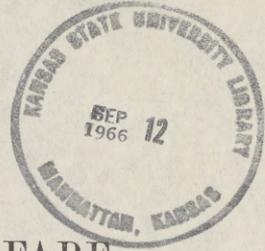


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## HEARING BEFORE THE COMMITTEE ON LABOR AND PUBLIC WELFARE UNITED STATES SENATE EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

BERTRAND M. HARDING, OF VIRGINIA, TO BE DEPUTY  
DIRECTOR OF THE OFFICE OF ECONOMIC OPPORTUNITY

JUNE 2, 1966

Printed for the use of the  
Committee on Labor and Public Welfare



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## NOMINATION

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THURSDAY, JUNE 2, 1966

U.S. SENATE,  
COMMITTEE ON LABOR AND PUBLIC WELFARE,  
*Washington, D.C.*

The committee met at 10 a.m., pursuant to call, in room 4232, New Senate Office Building, Senator Lister Hill (chairman of the committee) presiding.

Present: Senators Hill (presiding), Morse, Yarborough, Clark, Randolph, Williams, Pell, Nelson, Javits, Prouty, Dominick, and Fannin.

The CHAIRMAN. The committee will come to order.

Now if you will briefly tell us what your qualifications are for Deputy Director of the Office of Economic Opportunity.

### STATEMENT OF BERTRAND M. HARDING, OFFICE OF ECONOMIC OPPORTUNITY

The CHAIRMAN. Mr. Harding has been appointed by the President to be Deputy Director of the Office of Economic Opportunity. We would like a statement from you as to your qualifications for this post.

Mr. HARDING. I am currently the Deputy Commissioner of Internal Revenue and have been for 5 years. I have 24 years of service with the Federal Government. I am a native Texan, educated at Antioch College in Ohio and went on to graduate work in public administration at the University of Minnesota. I served 3 years in the U.S. Air Force during World War II.

I have been with Internal Revenue Service since 1953 holding several positions in that agency in the management field.

I am married have two children, and am a resident of Virginia.

Senator CLARK. Mr. Chairman, I have had the opportunity to discuss with Mr. Harding his qualifications for this position. I believe he is eminently qualified and I am glad the President nominated him. His wide experience as a public administrator, I think, thoroughly qualifies him. The chairman and most members of the committee know the poverty program has been referred to the Subcommittee on Employment and Manpower. Therefore, I presume the subcommittee is the responsibility of this committee and the responsibility of the poverty program will be under the jurisdiction of the chairman.

I heartily endorse Mr. Harding for this position.

Senator MORSE. I would like to associate myself with the remarks of Senator Clark.

Senator JAVITS. I have known Mr. Harding at the IRS, where I have had occasion to work with him in relation to his responsibility for the offices of the Internal Revenue Service in New York, and I am

satisfied that he is a capable public servant. I must say I was rather interested in the fact that a man of his background—I told him so when he came to see me—should have been chosen for this job. It rather indicates to me there is some desire in OEO to get into more traditional practices of Government administration.

I rather think Mr. Harding will have the book—that is, the written terms of the law—more in mind than do some of the officials at OEO. I think that is to the good and I approve of his appointment.

Senator PELL. I would like to associate myself with the Senator's remarks. I have known Mr. Harding for several years and he is well qualified for the appointment.

Senator DOMINICK. I would like to ask some questions designed for the record to find out what your responsibilities will be and a little more about the operations of OEO. Nothing I ask is designed to reflect on your ability or the service you have given to the country all the way through. I would like you to know that to start with.

I would like to start out by asking you what your responsibilities will be in the OEO as Deputy Director.

Mr. HARDING. That, of course, is something in my view which is developmental. It depends in large part on how the principal and the Deputy work together. Mr. Shriver and I have discussed this at some length and our view is that I will have primary responsibility for internal management of the agency, freeing Mr. Shriver for more activity in the public sector with outside groups, the Hill and press and other areas. I will attempt to organize and manage the inhouse functions of the agency to the best of my ability.

Senator DOMINICK. How many employees, direct employees of the OEO are there now?

Mr. HARDING. In the neighborhood of 2,000.

Senator DOMINICK. How many of these are concentrated in Washington?

Mr. HARDING. I would have to make a guess but I would imagine of the 2,000 probably 1,700 are in Washington. The field structure, as you know, has just recently been established and is in the build-up stage. As further responsibility goes to the regional offices, those offices will require more staff.

Senator DOMINICK. When you are talking about the 2,000 are you then talking about those who are directors of community projects or directors of the Job Corps camps?

Mr. HARDING. No, sir, we are talking about direct field employees. Those jobs you refer to as I understand it, are either Federal employees within community action agencies or under contract or perhaps under the Department of Agriculture or Department of Interior—I am talking of direct OEO employment.

Senator DOMINICK. Do you know what the headquarters payroll is for the 1967 budget?

Mr. HARDING. No, sir; I do not.

Senator DOMINICK. There is a memorandum dated May 12 that I have before me which comes, interestingly enough from the U.S. News & World Report citing that there are 7,233 on the headquarter's payroll in the 1967 budget. Do you have any comment on that?

Mr. HARDING. I am not familiar with that figure at all. It sounds considerably higher than I am acquainted with. You understand my acquaintanceship is somewhat nebulous at the moment.

Senator DOMINICK. I do, that is why I wanted to determine your functions.

Mr. HARDING. I would be happy to furnish you with the figures for the Office of Economic Opportunity. That figure does not sound correct.

Senator MORSE. I want to join you in asking these questions.

Senator DOMINICK. I think this would be helpful.

In your process of management, would you then be responsible for clearing or checking out the criteria of any of the so-called indirect administrators of programs on a countrywide basis?

Mr. HARDING. I would undoubtedly be involved in that to some degree but not to the degree that the program heads are. These offices are directly concerned with those matters. I would get into situations where there is some difficulty of interagency relationships.

Senator DOMINICK. Your tenor of management would largely be then in directing the format of the headquarters organizations?

Mr. HARDING. No, sir. It would include the regional organization to a large extent. I am in favor of a strong regional organization such as we have developed in IRS and would hope we could have the same in OEO.

Senator DOMINICK. How many regional offices are there?

Mr. HARDING. Seven.

Senator DOMINICK. Where are they located?

Mr. HARDING. I may give you the revenue structure rather than OEO. As I recall, New York, Washington, Atlanta—

Senator DOMINICK. Washington, D.C.?

Mr. HARDING. Yes, sir. Kansas City, Austin, San Francisco, and Chicago.

Senator DOMINICK. When you refer to the 2,000 in the direct organization does this include the regional office personnel?

Mr. HARDING. That is my recollection, yes; that 2,000 figure includes the total direct employment which would include regional employees.

Senator DOMINICK. I will read you this memorandum and see if you can give any comment on it. It says the U.S. Office of Education runs vast and various programs in the education field. It spends twice as much money as the OEO office, but operated with less than one-half of the personnel.

The U.S. News & World Report cited these figures, Poverty Office spending this year estimated at \$1½ million, headquarters payroll 1967 budget 7,233, U.S. Office of Education spending estimated \$3½ million. It goes on to say five individuals in the Poverty Office are paid more than the U.S. Commissioner of Education who gets \$26,000 a year. Do you have any comment on that?

Mr. HARDING. I was trying to think of the five employees referred to that receive more than \$26,000. I don't believe that that part of the statement is correct. I have been advised there are five, yes. It seems to me any sort of comparison is difficult between organizations having different missions. As I said, the 7,000 figure strikes me as high, but I will not argue with someone that took it out of the President's budget.

Senator DOMINICK. You will supply those figures?

(The material referred to follows:)

*Personnel on OEO and delegated agency employment rolls as of May 1, 1966*

OEO Headquarters personnel.....	1, 712
OEO regional office personnel.....	648
Total.....	2, 360
Delegated program personnel.....	4, 019
Total.....	6, 379

## OEO EMPLOYEES FOR FISCAL YEAR 1967

OEO expects to have 2,350 full-time permanent employees during fiscal year 1967, including headquarters and field personnel. In addition, it is expected that there will be some 4,883 employees of the delegated programs. These persons will be employed by the Department of Agriculture, Labor, Interior, and Health, Education, and Welfare.

Mr. HARDING. Yes; and may I say one other thing, the positions in OEO, the five positions that are referred to, are all set forth in the statute. The level is established in the statute for those five positions on the equivalency with the positions in the Bureau of the Budget and that is the reason for those salary rates in the Office of Economic Opportunity. They were not set by that Office.

Senator DOMINICK. I wonder if you could give me the five people who are paid more—positions not names?

Mr. HARDING. The Director, Deputy Director, Director of Job Corps, Director of CAP, and Director of VISTA. Those are the five positions I am sure are being referred to there.

Senator DOMINICK. Now the Job Corps has received a great deal of criticism, as you know, around the country and obviously, there isn't any responsibility on you and the IRS for any of this.

Mr. HARDING. Thank God.

Senator DOMINICK. What I would ask you is whether you have had any preliminary discussion to try to set up ways in which some of these criticisms could be changed or that the programs could be changed so that the criticisms could be avoided?

Mr. HARDING. Let me say, Senator, that I think a great deal of the criticism to which you refer, I am speaking here more as a private citizen than as an applicant for this office, is the result of a rather amazing job that has been done by this agency in the last 20 months in getting on to the air a great variety of programs starting from an absolute base of zero without an organizational structure within which to establish and direct these new programs.

The structure had to be built, the programs had to be conceived, the people had to be recruited, the contracts had to be let. The business of spending a billion and a half dollars with any degree of propriety in a period of 20 months is a very difficult job.

Senator DOMINICK. I completely agree with you.

Mr. HARDING. Many things have happened in this sort of hurried, almost frantic, effort to do something about poverty in this country. Perhaps some poor decisions were made. But it all seems to me to be quite understandable in light of the time, in light of the urgency, in light of the effort to undertake such a program. Therefore, my view is that there are some additional management techniques that will and can be employed to get more consistency, more uniformity, greater responsiveness within the organization and these I shall do my best to install.

I do not come to this job with any feeling of criticism of the agency because of the difficulties they have had and in view of the job they have accomplished.

Senator DOMINICK. Let me say again what I am trying to do is ascertain your philosophy to see if we can get moving on some directions on the problems that have been facing the Job Corps. I have no intentions of trying to wreck the program or anything of that kind. I am trying to see where we are moving and I completely agree with you the problem of spending \$1½ billion in 20 months and doing it efficiently is a difficult project.

This is why I tried to cut down the money before so we could build it generally speaking, in an orderly way. The Job Corps has been in the news on many occasions, as I said, due to its apparent inability to control some of its trainees. What would you say about putting in a simple rule and regulation that unless he follows the rules and regulations laid down the trainee is going to be dismissed?

Mr. HARDING. As far as I know this is the situation; students are removed from this program for violation of the regulations. On the other hand, of course, we are dealing here with the group of young people who are in the Job Corps is because it is judged they can do best in a residential setting of this sort. To throw them back out in the community before something has been accomplished to alter their social behavior for a minor infraction of the rules is defeating what we are after.

Senator DOMINICK. How do you resolve that problem?

Mr. HARDING. By the use of good judgment, if the boy appears to be salvageable, you do everything you can to salvage him. If the director reaches the viewpoint that he cannot do anything for the boy or the boy is doing more harm to his fellows than any possible good that can come to him, then the boy must be separated.

This is a judgment factor that you can't write hard and fast rules on.

Senator DOMINICK. I wonder if you can give me a list of the number of people who dropped out of the Job Corps camps and those that have been dismissed?

Mr. HARDING. As of June 30, 1966, about 30 percent of the youths who enter the Job Corps had dropped out before completion, and about 8 percent had been dismissed. These figures include both those who left during the first 30 days of enrollment, and those who left subsequently.

Senator DOMINICK. What do you mean by definitions? It seems that we are getting into semantics. I am talking about the ones who went to camp and left because they didn't like it and those dismissed.

Mr. HARDING. I am a little over my head but I have the impression that the dropout figures excludes certain boys who leave the day after they get there.

Senator DOMINICK. Why would these boys be considered as not part of it when they have had their way paid to the camp and were recruited for this purpose?

Mr. HARDING. I can't justify the definition and I may be incorrect. I am talking from a great depth of ignorance. It is not counted as a dropout, I understand, until some period of time has expired.

Senator DOMINICK. One of the reasons for my question, in my State of Colorado there was an article in a newspaper indicating the Job Corps had been highly successful. This was the headline and in the first paragraph when you read down a few lines I found one quarter drop out within the first week. I don't know whether this is classified

as success or not but I wondered if those people would be included in those that dropped out?

Mr. HARDING. I can't answer, I don't know when the child is categorized as a dropout and at what point he is merely categorized as merely not entering the program. I think you have to understand we are dealing here, as I said before, with an unhappy segment of society. Many have left home for the first time in their lives. They thought they wanted to enter the program but when they got away from the home environment, no matter how bad it was, they could not accept the new environment and there is no alternative but to return the child to his home.

Senator DOMINICK. I don't claim to be an expert but I have been an instructor at some of these types of camps, not the Job Corps, but others, in my younger days and there the question of whether a young man or young woman was going to make the course and get any benefit rested largely on the type of selection in the beginning. What do you think of the recruitment program?

Mr. HARDING. I am not familiar with all the criteria, I know that there have been criteria established in which the young man or young woman must meet certain indices of poverty and need for training. I have not made a personal investigation of those criteria. I do think they need constant review and this is one of the matters I would hope to devote some attention to.

Senator DOMINICK. I was going to ask you that question. Would you be involved in reviewing this particular type of problem in your work?

Mr. HARDING. Yes, sir, in terms of criteria, not individual cases.

Senator DOMINICK. In terms of criteria, yes. That is what I was talking about.

There have been from time to time allegations that groups financed by antipoverty funds have been involved in election campaigns. I am not talking about poverty election campaigns, you will recall the fuss there that occurred in Syracuse—I am glad the Senator from New York is here—where the mayor accused a group of the antipoverty program organization and the program trainees of advocating a march on city hall. Do you think organizations receiving poverty funds should be allowed to engage in political activities?

Mr. HARDING. I guess that would depend on what you define as political activities. I believe the agency has a firm policy they will not engage in partisan activities. However, part of the program, as you know, involves awakening the poor to their own situation and doing something about their situation. In certain instances, this might involve making representation to a local political body.

This seems to me to be a right and proper action for the community action program to involve itself in. If that amounts to political activity, perhaps I would have to say yes.

Senator DOMINICK. What about putting those people who were paid out of poverty funds under the Hatch Act?

Mr. HARDING. I don't have an opinion about that. I have been under the Hatch Act so long and it has never bothered me. I don't know enough of the facts to state an opinion on that.

As a general rule, I can say I am a Hatch Act man.

Senator DOMINICK. I asked this question of Mr. Ruttenberg because I wanted to get some thought from him to see who might have issued this policy but the Job Corps announced in January the drop-

out figures would be restricted to once every 3 months. Do you care to comment on that?

Mr. HARDING. No.

Senator DOMINICK. Could you give me a report on whether this is a statistical problem or public relations problem?

Mr. HARDING. Yes, sir. I would be happy to.

(The report referred to follows:)

REPORT ON REASON FOR JOB CORPS POLICY TO RELEASE JOB CORPS DROPOUT  
DATA AT QUARTERLY INTERVALS

The Job Corps decision to release data on dropouts at quarterly intervals rather than monthly, was primarily due to the belief that a quarterly report would provide sufficient information. Previous analysis has shown that dropout rates tend to be relatively stable over short periods of time. The expense of providing more frequent data therefore appears unjustifiable.

Senator DOMINICK. I wonder if you could give me your thoughts on the reasons for so few people turning out in the poverty board elections amongst the poor citizens. You remember if was very low in Los Angeles and recently we had one in Colorado that was very low.

Mr. HARDING. Yes, sir. I am afraid it reflects the failure of the program to achieve one of its purposes, that is of getting the poor to understand that it is they who ultimately must remove themselves from poverty. That message has not as yet gotten across in many communities and by virtue of this lack of understanding, we get a low turnout.

We experience the same sort of thing in many national elections because of some disinterest on the part of the electorate. They do not turn out. I think in this case, it is not disinterest, it is lack of knowledge and lack of understanding. I would hope that to the extent these elections are continued in the future the efforts of the community action program to acquaint the people with their need to participate in removing themselves from poverty would be reflected in the turnout.

Senator DOMINICK. Do you think the elections are good as far as helping motivation? This is basically what you are talking about.

Mr. HARDING. I think they are good if they result in a good turnout. I certainly agree with most commentators that it makes no sense to spend that kind of money to get a one-percent turnout. That is Mr. Shriver's position, I think, on that subject.

Senator DOMINICK. I realize that you have not even been in the job yet so this may be a difficult question for you, but how often do you have coordination meetings between the top people in the poverty program and the other governmental agencies that are involved?

Mr. HARDING. I get the impression from just what I have heard that during the initial stages of the program when arrangements were being made with Agriculture, with Labor, HEW, that these meetings were almost constant and continuous between staffs. There are currently meetings for coordination of particular problems, but as to the terms of frequency, at this point in time, I could not respond.

Senator DOMINICK. It strikes me that where the Labor Department has the responsibility for jointly developing criteria and then placing Job Corps people and the Poverty Corps people have the responsibility for running the Job Corps and determination what the programs are going to be there, you have an almost impossible situation.

Ultimately you have a situation where there is no responsibility placed on anybody. The Job Corps people are chosen under criteria developed by one agency, the program is run by another agency, and nobody has an end result.

Mr. HARDING. I certainly would not agree it is an impossible situation, Senator. After all, the entire educational machinery of this country is not run by the ultimate recipient of their efforts. Graduates are trained in various and sundry vocational endeavors and put in the labor market and placed, in part, by the Employment Service, yet I don't believe anybody contends those educational institutions ought to be operated by the Employment Service.

Senator DOMINICK. I certainly hope not.

Mr. HARDING. I do, too.

Senator DOMINICK. I would say to you, however, that as you well know, the figures I believe come from the IRS that those receiving higher education have on the average a much higher income than those who don't. The end result has been very good but the question is has the end result been very good in the Job Corps.

Mr. HARDING. I think this is a good question as the value of the Job Corps vis-a-vis the cost of that education. This is something the agency is extremely interested in—probably more so than you—to try to determine how valuable this residential training, which is admittedly at a high unit cost, is in terms of the ultimate solution of that individual or groups of individual problems.

Before you can answer that question, you have to get a statistical valid group through the process and follow them into their employment history to determine how successful this effort has been. That group must be compared with others who did not have the advantage of this sort of training and then we must make some judgment as to whether these costs are worthy of incurring. I assure you that the Job Corps people are vitally interested in making precisely this sort of judgment.

Senator DOMINICK. There have been scattered instances of ex-convicts having been hired by the Poverty Corps. I wonder if you could give me your thoughts of hiring standards, whether this is a good idea, bad idea, what the effect has been. Obviously it creates public relations problems?

Mr. HARDING. Are you talking about boys with certain criminal records going into the Job Corps?

Senator DOMINICK. Not necessarily the Job Corps. It could be any of the other programs. They have been hired as employees.

Mr. HARDING. I am not familiar with any problems with the hiring of Government OEO employees with criminal records of any serious nature.

Senator DOMINICK. Here is a statement, there was an ex-convict with a 17-count arrest record who was hired to work as a supervisor at the Casper, Wyo., Job Corps center. The question in my mind is: Is this the guy you want as a supervisor of the Job Corps camps? It is my position, or Senator Simpson's position, if this point is correct, should we change the hiring standards?

Mr. HARDING. As you stated it does not sound like a very wise selection of an employee. I would assume this is a conservation center operated by the Department of Agriculture or Department of Interior. Does your dispatch disclose that?

Senator DOMINICK. It says it is a Job Corps center.

Mr. HARDING. As you know these conservation centers are operated by these other departments and not by the Office of Economic Opportunity. If the man has an adverse personal history, we certainly would not have hired him in the Internal Revenue Service.

Senator MORSE. Will you yield? Do you take the position that if a case record shows complete rehabilitation in this free society of ours, he would be denied employment with the Government?

Mr. HARDING. No, sir.

Senator MORSE. That is what your statement indicated.

Mr. HARDING. I would disassociate myself from that implication. The way the Senator stated it, it sounded like a serious record of recent vintage and I think the Senator would agree that the Federal employment standards would not allow such employment.

Senator MORSE. All I would say is each individual should stand on his record.

Mr. HARDING. That is an excellent way of stating it.

Senator DOMINICK. This is not a single instance, reading further on this dispatch, it indicates that he was hired by the Bureau of Reclamation and 2 months after he was hired as a supervisor he was again arrested and charged with aggravated assault in the severe beating of a Casper businessman. It also indicates the organization knew of his arrest record for a number of months before the information was passed on to the Bureau.

Mr. HARDING. The Bureau of Reclamation?

Senator DOMINICK. Yes, then of course he was dismissed. The point I am making is whether there should be a tightening up of hiring criteria. There have been other cases where the community action program has had the same problem in Arizona.

Mr. HARDING. This Bureau of Reclamation problem does occur occasionally in Government agencies where an employment action is taken on the presumption there will be a clean security record coming into the agency. Once you get the record in you find you have made a mistake and you have to separate the employee. It happens in the best of agencies.

Under this particular circumstance, it is really not an OEO problem. It is a Government-wide civil service problem.

Senator DOMINICK. Civil Service clears the employees then or does the field check on those who are hired?

Mr. HARDING. The Civil Service Commission does not clear—the agency clears the employee. The Civil Service Commission does the greater portion of the background field investigation and turns that information over to the agency for decision. In some cases, of course, the background is done by the FBI.

Senator DOMINICK. This is a graphic example. He served 15 months in the Iowa penitentiary by attempting to obtain narcotics by fraud and deceit, charges include rape, larceny, assault and battery, and attempt to escape.

Mr. HARDING. The agency did not have that on hand at the time of employment, I hope.

Senator DOMINICK. I hope not, with all due respect to the Senator from Oregon.

Last summer poverty money was given to Leroi Jones' Black Repertory Theater in Harlem. I guess he is pretty well known for his black supremacy up there. Do you think there should be some kind of policy on OEO grants to groups with a racist philosophy?

Mr. HARDING. I think in the case of the Black Art Theater, as I read it in the newspaper, this grant was disavowed after the facts came to light. I think the agency policy, as far as this particular type of organization is clearly concerned, against such grants.

Senator DOMINICK. Your feeling is there should be a policy—if there isn't already one that has been engendered—in internal organization as far as this type of grant is concerned?

Mr. HARDING. As far as this type of grant is concerned, yes, sir.

Senator DOMINICK. There has been some development done on the Headstart program. Recently one of my fellow Congressmen asked for all the papers that are necessary in order to get a Headstart program instituted in a community and the package weighed 5 pounds by the time they got through. He weighed it because it was so big he didn't want to do anything else.

Can you give me your thoughts on the possibility of turning Headstart programs or things of this type over to the Office of Education?

Mr. HARDING. I think after a period of time, and I am not prepared to say what that period of time should be, that programs such as Headstart might well be handled by the established agencies of the Government.

As I understand it the philosophy and theory behind establishing the OEO was that it was to be an innovative sort of operation that would think up things such as Headstart, which it did, and bring them into the public domain to serve a very useful purpose.

Senator DOMINICK. I just want to give you one example because I think this reflects on the problems there were in the Poverty Corps. In my home county, the county commissioners happen to be Republicans and the county commissioners together with the school board members got together and decided to start a Headstart program.

The district attorney happens to be a Democrat and he got together with other people and filed a conflicting Headstart application. The result was that the headquarters down here said to heck with both your camps, we are not going to have anything to do with either one of you and no Headstart program was started.

That is wrong and some sort of policy should be instituted so that the children won't be penalized depending on the political affiliation of the parties starting the application.

Mr. HARDING. Certainly you can't get any argument from me about the need for nonpartisanship in running a poverty program. I completely support that viewpoint and will do everything in my power to see it operates in that fashion.

Senator DOMINICK. Thank you, Mr. Harding.

That is all I have, Mr. Chairman.

Senator FANNIN. Mr. Harding, I reviewed your biographical sketch with a great deal of interest and it is a very impressive public service record and I am sure your administrative ability will be of great value in this program. I am wondering if you will be in a position to determine some of the priorities, as Deputy Director, to determine some of the priorities of the program involved. I am vitally concerned about one particular program that I am quite familiar with and I don't know whether you are. Are you familiar with the Indian projects?

Mr. HARDING. I am familiar with some of them, most particularly with the activities of the VISTA volunteers in the Indian Reservations.

Senator FANNIN. At the same time I think you realize the abject poverty that exists on the reservations but I would like to give you some facts regarding this in order that you will be informed so that you will pay special attention to this great need. As you know the Indians are at the bottom of the economic scale with less than \$500 per capita income.

Many have no sanitation facilities and no running water. Every other Indian is unemployed and they have a very high rate of mortality. I do not think we have given this need recognition in our programs. The figures given are in conflict with what the Indian people maintain; according to their tribal chairman, three-fourths of our largest tribe, cannot speak, read, or write English. This is in the United States of America.

Thousands of the Indian children, as you know, are not enrolled in any school. The dropout rate is about 50 percent compared to the national average of 2 percent. I feel we have not applied the priority to the Indian needs that should have been very evident to someone involved in this program.

I am vitally concerned in that regard. Do you feel in your position now as Deputy Director that you will be in a position to check this great need and to place further emphasis on it?

Mr. HARDING. I certainly will be in a position to check the need and to participate in the effort to appraise the priorities. I certainly would not want to prejudge when I don't know how much of OEO resources have gone into the Indian problems.

Senator FANNIN. The total amount sounds considerable, \$8,783,109. This was a month ago but when we start looking at these figures it is very confusing. That is why your experience in your previous work will be very advantageous. Some of the reports have not been accurate.

This is from a letter of the chairman of the Colorado River Tribe Council, one of our Indian reservations in Arizona—when these figures were brought out it indicated \$140 from the antipoverty fund had been allocated to each Indian but when they checked it out and had the report from the council, the fact is that the cost of the camps that were placed on the reservations were included in these figures. These camps were for Negroes, Mexicans, and whites, mostly from big cities and not for the Indians.

The funds that have been involved, to a great extent, the Indian people maintain, and I am putting this into this record, go to pay salaries in various antipoverty agencies. They are complaining bitterly they are not being treated fairly. They are comparing their treatment with the treatment of some of the other people involved in the antipoverty program. I related the great need of the Indians, and the Mexican-Americans. You were here when I was talking to Mr. Ruttenberg about this problem. They are quite bitter as to the discrimination that seems to be involved in the allocation of these funds and the work involved.

I would hope you would take this into consideration and make it a point to check out this problem in order that we can have a more equitable treatment of our Indian citizens. If you need further information, I would be very pleased to assist in getting definite facts for you.

Mr. HARDING. I certainly have a great deal of personal sympathy for the Indians and would give every consideration to their needs.

Senator FANNIN. Are there any limitations in the law that would preclude giving priority to the Indian people?

Mr. HARDING. I don't know of any limitation, Senator, except the resources available within the total.

Senator FANNIN. There is a great deal of flexibility as far as the allocation of those funds?

Mr. HARDING. Yes, but you are weighing that against the Watts situation, Harlem situation, Appalachian situation. I certainly would not want to make an off-the-cuff determination as to what the priorities should be at this point.

Senator FANNIN. At the same time you will admit nowhere in the United States do we have this problem existing to the extent it does on the Indian reservations when you have two-thirds of the people without sanitation facilities and without even running water?

Mr. HARDING. No, I do not know of any.

Senator FANNIN. That is why I am vitally concerned. Senator Dominick expressed himself concerning working with our citizens that are in this position of abject poverty. We want the very finest training made available to them, the finest that it is possible to obtain. We had an experience in Arizona where a person that was employed as a director in one of the Arizona areas in the antipoverty program had just gotten out of prison a short time before he was employed.

The information was made available to the Administrator and others involved in the jurisdiction of that particular area and still this person was not dismissed. He finally did resign but only after pressure was brought upon him and at that time it was considerable because the authorities insisted that the man should remain in that position. I cannot visualize that a person of that character could be trusted to work with the people, in many cases, illiterate and not in a position to analyze for themselves.

Mr. HARDING. I know nothing about that situation.

Senator FANNIN. You do feel that this should be carefully checked?

Mr. HARDING. I stand on Senator Morse's statement that these cases must be very carefully evaluated.

Senator FANNIN. Senator Dominick covered some of the problems involved. I have been vitally concerned with some of the reports of the cost of keeping a young person in the Job Corps. That is where the emphasis has been placed because it was estimated it cost \$9,000 a year, or the equivalent of keeping two young people in Ivy League College a year.

I realize you have been in supervisory work and I see that list of assignments you have had, you have been in places where you place responsibility on the people involved and you check and hold them answerable to these responsibilities.

Don't you think that we can do more in that regard and take care of a greater number of people at far less cost than \$9,000 a year?

Mr. HARDING. There is a lot of misunderstanding and argument about this unit-cost figure and I would not propose to get in the middle of that argument. I don't know the figures. It is admittedly at this point in time a high-unit-cost program. As I stated to Senator Dominick, the question before us, I think, is what the boys in the Pentagon refer to as cost effectiveness.

Once we know for sure what the costs are, you still have a problem of weighing that cost against the product you get for that cost and alternative ways of fighting the same problem. If it ends up costing

\$9,000, which I am confident it will not, it might well be that the social values obtained are worth the expenditure. We must bear in mind the offsetting costs of prison care, relief payments, nonemployment and noncontribution to the national product. I don't think any of us at this point in time can make a judgment as to whether this cost is too high in terms of what we are buying.

Senator FANNIN. I think it was brought up this morning that the administration has not been what we would desire. The objective is to have men with the ability, such as yourself, to get into this program and to use this experience in supervisory work to try to lower those costs, to have a better program and I certainly wish you well in that regard.

I appreciate the assurance that you will check into the problem with respect to our Indian citizens and Mexican-American citizens. It does gratify me to know that you recognize this great need and I hope you will follow through and if I can be of any assistance as your work goes along, I hope you will call upon my office.

Mr. HARDING. Thank you, sir.

Senator DOMINICK. Two more questions. Will any part of your questions include a review of proposed grants or projects? I bring up for example the Ipsilanti Township case where you probably know some professors asked for \$188,000 on the grounds the whole township was rundown, no schools, no roads paved, grass growing in the street. Then there was a three-community project which put in new streets, new hospitals, and so on, yet the money went into that study just the same even though they formed an organization and tried to send all the money back to the Government. Nevertheless, it was spent to determine what the poverty problems were in the area.

Will your duties encompass such as that?

Mr. HARDING. One of the things that is sorely needed in OEO is to get decisionmaking at the lowest possible level. Many of the individual projects have come all the way up the line to the director's desk for personal decision. This is, I think, an imposition on him and is beyond human capacity to carry.

Therefore, some months ago project approval up to a limit was decentralized to each of the seven regional offices. I would certainly not want to do anything to move backward in that decentralization. As a matter of fact, I would favor greater decentralization. At the same time, I would favor the development of expertise in those regional offices to the end that they will approve those projects that are right and proper and disapprove those projects which are not.

I don't think you can run a massive organization of this sort by taking each case all the way to the top for one or two men to make the final judgments on them.

Many of them, particularly the ones involving great sums of money, will continue to be and are now approved in Washington at the director or assistant director level. This will continue to some degree. Very candidly my efforts will be trying to get the local people who know more about Ypsilanti than we do in Washington to review those applications and make those judgments and hold those people responsible for making good judgments rather than pulling decisionmaking into Washington.

I would say that only to a small degree will my duties be involved in project approval but my effort will be to see that they are made

at the proper level and I think the proper level is out in the regional office.

Senator DOMINICK. There is pending a request for a study of economic and human resources in my home State, which is a poverty area. This will encompass a Boston company flying back and forth to Colorado about 25 times a month, plus some university personnel. It is also my understanding from some people in the area that this information is readily available through the chamber of commerce or the industrial development corporation without spending money at all, but by simply accumulating it, if this is what they want.

Who would determine whether that is an approved project or not?

Mr. HARDING. I don't know the answer to your question. I don't know who is considering the project.

Senator DOMINICK. It is my understanding it has been sent to Washington.

Mr. HARDING. That is possible if it was a study contract referred to Washington.

Senator DOMINICK. Ypsilanti was a study contract. Would all these be sent to Washington?

Mr. HARDING. I would hope not ultimately. These study contracts can be made in a local community. I can't answer the question on this Boston affair.

Senator DOMINICK. You don't envision your duties as reviewing any of these types of programs. Your duties will be to try to decentralize decisionmaking in that area as well?

Mr. HARDING. I am speaking in terms of the local community action grants. The study projects I am really not familiar with and I don't know how they are handled within the agency and I don't want to commit myself to say that those will go out to the local community. I am speaking in general terms and saying that people below the level of director and assistant director should be trained to make judgments in these matters.

Senator DOMINICK. Do you have an opinion on what percent of overall funds should be invested in overhead and personnel?

Mr. HARDING. I think the only answer to that question would be that I would hold overhead costs to the absolute minimum possible in order that the greatest proportion of the funds could be made directly available to the poor people of this county.

Senator DOMINICK. I would certainly applaud that because that has not been the picture up to date, as you well know. A major portion of the funds has been going to overhead and personnel rather than in the action programs.

That is all I have.

Senator PROUTY. I have a question. I would like to read a couple of short paragraphs from an article, a story appearing this morning in the Washington Post. I quote, "The Harlem antipoverty agency—given \$2 million in Federal funds last summer to help the poor—also opened the till to opportunists, spawned investigations that could lead to criminal indictments, and left staggering bills in unpaid taxes and other debts."

I personally know nothing about the accuracy nor the facts involved in this investigation. It seems to me that allegations of this character are altogether too widespread and I hope when you have had an opportunity to become more familiar with the overall aspects of the program, these things will not occur and if there is evidence of any wrongdoing that speedy investigation will be made.

This is one reason particularly why the program does not gain the support of a good many of the high segments of the population. I think in the interest of the program you and your association should make a complete investigation of all of these.

Mr. HARDING. Speaking from my present position in the Internal Revenue Service, if, as the newspaper reports, there are social security and other funds due the Revenue Service, I join you in hoping these funds can be collected very promptly. Unfortunately, I am under certain legal strictures in terms of discussing tax cases that are not a matter of public record. As I understand the source of this story was people in New York, not the Internal Revenue Service. But I say if there are funds unpaid the U.S. Government by this organization, the Internal Revenue will make every effort to collect them.

Senator PROUTY. I also feel OEO should certainly make sure these things are not going to happen in the future. I know nothing about this particular case, obviously.

Mr. HARDING. You can be sure we will bend every effort.

The CHAIRMAN. Thank you, sir. We appreciate your appearing here very much.

That concludes the hearing on the nominations and we will now go into executive session.

(Whereupon, at 12 noon, the committee went into executive session.)



I personally know nothing about the history nor the facts involved in the investigation. It seems to me that the nature of this character is all that counts and I hope when you have had an opportunity to become more familiar with the overall picture of the program, these things will not be considered in the evidence of the investigation.

There are many questions about why the program was not carried out in a more timely manner. I am sure that the good many of the staff members of the foundation will think that the rest of the program you and your associates should be a complete investigation of all of them.

The investigation is necessary to determine how the program was carried out. It is the responsibility of the staff members of the foundation to determine the facts of the case and to report them to the appropriate authorities. I am sure that you will find the investigation to be a most interesting and profitable one. I am sure that you will find the investigation to be a most interesting and profitable one. I am sure that you will find the investigation to be a most interesting and profitable one.

Mr. [Name] has been in the [Location] since [Date]. He has been in the [Location] since [Date].



