wage rate was included in the wage determination. The amendments will not increase the number of wage determinations which must be made by the Division. The amount of time required to analyze data sources such as negotiated agreements and reports from contractors and to extract fringe benefits data therefrom will, however, be substantially increased. The complication arising out of the act will make it necessary to step up liaison activities with contracting agencies, contractors, and unions around the country, in order to insure their understanding of the requirements of the new law and to facilitate the acquisition of the difficult to obtain fringe benefits data.

In order to reduce the number of areas covered by each wage analyst, and thus to provide sufficient time for careful analysis of information on wage rates and fringe benefits, one additional wage analyst, GS–11 or 9 will be added to each of the four wage determinations sections. Fringe benefits provisions and rates are more difficult to extract from the various data sources than wage rates alone. The fringe benefits are often expressed in narrative form rather than figures, are varying in terminology, are subject to interpretation, and are often expressed in fractions of a cent or percentages. The analyst must also determine the benefits provision's conformity to statutory requirements for inclusion in the predetermined wage rate. Analysis of these documents will require approximately twice as much time as was previously required. Since the fringe benefits amendments will require increased correspondence with contracting agency field offices, unions, contractors, etc. in order to obtain and maintain accurate fringe benefits data, one clerk-stenographer will be added to each section. At the present time, section chiefs and other wage analysts do not have stenographic assistance.

Four new positions (GS–13) will be created for the purpose of strengthening liaison between the Wage Determinations Division and interested parties in the field. These regional advisers will maintain contacts with State and Federal contracting agency field offices, employer and labor organizations, and individual contractors in order to insure their understanding of the act and to encourage the voluntary submission of the wage and fringe benefits data which the Division relies upon. They will also be available to make surveys to acquire wage payment information in problem areas, where the information that is available is not adequate or is inconclusive. The regional advisers will be individuals with extensive experience in the construction industry, in construction industry labor relations, and in administration of the Davis-Bacon Act.

Two additional professional positions (GS–12) will be added to the Enforcement Branch. These positions will be filled by individuals with experience in the construction industry, with special emphasis on labor relations activity or as inspectors on construction jobs. These additional positions will assist the

Branch in meeting the additional compliance workload and at the same time assist the compliance officers of the various agencies in their enforcement duties under the Davis-Bacon Act.

A program increase of $1,000 to improve the executive development training program is included.

Workload statistics—Wage Determinations Branch

	Fiscal year 1963 actual	Fiscal year 1964 actual	Fiscal year 1965 estimate	Fiscal year 1966 estimate
Wage determinations:				
1. Requests for wage determination or modification	46,915	42,126	45,155	45,500
2. Decisions and modifications issued	46,397	43,186	45,000	45,500
3. Incoming correspondence (for entire activity)	44,327	38,715	47,185	48,000
4. Outgoing correspondence (for entire activity)	46,038	36,687	45,000	50,000
5. Pending requests for determinations at end of fiscal year	1,105	45	200	200
A tabulation of the workload related to wage determinations from 1963 through 1966, based on information received from principal procurement agencies, follows:				
Federal Housing Administration	3,800	3,500	3,500	3,500
Hospital Survey and Construction	1,600	2,000	2,000	2,000
Atomic Energy Commission	325	325	315	300
Federal Airport Administration	2,065	1,916	2,000	2,000
General Services Administration	3,205	3,272	3,500	3,500
U.S. Coast Guard	728	648	700	700
Public Housing Administration	2,000	2,300	2,600	3,000
Federal Aviation Agency	800	850	850	850
Bureau of Reclamation	400	500	500	500
CFS-School Survey and Construction	1,200	2,884	2,683	2,865
Army	8,222	6,375	7,000	7,000
Navy	1,600	1,600	1,600	1,600
Air Force	8,000	8,000	8,000	8,000
Bureau of Public Roads (Direct Federal Projects)	300	250	250	250
Bureau of Public Roads (Federal-Aid-Highway)	4,303	3,781	4,000	4,000
Office of Civil Defense	175	200	200	200
All other agencies	5,983	4,749	5,302	5,235
Total	46,397	43,186	45,000	45,500
Enforcement and legal services:				
Complaint cases pending at beginning of year	1,710	1,556	1,249	1,549
Complaints received during year	1,478	1,407	2,000	2,000
Total complaints	3,188	2,963	3,249	3,549
Complaint cases closed during year	1,632	1,714	1,700	2,000
Complaint cases pending end of year	1,556	1,249	1,549	1,549
Restitution obtained	$548,843	$463,750	$500,000	$500,000

Activity 1(d). Legislation

1965	$494,000
1966	505,000

Narrative description of program

This activity includes the legal and coordinating work in connection with the legislative program of the Department and the other legislation of interest to the Department. Attorneys assigned to the activity serve on interdepartmental and intradepartmental committees formulating legislative recommendations and drafting legislative proposals. Draft bills, testimony, and reports to congressional committees, as well as legislative analyses and opinions for the use of officials of the executive or legislative branches are prepared. Departmental officials are briefed before testifying and advised and counseled when they testify. Technical legislative and legal service is furnished to congressional committees and individual Members of Congress. Necessary staff legal work is performed in connection with the interests and activities of the Department in international affairs.

Legal advice and assistance is provided on a day-to-day basis on questions concerning labor-management relations, civil rights and equal employment opportunities, labor policies to protect employees displaced or otherwise adversely affected by automation and other technological changes, Federal employee labor relations matters, Federal contracts, conflicts of interest, and other major fields of laws. This activity has increased due to the issuance of the Executive Order establishing collective bargaining policies for Federal employees, an increase in labor-management problems and labor disputes due to accelerating automation in industry, and enactment of the Mass Transit and Civil Rights Acts.

The Associate Solicitor acting in an administrative capacity as chief hearing examiner, the two hearing examiners, at the designation and direction of the Secretary, Under Secretary, or Solicitor, preside over administrative hearings and render decisions in proceedings based on complaints of violations of, and on procedural questions concerning the application the Walsh-Healey Act, Davis-Bacon Act, the safety provisions of the Longshoremen's and Harbor Workers' Compensation Act, and conformity and compliance questions arising under the unemployment insurance program.

Decisions are prepared for and other necessary legal advice and services provided to, the Employees' Compensation Appeals Board, the Secretary of Labor, and the Wage and Hour and Public Contracts Administrator, in connection with appeals from the decisions of the Director of BEC in Federal employee workmen's compensation cases, and from decisions of the hearing examiners in violation cases under the Walsh-Healey Public Contracts Act, respectively.

A definitive digest and reference system is being established and kept up to date for all opinions, rulings, regulations, administrative determinations and court decisions under the wide variety of major and complex laws administered by the Department of Labor. Legislative histories of many of these statutes are also prepared.

Public Law 88–508 gives employees of the Canal Zone Government and the Panama Canal Company who have sustained injuries while in the performance of duty, and whose claims for compensation under the Federal Employees' Compensation Act have been denied, the right to appeal to the Employees' Compensation Appeals Board. This new source of appeals will increase the workload of the decision-writing activity of this Division. It is estimated that the new law will result in 26 more appeals being filed with the Appeals Board in fiscal 1965 and 1966 than were filed in 1964; and that in 1965 it will be necessary to write 14 more decisions than were written in 1964, and, in 1966, 44 more decisions will have to be written than in 1964. There will be other slight increases in workload throughout the activity. This workload will be asborbed by current staff.

PROGRAM CHANGES FOR 1966

A program increase of $375 to improve the executive development training program is included.

Workload statistics

	Fiscal year 1963 actual	Fiscal year 1964 actual	Fiscal year 1965 estimate	Fiscal year 1966 estimate
Legislation:				
1. Legislative reports	297	296	325	350
2. Drafts of legislative language for consideration by administrative officials or for presentation to the Congress	817	802	825	850
3. Analyses prepared, legislative papers	2,895	2,878	2,900	2,900
4. Monthly Labor Review articles	12	12	12	12
5. Letters for signature of Secretary or Solicitor	3,594	3,577	3,600	3,600
6. Opinions, analyses, memos, orders, etc., prepared for bureaus	721	730	730	720
7. Opinions and information furnished orally	8,075	8,081	8,100	8,100
Hearing examiners:				
1. Complaint proceedings under the Walsh-Healey Public Contracts Act:				
Proceedings instituted	36	34	36	36
Hearings held	31	23	35	35
Prehearing conferences held	13	11	13	13
Examiners' decisions	36	26	35	35
Order dismissing proceedings	7	7	7	7
2. Minimum wage proceedings under the Walsh-Healey Public Contracts Act	5	2	5	5
3. Proceedings under Davis-Bacon Act and related statutes				
Hearings held	1	1	1	1
Decisions	0	1	1	1
4. Miscellaneous hearings	8	14	10	10
Reports, digests, and analysis:				
1. Programwide analysis of materials	4	2	4	4
2. Preparation of reference and index systems	2	4	4	4
3. Analysis of individual cases, opinions, or items	1,500	2,500	2,500	2,500
4. Digests prepared	628	1,500	1,500	1,500
5. Legislative histories of statutes	1	3	3	3
Decisions—Employees' Compensation Appeals Board:				
1. Backlog at end of previous year	31	36	30	30
2. Cases received from Board for preparation of decisions during year	275	264	285	310
Total case load	306	300	315	340
3. Decisions written during year	270	270	285	310
4. Backlog end of year	36	30	30	30
5. Conferences with Board concerning preparation of decisions	25	18	25	25
6. Memorandums of law prepared for Board	2	3	8	8
Decisions—Walsh-Healey Public Contracts Act:				
1. Orders of Secretary and Administrator	1	0	5	5
2. Letters to the Comptroller General	32	31	32	32
3. Memorandums and letters concerning decisions, recommendations, etc	82	71	80	80
4. Decisions of the Administrator	6	5	8	8

Activity 1(e). Labor-Management Laws

1965	$365,000
1966	365,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity encompasses the legal advisory and litigation services required in the Department's administration of the Labor-Management Reporting and Disclosure Act of 1959 and the Welfare and Pension Plans Disclosure Act, as amended.

This activity includes, among other things, the interpretation of the enumerated statutes; the drafting of reporting forms, regulations, interpretative bulletins and similar interpretative aids; preparation of and participation in civil litigation and administrative enforcement actions; preparation of criminal cases under these acts for submission to the Department of Justice; the defense of suits against the Department of Labor involving these acts; and supervision of field office activities in these program areas.

On the basis of experience during fiscal 1964 and the first quarter of fiscal 1965, it is estimated that the workload for this activity will increase during fiscal 1966, as indicated in the statistical tables set forth below. The increased workload can be handled without an increase in staff as a result of improved

manpower utilization and the continually increasing expertise of the staff in the program areas.

PROGRAM CHANGES FOR 1966

A program increase of $375 to improve the executive training program is included.

Workload statistics

	Fiscal year 1963 actual	Fiscal year 1964 actual	Fiscal year 1965 estimate	Fiscal year 1966 estimate
Government litigation:				
1. Cases considered for civil or criminal litigation by Washington office (legal review and analysis of investigation files):				
Labor-Management Reporting and Disclosure Act	200	309	345	365
Welfare and Pension Plans Disclosure Act	3	3	5	10
Total cases referred	203	312	350	375
2. Cases instituted (drafting of pleadings, court appearance, interviewing witnesses, preparation of trial plans, and related activities):				
Labor-Management Reporting and Disclosure Act	92	110	120	130
Welfare and Pension Plans Disclosure Act	2	2	5	6
Total cases instituted	94	112	125	136
3. Administrative Procedures Act and related administrative proceedings, including review and approval of related preliminary activities:				
Labor-Management Reporting and Disclosure Act [1]	1	185	185	190
Welfare and Pension Plans Disclosure Act [1]	1	21	25	30
Total administrative	2	206	210	220
Private litigation: Review of litigation to determine if basis exists for Government intervention	136	170	200	225
Interpretations and regulations: Labor-Management Reporting and Disclosure Act:				
Preparation and review of legal opinions, memorandums of law, regulations, reporting forms, and technical administrative aids (includes written opinions and advice memoranda issued by both Washington and field staffs to operating bureau and general public; preparation of regulations, reporting forms and general explanatory bulletins)	2,650	3,150	3,000	3,200
Oral advice and miscellaneous correspondence (includes oral advice given by Washington and field staffs through correspondence, personal and telephone conferences to operating bureau, general public; group briefing conferences and preparation and review of miscellaneous correspondence)	21,000	22,500	23,000	23,000
Total	23,650	25,650	26,200	26,200
Welfare and Pension Plans Disclosure Act:				
Written	1,500	2,570	2,800	3,000
Oral	8,000	8,600	8,800	9,000
Total	9,500	11,170	11,600	12,000

[1] Prior to fiscal year 1964 these columns failed to show review and approval of related preliminary activities pertaining to administrative proceedings and investigations.

ACTIVITY 2. FIELD LEGAL SERVICES—REGIONAL OFFICES

1965	$1,956,000
1966	1,983,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity covers legal services performed in 10 regional offices, 5 branch offices, and 1 territorial office (Puerto Rico).

Legal services provided in the field include interpretations and legal advice to various officials of the Labor Department in the field and to the public, and

the enforcement through court and administrative proceedings of the various Federal labor laws for which the Department has responsibility. The regional offices have been called upon to devote increasing attention to violations under the Davis-Bacon Act, particularly when the violations of wage determinations are of a serious nature and the experience of an attorney is deemed necessary.

PROGRAM CHANGES FOR 1966

A program increase of $1,500 for improvement of the executive development training program is included.

Workload statistics

	Fiscal year 1963 actual	Fiscal year 1964 actual	Fiscal year 1965 estimate	Fiscal year 1966 estimate
1. Cases received by regional office from Wage-Hour Division	8,748	8,833	8,900	8,950
2. Cases referred to national office for litigation consideration	1,764	2,192	2,200	2,250
3. Cases instituted	1,607	1,642	1,650	1,675
4. Cases closed	1,515	1,592	1,600	1,650
5. Cases pending in court or administrative proceeding, end of year	975	1,018	1,125	1,150
6. Backlog of cases in course of review and preparation for legal actions	1,151	1,205	1,250	1,300

The following sums were recovered during fiscal 1964:

(*a*) Restitution in Fair Labor Standards Act cases	$2,912,415
(*b*) Sec. 16(c) suits on behalf of underpaid employees	253,871
(*c*) Amounts collected in administrative proceedings or court actions for liquidated damages for violations of the Walsh-Healey Act	186,790

ACTIVITY 3. ADMINISTRATION AND MANAGEMENT SERVICES

1965	$389,000
1966	398,000

NARRATIVE DESCRIPTION OF PROGRAM

(*a*) *Immediate Office of the Solicitor.*—The Solicitor, Deputy Solicitor, and their staff of special assistants give legal counsel and perform the many diversified types of legal services required by the Secretary and other top officials of the Department.

(*b*) *Administration.*—This activity finances the administrative and management services for the Office, including budget, procurement, personnel administration, management analysis, mail and messenger services, central files, and the law library.

PROGRAM CHANGES FOR 1966

A program increase of $1,000 to improve the executive development training program is included. An increase for this purpose, totaling $5,000, is carried in each budget activity. The 1965 appropriation contained an authorization of $2,500 to initiate a training program. These funds are being used in 1965 and will be used in 1966 to send employees to such courses as secretarial practices, report writing, and personnel administration; to send newly hired lawyers to graduate level labor law courses or job related conferences and symposia; and to acquire the services of leading professors for presentations on technical subjects. The $5,000 requested for 1966 is to establish an executive development program. Professional employees in the GS–13 to GS–18 range who have top management responsibilities will participate in 4- to 6-week in-residence courses at leading colleges and universities, participate in the Civil Service Commission program at Kings Point, N.Y., or participate in American Management Association programs in the management area. Professional employees, though well trained in their professional field, often lack the opportunity to gain this type of training. The Committee for Improvement of Management in Government of the Committee for Economic Development recommended such training in its policy statement issued in July 1964.

Distribution of field staff

Regional and branch offices	1965			1966		
	Professional	Clerical	Total	Professional	Clerical	Total
Boston, Mass.	6	3	9	6	3	9
New York, N.Y.	10	6	16	10	6	16
Chambersburg, Pa.	7	5	12	7	5	12
Atlanta, Ga.	12	10	22	12	10	22
Birmingham, Ala.	7	5	12	7	5	12
Cleveland, Ohio	7	5	12	7	5	12
Detroit, Mich.	2	1	3	2	1	3
Chicago, Ill.	9	6	15	9	6	15
Kansas City, Mo.	5	3	8	5	3	8
Denver, Colo.	1	1	2	1	1	2
Dallas, Tex.	11	9	20	10	9	19
San Francisco, Calif.	7	4	11	7	4	11
Los Angeles, Calif.	4	3	7	4	3	7
Seattle, Wash.	1	1	2	1	1	2
Nashville, Tenn.	9	6	15	9	6	15
Puerto Rico	4	3	7	4	3	7
Total	102	71	173	101	71	172

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, $4,330,907

This estimate provides for 484 full-time positions, or 462 man-years, and for compensation of witnesses ($13,000). An increase of $157,992 over the revised 1965 level is proposed for the following:

Within-grade promotions ..... +$93,493
Allowance has been made for within-grade promotions as they fall due in 1966 and for the 1966 net additional cost of within-grade promotions effective on only a part-year basis for base staff in 1965.

Full year's cost of July 5, 1964, pay raise ..... +2,471
The pay raise enacted by Public Law 88–426 covered 258 workdays in 1965. To finance the full 261 workdays in 1966 at the higher pay scales, this additional amount is required.

Cost of 14 new program positions ..... +107,000
Fourteen new positions (12.6 man-years) are needed to administer the fringe benefits amendments to the Davis-Bacon Act.

Decrease of 5 positions to absorb a portion of the within-grade promotion costs ..... −44,972

Personnel benefits, $324,699

This estimate is based upon personnel compensation and represents the Government's share of retirement, FICA, insurance and health benefits costs and provides for an increase in contributions to the Federal employees' compensation fund.

Travel and transportation of persons, $153,700

This estimate provides for commercial transportation, per diem, mileage, and other transportation costs for the Offices' staff in Washington and the field and for the payment of travel allowances to witnesses not employed by the Government.

	1965	1966	Change
Employees:			
Base	$121,700	$121,700	
Fringe benefits activities		25,000	+$25,000
Witnesses	7,000	7,000	
Total	128,700	153,700	+25,000

Transportation of things, $8,474

This estimate covers the transportation of publications, equipment, and supplies to field installations and the movement of household goods of employees changing duty stations. An increase of $4,000 over 1965 levels is anticipated to finance moving costs for new employees in the fringe benefits activity where necessary.

Rent, communications, and utilities, $164,190

This estimate provides the following services for 1965 and 1966 base positions and for positions proposed for fringe benefits activities in 1965:

	1965	1966	Change
Working capital fund:			
Base	$86,614	$86,614	
Fringe benefits activities		3,000	+$3,000
Rental of space:			
Base			
Fringe benefits activities		8,400	+8,400
Telephone and related communications:			
Base	44,726	44,726	
Fringe benefits activities		1,750	+1,750
Official mail	8,600	8,600	
Rental of equipment	7,100	7,100	
Fringe benefits activities		4,000	+4,000
Total	147,040	164,190	+17,150

Printing and reproduction, $148,574

This estimate provides for the printing of legal briefs, wage determinations, handbooks, digests, legislative histories, and miscellaneous administrative printing requirements.

	1965	1966	Change
Working capital fund:			
Base	$104,074	$104,074	
Fringe benefits activities		5,000	+$5,000
Briefs	14,000	14,000	
Digests and legislative histories	12,500	12,500	
Other printing	13,000	13,000	
Total	143,574	148,574	+5,000

Other services, $150,382

This estimate provides for the services of other agencies and private firms as follows:

	1965	1966	Change
Working capital fund:			
Base	$80,214	$80,214	
Fringe benefits activities		2,000	+$2,000
Maintenance and repair	15,328	15,328	
Security investigations	2,340	2,340	
Training expenses	2,500	7,500	+5,000
Court reporting services	18,000	18,000	
Consultant services related to fringe benefits activities		5,000	+5,000
Investigations by Wage and Hour and Public Contracts Division on a reimbursable basis	20,000	20,000	
Total	138,382	150,382	+12,000

The increase of $5,000 in training funds will provide for an executive development program for professional employees. The 1965 program for clerical and lower grade professionals will be continued.

Supplies and materials, $127,200

This estimate provides for desk top supplies, duplicating supplies, stationery supplies, subscriptions to periodical legal reference materials, and for subscriptions to a construction reporting service.

	1965	1966	Change
Working capital fund:			
Base	$54,150	$54,150	
Fringe benefits activities		1,000	+$1,000
Office supplies:			
Base	15,500	15,500	
Fringe benefits activities		1,550	+1,550
Subscriptions	44,000	44,000	
Fringe benefits activities		11,000	+11,000
Total	113,650	127,200	+13,550

Equipment, $27,874

This estimate provides for all office equipment, furniture, and law library reference books. An estimate of $5,300 in 1965 for new furniture and equipment for the new positions is included.

	1965	1966	Change
Equipment:			
Base	$11,574	$11,574	
Fringe benefits activities		5,300	+$5,300
Library	11,000	11,000	
Total	22,574	27,874	+5,300

Summary of new positions

	Grade	Number	Amount
ACTIVITY 1(C). WAGE DETERMINATIONS			
Wage analyst	GS-13	4	$48,300
Attorney	GS-12	2	20,500
Wage analyst	GS-11	2	17,300
Do	GS-9	2	14,440
Clerk-stenographer	GS-4	4	17,920
Total		14	118,460

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